



South Carolina Commission on Higher Education

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Mr. Hood Temple
Dr. Evans Whitaker

Dr. Richard C. Sutton
Executive Director

TO: Members of the Committee on Finance & Facilities
FROM: Mr. Gary S. Glenn, Director of Fiscal Affairs
SUBJECT: Committee Meeting, April 2, 2015
DATE: March 26, 2015

A meeting of the Committee is scheduled to **be held in the Commission's Palmetto Conference Room at 9:30 a.m. on Thursday, April 2, 2015.** Please note the change in location. 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 April 2.

Enclosures

AGENDA
COMMITTEE ON FINANCE & FACILITIES
APRIL 2, 2015
9:30 A.M.
PALMETTO CONFERENCE ROOM
SC COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

1. Introductions
2. Minutes of February 5 Meeting
3. Interim Capital Projects
 - A. Clemson University
 - i. Electrical Distribution System Upgrades and Replacements
- *establish project*
 - ii. Football Operations Facility Construction
- *establish project*
 - B. University of South Carolina Beaufort
 - i. Hilton Head Island Hospitality Management Facility Construction
- *establish project*
 - C. Greenville Technical College
 - i. East Faris Road – Land Acquisition
- *increase budget (purchase property)*
4. Other Business (*For Information, No Action Required*)
 - A. List of Capital Projects & Leases Processed by Staff for February & March 2015

MINUTES
COMMITTEE ON FINANCE AND FACILITIES
FEBRUARY 5, 2015
10:00 A.M.
PALMETTO CONFERENCE ROOM
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

Committee Members Present

Commissioner Hood Temple, Chair
Commissioner Natasha Hanna
Commissioner Dianne Kuhl
Commissioner Kim Phillips (phone)

Staff Present

Mr. Gary Glenn
Ms. Julie Carullo
Ms. Yolanda Myers

Guests Present

Ms. Joelle Forgeng

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

I. Call to Order

Commissioner Temple called the meeting to order at 10:05 a.m.

The following matters were considered:

II. Approval of Minutes of Meeting on January 8, 2015

A motion was made (Hanna), seconded (Kuhl), and carried to approve the minutes of the January 8, 2015 meeting.

III. Other Business (*For Information, Not Action Required*)

Mr. Glenn presented the FY 2014-15 Tuition & Required Fees Summary with Spring 2015 increases provided by the colleges and universities. Mr. Glenn noted that there were four institutions that had increases from the fall semester to the spring semester. He explained that the tuition and fee schedules represent the amount charged to the vast majority of students, noting that a student not assessed this amount would be the exception. He further explained the assessment of additional fees that are course specific, program specific, or access specific, such as application fees, library fees, technology fees, and various types of lab fees. He stated that we also publish these additional fees as an addendum to the tuition and fees schedules on our website. Mr. Glenn shared that the categories of fees have been in place for some time as far as the above-the-line. He stated that the capital, athletic, student activities and maintenance fees have had the most interest. He noted that Coastal Carolina, Francis Marion, and Florence-Darlington Tech had increased their tuition and fees assessed for Spring 2015. He shared that Coastal Carolina University added a fee to cover the Affordable Care Act cost by increasing undergraduate fees by \$80 and graduate fees by \$72. He noted that Francis Marion University increased a technology fee, and Florence Darlington Technical College (FDTC) increased their tuition by \$24.00, staying within the guidelines of the State Board for Technical Education which gives them a range of fees.

Commissioner Temple shared that in addition to the State Board guidelines, institutions are limited by Senator Leatherman as to what they can do. He stated that Senator Leatherman strongly suggests a maximum increase that is generally heeded by the institutions. He also shared that at Florence-Darlington TC they had the ability to raise tuition and fees by 3.2% or in that ballpark, which they did not realize at the time they set their rates for fall. Therefore, they only went to 1.8% originally. He shared that the increase for the spring raised tuition and fees to the 3.2% level and indicated that FDTCC thought that was the appropriate way to handle it.

