

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

March 22, 2011 -- 9:30 A. M.

The Budget and Control Board (Board) met at 9:30 a.m. on Tuesday, March 22, 2011, 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; and
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee.

Representative Daniel T. Cooper, Chairman, Ways and Means Committee, participated via telephone.

Also attending were Budget and Control Board Executive Director Eleanor Kitzman; Chief of Staff Marcia Adams; General Counsel Edwin E. Evans; 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

Mr. Loftis moved to amend the agenda to add an item to accept the actuarial report of the South Carolina Retirement Systems. He said that the Board will only need to accept the report and not act on it. He noted that there is an \$88 million unfunded liability over the last year. He said that it is important for transparency and accountability rules that the report be accepted so that the General Assembly, taxpayers, and those that depend on the Retirement System can see the draft report. Senator Leatherman stated that the legislature is in the process of looking at the entire Retirement System under Governor Haley's leadership. He stated that the Board should wait to get the next actuarial report like the one Governor Haley is proposing so that they know what they are dealing with. Mr. Loftis asked whether there was a timetable for getting another actuary. Governor Haley said they are now going through the process of looking at the Retirement Systems from a fresh perspective. She said the fact that the State has gone from being solvent ten years ago to having unfunded liability of \$14 billion to \$40 billion and if the only action item is to put \$100 million on the backs of the taxpayers she is not willing to do that.

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She noted that Senator Leatherman has started a Senate subcommittee to look at this and Ms. Kitzman is looking for a new director for the Retirement Systems. Governor Haley said that the new Retirement Director can obtain the new actuary and get the numbers to compare to the current actuarial report. She said that she would like to present all of the information at once so that the Board can look at the big story of where they are and where they want to go.

Mr. Eckstrom said that the Board should look at the current report as a work in progress. He said he does not think the State is complete in evaluating the Retirement System's unfunded liability. He said that he has looked at the details of the reports and has questioned some of the details and that some of the details have been modified as a result. Mr. Eckstrom commented that the Board does not want to rush this matter because it is a liability of huge proportions. He said that there is nothing to gain by speeding through the process now or going out piecemeal with information. He said the Board needs to be very thoughtful in dealing with this matter. Mr. Loftis said that he agreed with Mr. Eckstrom and noted that this is the second actuarial firm the State has had in three years. He noted that there is a ten year history of unfunded liability from \$198 million to the present unfunded liability of \$14 billion or \$15 billion. He said that he does not know how this should be fixed, but the taxpayers need to be put on alert that there is \$88 million in unfunded liability. He said this is a bill that has been handed to the Board and as trustees of the Retirement System the Board needs to talk about that. Mr. Loftis further stated that most State employees do not realize that year after year the State comes up short. He said the Board can wait, but it will be one more year to pay interest on the unfunded liability. He reiterated that he is not asking for a decision to be made now, but the report should be accepted and allow the General Assembly take this matter up if it chooses to do so. Governor Haley stated that she could not in good conscience put the \$100 million in the hands of the taxpayers and that she is fearful for the State employees because they are thinking they will get retirement benefits that are not there. She said new leadership and a new actuary have to be brought in and get new numbers to determine what is needed to fix the Retirement System for the long term in order to get it solvent again.

Mr. Loftis said that he would withdraw his motion because it was obvious he would lose on the motion. He noted that the Board presently has options and will have fewer options in the coming months. He said that by June there will be but one option and that is to put the entire

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burden on the taxpayers. He said the taxpayers will get the full brunt of this which is \$88 million at a minimum. He further stated that he is not convinced that new leadership and a new actuary can completely redo the system in two months. Senator Leatherman responded that he has charged his subcommittee to come back with a plan that fixes the situation.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board adopted the agenda as proposed.

Minutes of Previous Meeting

Upon motion by Mr. Eckstrom, seconded by Mr. Loftis, the Board approved the minutes of the February 8, 2011, Budget and Control Board meeting; and, acting as the Tobacco Settlement Revenue Management Authority, approved the minutes of the February 8, 2011, Authority meeting.

Blue Agenda

Upon a motion by Senator Leatherman, seconded by Mr. Cooper, the Board approved the blue agenda items, except as otherwise noted herein.

Division of General Services: Easements (Blue Agenda Item #1)

The Board approved the following easements as recommended by the Division of General Services in accordance with SC Code of Laws:

- (a) County Location: Charleston
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: \$1,400
Description/Purpose: To grant a 0.640 acre easement and a 0.443 acre easement for the relocation, installation, operation and maintenance of overhead power lines to accommodate SCDOT's replacement of SC 171 Bridges over the Folly River and Folly Creek near the City of Folly Beach.

- (b) County Location: Charleston
From: Budget and Control Board
To: South Carolina Electric and Gas Company

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- Consideration: \$1,595
Description/Purpose: To grant a 1.253 acre easement and a 1.719 acre easement for the relocation, installation, operation and maintenance of a 6" gas main to accommodate SCDOT's replacement of SC 171 Bridges over the Folly River and Folly Creek near the City of Folly Beach.
- (c) County Location: Charleston
From: Budget and Control Board
To: AT&T South Carolina
Consideration: \$1,595
Description/Purpose: To grant a 1.253 acre easement and a 1.719 acre easement for the relocation, installation, operation and maintenance of telecommunication conduits to accommodate SCDOT's replacement of SC 171 Bridges over the Folly River and Folly Creek near the City of Folly Beach.
- (d) County Location: Colleton
From: Budget and Control Board
To: Coastal Electric Cooperative, Inc.
Consideration: \$700
Description/Purpose: To grant a 0.19 acre easement and a 0.21 acre temporary construction easement for the relocation, installation, operation and maintenance of an aerial electric line across the Ashepoo River along US Highway 17, ACE Basin Parkway.

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 recommended by the Division of General Services:

Agency: Budget and Control Board (Forestry Commission)
Acreage: 9.33± acres
Location: 255 Firetower Road, Camden
County: Kershaw
Purpose: To dispose of surplus property previously used by the Forestry Commission as a fire tower site.
Price/Transferred To: Not less than appraised value / To be determined

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Disposition of Proceeds: Resolution of a Quiet Title action by the Grantor’s heirs and the Forestry Commission has been achieved. Proceeds from the sale of the property shall be divided with 55% to the heirs of Richard W. Lloyd and 45% to the Forestry Commission. The funds are to be retained by the Forestry Commission pursuant to Proviso 80A.35.

