



South Carolina Commission on Higher Education

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Mr. James Sanders
Mr. Y.W. "Bill" Scarborough, III
Mr. Hood Temple
Mr. Randy Thomas
Mr. Kenneth B. Wingate
Mr. Neal J. Workman, Jr.
Dr. Mitchell Zais

Revised August 4, 2008 to reflect clerical errors

Dr. Garrison Walters, Executive Director

TO: Mr. Jim Sanders, Vice Chair, and Members of the Committee on Finance & Facilities
FROM: Mr. Gary S. Glenn, Director of Finance, Facilities, & MIS
SUBJECT: Committee Meeting, August 6
DATE: August 1, 2008

A meeting of the Committee is scheduled to be held in the Commission's Main Conference Room at 9:00 a.m. on Wednesday, August 6. The agenda and materials for the meeting are enclosed.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on August 6.

Enclosures

AGENDA
COMMITTEE ON FINANCE & FACILITIES
AUGUST 6, 2008
9:00 A.M.
MAIN CONFERENCE ROOM
SC COMMISSION ON HIGHER EDUCATION
1333 MAIN STREET, SUITE 200
COLUMBIA, SC 29201

1. Introductions
2. Minutes of June 5 Meeting
3. Election of New Committee Chair & Vice Chair
4. FY 2009-10 Budget Approval Process & Timeline
5. Budget Requests for Higher Education Institutions & Entities
 - A. Operating & Capital Needs
 - B. Other Higher Education Support
 - i. Need-based Grants
 - ii. PASCAL (Statewide Higher Education Electronic Library)
 - iii. Lottery Tuition Assistance Program (LTAP)
 - iv. National Guard Tuition Assistance (NGTA)
 - v. Critical Needs Nursing Initiative
 - vi. Centers of Economic Excellence (CoEE)
 - vii. SC LightRail
 - viii. Other Programs
 - C. Separate Entity Support
 - i. Lowcountry Graduate Center (LGC)
 - ii. University Center of Greenville (UCG) & Greenville Technical College
 - iii. Experimental Program to Stimulate Competitive Research (EPSCoR)
 - iv. South Carolina Manufacturing Extension Partnership (SCMEP)
6. Leases
 - A. Medical University of South Carolina
 - i. 21 Courtenay Drive
 - ii. 135 Cannon Street – Office Space
 - iii. 135 Cannon Street – Parking
7. Other Business
 - A. List of Capital Projects & Leases Processed by Staff for June & July 2008 (For Information)

MINUTES

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
COMMITTEE ON FINANCE AND FACILITIES

JUNE 5, 2008

9:00 A.M.

CHE MAIN CONFERENCE ROOM

Committee Members

Mr. Daniel Ravenel, *Chairman*
Dr. Doug Forbes
Mr. Jim Sanders
Mr. Neal Workman

Dr. Anthony Coyne
Mr. Scott Ludlow
Ms. Beth McInnis
Mr. Tom Quasney
Mr. Charles Shawver

Committee Members Absent

Dr. Louis Lynn
Mr. Ken Wingate

Staff Present

Mr. Gary Glenn
Ms. Alyson Goff
Ms. Courtney Blake

Guests Present

Ms. Donna Collins

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 May 1, 2008

Mr. Glenn noted there were typographical errors on pages 9 and 10 in the Minutes. Where it states: "Mr. Glenn presented projects 3-6...;" it should have stated "d-f." Mr. Glenn requested that the Minutes be revised to reflect this change. Chairman Ravenel approved this request. With this addition, it was moved (Sanders), seconded (Workman), and voted to approve the Minutes as amended.

III. Clarifying Staff Authority for Interim Capital Projects

Mr. Glenn presented the topic, and Mr. Workman asked for clarification of the definition of Phase I and questioned why it needed approval. Mr. Charles Shawver, from Budget and Control Board, answered that the Joint Bond Review Committee (JBRC) is referring to Phase I as the "pre-design" stage of a project. Mr. Sanders proposed a meeting with the legislators to define the process for interim capital projects.

Chairman Ravenel asked Mr. Shawver if the JBRC is where the Committee should seek answers. Mr. Shawver replied that the members would be the first step.

