

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

March 6, 2012 -- 9:30 A. M.

The Budget and Control Board (Board) met at 9:30 a.m. on Tuesday, March 6, 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 Director Les Boles; 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.

[Secretary's Note: The Board met immediately following a meeting of the Tobacco Settlement Revenue Management Authority, the members of which are the Budget and Control Board members, *ex officio*.]

Adoption of Agenda for Budget and Control Board

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

Minutes of Previous Meeting

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the minutes of the January 31, 2012, Budget and Control Board meeting; and acting as the Tobacco Settlement Revenue Management Authority, approved the minutes of the January 31, 2012, Authority meeting.

Blue Agenda

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the

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blue agenda items.

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
\$10,000,000 SC JEDA	Bausch Linnemann North America	Nexsen Pruet	Pope Zeigler
\$40,000,000 SC JEDA	Regional Medical Center of Orangeburg and Calhoun Counties	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: Easements (Blue Agenda Item #2)

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

- (a) County Location: Charleston
 From: Budget and Control Board
 To: Charleston Water System
 Consideration: \$700
 Description/Purpose: To grant a 0.159 acre easement for the relocation, installation, operation and maintenance of a potable water pipeline beneath Meggett Creek to accommodate SCDOT’s replacement of the SC 165 bridge.

- (b) County Location: Charleston
 From: Budget and Control Board
 To: Town of Meggett
 Consideration: \$700
 Description/Purpose: To grant a 0.16 acre easement for the relocation, installation, operation and maintenance of a sewer force main beneath Meggett Creek to accommodate SCDOT’s replacement of the SC 165 bridge.

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- (c) County Location: Colleton
From: Budget and Control Board
To: AT& T South Carolina
Consideration: \$700
Description/Purpose: To grant a 0.20 acre easement for the relocation, installation, operation and maintenance of fiber optic cable beneath the Ashepo River to accommodate SCDOT's replacement of the US 17/ACE Basin Parkway bridge.
- (d) County Location: Chester
From: Budget and Control Board
To: Chester Metropolitan District
Consideration: \$700
Description/Purpose: To grant a 0.018 acre easement for the construction, operation and maintenance of discharge piping from the Fort Lawn Water Treatment Plant into the Catawba River.
- (e) County Location: Spartanburg
From: Budget and Control Board
To: Spartanburg Water System
Consideration: \$700
Description/Purpose: To grant a 0.030 acre easement for the installation, operation and maintenance of an effluent diffuser into the North Pacolet River at the R.B. Simms Water Filtration Plant.

The Board concurred and acquiesced in granting the following easement in accordance with SC Code of Laws as requested by the Division of General Services:

- (f) County Location: Charleston
From: Department of Natural Resources
To: South Carolina Electric and Gas Company
Consideration: \$1
Description/Purpose: To approve the grant of right-of-way easement over land within the Fort Johnson complex for the purpose of relocating, constructing, operating and maintaining overhead electric lines and facilities to upgrade service to DNR's Marine Resources Center and the historic Marshlands House.

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

Division of General Services: Real Property Conveyance (Blue Agenda Item #3)

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

Agency:	Department of Employment and Workforce
Acreage:	5.88± acres
Location:	Deming Way and US Highway 78, Summerville
County:	Dorchester
Purpose:	To dispose of surplus real property.
Appraised Value:	\$350,000 as of 3/3/11
Price/Transferred To:	\$100,000/Dorchester County
Disposition of Proceeds:	To be divided between Budget and Control Board and Department of Employment and Workforce pursuant to Proviso 80A.33.

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 has been forwarded to the State Treasurer's office.

A summary of agency responses was attached as part of the agenda item.

The Board received as information a report on Proviso 89.110 concerning agencies' composite reservoir accounts.

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

Division of State Budget: Exemption from Reporting Requirements of Proviso 89.110 (B#5)

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 Budget and Control 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 Budget and Control 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
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

Board members were reminded that if they would like to discuss any of the exemption requests, the discussion must take place in executive session pursuant to Proviso 89.110.

The Board:

- a. Granted approval for the agency requests for exemption from the detailed transaction reporting requirements of Proviso 89.110 except for the following information from each account shall be provided to the Budget and Control Board State Budget Division: 1) Name of the account; 2) Names and titles of each person responsible for making withdrawals and deposits in the account; 3) Name and title of each person responsible for reconciling each account; 4) The beginning balance, total deposits, total expenditures and year-end balance of the account. Agency exemptions shall continue into future years unless changes are made in the operation and use of an agency's composite account; and
- b. Requested the State Auditor's Office to include a review of agency composite accounts when performing audits of state agencies;

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

Division of Procurement Services: Ninety Day Report – John de la Howe School (B#6)

At the June 14, 2011, Budget and Control Board meeting, the Division of Procurement Services (the Division) presented a ninety day report of John de la Howe School's procurement practices requested by the Board at its February 8, 2011, meeting. The report revealed the School had not complied with the Board's directive because not all procurements for the School had been submitted to the Division for approval.

