

MINUTES
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
Finance and Facilities Committee Meeting
May 18, 2005
10:00 a.m.
CHE Conference Room

CHE Members Present

Ms. Rosemary Byerly, Chair
Mr. Larry Durham
Dr. Douglas Forbes
Mr. Dan Ravenel
Mr. Jim Sanders

Guests Present

Mr. Bruce Blumberg
Mr. Bill Bragdon
Ms. Melissa Coker
Ms. Donna Collins
Mr. Tom Covar
Dr. Anthony Coyne
Mr. Bob Eisenhower
Mr. Craig Hess
Mr. Bryan Hill
Col. Curtice Holland
Dr. Sally Horner
Dr. David Hunter
Mr. Charles Jeffcoat
Ms. Dorcas Kitchings

Mr. Gene Knight
Mr. Scott Ludlow
Mr. Gary McCombs
Mr. J. P. McKee
Mr. Bob Mellon
Ms. Jennifer Pearce
Ms. Susan Prior
Mr. Charles Shawver
Ms. Christine Smalls
Dr. John Sutusky
Mr. Andre Tanner
Col. Don Tomasik
Ms. Catherine Watt
Mr. Bob Wells
Mr. Bryce Wilson

Staff Present

Ms. Julie Carullo
Dr. Lynn Kelley
Ms. Lynn Metcalf
Ms. Jan Stewart

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

Ms. Byerly, chair of the Committee on Finance and Facilities, called the meeting to order. Ms. Carullo introduced the guests in attendance. The following matters were reported on:

I. Approval of Minutes of Meeting on May 5, 2005

Since there were no additions or corrections to the Minutes of the meeting on May 5, 2005, the minutes were approved as written.

II. Performance Funding Ratings and Appeals for 2004-2005

Ms. Byerly explained that the Committee was considering the performance funding ratings for the year and asked Ms. Carullo to provide an explanation. Ms. Carullo explained the process for developing recommendations, the scoring mechanism for indicators and overall performance, the report card format, and the overview of this year's performance with indicator performance highlights and overall performance scores. A hardcopy powerpoint display of the performance funding process and data was made available to the Committee members for their information. (Attachment 1)

Ms. Carullo requested that the Committee accept two corrections to data noted by institutions following the mail-out. These included changes to Indicator 1B at SC State University and Indicator 4A/B at Tri-County Technical College. (Attachment 2) It was noted that the corrections did not affect scoring.

Ms. Carullo described the performance of institutions, indicating that collectively, the institutions performed similarly to last year with all falling into the "Achieves" or higher categories. She explained that one appeal was received this year and that its case was similar to two past appeals. She informed the Committee that staff had confirmed with the accrediting agency that the institution was awaiting an upcoming on the accreditation in question and that staff's recommendation is similar in this case to a past appeal. (*For details on scores, see meeting materials for Agenda Item 2, Attachment 3*)

There was discussion regarding the performance funding process and this year's data among the Committee members. Mr. Ravenel requested that the summary sheet on the scores be revised to include the past year's performance before forwarding it to the full Commission. The Committee acted on the following two recommendations as indicated:

Recommendation 1: Staff recommended that the Committee make an exception and approve a score of 3 for the 2004-05 rating on indicator 3D with the qualification that should the cosmetology program not receive accreditation as expected, the 2004-05 rating for this indicator will revert to a score of 2 and the overall score will be recalculated. It is noted that this recommended change in score for this indicator does not change Florence-Darlington's overall performance level of "Exceeds."

It was moved (Durham), seconded (Ravenel), and voted to approve the above recommendation.

Recommendation 2: Staff recommended that the Finance and Facilities Committee recommend for approval of the Commission the indicator and overall performance ratings as indicated in the attached materials including the Committee's recommended treatment of the appealed case.

After some discussion, it was moved (Sanders), seconded (Ravenel), and voted to approve the above recommendations.

III. Performance Funding for the Upcoming Year (2005-2006)

Ms. Byerly noted that this agenda item related to the process for the upcoming year for performance funding. She then asked Ms. Carullo to explain the recommendation. Ms. Carullo provided a summary explanation noting that staff was recommending that the scores approved for this year be carried forward for next year for the purposes of determining funding allocations. She explained that the recommendation was being made for the upcoming year only in

recognition of the efforts of the presidents working with the Executive Director to consider a revised accountability process for higher education and as related to the current funding situation. It was explained that all data reporting as required of higher education institutions would continue except as noted in the materials for this item. (Attachment 4)

There was considerable discussion regarding the recommendation. Mr. Ravenel discussed the recommendation in light of the development of performance funding. Committee members discussed with institutional representatives the performance funding process and meaning in terms of data collection and accountability. Mr. Sanders expressed to the institutional representatives the importance of taking advantage of the opportunity to inform the accountability system for higher education as revisions are considered. He indicated that the institutions had a unique opportunity to do so and if they did not, someone else would.