Mr. Glenn stated that although the tables are for Spring 2015, they are annualized for the year.

Commissioner Hanna asked that the significance of debt service be explained. Mr. Glenn stated that it is institutional debt, i.e. the amount institutions have borrowed to build buildings or do major renovations on their campuses. He explained that by incurring debt, students who benefit from the buildings pay for the buildings, as opposed to students in place now or who have graduated being assessed fees so the building could be built in the future. Commissioner Hanna also asked how the penny sales tax affected institutional debt. Mr. Glenn shared the penny allows the institutions in Horry County to build buildings without going into debt or assessing current or future students. Commissioner Hanna then asked for further explanation on dedicated fees for specific purposes. Mr. Glenn responded that institutions that report dedicated fees provide additional transparency to their students and the public whereas institutions that report fewer dedicated fees by collapsing their schedule to reflect all or the majority of their tuition and fees in the E&G, Other category maximize their flexibility.

B). List of Capital Projects & Leases Processed by Staff for January 2014

The lists of Capital Projects & Leases processed by staff for January 2015 were presented for information. Mr. Glenn noted that we had not yet received South Carolina State's 2014-15 Maintenance Needs project.

With no further business, Chairman Temple adjourned the meeting at 10:35 a.m.

Respectfully submitted,

Yolanda L. Myers
Recorder

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

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

April 2, 2015

CLEMSON UNIVERSITY

PROJECT NAME: Electrical Distribution System Upgrades and Replacement
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$75,000,000
INITIAL CHE APPROVAL DATE: N/A

<u>Source of Funds</u>	<u>Phase I (Pre-Design)</u>	<u>Phase II (Construction)</u>	<u>Total Proposed Budget</u>
Maintenance and Stewardship Funds*	\$1,125,000	\$73,875,000	\$75,000,000
Total	\$1,125,000	\$73,825,000	\$75,000,000

*Additional funding sources (ICPF et al) will be determined following completion of Phase I(Pre-design).

DESCRIPTION:

The University requests approval to establish a project to upgrade the main campus electrical distribution system that was predominately constructed in the late 1950's through mid-1960. The work will include replacing aging electrical distribution automation capability to all switches to reduce outage durations and developing a central operations location to monitor and control and Distribution Automation System. It will also include converting remaining exposed overhead electrical facilities to underground, adding metering and controls to equipment in campus buildings with aging utility transformers and main gear, and making other modifications to the campus electrical system. The project will be a multi-year project to replace vulnerable sections of the aging electrical infrastructure in areas that have a higher probability of failure impacting major academic, research and student life activities.

This project was to be constructed in two phases and was included in the institution's FY 2014-15 CPIP years three and four. However, the institution has determined that the work should be consolidated and is moving forward with a single project.

According to institutional representatives, the House Ways and Means Committee has adopted a proviso to encourage Duke Energy to enter into negotiations with Clemson to address the feasibility of the development of this project. However, it remains critically important that this project be established for Phase 1 at this time so that Clemson can move forward with the planning.

E&G MAINTENANCE NEEDS:

The project will alleviate a portion of the \$41,352,156 in existing E&G infrastructure maintenance needs associated with electrical utility services over the next twenty years.

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time. Auxiliaries (Athletics, dorms, food service, etc. will be charged a portion of the costs associated with the system upgrades.)

RECOMMENDATION:

Staff recommends approval of this project as proposed.

CLEMSON UNIVERSITY

PROJECT NAME: Football Operations Facility Construction
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$62,500,000
INITIAL CHE APPROVAL DATE: N/A

<u>Source of Funds</u>	<u>Phase I (Pre-Design)</u>	<u>Phase II (Construction)</u>	<u>Total Proposed Budget</u>
Private Gifts (Athletic)	\$1,500,000	\$0	\$1,500,000
Athletic Revenue Bonds	\$0	\$61,000,000	\$61,000,000
Total	\$1,500,000	\$61,000,000	\$62,500,000

DESCRIPTION:

The University requests approval to establish a project to construct a football operations facility. The approximately 157,000 square foot facility will house all football operational functions. The facility will include coaches’ offices, team meeting rooms, student-athletic and coaches’ locker rooms, a weight room, training room, equipment room, and related spaces. The facility will be constructed near the Indoor Football Practice Facility and the outdoor practice field and will bring all football activity into close proximity.

