



South Carolina Commission on Higher Education

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Mr. Neal J. Workman, Jr.
Dr. Mitchell Zais

Dr. Garrison Walters, Executive Director

March 26, 2008

TO: Mr. Daniel Ravenel, Chair, and Members of the Committee on Finance & Facilities
FROM: Mr. Gary S. Glenn, Acting Director of Finance, Facilities, & MIS
SUBJECT: Committee Meeting, April 3

A meeting of the Committee is scheduled to be held in the Commission's Main Conference Room at 9:00 a.m. on Thursday, April 3. Attached are an agenda and materials for the meeting.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on April 3.

Enclosures

AGENDA

COMMITTEE ON FINANCE & FACILITIES

APRIL 3, 2008

9:00 A.M.

CONFERENCE ROOM

SC COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET, SUITE 200

COLUMBIA, SC 29201

1. Introductions
2. Minutes of March 6 Meeting
3. Interim Capital Projects
 - A. Francis Marion University
 - i. Center for the Performing Arts Construction
-increase budget, revise scope
 - B. Tri-County Technical College
 - i. Pickens County Land Acquisition
-establish project
4. Lease
 - A. Greenville Technical College
 - i. Academic Building on Brashier Campus
-new lease
5. Other Business
 - A. List of Staff Approvals for March 2008 (For Information)

MINUTES

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
COMMITTEE ON FINANCE AND FACILITIES

MARCH 6, 2008

9:00 A.M.

CHE CONFERENCE ROOM

Committee Members

Mr. Daniel Ravenel, Chairman
Dr. Doug Forbes
Dr. Louis Lynn
Mr. Jim Sanders
Mr. Ken Wingate

Mr. Jim Klauber
Mr. Scott Ludlow
Ms. Beth McInnis
Ms. Jennifer Pearce
Mr. Rick Puncke
Mr. Charles Shawver
Mr. Bob Wells
Mr. Dale Wilson

Committee Members Absent

Mr. Neal Workman

Staff Present

Dr. Garrison Walters, Executive Director
Ms. Heather Braswell
Ms. Camille Brown
Ms. Julie Carullo
Mr. Gary Glenn
Ms. Alyson Goff

Guests Present

Ms. Christine Smalls Brown
Dr. Kathy Coleman
Ms. Donna Collins
Ms. Retta Guthrie
Mr. Rex Graves

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

I. Call to Order

Chairman Ravenel called the meeting to order at 9:10 a.m. Ms. Goff introduced the guests in attendance.

The following matters were considered:

II. Approval of Minutes of Meeting on February 7, 2008

Dr. Lynn requested the Minutes of the meeting on February 7 reflect his absence was due to a Board of Trustees' meeting. Chairman Ravenel approved this request. With this addition, it was moved (Wingate), seconded (Lynn), and voted to approve the Minutes as amended.

III. Interim Capital Projects

The following projects were presented and discussed:

A.) Clemson University

1. Dining Hall/Post Office Demolition/Construction – Phase I

Mr. Glenn presented the project, noting it was the first major construction project to be presented for approval under the new two-step process implemented by the Joint Bond Review Committee (JBRC). He stated staff would monitor this project and others initiated under this policy to assess its effect.

Dr. Lynn asked if the food service provider was contributing toward the project. Mr. Rex Graves, from Clemson University, answered that Aramark provided annual funding to the institution.

B.) Orangeburg-Calhoun Technical College

1. Transportation and Logistics Center

Mr. Glenn presented the project, noting that while the project was initiated before the new JBRC policy, the College's current request was in line with the intent of the policy. Mr. Sanders asked if this was the first time the entire project cost had been presented to the Committee, and Mr. Glenn affirmed that it was. Chairman Ravenel noted the cost per square foot was high, but he stated the building was technology heavy. He also stated he was pleased to see the institution progressing toward construction of the much-needed facility.

Dr. Lynn noted the request included a change in the project name, and he asked what the previous name had been. Ms. Retta Guthrie, from Orangeburg-Calhoun TC, answered the project had been called the Automotive Building project.

Mr. Wingate asked if the \$1.5 million federal grant associated with the project added any undue pressure to the College expending the funds. Mr. Glenn noted the College had a need for the facility prior to receiving the grant, and the situation was not that of a grant forcing the need for a building.

C.) Piedmont Technical College

1. Saluda County Extension Center

Mr. Glenn presented the project, noting that while the project was initiated before the new JBRC policy, the College's current request was in line with the intent of the policy. Mr. Glenn stated the project was included in the Commission's current priority list for capital improvement bond funding and would be removed as the College had found alternate funding.