Following the discussion, the members acted on the following recommendation:

Staff recommends that the Finance and Facilities Committee recommend for approval of the Commission a recommendations that the institutional performance scores adopted by the Commission in June 2005 be carried forward in the upcoming year and that institutional data reporting be continued as outlined above.

It was moved (Ravenel), seconded (Sanders) and voted to approved the recommendation.

IV. Consideration of Interim Capital Projects

Ms. Byerly asked Ms. Metcalf to describe the projects and noted there were institutional representatives present to answer questions. The following projects were presented and discussed:

Clemson University

Boiler #4 Emissions Control

Equipment Update	\$ 1,400,000	-establish project
Wastewater Treatment Plant Improvements	\$ 1,200,000	-establish project
Jordan Hall Renovations & Improvements	\$ 750,000	-establish
Earle Hall High Bay Conversion	\$ 610,000	-establish project

USC-Columbia

Honors Residence Hall Construction	\$36,500,000	-establish
Humanities Pavilion Restaurant Constr.	\$ 1,100,000	-establish
Baseball Stadium Construction (previous budget \$750,000)	\$ 16,750,000	-increase/revise scope

It was moved (Durham), seconded (Forbes), and voted to approve the above interim capital projects as presented.

Ms. Metcalf described Coastal Carolina's Use/Lease Agreement and the College of Charleston's Concept Approval for an RFP for additional housing. Dr. Horner (Coastal Carolina) and Mr. McCombs (College of Charleston) provided additional information on the projects.

It was moved (Ravenel), seconded (Durham), and voted to approve the Use/Lease Agreement and the Concept Approval as presented

V. Comprehensive Permanent Improvement Process (CPIP)

Ms. Byerly stated that Committee was being asked to consider the specific approval of Year 1 projects, and the entire CPIP (in concept) for submission to the Joint Bond Review Committee and the Budget and Control Board. Year 1 includes all permanent improvement projects expected to be implemented with funds already available or expected to be available during the 2005-2006 fiscal year. The purpose of year one of the CPIP is to approve at one time each institution's permanent improvement plans for the coming year, except for emergencies and other unanticipated needs. Once these projects are approved through by CHE, the institutions may initiate the projects, with staff concurrence, at any time during the coming year as funds become available and if no substantive changes are involved. A summary of Years 2, 3, 4, and 5 of the CPIP was presented for information.

Ms. Byerly asked Ms. Metcalf to provide a brief explanation of the CPIP process and to describe the projects that were being considered for Year 1.

It was moved (Sanders), seconded (Durham), and voted to approve the Year 1 CPIP projects as presented.

Ms. Byerly then asked for a motion to approve the entire CPIP in concept for submission to the Budget and Control Board.

It was moved (Sanders), seconded (Ravenel), and voted to approve the CPIP for submission to the Budget and Control Board.

VI. Other Business

Mr. Ravenel stated that the Finance and Facilities Committee has not been on a tour of the colleges and universities recently. He stated that he would like to tour Lander, Piedmont TC, USC-Aiken, and Aiken Technical College sometime this summer. Ms. Byerly stated that this could be arranged.

Mr. Sanders requested that staff develop a report on preliminary estimates on projects and the increases on these projects. He would also like to know the cost per square foot of projects submitted for approval.

Ms. Carullo gave an update on the legislative activities.

There being no other business, the meeting was adjourned at 12:10 p.m.

Respectfully submitted,

Janet K. Stewart
Recorder

**Summary
Interim Capital Projects for Consideration
May 18, 2005**

1. Clemson University	Boiler #4 Emissions Control	\$ 1,400,000	-establish
	Waste Water Treatment Plant	1,200,000	-establish
	Jordan Hall Renov. & Improve.	750,000	-establish
	Earle Hall High Bay Conversion	610,000	-establish
2. USC-Columbia	Honors Residence Hall Constr.	\$36,500,000	-establish
	Humanities Pavilion Restaurant	1,500,000	-establish
	Baseball Stadium Construction	16,750,000	-incr/rev scope
3. Coastal Carolina	Use/Lease Agreement	\$ 400,000	-per yr/30 yrs
4. College of Charleston	Concept –Student Housing RFP	\$ Pending Results of RFP	

Descriptions of Interim Capital Projects

Clemson University

Boiler #4 Emissions Control

Equipment Update \$ 1,400,000 -establish project

Source of Funds: \$ 1,400,000 -operating revenue

Description

A recent study of the Clemson University Central Energy Facility required by USEPA¹ indicates that improvements to the facility must be made in order to meet new permit limits on Boiler # 4 stack emissions. To meet required deadlines, a project must be established to get engineering work underway, followed by physical improvements to the facility. The work will include the replacement of the existing baghouse, additional emissions control equipment, additional emissions monitoring equipment, and relocation of existing underground utilities.