Mr. Glenn provided the Committee with a list of project establishments processed by the staff since the beginning of the year. Mr. Workman requested that the phrase “establish project” be changed to avoid confusion. Mr. Glenn asked an institutional representative to define the difference between a feasibility study and Phase I when seeking to establish a project. Mr. Quasney, from the University of South Carolina Columbia, answered that a feasibility study was where the institution started, which defines place, site, and how to proceed.) In Phase I, the institution hires an architect, which will only allow the University to complete approximately 35 percent of the work necessary to get a good cost estimate. Mr. Workman stated that the only way to achieve a good cost estimate is for the architect to include a code analysis during schematics, not during the design process. Mr. Quasney replied that in Phase I, the University of South Carolina Columbia does not include code revisions.

Mr. Sanders stated that the first step to resolving the Committee’s concerns was to get all stakeholders to agree on how to process new projects.

Mr. Glenn presented the requested action and agreed to Mr. Workman’s request to use “establish pre-design” rather than “establish project.” Dr. Forbes asked if institutions could regularly request budget increases. Chairman Ravenel answered that there were by-laws that allow the staff to take such requests to the Committee and Commission, if they appeared to have material differences from what was previously approved.

It was moved (Sanders), seconded (Workman), and voted to approve the staff authority revision as proposed.

IV. Other Business

The list of staff approvals for May 2008 was presented for information.

With no further business, Chairman Ravenel adjourned the meeting at 10:15 a.m.

Respectfully submitted,

Courtney W. Blake
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.*

FY 2009-10 BUDGET APPROVAL PROCESS & TIMELINE

The FY 2009-10 budget requests for higher education are presented in the following pages, including requests made by the Commission on behalf of the colleges and universities as well as those of other higher education entities. Summary narratives are included to guide the Committee's discussion at its August 6 meeting. The process proposed for receiving, considering, and advancing the requests is as follows:

- The Committee will receive the budget requests during its meeting on August 6. Representatives from other higher education entities will be present to answer questions as needed.
- CHE staff will work with Committee members to address any questions and refine recommendations. Additionally, we will continue to communicate with the presidents to gain consensus on statewide priorities prior to sending final recommendations to the Commission.
- The Committee will reconvene through teleconference during the week of August 18 to vote on budget items to be forwarded to the Commission for consideration at its September 4 meeting. (A specific date and time for the teleconference will be determined by the Committee.)

FY 2009-10 budget requests are presented in three sections: 1) Operating and Capital Needs; 2) Other Higher Education Support; and 3) Separate Entity Support.

Section I

Operating & Capital Needs

Operating Needs – \$42,078,186, recurring

Last year, the Commission recommended an allocation plan for operating funds that accounted for inflation, growth, and the increasing demands for new educational services. Due to the economic condition of the state, increases in operating funding were not realized. However, CHE staff, with concurrence from institutional Chief Financial Officers (CFOs), believes the fundamental approach used last year remains sound, and therefore recommends as our top priority for funding the same approach to the FY 2009-10 budget request for core operating needs of colleges and universities.

Table 1 illustrates the resulting request for operating funds of \$29,625,165 to recognize the impact of inflation as defined by the Higher Education Price Index (HEPI) and an additional HEPI increase of \$12,453,021 provided to institutions whose funding is below the state average level of support, commonly referred to as parity.

Note: One significant modification has been made in the way we calculate state support for operating funds and the resulting calculation of parity percentages. In the past, the parity calculation was based solely on the Mission Resource Requirements Funding Model (MRR) compared to **recurring** general funds. At our retreats with the Finance Advisory Committee, we proposed a redefinition of state support that includes **all** operating support, regardless of source. Our logic was that if the MRR measures need, then any funding available to support that need should be considered in the calculation of parity. For example, for several years, the state has appropriated \$12,000,000 in lottery funding to support institutional technology needs. These funds are used to offset a need of the institution. As such, they are now considered to be state support of MRR needs. Column 2 of Table 1 is entitled “2008-09 Operating Funds (Recurring and Non-Recurring)” to reflect the inclusion of **all** state funding, regardless of source, provided in support of operating needs. It should also be noted that this recommendation was accepted by the Finance Advisory Committee members present at the retreats.