Chairman Ravenel asked if the facility was the institution's top priority. Mr. Dale Wilson, from Piedmont TC, answered the project was the College's second priority and was ranked 10th on the Commission's list. He stated the institution's top priority was a nursing facility which ranked sixth statewide.

Dr. Lynn asked for clarification on the word “extension” in the building name. Mr. Jim Klauber, from Piedmont TC, answered that the word was just a term and was not related to the public service activities at Clemson University’s extension centers. Mr. Klauber did note that the College had several 2+2 programs with Clemson and continued to look for opportunities to collaborate.

It was voted to approve the projects.

IV. Lease

The following lease was presented and discussed:

- A.) Medical University of South Carolina
 - 1. 30 Bee Street

Mr. Glenn stated the University wanted to renew its lease for space at 30 Bee Street. Chairman Ravenel asked what the current rate was. Ms. Jennifer Pearce, from the Medical University of South Carolina, answered it was the same as the proposed rate in the renewal. Chairman Ravenel asked how long the University had occupied the space, and Ms. Pearce responded the University’s Foundation purchased the building in 1999. Chairman Ravenel asked where the facility was located, and Ms. Pearce responded it was across the street from the new College of Dental Medicine building at the corner of Bee and President Streets.

It was voted to approve the lease provided the rates and terms are approved by the Budget and Control Board.

V. Consideration of Method for Calculating Infrastructure Deferred Maintenance

Mr. Glenn stated the proposed method for calculating infrastructure deferred maintenance was the second part of a policy originally approved by the Commission in May 2007. At that time, the Commission approved a method for determining maintenance needs for buildings. Mr. Glenn stated a small workgroup of institutional facilities officers developed the proposed methodology, which was approved by the Facilities Advisory Committee on February 12, 2008. Mr. Glenn thanked the workgroup members – Bob Wells (Clemson University), John Malmrose (Medical University of South Carolina), Judy Hrinda (State Technical College System), and Charles Stevenson (University of South Carolina Columbia).

Mr. Wells provided a brief summary of the proposed calculation method. He stated the goal was to develop a straightforward way to identify the value of infrastructure and to provide a flexible method that allowed each institution to determine its infrastructure maintenance needs.

Chairman Ravenel stated his concern with the term “deferred maintenance” as each institution would reasonably be expected to set aside funds to handle maintenance needs as they occurred. Mr. Sanders stated there has not been a steady funding stream, so the needs have been deferred,

which has created a large backlog. Mr. Wells stated he also had concerns with the term and noted that most of the items were renewal issues.

Chairman Ravenel asked how the product of this calculation would be used. Mr. Glenn stated the product of the process is information which allows institutions and the Commission to communicate the significant needs across the state. Mr. Wells stated the methods used for buildings and infrastructure allowed all institutions to present their needs on an even level but also account for the differences at each campus. Chairman Ravenel stated the proposal was a method of managing maintenance and gives the facilities officers the tools to explain their needs.

Mr. Sanders asked if the facilities officers agreed, and Mr. Glenn responded there was unanimous consent. Mr. Sanders asked if the list of infrastructure items was finite, and Mr. Wells responded the list would vary by institution but would only include education and general (E&G) items. Mr. Sanders asked when the information would be available. Mr. Wells responded the data would be submitted by the end of the summer in accordance with the building deferred maintenance plan deadline.

Dr. Lynn asked if this activity was only for higher education, and Mr. Glenn responded in the affirmative. He stated the hope was that this process would become a best practice for use by all state agencies. Dr. Lynn asked if the information could be used negatively to prevent an institution from constructing new facilities. Mr. Sanders stated it was possible, but the fact of the maintenance needs would not disappear. He stated he applauded the efforts of the institutions. Mr. Wells stated the institutions were not ignoring infrastructure needs and continually requested funding. He stated most institutions were not expecting any surprises when gathering this information, and that the data should confirm what is already believed.

VI. Other Business

The list of staff approvals for February 2008 was presented for information. Chairman Ravenel noted USC Columbia canceled a window replacement project for McKissick Museum due to a lack of available funding.

With no further business, Chairman Ravenel adjourned the meeting at 9:55 a.m.

