

MINUTES

COMMITTEE ON FINANCE AND FACILITIES

MARCH 1, 2018

2:00 P.M.

HOOD CONFERENCE CENTER, SCHUMAKER CONFERENCE ROOM

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1122 LADY STREET, SUITE 300

COLUMBIA, SC 29201

Committee Members Present

Commissioner Dianne Kuhl, Chair

Commissioner Paul Batson

Commissioner Ken Kirkland

Commissioner Louis Lynn

Commissioner Kim Phillips

Guests Present

Commissioner Tim Hofferth

Ms. Beth Bell

Dr. Dan Bozard

Dr. Ralph Byington

Ms. Sally Clarkson

Dr. David DeCenzo

Mr. Brian Enter

Mr. Derek Gruner

Mr. Michael Hughes

Ms. Rachel Jones

Mr. Rick Kelly

Mr. Scott Lambert

Ms. Amanda Maghsoud

Mr. Phil Mauney

Mr. Rein Mungo

Mr. Justin Oates

Ms. Carol Routh

Mr. Greg Thompson

Dr. Kyle Wagner

Mr. David Yancey

Ms. Helen Zeigler

Staff Present

Ms. Carrie Eberly

Mr. Keeran Sittampalan

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

1. Call to Order

Commissioner Kuhl called the meeting to order at 2:11 p.m. Ms. Eberly introduced guests in attendance and participating via teleconference.

2. Approval of Minutes

A motion was made (Lynn), seconded (Kirkland), and carried to approve the minutes of the February 1, 2018 Finance and Facilities Committee meeting.

3. Chair's Report

Chair Kuhl noted she had no remarks to report to the Committee.

4. Interim Capital Projects

The following agenda items were presented:

A. Northeastern Technical College

i. Industrial Training Center Renovations and Expansion (Bennettsville & Pageland) – Increase Budget, Add New Source of Funds

Ms. Eberly introduced the item, and Dr. Wagner from Northeastern Technical College expanded on the details surrounding the request to increase the budget. Following discussion, a motion was made (Batson) and seconded (Lynn) to recommend the project with the increase in cost. The Committee unanimously carried the motion.

B. University of South Carolina - Aiken

i. USC Aiken Maintenance Building – Establish Project (Phase I)

Ms. Eberly introduced the item, and a motion was made (Phillips), seconded (Batson) and carried to consider the item. After discussion, a motion was made (Lynn), seconded (Kirkland) and unanimously carried by the Committee to recommend the project as presented.

ii. USC Aiken Penland HVAC Renovation – Establish Project (Phase I)

Ms. Eberly introduced the item, and a motion was made (Batson) and seconded (Phillips) to consider the item. Commissioner Kirkland reiterated the importance of institutions planning for future maintenance and renewal throughout the life of buildings so that tuition and fees do not have to be drastically increased for maintenance in the future due to poor planning. Commissioner Hofferth and Commissioner Kuhl concurred and each offered additional comments. At the conclusion of the discussion, a motion was made (Phillips), seconded (Batson) and carried by the Committee unanimously to recommend the project as presented.

C. Coastal Carolina University

i. Williams Brice Renovation and Repair – Establish Construction Budget

Ms. Eberly introduced the item, and a motion was made (Lynn) and seconded (Batson) to consider the item. Commissioner Batson requested clarification on the source of funds used for the project to which Ms. Eberly explained the source of the funds is accumulated student fees collected each semester. Further conversation was held on the fund balance and the University's 20-year capital renewal plan. Commissioner Kuhl asked about the overall usage of the building, the breakdown of the academic versus student services square footage. Sally Clarkson presented the breakdown of the building's square footage, noting that much of the space is dual purpose. After discussion, a motion was made, (Batson), seconded (Phillips) and carried by the Committee unanimously to recommend the project as presented.

D. Medical University of South Carolina

i. Basic Science Building (BSB) Exterior Envelope Repairs – Establish Construction Budget (Phase II)

Ms. Eberly introduced the item, and a motion was made (Lynn) and seconded (Kuhl) to consider the item. Commissioner Lynn asked about the opportunity to receive insurance funds from storm damage to cover the costs of repair projects that are not budgeted. Ms. Jones responded that planning and insurance claims are usually left up to the risk management department, but

that she was not aware of any major insurance claims in the past few years. Commissioner Kuhl requested clarification on the building condition scores presented in the materials as the numbers presented did not appear to warrant the extent of repairs requested. Mr. Mauney responded that the scores presented did not accurately reflect the most recent building evaluation performed by an external party, Sightlines, and that the scores were most likely lower for the building systems. Based on the information provided, a motion was made (Kuhl) and seconded (Batson) to table the project until the next month's agenda to allow the University to amend the figures presented. Commissioner Kuhl requested the updated materials be certified by the President of the University. The Committee discussed whether the motion on the table would hinder the University from having the project considered at the next JBRC meeting. Ms. Eberly noted the next meeting of the JBRC was scheduled for April 25th. Following confirmation that the decision would not impact the next phase of review, the Committee carried the motion, with a vote of four to one (Batson, Kirkland, Kuhl, and Phillips voting in favor with Lynn voting against) to table the project.

ii. Courtenay Drive Garage Upgrades
– Establish Project (Phase I)

Ms. Eberly introduced the item, and a motion was made (Batson) and seconded (Phillips) to consider the item. After brief discussion, a motion was made (Phillips), seconded (Kirkland) and carried by the Committee unanimously to recommend the project as presented.

5. Lease Approval

A. Medical University of South Carolina – 22 West Edge Lease Addendum for
Information Solutions

Ms. Eberly introduced the item, and a motion was made (Phillips) and seconded (Batson) to consider the item. Without further discussion, the Committee moved (Phillips) and seconded (Lynn) the motion to recommend the project as presented.

6. Other Business

The following items were presented as information. A description of the capital projects processed by staff in February is included in the attached transcript.

- A. List of Capital Projects & Leases Processed by Staff for February 2018
- B. Other Business

Please refer to the attached transcription for discussion on each item.

There being no additional items for discussion, a motion was made (Lynn), seconded (Phillips), and carried to adjourn the meeting at 3:38 p.m.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DIANNE KUHL: Thank you all for being here. Welcome everyone. We'll go ahead and call the meeting to order, and hopefully somebody will get my computer to work in the next few minutes.

Did everybody have a chance to read the minutes?

CARRIE EBERLY: May I do introductions, please?

DIANNE KUHL: Yes. Thank you. I completely forgot that. Go ahead.

CARRIE EBERLY: Today with us from USC Columbia we have Mr. Rick Kelly, Ms. Helen Ziegler; from Coastal Carolina we have Mr. Greg Thompson, Dr. Ralph Byington, Dr. David DeCenzo, and Mr. David Yancey; from USC Aiken we have Mr. Brian Enter; from Winthrop University, Ms. Amanda Maghsoud and Mr. Justin Oates; from Northeastern Technical College we have Dr. Kyle Wagner, Mr. Scott Lambert, and Mr. Dan Bozard; from the Department of Administration we have Mr. Michael Hughes.

Are there any guests on the telephone? If so, please state your name and affiliation.

CAROL ROUTH: Carol Routh, Clemson University.

RACHEL JONES: Rachel Jones, Medical University of South Carolina.

PHIL MAUNEY: Phil Mauney, Medical University of South Carolina.

REIN MUNGO: Rein Mungo and Sally Clarkson, Coastal Carolina University.

CARRIE EBERLY: Are there any guests I may have missed? Those present via teleconference, please mute your phones.

This meeting is held in accordance with the Freedom of Information Act.

DIANNE KUHL: Thank you, Carrie.

Okay, going back to the minutes. Does anybody have any changes or comments to make on the minutes?

LOUIS LYNN: Move to approve, Madam Chair.

DIANNE KUHL: Thank you.

KEN KIRKLAND: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Is there any opposition?

All right, the minutes are approved.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

We are going to skip the Chair's Report today because I don't really have anything worth sharing to share with you guys. We'll move straight into our Interim Capital Projects.

Northeastern Technical College. Carrie?

CARRIE EBERLY: I apologize, This is small.

DIANNE KUHL: See, it's not just me.

DIANNE KUHL: Kenny, I finally pulled it up on the website.

LOUIS LYNN: That's what I did. I just went to the website.

CARRIE EBERLY: Today for Northeastern Technical College we are considering an increase in budget after Phase II approval. When this project went out to bid in early January the bids came back higher than anticipated with the budget, and just to remind everyone, we did consider this project back in September for a scope change. And so, this is for the new Winn Dixie building that the college is changing into their Workforce Center.

When the project went out to bid in January it came in \$461,000 over budget of what they had anticipated. During that process they actually received seven bids, which for that area-- If you're not familiar, Northeastern has Dillon, Chesterfield, and Marlboro Counties in there, and so that's a rural area. So for them to have gotten seven bids for this type of a project was a really good opportunity for that area.

So the college is requesting to proceed with the lowest bid that was received so that they don't have to go back out and rebid the project again during this period.

LOUIS LYNN: Does the state engineer allow you to do that, to back into your number?

CARRIE EBERLY: Yes. So with this project, since a design bid, they actually are doing a lump sum bid on this project, so they'll get their full design during negotiations.