Table 1

		FY08-09 MRR Calculation of Need	2008-09 Operating Funds (Recurring & Non- Recurring)	FY 2008-09 as % of MRR	FY 2008-09 Part 1A Recurring Base Reductions	Net Non- Recurring Operating Support Reductions	Projected B&CB Pay & Fringe Allocations	FY 2008-09 Adjusted Operating Appropriation (Recurring & Non- Recurring)	Adj. Op. as % of MRR	Increase @ HEPI plus HEPI for those under parity average					
										HEPI x Adjusted Operating	Column 9 as % of MRR	Parity Adjustment (HEPI x Adjusted)	Total Additional Funding Requested FY 2008-09	Sub-Total	Col. 13 as % of MRR
Column #	[1]									[2]	[3]	[4]	[5]	[6]	[7]
Institution			[col 2 / col 1]				[col 7 + 4 + 5 + 6]	[col 7 / col 1]	[col 7 x HEPI]		[col 7 x HEPI]	[col 9 + 11]	[col 7 + 12]	[col 13 / col 1]	
1	Clemson	\$157,849,300	\$113,220,128	71.7%	(\$3,019,048)	(\$105,000)	1,078,952	\$111,175,032	70.4%	\$4,335,826	73.2%	\$0	\$4,335,826	\$115,510,858	73.2%
2	USC-Columbia	277,580,911	186,047,367	67.0%	(4,916,033)	(1,959,375)	1,708,254	\$180,880,213	65.2%	7,054,328	67.7%	0	7,054,328	\$187,934,541	67.7%
3	MUSC	188,775,594	98,884,774	52.4%	(2,600,977)	(350,000)	897,949	\$96,831,746	51.3%	3,776,438	53.3%	3,776,438	7,552,876	\$104,384,622	55.3%
4	Citadel	16,634,307	16,845,729	101.3%	(542,239)	0	155,163	\$16,458,653	98.9%	641,887	102.8%	0	641,887	\$17,100,540	102.8%
5	Coastal Carolina	30,878,051	17,719,211	57.4%	(646,365)	0	161,201	\$17,234,047	55.8%	672,128	58.0%	672,128	1,344,256	\$18,578,303	60.2%
6	Coll. of Charleston	43,336,792	35,806,513	82.6%	(1,342,597)	0	300,690	\$34,764,606	80.2%	1,355,820	83.3%	0	1,355,820	\$36,120,426	83.3%
7	Francis Marion	21,652,101	20,247,234	93.5%	(635,429)	(250,000)	143,433	\$19,505,238	90.1%	760,704	93.6%	0	760,704	\$20,265,942	93.6%
8	Lander	15,466,671	11,895,479	76.9%	(339,005)	(445,000)	102,781	\$11,214,255	72.5%	437,356	75.3%	0	437,356	\$11,651,611	75.3%
9	SC State	28,147,719	31,989,369	113.6%	(929,829)	(2,360,635)	207,303	\$28,906,208	102.7%	1,127,342	106.7%	0	1,127,342	\$30,033,550	106.7%
10	USC-Aiken	17,571,072	11,756,818	66.9%	(357,141)	0	106,929	\$11,506,606	65.5%	448,758	68.0%	0	448,758	\$11,955,364	68.0%
11	USC-Beaufort	5,971,581	3,219,443	53.9%	(317,489)	0	21,606	\$2,923,560	49.0%	114,019	50.9%	114,019	228,038	\$3,151,598	52.8%
12	USC-Upstate	24,620,194	15,304,504	62.2%	(439,609)	0	136,194	\$15,001,089	60.9%	585,042	63.3%	585,042	1,170,084	\$16,171,173	65.7%
13	Winthrop	37,428,601	25,181,087	67.3%	(735,574)	(900,000)	227,924	\$23,773,437	63.5%	927,164	66.0%	0	927,164	\$24,700,601	66.0%
14	USC-Lancaster	5,892,034	3,709,575	63.0%	(79,392)	(700,000)	25,800	\$2,955,983	50.2%	115,283	52.1%	115,283	230,566	\$3,186,549	54.1%
15	USC-Salkehatchie	3,558,804	2,506,991	70.4%	(70,319)	0	20,641	\$2,457,313	69.0%	95,835	71.7%	0	95,835	\$2,553,148	71.7%
16	USC-Sumter	5,079,526	4,541,395	89.4%	(126,654)	0	42,410	\$4,457,151	87.7%	173,829	91.2%	0	173,829	\$4,630,980	91.2%
17	USC-Union	1,572,641	1,201,196	76.4%	(25,752)	0	10,123	\$1,185,567	75.4%	46,237	78.3%	0	46,237	\$1,231,804	78.3%
18	Technical Colleges	298,357,338	179,888,049	60.3%	(4,811,579)	(7,300,000)	1,425,100	\$169,201,570	56.7%	6,598,861	58.9%	6,598,861	13,197,722	\$182,399,292	61.1%
	Sub-Total	\$1,180,373,237	\$779,964,862	66.1%	(\$21,935,031)	(\$14,370,010)	\$6,772,453	\$750,432,274	63.6%	\$28,996,727	66.0%	\$11,824,582	\$40,821,309	\$791,253,583	67.0%
19	AHEC	30,592,330	16,509,835	54.0%	(396,036)	0	20,160	\$16,133,959	52.7%	628,438	54.8%	628,438	1,256,876	\$17,390,835	56.8%
	Total	\$1,210,965,567	\$796,474,697	65.8%	(\$22,331,067)	(\$14,370,010)	\$6,792,613	\$766,566,233	63.3%	\$29,625,165	65.7%	\$12,453,021	\$42,078,186	\$808,644,419	66.8%

