

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

January 31, 2012 -- 9:30 A. M.

The Budget and Control Board (Board) met at 9:30 a.m. on Tuesday, January 31, 2012, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

Governor Nikki R. Haley, Chair;
Mr. Curtis M. Loftis, Jr., State Treasurer;
Mr. Richard Eckstrom, Comptroller General;
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and
Representative W. Bryan White, Chairman, Ways and Means Committee.

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Steve Elliott and Division Directors Les Boles and Ann Macon Smith; Acting General Counsel Paul Koch; Governor's Deputy Chief of Staff for Policy, Budget, and Cabinet Affairs Ted Pitts; Treasurer's Chief of Staff Bill Leidinger; Comptroller General's Chief of Staff James M. Holly; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Committee Chief of Staff Beverly Smith; Board Secretary Delbert H. Singleton, Jr., and other Budget and Control Board staff.

Adoption of Agenda for Budget and Control Board

Upon a motion by Mr. White, seconded by Mr. Loftis, the Board adopted the Budget and Control Board agenda after carrying over Blue Agenda Item 4, relating to Bank Account Transparency and Accountability, and Regular Session Item 1, relating to Exemption from Reporting Requirements of Proviso 89.110, both dealing with composite reservoir accounts. Mr. Loftis made separate motions to carry over Blue Agenda Item 4 and Regular Session Item 1. Mr. White seconded each motion.

Minutes of Previous Meeting

Upon motion by Mr. Loftis, seconded by Mr. White, the Board approved the minutes of the December 15, 2011, and December 20, 2011, Budget and Control Board meetings.

Blue Agenda

Upon a motion by Mr. White, seconded by Mr. Eckstrom, the Board approved the blue agenda items.

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State Treasurer: Bond Counsel Selection (Blue Agenda Item #1)

The Board approved the following notification of the assignment of bond counsel for conduit issues (for ratification of issuer’s counsel only) for which Board approval was requested:

CONDUIT ISSUES: (For ratification of Issuer’s Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$80,000,000 SC JEDA	Chester Biocoal, LLC	Nexsen Pruet	Haynsworth Sinkler Boyd
\$28,000,000 SC JEDA	Park Pointe Village, Inc.	Haynsworth Sinkler Boyd	Nexsen Pruet
\$11,100,000 SC JEDA	Pharmaceutical Associates, Inc.	Haynsworth Sinkler Boyd	Nexsen Pruet

Information relating to this matter has been retained in these files and is identified as Exhibit 1.

Division of General Services: Real Property Conveyance (Blue Agenda Item #2)

The Board approved the following property conveyance as requested by the Division of General Services:

Agency:	Clemson University
Acreage:	3.52± acres
Location:	At Pierside Street and Ninth Street at the old Charleston Naval Base in North Charleston
County:	Charleston
Purpose:	To convey a 3.52-acre tract of land in exchange for a 2.62-acre tract owned by CMMC, LLC to provide a clear dividing line between Clemson’s Restoration Institute property and industrial shipyard activities and to isolate Clemson’s property from truck and crane traffic. CMMC, LLC will relinquish easements and right-of-ways that exist throughout Clemson’s property.
Price/Transferred To:	Property exchange between Clemson University and CMMC, LLC with the property Clemson will acquire having a greater appraised value (\$1,115,000) than the property CMMC will acquire (\$900,000).
Disposition of Proceeds:	N/A

Information relating to this matter has been retained in these files and is identified as Exhibit 2.

Division of Procurement Services: Procurement Audit and Certification (Blue Item #3)

In accord with Section 11-35-1210, the Board granted the following procurement certification within parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi- year contracts are used) for the following agency:

South Carolina Arts Commission (for a period of three years): supplies and services, \$100,000* per commitment; printing and design, \$125,000* per commitment; information technology, \$100,000* per commitment.

*Total potential purchase commitment whether single or multi-term contracts are used.

The audit confirms the South Carolina Arts Commission's Procurement Office has the internal controls and expertise to ensure compliance with applicable requirements for the certifications. The Commission requested to remain at its current certification.