So originally this project was funded with the capital reserve fund and local funds. They are now adding college funds, which are the remaining dollars at the fiscal year end for this project. We were slightly concerned that the university was adding college funds, so we did take a look at their deferred maintenance based off of their building condition survey and took that into consideration, and it does appear that even with this additional money coming out of their reserves that they should be able to take care of deferred maintenance for the buildings that have needs. Should an emergency come up, they would still have money left over.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

The increase was approved by the local area commission as well as the State Tech Board earlier in January. And once again, this is a project that was on their CPIP, and it is a multi-phase project, so they'll get this first phase done and then come forward with additional projects to upfit the facility for future economic needs in that area.

Does anyone have any questions?

DIANNE KUHL: So this particular building is-- this bid is just for the upfit of the building, not for the outfitting of the building?

CARRIE EBERLY: Correct.

PAUL BATSON: Madam Chair, thank you.

I know this is a concern to us because it comes in over what we approved to start with, and I've asked representatives from Northeastern Technical College to be here with us today. So I'd like to let-- I'd like to ask Dr. Wagner to address that issue if you don't mind, Madam Chair.

DIANNE KUHL: That would be great. Thank you.

PAUL BATSON: This is Dr. Kyle Wagner. He's President of Northeastern Technical College. And with him is Scott Lambert and their Board Chair Dan Bozard.

DR. KYLE WAGNER: Well, one of the things that we think is a factor, and we verified that this week. This project required, because of the scope of the project, to use an E5 electrician, and in our area the last E5-- an E5 classified project in our area, that we know of, was our library 22 years ago. So not a lot of the local contractors have that ability, so the bids actually had to go outside of our immediate area to get that bid and that's why the price got pushed up a lot. And we know that because we just did a small maintenance project we bid last week that \$45,000, and we had a local person that qualified for that and they came in right on target.

The actual company that bid this project bid that project too and because they're outside the service area it came in at \$110,000 for that project. So the idea of having to travel outside of our service area more than 30 miles was a big factor in the labor costs, and we estimate that to be around 20% of the cost. And then the other factors were the increase in the drywall from when we originally talked about the project, and then a few other little changes we had to do to the building.

We did consult with the state engineering office. We asked if there was a way that we could cut the building back to get it back down to the budget, and they could not find any area because the part that we're doing in this building is the foundation work to allow us to continue to

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

expand into the building for future expansion. And with our port coming in Dillon we've already got interest from companies to utilize that space in the building, so she just couldn't see any way that we could move the scope back to meet that. And the drawing there shows the reason for that is we have to wrap a hallway around to utilize the bathrooms in the back to keep the price down, and when we do that-- The only alternative was to cut a hallway straight across, but when you do that we'd just have to tear that back out on the next renovation, which is wasted dollars.

So that was the basis of the cost increase and the economic factor we saw was tremendous for this because none of the contractors that bid the project that had the qualifications were within our service area. They were all outside of the service area.

DIANNE KUHL: And the E5 electrician, I'm guessing that would be something that allows you to do heavier duty--

DR. KYLE WAGNER: Correct.

DIANNE KUHL: --duct work.

DR. KYLE WAGNER: And Scott can talk about that.

SCOTT LAMBERT: It's the cost of the electrical and the licenses are with LLR. So once you get over at least \$200,000 you have to have an E5 licensed electrician, and there's just not a lot of E5 level electricians in that area so they were coming from outside. And we identified about \$200,000 to \$250,000 over just to do the electrical scope. It just really wasn't a competitive scenario.

PAUL BATSON: Can I ask you also -- you and I had chatted the other day -- how's the enrollment at Northeastern?

DR. KYLE WAGNER: Last semester we were up 12%. This semester we're up 26%. And a lot of this is factored from the announcement of the new expansion and new programming that we want to bring into this building, and a lot of the interest has been generated now in the area for kids to come to college at Northeastern Technical College.

An example is, we just did our high school outreach program and 85% of the students that participated in that program said they'd pick Northeastern Technical College as their first choice. So a huge turnaround from two and a half years ago where it was less than 20%.

KEN KIRKLAND: Is that overall school enrollment or just class enrollment?

DR. KYLE WAGNER: It's overall school enrollment for this semester over last year's semester.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

LOUIS LYNN: Now, what does this-- I'm from Lamar. I should know this. But your main-- Help me with your campus. This is the Bennettsville campus. Does this inconvenience any of your student body?

DR. KYLE WAGNER: Actually, it's more convenient. Cheraw is our main campus--

LOUIS LYNN: Okay.

DR. KYLE WAGNER: --and it's not centered in the service area.

LOUIS LYNN: [UNCLEAR]

DR. KYLE WAGNER: And this one is actually centered exactly in the service area. The location is beautiful. It's across the street from Walmart in Bennettsville. It's the major intersection of 38 and Highway 9. It's a major freeway through that area, and it actually allows us to service even Dillon better than we can currently.

LOUIS LYNN: So do you have a--

DR. KYLE WAGNER: We're coming back to Dillon issues.

LOUIS LYNN: Yeah.

DR. KYLE WAGNER: But--

LOUIS LYNN: Yeah. Commuting for your students, how do the students from Cheraw get here and students from-- Do you have a transit system?

DR. KYLE WAGNER: No, we do not. We are working with-- Matter of fact, we had a conversation last week with Tom Rice, and we are working on some kind of transportation system that would take students, and we would use the-- this particular location as the center hub of that that would rotate students between the campuses and for the community to commute to businesses at Schaeffler, and at Highland, and at Stanley because that's on the route between the two campuses. So we could actually drop employees off as they're bussed between the campuses.

So we see it as a huge opportunity for this campus to have future-- a very key factor in Northeastern Technical College serving their community because of its central location and its location to the road system that actually intersects all three counties.

LOUIS LYNN: And one final question. Naming rights, what would it take to get Paul's name on this building?

[Laughter]

PAUL BATSON: [UNCLEAR]

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DR. KYLE WAGNER: Just to answer that question, part of the donation-- We got-- The building was donated to the college and part of the donation criteria was we are not allowed to name it, other than the Marlboro County campus. So we can only name--

DIANNE KUHL: No tiger paws today.

DR. KYLE WAGNER: --it Marlboro County.

LOUIS LYNN: No tiger paws on that building?

[Laughter]

DR. KYLE WAGNER: We've had several people ask that question because of its location.

LOUIS LYNN: Thank you.

DIANNE KUHL: That's great.

Commissioner Phillips, do you have any questions?

KIM PHILLIPS: No. Thank you. I was getting--

DIANNE KUHL: Commissioner Kirkland?

KIM PHILLIPS: -- a different question answered.

PAUL BATSON: I'll move to accept the project with the change in cost.

DIANNE KUHL: Is there a second to the motion?

LOUIS LYNN: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

Thank you.

DR. KYLE WAGNER: Thank you very much.

DIANNE KUHL: Thank you for much for coming.

DR. KYLE WAGNER: Thank you for having us.

DIANNE KUHL: You answered all my questions, so I didn't have to ask any of them.

[Laughter]

DIANNE KUHL: Thank you very much.

KIM PHILLIPS: Do you guys know Mark Bunch?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DR. KYLE WAGNER: He has actually started working with us as the Dean of Workforce, and doing a phenomenal job working with our high school partners. Our new enrollment program has grown about 300% since he's took that underneath his belt.

PAUL BATSON: [UNCLEAR]

DR. KYLE WAGNER: But he's phenomenal.

KIM PHILLIPS: Well, he's from that area, went to high school there, but he came to Gaffney as a principal.

DR. KYLE WAGNER: Yes.

KIM PHILLIPS: I was on the local school board when we hired him, and then he went back. He's a good guy. Tell him Kim Phillips said, "Hello".

DR. KYLE WAGNER: Okay, I will.

LOUIS LYNN: Take credit for him. Take credit for him.

KIM PHILLIPS: He can sing, he can do it all.

[Laughter]

DR. KYLE WAGNER: That's what I hear, he can sing.

DIANNE KUHL: Okay.

TIM HOFFERTH: Kudos on your enrollment numbers.

DR. KYLE WAGNER: Well, thank you.

PAUL BATSON: That's awesome.

KIM PHILLIPS: That's great.

DIANNE KUHL: I'm sorry, Kim. I didn't think you had any questions. I figured you would've spoken up.

Okay, our next project is-- We have two from USC Aiken, a maintenance building-- Actually, I think what we have popping up first on our screen is the HVAC, Carrie. There it is. There's maintenance.

All right. Carrie, would you like to introduce this project?

CARRIE EBERLY: Yes, ma'am.

Today USC Aiken is requesting to establish the project for Phase I -- to construct a new maintenance building. Currently the maintenance building on USC Aiken's campus is in the central part of-- central part next to a main academic building, and they would like to move and construct a

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

new facility on the outskirts of campus and repurpose the current maintenance building into an academic building in order to accommodate the academic needs, as well as an Honors high school college program.

The current building is 13,225 square feet, and it will be similar in size to the current building, which is about 12,000 square feet. The current maintenance building has a building condition score of 92, so in the future when the institution does want to upfit it really shouldn't take too much to just change the building up for academic purposes since the core structure and the core system has a pretty high rating.

So this is for Phase I. The request is for \$30,000, which is 1.5% percent of the total budget, which at this time is estimated to be \$2 million. This is a CPIP project. They did not-- USC Aiken didn't have Year 1 or Year 2 projects, so this is a Year 3 project, and it is one of their priorities, and it's just been moved up in priority due to the availability of funds, as well as in order to get the students into the current maintenance building as quickly as possible.

The additional operating costs associated with the project are estimated to be about \$18,000 a year, and those will be covered out of the university's operating budget from their general funds.