Recommendation

Staff recommends approval of this project as proposed.

Clemson University

Wastewater Treatment Plant Improvements \$ 1,200,000 -establish project

Source of Funds: \$ 1,200,000 -operating revenues

¹ United States Environmental Protection Agency

Description

A recent study of the Clemson University Waste Water Treatment Plant required by SCDHEC² indicates that improvements to the facility must be made in order to meet new permit limits on phosphorous and chlorine. To meet required deadlines, a project must be established to get engineering work underway, followed by physical improvements to the facility. The work will include the addition of aluminum sulfate (alum) chemical feed systems, improvements to the existing de-chlorination facilities, improvements to the existing sludge processing facilities, and the addition of process monitoring equipment.

Recommendation

Staff recommends approval of this project as proposed.

Clemson University

Jordan Hall Renovations & Improvements \$ 750,000 -establish

Source of Funds: \$ 750,000 -operating revenues

Description

Jordan Hall was constructed in the late 70s. Since that time, it has been in continuous use by tens of thousands of faculty, staff, and students. This project will address the renovation of laboratories and associated spaces to support current and future teaching, research, and service needs in biological sciences and related disciplines. The project will renovate approximately 12 labs comprising approximately 9,000 Square Feet (SF). The work will include mechanical, electrical, plumbing, specialty case work and other associated improvements to make the labs suitable for contemporary applications.

Recommendations

Staff recommends approval of this project as proposed.

Clemson University

Earle Hall High Bay Conversion \$ 610,000 -establish project

Source of Funds: \$ 610,000 -operating revenues

Description

The high bay area in Earle Hall is no longer necessary for research or teaching in Chemical Engineering. This project will convert the space into two floors and provide new offices and labs that will meet current and future needs. With this conversion, approximately 3,370 SF will be gained. Work will include HVAC, structural improvements, addition of ventilation hoods, addition of a stairwell, and associated work to provide for functioning offices and labs in the new space.

Recommendation

Staff recommends approval of this project as proposed.

² South Carolina Department of Health and Environmental Control

USC-Columbia

Honors Residence Hall Construction \$36,500,000 -establish

Source of Funds: \$36,500,000 -housing revenue bonds

Description

This project is to construct a new 700 bed honors living and learning community on the land currently occupied by four residence halls and integrated housing offices. As a residential community targeted for first year Honors College and Capstone Scholars students, the living space will be a combination of one or two person rooms in a modified suite arrangement. The project includes the demolition of the current residence halls and construction of two 350 bed residence halls with a connecting academic center. The academic center will include gathering spaces, classrooms, faculty offices, a faculty residence and dining facilities. This project will replace approximately 213 of demolished bed spaces that are in buildings that are past their useful life. The new facility will be more energy efficient, and consistent with the recruitment plans of the University. The estimated total cost of the project is \$36.5 million. The estimated project cost per bed will be approximately \$46 thousand. The cost per bed of similar projects ranges from a low of \$28 thousand at Iowa State University to \$139 thousand at University of Colorado.³

Recommendation

Staff recommends approval of this project as proposed.

USC-Columbia

Humanities Pavilion Restaurant Constr. \$ 1,100,000 -establish

Source of Funds: \$ 1,100,000 -auxiliary funds

Description

This project is to construct a new restaurant to serve the northeast portion of campus. It will be located in the patio area bordered by Gambrell Hall, Humanities Classroom Buildings, and the J. Welsh Humanities Office Building. It will replace the Sidewalk Café located in the office building. The new facility will be approximately 5,500 GSF under roof with 3,600 GFS of conditioned space. It will contain dining area, restrooms, food prep service, and kitchen storage space. It will seat up to 140 in a combination of indoor and protected outdoor seating. The project is needed to provide improved and increased food service to this densely populated area of the campus. This request is the total projected cost for the facility.

Recommendation

Staff recommends approval of this project as proposed.

³ 2003 ACHUO-I Construction and Renovation Survey, Fall 2003, MGT of America, Inc.

USC-Columbia

Baseball Stadium Construction \$ 16,750,000 -increase/revise scope
(previous budget \$750,000)

Source of Funds: \$ 13,250,000 -athletic funds
3,000,000 -other funds⁴
500,000 -institutional funds
\$ 16,750,000

Discussion

This request is to increase the budget and revise the scope to fund construction of the Carolina Baseball Stadium. The Stadium will have three main levels. The field level will house the clubhouse, batting tunnels, weight room, training, ticketing, field maintenance facilities, and a main entry plaza from Greene Street. The main concourse will house restrooms, concessions, ticket pavilion/entries from Lincoln Street and from the Vista south of Gervais. The main seating area will be accessed from this level. The third (press) level will accommodate the press and coaches’ offices and will be configured to accommodate future suite expansions. The stadium will seat 6,000 between foul lines with berm seating beyond for overflow crowds. The design will allow for future expansion to ultimately seat 10,000.