Respectfully submitted,

Alyson M. Goff
Recorder

**Attachments are not included in this mailing but will be filed with the permanent record of these minutes and are available for review upon request.*

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

April 3, 2008

FRANCIS MARION UNIVERSITY

PROJECT NAME: Center for the Performing Arts Construction
REQUESTED ACTION: Increase Budget, Revise Scope
REQUESTED ACTION AMOUNT: \$10,500,000*
INITIAL CHE APPROVAL DATE: August 2, 2006

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$1,475,000	\$3,135,000	\$1,660,000
Equipment and/or Materials	\$1,200,000	\$500,000	(\$700,000)
Site Development	\$300,000	\$200,000	(\$100,000)
New Construction (50,000 SF to 68,000 SF)	\$14,000,000	\$28,000,000	\$14,000,000
Landscaping	\$250,000	\$75,000	(\$175,000)
Builders Risk Insurance	\$25,000	\$25,000	\$0
Contingency	\$750,000	\$565,000	(\$185,000)
Total	\$18,000,000	\$32,500,000	\$14,500,000

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Capital/Maintenance Reserve Fund	\$0	\$2,500,000	\$2,500,000
State-Appropriated Funds*	\$7,000,000	\$11,000,000	\$4,000,000
Private Funds	\$10,000,000	\$15,000,000	\$5,000,000
City of Florence	\$0	\$3,000,000	\$3,000,000
Florence Redevelopment Funds	\$1,000,000	\$1,000,000	\$0
Total	\$18,000,000	\$32,500,000	\$14,500,000

*State-appropriated funds supersede CHE approval authority; therefore, the amount of this approval is \$10,500,000.

DESCRIPTION:

The University requests to revise the project scope and increase the budget to reflect consultation with the architecture firm Holzman Moss Architecture of New York City. The work included defining project requirements, developing detailed design documents, and determining attendant construction and overall project cost estimates. The current scope is the construction of a multi-level 68,000 SF facility located on approximately five acres adjoining Dargan, Cheves, and Palmetto Streets in downtown Florence. The cost per square foot is \$478.

The proposed building will house a variety of the University's fine arts programs, offices, and classrooms. The multi-function facility will include a 900-seat multi-purpose performance hall, a 100-seat experimental theater, small exhibit spaces, a concession area, a ticket/box office, and flexible educational spaces that can be used as music, vocal, and/or performance rehearsal space and/or classrooms. The site plan will include sidewalks, greenway areas, and an outdoor amphitheatre in a park-like setting.

Of note, the project includes \$2.5 million from the University's Capital/Maintenance Fund, which is derived from student fees that are assessed at a flat rate, not a percentage. Therefore, the project will not require an increase in tuition and fees. A guarantee letter for the private funds is on file at CHE.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:

Academic and staff support, facilities support materials and supplies, and operating utilities will require additional operating costs ranging between \$978,000 and \$1,037,540 in the three years following project completion. The additional operating costs will be provided by Performing Arts Center revenues augmented by institutional/appropriated funds as necessary.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

TRI-COUNTY TECHNICAL COLLEGE

PROJECT NAME: Pickens County Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$1,135,000
INITIAL CHE APPROVAL DATE: N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Land Purchase	\$0	\$1,125,000	\$1,125,000
Professional Services Fees	\$0	\$10,000	\$10,000
<i>Total</i>	<i>\$0</i>	<i>\$1,135,000</i>	<i>\$1,135,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Local Funds	\$0	\$1,135,000	\$1,135,000
<i>Total</i>	<i>\$0</i>	<i>\$1,135,000</i>	<i>\$1,135,000</i>

DESCRIPTION:

The College requests to purchase approximately 37.5 acres of land on Old Powdersville Road in Easley for future development of a campus location in Pickens County. The land’s boundaries are delineated by SC Highway 153 to the east and US Highway 123 to the west.

A location in Easley will provide access to higher education for students in the College’s service area to meet demands of business and industry and to meet the enrollment growth and educational requirements for employers and residents of the County. In the past 10 years, the institution has experienced enrollment growth of 43 percent. Pickens County currently provides 24 percent of the College’s total enrollment. The County projects its population to continue to increase to 125,000 by 2015.

The location will focus on health programs such a radiologic technology and dental hygiene. In addition, the location will allow the offering of four-year college transfer courses, information technology, continuing education, GED preparation, adult education, and job-specific, short-term courses to be offered in conjunction with other agencies and organizations.

E&G DEFERRED MAINTENANCE REDUCTION:

N/A – Land Purchase

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed, pending approval by the State Board for Technical and Comprehensive Education (SBTCE) on April 8. The Board was originally scheduled to meet on March 25 but had to reschedule its meeting.

DESCRIPTION OF LEASES FOR CONSIDERATION

April 3, 2008

GREENVILLE TECHNICAL COLLEGE

LEASE NAME: Academic Building on Brashier Campus
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$274,699

DESCRIPTION:

The College requests approval to lease a new 53,000 SF educational facility from the Brashier Charter LLC to be located on the Greenville Technical College Brashier Campus. The leased space will be used by the College for night and weekend classes.