Capital Needs – To Be Determined

Due to a lack of consistent and adequate capital funding from the state over the last eight years, significant needs have developed across the state's campuses for new education and general (E&G) construction and major renovation projects. Also, the lack of fully funded core operating needs, as measured by the MRR, has affected institutions' abilities to adequately support routine maintenance.

A first step in providing institutions with additional resources needed to address the overwhelming backlog of capital needs is the approval of a bond bill. To this end, staff is working to develop a proposal that is expected to be based on the following tenets:

- The Comprehensive Permanent Improvement Plan (CPIP) should remain the centerpiece for requesting capital improvement bonds (CIBs);
- The absence of a bond bill has impacted all institutions and any plan adopted should include an allocation to all institutions; and
- Capital funding should be on-going and operating and capital support should be routine and predictable.

The plan being discussed consists of three parts: 1) addressing E&G maintenance needs; 2) recognizing the phased approval process; and 3) funding state priorities.

Because of the complexities of a plan of this magnitude, staff will continue to work toward a consensus plan that will best address the needs of the institutions and the state. We will continue to work on this initiative and will provide the Committee with a capital needs plan prior to the teleconference scheduled during the week of August 18.

Section II

Other Higher Education Support

The following programs and initiatives are continuing activities aimed at ensuring access to higher education, efficient and effective use of resources, and promoting economic development in the state.

❖ ***Need-based Grants – \$16,312,708, recurring***

The second funding priority is increased support for need-based grants which are critical to success in improving the number of South Carolinians who enter college and graduate. The Commission and higher education community support a substantial increase to need-based funding to ensure affordable and accessible education for our state's neediest students. CHE also recommends that movement toward closing the affordability gap over the next several years be a core state priority. To begin addressing the gap, additional funding of **\$16,312,708** for the Need-Based Grant Program at public and independent institutions is requested. This will provide the same level of support (16% of institutional tuition and fees) as requested in FY 2008-09.

❖ ***PASCAL (Statewide Higher Education Electronic Library) – \$2,300,000, recurring***

The third funding priority acknowledges the need for continued and expanded support of the Statewide Higher Education Electronic Library – a cooperative and collaborative effort among our public and private higher education libraries that has transformed how the state's citizens access vital academic information. The higher education library significantly enhances the quality of undergraduate education and eliminates duplicated expenditures by providing a mechanism for group purchases and thus better prices of essential sophisticated electronic academic databases that are made available to all of South Carolina's higher education libraries. Prior to FY 2008-09, \$2,000,000 was provided in non-recurring funding to support this higher education best practice. In FY 2008-09, PASCAL received a recurring appropriation of \$200,000, effectively taking a 90% reduction in state support. Although CHE, the institutions, and PASCAL appreciate the legislative acknowledgment of the on-going importance of the electronic library by providing recurring funds, funding must be reinstated if this program is to survive. Therefore, CHE, on behalf of PASCAL, is requesting additional recurring funds of **\$2,300,000** in order to return the previous level of support and to expand support for this highly effective program.