The University contracted for a feasibility study for a football operations facility at identified programs in the conference. The study ranked Clemson 8th out of 14 schools that were part of the comparison. Major reasons for Clemson’s ranking included a noncontiguous football building, lack of exclusive training and rehab space for football, food service, and condensed weight room space. The results showed that the current facilities were not sufficient and recommended a 45% increase in square footage for the new football building, which would place it more in line with comparable football facilities across the nation. The study determined it was equally important that the location of the building be adjacent to the current indoor and outdoor football practice facilities. Further, NCAA governance changes have been and will continue to affect both staff sizes and additional programming that the University can provide to its student-athletes. This new building will allow the Athletics Department to better serve the needs of its student-athletes now and will provide needed space in the future as additional governance changes take place.

The Phase I (pre-design) budget is requested at approximately 2.4% of the estimated project cost. The additional amount will allow the University to provide the pre-construction services of a Construction Manager-at-Risk during the pre-design phase of the project and will provide geotechnical investigations, surveys of the site, and the required LEED cost benefit analysis.

E&G MAINTENANCE NEEDS:

N/A - Auxiliary

ANNUAL OPERATING COSTS/SAVINGS:

Utilities and maintenance will require additional operating costs of \$933,000 in the first year, \$960,990 in the second year, and \$989,820 in the third year following project completion.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

UNIVERSITY OF SOUTH CAROLINA BEAUFORT

PROJECT NAME: Hilton Head Island Hospitality Management Facility
 Construction
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$24,500,000
INITIAL CHE APPROVAL DATE: N/A

<u>Source of Funds</u>	<u>Phase I (Pre-Design)</u>	<u>Phase II (Construction)</u>	<u>Total Proposed Budget</u>
Private Funds	\$367,500	\$24,132,500	\$24,500,000
Total	\$367,500	\$24,132,500	\$24,500,000

DESCRIPTION:
 The University requests approval to establish a project that will provide for the site development and construction of an approximately 39,150 square foot facility to house the USC Beaufort third and fourth year Hospitality Management academic program on Hilton Head Island. The building is envisioned to provide classrooms, a culinary lab, a library, office, and support spaces and the Osher Lifelong Learning Institute

Hilton Head Island regards the presence of USC Beaufort and a Hospitality Management program as a vital component to expanding their hospitality driven economy. The Town of Hilton Head is committed to investing \$22,000,000 to substantially assist in the creation of this academic facility on Hilton Head Island. The Beaufort-Jasper Higher Education Commission will add \$1,500,000 and \$1,000,000 will be privately gifted.

This project was included as priority number 4 in year two of the institution’s FY 2014-15 CPIP.

E&G MAINTENANCE NEEDS:
 N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:
 Additional operating costs will be estimated following the completion of Phase 1.

RECOMMENDATION:
 Staff recommends approval of this project as proposed.

GREENVILLE TECHNICAL COLLEGE

PROJECT NAME: Greenville-East Faris Rd. – Land Acquisition
REQUESTED ACTION: Increase Budget (Purchase Property)
REQUESTED ACTION AMOUNT: \$179,500.00
INITIAL CHE APPROVAL DATE: December 9, 2014

<u>Source of Funds</u>	<u>Phase I (Enviro. Study)</u>	<u>Phase II (Purchase Price)</u>	<u>Total Proposed Budget</u>
Local Funds	\$20,000	\$179,500	\$199,500
Total	\$20,000	\$179,500	\$199,500

DESCRIPTION:
 The College requests approval to increase the budget to purchased land for future expansion of student parking. The site is adjacent to the north entrance of the college. The parking lots for the Michelin Center, Engineering Technology, CAD/CAM Center, and the University Transfer Building are at maximum capacity. This property is adjacent to these lots and could provide relief of the existing overcrowded parking in these lots as well as easy access for students to these buildings.

