



South Carolina Commission on Higher Education

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Revised August 4, 2008 to reflect clerical errors

Dr. Garrison Walters, Executive Director

TO: Dr. Layton McCurdy, Chair, and Members, Commission on Higher Education
FROM: Mr. Jim Sanders, Vice Chair, and Members of the Committee on Finance & Facilities
SUBJECT: Items for Consideration on August 6
DATE: July 31, 2008

Attached are three leases from the Medical University of South Carolina for your review and consideration at the August 6 Commission meeting. Please note the Committee on Finance and Facilities has not yet acted on these items but is scheduled to review and develop recommendations at its meeting scheduled for 9:00 a.m. on August 6. The Committee will bring its recommendations to the Commission for consideration at the Commission meeting. Staff recommendations are included for your information.

If you have any questions about a particular item, or if you need additional information, please contact me or Gary Glenn at (803) 737-2155.

6.04A Leases

- A. Medical University of South Carolina
 - i. 21 Courtenay Drive
 - ii. 135 Cannon Street – Office Space
 - iii. 135 Cannon Street – Parking

6.04B List of Capital Projects & Leases Processed by Staff for June & July 2008 (For Information)

DESCRIPTION OF LEASES FOR CONSIDERATION

August 6, 2008

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: 21 Courtenay Drive
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$48,220,200

DESCRIPTION:

The University requests approval of a new lease for a 532,062 SF parking garage located at 21 Courtenay Drive, consisting of 1,525 parking spaces and 3,846 SF of office space.

The current master lease agreement is between the MUSC Foundation and Medical University Hospital Authority (MUHA). The Foundation is refinancing the loan, so this new master lease will be between the Foundation and the University.

The monthly rental rate will be approximately \$133,945, resulting in an annual cost of \$1,607,340. The requested lease term is 30 years, beginning on the first day of October 2008. The total lease cost is \$48,220,200 with a per parking space rate of \$87.83 and \$8.15 per SF for office space. Operating expenses are not included in the lease, and the University estimates those costs to be approximately \$0.29 per SF, in addition to the lease. Operating expenses include housekeeping, general maintenance, and utilities.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: 135 Cannon Street – Office Space
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$49,850,100

DESCRIPTION:

The University requests approval of a new lease for the entire building located at 135 Cannon Street, consisting of 80,253 SF. This master lease will provide space for both University and Hospital departments, as well as the Women's Services Outpatient Clinic, which are currently housed in the space. The MUSC Foundation purchased this building from The Beach Company and is now refinancing the loan.

The monthly rental rate will be approximately \$138,473, resulting in an annual cost of \$1,661,670. The requested lease term is 30 years, beginning on the first day of October 2008. The total lease cost is \$49,850,100 with a per square foot rate of \$20.71 per year. Operating expenses are not included in the lease, and the University estimates those costs to be approximately \$5.15 per SF in addition to the lease. The operating expenses include general maintenance, housekeeping, and utilities.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

LEASE NAME: 135 Cannon Street – Parking
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$5,590,800

DESCRIPTION:

The University requests approval of a new lease for 153 parking spaces located across the street from 135 Cannon Street. The purpose of this lease is to continue to provide parking for University employees and students. The MUSC Foundation purchased this property from The Beach Company and is now refinancing the loan.

The monthly rental rate will be approximately \$15,530, resulting in an annual cost of \$186,360. The requested lease term is 30 years, beginning on the first day of October 2008. The total lease cost is \$5,590,800 with a cost per space rate of \$101.50 per month.

RECOMMENDATION:

Staff recommends approval of this lease provided the rates and terms are approved by the Budget and Control Board.

INFORMATION ITEM**Capital Projects Processed by Staff
June 2008**

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
6/2/2008	New	USC Columbia	Farmers Market Acquisition ¹	establish project	\$0	\$50,000
6/2/2008	New	Lander	403 Wilson Street Property Acquisition ¹	establish project	\$0	\$19,500
6/12/2008	New	Coastal Carolina	Athletic Training Facility Land Acquisition ¹	establish project	\$0	\$2,500
6/12/2008	New	Coastal Carolina	Student Center Deferred Maintenance - Grille Addition Land Acquisition ¹	establish project	\$0	\$2,500
6/17/2008	6013	USC Columbia	Osborne Provost Suite Renovation	decrease budget, close project	(\$5,113)	\$151,887
6/17/2008	9994	USC Columbia	Circuit #2 Electrical Distribution Upgrades	decrease budget, close project	(\$1,116)	\$248,884
6/17/2008	9517	USC Salkehatchie	Allendale Campus Deferred Maintenance	increase budget	\$192	\$258,192
6/17/2008	9518	USC Salkehatchie	Walterboro Extension Repairs	decrease budget, close project	(\$192)	\$49,900
6/19/2008	9736	Clemson	General Campus Asbestos - Abatement	decrease budget, close project	(\$5,606)	\$930,191
6/19/2008	9872	Clemson	Sirrine Hall 4th Floor HVAC	decrease budget, close project	(\$232,897)	\$487,103
6/23/2008	9918	Florence-Darlington TC	HVAC & Mechanical Upgrades	decrease budget, close project	(\$0.05)	\$498,320
6/23/2008	9919	Florence-Darlington TC	Lighting/Fire Safety Upgrades	close project	\$0	\$173,000
6/23/2008	9920	Florence-Darlington TC	Indoor Air Quality Upgrades	close project	\$0	\$190,498
6/23/2008	9921	Florence-Darlington TC	Bldgs 100/300 Roof Replacements & Deferred Maintenance	decrease budget, close project	(\$0.49)	\$348,838
6/23/2008	9969	Florence-Darlington TC	Mullins Technology Center Expansion	decrease budget, close project	(\$10,453)	\$489,547
6/26/2008	9842	Clemson	Olin Hall - Reroofing	decrease budget, close project	(\$175,000)	\$0
6/26/2008	9601	Citadel	Campus Wide Energy Performance Contract ²	increase budget, change source of funds (from capital projects to lease), revise scope	\$4,651,046	\$4,776,046

¹See supporting narrative.²Project approved as part of 2008 CIP Year 1.