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

Office of State Budget: Report of Unfunded Vacant State FTE Positions Deleted in Accordance with Proviso 89.16(5) (Blue Agenda Item #3)

Proviso 89.16(5) of the FY 2010-11 Appropriation Act states: “The Budget and Control Board shall annually reconcile personal service funds with full-time employee count to determine unfunded positions which should be eliminated in the current fiscal year unless specifically exempted elsewhere in this act or by the State Budget and Control Board.”

In accordance with this proviso, the Office of State Budget has prepared a report of unfunded vacant state FTE positions which is based on each state agency’s personal service funding and the average salary of each state agency’s vacant positions. Exemptions were granted to agencies if additional general funds were transferred to personal service on a permanent basis or if the source of funds of vacant positions was changed from state to other/federal. This report has been provided to the House Ways and Means Committee and the Senate Finance Committee for their FY 2011-12 budget deliberations. The following is a summary of the statewide findings:

| | |
|--|----------|
| Total Vacant Unfunded State FTE Positions | 2,801.00 |
| Exemptions: Source of Fund Changes and Other Operations Transfers | 1,356.75 |
| Total Vacant Unfunded State FTE Positions to be Deleted | 1,444.25 |

The Board approved the deletion of vacant unfunded positions as identified in Schedule A – Report of Unfunded Vacant State FTE Positions FY 2010-11 of this agenda item.

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

Division of Procurement Services: Procurement Audits (Blue Item #4)

The Division of Procurement Services, in accord with Section 11-35-1210, audited the following agencies and recommended certification within the parameters described in the audit reports for the following limits (total potential purchase commitment whether single-or multi-year contracts are used):

Department of Motor Vehicles (for a period of three years): supplies and services, \$250,000* per commitment; consultants, \$250,000* per commitment.

Spartanburg Community College (for a period of three years): supplies and services, \$100,000* per commitment; information technology, \$100,000* per commitment; consulting services, \$100,000* per commitment; construction services, \$100,000 per commitment; construction contract change order, \$10,000 per change order; architect/engineer contract amendment, \$5,000 per amendment.

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

Additionally, the Division of Procurement Services informed the Board that in an attempt to facilitate greater agency internal controls, future failures by agencies to provide timely quarterly procurement reports (e.g., sole source, indefinite delivery) will result in notice directly to the agency director, not just to the procurement director, as has been the current practice. While procurement audits are directed towards the procurement process (as opposed to financial controls), an agency director's awareness of untimely quarterly reports may alert them to the potential for such problems. Further, the South Carolina Enterprise Information System allows for elevated awareness of agency financial information that will prove useful to agencies and auditors alike in detecting illegal activity.

Mr. Loftis stated that looking at the LAC statutory audit there were issues that addressed procurement and monitoring of contracts. He asked Voight Shealy, the Materials Management Officer, whether his office has looked at those issues and whether they feel comfortable with the audit at DMV. Mr. Shealy responded that they are comfortable with the audit and that they have

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worked closely with DMV to ensure that enhanced internal controls are in place at DMV. Mr. Loftis stated that the LAC does great work, but there is no one to follow up on their information. He asked Mr. Shealy to look to see that the LAC items are done.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board, in accord with Section 11-35-1210, granted the following procurement certifications within the parameters described in the audit reports for the following limits (total potential purchase commitment whether single-or multi- year contracts are used) for the following agencies:

Department of Motor Vehicles (for a period of three years): supplies and services, \$250,000* per commitment; consultants, \$250,000* per commitment.

Spartanburg Community College (for a period of three years): supplies and services, \$100,000* per commitment; information technology, \$100,000* per commitment; consulting services, \$100,000* per commitment; construction services, \$100,000 per commitment; construction contract change order, \$10,000 per change order; architect/engineer contract amendment, \$5,000 per amendment.

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

Executive Director: Revenue Bonds (Blue Agenda Item #5)

The Board approved the following proposal to issue revenue bonds:

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|----------------------|--|
| Issuing Authority: | Jobs-Economic Development Authority |
| Amount of Issue: | Not Exceeding \$21,000,000 Economic Development Revenue Bonds |
| Allocation Needed: | -0- |
| Name of Project: | Cardinal Real Estate Group, Inc. (Legacy Place/Bennett Place) |
| Employment Impact: | maintain 5 jobs and add 75 in 12 months and 150 in 24 months |
| Project Description: | acquire land, buildings, and necessary furnishings and equipment for senior housing and services, including assisted living, memory care, and supportive services in Union and Greer |
| <i>Note:</i> | <i>private sale to a financial institution</i> |
| Bond Counsel: | Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A. |

(Exhibit 5)

Procurement Services Division: Amended Procurement Certification for the SC Department of Social Services (Blue #6)

The South Carolina Department of Social Services (DSS) requested a partial modification of its current procurement certification authority. DSS sought to clarify the extent of the federal funding sources from which DSS can directly procure services and clarify the extent of the types of services that DSS can directly procure with these federal funding sources. The effect of this modified wording would be to clarify that DSS can directly procure, up to the same dollar and duration caps, any and all types of services permissible under these two named federal funding sources.

The current certification reads:

\$2,000,000 per contract per year, with a limit of four one-year extension options, for Service Provider Contracts funded from Social Services Block Grant and Child Welfare Service Provider Contracts funded from Federal Title IV-Service Provider being provider of services directly to a client.

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Procurement Services Division requested that the Board consider DSS' request to amend the procurement certification granted to the DSS on December 14, 2010, as follows:

\$2,000,000 per contract per year, with a limit of four one-year extension options, for services federally-funded from Social Services Block Grant and Title IV.

Mr. Loftis noted that DSS had \$5.5 million stolen from it a few years ago and that he had questions about their audit. He asked Mr. Shealy whether he was comfortable with granting DSS's request to which Mr. Shealy responded that he was.