Does anyone have any questions?

DIANNE KUHL: Let's start-- I neglected to do this on the last time. I forgot we had changed our procedures. Let's start with a motion to consider the project.

KIM PHILLIPS: So moved.

DIANNE KUHL: Is there a second?

PAUL BATSON: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Okay, now let's consider the project. We will start going around the room.

Commissioner Phillips, do you have--

KIM PHILLIPS: I'm good. It's-- What I read makes sense and I'm okay.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

LOUIS LYNN: This is more us than-- Since it wasn't on CPIP, does the university systems-- Does USC-- Within your system can you move your CPIP rankings between campuses or can--

CARRIE EBERLY: So it's on University of South Carolina Aiken's CPIP. It just has been moved up in priority to get started. So it's in the five-year plan--

LOUIS LYNN: Oh, okay.

CARRIE EBERLY: --for the college. They're just starting it earlier than they anticipated.

LOUIS LYNN: Okay. All right, thank you.

KEN KIRKLAND: Where's the building located on campus in relation to the Convocation Center and whatnot?

BRIAN ENTER: Well, it's--

KEN KIRKLAND: Is it on that side of the road where--

BRIAN ENTER: Yes, sir, that side of the road, behind the Convocation Center, back in the woods, and on the perimeter of the campus. So easy access for any service vehicles and so forth. It's still hidden, you know, not in the middle of the--

KEN KIRKLAND: Okay.

BRIAN ENTER: --[UNCLEAR]. So this is a placement that's also in the course of a master plan that we've had, a master plan for about 20 years now, and this is the location that we've chosen.

DIANNE KUHL: Paul?

PAUL BATSON: I'm good.

DIANNE KUHL: Tim, do you have any questions?

I have one for you. You mentioned that this is going to also-- the new building will have the Honors high school program.

BRIAN ENTER: Yes, ma'am.

DIANNE KUHL: Now, is this-- is this the Honors College for the school, for USC Aiken or are you also bringing in high school students and then [UNCLEAR]--

BRIAN ENTER: Yeah.

DIANNE KUHL: --dual enrollment?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

BRIAN ENTER: The retrofit for the existing maintenance building will eventually house, obviously, academic support programs and classrooms for USC Aiken, but it's also going to house our-- a new program.

We've come into relations with Aiken County Board of Education. They set up a-- Aiken Scholars Academy is what it's called, and this is for the top-level students grades 9 through 12 to come on our campus, take college level courses, and eventually-- The idea is that they have those students have about two years' worth of college credits by the time they graduate high school.

DIANNE KUHL: Will they be contributing any funds to the upfit of this building?

BRIAN ENTER: Yeah. The conversations I've heard is that the Board of Education is going to move those student dollars over to USC Aiken.

KIM PHILLIPS: Excellent.

DIANNE KUHL: All right, thank you.

KEN KIRKLAND: What kind of timetable are you on once-- Assuming everything comes in, the new building is moving forward, what's going to happen to the old building in the interim or is it going to be an immediate move-in [UNCLEAR]?

BRIAN ENTER: What you'll see probably in the coming months is the retrofit of the existing building come through this committee for approval on Phase I. So as soon as we move out-- as soon as maintenance moves out of there we'll be-- You know, hopefully the timing is right and then we'll start the retrofit of that existing building.

KEN KIRKLAND: So almost simultaneously [UNCLEAR].

BRIAN ENTER: Correct.

DIANNE KUHL: I have one last question for you, and keep in mind we have very limited information at our disposal here. One of the statements in the summary we were given says that you will be using \$2 million for this project, you have plans for an additional \$2 million to repurpose the facility, and that when we factor in all of the planned projects, the university has no uncommitted institutional funds.

What are you going to do if you have an emergency?

BRIAN ENTER: Currently our reserves are around \$14 million, so we should have sufficient funds to cover those, along with-- You know, we're continuously building our revenue--

DIANNE KUHL: Okay.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

BRIAN ENTER: --[UNCLEAR].

DIANNE KUHL: Okay. Okay, that answers that question. Thank you.

TIM HOFFERTH: I had a quick question. And this is not directly related to this project, but there was a recent appeal for a new HVAC system, I think in the administration building.

BRIAN ENTER: Yes, sir.

TIM HOFFERTH: What's next in regards to critical needs from a maintenance standpoint?

BRIAN ENTER: The next-- Well, the next immediate need-- We have two really. One is the Convocation Center roof, but that's under a million dollars. So we have to replace that roof. That's also under litigation right now, so we should see reimbursement for that roof. So--

TIM HOFFERTH: But that roof is not that old, is it?

BRIAN ENTER: No. It's only ten years old.

The other one is the-- another HVAC issue over in our H & SS Building; Humanities and Social Sciences building. So that building is due for an HVAC upgrade as well.

LOUIS LYNN: Tim, aren't you an esteemed graduate of USC Aiken?

TIM HOFFERTH: Yes. In fact, that building that's being moved is-- was my first employment.

LOUIS LYNN: So you broke it.

PAUL BATSON: You did what?

TIM HOFFERTH: That was my first job, there on campus.

DIANNE KUHL: All right. Does anybody have any additional questions on this project?

LOUIS LYNN: Move for approval.

KEN KIRKLAND: Second.

DIANNE KUHL: All right. All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Is there any opposition?

Congratulations. Thank you.

Okay, let's move on to USC HVAC. Carrie, would you introduce the project, please?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

CARRIE EBERLY: Yes. I apologize. I'm multitasking.

DIANNE KUHL: [UNCLEAR]

CARRIE EBERLY: Yes.

The next project up is USC Aiken as well, and this is to replace the HVAC in the Penland Administration Building on USC Aiken's campus. This is to address issues that have increased related to moisture and humidity in the building. This is the oldest building on campus, and it's approximately 58,000 square feet. It does house many student services, including Admissions, the Center for Student Achievement, Business Services, Career Services, Financial Aid, Human Resources, et cetera. Approximately 100 faculties and staff and 675 students are accommodated in this building on a regular basis.

The scope includes replacing four air handlers and installing limited new VAV units. The existing ductwork, controls, piping, and fire alarms will remain. This is one of those buildings that cannot be taken offline during construction, so they will be renting external space for this project in order to keep the building up and running.

I would note that this project was identified during the most recent CPIP project as a major priority for the campus. The scope of this project has been reduced from what it was presented on the CPIP due to the availability of funds in the institutional funds that we've been talking about. So once this project is funded, once again, there will be no remaining funds uncommitted.

The current building condition is a 69 and has maintenance needs totaling \$3.7 million. The HVAC system is original to the building and has reached its-- the end of its useful life. This project will address a large part of the maintenance needs of the building condition needs, and then it will still remain to have some additional needs that will need to be addressed down the line.

And this is for Phase I, so 1.5% of the total budget, which is \$1.5 million.

DIANNE KUHL: Do we have a motion to consider, please?

[Multiple speakers, "So moved"]

DIANNE KUHL: I'll take that as a motion and a second.

Okay, does anyone have any questions? Commissioner Phillips?

KIM PHILLIPS: Looks like it's time to do it.

DIANNE KUHL: Commissioner Lynn?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

LOUIS LYNN: Yeah. Is this-- This isn't-- This hasn't drifted into a life/safety issue because of the [UNCLEAR]?

RICK KELLY: Not at this point.

LOUIS LYNN: So we have to get it done then to--

RICK KELLY: Right.

LOUIS LYNN: Okay. That's-- And Carrie, for the scores, 69 is good enough?

CARRIE EBERLY: It's not good enough. It has work that needs to be done.

LOUIS LYNN: Okay. When we look at your building score--

CARRIE EBERLY: Mm-hmm.

LOUIS LYNN: --is there a good score per-- in each section? Like, this is HVAC so--

CARRIE EBERLY: So when we're looking at the--

LOUIS LYNN: It needs to be a five then to be [UNCLEAR]?

CARRIE EBERLY: We want it to be a one. Five is bad.

LOUIS LYNN: Oh, okay.

CARRIE EBERLY: One is good. So we want to bring the systems up from-- up from almost four and it'll be one at that point. Same thing with the heating up here; heating and cooling. So you can see it's 43 years old.

LOUIS LYNN: So your-- Do the institutions use this same logic to--

CARRIE EBERLY: This information is provided by the institutions. They rate their own buildings and their systems.

LOUIS LYNN: Okay.

DIANNE KUHL: And one is best?

CARRIE EBERLY: Mm-hmm.

DIANNE KUHL: Okay.

LOUIS LYNN: You could almost do this formulation and not have people involved. I mean--

CARRIE EBERLY: They-- I mean, the engineers at the institutions go around and do the detailed system evaluations.

KIM PHILLIPS: That would be no fun.

LOUIS LYNN: Yeah, right? No people, no fun.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

[Laughter]

CARRIE EBERLY: And so here's a quick summary.

DIANNE KUHL: Any other questions?

KEN KIRKLAND: Yeah, just a couple of comments. One, I mean, I walked through it when it was brand new, so when you talk about the administration building, I was there the year it went up as far as walking through it. I took my first class there, so I am very, very familiar with--

KIM PHILLIPS: Wow.

KEN KIRKLAND: --the university. Let me tell you what--

LOUIS LYNN: [UNCLEAR]

KEN KIRKLAND: --the issue-- And I'm just, again, bringing this up. You've got a building here that's 43 years old. You knew when it built 43 years ago you were going to have X that needed to be done to that building because, as any project that comes up, it doesn't last forever. You have to replace a roof, an HVAC, floor coverings, paint, window sills, et cetera. There's things that have to happen.