Information relating to this matter has been retained in these files and is identified as Exhibit 3.

Division of State Budget: Bank Account Transparency and Accountability (Blue Item #4)

Proviso 89.110 of the FY 2011-12 Appropriation Act required agencies with composite reservoir bank accounts or any other accounts containing public funds which are not included in the Comptroller General's Statewide Accounting and Reporting System or the South Carolina Enterprise Information System to prepare a report for each account disclosing every transaction of the account in the prior fiscal year. The institutions of higher learning were exempted from this requirement.

The State Budget Division was requested to survey state agencies and institutions of higher learning for verification of account information and to compile the reports required by Proviso 89.110 of the FY 2011-12 Appropriation Act, Bank Account Transparency and Accountability. The State Treasurer's Office provided a list of composite accounts to be used by

the agencies for verification of all inclusiveness. Agencies were asked to verify that the accounts were still active, account numbers were correct, and add additional accounts not listed.

State agencies were asked to provide a copy of their report if the account was not included in the Comptroller General's Statewide Accounting and Reporting System or the South Carolina Enterprise Information System. The report at a minimum was to include: 1) the name and title of each person authorized to sign checks; 2) the name and title of each person responsible for reconciling each account; 3) the year-end balance of funds in each account; and, 4) data related to both deposits and expenditures of each account. If the account is operated within SCEIS or STARS, a report was not required.

Agencies were also requested to notify the State Budget Division if an exemption to the proviso was being sought and the reason for the exemption.

The State Budget Division was notified by several agencies of composite accounts that were not included in the list provided by the State Treasurer. Additionally, several corrections were noted, including some account closures. This information will be forwarded to the State Treasurer's office. A summary of agency responses was attached to the agenda item.

The Board carried over the request to receive as information a report on Proviso 89.110 as noted above.

Information relating to this matter has been retained in these files and is identified as Exhibit 4.

Executive Director: Qualified Public Educational Facilities (2011 Volume Cap Carryforward)
(Blue Agenda Item #5)

Internal Revenue Code Section 26 U.S.C. Section 142(k) for qualified public educational facilities and Section 142(a)(13) were added by Section 422(a) and (b) of P.L. 107-16 in 2001. Section 142(k) provides a separate and independent volume cap for qualified public educational facilities to be used for the issuance of bonds for public educational facilities. These bonds are not subject to the general volume limitation under Code Section 146 but are subject to a separate volume limitation set forth in Code Section 142(k). No regulations for this provision have been promulgated.

The volume cap for qualified public educational facilities is governed by Section 142(k)5. That Section provides, in part, the following:

(B) Allocation rules.

....

(ii) Rules for carryforward of unused limitation. A State may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13).

The volume cap for calendar year 2011 was \$46,253,640 and has been unused. The Board was asked to elect to carryforward the entire volume cap for 2011 to be used for the issuance of bonds for qualified public educational facilities as described in Section 142(a)(13) and authorize the filing of a carryforward election with the Internal Revenue Service in connection with such allocation. Pursuant to Section 142(k)(5)(B)(ii) the carryforward will be valid for the next three calendar years.

The Board approved the carryforward of the unused volume cap allocation for qualified public educational facilities for calendar year 2011 to be used for the issuance of bonds of such bonds and authorized the filing of a carryforward election with the Internal Revenue Service in connection with such allocation to be valid for the next three calendar years.

Information relating to this matter has been retained in these files and is identified as Exhibit 5.

