



South Carolina Commission on Higher Education

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Mr. Rodney A. Smolla
Mr. Hood Temple
The Honorable Lewis R. Vaughn

Ms. Julie J. Carullo
Acting Executive Director

TO: Mr. Bill Scarborough, Chair, and Members of the Committee on Finance & Facilities

FROM: Mr. Gary S. Glenn, Director of Finance, Facilities, & MIS

SUBJECT: Committee Meeting, March 7

DATE: March 1, 2013

A meeting of the Committee is scheduled to **be held in the Commission's Main Conference Room at 9:30 a.m. on Thursday, March 7.** 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 March 7.

Enclosures

AGENDA

COMMITTEE ON FINANCE & FACILITIES

MARCH 7, 2013

9:30 A.M.

MAIN CONFERENCE ROOM

SC COMMISSION ON HIGHER EDUCATION

1122 LADY STREET, SUITE 300

COLUMBIA, SC 29201

1. Introductions
2. Minutes of February 7 Meeting
3. Interim Capital Project
 - A. Greenville Technical College (*Carried over from 2/7/2013 meeting*)
 - i. Greer Campus Land Acquisition
- increase budget
4. Consideration of New Policy for Inclusion of Updated Building Condition Survey with Project Close-outs
5. Other Business
 - A. List of Capital Projects & Leases Processed by Staff for February 2013
(For Information, No Action Required)

MINUTES

COMMITTEE ON FINANCE AND FACILITIES
FEBRUARY 7, 2013
9:30 A.M.
MAIN CONFERENCE ROOM
SC COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

Committee Members Present

Chairman Bill Scarborough
Commissioner Natasha Hanna
Commissioner Hood Temple
Commissioner Lewis Vaughn

Mr. Charles Shawver
Ms. Sandy Williams (phone)

Guests Present

Chairman John Finan
Ms. Stacie Bowie (phone)
Ms. Donna Collins
Mr. Yancey Modesto

Staff Present

Ms. Julie Carullo
Mr. Gary Glenn
Ms. Courtney Blake
Ms. Stephanie Charbonneau
Ms. Renea Eshleman
Ms. Trudy Norton

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 Scarborough called the meeting to order at 9:35 a.m. Ms. Blake introduced guests in attendance.

The following matters were considered:

II. Approval of Minutes of Meeting on January 3, 2013

Commissioner Vaughn asked if additional information requested by Chairman Finan of the National Guard at the January meeting was submitted. Mr. Gary Glenn stated that the additional information was received.

A motion was made (Temple), seconded (Hanna), and carried to approve the minutes of the January 3, 2013 meeting.

III. Interim Capital Projects

The following projects were presented and discussed:

- A.) Coastal Carolina University
 - i. Singleton Building Renovation

Mr. Glenn presented the project stating that the University requests approval to establish a project to renovate the Edward M. Singleton Building. He explained that this project was approved by CHE on May 3, 2012 as the institution's priority number four on the FY 2012-13 CPIP year one. Since CPIP

submission, the budget has increased by \$1M due to a total HVAC renovation that will include all piping within the building.

Chairman Finan asked if there were state energy conservation standards the institutions have to uphold. Mr. Glenn stated that there are standards the institutions must meet in regards to energy conservation. Commissioner Temple stated that the committee doesn't focus on LEED certification as much as they use to in the past. Mr. Glenn stated that it has not been a focus for project write-ups but the information is collected with project submittals. He added that staff will resume including LEED and other energy conservation materials as additional information.

Mr. Glenn noted that the project is projected to increase the building condition code from 44 to 74 and will alleviate approximately 65% of the buildings existing maintenance needs. The Committee asked for a dollar amount that maintenance needs will be reduced. Mr. Glenn stated that the maintenance needs for this building would be reduced by approximately \$2.7M. He stressed that spending \$4M to eliminate maintenance needs does not mean the maintenance needs dollar amount will be reduced by \$4M. Chairman Scarborough added that even a new building will have accumulated maintenance needs.