The stadium will be located on the site to the west and northwest of the Colonial Center. This site is bordered to the north by Pendleton Street, to the south by Greene Street, to the east by Gadsden Street, and the west by the existing railroad right-of-way. The current projected cost for the project is \$17.5 million. This does not include costs associated with relocation of existing facilities, any required property acquisitions, of fixtures, furnishings or equipment.

Recommendation

Staff recommends approval of this project as proposed, provided the “other” source of funds is identified and the appropriate documentation provided to CHE and the Budget and Control Board.

Use/Lease Agreements and Concept Approvals

Coastal Carolina

Use/Lease Agreement for Proposed Arena \$ 400,000 -per year for committed use
of the arena on certain nights
(47 events)

Source of Funds: \$ 400,000 -athletic department funds

Description

Coastal Carolina has negotiated an agreement with an investor group, CCA⁵, a limited liability corporation, to provide space and use of an arena facility for the University’s basketball games and other selected convocation-type of events, including graduation. CCA is in the process of executing a ground lease of land owned by the Coastal Educational Foundation on which they will build the facility. Coastal Carolina will be considered the lead tenant, but will not be the only tenant. CCA

⁴ To be identified

⁵ CCA is the actual name of the Investment Group

will engage in various revenue-producing activities including a minor league hockey team and other suitable activities (concerts, later group meetings, other sporting events).

The agreement is the result of extensive negotiations between the Coastal Administration and CCA and has been approved by the Coastal Carolina University Board of Trustees. The following is a summary of the pertinent points of the agreement:

- The arena will be built on Coastal Educational Foundation land.
- In addition to the basketball arena which will contain an ice sheet for hockey games, there will be a practice ring for hockey.
- CCA will also build a basketball practice facility which will include two practice gyms, along with lockers, shower rooms and bathrooms, and office space for Coastal's basketball staff. This practice facility will be immediately deeded to Coastal Carolina.
- CCA will also build on Coastal Carolina land a parking lot consisting of approximately 1,200 spaces, which will continue to belong to the University. The parking lot will be available to the arena group for use in the evenings and certain special occasions for arena events.
- The term of the agreement with Coastal is 30 years. Coastal will pay \$400,000 per year which increases by 10 percent every five years. At the end of the 30 year period the building reverts to Coastal Carolina through its Foundation. The source of funds will be athletic department funds.
- For this annual payment, Coastal Carolina has the use of the arena for 47 events annually. The first 30 basketball events will have no additional charge; there will be an additional charge at a favorable rate for up to 17 additional events of the University's choosing.
- As specified in the agreement, Coastal Carolina retains a good deal of control over the type of scheduling, signage, advertising, and architectural style.

A copy of the Use Agreement is on file at CHE.

Recommendation

Staff recommends approval of the use/lease agreement, provided all required Budget and Control Board (B&CB) approvals are requested and received.

College of Charleston

Concept Approval - Additional Student Housing Request for Proposals (RFP)

Description

The College of Charleston has a requirement for additional student housing and a new food service facility. A facility with a minimum of 400 beds is required, but the college would consider acquiring a facility, by purchase or lease depending on the financial details, containing up to 600 beds. Following the recommendations in its 2004 Master Plan, the College is incrementally trying to increase its student housing to serve between 35% to 40% of its undergraduate enrollment. All other issues being equal, the College's decision to either lease or purchase would be based upon the most advantageous financial arrangement. The method of solicitation, RFP, was chosen in lieu of an Invitation to Bid because there are important factors to consider other than cost. It is the desire of the College that the proposed facility would be in a single location within reasonable walking distance to the campus, preferably contiguous to the current campus footprint and available for use by fall 2007.

In addition, the College's Craig Cafeteria (the main "board plan" and largest dining facility) is no longer adequate to meet the needs and suffers from recurring structural issues. Incorporating a food service facility in the same building with student housing would serve the college's goal of creating a living/learning environment. Currently the College has no land available for construction of a residence hall and food service facility.

The only appropriate method for project delivery is the RFP because of the factors required in making a selection: proximity to the college; a design that meets the College's requirements for beds; incorporates a food service facility; maximizes performance (cost, quality, timeliness); shifts the risk from the agency to the contractors; and minimizes administrative operating costs. Selection must be made based on the best value to the College, not on lowest cost and minimum standards. The proposed facility must financially viable using current or anticipated market conditions as of fall 2007.

Recommendation

Staff recommends approval of this project provided the selected proposal from the RFP is acceptable to the appropriate divisions of the Budget and Control Board.