Senator Leatherman asked Lillian Koller, DSS Director, what type of programs would be covered by the request. Ms. Koller stated the confusion in interpreting the language in the existing authority has limited it to child welfare services only, but the language needs to be clear that it includes all of Title IV. She said that would include welfare-to-work so that they can purchase services to get more jobs for welfare recipients and lower the welfare roll and get children out of poverty in the State. Senator Leatherman further asked what other type services would be covered by the amended procurement certification. Ms. Koller said one of the programs she would like to purchase is one like the one she purchased in Hawaii called SEE

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Hawaii Work. She said it is a job training program where businesses in the community are incentivized to take in welfare recipients and provide them on-the-job training for up to a year. She said Hawaii experienced a 97% retention rate and a 300% increase in jobs for welfare recipients. Mr. Eckstrom commented that would mean a reduction in the welfare roll to which Ms. Koller responded that it was a dramatic reduction. Ms. Koller further stated that another service they want to be able to purchase under the expanded certification is call centers. She said the amended certification will allow for a number of services that include welfare-to-work, job support, and administrative functions used to monitor vendors to ensure the State is getting what it paid for.

Senator Leatherman asked were any of the services social services because he did not hear them mentioned. Ms. Koller said they were and they already have up to \$2 million for child welfare services. She further stated that the clarification DSS is seeking with regard to Title IV is to not limit the certification just to child welfare services. Senator Leatherman also asked Ms. Koller whether she intended to use competitive procurements for all of the Title IV services. Ms. Koller stated she likes to use competitive procurements and she likes to get more than one vendor per jurisdiction. She said putting everything into one vendor is like having the vendor become another branch of government where they own the agency. She said she likes to make sure there are at least two vendors providing the service in every area. She stated she likes to keep the vendors on their toes and make sure they are monitored to ensure that the State is getting the outcomes it is supposed to. She said she is a big believer in competitive procurement plus, meaning to have two vendors everywhere and monitoring their performance. Mr. Eckstrom commented that Ms. Koller is not just talking about the availability of two vendors, but actually awarding to two vendors providing the same service who are competing against one another. Mr. Eckstrom said that will allow outcomes to be measured based on the performance of each vendor.

In further discussion, Senator Leatherman inquired whether Ms. Koller would be using a request for proposal to acquire the services in order for different criteria to be considered or just going after low dollar. Ms. Koller said that they will use different criteria and that one thing that is done is that they put in quality measures to be considered. Senator Leatherman asked how Ms. Koller determines quality beforehand. Ms. Koller said the RFP (request for proposal), for

example, should ask for the vendors' experience in working with similar programs and the results, the vendors' customer satisfaction surveys, where the vendors have had prior operations, and the qualifications of the staff and structure for staff supervision. She said these are things that will help the evaluation team determine if a vendor would produce a quality outcome. Senator Leatherman further asked Ms. Koller that if DSS had any current sole source for services would she open those up to a competitive RFP. Ms. Koller said that she would be willing to do so. Senator Leatherman followed up by asking whether Ms. Koller intended to use competitive bids for all of the Title IV services. Ms. Koller stated she will compete everything, but if they get one respondent then the decision will have to be made whether the award is made to one bidder or wait and go back and develop other providers who are willing to step forward.

Mr. Eckstrom asked Mr. Shealy how MMO felt about the proposed change. Mr. Shealy commented that MMO supports the change in certification.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board amended procurement certification for the South Carolina Department of Social Services to run concurrent with the existing certification approved December 14, 2010, as follows:

\$2,000,000 per contract per year, with a limit of four one-year extension options, for services federally-funded from Social Services Block Grant and Title IV.

Information relating to this matter has been retained in these files and is identified as Exhibit 6.

Office of State Budget: Agency Deficit Update – Department of Health and Human Services (Regular Session # 1)

On February 8, 2011 the Board considered the Department of Health and Human Services' (DHHS) request to recognize an operating deficit within the Medicaid program estimated at \$227,786,198. At that meeting, the Board determined that the operating deficit incurred by DHHS was unavoidable and recognized the operating deficit not to exceed \$100,000,000. The Board further directed DHHS to continue working with the Office of State Budget to reduce the projected deficit and report back at the next regularly scheduled Board meeting.

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Since the last Board meeting, DHHS has implemented a package of service reductions and eliminations that are projected to reduce expenditures within the Medicaid program by \$2,775,432 during this fiscal year. Therefore the balance of the operating deficit is estimated at \$125,010,766.

Les Boles, State Budget Division Director, and Anthony Keck, DHHS Director, appeared before the Board on this matter. Senator Leatherman asked Governor Haley what level of deficit authorization the Board was being asked to consider. He said he would like to see the Board authorize \$75 million and see if Mr. Keck can come up with more savings. He said that he has met with Mr. Keck at length and is very impressed with him as are the providers. Mr. Eckstrom said that his concern is that the next Board meeting is in June and that leaves no time for the agency to respond. Governor Haley noted that there is a meeting that is scheduled for May 2nd. She stated that one thing they have focused on is getting the flexibility Mr. Keck needs with regard to Medicaid. She noted that the Senate has already come through in that regard and the House is getting ready to do the same. She asked Mr. Keck what getting the flexibility means in terms of the deficit being reduced. Mr. Keck said that they have worked over the past several weeks to find additional savings as instructed by the Board. He stated that because of the lack of flexibility at both the state and federal level they are proscribed in the amount of savings they can quickly get out of the program. He said he is restructuring the program next year for longer term savings. He said working with their managed care organizations they have identified another \$1.5 million in savings for this year. He said flexibility with the rate proviso is what is needed to get them a larger amount. He stated having the authority to have a 3% rate cut would net them about \$6 million in state funds. Mr. Keck noted that they are still a bit short and have enough cash to operate until about May 13th.