With no further questions, it was moved (Vaughn), seconded (Temple), and voted to approve the Coastal Carolina University project as proposed.

ii. Science Annex II Construction

Mr. Glenn presented the project stating that the University requests approval to establish the construction budget to construct a second Science Annex. He noted that through the programming and design process it was determined that by adding a third floor, for a total of 67,800 SF, the University could eliminate the need for a third annex and consolidate departments within the College of Science onto the University's main campus.

Commissioner Vaughn asked if the fifty-seven proposed faculty offices were for new or existing faculty. Ms. Stacie Bowie, from Coastal Carolina University, stated that these offices would take care of current faculty who will be moving out of the Foundation Center across Hwy 501. Commissioner Vaughn asked what will happen with the vacated space. Ms. Bowie answered that the lease for the Foundation Center will be terminated. She added that by terminating this lease, the University will save \$100,000 per year.

With no further questions, it was moved (Temple), seconded (Hanna), and voted to approve the Coastal Carolina University project as proposed.

B.) Greenville Technical College

i. Greer Campus Land Acquisition

Mr. Glenn presented the project stating that the College requests approval to increase the budget to purchase 14.53 acres of land from the Greenville Technical College Foundation for future expansion of the College's Greer Campus. He noted that the College will lease approximately 6 of the 14.53 acres to the Greer Charter High School for construction of a permanent classroom facility. This facility will eliminate 26 existing portables making space available for expanded parking and a new classroom building for Greenville Technical College.

Mr. Glenn explained that the High School's charter requires it to be located on a College campus. Questions regarding the terms of the lease out and new construction were asked. Commissioner Vaughn asked why the College had to pay county taxes if the foundation is exempt from paying such taxes. He stated that he would like to meet with Greenville Technical College to discuss this project.

With no representative from Greenville Technical College present to answer questions, it was moved (Vaughn), seconded (Temple), and voted to defer the Greenville Technical College project until the March 7, 2013 Committee and Commission meetings to obtain additional information.

IV. Consideration of New Policy for Inclusion of Updated Building Condition Survey with Project Close-outs

Mr. Glenn presented the new policy stating that the Committee is asked to authorize staff to request an updated building condition survey when a project close-out is submitted. He explained that the intent is to create living documents that will better determine the extent of maintenance needs at the institutions. He noted that staff will continue to conduct the tri-annual building condition survey to capture non-PIP improvements and/or additional system degrading. Commissioner Vaughn asked to see the official policy write-up before giving his final approval of the policy addition.

With no further questions, it was moved (Vaughn), seconded (Temple), and voted to accept the new policy for inclusion of updated building condition survey with project close-outs with the understanding that the official policy write-up will be brought to the Committee for review at its March 7, 2013 meeting.

V. Other Business

The list of Capital Projects & Leases processed by staff for January 2013 was presented for information. Mr. Glenn noted that Lander University was the final institution to submit their Deferred Maintenance 2012 project using Capital Reserve Funds and Lottery Appropriations.

With no further business, Chairman Scarborough adjourned the meeting at 10:20 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.*

DESCRIPTION OF INTERIM CAPITAL PROJECT FOR CONSIDERATION

March 7, 2013

GREENVILLE TECHNICAL COLLEGE

PROJECT NAME: Greer Campus Land Acquisition
REQUESTED ACTION: Increase Budget
REQUESTED ACTION AMOUNT: \$220,000
INITIAL CHE APPROVAL DATE: December 6, 2012

<u>Source of Funds</u>	<u>Phase I (Environmental Assessment)</u>	<u>Phase II (Purchase of Property)</u>	<u>Total Proposed Budget</u>
Local Funds	\$5,000	\$220,000	\$225,000
<i>Total</i>	<i>\$5,000</i>	<i>\$220,000</i>	<i>\$225,000</i>

DESCRIPTION:

The College requests approval to increase the budget to purchase 14.53 acres of land, appraised at \$315,000, for future expansion of the College's Greer Campus. The property is currently owned by the Greenville Technical College Foundation and is contiguous to the Greer Campus.

The College will lease approximately 6 of the 14.53 acres to the Greer Charter High School for construction of a permanent classroom facility. A lease is currently in place between the Greer Charter High School and Greenville Technical College for use of land to house 26 portable classrooms. Once the 26 portables are removed, the College will be able to expand parking and provide future building space for a Greenville Technical College classroom building. This building will replace 4 portable classrooms currently used by Greenville Technical College and will expand the Visual Arts, Physical and Occupational Therapy programs offered at the Greer Campus.