Executive Director: Revenue Bonds (Blue Agenda Item #6)

The Board approved the following proposals to issue revenue bonds:

- a. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$4,500,000 Rental Housing Revenue Bonds \$
(refunding involved \$4,500,000)
Allocation Needed: - 0 -
Name of Project: Belton Woods Apartments
Employment Impact: n/a

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Project Description: refunding of Series 2001 bonds issued to finance a 200 unit multi-family rental housing facility located at 110 Howard Lane, Anderson

Bond Counsel: John Van Duys, Haynsworth Sinkler Boyd, P. A.
(Exhibit 6)

- b. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: N/E \$35,000,000 Hospital Revenue Bonds
Allocation Needed: - 0 -
Name of Project: Georgetown Hospital System
Employment Impact: maintain 1373 jobs and add 8 within 12 months
Project Description: constructing and equipping 4 additional surgical suites at Waccamaw Community Hospital (WCH) and additional equipment for WCH which does not require a Certificate of Need

Note: private sale

Bond Counsel: Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P.A.
(Exhibit 7)

- c. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: N/E \$28,000,000 Economic Development Revenue Bonds (\$28,000,000 refunding involved)
Allocation Needed: - 0 -
Name of Project: Park Pointe Village, Inc. Obligated Group
Employment Impact: 80 (immediate); 90 (12 months); 98 (24 months)
Project Description: a skilled nursing facility, an assisted living facility, and independent living cottages and apartments, including certain equipment and furnishing required therefor, to provide services to senior citizens and 62 additional independent living units, a pool/fitness/wellness center, and kitchen and dining room renovations, including the acquisition and installation of machinery and equipment related thereto.

Note: negotiated private sale

Bond Counsel: F. Mitchell Johnson, Jr., Haynsworth Sinkler Boyd, P.A.
(Exhibit 8)

Department of Corrections: Legal Settlements: Anthony v. SCDC, Ward and Sheppard (“Anthony I”); Anthony v. SCDC, Ozmint, Ward, Sheppard and Insurance Reserve Fund (“Anthony II”); Pridgen v. Robert Ward, Charles Sheppard, and Karen Hair (Blue #7)

The South Carolina Department of Corrections (“SCDC”) requested approval for the universal settlement that will forever end and resolve three lawsuits. Settlements would end

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years of litigation, loss of productive time by agency employees, and growing litigation costs. The settlement reached is for less than the verdict amounts. While SCDC is seeking approval for three lawsuits, an explanation of four cases provide the backdrop for the settlement. These four cases are Anthony I, Anthony II, Pridgen, and Morrow, which are described below.

Anthony v. SCDC, Ward and Sheppard (“Anthony I”); Anthony v. SCDC, Ozmint, Ward, Sheppard and Insurance Reserve Fund (“Anthony II”).

In Anthony I, the Plaintiff, Calvin Anthony, was awarded a verdict against SCDC employees Robert Ward and Charles Sheppard for \$510,000 for civil conspiracy. Along with post judgment interest, the current value of the judgment exceeds \$550,000. In Anthony II, Calvin Anthony sued the original defendants and the IRF on various theories to collect that judgment. The original defendants in the Anthony I and Pridgen lawsuits also cross claimed against the IRF.

Pridgen v. Robert Ward, Charles Sheppard, and Karen Hair (“Pridgen”).

The Plaintiff Henry Pridgen was awarded a verdict for \$372,000 against defendants Robert Ward, Charles Sheppard, and Karen Hair for civil conspiracy. Along with post judgment interest, the current judgment value exceeds \$510,000.

Morrow v. Robert Ward, Charles Sheppard, Karen Hair, and Jon E. Ozmint (“Morrow”).

The Plaintiff Morrow filed a lawsuit alleging similar facts to the Anthony I and Pridgen suits, and he asserted a civil conspiracy cause of action against the Morrow Defendants. This case never reached trial because the parties agreed to stay the case pending the result of Anthony II. The Morrow Defendants have reached a settlement amount of \$42,000 with Plaintiff Morrow. Because this settlement is less than \$100,000, the Board does not need to approve this settlement pursuant to S.C. Code of Laws Section 11-1-45.

