

MINUTES  
COMMITTEE ON FINANCE AND FACILITIES  
SEPTEMBER 1, 2016  
10:00 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 Paul Batson  
Commissioner Ken Kirkland

Mr. Rick Kelly  
Ms. Jennifer LoPresti  
Mr. Mike Proctor  
Ms. Carol Routh (via phone)  
Ms. Debbie Walker  
Mr. Greg Weigle (via phone)

Guests Present

Chairman Tim Hofferth  
Ms. Beth Bell  
Mr. Craig Hess  
Mr. Michael Hughes

Staff Present

Mr. Gary Glenn  
Ms. Carrie Eberly  
Ms. Yolanda Myers

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 10:00 a.m. Ms. Myers introduced guests in attendance.

**II. Approval of Minutes of Meeting on August 4, 2016**

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

**III. Interim Capital Projects**

The following projects were presented and discussed:

**A. Medical University of South Carolina**

1. Psych Institute Chiller #1 Replacement – Establish Construction Budget

Mr. Glenn stated that this is the Psych Institute Chiller Replacement project that is establishing the construction budget by adding \$1,576,750 to the project. This project is to replace the chiller in the Psychiatrist Institute building. The existing chiller is beyond its useful life, is undersized, and needs replacement. The current chiller is 150 tons, and will be replaced by a 350-ton chiller. The pumps and cooling towers will be upgraded, as well as the water piping, ductwork, exhaust fans, and vents.

The control systems, electrical, and some demolition that is required to install the chiller is included in this project. The schedule for execution is March 2017, with completion in December 2017. This project was not on the University's CPIP because the University thought when they went in to design this project that it would not exceed \$1M. Various factors caused the increase over \$1M such as moving to a 350-ton chiller instead of a smaller tonnage chiller.

Mr. Glenn stated that there is maintenance information available to the staff reviewing maintenance projects such as the Psych Institute Chiller Replacement project. Mr. Glenn stated that each institution, and each building at that institution, is assessed. Mr. Glenn presented the maintenance information on the display screen as an example. Each component of each building is assessed from a score of 1 which indicates that the building system is fine to a score of 5 which indicates the building needs replacement. The current life cycle stage of each building system can be determined, and this information is institutionally reported.

Commissioner Kuhl stated that the age of the air system is ten years, and asked if the life limitation of the old chiller is less than 10 years due to having too small of a system. Mr. Glenn stated that he thought so. Mr. Glenn continued to explain the maintenance needs scoring and described how those individual scores factor in to an aggregate score for each building and result in a maintenance needs cost estimate over a twenty-year period.

Commissioner Lynn asked if new buildings start out with a score of one for all building components. Mr. Glenn responded that all new construction buildings start off with a score of one for each component.

With no further questions, it was moved (Lynn), seconded (Kirkland), and voted to approve the Psych Institute Chiller #1 Replacement project as proposed.

## **B. Florence-Darlington Technical College**

1. Cosmetology Building and Land Acquisition – Final Building and Land Acquisition

Mr. Glenn stated that Florence-Darlington Technical College is bringing a project that actually has multiple components. This is a cosmetology building and land acquisition project. The College has done an assessment of the building and the land. The assessment has come back as positive and they proceeded to bring the project for approval. This request adds \$1,852,500 to the project that was originally approved in January 2016. This is for the acquisition of the cosmetology building that is about 11,600 square feet and sits on about 3 acres of improved land. The procurement also includes an additional 47.74 acres of land that spans the Florence and Darlington counties. This land sits right on the border between these two counties. The College wants to acquire the building that it currently leases and has been leasing since 2004. The College has been paying around \$102,000 annually for this lease. This project includes vacant land of around 41.38 acres that is adjacent to two other pieces of land that is currently owned by the College. The acquisition would place the entire 62-acre tract under the College's ownership. An additional 6.36 acres of land would be acquired near the College's main entrance. Each tract has been assessed in terms of their value. The total assessed value of the building and all the land is \$1,932,000, and the College is purchasing for \$1,872,500. The lease of the building will be terminated with the purchase of the building.

Commissioner Batson stated that project is interesting and positive in a few ways. There is about a 5.5% rate of return when you consider that the lease is no longer going to be paid anymore. An interesting piece of this project is that 44 acres is in Darlington county. This program is in Darlington county because the legislature passed a bill that required there be no two cosmetology

programs in the same county. There was already a cosmetology program in Florence county through a for-profit. So when the College needed to build the cosmetology program they had to do this in Darlington county just on the other side of the line from Florence county. This law has since been changed. Commissioner Batson stated that the College has the money for this project through their institutional funds, and will free up their foundation to do other things for the College.

Commissioner Temple stated that he is familiar with this project and his first reservation was that he thought the value was too high. But after looking into it, Commissioner Temple thinks the appraisal is very good and seems to be accurate. This appraiser is probably one of the more conservative appraisers in Florence.

Commissioner Lynn asked about the academic portion of this project. Mr. Glenn stated that since this is a certificate program, we don't have information on enrollment or enrollment trends. Commissioner Temple stated that the Schuler school is their competition. Commissioner Temple further stated that the building could be used for not only the cosmetology program but for other programs as the demand and enrollment changes for each of the College's programs.

Commissioner Kuhl stated that she talked to Commissioner Seckinger and there were concerns about the 47 acres of unimproved property and wanted to ensure that the College had taken steps to ensure there were no environmental concerns with the property prior to the purchase. Mr. Glenn stated that this was part of the environmental study that the College has already completed. There were no environmental issues with any of the properties.