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.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

At its meeting on February 7, 2013, the Finance and Facilities Committee carried over the Greenville Technical College Greer Campus Land Acquisition to gather additional information. Below is a list of additional questions and answers.

Additional Questions:

- 1) What is the motivation behind this project? Why now? Why didn't the foundation lease the land to the Charter School?

Due to state regulations the College cannot participate in auctions; therefore, the Foundation bought the land at auction at the request of the College. At the time, it was the College's intention to purchase the land. The land is well below market value. The purchase of the property has become more urgent because of the Charter High Schools (CHS) desire to build a permanent building on the land. The foundation cannot lease land to CHS because it is required in the CHS charter that the school be located on a college campus.

- 2) How will maintenance of your existing buildings and infrastructure be affected by using local funds to support this purchase?

It will not be impacted. The college will use funds from the County to make the purchase.

- 3) What are the terms of the lease supporting the permanent facility being constructed by Greer Charter High School? Will that facility become Greenville TC property in the future?

The College has not created the lease yet. The lease will be longer than the financing for the building and may have extended terms. The CHS will be required to tear the structure down if the lease ended and the College wanted the building demolished.

- 4) Why does Greenville TC have to pay County Taxes?

The College does not have to pay county taxes. The foundation made this purchase to enable the College to get the property at a price significantly below market value. The purchase price was an attempt to make the Foundation "whole" for the costs that they incurred.

- 5) What is the timeline for the construction of the Charter High School building?

The CHS is anxious to get a lease in place so they can move forward. Once the lease is in place they will start the design process. The lease will require State approval, so the start will be dependent on the approval process.

- 6) What is the timeline for the construction of the Greenville TC classroom building?

2-3 years –it will be dependent on the State approval process.

**CONSIDERATION OF NEW POLICY FOR INCLUSION OF UPDATED BUILDING
CONDITION SURVEY WITH PROJECT CLOSE-OUTS**

March 7, 2013

To be inserted into the Facilities Policies and Procedures Manual as part of the “Procedures for Submission of Permanent Improvement Projects.”

All requests for close-outs must be submitted by the institutions to CHE prior to being sent to the staff of the B&CB. All projects must be closed by submitting an A-1 form as well as an updated building condition survey. In order to close-out and remove a project from the SPIRS system, the final project budget must equal the final expenditure amount.