Universal Settlement Terms

The settlement reached among all parties regarding these four cases is for Anthony to be paid \$342,500, Pridgen to be paid \$225,000 and Morrow to be paid \$42,000. The total global

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settlement amount is \$609,500. The funds to be used to settle all claims by all parties would be paid as follows: IRF would contribute \$50,000, and SCDC would contribute the remainder of the settlement, \$559,500, from its funds, including operating funds. Because settlement of the Morrow case does not require Board approval, SCDC only seeks the Board's approval to settle Anthony I, Anthony II, and Pridgen. The settlement would release all parties and bring a final end to the litigation.

Pursuant to S.C. Code of Laws Section 11-1-45, SCDC sought Board approval to universally settle these lawsuits to avoid further litigation in these cases. The negotiated settlement amount is far less than the original verdicts in Anthony I and Pridgen and far less than the current judgment amounts.

As a result of the proposed settlement, all parties will be dismissed with prejudice.

The Board approved the universal settlement of the cases of Anthony I, Anthony II, and Pridgen as requested by the South Carolina Department of Corrections.

Information relating to this matter has been retained in these files and is identified as Exhibit 9.

State Budget Division: Exemption from Reporting Requirements of Proviso 89.110 (R#1)

Proviso 89.110 of the FY 2011-12 Appropriation Act requires agencies with composite reservoir bank accounts or other accounts containing public funds which are not included in the Comptroller General's Statewide Reporting and Accounting System (STARS) or the South Carolina Enterprise Information System (SCEIS) to prepare a report disclosing transaction information from the prior fiscal year. State institutions of higher learning are exempted. The proviso provides for an agency to petition the Board for an exemption from the reporting requirements if release of the information would be detrimental to the state or agency. The determination of the exemption is to be in a closed meeting but may only be granted upon majority vote of the Board in a public meeting.

The following agencies requested an exemption from the reporting requirements of Proviso 89.110:

Governor's Office – Office of Executive Policy and Programs
John de la Howe School

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Office of the Attorney General
South Carolina Department of Consumer Affairs
South Carolina Department of Disabilities and Special Needs
South Carolina Department of Juvenile Justice
South Carolina Department of Mental Health
South Carolina Department of Motor Vehicles
South Carolina Department of Natural Resources
South Carolina Department of Revenue
South Carolina Law Enforcement Division
South Carolina Vocational Rehabilitation Department
State Accident Fund

The Board carried over a request to grant approval for agencies' requests for exemption from the detailed transaction reporting requirements of Proviso 89.110 as noted above.

Information relating to this matter has been retained in these files and is identified as Exhibit 10.

Division of General Services: Clemson University Lease to Omnibond Systems, L.L.C. at the Duke Energy Innovation Center in Anderson (Regular Session Item #2)

The Joint Bond Review Committee approved at its January 24, 2008, meeting and the Board approved at its January 31, 2008, meeting a research infrastructure project for the construction of Clemson University's Duke Energy Innovation Center located at 81 Technology Drive in Anderson on Clemson's Advanced Materials Research Campus. Construction of the 37,963 square foot Innovation Center building was completed in February 2011. The building is owned jointly by Clemson and the South Carolina Research Authority, and was constructed as a mixed-use research and development facility to accommodate laboratory and office space for high technology companies. Clemson's space within the Innovation Center is designed for lease to innovative technology companies that would like to do or are already doing research as partners with Clemson. Upfit of Clemson's space is being completed by Clemson as part of the Innovation Center construction project and will be provided to tenants move-in ready.

Clemson requested approval to lease to Omnibond Systems, L.L.C., a South Carolina limited liability company dedicated to the development and support of identity and access management software, 7,721 square feet at the Innovation Center. Omnibond will be the first

tenant in Clemson's portion of the building. The lease term will be five years commencing May 1, 2012. Rent will be \$9,651.25 per month or \$115,815.00 annually (\$15.00 per square foot) for the first year of the lease; thereafter, rent increases 2 percent per year for the last four years of the lease. All utilities and other operating costs are included with rent and Omnibond will not be responsible for any increases of such expenses. The lease contains one optional renewal period of five years at rates to be determined, subject to the agreement of Clemson, the review of the Division of General Services and the approval of the Budget and Control Board.