With no further questions, it was moved (Batson), seconded (Kuhl), and voted to approve the Cosmetology Building and Land Acquisition project as proposed.

### **C. Midlands Technical College**

1. Midlands Industrial Technology Building Expansion and Welding Lab Upgrade – Establish Project

Mr. Glenn states that this project is to renovate and expand the Industrial Technology Building and Welding Lab at Midlands Technical College at the airport campus. This request is to establish the project so the College can begin design work. The estimated total project cost is \$4.5M. The College is requesting \$90K to do Phase I. This Phase I amount is 2% of the estimated total project cost which is greater than the standard 1.5%. The Phase I is higher than the standard 1.5% due to the cost to adequately do the LEED cost analysis.

Mr. Glenn stated that the current building is 48 years old and is approximately 11,550 square feet. The facility will house more than 55 welding stations. The welding program is currently expanding. The space will also accommodate other training that is dealing with grinding, metal working, pipe fitting, and other large scale industrial projects. This project will include two classrooms and support spaces for these students. The exterior covered section will be built for the purpose of those other majors. This project will support the QuickJobs program, and will bridge the gap between capacity and the job growth demands of the midlands area. Alternatives were looked at, but this building was determined to be the best solution for the need and the ability for this building to accommodate all training under the same roof.

Mr. Glenn stated that the building condition code is 90 for this project, so this is not a maintenance project. This is a refurbishment, renewal and expansion project. This project isn't to address something that was broken, but to address an academic need and growth.

Commissioner Lynn inquired about the funding source of this project. Mr. Glenn stated that the funding is a combination between state funding for this specific project and an additional \$1M in local county funds that come from the College's service area. There are no specific funds from the State Department of Employment and Workforce.

Commissioner Kuhl asked whether all the welding stations would be refreshed. Mr. Hess from Midlands Technical College stated that all the welding stations will be refurbished. Commissioner Kuhl asked what the typical cost was to outfit one of the welding stations. The College responded that a manufactured new station runs around \$8K with the welding equipment and the booth itself, but the cost would be different if the station is built on site. Commissioner Kuhl asked if the \$4.5M budget included new stations, and the College responded that the budget did include the new stations.

With no further questions, it was moved (Batson), seconded (Lynn), and voted to approve the Midlands Industrial Technology Building Expansion and Welding Lab Upgrade project as proposed.

Commissioner Temple discussed how each project is thoroughly reviewed by the Committee on Finance & Facilities members, and stated that the Committee would no longer accept additional information at the time of the Finance & Facilities meeting. If additional information is offered at the meeting, there will be two options. One is that this information would not be considered at all. The other is that the project would be postponed so the Committee has additional time to review the information.

Commissioner Kuhl stated that the Committee needs to have information presented in a timely fashion.

Chairman Hofferth stated that there would financial dashboards coming as a baseline to understanding each institution's financials to a greater degree.

Commissioner Kuhl stated that Dr. Fred Carter from Francis Marion presented a dashboard that included ten tools to the Commissioners at their retreat. These tools look at the financial and programmatic health of the institutions. This Committee is heavily focused on looking at the financial health of the institutions. Some of these tools include a ten-year revenue trend, ten-year ratio of debt to debt capacity, ten-year enrollment trend, tuition trend, ten-year expenditure trend, ten-year institutional and public reserve balances, ten-year institutional and foundation scholarship data, ten-year ratio of faculty and staff to students, ten-year trend of institutional subsidies to athletics, and the variance between the approved budget in July to the actual budget at the end of the year. Commissioner Kuhl stated that some of this information is already available, but some will have to be provided by the institutions.

The Commissioners discussed the various aspects of the dashboards. Commissioner Temple stated that the dashboards will show trends over many years. Commissioner Kuhl stated that these dashboards will allow the Committee to evaluate capital projects while looking at the bigger picture instead of just looking at the individual project.

Mr. Glenn stated that the Commission is currently looking at the dashboards to see what is currently available through CHEMIS, and what isn't currently available. Mr. Glenn stated that a focus will be on the outliers in this data, and a focus will be made on national data as well.

Commissioner Temple stated that any institution that has additional insight on other data that the Commission should look at and evaluate can send that information to Mr. Glenn.

Commissioner Kuhl moved, and was seconded (Lynn), and voted that the Committee approve and support a dashboard concept as data indicators will be defined and would come back for a formal vote.

#### **IV. Other Business (For Information, No Action Required)**

##### **A. Beginning Budget Report for FY 2016-17**

Mr. Glenn stated that the budget for FY 2016-17 incorporates the additional \$300K the agency received in recurring operating funds for three positions. That has increased our personnel budget line. Mr. Glenn also noted that the legislature eliminated all of the state funding for the scholarship programs and shifted that burden over to the lottery funds. Mr. Glenn stated that he wasn't sure that the lottery funds will be able to sustain that shift, especially as the scholarship programs continue to grow and since the ten-point grading is being implemented in K-12.

##### **B. Tuition & Required Fees for AY 2016-17 (Based on Fall 2016)**

Mr. Glenn stated that he pulled this item after finding a few outliers that were not consistent. Mr. Glenn stated that some institutions were reporting tuition and fees based off of 12 hours and some were reporting based off of 15 hours. Mr. Glenn stated that there were inconsistencies in the data. Mr. Glenn stated that this information would be pulled from the agenda so this inconsistent information is not floating out there.

##### **C. List of Capital Projects & Leases Processed by Staff for August**

Mr. Glenn noted that there was nothing out of the ordinary on the staff approvals for August.

With no further business, Commissioner Temple adjourned the meeting at 11:11 a.m.

Respectfully submitted,

Morgan O'Donnell  
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.*