What absolutely shocks me is that there hasn't been money collected along the way earmarked specifically for capital reserves to repair, replace, renovate, and upkeep everything on campus. And I know that that building is an old building. I know it's been there a while, but I also know now you had one, you had two, you had three when the library was built. Well, now you've got 12 or 15.

So my question is if you have zero uncommitted funds sitting there out there available, what the heck's going to happen when the next roof, the next HVAC, the next floor covering, the next wall covering, the next window-- If you haven't prepared, i.e. like keeping a car running with filters, oil, and extra tires, et cetera, what's going to happen when the dominos start falling and the only thing you can do is borrow yourself out of the hole you're in to repair the buildings that are in need?

And that-- I'll be honest, that concerns me. In having 43 years to go through the process, my question is when [UNCLEAR] up, what's happened over 43 years and we don't have the money setting here somewhere to replace [UNCLEAR]?

BRIAN ENTER: And of course, I can't answer for the past 43 years, but I can tell you we do have strategic plans for maintenance in place. That's why I mentioned the H & SS Building. We know it's up next.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

And at USC Aiken we've already done a lot of heavy lifting ourselves with respect to this building. In particular, we've already paid for it with our student funding for a replacement chiller, the cooling tower. This is the last heavy lift for this building. As you can see, it's a lot of money, and that's why, you know, it's-- we're asking for approval on this project.

So we've already made some advances and improvements in the facility. So this is the last piece of that puzzle to make it whole and [UNCLEAR].

KEN KIRKLAND: So the thing-- You've already anticipated future needs that's going to be coming for all the other buildings on campus--

BRIAN ENTER: Right.

KEN KIRKLAND: --and you're taking the steps--

BRIAN ENTER: That's correct.

KEN KIRKLAND: --to have a capital reserve fund available that can be accessed any time you need a new roof or a portion of a new roof or whatever the case may be?

BRIAN ENTER: Right, yeah. I mean, barring any unforeseen circumstances, we have a plan in place—a strategic plan in place with-- to replace-- you know, as components fail in the future.

KEN KIRKLAND: And the reason I bring that up is that I know in the narrative piece, one of the things that it talks about, and it's near and dear to my heart, that student fees and tuition are going to be used to possibly pay for that. So my question would be-- It appears you're backing yourself into a corner that you're going to have raise tuition and fees in order to pay for renovations that you already know today are going to be needed in the next three, four, five years and that's a concern for me and I'm just stating a fact. That's an issue.

BRIAN ENTER: That's true. I don't have an answer for that right now, that's above my paygrade, but--

TIM HOFFERTH: Well, you're in-- you're in good company. Let me just add to that just briefly. What Commissioner Kirkland is speaking to is not unique to USC Aiken, okay?

So it's not pointed directly, although it does-- it applies to Aiken and probably a whole host of other institutions because as we're-- as we're trying to get a better understanding as to the macro-- This is certainly an important leg of the stool, you know, on the micro--

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

But we've got two and a half billion dollars of deferred maintenance to get our buildings up to 100% utilization. We've got what it would take to get them to 90%, or 80%, or 70%, or 60% on a building-by-building basis. And the pattern that's established is inadequate capital reserves or planning on a path forward.

So as much as, you know, some would like to public to believe that, you know, it's not about the bricks and sticks, it's not only about the bricks and sticks because it's what goes into it, it's what it takes to maintain those buildings, and quite frankly, there's a lot of exposure at our institutions because, you know, we've said-- I said that before we can get to the conversation relative to bond bills or--

For this body, anyway, I think I speak for a number of Commissioners, probably the majority, that we've got to get a handle on the assets that we've got today, and that-- because it's not-- More money doesn't solve two and a half billion dollars' worth of deferred maintenance if we don't develop a different set of muscle memory in regards to how do we maintain the assets that we are currently in the possession of 33 institutions.

So I think that's the basis from which Commissioner Kirkland speaks of, and it's really the foundation of what I think the Commission's been talking about over the course of the last several months.

LOUIS LYNN: Tim, we built legacy buildings on our campuses with intent-- once it's there it's there. So we're going to run into maintenance anyway because we don't come at this with those buildings, 50 or 60 years they tear it down. Our campuses are built with legacy buildings, so I guess we do need to plan that.

TIM HOFFERTH: Yeah, it's just the function of upfront planning because the planning doesn't stop after the building is built. You know, in other industry that I know of, you know, that's part of the initiative, which is how do we maintain that asset to maximize its useful life.

LOUIS LYNN: We don't ever talk about tearing them down.

TIM HOFFERTH: Well, I mean, I think--

LOUIS LYNN: --Rarely.

TIM HOFFERTH: And the point is you can anticipate any building based on its lifespan that's going to have to go through, you know, maintenance and upgrades along the way through its useful life, whether it's repurposed or reconditioned or whatever. We have to, on behalf of the state to protect taxpayers, students, and families as it relates to these costs, to make sure

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

that it's not just about well, we need the money now because we've got two and a half billion dollars in deferred maintenance, we got to have it.

When you go back and you say well, we want to understand that, how did you get there, and the problem has been that there has not been the proper capital reserves set aside or planning on the front end-- strategic planning to make sure that, you know, we're not spending money and infusing it to operation at the expense of crumbling buildings so that we can say the sky is falling and the state's not helping us on the revenue side.

So that's my only point, and it's a big-- it's a big pillar. It's one of the-- It's one of the legs of the stool that, I think, we have to-- we have to address, we have to acknowledge.

DIANNE KUHL: Thank you.

Commissioner Batson, do you have any questions?

Okay, I am going to toss in one comment because I agree completely with what Commissioner Kirkland said, and this is one of my great concerns.

When I read this, you're talking about how you're already starting to have moisture problems. What I want to see is our institutions planning ahead so that you've got the money so that when you do have a problem come up you can address it before it becomes an even larger and more expensive problem because with something like this-- I don't know if you're already starting to see mold or not, but once you start getting mold that becomes a real issue. It's health and safety issue for the students and faculty, and it's a much more expensive repair.

So that's what we're talking about. Plan ahead, budget ahead, so that you can solve these problems as they come up instead of having to wait.

KEN KIRKLAND: And I do want to argue that it is definitely a critical need, so I certainly understand that and certainly share your-- you know, the thought process and needing to get something done, you know, for the building-- for the operation of the building.

Again, I just-- I want to reiterate in the strongest way we can't be surprised 40 years later that we haven't elected money to take care of things that we know will be depreciating and in need of repair. And this just happens to be-- USC Aiken happens to be my school. It's just-- It's the one that becomes an example that I think we all need to be mindful of that this is going to be an issue that every institution in this state is going to run up against at some point in time.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

And I can tell you from one commissioner-- This is just one commissioner, one vote. This is just me. My question is going to be: How did we get to here and why didn't we know this was coming five years ago, ten years ago, fifteen years ago if we knew the asset was failing? And for me, that's going to be a bigger and bigger deal as we go forward.

So I'm just letting you know up front that's something that I'm going to-- at least as a-- as one commissioner, be considering looking at pretty hard. So--

DIANNE KUHL: Thank you.

Do we have a motion approving this project?

KIM PHILLIPS: Move for approval.

PAUL BATSON: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition? Any abstain?

Okay, motion passes. Thank you very much.

BRIAN ENTER: Thank you.

DIANNE KUHL: All right, our next project is Coastal Carolina, the Williams Brice renovation and repair. Carrie?

CARRIE EBERLY: Today Coastal comes before us requesting to establish their construction budget, which is Phase II for the Williams Brice renovation and repair. This increase-- This request will increase the budget \$2,462,500 for a project total of \$2.5 million. We approved-- or recommended Phase I in October 2017, and this is the same budget that was presented in the CPIP.

So this is a full design and construction request to renovate the building systems within Williams Brice Physical Education Center, and this building was built in 1971. And if you'll remember, during Phase I we did talk about several design changes that have made equipment difficult to access throughout the life of the building.

And so, we did touch base with Coastal just to kind of get a better understanding of how the building has changed, and it used to be strictly athletics, and now it has academic portions-- and now it has more academics, as well as some intramural space. So we did go over that with the institution just to try to get a better idea of how the building has

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

changed and what the future use of the building will be as well, which it will be primarily academic moving forward.

This is a Year One request on the CPIP, and it is their first priority. All of the funds have been collected and committed to this project. They are funded with the renovation reserve plant expansion, which the student fee is \$150 per full-time student per semester, and this fee has been in place at the same rate since academic year 2006-2007. The uncommitted balance in the E&G renovation reserve was \$3.1 million, which includes the \$2.5 million earmarked for this project. After the spring semester the uncommitted balance will increase by approximately \$1.3 million. So as the university plans for maintenance and uses these dollars, they are regenerated every semester from student fees.

And you'll notice also that the maintenance account has been reduced since it came through for Phase I. This fund also pays for the smaller maintenance projects around campus, not just the ones that flow through that are over a million dollars. So the university is constantly using these dollars to address their maintenance needs across campus.

When the project is done the energy savings are expected to save \$10,000 per year, and just as an overall note the building score for this building is a 36, so it does have major maintenance needs as well.