Capital Projects Processed by Staff

July 2008

Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget
7/8/2008	9989	Midlands TC	Northeast Classroom/Engineering - Science Facility - A&E Only	change source of funds (from local to state appropriations)	\$0	\$495,000
7/14/2008	9829	USC Columbia	Campus Wide Elevator Upgrades	decrease budget, close project	(\$56,670)	\$163,330
7/14/2008	9969	USC Columbia	Bull Street Parking Garage Addition	decrease budget, close project	(\$77,162)	\$12,322,838
7/21/2008	9784	Clemson	Calhoun Courts Replace Chill Water Lines	decrease budget, close project	(\$639,808)	\$7,569,192
7/24/2008	New	Coastal Carolina	Athletic Equipment Storage Facility Land Acquisition ¹	establish project	\$0	\$2,500

¹See supporting narrative.

Leases Processed by Staff

July 2008

Date Approved	Action	Institution	Project Name	Purpose/Additional Info	Rates	Term
7/22/2008	New	MUSC	55 Bee Street	Provide 2,841 SF office space for Dr. Linda Austin's Academic Marketing Group.	Annual Rate - \$85,416; Monthly Rate - \$7,118; Cost per SF - \$30.07	5 years

FOR INFORMATION – PROJECT ESTABLISHMENTS PROCESSED BY STAFF
FOR JUNE & JULY 2008

Note: At the June meeting, the Finance & Facilities Committee clarified staff authority for processing institutional requests to establish capital projects. In accordance, the following summaries are presented as information.

UNIVERSITY OF SOUTH CAROLINA COLUMBIA

PROJECT NAME: Farmers Market Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$50,000
INITIAL CHE APPROVAL DATE: N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$0	\$50,000	\$50,000
<i>Total</i>	<i>\$0</i>	<i>\$50,000</i>	<i>\$50,000</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Athletic Revenue	\$0	\$50,000	\$50,000
<i>Total</i>	<i>\$0</i>	<i>\$50,000</i>	<i>\$50,000</i>

DESCRIPTION:

The University requested approval to establish a project to fund preliminary studies required for acquisition of the Columbia State Farmers Market on Bluff Road near Williams-Brice Stadium. The project will fund studies required for the acquisition of property, which include environmental studies and a building assessment. The preliminary total projected project budget is \$15,050,000. The final project budget is dependent on results of these initial studies.

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.

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Athletic Training Facility Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,500
INITIAL CHE APPROVAL DATE: N/A

Project Budget	Previous	Revised	Change
Professional Service Fees	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

Source of Funds	Previous	Revised	Change
Operating Budget	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of 2.14 acres of land located adjacent to Brooks Stadium. The land is to be donated to the institution by the Coastal Educational Foundation for the purpose of constructing the proposed athletic training facility previously approved by the Commission on July 22, 2003.

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.

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Athletic Equipment Storage Facility Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,500
INITIAL CHE APPROVAL DATE: N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Operating Budget	\$0	\$2,500	\$2,500
Total	\$0	\$2,500	\$2,500

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of 1.19 acres of land located adjacent to athletic practice fields between Chanticleer Drive West and Highway 544. The land is to be donated to the institution by the Coastal Educational Foundation for the purpose of constructing the proposed athletic equipment storage facility. Facility is under the \$500,000 threshold, and therefore does not require approval by the state.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Land Acquisition

ANNUAL OPERATING COSTS/SAVINGS:

Utilities will require additional operating costs ranging between \$6,000 and \$6,615 in the three years following project completion.

COASTAL CAROLINA UNIVERSITY

PROJECT NAME: Student Center Grille Addition Land Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,500
INITIAL CHE APPROVAL DATE: N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$0	\$2,500	\$2,500
<i>Total</i>	<i>\$0</i>	<i>\$2,500</i>	<i>\$2,500</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Operating Budget	\$0	\$2,500	\$2,500
<i>Total</i>	<i>\$0</i>	<i>\$2,500</i>	<i>\$2,500</i>

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of 0.16 acres of land located adjacent to the Student Center. The land is to be donated to the institution by the Coastal Educational Foundation for the purpose of expanding the CINO Grille in the Student Center previously approved by the Commission on May 10, 2005.

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.

LANDER UNIVERSITY

PROJECT NAME: 403 Willson Street Property Acquisition
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$19,500
INITIAL CHE APPROVAL DATE: N/A

<u>Project Budget</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Professional Service Fees	\$0	\$7,000	\$7,000
Other (environmental study)	\$0	\$12,500	\$12,500
Total	\$0	\$19,500	\$19,500

<u>Source of Funds</u>	<u>Previous</u>	<u>Revised</u>	<u>Change</u>
Athletic	\$0	\$19,500	\$19,500
Total	\$0	\$19,500	\$19,500

DESCRIPTION:

The University requested approval to establish a project to perform the required environmental study of a 0.21 acre lot located at 403 Willson Street.

The lot contains an unoccupied 1,066 SF building. The lot shares boundaries with paved parking lots of the University, and there are concerns that the property will become a target for vandalism and attract activity not suited for a campus environment. The University would like to acquire the property and has plans to terminate all utilities and demolish the dwelling.

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.