

MINUTES
COMMITTEE ON FINANCE AND FACILITIES
MARCH 3, 2016
9:30 A.M.
MAIN CONFERENCE ROOM
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

Committee Members Present

Commissioner Hood Temple, Chair
Commissioner Dianne Kuhl
Commissioner Louis Lynn
Commissioner Clark Parker (via phone)
Commissioner Kim Phillips (via phone)

Dr. Ron Bartley (via phone)
Ms. Debbie Cheek (via phone)
Ms. Carol Routh (via phone)

Members Absent

Commissioner Paul Batson

Staff Present

Mr. Gary Glenn
Mr. Morgan O'Donnell
Ms. Yolanda Myers
Ms. Julie Carullo
Ms. Carrie Eberly
Ms. Vickie Pratt

Guests Present

Chairman Tim Hofferth
Commissioner Charles Munns
Commissioner Terry Seckinger
Mr. Derek Gruner

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 9:40 a.m. Ms. Pratt introduced guests in attendance.

II. Approval of Minutes of Meeting on February 4, 2016

A motion was made (Kuhl), seconded (Lynn) and carried to approve the minutes of the February 4, 2016 meeting.

III. Interim Capital Projects

The following projects were presented and discussed:

A.) Northeastern Technical College

1. Industrial Training Center Renovations & Expansion (Bennettsville & Pageland)

Mr. Glenn presented the project stating that the College requests approval to increase the budget. He stated that the project was unique because it actually effects two separate locations – Bennettsville and Pageland are budget by \$400,000 with local funds to compliment the base support giving a current budget of \$1.9M. Mr. Glenn noted that this was a project where the legislature has provided funding, CHE staff approved the \$1.5m and brought it back to the Committee because of the additional

\$400,000 which exceeds staff's level of authority to approve the increase. Mr. Glenn stated that this is a great thing for Northeastern Tech and staff recommended approval.

Commissioner Kuhl commended the staff at Northeastern Technical College for their efforts to obtain local funds. She then asked for clarification as to whether the original budget was \$1.5M and had the scope of project increased. She further asked why the \$400,000 was not being applied to reduce the \$1.5M. Mr. Glenn explained that they did not increase the scope of the project, but that the legislature did not provide enough funding to do the entire project. Mr. Glenn stated that the project was estimated to be \$2M. He then stated that NTC had been able to supplement the State support with the additional funds from the local government. He added that there may be another increase going forward, however this request was to recognize all of the funding available to start the project. Mr. Glenn further explained that when the projects have support from the Capital Reserve Fund, the Phase I/Phase II process breaks down and we don't give them the 1.5% to do Phase I, they get all the money that was provided as part of that initial approval. This simply adds to it. That is why it's shown as a Phase I because they have not completed the A&E and gone to Phase II yet. When they do, that will be at Staff level of approval and staff will then inform the commissioners that they are ready to execute.

Commissioner Lynn asked if the request was a budget overrun. Mr. Glenn explained that it is to supplement the funding that was provided by the State in order for them to execute the building of the project. The project is estimated at around \$2M to include Bennettsville and Pageland. The State gave them \$1.5M and they added \$400,000 from Local funds. Commissioner Lynn then asked for clarification as to whether the Local funds were from local tax funds, private naming opportunities, etc. Mr. Glenn explained that it is tax funds from millage from their service area. In the technical colleges the local government has a requirement to fund a portion of new construction and this recognizes that. Mr. Bartley further explained that the \$400,000 is actually \$150,000 collected from private local industries in Marlboro County, as well as \$250,000 allocated from the local funds. Mr. Glenn noted that the A-1 did not include information regarding the \$150,000 allocation from private businesses.

Mr. Glenn referred to the A-1 documents enclosed in Committee's materials and pointed out that those documents come from the budget office. He explained that the documents come to CHE and the information is then extracted from those documents and summarized in the write-ups. He stated that he wanted to show the Committee the tools that are available to Staff which include the A-1 and questionnaire. Commissioner Seckinger asked Mr. Glenn if he was satisfied with those tools being comprehensive. Mr. Glenn stated that the tools are fairly comprehensive, but could be better. Mr. Glenn also stated that Staff is looking at questions that they may want to supplement.

Commissioner Lynn asked for clarification as to whether this increase put any other projects at risk. Mr. Bartley stated that this will not take away from any other projects they have.

Commissioner Temple noted that Commissioner Batson had talked to Dr. Bartley about the project and supported the project completely.

Mr. Glenn asked Debbie Cheek if there is still a 20% local funds match on new construction for technical colleges. Ms. Cheek stated that from her understanding, yes there is still a match. Mr. Glenn then stated that the \$250,000 of the \$400,000 is simply meeting the legislative obligation for the local funds to be there.

With no further questions, it was moved (Lynn), seconded (Kuhl), and voted to approve the Northeastern Technical College project as proposed.

V. Other Business (For Information, No Action Required)

Projects & Leases Processed by staff for February, 2016.

Mr. Glenn referred to the York Technical College Allied Health Building Construction project listed on the List of Capital Projects & Leases Processed by Staff, and noted that this is being brought before the Committee as an informational item. Mr. Glenn shared with the Committee that the item was a decrease budget and close; the budget was originally \$330,000 and was being reduced to \$0. He explained that the reason for that is that at the last JBRC meeting, 2 institutions asked for an extension on their projects because they were unable to execute them within the timeline that JBRC established. This project was brought to us with the promise that the funds were available and it was approved by CHE accordingly. He further explained that subsequent to CHE's approval, the institution redirected the funds to a different project/activity. The funds were not there to do this project, so rather than close the project, they asked for an extension to continue to seek funding. Mr. Glenn added that it violated their promise that those funds were dedicated to this project. When it came before JBRC and the reason for the extension became clear, members of JBRC were not pleased that CHE approved a project that did not have the funding. Mr. Glenn further stated that after the meeting he met with York Technical College's CFO and Facilities Director, and they worked it out so that YTC did the right thing and closed the project. Once they have secured new funding, they will have to bring it back to CHE for approval. Commissioner Seckinger asked if Representative White knew that Mr. Glenn had met with York Technical College Staff. Mr. Glenn stated that he did not, but he will make sure that he does. Mr. Glenn added that there is a similar situation on a project from a different technical institution where they redirected funding as well. They also asked for an extension and the JBRC granted the extension. Mr. Glenn stated that he will go back to the other institution to seek resolution.

Commissioner Kuhl asked for clarification as to whether the representatives at the institution had \$330,000, or did CHE approve the funding and they redirected it somewhere else. Mr. Glenn explained that they told him that they had dedicated funds for the project and then had a transition in leadership. The leadership redirected the funding to something else and they did not inform CHE of the change.

Commissioner Lynn asked how CHE will keep this from happening with other institutions in the future. Mr. Glenn stated that CHE will expect institutions to inform CHE when this situation occurs and that CHE is sensitive to the matter, so that if they have to request an extension due to funding, CHE will be very interested in that.

With no further business, Commissioner Temple adjourned the meeting at 10:40 a.m.

Respectfully submitted,

Vickie Pratt
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.*