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**AGENCY:** Department of Administration, Facilities Management and Property Services

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**SUBJECT:** State Ethics Commission Lease - 201 Executive Center Drive in Columbia

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The State Ethics Commission is requesting approval to lease 7,919 square feet (SF) located at 201 Executive Center Drive in Columbia from SNH Medical Office Properties Trust (the "Landlord").

The agency has been in its current space for twenty-nine years but must move due to sale of the building. A solicitation was conducted and two responses were received. The selected location does not represent the lowest bid; however, the other bid received was eliminated due to inadequate parking and security concerns.

The space will accommodate current staff and provide additional square footage for a large public hearing room and future growth. The term of the lease shall be for ten (10) years beginning upon completion of renovations by the Landlord, which is anticipated to be August 1, 2017. Basic rent for the first year shall be \$15.00/SF, which is \$0.65/SF less than their current location. Thereafter, basic rent shall increase annually as follows:

<b>TERM</b>	<b>ANNUAL RENT</b>	<b>MONTHLY RENT</b>	<b>RENT PER RSF</b>
YEAR 1	\$ 118,785.00	\$ 9,898.75	\$ 15.00
YEAR 2	\$ 122,645.52	\$ 10,220.46	\$ 15.49 Rounded
YEAR 3	\$ 126,631.44	\$ 10,552.62	\$ 15.99 Rounded
YEAR 4	\$ 130,746.96	\$ 10,895.58	\$ 16.51 Rounded
YEAR 5	\$ 134,996.28	\$ 11,249.69	\$ 17.05 Rounded
YEAR 6	\$ 139,383.72	\$ 11,615.31	\$ 17.60 Rounded
YEAR 7	\$ 143,913.60	\$ 11,992.80	\$ 18.17 Rounded
YEAR 8	\$ 148,590.84	\$ 12,382.57	\$ 18.76 Rounded
YEAR 9	\$ 153,420.00	\$ 12,785.00	\$ 19.37 Rounded
YEAR 10	\$ 158,406.24	\$ 13,200.52	\$ 20.00 Rounded

All operating costs are included in the rent. As such, the maximum amount the State Ethics Commission could pay over the term is \$1,377,519.60.

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The following chart represents comparable lease rates of similar space in the Columbia area:

Tenant	Location	Rate
Vacant	121 Executive Center Drive	\$16.00/SF
Vacant	107 Westpark Boulevard	\$17.00/SF
Vacant	140 Stoneridge Drive	\$16.50/SF
Vacant	2000 Center Point Road	\$18.50/SF

Above rates are subject to escalations over the term.

The CBRE MarketView Columbia Office Q1 2017 report indicates an average rate of \$22.72/SF in the Columbia Business District and \$16.48/SF in the greater Columbia area.

The Landlord is providing a tenant improvement allowance of \$36.00/SF. The lease also contains sufficient free surface parking surrounding the building. Additionally, the landlord for the agency's current location (which is being sold) is providing the agency a buy-out package of \$84,050 to cover moving costs, cabling, and reimbursement for a security system installed by the agency at that location.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by JBRC on June 6, 2017.

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AUTHORITY ACTION REQUESTED:

Approve the proposed lease for the State Ethics Commission at 201 Executive Center Drive in Columbia.

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ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Sections 1-11-55 and 1-11-56; State Ethics Commission Letter Dated April 26, 2017

**STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET**

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**Meeting Scheduled for: June 13, 2017**

**Regular Agenda**

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**1. Submitted by:**

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:



Ashlie Lancaster, Director  
Facilities Management and Property Services

**2. Subject: State Ethics Commission Lease- 201 Executive Center Drive in Columbia**

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**3. Summary Background Information:**

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**4. What is the Authority asked to do?** Approve the proposed lease for the State Ethics Commission at 201 Executive Center Drive in Columbia.

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**5. What is recommendation of the Department of Administration?** Approve the proposed lease for the State Ethics Commission at 201 Executive Center Drive in Columbia.

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**6. List of Supporting Documents:**

- SC Code of Laws Sections 1-11-55 and 1-11-56
- State Ethics Commission Letter Dated April 26, 2017

**SECTION 1-11-55. Leasing of real property for governmental bodies.**

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011; 2013 Act No. 31, Section 1, eff May 21, 2013; 2014 Act No. 121 (S.22), Pt V, Section 7.A, eff July 1, 2015.