The building will be constructed on land owned by the College and leased to the Brashier Charter LLC, a subsidiary of the Greenville Technical College Foundation. The Brashier Charter LLC will construct the academic building. The building will be leased solely to the College. The College intends to sub-lease the facility to the Brashier Middle College Charter High School to be used for its daytime operations. It is anticipated the new facility will be shared on a 50/50 basis with all costs shared on that same basis. The College will have a greater share of the costs in the first year of the lease agreement as detailed in the appropriate sub-leasing documentation.

Rent will be in the amount equaling the debt service payments, which will be owed by Brashier Charter LLC for the development/construction of the new facility. At this time, annual debt service is anticipated to be \$549,398. As a result of the sub-lease with the Brashier Middle College Charter High School, the College's maximum annual lease cost is \$274,699, a monthly rate of \$22,892. The cost per square foot of leased space is \$10.37.

Operating expenses are not included in the lease, and the College estimates those costs to be approximately \$4.16 per SF in addition to the lease. The operating expenses include maintenance, grounds, utilities, and security.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board. Recommendation is also pending approval by the State Board for Technical and Comprehensive Education (SBTCE) on April 8. The Board was originally scheduled to meet on March 25 but had to reschedule its meeting.

INFORMATION ITEM

PERMANENT IMPROVEMENT PROJECTS APPROVED BY STAFF						
March 2008						
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
3/3/2008	9590	Citadel	Law Barracks Replacement	decrease budget, close project	(\$141,043)	\$21,964,002
3/3/2008	9596	Citadel	Parking & Street Improvements - Deferred Maintenance	close project	\$0	\$130,000
3/3/2008	9598	Citadel	Alumni House - Deferred Maintenance	increase budget	\$55,000	\$904,000
3/3/2008	9599	Citadel	Infirmery Renovation	increase budget	\$86,043	\$1,790,043
3/3/2008	9979	Midlands TC	Lexington Hall Addition	increase budget	\$102,024	\$2,750,000
3/3/2008	9988	Orangeburg-Calhoun TC	Fountain Installation (Construction Gift)	increase budget, revise scope	\$24,000	\$114,000
3/11/2008	9573	SC State	James E. Clyburn Transportation Research & Conference Center	increase budget	\$2,959	\$23,482,001
3/11/2008	9590	SC State	1981 Russell Street Land Acquisition	decrease budget, close project	(\$2,959)	\$92,041
3/11/2008	9955	Midlands TC	Classroom Building - Harbison Campus	change source of funds	\$0	\$7,000,000
3/11/2008	9957	Midlands TC	Campus Accelerator - Northeast Campus	change source of funds	\$0	\$5,000,000
3/11/2008	6028	USC Columbia	Humanities Pavilion Restaurant Construction	decrease budget, change source of funds, close project	(\$52,779)	\$1,847,221
3/11/2008	9508	USC Beaufort	Marine Sciences Building Renovations	close project	\$0	\$47,299
3/11/2008	9880	Greenville TC	Northwest Campus Construction	change source of funds	\$0	\$20,607,921
3/11/2008	New	Greenville TC	Student Center Renovations	establish project	\$0	\$150,000
3/21/2008	6038	USC Columbia	Academic Enrichment Center Construction	change project name	\$0	\$12,800,000
3/21/2008	9932	USC Columbia	Columbia Campus Food Service Facilities Renovation/Expansion	increase budget, close project	\$9,998	\$5,504,902
3/21/2008	9960	USC Columbia	Woodrow Roof Replacement ¹	cancel project	(\$600,000)	\$0
3/21/2008	9530	Coastal Carolina	Multipurpose Athletic Facility	close project	\$0	\$11,935,000
3/21/2008	New	Spartanburg CC	Central Energy Plant 700 Ton Chiller ²	establish project	\$0	\$800,000
<p>¹Due to project postponement, scope and cost changed dramatically. A new project was established based on current estimates and scope of roof replacement and exterior repairs. The Commission approved the new project on November 2, 2007.</p> <p>²Approved as part of Year One projects in 2007 CPIP.</p>						
LEASES APPROVED BY STAFF						
March 2008						
Date Approved	Lease #	Institution	Project Name	Purpose/Additional Info	Rates	Term
3/25/2008	New	Northeastern TC	Academic Building on Bennettsville Campus	4,769 SF facility with library and classrooms for purpose of providing credit- and non-credit instruction & workforce training	Annual Rate - \$29,640; Monthly Rate - \$2,470; Cost per SF \$6.22	7/1/08-6/30/2033 (Two automatic 10-yr renewals)