- DIANNE KUHL: Thank you, Carrie.
- Is there a motion to consider the project?
- LOUIS LYNN: So moved.
- DIANNE KUHL: Is there a second?
- PAUL BATSON: Second.
- DIANNE KUHL: Okay. Commissioner Lynn, would you like to start? Any questions?
- LOUIS LYNN: I'm good.
- DIANNE KUHL: Commissioner Phillips?
- KIM PHILLIPS: Nothing.
- DIANNE KUHL: Commissioner Batson?
- PAUL BATSON: Yeah. Can we go back to the funds, the fund reserves?
- CARRIE EBERLY: Mm-hmm.
- PAUL BATSON: I didn't follow the numbers you got.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

CARRIE EBERLY: So the renovation reserve plan expansion funds are from tuition and fees. There's a dedicated line item for \$150 per full-time student per semester, so about \$300 a year the students are putting into this account for the university to use for maintenance around campus.

PAUL BATSON: So how many students is that per year? How much are we-- How much are they putting in?

CARRIE EBERLY: About--

RALPH BYINGTON: It's about \$2.7 million.

CARRIE EBERLY: There you go.

PAUL BATSON: Two point seven per year?

CARRIE EBERLY: Mm-hmm.

KEN KIRKLAND: Has that fee been fairly constant since '06?

CARRIE EBERLY: It's been the same.

KEN KIRKLAND: It's been the same the whole time?

CARRIE EBERLY: Mm-hmm.

LOUIS LYNN: Is this unique for-- Who else has that fee-- that kind of fee?

CARRIE EBERLY: Many of the colleges and universities have a fee for maintenance and repair.

LOUIS LYNN: There's no way to opt out?

CARRIE EBERLY: They don't have to say that it's a dedicated fee. Some of them pay for their maintenance out of their E&G operating funds. So they do have the option whether-- how they categorize this fee.

LOUIS LYNN: I mean the student. The student--

CARRIE EBERLY: Correct. The student--

LOUIS LYNN: The student goes to school there. They--

CARRIE EBERLY: The student does-- cannot opt out, correct.

LOUIS LYNN: Okay. So again, my question-- To Ken's earlier question, that addresses some of his concern--

CARRIE EBERLY: Mm-hmm.

LOUIS LYNN: --but it's on the parents and their kids won't be there when the need is likely or--

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

CARRIE EBERLY: I mean, in this case, the students are paying for the smaller maintenance projects around the campus that are-- that are being done while they're at the institution.

LOUIS LYNN: Ken, that really sounds like it would be a solution, but I-- if my children don't benefit, I guess [UNCLEAR].

CARRIE EBERLY: They're-- I mean, they are benefiting. They're just not-- Like, let's just say, in Commissioner Kirkland's example, they-- he wants the maintenance to be planned for down the road while-- so then right now as a student I'm paying for the maintenance needs that either-- for the future, but the students before me paid for the maintenance--

KEN KIRKLAND: You're paying for--

CARRIE EBERLY: --for this building.

KEN KIRKLAND: You're paying for your point in time when you were there.

CARRIE EBERLY: Right.

KEN KIRKLAND: Here's your portion.

CARRIE EBERLY: Mm-hmm.

KEN KIRKLAND: And I guess my thing is if you're collecting \$2.7 a year, you've got \$3.1, you know, we'll do the math and it gets back to a certain number. In my mind-- And I'd have to go through Coastal like I would any other, look at all the buildings, look at the number, where are we, what's critical, where are we in that process.

And I'll be honest. I don't know that \$2.7 is anywhere near enough money to even be collected to repair, fix, maintain, and renovate normal maintenance issues. And I'd have to go--

DAVID DECENZO: We invite you to campus because most of our buildings are new because of the penny sales tax that we have.

KEN KIRKLAND: Right.

RALPH BYINGTON: But we have planned out, and so what we're doing with this funding-- We planned out for the next-- How many years?

DAVID DECENZO: Twenty years.

DAVID YANCEY: Twenty years, so when a building comes online we actually bring it into our 20-year maintenance plan and all of these major repairs get placed on that maintenance plan. So then we are planning cumulative how much money do we need.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

RALPH BYINGTON: And to answer the earlier question, because I think it's a very good one, is remember the students that are currently there are the ones that are creating the wear and tear of the building during the time they are enrolled. So we're collecting that money and then using it for the renovations as we do those renovations.

PAUL BATSON: When we're talking about maintenance on a building though-- And we may be talking the same thing coming out of two different areas. There are capital reserve things that we're looking at. Is that like a capital reserve fee? Is that--

CARRIE EBERLY: This is their maintenance fee.

PAUL BATSON: The maintenance--

CARRIE EBERLY: Mm-hmm.

OPIE BOWEN: --fee. You got that, but you also have line item maintenance in your budget, do you not; the operating budget?

RALPH BYINGTON: For yearly maintenance?

PAUL BATSON: Yes--

RALPH BYINGTON: Yes.

PAUL BATSON: --which will serve some of the purpose of treating the deferred maintenance issue, does it not?

DAVID YANCEY: And those are the smaller--

PAUL BATSON: The smaller [UNCLEAR].

DAVID YANCEY: It's the daily, you know, this pump broke type of thing.

PAUL BATSON: [UNCLEAR]

DAVID YANCEY: These are for the, you know, major projects.

LOUIS LYNN: So--

CARRIE EBERLY: The HVAC.

LOUIS LYNN: So you're-- And I don't [UNCLEAR]-- My question was is it fair to [UNCLEAR]?

DAVID YANCEY: We only charge full-time students.

LOUIS LYNN: Oh, okay. Okay. So the access and equity for the people who are doing school and working, they don't pay it. So there's an opt out kind of--

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

- DIANNE KUHL: Carrie, let me ask you this question if I may. Do you happen to have the overall building condition score for Coastal?
- CARRIE EBERLY: Not-- I have it, but I don't have it with me.
- RALPH BYINGTON: Rein's on the phone, and he could probably do it off the top of his head. Rein, did you hear the question?
- CARRIE EBERLY: Rein, are you still with us?
- REIN MUNGO: Yes. I didn't hear the question though. I'm sorry.
- CARRIE EBERLY: Can you pull-- I don't know if you by chance have access to the building condition survey that you submitted last fall. Can you let us know what the total of maintenance needs on that workbook is?
- DIANNE KUHL: My concern is we're looking at a building with a score of 36, and you say most of your buildings are new. So how many buildings do you have that are in this condition?
- DAVID YANCEY: We have two primarily. This is one of them, and this project will actually cascade renovations of floors, walls. Rein thinks this building will go up to 80-ish after this renovation.
- We have one more building, the Hackler Golf Course, that when it was brought on-- It was built in 1969, and it's also very low, and we're running into the issue of-- Because of when it was built if you do any renovations to it, if you have to bring it to current code. And so the costs are prohibitive to bring it to current code, so we're running through our options with, you know, donors, with kind of changing the space, what all our options are for that building.
- But that would be the only remaining building that we will have to make a decision on.
- DIANNE KUHL: And what percentage of this building will actually be academic space once you finish with this renovation?
- DAVID YANCEY: From a square footage standpoint? Can I get back to you on that?
- RALPH BYINGTON: What about student usage--
- DIANNE KUHL: Oh, not every student.
- [Indistinct conversation]
- RALPH BYINGTON: Sally, do you know the academic percentage for classroom and-- classroom space versus what's used for the intramural, which is basically just the gym?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

- SALLY CLARKSON: Well, the big gym is the only used for intramurals -- 14,000 square feet. The rest of the building is used for academic and intramural purposes, classes are held in the small gym.
- MALE SPEAKER: [UNCLEAR]
- DIANNE KUHL: Saying that the rest of the building is used for academics and intramurals only partly answers my question. I'm asking what percentage of the building is actually used for academics.
- SALLY CLARKSON: I would-- I think it's about 80% because we have the pool, and the large gym that are non-academic, but that's about it.
- RALPH BYINGTON: On average-- We say that, but at the same time because we have PALS classes that utilize these facilities too, so it is a large, large percentage of this building that is used for our students and faculty.
- DAVID YANCEY: And that is a little bit of what you saw in the notes of-- It transitioned from, you know, over the years, an athletic facility to now it's primarily academic.
- DIANNE KUHL: How big did you say the gym was?
- REIN MUNGO: [UNCLEAR] is about 14,000 square feet. The academic area, including the restrooms, is about 19,968, but also in the big gym is where they also have some the academics as far as classes that Dr. Byington can expand on. So it's not just for intramurals. They use that as part of academics as well.
- RALPH BYINGTON: Those are the PALS courses, which are physically active living skills, one credit hour exercise classes.
- REIN MUNGO: As far as we-- As far as the building condition survey you mentioned, it is at a 36, but right now the-- Probably a good example is like the Singleton Building. We just completed that. It was rated in the same range a couple years ago and it went up to an 83. I kind of assume this will go up to probably the same range when we get everything completed on it.
- DIANNE KUHL: All right, perhaps I misunderstood and didn't-- I mean, we've got some pretty heavy rain here, so sorry for the repeated questions. But--
- REIN MUNGO: Mm-hmm.
- DIANNE KUHL: --if you're saying the gym is 14,000 square feet and you're using roughly 19,000 square feet for academics, that doesn't compute to 80%.
- RALPH BYINGTON: That's what I'm saying is the gym area is used for academics also. The PALS classes that we teach use that facility also, so it's not used exclusively for intramurals or anything else.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DIANNE KUHL: What's a PALS class?

RALPH BYINGTON: Evening classes--

DAVID YANCEY: Physically Active Living Skills.