E&G MAINTENANCE NEEDS:
 N/A–Land Purchase.

ANNUAL OPERATING COSTS/SAVINGS:
 The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:
 Staff recommends approval of this project as proposed.

INFORMATION ITEM

Capital Projects & Leases Processed by Staff								
February 2015								
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
Maintenance Needs Projects using FY 2014-15 Lottery Allocation and Match								
2/11/2015	New	Coastal Carolina	2014-15 Maintenance Needs ¹	establish project	\$0	248,000.00	-	-
Routine Staff Approvals								
1/29/2015	New	Orangeburg-Calhoun TC	Health Science & Nursing Building ²	establish project	\$0	\$1,000,000	-	-
1/29/2015	New	Williamsburg TC	Facilities Management Building ²	establish project	\$0	\$750,000	-	-
2/11/2015	New	TC of the Lowcountry	Building 16 Renovation ²	establish project	\$0	\$975,000	-	-
2/18/2015	New	Winthrop University	Visual & Performing Arts Center Accreditation/ADA Access ²	establish project	\$0	\$750,000	-	-
2/18/2015	New	Winthrop University	Withers/WTS Building-Maintenance & Repair ²	establish project	\$0	\$159,738	-	-
Close-Outs								
1/29/2015	6029	USC Columbia	Honors Residence Hall Construction ³	decrease budget, change source of funds, close project	(\$31,492)	\$47,568,508	6/2/2005	-
1/29/2015	6032	USC Columbia	Harper Elliot Renovations/Fire Protection ⁴	decrease budget, change source of funds, revise scope, close project	(\$34,217)	\$978,247	11/3/2005	-
1/30/2015	9989	Midlands TC	Midlands-Northeast Classroom/Engineering Science-Facility ⁵	decrease budget, close project	(\$5,115,926)	\$22,984,074	10/5/2007	-
2/11/2015	9558	Winthrop University	Tillman Hall Renovation	decrease budget/close project	(\$2,010,000)	\$4,690,000	11/14/2006	-
2/11/2015	9573	Winthrop University	Withers/WTS Building Roof Replacement, Maintenance and Repairs	close project	\$0	\$750,000	9/25/2013	-
<p>¹See supporting narrative.</p> <p>²Project is funded with Appropriated funds from Proviso 118.16. These funds supersede CHE approval authority; therefore, the project is staff approved.</p> <p>³Change source of funds from Revenue Bond (-\$475,000) to Housing Maintenance Reserve (+\$443,508) for a net decrease of -\$31,492.</p> <p>⁴Harper Elliott contains both E&G and housing functions within the building. The original project scope only addressed the housing portion of the building. During the design, it was determined that upgrades for the entire building were necessary and the E&G portions were added to the project along with funding from Institutional Capital Project Funds (ICPF). Institution change source of funds from Housing Maintenance Reserve (-\$259,217) to ICPF (+\$225,000) for a net decrease of \$34,217.</p> <p>⁵Savings credited to College Funds originally budgeted at \$6,353,392 and decreased to \$1,237,466.</p>								