Governor Haley asked Mr. Keck how much they would be able to reduce the \$125 million deficit using the flexibility proviso and other things on which he is working. Mr. Keck said they could achieve an additional \$7.5 million savings in state general funds. He said they may also realize a couple of hundred thousand dollars in savings this quarter through reorganization of staff and that is about as far down as they can go, unless there is a willingness to cut services. He noted that they have had the conversation that it will do more harm than good to cut optional services. Governor Haley asked Mr. Keck whether he thought there would still be

a shortfall of \$25 million to \$30 million. Mr. Keck responded that if they can squeeze out another \$7 million or \$8 million the deficit will be around \$117 million. Senator Leatherman stated that based upon Mr. Keck's comments he would change his request to recognize \$100 million of the deficit and allow Mr. Keck time to see if he can come up with additional savings.

In further discussion, Mr. Loftis commented that this action is an appropriation and is not for the Board to act upon. He said this is a lot of money and the General Assembly should address the deficit. He stated he does not think the statute was designed for the Board to take this action. He said this problem is not going to be fixed until the General Assembly acts on it. Governor Haley said in response that the proposal of the \$100 million does go to the House and Senate to be acknowledged. Mr. Loftis commented that it would go back to the House and Senate anyhow because the statute is written that way. He said this should be acknowledged as an appropriation and not acknowledged as a deficit. Mr. Loftis stated that an appropriation of this size should be decided by the General Assembly instead of the Board. He said that he has talked to about 75 legislators who have said to send the matter back to the General Assembly. In response to Mr. Loftis' comments, Senator Leatherman said the General Assembly has given the Board the authority to recognize agency deficits. He stated that in this case the Board is a safeguard for the State's AAA credit rating. Senator Leatherman noted he shared with Governor Haley that two of the three rating agencies have indicated to him that the Board is the reason for the State's AAA credit rating. He said the rating agencies noted the Board's ability to meet quickly and address fiscal issues. Senator Leatherman said that the Board should do what it has been authorized to do and not jeopardize the State's AAA rating. He said if the General Assembly decides to do something different it can say no to what the Board has done.

Mr. Eckstrom commented that people can raise legitimate issues as to whether there should be a Board, but that the Board provides flexibility in instances like this one. He stated the Board is statutorily authorized to act in narrow instances like this one. He said in the legal sense this is not an appropriation, but is an allocation of resources to an agency that because of changed circumstances cannot fund program services that are being offered. Mr. Eckstrom noted the state currently has surplus funds to cover a request like this. He said he agrees with Senator Leatherman that the Board should go slow in handling the matter as it is doing. Mr. Loftis replied that his point is that a quarter of a billion dollars is an appropriation. He said the Board

may or may not have the statutory authority, but that when the law was crafted he does not think anyone considered the possibility of such an action. He said he does not know how this would come out in a court case, but the matter should go back to those who are statutorily charged to make those decisions.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board, pursuant to Section 1-11-495 of the S.C. Code of Laws, determined that the operating deficit incurred by the Department of Health and Human Services is unavoidable and recognized an additional operating deficit of \$100,000,000 to bring the agency's total operating deficit to \$200,000,000; directed that the presiding officers of the House and Senate be notified of the operating deficit; and directed the Office of State Budget to continue working with the Department to reduce the deficit and further directed the Department to provide monthly financial status reports to the Board. Senator Leatherman, Mr. Eckstrom, Governor Haley, and Mr. Cooper voted for the motion. Mr. Loftis voted against the motion.

After the vote on this matter, Mr. Eckstrom commented that the Board is not saying that deficits are okay. He said the Board is not authorizing the agency to run a deficit. He said the agency has come forward and said they do not have the cash to operate past May 13th and if they are to continue to provide services action needs to be taken. He said the Board is not authorizing a deficit, but preventing the agency from running out of money. Governor Haley said to Mr. Keck that her responsibility is to make sure this does not happen again. Senator Leatherman replied that even though the Board has taken action the General Assembly can still take action if it chooses to do so.

Information relating to this matter has been retained in these files and is identified as Exhibit 7.

Office of State Budget: Permanent Improvement Projects (Regular Session Item #2)

Governor Haley asked Senator Leatherman whether state dollars are involved in these projects in that the dollars have already been approved for these universities. Senator Leatherman responded that Governor Haley is correct and that there are no additional state dollars involved. Governor Haley asked whether there were any increased fees associated with the projects. Senator Leatherman said that question was asked at the JBRC meeting and the

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answer was no. Governor Haley asked the schools whether any of them were planning to proceed with the projects by increasing fees or tuition and for them to explain their situation if that was the case. There was no response from the schools.

Mr. Eckstrom pointed out item (q) concerning the Francis Marion University addition as a model of what institutions of higher education should be doing. He noted that Francis Marion University is using private funds to pay for the addition to its Center for the Performing Arts. He stated that it is a model that other institutions should aspire to meet. Senator Leatherman commented that the Bruce Lee Foundation has contributed \$15 million and that the community as a whole has come forward with donations.

Mr. Loftis noted that he would like to discuss items (e), (h), (i), and (m). Rick Kelly appeared before the Board on behalf of the University of South Carolina on item (e). With regard to item (e), Mr. Loftis asked for an explanation about the renovations to the Women's Quadrangle and the need to convert the rooms to suite-style rooms. He noted that the price to attend USC is exorbitant in both tuition and housing. He said that from what he has seen some of the dorms look as if they could have a Hilton flag on the outside of them. He asked Mr. Kelly for the cost of living in the McClintock dorm. Mr. Kelly said that the cost is \$1990 per semester and that it is the cheapest dorm they have in their pool of dormitory space. Mr. Kelly noted that USC's dorms are funded solely through fees associated with housing and is not connected to tuition at all. He said, with exception of freshmen, students have the option to live on or off campus. He noted studies have shown that by staying on campus students do better and the retention rate is higher. Mr. Kelly said that USC has to be competitive with what is being offered in the private sector in order to help students stay on campus. Mr. Kelly commented that their dorm rates range from \$1900 a semester to \$3000 a semester and is based on the age and condition of the dorms. He said they charge what they need to restore and maintain the assets they have. He noted that USC has over a billion dollars of assets on campus and over \$400 million in deferred maintenance and that a lot of it is this type of project. Mr. Kelly explained what is not seen is the deterioration areas that are behind the walls of the buildings. Mr. Kelly stated that there is water in the basement of the women's quad dorms as a result of condensation and drain lines that have collapsed.