DIANNE KUHL: Okay.

Carrie, I have one additional question. This is listed here as a Phase I. Are we being asked to approve--

CARRIE EBERLY: That's a typo on my part, so we're at Phase II.

DIANNE KUHL: So we're being asked to approve Phase II?

CARRIE EBERLY: Mm-hmm.

LOUIS LYNN: And Carrie, can I ask-- is there a carrot and stick kind of thing-- Is there punishment for not getting the scores? I know we track it, but what's the rewards and penalties?

CARRIE EBERLY: It's just-- It's a tracking mechanism and we would encourage the institutions to rate them appropriately so that they're aware of their maintenance needs and so is the state, so that when they do funding--

LOUIS LYNN: So what is the commission doing--

CARRIE EBERLY: --when they do funding requests--

LOUIS LYNN: Okay. So we get a 36, we don't call them out or?

CARRIE EBERLY: I mean, overall everyone's kind of been called out when we did the CPIP--

LOUIS LYNN: Okay.

CARRIE EBERLY: --when we identified the total deferred maintenance for the state. So as a state and then it breaks down by institutions so-- in which case if an institution were to come in and they have all of their buildings in that 30 to 40 range and they say they want to build a new lazy river then we may frown upon that.

LOUIS LYNN: So that's how we use it, to look at new construction.

CARRIE EBERLY: Their planning.

LOUIS LYNN: Okay.

CARRIE EBERLY: Mm-hmm.

LOUIS LYNN: Thank you.

DIANNE KUHL: Paul, I believe you had a question.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

PAUL BATSON: I did. I need to go back to Carrie on the first question I asked. The opening balance on the fund that's being used for this--

CARRIE EBERLY: Mm-hmm.

PAUL BATSON: --the addition this year, the depletion, and the expected balance?

CARRIE EBERLY: Do you guys want to speak to that?

DAVID YANCEY: So the balance-- uncommitted balance right now is about \$3.1 million. We haven't booked our spring fees yet because our spring term hasn't completed. That'll be another million or so, million three, which will bring us to the \$4.2 range of uncommitted-- And this project we've already committed on our books. So that \$4.2 doesn't include this--

PAUL BATSON: All right. So you're left with \$4.2 million--

DAVID YANCEY: \$4.2 million left after this.

PAUL BATSON: --after consideration for this project?

CARRIE EBERLY: Mm-hmm.

DAVID YANCEY: Correct.

PAUL BATSON: Okay, thank you.

KEN KIRKLAND: So the fund should grow-- outside of normal maintenance things you have to address, it should grow a couple of million dollars a year providing nothing else has to be committed and taken out of that fund. In other words--

DAVID YANCEY: It wouldn't grow necessarily because we have that 20-year maintenance plan, so we try to keep that-- We're looking at how much money does it take to keep those maintenance items current, and then how much are we charging the students. We wouldn't want monies to accumulate necessarily if that would mean we were overcharging the students more than our maintenance needs. So--

KEN KIRKLAND: And let me just kind of piggyback what I had said earlier. I mentioned it with USC Aiken. If you've got a building that requires HVAC and roof replacement in 20 years--

DAVID YANCEY: Mm-hmm.

KEN KIRKLAND: --and let's say for sake of argument that's a \$2 million number. And again, I'm painting with a broad brush. That's a \$2 million number. You have 20 buildings that need that done over the next 20 years, then you

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

somehow have to get from where you are today at 3 million to 40 million--

DAVID DECENZO: We have a pro forma--

KEN KIRKLAND: --to get-- And that's--

DAVID DECENZO: --over a 20-year period and it's updated every year. So--

KEN KIRKLAND: I'd be very interested to maybe let you help me understand those numbers and see how those funds will grow because my fear is we're going to get to the 17th year, realize we're woefully short, we need to bump the fee for our-- for our kids by an extra X to get the money we need to pay for this roof when we should've been collecting it all along.

DAVID YANCEY: If--

KEN KIRKLAND: So--

DAVID YANCEY: If you think about it, that's a-- just an excel grid kind of way, the buildings this way, the years that way, and said-- like you said, okay ten years later we know we're going to have to replace a roof and that's going to cost X, and you do that for every building and then add up all of the buildings, that's your maintenance need each year. So you should be collecting enough money that you can make all those payments each year.

KEN KIRKLAND: So you can meet payroll when that happens.

DAVID YANCEY: Yeah.

KEN KIRKLAND: Okay. I'd love to sit down at some point and maybe go through that in a little bit more detail.

DAVID DECENZO: We'd be happy to. In fact, I know some of my colleagues haven't appreciated when I've said this, but Senator Leatherman had asked our CFO at the time to address other universities about the plan because I know several years ago when CHE came out with the numbers of the deferred maintenance, and I think the comment was that Coastal had \$10 million in deferred maintenance needs.

My comment was, "If you want to write me a check, that's fine, but we do not have a deferred maintenance need. We have scheduled maintenance." I know several of the universities have taken that model that we presented.

As David said, we know each year-- And obviously going out 15 years there's unknowns, but each five-year segment we have a pretty good idea as to what chiller may need to be replaced, what roof may need to be replaced. All of that is scheduled over the next 20 years.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

LOUIS LYNN: When you had the meeting with the CFOs, you and Jeff, didn't some of this, you didn't touch on this?

JEFF SCHILZ: No, we did not. We talked about cost to educate. What we're planning on doing at the Board Chair's meeting in a couple weeks is have a discussion about this and, you know, we'd love to have somebody from Coastal, we've talked about Clemson, but it sounds like you have a plan as well.

DAVID DECENZO: We'd be happy to.

DIANNE KUHL: So you would-- If you were classifying this project, would you classify this as an academic project, as an athletic project, as student services? How would you classify this project?

DAVID DECENZO: It's an academic project; academic, student services.

DIANNE KUHL: Okay.

LOUIS LYNN: [UNCLEAR]

[Laughter]

CARRIE EBERLY: Used to be.

LOUIS LYNN: Used to be, huh?

CARRIE EBERLY: Used to be.

DIANNE KUHL: I doubt very seriously that you could do these type of renovations at Williams Brice Columbia for this price.

PAUL BATSON: One other question for you. I'm thinking about your four million that you've got in reserves. What's your-- What's your next priority?

RALPH BYINGTON: Rein, I don't know if you've got the spreadsheet in front of you with the next capital project, the next project like this that we have coming up. Anything major or just minor stuff?

REIN MUNGO: The next one would probably be coming up would be in the library itself, which would be something similar an HVAC system. It just has big air handlers now, which we would do something similar with the VAV box systems, which is what we're looking at now with Williams Brice. That's the next one, and that would be the next one also with the building condition surveys on academic buildings on campus.

RALPH BYINGTON: Thank you.

PAUL BATSON: So does that four million two address-- Or will you be able to come in and deal with those and still have fund balance?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DAVID DECENZO: Absolutely.

RALPH BYINGTON: It's on that sheet planned out so that we will be able to fund it.

PAUL BATSON: Okay, thank you.

LOUIS LYNN: Where's your Board of Trustees on this?

DAVID DECENZO: They did in-- at our annual meeting.

LOUIS LYNN: And have they seen the one we're talking about and approved?

DAVID DECENZO: Yeah. They approved this one August of '17 I believe.

DIANNE KUHL: All right, I've got one more question for you because-- since this is being paid for by a student fee and you count on student enrollment in order to have the money for these types of projects and your planned abatements.

The numbers that I'm looking at here seem to indicate that your costs are continuing to grow at Coastal. Your auxiliary growth is significantly higher. It's grown by 111.8% over the past-- Is that five years? Your instruction growth is growing. Your tuition growth is not meeting that, which means that at some point you're going to have a problem.

You're either going to have to start increasing tuition, which you know we aren't going to be happy about, or you're going to have to start cutting some expenses somewhere.

So how do you-- how do you factor that in? When your expenses are outstripping your revenues, you can only do that for so long, and if that continues, you're not going to be able to meet these planned maintenance projects.

RALPH BYINGTON: That's a good a question from a standpoint if you look at where the institution is and what the institution has done. A few years ago, we actually took some bonds that were for University housing and we refinanced those bonds [UNCLEAR], and they were refinanced with the university.

So they came into our calculation at the university level, and they were pulled off of university housing, and so that's the reason why you see that increase that we actually had in expenditures. It doesn't mean that anything changed. Right now, the housing fee is actually what we use to pay for those, but they were reported on our books as an expense.

So the same thing happens when you look at what's happened for us with the pension obligation. If you look at the last few years, there are pension charges that had been mandated by the state that we've actually had to

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

increase. We included \$15,000,845 worth of pension expense last year, \$10 million the year before that, \$7 million the year before that. So these were a part of those charges that were allocated to us from the state that we were required to put on our books as liability. We're anticipating that there will be another large amount. There's no cash flow associated with this, but there's an expense that's being reported on our statements.

So what we've done on our own-- on our own charts like this, we actually draft those out recognizing that those expenses are things that are not cash flow expenses directly against our student tuition. And we think that we've more than outpaced any growth that we've had in cost with our growth in our student population.

DIANNE KUHL: You added 300 students?

RALPH BYINGTON: We've added a total of-- over the last five years 14.2%. Last year we added 1.8%, but at the same time we did the 1.8 we implemented a bridge program with Horry-Georgetown Technical College, which is right across the street, and the bridge program has increased by--

DAVID YANCEY: It's up to 200 now.