The lease was approved by David H. Wilkins, Chairman of the Board of Trustees, on behalf of Clemson University, and by Lorena Durham, Business Manager for Omnibond Services, L.L.C.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board approved the proposed five year lease between Clemson University and Omnibond Services, L.L.C. at the Duke Energy Innovation Center located at 81 Technology Drive in Anderson.

Information relating to this matter has been retained in these files and is identified as Exhibit 11.

Division of General Services: Spartanburg Community College Sale of ±4.53 Acres at 142 South Dean Street in Spartanburg (Regular Session Item #3)

The Spartanburg County Commission for Technical Education acquired 4.53± acres at 142 South Dean Street in Spartanburg in January 2011 for \$4,890,000 as approved by the Joint Bond Review Committee at its December 10, 2011, meeting and the Budget and Control Board at its December 14, 2010, meeting. The property includes a 105,177± square foot former school building originally constructed in 1921 known as the Evans Building, and was acquired for the purpose of creating a downtown academic center for Spartanburg Community College (SCC) in order to provide improved access to job skill training and higher education programs. A construction budget of \$10,490,601 was approved by the Joint Bond Review Committee at its September 14, 2011, meeting and by the Budget and Control Board at its September 20, 2011, meeting to renovate the Evans Building.

SCC requested contingent approval to sell the property to SCC Foundation-Downtown Campus, LLC (LLC), a limited liability company to be established and wholly-owned by the

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Spartanburg Community College Foundation, for \$4,890,000, which is the appraised value of the property as of December 29, 2011. Proceeds from the sale will be retained by SCC in accordance with 2011 S.C. Act No. 73, Part 1B, §80A.33 and SC Code of Laws §59-53-53. Under the ownership of the LLC, the Evans Building renovation project will qualify for up to \$7,800,000 in federal new market tax credits as well as state and federal historic tax credits, which funds would be used to pay for the furniture and equipment for the renovated center and to help pay for the proposed renovations.

The sale of the property is contingent on the LLC's ability to secure tax credits. If successful in securing tax credits, the LLC will lease the Evans Building to SCC upon completion of renovations. Rent will be based on the debt service payments owed by the LLC, to be calculated based on the acquisition cost of the property, renovation costs, associated loan rates and legal costs. SCC will also have the option to purchase the property at any time for the unamortized debt service plus any additional costs or fees not financed, and after the project is fully amortized for nominal consideration. The lease will be reviewed by the Division of General Services and subject to the approval of the Joint Bond Review Committee and the Budget and Control Board. If tax credits are unable to be secured for the Evans Building renovation project, SCC will retain ownership of the property and renovate the Evans Building in accordance with the previously-approved construction budget.

The proposed property sale was approved by the Spartanburg County Commission for Technical Education on June 20, 2011, the State Board for Technical and Comprehensive Education on July 26, 2011, and the Joint Bond Review Committee on January 25, 2012.

Mr. Eckstrom asked whether the Foundation was involved in this matter because it could qualify for a tax credit that can then be used to partially fund the renovation. Lisa Catalanotto with the Division of General Services stated that the reason the Foundation is involved is that the Foundation can qualify for tax credits and the college cannot.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the sale of 4.53± acres at 142 South Dean Street in Spartanburg from Spartanburg Community College to SCC Foundation-Downtown Campus, LLC contingent on the award of tax credits to the SCC Foundation-Downtown Campus, LLC for the Evans Building renovation project.

Information relating to this matter has been retained in these files and is identified as

Exhibit 12.