Mr. Eckstrom commented he toured the dorms and saw conditions that left him thinking

that he would not want to send his children to live in the dorms. Mr. Loftis commented that what USC wants to do is to change an old dormitory into an all suites dormitory. He said this is not a rich state and when young adults have to make a decision about going to school it is very difficult because they are pummeled with costs. He said it is good to have nice dorms, but this is a crushing debt for students. He said he knows there are mechanical problems and those should be fixed. He said in this case the idea is to gut the building because there is a race with competitors. Mr. Loftis stated that his concern is for the students who want to come to USC and cannot afford to do so because of the costs. He said that his obligation is not to the person who comes from New Jersey and is looking for a nice place to live, but to the person in Allendale County who wants to go to school in this state but cannot afford to do so. He noted that part of that is that the students have to live on campus and they have to pay the expenses. Governor Haley responded that she has met with the presidents of all the universities and told them of the need to get their hands around how higher education is funded. She said one of the things she will propose is that funding will no longer be based on football tickets or alumni, but based on such things as graduation rates, job placement, in-state students, and affordability. She said in order to hold the universities accountable they will be given flexibility to determine what is best for their schools. She said she agrees with Mr. Loftis with regard to his concerns, but there are improvements coming. Mr. Loftis further commented that this is a state that is not rich and that college is being priced out of reach.

In further discussion, Senator Leatherman noted that the buildings were constructed between 1939 and 1959. He said that these buildings are 52 and 72 years old which means they have been well built. He commented no one on the Board has been harder on the universities about tuition increases and out of state students than him. He said there comes a time when they have to provide what is needed to attract the kind of students that are wanted and to do so the State has to provide something that is equal elsewhere. Mr. Eckstrom noted further that this is about protecting the assets the State has. He said the value of the three buildings is significantly more than the cost of keeping the buildings up. He said the Board has an obligation to protect the property and if nothing is done the buildings will continue to deteriorate from water damage. Mr. Eckstrom said the issue that should be addressed is whether there is adequate strategic effort being made to keep up with the maintenance costs on buildings like these. He suggested that the

institutions should establish maintenance funds to address these situations.

Mr. Loftis waived any further discussion on items (h), (i), and (m).

With regard to item (i) concerning USC's Spigner House renovations, Senator Leatherman noted that the LEED certification program is costing the State a ton of money. He said that LEED certification started at JBRC with the request that building renovation and construction be evaluated from the LEED standpoint. He said that needs to be evaluated with a cost benefit analysis. He said that some of the projects are having tremendous cost overruns in complying with the LEED requirements. He said JBRC intends to review LEED certification to see if they have a return on their investment. He said he is fearful that is not being received, but they will look at it very carefully and will have recommendations for the Board in the near future. Mr. Eckstrom commented that he has toured the building and it is deteriorating. He said there are some permanent improvements that need to be made to the house. He said the Board should approve this item. Mr. Loftis said his question is why USC is keeping the house. He said the building is probably worth a million dollars and USC is going to put another million dollars into it and that the house can be used to have "class A" building space elsewhere. He said that at the end of the day this is going to be an inefficient house. Mr. Eckstrom said that he does not think the house is inefficient and that it is a well built house on USC's property. Mr. Kelly noted that USC did not go out and buy the house, but they want to make good use of it and take care of it.

All permanent improvement projects were approved in a series of separate motions as follows. Upon a motion by Senator Leatherman, seconded by Mr. Cooper, the Board, initially approved all permanent improvement projects with exception of items (e), (h), (i), and (m). Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board approved item (e). Mr. Eckstrom, Senator Leatherman, Governor Haley, and Mr. Cooper voted for the motion to approve item (e). Mr. Loftis voted against the motion to approve item (e). Upon a motion by Senator Leatherman, seconded by Mr. Cooper, the Board approved items (h) and (m). Senator Leatherman, Mr. Cooper, and Governor Haley voted for the motion to approve items (h) and (m). Mr. Loftis and Mr. Eckstrom voted against the motion to approve items (h) and (m). Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board approved item (i). Mr. Eckstrom, Senator Leatherman, Governor Haley, and Mr. Cooper voted for the motion to

approve item (i). Mr. Loftis voted against the motion to approve item (i).

Establish Project for A&E Design

- (a) Summary 3-2011: JBRC Item 1. Coastal Carolina University
Project: 9580, Softball Complex Improvements
Request: Establish project and budget for \$30,000 (Other, Horry County Higher Education Commission funds) to begin design work to make improvements to the women's softball complex at Coastal Carolina. The work will include constructing a clubhouse with team and coaches' locker rooms, improving the home dugout, concessions and fan restrooms, adding an additional hitting/pitching tunnel, improving the existing tunnel, and upgrading the pressbox. The university is deficient in stadium, practice and team facilities for women's softball compared with men's baseball and with conference and peer institution softball programs. Deficiencies include lack of a dedicated locker and team room, inadequate hitting and pitching tunnels, and inefficient media space and fan amenities. Upgrades are needed to ensure compliance with federally mandated Title IX guidelines.
- (b) Summary 3-2011: JBRC Item 2. Coastal Carolina University
Project: 9581, Baseball Complex Improvements
Request: Establish project and budget for \$120,000 (Other, Institutional Capital Project Funds) to begin design work to construct a new baseball stadium at Coastal Carolina. The work will include demolishing the existing facility, replacing it with a new grandstand with 2,500 permanent seats and 3,000 additional seats on grass berms, and constructing restroom and concession areas, media work space, and a team clubhouse with team, coaches' and umpires' locker rooms and an athletic training room. The university is deficient in stadium and team facilities for its baseball program compared to other Division I baseball programs in the state. Deficiencies include overall seating capacity, ADA required seating and restroom facilities, inadequate media work space, and sub-standard public restrooms and concession areas. These deficiencies have forced the university to move baseball events, including NCAA Regional and Super Regional championships, to an off-campus venue.
- (c) Summary 3-2011: JBRC Item 3. Coastal Carolina University
Project: 9582, Student Center Annex Construction
Request: Establish project and budget for \$360,000 (Other, Renovation Reserve/Plant Expansion funds) to begin design work to construct additional space for student activities at Coastal Carolina. The work will include constructing two, approximately 50,000 square foot annexes to the existing 28,980 square foot student center. The existing

center was constructed in 1978 when the enrollment was 1,760 students and the Fall 2010 enrollment was 8,706. The student center provides only 5,652 square feet of meeting room, game room and lounge space and is predominantly used for student activities office space, dining space, and food service preparation. The center lacks lobby, lounge and general social space for students and, as the university has grown, smaller social spaces within academic buildings have been renovated to meet other space needs. Additional student life space will improve student retention and provide space for after class activities to develop a stronger student community on the campus.