RALPH BYINGTON: Two hundred students there and--

DAVID YANCEY: It started at 25 two years ago.

RALPH BYINGTON: So it's 25 to 200, so we're looking for that as a feeder program at our university. You know, much like it's done quite successfully at Clemson, with their bridge program. It's a lot larger than that, and our plans are to continue to do that.

So we raised our admission standards, we still grew the population, and we came up with a mechanism to allow those students that couldn't meet those admission requirements [UNCLEAR].

LOUIS LYNN: We should charge a franchise fee for the bridge program.

[Laughter]

RALPH BYINGTON: Yeah, we tried to come up with a snappier name, but we couldn't. Bridge just works too well.

LOUIS LYNN: Yeah, it's a great program.

DIANNE KUHL: Anybody else have any additional questions?

Do we have a motion then regarding this program?

PAUL BATSON: I'll move that we accept the program.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

KIM PHILLIPS: Second.

DIANNE KUHL: All right, all in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Is there any opposition?

All right, thank you very much.

The Medical University of South Carolina, the Basic Science Building.

CARRIE EBERLY: The Medical University of South Carolina requests to proceed to the full design and construction phase to repair the exterior envelope of the Basic Science Building. This building is 47 years old. This request is to increase the budget \$6.89 million for a project total of \$7 million.

We proceeded to recommend Phase I in October of 2017, and if you'll remember, this building has experienced water intrusion issues from the recent hurricanes that the Charleston area has experienced over the past couple of years.

As part of this project the current roof system will be removed down to the structural deck and include all related sheet metal and accessories, so they are going to be replacing the roof and repairing the masonry and doing modifications. They'll be wet-sealing all of the existing fenestrations, complete cleaning and waterproofing of the exterior, both sealer replacement, and then do the joint replacements, and do stucco repairs.

This is one of their larger buildings on campus. It is 335,663 square feet and provides space on a daily basis for 300 to 400 faculty and 4- to 500 students. The project will protect the interior investments that the university has made throughout the course of the building. And we did discuss the A&E phase and no additional items were identified as being needed to be repaired or replaced. During the construction building activities will not be disrupted. The construction is projected for execution in 2018 and completed for 2019. Although it won't be LEED certified, the roof replacement will increase the insulation value and the window replacement.

And this is one of those projects that was not included on the CPIP this past year as they were still doing the condition survey, and so they've addressed-- they're addressing this outside of their CPIP.

The source of funds for this project is their institutional capital project fund and there is an available balance of \$22 million outside of this project.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

And the maintenance system scores that-- or systems that this building project will address are the exterior wall system, the roof system, and the window system. And there will be no additional operating costs or savings associated with this project.

DIANNE KUHL: Thank you. Do we have a--

LOUIS LYNN: Carrie, when you talk about-- when institutions--

DIANNE KUHL: Louis, we need a motion to consider first, please.

LOUIS LYNN: I'll move we accept.

DIANNE KUHL: I'll give you a second. Go ahead.

LOUIS LYNN: When institutions have natural disasters, storms, --that fund-- They can't plan for that. Are insurance fundings-- Isn't that kind of a-- excuse the pun, but a windfall from a storm or hurricane, et cetera?

CARRIE EBERLY: So this wouldn't have been such extensive damage-- I don't believe it would've been such extensive damage that they would've had insurance claims. It's just multiple storms and they've-- as the building's gotten older--

LOUIS LYNN: Oh, this wasn't that one storm that--

CARRIE EBERLY: It's been multiple storm years. Is that-- But is that correct, MUSC? I know you guys are the phone.

LOUIS LYNN: Does anybody ever benefit from storm--

RACHEL JONES: Yes, I believe that is correct. Sorry, this is Rachel.

CARRIE EBERLY: Thank you.

LOUIS LYNN: Does-- Do any of the institutions, particularly the coastal ones, benefit from storm damage that doesn't have to be budgeted but then has the same effect?

RACHEL JONES: That really goes through our risk management department. I'm not 100% sure. I do know that when they are able they of course file claims for insurance has anything to do with storm damage. This is-- From what I understand, it's just something that has happened over the years and the constant different mini-storms we've had, not necessarily anything that's been claim significant enough for an insurance claim.

LOUIS LYNN: Okay, okay.

Coastal, you didn't get any severe damage during those storms that required insurance claims?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

- DAVID YANCEY: We had a lot of trees down.
- PHIL MAUNEY: This is Phil Mauney with Facilities. We had a lot of minor damage. We got, from the insurance, very little money back out of it. It didn't really even cover our cost of our personnel really.
- DIANNE KUHL: All right, I got--
- PHIL MAUNEY: We have not had anything large happen since probably Hugo.
- DIANNE KUHL: Okay, I got a question here because this doesn't make a lot of sense to me. These building condition scores on these three sections are really above average scores if I'm reading them correctly. So has there been significant damage since the fall of 2017?
- PHIL MAUNEY: This is Phil Mauney again. Here's what I would say. I didn't make these scores. I personally would say these scores are not accurate on this particular-- on some of these systems. I think the roof's probably closer to a four. The interior walls, because it's mostly brick, it's probably a two or a two and a half. The windows probably should be closer to three and a half.
- DIANNE KUHL: Don't you guys provide this information to us?
- PHIL MAUNEY: I don't know when the last time we actually provided that, which started--
- DIANNE KUHL: Fall of 2017.
- PHIL MAUNEY: We moved on-- I won't say moved on, but we're using a different system now that-- from Sightline that we're using to evaluate the condition of our buildings. It's a third-party firm, and I don't know that we have exactly coordinated what we have here and our systems very well yet. We're working towards it. I just don't think we're there yet. --
- DIANNE KUHL: I'm going to suggest you get coordinated real fast. Because you're submitting this information to us as factual, and this is what we use to base decisions upon. Don't send us information again that's not right, please.
- PHIL MAUNEY: I'll pass the word on. I'm really not involved in it, so I will pass it on. Duly noted.
- DIANNE KUHL: Okay, the next time that we have a program like this you might want to have the person who is involved in that also on the phone so that we can ask them these questions.
- PHIL MAUNEY: Well, unfortunately, he could not be here on the phone today. It's just-- It could not be helped.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

- DIANNE KUHL: Okay. So you all are asking us to approve \$7 million on a building that we really have no idea what the condition is at this point because you all have two different sets of numbers on it.
- Okay, anybody else have any questions?
- PAUL BATSON: I'll go back to the same question I had before, Carrie. So I understand there's \$22 million left after this project--
- CARRIE EBERLY: Mm-hmm.
- PAUL BATSON: --is expended. And what is the annual-- Do you know what the annual increment is to that capital fund?
- CARRIE EBERLY: I do not for this one. This is-- MUSC does their tuition and fees a little differently due to the budget model that they have, so they don't delineate specifically what would a maintenance count. But this is the ICPF, so these are funds that are held at the state treasurer's office for capital projects at the institution. So this would be a different fund than their maintenance fund on campus.
- PAUL BATSON: So has this been appropriated?
- CARRIE EBERLY: It's not-- It hasn't been appropriated. It's excess dollars that the institutions have deposited on account at the state treasurer's office.
- PAUL BATSON: So--
- CARRIE EBERLY: Just tuition.
- PAUL BATSON: --this fund has been created for-- This has been handed to them for discretion of the medical university?
- CARRIE EBERLY: Correct. They have-- They have to deposit so much on account at the state treasurer's office for their outstanding institutional debt, and anything that's left over at the end of the fiscal year rolls into an ICPF account, which they can then use for projects on campus.
- PAUL BATSON: Okay.
- DIANNE KUHL: Folks, I'm going to tell you I have some real heartburn over the idea of sending this project with a recommendation to JBRC and the State Fiscal Authority knowing that the information on which we're basing our decision is--
- Well, they just told us it's inaccurate. We're talking about a \$7 million deal.
- LOUIS LYNN: But they got the money.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DIANNE KUHL: Yeah, they got the money, but they also told us-- I'm not-- I'm not going to vote for something when I'm looking at building condition scores that say there's nothing wrong with it that they gave to us back in the fall.

If they want to amend the numbers, then that's fine, but I'm going to make the recommendation that we table this until the next meeting and allow MUSC to bring us accurate information on which we can make a sound decision.

LOUIS LYNN: Even if they're 100% wrong, which they aren't, and they have the money, what does it cost us to slow them down? They aren't 100% wrong.

PAUL BATSON: I would-- Yeah, I'll ask that question. What's the-- What would be the consequence if we wait to get more information?

LOUIS LYNN: We don't get another bite at the apple, Madam Chair?

DIANNE KUHL: Hmm?

LOUIS LYNN: If we approve now, we don't get another bite at the apple?

KIM PHILLIPS: Did that question--

DIANNE KUHL: Mm-mmm.

KIM PHILLIPS: --get answered, Paul? I missed that answer I guess.

KEN KIRKLAND: I'd like to know the answer to that question. If we do slow it down 30 days, what does that do to the overall project? What's the detriment if we wait 30 days?

DIANNE KUHL: When's the next JBRC meeting?

CARRIE EBERLY: April 25th.

DIANNE KUHL: So it can't go to JBRC until after April anyway.

CARRIE EBERLY: Correct.

DIANNE KUHL: So if we slow it down, we're not making them skip their JBRC meeting.

KIM PHILLIPS: The next meeting.

CARRIE EBERLY: Correct. Except it was-- it was submitted in time to be on yesterday's JBRC, but they were okay with it waiting until April.