State Budget Division: Permanent Improvement Projects (Regular Session #4)

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

Establish Project for A&E Design

- (a) Summary 5-2012: JBRC Item 2. State Board for Technical and Comprehensive Education
Project: 6052, Horry-Georgetown Tech - Conway Buildings 100, 200, 1000 Energy Updates and Classroom Renovations
Funding Source: \$90,000 Other, One Cent Sales Tax funds which are derived from a local tax referendum approved in 2008 that provides funding over 15 years to Horry County School District, Coastal Carolina University, and Horry-Georgetown Tech.
Request: Establish project and budget for \$90,000 (Other, One Cent Sales Tax funds) to begin design work to renovate three academic buildings at Horry-Georgetown Tech's Conway campus. The work will include making weatherization and energy performance upgrades to the building envelopes and upgrading selected classrooms and labs in Buildings 100, 200 and 1000, which are the oldest and most used classrooms on campus. It will include replacing existing windows, re-engineering roof systems and water flows, sealing existing joints and seams, recladding exterior walls and renovating affected classrooms damaged by air and water infiltration. Horry-Georgetown Tech's energy consumption per square foot is among the highest in the state's Technical College System. Due to their age, these buildings are experiencing air and water leakage that is reducing energy efficiency, destroying internal walls and ceilings, and creating a less than desirable environment for inhabitants.
- (b) Summary 5-2012: JBRC Item 3. Department of Mental Health
Project: 9723, Broad River Correctional Institute - DMH Sexually Violent Predator Treatment Program Renovations
Funding Source: \$6,450 Excess Debt Service funds which are derived from daily room and board charges, physician charges, ancillary charges, and outpatient services charges received from patients and Medicare on behalf of patients.
Request: Establish project and budget for \$6,450 (Excess Debt Service funds) to begin design work to renovate four buildings at the Broad River Correctional Institution for the Department of Mental Health's Sexually Violent Predator Treatment Program (SVPTP). Mental Health houses SVPTP residents at Broad River, which outgrew the space there in 2008 and required the use of additional space in a privately operated correctional infirmary on the former

Crafts Farrow grounds. The Sexually Violent Predator Treatment Program is experiencing unprecedented growth and Mental Health has been working with Corrections to expand the program at the Broad River facility. Four buildings at Broad River have been identified and will be renovated for the program. The work will include installing additional security measures, renovating four cells to create medical treatment rooms, converting a kitchen to administrative space and visitation rooms, renovating utilities, and constructing additional sidewalks and gates. The renovations will increase the program's capacity by 90 cells.

Increase Budget for A&E Design

- (c) Summary 5-2012: JBRC Item 4. Governor's Office - Department of Veterans' Affairs
Project: 9522, M.J. Dolly Cooper Veterans Cemetery Areas I and J Expansion
Funding Source: \$30,000 Other, Increased Enforcement Collections funds which were part of a \$250,000 appropriation under Proviso 73.17 in the FY 05-06 Appropriations Act.
Request: Increase budget to \$30,000 (add \$11,175 Other, Increased Enforcement Collection funds) to provide for pre-design of additional work to be done at the Dolly Cooper Veterans Cemetery in Anderson. The project was established in April 2011 for pre-design work to construct approximately 500 additional burial crypts at the cemetery. Since that time, Veterans Administration staff has indicated that funding for additional crypts and repairs may be available if accurate cost estimates are provided during the grants process. The work will now include constructing approximately 1,000 double-depth, in-ground burial crypts in Areas I and J, providing up to 2,000 additional burial spaces, constructing an in-ground irrigation system for Areas H, I and J, and modifying storm drainage flows at columbarium walls in four areas. The irrigation system will reduce operating costs by watering more timely and efficiently and is required for expansions funded by the Veterans Administration. The existing supply of in-ground crypts is expected to be exhausted between February and June 2012. The additional crypts will provide for burials for the next six to seven years.