❖ ***Lottery Tuition Assistance Program (LTAP) – \$ 55,800,000 (an increase of \$8,800,000), lottery***

To support high access at the state's two-year institutions, CHE requests an increase to LTAP to ensure sufficient funds to stabilize the available per student grant. LTAP funds are made available to degree-seeking students who are enrolled at two-year public colleges who are taking at least six credit hours. The program is funded with lottery funds with awards limited to the extent funding is appropriated. In FY 2007-08, there was \$47 million in appropriated lottery funds. The award level per full-time student was set at \$864 for fall 2007, a reduced amount from the previous semester due to program growth. As has been the case since the inception of the program in FY 2002-03, the award level must be revisited each semester. The number of students provided awards has increased by 37% since FY 2002-03. Increased funds are needed to meet the targeted goal of \$996 per full-time student per semester as stipulated in the lottery appropriation proviso. The requested increase brings the program total to \$55.8 million.

- ❖ ***National Guard Tuition Assistance (NGTA) – \$1,300,000, recurring***
 During the 2007 legislative session, the General Assembly passed legislation to phase out the National Guard Loan Repayment Program and begin instead a tuition assistance program for National Guard members. The National Guard Tuition Assistance Program is intended to assist the National Guard in its recruiting efforts. Based on fiscal impact estimates for the change in the program from a loan repayment program to a tuition assistance program, the General Assembly provided an additional \$1.3 million to bring total funding to \$3 million. However, these additional appropriated funds were non-recurring funds. CHE recommends that this funding be restored as recurring state funds so that program funding is reinstated at \$3 million.

- ❖ ***Critical Needs Nursing Initiative – \$1,000,000, recurring***
 The South Carolina Critical Needs Nursing Initiative was created to provide incentives to retain nurse faculty scholars; attract new nurse faculty; provide student loans, grants, and scholarships to in-state resident nursing students; to establish a research office to predict health care workforce needs; and provide technology to increase accessibility to clinical education needs. The initiative has received \$2,000,000 since its inception. \$1,000,000 is requested for FY 2009-10 to continue the faculty incentives component of the legislation.

- ❖ ***Centers of Economic Excellence (CoEE) – \$30,000,000, lottery***
 In 2002, the South Carolina General Assembly passed the Research Centers of Economic Excellence Act to promote growth of the State's knowledge-based economy. Oversight of the Centers of Economic Excellence (CoEE) Program is provided by the SC Centers of Economic Excellence Review Board. The Commission approves the budget for the CoEE Review Board's operations and also provides staff support for the program's day-to-day operations. South Carolina Education Lottery proceeds in the amount of \$30,000,000 have been appropriated for the program each year since the FY2003. However, in FY 2008-09, the allocation for the CoEE was reduced to \$10 million. Over the last six years, 41 research proposals totaling \$169 million have been approved for funding. South Carolina's three research institutions are required to raise dollar-for-dollar, non-state matching funds in order to access state funding.

- ❖ ***SC LightRail – \$4,500,000, non-recurring***
 The SC LightRail is a collaborative project by Clemson University, the Medical University of South Carolina, the University of South Carolina and the Health Sciences S.C. (HSSC) partners (Palmetto Health, Greenville Hospital System, and Spartanburg Regional Healthcare System), and the S.C. Research Authority (SCRA). In addition, industry research entities and additional universities and technical colleges and research institutes will be encouraged to join. The project will provide an ultra-high-speed, ultra-high-bandwidth network and applications service which will unite universities, hospitals, and research-based institutions. The project will allow the state to connect to the National Lambda Rail Network and thereby provide access to nationwide supercomputing and research application resources across the United States.