DIANNE KUHL: Okay.

KIM PHILLIPS: Okay.

DIANNE KUHL: So it will not be heard until April 25th by JBRC?

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

CARRIE EBERLY: Correct.

PAUL BATSON: So the answer is there would be no detriment.

LOUIS LYNN: So we're looking for a new set of numbers?

DIANNE KUHL: I make the motion that we table it until the April meeting and ask MUSC to bring us back accurate numbers. And I'd like them certified by the President of the university, please.

PAUL BATSON: I'll second the motion.

LOUIS LYNN: We don't send those to the-- We don't send those--

DIANNE KUHL: Yeah, we have.

LOUIS LYNN: The president?

DIANNE KUHL: We have once when we were given inaccurate information.

KEN KIRKLAND: Louis, I understand exactly what you're saying. The money's in the checkbook. It's their money.

LOUIS LYNN: It's their money.

KEN KIRKLAND: They collected it. They can spend it by any way they want to spend it. I understand what--

LOUIS LYNN: And they haven't made a 100% mistake.

KEN KIRKLAND: I understand, but I think when we *know* unequivocally we have inaccurate information that we base to advance or not advance a particular situation I feel like with no detriment in the wings--

--I think there's no reason we can't update this information and then move forward at our next meeting. It doesn't slow down the process at all. And I would be in agreement, the accurate information should be obtained before we advance \$7 million, even though it's their own money and their own account.

And if we don't-- Let me tell you why, in my opinion.

LOUIS LYNN: Okay.

KEN KIRKLAND: I think we set a bad precedent that going forward if you got the money, if you get it right or wrong, it doesn't make any difference, you got the money. And I just think we need to make sure we have good information.

LOUIS LYNN: So you get the same set of numbers. This gentleman said he thinks. You get the same set of numbers, you're even more suspicious.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DIANNE KUHL: That's correct.

KIM PHILLIPS: He says they're going to be worse.

DIANNE KUHL: Well-- And see that's-- This is my concern. I don't have a problem with the project, and I'm with you. They've got the money, that's great.

But, I don't want to be sitting in front of my legislative delegation when they say: Why in the heck did you approve a \$7 million project-- or why did you recommend it to JBRC, which is what we're doing, when the roof is in almost new condition?

KEN KIRKLAND: And you got a 2.25 number on here instead of a 4.5--

DIANNE KUHL: Yeah.

KEN KIRKLAND: --number on here.

DIANNE KUHL: Or if the-- You know, this says the exterior walls are 1.75. That's--

LOUIS LYNN: We can't do a contingent approval kind of-- Or does that gain us anything?

DIANNE KUHL: It depends on--

LOUIS LYNN: An approval with the certified numbers?

DIANNE KUHL: There's a motion on the floor. If the motion votes down, then make another motion. But we do have a motion on the floor that is properly seconded.

KEN KIRKLAND: You seconded it?

DIANNE KUHL: We did, so we need to take a vote on that because we've got another project in three minutes.

So all in favor of tabling the project until April?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

LOUIS LYNN: Nay.

DIANNE KUHL: Thank you.

All right, we would like for MUSC to bring this back to us in April, please.

Carrie, will you handle the logistics on that?

CARRIE EBERLY: Yes, ma'am.

DIANNE KUHL: Thank you very much.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

Okay, let's hope this one goes a little faster. Again, we have the Medical University of South Carolina and the Courtenay Drive Garage.

CARRIE EBERLY: The university requests to establish a project to upgrade its 25-year-old parking garage on Courtenay Drive. This request is for Phase I, which is \$37,500. The total budget is expected to cost-- The total projected cost is \$2.5 million, and the project was approved by the Board of Trustees in August 2017.

This garage is the primary parking garage for patients and staff of the Ashley River Tower Hospital. There are approximately 1,500 spaces in this parking garage. Currently 545 are utilized by faculty and staff, 136 by patients, and 813 are currently leased out.

Upon completion of the new hospital, the Shawn Jenkins Children's Hospital, in addition to the women's hospital, the spaces leased out will be reduced to 150 spaces so that the parking spaces can be utilized by the patients and the staff of the hospital. There is no student parking associated with this facility. We've shared the garage utilization with you all that the controlled access is about 70% of available hours.

The scope of this-- of the upgrades for this parking garage include installing new lighting, cleaning and painting interior concrete, new signage and way-finding, improvements to the layout and circulation, and improvements to ADA accessibility. No additional space will be added, and the timing of this project does align with the opening of the hospital.

DIANNE KUHL: Do we have a motion to consider?

PAUL BATSON: So moved.

KIM PHILLIPS: Second.

DIANNE KUHL: Second? Thank you.

Does anybody have any questions on this project?

LOUIS LYNN: It's not academic -- parking-- because they own the building?

CARRIE EBERLY: Correct. So this is a university-owned parking facility, and so it's funded with the parking revenues that are generated by the entire parking system of the university, which includes faculty, staff, and outside visitors.

KIM PHILLIPS: Not creating any new spaces I saw, right?

CARRIE EBERLY: No space.

KIM PHILLIPS: Cleaning up, making it more accessible.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

CARRIE EBERLY: Mm-hmm.

DIANNE KUHL: Any additional questions?

All right, do we have a motion for this project?

KIM PHILLIPS: So moved.

KEN KIRKLAND: Second.

DIANNE KUHL: What you moving for?

KIM PHILLIPS: To do it.

DIANNE KUHL: Okay, motion to approve?

KEN KIRKLAND: Second.

DIANNE KUHL: Thank you.

All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

Okay, that one went right through.

CARRIE EBERLY: Okay.

DIANNE KUHL: Last thing, we have a lease for MUSC; the West Edge. Carrie?

CARRIE EBERLY: The Medical University of South Carolina is requesting to expand and addend its-- make an addendum to its 22 West Edge lease to add additional space for Information Solutions, which currently is housed in the Harborview Office Tower, which is in the process of being sold.

They do need to remain in close proximity to the Bioinformatics Group, which is the original lease that we approved last year in April. This is just to amend the lease and add additional space for the Information Solutions Department.

It is-- The initial term is for ten years. The solicitation was conducted by the Department of Administration, and the results included responses from seven sites. The market comps used are between \$32.55 to \$48 per rentable square foot. The cost per square footage for this lease is \$36, with an annual increase of 2.5% -- and once you factor that in the rates that they'll-- that they are being given are within the comps within the area, and it does address the needs of the university.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

The lease also provides for one five-year extension, which if they opt in to that, it will have to come back for the board, and the total cost-- the total cost of the term is \$6.4 million.

DIANNE KUHL: Okay, do we have a motion to consider the project?

KIM PHILLIPS: So moved.

DIANNE KUHL: Second?

PAUL BATSON: Second.

DIANNE KUHL: All right. Anybody have any questions on this particular project?
May we have a motion regarding the project?

KIM PHILLIPS: Move we approve it.

DIANNE KUHL: Is there a second?

LOUIS LYNN: Second.

DIANNE KUHL: All in favor?

[Multiple speakers, "Aye"]

DIANNE KUHL: Any opposition?

All right, that one went right through, too.

Carrie, can you very quickly cover the list of capital projects?

CARRIE EBERLY: Yes.

DIANNE KUHL: Considering that we've already hit our time limit-- Everybody has that on their OneDrive, right?

CARRIE EBERLY: Correct. The Committee is presented the staff approvals for-- that were recommended in the month of February as information.

DIANNE KUHL: Any spectacular we need to be aware of?

CARRIE EBERLY: Just one thing.

LOUIS LYNN: Other than the \$800,000; the second one.

CARRIE EBERLY: Yeah. So let's scroll over here. We did include some comments on these projects as well. The Cliff Apartment upgrades were actually not completed, which is why there's a decrease in that budget.

LOUIS LYNN: You mean they aren't through or they cleared \$800,000 out?

CARRIE EBERLY: They stopped. They didn't complete the renovations.

**South Carolina Commission on Higher Education
Finance and Facilities Meeting Transcription
March 1, 2018**

DIANNE KUHL: Why?

CARRIE EBERLY: The Cliff Apartments are a part of the plan site for the Campus Village area, so they have stopped the-- doing any construction on that item until that moves forward or doesn't move forward.

LOUIS LYNN: So they get the keep the money though, right?

CARRIE EBERLY: Correct. The funds were never drawn down for the project, and so they're still available in their housing reserves for additional needs for housing.

DIANNE KUHL: If something changes and they decide to go back and pick that project up again will they have to resubmit it?

CARRIE EBERLY: Yes. They'll have to start over.

DIANNE KUHL: Okay.

CARRIE EBERLY: Mm-hmm.

LOUIS LYNN: What would it cost to get my name on that?

[Laughter]

LOUIS LYNN: [UNCLEAR] \$20,000?

DIANNE KUHL: Let's set you up a little lunch with Mr. Kelly here and you all can--

LOUIS LYNN: Mr. Kelly can figure it out.

DIANNE KUHL: --work some things out.

CARRIE EBERLY: So these projects are presented to you as information, and if you have any additional questions, I'll be happy to answer them.

DIANNE KUHL: Okay, thank you.

Is there any other business to bring before this committee?

Excellent. I will take a motion to adjourn.

PAUL BATSON: So moved.

KIM PHILLIPS: So moved.

DIANNE KUHL: I think it's a universal adjournment. Thank you everybody. Thank you for your help.

[End of transcription]