- (d) Summary 3-2011: JBRC Item 4. Lander University
Project: 9532, Student Housing Construction
Request: Establish project and budget for \$240,000 (Other, Housing Reserve funds) to begin design work to construct a new 300-bed student housing facility at Lander University. The facility will include 300 bedspaces in approximately 80,000 to 120,000 square feet, a small dining hall, and flexible floor spaces for meetings and student activities. The university currently has 1,096 beds on campus while housing 407 students in leased property off campus. Constructing new housing will allow the university to begin eliminating off campus housing to meet the university's mission, to provide swing space for other housing renovations, and to consider demolishing older, antiquated housing on campus.
- (e) Summary 3-2011: JBRC Item 5. University of South Carolina
Project: 6085, Women's Quadrangle Renovations
Request: Establish project and budget for \$408,000 (Other, Housing Maintenance Reserve funds) to begin design work to renovate the Sims, McClintock and Wade Hampton residence halls on the Women's Quadrangle at USC. The work will include making interior repairs, installing new finishes and furnishings, upgrading the mechanical, electrical and plumbing systems, installing new elevators, and improving the buildings' shells and underground utilities. Conversion to suite-style rooms and renovating all three halls in the same year for cost savings will also be evaluated during the pre-design phase. The buildings were constructed between 1939 and 1959. The renovations are needed due to the age and condition of the existing systems and to keep the facilities in desirable condition. The work will significantly reduce the deferred maintenance associated with these buildings.
- (f) Summary 3-2011: JBRC Item 6. University of South Carolina
Project: 6086, Preston College Bathroom and Flooring Renovations
Request: Establish project and budget for \$22,500 (Other, Housing Maintenance Reserve funds) to begin design work to make bathroom and flooring

renovations at the Preston College residence hall at USC. The work on the 80 bathrooms will include replacing plumbing fixtures, repairing water leaks and damaged wall surfaces, replacing floor and ceiling tiles, painting and other associated repairs. The work in the 120 student rooms will include replacing the vinyl tile flooring with tile or simulated wood vinyl planking. Some of the plumbing and flooring are original to the 1939 building. The plumbing systems are past their expected lives and leaking. The flooring replacements are needed to correct damage from the plumbing leaks and to protect the building from normal usage. The work will significantly reduce the deferred maintenance associated with this building.

- (g) Summary 3-2011: JBRC Item 8. USC - Upstate
Project: 9541, Administration Building Repairs and Renovation
Request: Establish project and budget for \$60,000 (Other, Institutional Capital Project Funds) to begin design work to renovate the 43,000 square foot Administration Building at USC-Upstate. The building houses many central administrative functions and information technology services for the campus. The work will include replacing the mechanical, electrical and plumbing systems, upgrading the fire detection system, and renovating interior space to provide adequate and proper space for all building functions that directly support the academic mission. The building was constructed in 1969 and most systems are original to the building. They are outdated, past their useful lives, do not meet capacity needs, and replacement parts are no longer manufactured. The renovations will significantly reduce deferred maintenance associated with the building.

Establish Construction Budget

- (h) Summary 3-2011: JBRC Item 9. University of South Carolina
Project: 6063, Sumter Street Safety Improvements
Request: Increase budget to \$1,000,000 (add \$985,000 Other, Institutional funds) to make pedestrian safety improvements along Sumter Street for USC. The project was established in June 2009 for pre-design work which is now complete. The work has been scaled back to match available funding and will include constructing a pedestrian/bicycle bridge and sidewalks connecting the bridge to the Band/Dance facility and the Blatt PE Recreation Field, installing additional street lighting, constructing stream bank protection, erosion control and water quality components, and landscaping. The work is needed to improve campus safety by addressing a hazardous situation that exists on Sumter Street where pedestrians cross over Rocky Branch Creek. The area is prone to flooding during storm events and has no connecting sidewalks or permanent bridge structure to cross the creek, which forces students to

walk in the street. Energy savings and conservation measures will include the installation of energy efficient lighting. The agency reports the total projected cost of this project is \$1 million and additional annual operating costs of \$297 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is November 2011 and for completion of construction is May 2012. (See Attachment 1 for additional annual operating costs.)

- (i) Summary 3-2011: JBRC Item 10. University of South Carolina
Project: 6074, Spigner House Renovation
Request: Increase budget to \$1,000,000 (add \$986,500 Other, Auxiliary funds) to renovate the 9,500 square foot Spigner House at USC. The project was established in February 2010 for pre-design work, which is now complete. The first floor will be renovated to provide space for business use suited for seminar classroom and conference space and the second floor will be renovated to create offices for the University's food service provider. The work will include replacing the mechanical, electrical, plumbing, and window systems, installing new fire suppression and fire alarm systems, upgrading water supply piping to the house, creating ADA compliant restrooms, restoring all interior finishes and repainting. The facility is unoccupied and renovations will adapt the space for new use. The building systems are outdated and do not meet current code requirements. The renovation will be done to LEED Silver certification and will include water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality measures. The LEED cost benefit analysis shows a positive cost benefit of \$191,350 over 30 years. The agency reports the total projected cost of this project is \$1 million and additional annual operating costs ranging from \$85,880 to \$92,880 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is July 2011 and for completion of construction is February 2012. (See Attachment 2 for additional annual operating costs.)
- (j) Summary 3-2011: JBRC Item 11. Medical University of South Carolina
Project: 9808, Thurmond Gazes Building Envelope and Exhaust Systems Renovations
Request: Increase budget to \$7,000,000 (add \$6,895,000 Institution Bond funds) to renovate the exhaust systems and building envelope on the Thurmond Gazes Building at MUSC. The project was established in September 2010 for pre-design work which is now complete. The work will include replacing the exhaust system, providing a separate exhaust chase for two floors, sealing floor to floor penetrations, replacing wall flashing, recaulking and resealing windows, and replacing the exterior