- ❖ ***Other Higher Education Programs, continued support***
 In addition to Lottery Tuition Assistance Funds noted above, CHE is also requesting continued support of higher education programs (CoEE, Higher Education Technology, SC State, HEEEP, and scholarship and grant programs) funded through the SC Education Lottery.

Section III

Separate Entity Support

The following entities represent a variety of collaborative statewide projects that enhance the effectiveness of higher education delivery in South Carolina. Representatives will be present at the meeting to briefly inform the Committee of the organization's current activities, accomplishments for the previous year, and aspirations for the upcoming year.

❖ ***Lowcountry Graduate Center (LGC) – \$1,200,000, recurring; \$1,625,000, non-recurring***

LGC is a five-member consortium developed to expand the opportunities for graduate education in the Lowcountry region of the state. Partner institutions include the College of Charleston, MUSC, The Citadel, Clemson, and USC Columbia. Recognizing that increased graduate educational opportunities are a key element in the economic growth and development of an area, the LGC works cooperatively to establish programs to meet community needs. The request for FY 2009-10 will support anticipated program growth and will providing funding necessary to relocate to a larger facility.

❖ ***University Center of Greenville (UCG) & Greenville Technical College – \$1,728,998, recurring (for operational support);\$750,000, non-recurring (for debt service and maintenance)***

UCG is the primary source for baccalaureate and graduate degree programs serving a nontraditional student population in the Greater Greenville region. The Center houses 78 undergraduate and graduate programs from seven South Carolina universities (Clemson, Furman, Lander, MUSC, SC State, USC Columbia, and USC Upstate.) Also in support of the Center, Greenville Technical College requests continuation of nonrecurring funding provided in FY 2008-09 for payment of debt service and maintenance needs for McAlister Square Mall, which houses the University Center.

❖ ***Experimental Program to Stimulate Competitive Research (EPSCoR) – \$1,026,670, recurring***

EPSCoR is a merit-based federal/state/institutional partnership designed to decrease the undue geographic concentration of federal research investments. EPSCoR is based on the premise that university faculty and students are valuable resources which can be used to build a competitive science and technology enterprise. The EPSCoR partnership paradigm requires state commitment which must be in place for future response to larger and more prestigious federal research opportunities. The request for FY 2009-10 will provide total state support for this program of \$3,000,000.

❖ ***South Carolina Manufacturing Extension Partnership (SCMEP) – \$1,200,000, recurring***

SCMEP is a private, non-profit 501(c)(3) organization funded through a cooperative agreement with the United States Department of Commerce's National Institute of Standards and Technology (NIST), matching state funds, and revenue from private and other grant sources. SCMEP, part of the nation's manufacturing extension partnership system, is governed by a fiduciary board of directors and is committed to serving small-to mid-sized manufacturers with resources and services to help them become more competitive and productive. SCMEP's delivery of services is dependent upon relationships with partners, public agencies, non-profits and numerous private consultants. The program enables new technology, theories and innovation to transfer from university and continuing education programs onto the manufacturing floors of the state's small companies. The organization has

formal, contracted relationships with the University of South Carolina, Clemson University and the South Carolina Technical College System. State funds allow SCMEP to contract with SC institutions of higher education provide services they are uniquely suited to offer. The request for FY 2009-10 will return total state support to the level received in FY 2007-08.

DESCRIPTION OF LEASES FOR CONSIDERATION

August 6, 2008

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: 21 Courtenay Drive
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$48,220,200

DESCRIPTION:

The University requests approval of a new lease for a 532,062 SF parking garage located at 21 Courtenay Drive, consisting of 1,525 parking spaces and 3,846 SF of office space.

The current master lease agreement is between the MUSC Foundation and Medical University Hospital Authority (MUHA). The Foundation is refinancing the loan, so this new master lease will be between the Foundation and the University.

The monthly rental rate will be approximately \$133,945, resulting in an annual cost of \$1,607,340. The requested lease term is 30 years, beginning on the first day of October 2008. The total lease cost is \$48,220,200 with a per parking space rate of \$87.83 and \$8.15 per SF for office space. Operating expenses are not included in the lease, and the University estimates those costs to be approximately \$0.29 per SF, in addition to the lease. Operating expenses include housekeeping, general maintenance, and utilities.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: 135 Cannon Street – Office Space
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$49,850,100

DESCRIPTION:

The University requests approval of a new lease for the entire building located at 135 Cannon Street, consisting of 80,253 SF. This master lease will provide space for both University and Hospital departments, as well as the Women's Services Outpatient Clinic, which are currently housed in the space. The MUSC Foundation purchased this building from The Beach Company and is now refinancing the loan.