Establish Construction Budget

- (d) Summary 5-2012: JBRC Item 5. University of South Carolina
Project: 6082, South Tower Mechanical Renovation/Roof Replacement
Funding Source: \$6,700,000 Other, Housing Maintenance Reserve funds which are derived from the housing operating budget which includes housing fees, laundry operations, interest and conferences.
Request: Increase budget to \$6,700,000 (add \$6,607,000 Other, Housing Maintenance Reserve funds) to make mechanical renovations and replace the roof on the South Tower residence hall at USC. The project was established in December

2010 for pre-design work which is now complete. The work will include replacing the existing mechanical system, converting it from a two-pipe to a four-pipe system, and replacing the roof. It will also include installing new ceilings and lighting and making some modifications to the fire protection system. The major components of the mechanical system are original to the 46 year-old building and the roof is 21 years old and leaks. Energy savings and conservation measures will include installation of heat recovery systems, variable speed drives, variable air volume boxes and multiple speed fans in residence rooms. The agency reports the total projected cost of this project is \$6.7 million and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is March 2013 and for completion of construction is July 2014.

- (e) Summary 5-2012: JBRC Item 6. Medical University of South Carolina
Project: 9818, Psychiatric Institute Data Center UPS Side B Installation
Funding Source: \$2,500,000 - \$1,250,000 Other, Institutional Capital Project Funds, which are funds transferred each June from MUSC's State Treasurer's Office General Debt Service Account, and \$1,250,000 Other, Clinical Revenue funds, which are revenues from inpatient and outpatient clinical services.
Request: Establish project and budget for \$2,500,000 (\$1,250,000 Other, Institutional Capital Project Fund and \$1,250,000 Clinical Revenue funds) to install a second Uninterruptible Power Supply (UPS) for MUSC's main data center located in the Psychiatric Institute. The project was declared an emergency that, without it, threatened patient life safety and is currently underway as an emergency procurement. The main data center suffered two power outages from internal UPS component failures that took the University's information technology system offline, directly affecting patient care, electronic medical records, pharmacy, and other university functions. As a result of the two system failures and a thorough investigation, MUSC has determined that there are several single points of failure within the data system and, to have redundancy, a second UPS system and associated equipment are necessary. With the installation of the new system, the data center will have redundancy for all critical patient and support functions. Energy savings and conservation measures are not applicable to this project. The agency reports the total projected cost of this project is \$2.5 million and additional annual operating costs of \$370,000 will result in the three years following project completion. The agency also reports the date for execution of the construction contract was June 2011 and the projected date for completion of construction is February 2012. (See Attachment 1 for additional annual operating costs.)

Information relating to this matter has been retained in these files and is identified as Exhibit 13.

State Budget Division: Real Property Acquisitions (Regular Session Item 5)

Paige Childs, VP for finance at Piedmont Tech, and Dale Wilson, director of facilities for Piedmont Tech, appeared before the Board on this matter. Mr. Eckstrom noted that he received information from the College that it served 115 Abbeville County students during 2010 and that they were serviced in the College's current facility. Mr. Eckstrom asked why the College is requesting to double the size of the new facility and acquiring 10 acres of land. He said he is curious as to the thought process behind investing in that part of their catchment area and expanding the facility the way they are doing, considering so few students are taught at the facility. He said this is quite an investment for 115 students. Ms. Childs said that they continue to see enrollment growing.

Speaking with regard to the condition of the building, Mr. Wilson said that the building was established in 1996 as a temporary facility that had mobile classrooms, an old farmhouse, and a block building that were all interconnected. He said that the facility has served its purpose, but has expired. He said these are 1973 model structures that present code and safety issues. He also noted that the facility is located on property that is leased from year-to-year and that the lessor could at anytime say that he needs the property. Mr. Wilson further stated the present location restricts them in the number of students they can serve and the curriculum they can offer. He noted that programs and continuing education classes are held elsewhere in the community because they do not have room to accommodate those offerings. Mr. Wilson stated that the need for the building and the student population exists along with County support for the building.

Mr. Eckstrom questioned if the College has explored whether there are any vacant, large buildings or big box type structures in the Abbeville area. Mr. Wilson said the school explored many avenues including box buildings and that there are a few available. He stated that they talked with the County about some options, but whether long or short term it was determined that the school could not afford the investment into the box buildings. He said that the school could build a new building that is more energy efficient and that was the option chosen.

Mr. Eckstrom further asked what the Tech Board's position is with regard to the expansion. Mr. Wilson indicated that there was one hundred percent agreement by the Tech Board.