finish on the penthouse. The building lacks exterior envelope moisture resistance and mold and mildew are becoming a serious problem. The building exhaust system contributes to the problem because it runs at 100% all the time and there is not enough air supply to balance the system. This project, along with a previously approved air handler replacement, will correct the indoor air quality issues that exist in the building. Energy savings and conservation measures will include the installation of energy efficient exhaust fans with variable speed drives, digital electronic controls, and phoenix valves to control return air and exhaust air flow. The agency reports the total projected cost of this project is \$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 August 2011 and for completion of construction is August 2012.

- (k) Summary 3-2011: JBRC Item 12. Medical University of South Carolina
Project: 9809, Harborview Office Tower Chilled Water Risers Replacement
Request: Increase budget to \$650,000 (add \$635,000 Institution Bond funds) to replace the chilled water piping risers in the Harborview Office Tower at MUSC. The project was established in September 2010 for pre-design work which is now complete. The work will include demolishing the existing chilled water supply system, which carries chilled water throughout the buildings for cooling, and installing a new system including pumps, air separators, expansion tanks, variable speed drives, and controls. The existing risers are 31 years old, severely corroded, and in danger of failure. Energy savings and conservation measures will include the installation of pumps with variable speed drives and digital electronic controls. The agency reports the total projected cost of this project is \$650,000 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 July 2011 and for completion of construction is April 2012.
- (l) Summary 3-2011: JBRC Item 13. Medical University of South Carolina
Project: 9810, Storm Eye Institute Sanitary Sewer Riser Replacement
Request: Increase budget to \$560,000 (add \$551,600 Institution Bond funds) to replace the sanitary sewer risers in the Storm Eye Institute at MUSC. The project was established in September 2010 for pre-design work which is now complete. The work will include replacing the existing copper pipe risers with acid resistant polypropylene piping and repairing portions of walls and ceilings resulting from installation of the new piping. The risers drain laboratory waste from sinks and plumbing, are 35 years old, severely corroded, and a continuous source of leaks. They need to be replaced to prevent further damage to the building and ongoing maintenance issues. Energy savings and

conservation measures are not applicable to this piping replacement project. The agency reports the total projected cost of this project is \$560,000 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 August 2011 and for completion of construction is December 2011.

- (m) Summary 3-2011: JBRC Item 14. Medical University of South Carolina
Project: 9811, Basic Science Building Dental Medicine Classroom/Office Renovation
Request: Increase budget to \$2,600,000 (add \$2,561,750 - \$1,000,000 Institution Bond and \$1,561,750 Other, College of Dental Medicine Reserve funds) to renovate approximately 22,253 square feet in the Basic Science Building for the College of Dental Medicine at MUSC. The project was established in September 2010 for pre-design work which is now complete. The work will include constructing two large, tiered lecture classrooms in the former dental clinic space, creating office and lab space for dental faculty, and abating asbestos where ceilings are disturbed. The work is needed to enable the College to increase class sizes to better address the demand for dental professionals in the state and to accommodate dental faculty relocating from another facility. The affected areas have not been renovated since the building was constructed 40 years ago. Energy savings and conservation measures will include the installation of energy efficient lighting, a lighting control system, an energy efficient HVAC system, and water-conserving plumbing fixtures. The agency reports the total projected cost of this project is \$2.6 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 August 2011 and for completion of construction is September 2012.
- (n) Summary 3-2011: JBRC Item 16. Medical University of South Carolina
Project: 9813, Basic Science Building East Side Air Handler Replacement
Request: Increase budget to \$4,200,000 (add \$4,140,000 Institution Bond funds) to replace the air handler in the east half of the Basic Science Building at MUSC. The project was established in September 2010 for pre-design work which is now complete. The work will include installing a new 200,000 cubic feet per minute air handler, chilled water and steam supply lines, and supply air ductwork and upgrading the electrical systems to support the new equipment. The existing air handler is 40 years old, original to the building, well beyond its useful life, and does not have adequate capacity to support labs and classrooms. Energy savings and conservation measures will include the installation of variable frequency drives, energy efficient motors and fans, electronic controls, and energy efficient lighting and insulation. The agency

reports the total projected cost of this project is \$4.2 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 August 2011 and for completion of construction is May 2012.

- (o) Summary 3-2011: JBRC Item 18. State Board for Technical and Comprehensive Education
Project: 6013, Piedmont - Newberry County Center Renovation
Request: Increase budget to \$6,150,000 (add \$6,030,000 - \$3,933,100 Other, Newberry County and \$2,096,900 Other, Local College funds) to renovate approximately 45,000 square feet in a county-owned facility as the Newberry County location of Piedmont Tech. The project was established in February 2010 for pre-design work which is now complete. The work will include renovations to house general education classrooms, the veterinary technician program requiring wet labs, a surgery suite, and a boarding kennel, conference and meeting space, a learning resource center, computer rooms, an industrial arts lab area, and student vending and administrative space. Piedmont Tech will move the existing Newberry Center to meet current space, program design and parking needs. Existing facilities lack parking, have small rooms that do not meet current needs, are not energy efficient, and need building code upgrades. Energy savings and conservation measures will include the installation of energy efficient HVAC and lighting systems, motion detectors, instant hot water heaters, low flow plumbing devices, additional insulation, and an energy management system. The agency reports the total projected cost of this project is \$6,150,000 and additional annual operating costs ranging from \$152,150 to \$167,744 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2011 and for completion of construction is June 2012. (See Attachment 3 for additional annual operating costs.)
- (p) Summary 3-2011: JBRC Item 19. State Board for Technical and Comprehensive Education
Project: 6015, Trident - Building 950 Renovation Phase II
Request: Increase budget to \$6,600,000 (add \$6,516,000 Other, Institutional funds) to renovate approximately 29,358 square feet in Building 950 at Trident Tech. The project was established in February 2010 for pre-design work which is now complete. The work will include renovations to create studios, labs, classrooms and offices for the Media Arts and the Fitness Specialist programs, student study and food service areas to support training in aircraft manufacturing, and an indoor classroom and office for the Electrical Line Worker program. The renovation is needed to provide space for Media Arts which has grown