Code Commissioner's Note

The last sentence in subsection (2), which was added by 2011 Act No. 74, was inadvertently omitted from 2014 Act No. 121 due to a scrivener's error. At the direction of the Code Commissioner, this sentence has been retained in subsection (2).

#### Effect of Amendment

The 2011 amendment, in subsection (2), added the third sentence relating to technical colleges.

The 2013 amendment, in subsection (1), substituted "Legislative Services Agency" for "Office of Legislative Printing, Information and Technology Systems".

2014 Act No. 121, Section 7.A, in subsection (1), substituted "agency, government corporation, or other establishment or official of the executive branch" for "legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches"; in subsection (2), substituted "Division of General Services of the Department of Administration" for "Budget and Control Board"; in subsection (3) substituted "division" for "office" in three instances, and substituted "department" for "board"; in subsection (4), substituted "department" for "board"; and in subsection (5), substituted "Division of General Services of the Department of Administration" for "Office of General Services".

#### **SECTION 1-11-56. Program to manage leasing; procedures.**

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

- (1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;
- (2) establishing standards for the quality and quantity of space to be leased by a requesting agency;
- (3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:
  - (a) a nonappropriation for the renting agency;
  - (b) a dissolution of the agency; and

- (c) the availability of public space in substitution for private space being leased by the agency;
  - (4) rejecting an agency's request for additional space or space at a specific location, or both;
  - (5) directing agencies to be located in public space, when available, before private space can be leased;
  - (6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and
  - (7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.
- (B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.
- (C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

HISTORY: 1997 Act No. 153, Section 2; 2014 Act No. 121 (S.22), Pt V, Section 7.B, eff July 1, 2015.

#### Effect of Amendment

2014 Act No. 121, Section 7.B, added subsection designator (A); in subsection (A), substituted "Division of General Services of the Department of Administration" for "State Budget and Control Board", substituted "a governmental body" for "state agencies", and added the second sentence relating to regulations; in subsection (A)(6), substituted "department" for "board's budget office", and deleted text relating to prior review by the Joint Bond Review Committee; rewrote subsection (A)(7); and added subsections (B) and (C) .

*State of South Carolina*  
*State Ethics Commission*



5000 TITURIOND MALL, SUITE 250  
COLUMBIA, S.C. 29201

STEVEN W. HAINI  
INTERIM EXECUTIVE DIRECTOR

April 26, 2017

Ms. Ashlie Lancaster  
SC Dept. of Administration  
Real Property Services  
1200 Senate Street, Suite 460  
Columbia, SC 29201

RE: Synergy Business Park – Aiken Building  
Lease for 201 Executive Center Drive, Columbia, SC

Dear Ms. Lancaster:

The State Ethics Commission (Commission) requests approval by the State Fiscal Accountability Authority (SFAA) of a 10 year office lease with NAI Avant (on behalf of RMR Group) for approximately 7,919 square feet of office space at 201 Executive Center Drive in Columbia at Synergy Business Park. The Commission must move from its current office space due to the fact that the building in which the Commission is located has been sold. The Commission has occupied its current office space for 29 years and its suitability for the Commission has diminished over recent years due to the fact that we do not have sufficient space to properly accommodate our existing staff.

Two proposals were received in response to the solicitation made by Real Property Services, with both meeting the minimum space requirements. Site visits were made to the two properties by Commission staff.

Among our considerations were:

- The location of the property will be easily accessible from several major highways entering and leaving Columbia by members of the public, staff, and Commission members.
- Availability of free parking for the public, staff and Commission members.
- Reasonable proximity to downtown Columbia and the Capital Complex.



- Sufficient space to provide for potential future agency staff additions due to the ongoing impact of legislation enacted by the General Assembly expanding the official responsibilities of the Commission and staff.
- The proposed Aiken Building can be configured to provide for a suitably sized public hearing room for Commission meetings and formal hearings. The current hearing room space used by the Commission is very small and provides extremely limited space for members of the public and also serves as a storage room and a staff office.

On behalf of the Commission, I would deeply appreciate your help and assistance in facilitating all required approvals to authorize the Commission to relocate to 201 Executive Center Drive, Columbia, SC as soon as reasonably possible.

Respectfully,

A handwritten signature in blue ink, appearing to read 'S.W. Hamm', with a long horizontal flourish extending to the right.

Steven W. Hamm  
Interim Executive Director

SWH:arf