The monthly rental rate will be approximately \$138,473, resulting in an annual cost of \$1,661,670. The requested lease term is 30 years, beginning on the first day of October 2008. The total lease cost is \$49,850,100 with a per square foot rate of \$20.71 per year. Operating expenses are not included in the lease, and the University estimates those costs to be approximately \$5.15 per SF in addition to the lease. The operating expenses include general maintenance, housekeeping, and utilities.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: 135 Cannon Street – Parking
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$5,590,800

DESCRIPTION:

The University requests approval of a new lease for 153 parking spaces located across the street from 135 Cannon Street. The purpose of this lease is to continue to provide parking for University employees and students. The MUSC Foundation purchased this property from The Beach Company and is now refinancing the loan.

The monthly rental rate will be approximately \$15,530, resulting in an annual cost of \$186,360. The requested lease term is 30 years, beginning on the first day of October 2008. The total lease cost is \$5,590,800 with a cost per space rate of \$101.50 per month.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

INFORMATION ITEM

Capital Projects Processed by Staff						
June 2008						
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
6/2/2008	New	USC Columbia	Farmers Market Acquisition ¹	establish project	\$0	\$50,000
6/2/2008	New	Lander	403 Wilson Street Property Acquisition ¹	establish project	\$0	\$19,500
6/12/2008	New	Coastal Carolina	Athletic Training Facility Land Acquisition ¹	establish project	\$0	\$2,500
6/12/2008	New	Coastal Carolina	Student Center Deferred Maintenance - Grille Addition Land Acquisition ¹	establish project	\$0	\$2,500
6/17/2008	6013	USC Columbia	Osborne Provost Suite Renovation	decrease budget, close project	(\$5,113)	\$151,887
6/17/2008	9994	USC Columbia	Circuit #2 Electrical Distribution Upgrades	decrease budget, close project	(\$1,116)	\$248,884
6/17/2008	9517	USC Salkehatchie	Allendale Campus Deferred Maintenance Repairs/Renovations	increase budget	\$192	\$258,192
6/17/2008	9518	USC Salkehatchie	Walterboro Extension Repairs	decrease budget, close project	(\$192)	\$49,900
6/19/2008	9756	Clemson	General Campus Asbestos - Abatement	decrease budget, close project	(\$5,606)	\$930,191
6/19/2008	9872	Clemson	Sirrine Hall 4th Floor HVAC	decrease budget, close project	(\$232,897)	\$487,103
6/23/2008	9918	Florence-Darlington TC	HVAC & Mechanical Upgrades	decrease budget, close project	(\$0.05)	\$498,320
6/23/2008	9919	Florence-Darlington TC	Lighting/Fire Safety Upgrades	close project	\$0	\$173,000
6/23/2008	9920	Florence-Darlington TC	Indoor Air Quality Upgrades	close project	\$0	\$190,498
6/23/2008	9921	Florence-Darlington TC	Bldgs 100/300 Roof Replacements & Deferred Maintenance	decrease budget, close project	(\$0.49)	\$348,838
6/23/2008	9969	Florence-Darlington TC	Mullins Technology Center Expansion	decrease budget, close project	(\$10,453)	\$489,547
6/26/2008	9842	Clemson	Olin Hall - Reroofing	decrease budget, close project	(\$175,000)	\$0
6/26/2008	9601	Citadel	Campus Wide Energy Performance Contract ²	increase budget, change source of funds (from capital projects to lease), revise scope	\$4,651,046	\$4,776,046

¹See supporting narrative.

²Project approved as part of 2008 CPIP Year 1.