72% in the last five years and is located in several buildings, to establish a Fitness Specialist program to fill a void in the area, to provide needed classroom space for the Electrical Line Worker program, and to provide study and food service areas for aircraft manufacturing students to eat and take breaks. The building will be renovated to LEED Silver certification and will include water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality measures. The LEED cost benefit analysis shows a positive benefit of \$882,211 over 30 years. The agency reports the total projected cost of this project is \$6.6 million and additional annual operating costs ranging from \$199,930 to \$216,242 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is November 2011 and for completion of construction is November 2012. (See Attachment 4 for additional annual operating costs.)

Increase Budget

- (q) Summary 3-2011: JBRC Item 20. Francis Marion University
Project: 9558, Center for the Performing Arts Construction
Request: Increase budget to \$34,180,000 (add \$1,680,000 - \$1,350,000 Other, Interest Earned on Private Gift and \$330,000 Other, Private Gift funds) to complete construction of the 73,665 square foot Center for the Performing Arts for Francis Marion University to house the university's fine arts programs, offices and classrooms. The project was established in September 2006 and is expected to be completed in April 2011. During the construction phase, the university received interest earned on the private funds donated for the center's construction and additional private gift funds specifically to make additional enhancements to the new facility. The increase will fund these additional enhancements, including a security system and fencing, a water feature in front of the facility, an enhanced lighting package, acoustic curtains, automatic window shades, and onyx glazing on windows. Many of these were included in the original design as alternates but were not awarded due to budget considerations. The agency reports the total projected cost of this project is \$34,180,000 and additional annual operating costs ranging from \$934,800 to \$969,677 will result in the three years following project completion. (See Attachment 5 for additional annual operating costs.)

Establish Project for Preliminary Land Studies

- (r) Summary 3-2011: JBRC Item 21. Coastal Carolina University
Project: 9578, Coastal Science Center Building and Land Acquisition
Request: Establish project and budget for \$20,000 (Other, One Cent Sales Tax funds) to procure the investigative studies required to adequately

evaluate property prior to purchase. Coastal Carolina is considering the purchase of 10.62 acres of land with a 69,480 square foot building on its east campus. The building is currently leased and provides office and classroom space for the Psychology, Sociology, Computer Sciences and Marine Sciences departments. The investigative studies will enable the university to make an informed decision regarding exercising the purchase option associated with the current lease. The Facility provides much needed office and classroom space, including 40 offices, ten classrooms, a lab and work spaces.

- (s) Summary 3-2011: JBRC Item 22. Coastal Carolina University
Project: 9579, Student Health Services Building and Land Acquisition
Request: Establish project and budget for \$20,000 (Other, One Cent Sales Tax funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Coastal Carolina is considering the purchase of 2.58 acres of land with a 7,884 square foot building on its main campus. The building is currently leased and provides office space for Student Health and Counseling Services. The investigative studies will enable the university to make an informed decision regarding exercising the purchase option associated with the current lease. The facility provides much needed administrative space including 16 offices, two conference rooms, ten exam rooms, and a nurse's station. The acreage associated with the purchase will also provide the building site for the university's new Public Safety facility; and

Information relating to this matter has been retained in these files and is identified as Exhibit 8.

Future Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. Cooper the Board agreed to meet at 9:30 a.m. on Monday, May 2, 2011, in Room 252 in the Edgar A. Brown Building and adopted the proposed schedule of Board meetings for 2011 subject to being changed as necessary by the Chair. The remaining scheduled meetings for the year are as follows: June 14, August 9, September 20, November 1, and December 13.

Adjournment

Prior to adjournment of the meeting, Mr. Loftis asked Governor Haley whether the Board members could get an update on the changes in the Board and the new organizational chart. Ms. Kitzman said the changes in the agency of the Board consist of a new director for the Retirement

System, William Blume. She said that there is now an Office of Governmental Affairs that will be led by Steve Elliott. Ms. Kitzman said that the Office of Governmental Affairs is an executive level strategic position to handle legislative matters and provide legislative coverage. Mr. Eckstrom asked whether this was an agenda item to which Governor Haley responded that it is not an agenda item. Mr. Loftis said that Governor Haley asked for other business. Governor Haley acknowledged she asked for additional business.

Mr. Eckstrom asked whether the changes are complete. Ms. Kitzman said the changes have not been fully implemented. Senator Leatherman noted that at the beginning of the Board meeting Governor Haley asked for any additions to the agenda and he did not hear any. Governor Haley asked Ms. Kitzman to have a full explanation at the next Board meeting of the changes that have been made in the agency and inform the Board members of those changes in the interim. Governor Haley said that if there is any discussion that is needed it can be done at the next meeting. Mr. Loftis asked for an update before the next meeting. Governor Haley said that she will have Ms. Kitzman contact each Board member and give them an update. Senator Leatherman asked Ms. Kitzman to talk to all of the Board members before she makes a decision on organizational changes. He said these are Board decisions. He noted that Ms. Kitzman has been very gracious in talking with him on all of the positions she mentioned. He asked Ms. Kitzman to talk to all of the Board members and said that she worked for five people and to keep that in mind as she decides she wants to make changes. He said that Ms. Kitzman should get input from the Board members because some of them may have different ideas. Ms. Kitzman said she will. Mr. Loftis thanked Senator Leatherman for his leadership on this matter because he had not been informed of any of the changes and that he learned about them on the internet.

Mr. Cooper advised the Board members that he was not at the meeting because he was attending the announcement of 30 new jobs coming to his district.

The meeting adjourned at 10:45 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 8:45 a.m. on Monday, March 21, 2011.]