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After further discussion concerning the appraised value of the property, Mr. Eckstrom asked Ms. Childs and Mr. Wilson whether it would be okay to carry the item over so that he could review the appraised value. Mr. Wilson commented that they would like to pursue phase II of the construction project. Mr. Eckstrom said that the school has been waiting since 2004 and he does not see how a month will matter. Mr. Wilson said the difference is that the school now has funding.

Mr. Loftis commented that he applauds what the school is doing because the facilities are substandard and are firetraps. He said it is important to keep every student in the county who can be kept there. He noted that the amount of money the school is asking for is small in comparison to the tens of millions of dollars that are spent refurbishing dorms for schools that have long waiting lists for people to get into. He commended the school for its efforts and stated that he has received many calls asking him to support this matter.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Board approved the following property acquisitions and permanent improvement project budget increases as requested by the State Budget Division. Senator Leatherman, Mr. Loftis, Governor Haley, and Mr. White voted for the motion. Mr. Eckstrom voted against the motion.

(a) <u>Agency:</u>	Piedmont Technical College
Acreage:	10± acres
Location:	On SC Highway 72 near Abbeville
County:	Abbeville
Purpose:	To construct a new Abbeville County Center to replace leased facilities.
Appraised Value:	\$200,000
Price/Seller:	\$200,000 / Piedmont Technical College Foundation
Source of Funds:	Other, Local Plant funds
Project Number:	H59-6035
Environmental Study:	Approved
Building Condition	N/A
Assessment:	
Additional Annual Op Cost/SOF:	Additional annual operating costs for grounds maintenance are estimated at \$200 and will be paid from local county funds. Construction of the new center is estimated to cost \$1.5 million and will be paid from local funds.
Current Year Property Tax:	N/A - Exempt
Approved By:	CHE on 11/1/11; JBRC Staff on 12/14/11

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- (b) **Agency:** **Clemson University**
Acreage: 2.62± acres
Location: At Pierside Street and Ninth Street at the old Charleston Naval Base in North Charleston.
County: Charleston
Purpose: To provide a clear dividing line between Clemson's Restoration Institute property and industrial shipyard activities and to isolate Clemson property from truck and crane traffic.
Appraised Value: \$1,115,000 for 2.62 acres Clemson will acquire and \$900,000 for 3.52 acres Clemson will exchange.
Price/Seller: Property exchange between Clemson and CMMC, LLC with property Clemson will acquire having greater appraised value than property CMMC will acquire.
Source of Funds: N/A
Project Number: H12-9897
Environmental Study: Approved
Building Condition Assessment: N/A
Additional Annual Op Cost/SOF: No additional annual operating costs are expected to result from the property exchange.
Current Year Property Tax: \$1,435
Approved By: CHE on 12/16/11; JBRC on 1/25/12
- (c) **Agency:** **Coastal Carolina University**
Acreage: 2± acres with a 20,000 square foot office/warehouse facility
Location: At 624 Century Circle in Conway
County: Horry
Purpose: To acquire a leased property that houses the University's Procurement and Shipping and Receiving Departments.
Appraised Value: \$1,750,000
Price/Seller: \$1,372,815 / Horry County Higher Education Commission
Source of Funds: Other, One Cent Sales Tax
Project Number: H17-9577
Environmental Study: Approved
Building Condition Assessment: Approved
Additional Annual Op Cost/SOF: Annual operating lease cost savings of \$24,000 will result from the acquisition.
Current Year Property Tax: N/A - Exempt
Approved By: CHE on 12/14/11; JBRC on 1/25/12

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Additional Information:

This request includes approval of an increase to the permanent improvement project budget of \$1,392,700 from the fund source noted above

Information relating to this matter has been retained in these files and is identified as Exhibit 14.

Future Meeting

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board agreed to meet at 9:30 a.m. on Tuesday, March 6, 2012, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 9:53 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 8:30 a.m. on Monday, January 30, 2012.]