INFORMATION ITEM

Capital Projects & Leases Processed by Staff							
February 20 13							
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date
Deferred Maintenance Projects Using Capital Reserve/Lottery Funds							
2/4/2013	New	MUSC	Ashley Tower Renovation ¹	establish project	\$0	\$5,500,000	-
2/26/2013	New	Clemson	Deferred Maintenance 2012 ²	establish project	\$0	\$4,499,221	-
Routine Staff Approvals							
2/4/2013	6053	Aiken TC	Center for Energy & Advanced Technology Construction	establish construction budget	\$8,752,042	\$8,845,000	4/5/2012
2/7/2013	6082	USC Columbia	South Tower Mechanical Renovation/Roof Replacement ³	change source of funds	\$0	\$6,700,000	10/19/2010
2/13/2013	New	Spartanburg CC	Cherokee Advanced Technology Center ⁴	establish project	\$0	\$3,500,000	-
2/15/2013	New	Clemson	Greenwood Genetic Center Land Acquisition ⁵	establish project	\$0	\$20,000	-
2/26/2013	9889	Clemson	Wind Turbine Drivetrain Test Facility/Grid Simulator Construction ⁶	change source of funds	\$0	\$84,977,278	1/7/2010
Close-Outs							
2/4/2013	9650	MUSC	Children's Hospital HVAC Upgrades	decrease budget, close project	(\$133,366)	\$3,166,634	3/7/1997
2/4/2013	9703	MUSC	Hurricane Floyd Repairs ⁷	decrease budget, close project	(\$3,378,817)	\$621,183	9/22/1999
2/4/2013	9723	MUSC	Thurmond/Gazes Building Chiller Repairs ⁸	decrease budget, close project	(\$200,000)	\$0	8/4/2000
2/4/2013	9787	MUSC	Energy Performance Contract	decrease budget, close project	(\$1,554,118)	\$16,787,187	9/6/2007
<p>¹This project is funded with Capital Reserve Funds. Under the PIP definition, these projects will be considered legislatively authorized, not requiring further approval by JBRC and B&CB, if the projects are set up to conform to the act. The project will upfit the entire seventh floor and portions of the fifth and sixth floors of Ashley Tower. The renovation will create 42 new inpatient rooms on the seventh floor, 2 new patient rooms on the fifth floor, and 2 new patient rooms on the sixth floor.</p> <p>²See supporting narrative.</p> <p>³Change source of funds from Housing Maintenance Reserve Funds to Housing Revenue Bonds. Since project approval, the Master Plan for Housing has been completed and recommends a different allocation of Housing funds for maintenance projects.</p> <p>⁴Establish a project to construct a 30,000 SF shop/lab facility to support the skills needed for workers in manufacturing. Programs to be offered at this facility include Automated Manufacturing Technology/Robotics; Automotive/Manufacturing Production Technology; Heating, Ventilation and Air Conditioning; Industrial Electricity, Electronic Repair; Machine Tool Technology; Mechanical/Mechatronics; Nuclear Power Radiation; and Welding. The funding source for the \$3.5M is Appropriated State from Act 9020.</p> <p>⁵Establish project for the environmental study of 10.79 acres located in Greenwood Research Park for construction of the Greenwood Genetic Center. Land will be donated to the University from Greenwood</p> <p>⁶The University received \$3M from the Capital Reserve Fund Act for 2012. Change source of funds from \$3,565,505 in Institutional Capital Project Funds to \$3M from Capital Reserve Funds, \$315,502 from Federal DOE Grant, and \$250,000 from Private funding.</p> <p>⁷Repairs were less than expected once work began.</p> <p>⁸Project was cancelled and handled under a maintenance service agreement. Eventually, chillers were completely replaced.</p>							

CLEMSON UNIVERSITY

PROJECT NAME: Deferred Maintenance 2012
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$4,499,221
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Change	Revised
Professional Services Fees	\$0	400,000	400,000
Building Utilities Renovations	\$0	3,600,000	3,600,000
Labor Costs	\$0	120,000	120,000
Contingency	\$0	\$379,221	\$379,221
Total	\$0	\$4,499,221	\$4,499,221

Source of Funds	Previous	Change	Revised
Capital Reserve Fund 2012-13*	\$0	\$1,595,044	\$1,595,044
Lottery Appropriation 2012*	\$0	\$2,904,177	\$2,904,177
Total	\$0	\$4,499,221	\$4,499,221

**Institutions of higher learning received funds for capital projects from the Capital Reserve Fund (CRF) Act and the South Carolina Education Lottery passed by the General Assembly this past legislative session. Because of the permanent improvement project definition, when funds have been authorized or appropriated from Capital Reserve Funds or State Appropriated Funds, a project must be established and processed regardless of the amount. Therefore, all allocations from the Capital Reserve Fund Act and South Carolina Education Lottery will result in a permanent improvement project. In addition, under the PIP definition, these projects will be considered legislatively authorized, not requiring further approval by JBRC and B&CB, if the projects are set up to conform to the act.*

DESCRIPTION:

The University requests approval to establish a project to replace and upgrade portions of the 12,470-volt and 4,160-volt distribution systems in order to address deferred maintenance and reliability issues. Scope of work will include the replacement of electrical switches that are no longer safe to operate, replacement of deteriorated overhead and underground power distribution cabling, replacement of building transformers and protective relays, and fuse coordination.

Portions of the distribution systems and electrical infrastructure within buildings have long outlived their useful life and must be replaced or upgraded. Proper maintenance is presently a challenge due to outdated and obsolete components, significantly reducing the reliability of the campus wide electrical distribution system.

E&G MAINTENANCE NEEDS REDUCTION:

The project will alleviate a portion of the \$46,620,360 in existing electrical infrastructure maintenance needs.

ANNUAL OPERATING COSTS/SAVINGS:

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