**Capital Projects Processed by Staff
July 2008**

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
7/8/2008	9989	Midlands TC	Northeast Classroom/Engineering - Science Facility - A&E Only	change source of funds (from local to state appropriations)	\$0	\$495,000
7/14/2008	9829	USC Columbia	Campus Wide Elevator Upgrades	decrease budget, close project	(\$56,670)	\$163,330
7/14/2008	9969	USC Columbia	Bull Street Parking Garage Addition	decrease budget, close project	(\$77,162)	\$12,322,838
7/21/2008	9784	Clemson	Calhoun Courts Replace Chill Water Lines	decrease budget, close project	(\$639,808)	\$7,569,192
7/24/2008	New	Coastal Carolina	Athletic Equipment Storage Facility Land Acquisition ¹	establish project	\$0	\$2,500

¹See supporting narrative.

**Leases Processed by Staff
July 2008**

Date Approved	Action	Institution	Project Name	Purpose/Additional Info	Rates	Term
7/22/2008	New	MUSC	55 Bee Street	Provide 2,841 SF office space for Dr. Linda Austin's Academic Marketing Group.	Annual Rate - \$85,416; Monthly Rate - \$7,118; Cost per SF - \$30.07	5 years

**FOR INFORMATION – PROJECT ESTABLISHMENTS PROCESSED BY STAFF
FOR JUNE & JULY 2008**

Note: At the June meeting, the Finance & Facilities Committee clarified staff authority for processing institutional requests to establish capital projects. In accordance, the following summaries are presented as information.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA

PROJECT NAME: Farmers Market Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$50,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$50,000	\$50,000
Total	\$0	\$50,000	\$50,000

Source of Funds	Previous	Revised	Change
Athletic Revenue	\$0	\$50,000	\$50,000
Total	\$0	\$50,000	\$50,000

DESCRIPTION:

The University requested approval to establish a project to fund preliminary studies required for acquisition of the Columbia State Farmers Market on Bluff Road near Williams-Brice Stadium. The project will fund studies required for the acquisition of property, which include environmental studies and a building assessment. The preliminary total projected project budget is \$15,050,000. The final project budget is dependent on results of these initial studies.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Land Acquisition

ANNUAL OPERATING COSTS/SAVINGS:

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

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Athletic Training Facility Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,500
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

Source of Funds	Previous	Revised	Change
Operating Budget	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of 2.14 acres of land located adjacent to Brooks Stadium. The land is to be donated to the institution by the Coastal Educational Foundation for the purpose of constructing the proposed athletic training facility previously approved by the Commission on July 22, 2003.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Land Acquisition

ANNUAL OPERATING COSTS/SAVINGS:

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

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Athletic Equipment Storage Facility Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,500
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

Source of Funds	Previous	Revised	Change
Operating Budget	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of 1.19 acres of land located adjacent to athletic practice fields between Chanticleer Drive West and Highway 544. The land is to be donated to the institution by the Coastal Educational Foundation for the purpose of constructing the proposed athletic equipment storage facility. Facility is under the \$500,000 threshold, and therefore does not require approval by the state.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Land Acquisition

ANNUAL OPERATING COSTS/SAVINGS:

Utilities will require additional operating costs ranging between \$6,000 and \$6,615 in the three years following project completion.

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Student Center Grille Addition Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,500
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

Source of Funds	Previous	Revised	Change
Operating Budget	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of 0.16 acres of land located adjacent to the Student Center. The land is to be donated to the institution by the Coastal Educational Foundation for the purpose of expanding the CINO Grille in the Student Center previously approved by the Commission on May 10, 2005.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Land Acquisition

ANNUAL OPERATING COSTS/SAVINGS:

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

LANDER UNIVERSITY

PROJECT NAME: 403 Willson Street Property Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$19,500
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$7,000	\$7,000
Other (environmental study)	\$0	\$12,500	\$12,500
Total	\$0	\$19,500	\$19,500

Source of Funds	Previous	Revised	Change
Athletic	\$0	\$19,500	\$19,500
Total	\$0	\$19,500	\$19,500

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of a 0.21 acre lot located at 403 Willson Street.

The lot contains an unoccupied 1,066 SF building. The lot shares boundaries with paved parking lots of the University, and there are concerns that the property will become a target for vandalism and attract activity not suited for a campus environment. The University would like to acquire the property and has plans to terminate all utilities and demolish the dwelling.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Land Acquisition

ANNUAL OPERATING COSTS/SAVINGS:

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