INFORMATION ITEM

Capital Projects & Leases Processed by Staff

March 2015

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date	Revised Building Condition Survey With Close-out
Maintenance Needs Projects using FY 2014-15 Lottery Allocation and Match								
3/5/2015	New	SC State University	2014-15 Maintenance Needs ¹	establish project	\$0	\$309,684	-	-
Routine Staff Approvals								
3/13/2015	9916	Clemson University	Memorial Stadium Suites Renovation ²	increase budget	\$1,400,000	\$26,400,000	2/10/2014	-
3/13/2015	9901	Clemson University	Memorial Stadium WEZ Component III Construction ²	decrease budget	(\$1,400,000)	\$6,600,000	5/3/2012	-
3/16/2015	New	USC Beaufort	Hilton Head Island Land Acquisition for a Hospitality Management Facility	establish project	\$0	\$20,000	-	-
3/19/2015	9654	College of Charleston	Rutledge Rivers Residence Hall Renovation	increase budget	\$10,835,000	\$11,000,000	6/3/2014	-
3/19/2015	9659	College of Charleston	11 Glebe Street	increase budget	\$1,083,500	\$1,100,000	1/8/2015	-
3/19/2014	9650	College of Charleston	Simons Center for the Arts Renovation	increase budget	\$529,781	\$844,781	5/3/2012	-
Close-Outs								
3/16/2015	9805	Medical University of SC	BSB-Microbiology & Immunology Renovation	decrease budget, close project	(\$1,927)	\$6,614,847	4/23/2009	-
3/16/2015	9567	Francis Marion University	Medical Health Science Complex	close project	(\$20,000)	\$0	10/30/2013	-
3/16/2015	6095	Technical College of the Lowcountry	114 Elliot Street Purchase	decrease budget, close project	(\$3,476)	\$244,524	10/17/2014	-

¹See supporting narrative.

²Moved budget

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: 2014-15 Maintenance Needs
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$248,000
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Change	Revised
Roofing Repair	\$0	\$248,000	\$248,000
Total	\$0	\$248,000	\$248,000

Source of Funds	Previous	Change	Revised
Lottery Appropriation 2014-15*	\$0	\$113,305	\$113,305
Lottery Match-Reno/Res. Plant Expansion	\$0	\$134,695	\$134,695
Total	\$0	\$248,000	\$248,000

**Per lottery proviso 3.5, these funds are allocated for critical equipment repair and replacement and may only be distributed to an institution to the extent the funds are matched (1:1) by the institution. Matching funds exclude supplemental, capital reserve, lottery, or other non-recurring appropriated state funds. Because these funds are appropriated, under the PIP definition for higher education projects, a permanent improvement project must be established. Since these projects are considered legislatively authorized and the matching funds are legislatively mandated, CHE has delegated staff the authority to process submitted projects if the projects are set up to conform to the lottery proviso.*

DESCRIPTION:

The University requests approval to establish a project to replace the aging roof at Coastal Science Center as a preventive measure. The roof is 17 years old and the new roll material will help with solar gain. This will eliminate concerns of leaks that may hinder productivity within the building and is accompanied with a 20 year warranty.

E&G MAINTENANCE NEEDS REDUCTION:

The Coastal Science Center roof has a rating of 3.67 out of 5. This project will alleviate a portion of the \$3,493,351 in existing maintenance needs over the next 20 years.

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.

SOUTH CAROLINA STATE UNIVERSITY

PROJECT NAME: 2014-15 Maintenance Needs
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$309,684
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Change	Revised
Building Interior Renovations	\$0	\$309,684	\$309,684
	\$0		
	\$0		
Total	\$0	\$309,684	\$309,684

Source of Funds	Previous	Change	Revised
Lottery Appropriation 2014-15*	\$0	\$154,842	\$154,842
Federal FY 2014-15 Funds	\$0	\$154,842	\$154,842
Total	\$0	\$309,684	\$309,684

**Per lottery proviso 3.5, these funds are allocated for critical equipment repair and replacement and may only be distributed to an institution to the extent the funds are matched (1:1) by the institution. Matching funds exclude supplemental, capital reserve, lottery, or other non-recurring appropriated state funds. Because these funds are appropriated, under the PIP definition for higher education projects, a permanent improvement project must be established. Since these projects are considered legislatively authorized and the matching funds are legislatively mandated, CHE has delegated staff the authority to process submitted projects if the projects are set up to conform to the lottery proviso.*

DESCRIPTION:

The University requests approval to establish a project to install a chiller at the K. W. Green Student Center harvested from Wills Hall and install a gas fired boiler at Hodge Hall/Davis Hall.

E&G MAINTENANCE NEEDS REDUCTION:

The project will alleviate a portion of the \$15,705,293 in combined existing maintenance needs.

ANNUAL OPERATING COSTS/SAVINGS:

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