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As directed by the Board, the Division has:

- continued suspension of the John de la Howe School's procurement authority until the Board approves that it be restored
- completed an audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011 meeting
- approved all purchases for the school using the SCEIS system.
- approved all invoices for the school prior to payment using the SCEIS system
- conducted another complete 90 day audit and by way of this agenda item, reported the results to the Board
- conducted customized procurement training for the School's financial and procurement staff

On November 3, 2011, upon completion of the second ninety day review, the Division reported no audit exceptions to the Board. The Board directed the Division to perform a third follow-up review of 100% of the School's procurements in ninety days. On February 9, 2012, the Division completed its third ninety day review of the School's procurements. There were no audit exceptions to report.

The Board approved the following recommendations of the Division of Procurement Services concerning John de la Howe School:

- 1) the School's procurement authority be restored to the basic levels allowed by law;
- 2) the School's invoice authority be restored; and
- 3) the Division perform a follow-up review of the School's procurement practices in 90 days.

Mr. Eckstrom stated that he wanted to commend the Procurement Division for the close attention that was given to procurement problems at John de la Howe. He commented that a lot of work went into that effort, but the work paid off. He said the Board has seen for the past year that once the Procurement Division focused its attention to John de la Howe, the agency was able to work through its problems and put controls in place. Mr. Eckstrom commended the Procurement Division's staff and John de la Howe's staff for their effort.

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

South Carolina Energy Office: Decommissioning Trust Fund (Blue Agenda Item #7)

The South Carolina Energy Office advised of the following funding request:

Purpose/Description:

Pursuant to its contractual responsibilities, Chem-Nuclear has concluded activities for Phase I closure/decommissioning of approximately 90% of the low-level radioactive waste disposal site at Barnwell. Although these activities are complete, performance objectives for the decommissioned portion must be verified by DHEC and this portion of the site must be maintained as required by law to ensure public health and environmental safety remain protected. In order to fund necessary activities, the Budget and Control Board is asked to authorize the use of up to \$4.0 million from the Decommissioning Trust Fund to reimburse Chem-Nuclear for documented costs related to performance objectives verification and maintenance of this portion of the site. The \$4.0 million requested is in addition to those funds previously authorized for closure activities, which will be fully expended by March 2012.

Project Impact:

The balance of the Decommissioning Trust Fund is \$8.1 million. If the Board authorizes up to \$4.0 million for performance objectives verification and maintenance from the Decommissioning Trust Fund, the remaining balance exceeds the amount determined necessary for closure of the other 10% of the site after in-region disposal operations cease. Based upon an October 2007 plan, closure of the remaining 10% was projected to cost \$2.5 million. This amount is consistent on a pro-rata basis with actual costs to close 90% of the site.

The Board authorized the use of up to \$4.0 million from the Decommissioning Trust Fund to reimburse Chem-Nuclear Systems for documented costs related to performance objectives verification and maintenance of the Phase I Closure of the Barnwell Disposal Facility.

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

Executive Director: Revenue Bonds (Blue Agenda Item #8)

The Board approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Colleton County
Amount of Issue: N/E \$4,860,000 Refunding and Capital Improvement Special

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- Allocation Needed Source Revenue Bonds (\$3,860,000 refunding involved)
- 0 -
- Name of Project: Industrial Park
- Employment Impact: approximately 300 full-time jobs
- Project Description: to provide funds to acquire and improve approximately 168 acres
of property and the existing manufacturing facility located thereon
for the purpose of promoting economic development in Colleton
County which constitutes infrastructure servicing Colleton County
- Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 8)
- b. Issuing Authority: Greenwood County
- Amount of Issue: N/E \$50,000,000 Hospital Facilities Revenue Bonds
- Allocation Needed - 0 -
- Name of Project: Self Regional Healthcare
- Employment Impact: n/a
- Project Description: acquire, construct and renovate hospital facilities
- Bond Counsel: Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.
(Exhibit 9)
- c. Issuing Authority: Greenwood County
- Amount of Issue: N/E \$70,000,000 Hospital Facilities Revenue Refunding Bonds
(\$67,000,000 refunding involved)
- Allocation Needed - 0 -
- Name of Project: Self Regional Healthcare
- Employment Impact: n/a
- Project Description: refund outstanding principal amount of Series 1998A bonds and
Series 2001 bonds
- Bond Counsel: Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.
(Exhibit 10)
- d. Issuing Authority: Jobs-Economic Development Authority
- Amount of Issue: N/E \$12,500,000 (2012A Tax-Exempt) and N/E \$1,500,000
(2012B Taxable) Economic Development Revenue bonds
- Allocation Needed: \$12,500,000
- Name of Project: LowCountry BioMass, LLC
- Employment Impact: maintain 1 job and add 14 within 12 months and 28 within 24
months
- Project Description: acquiring, renovating, and equipping a facility for recycling wood
pellets for power fuel source, bedding and litter material for small
animals, horses and chickens and associated fees and costs
- Note:* *private sale (or underwriting)*
- Bond Counsel: E. Tyler Smith, Haynsworth Sinkler Boyd, P. A.
(Exhibit 11)

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- e. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: N/E \$25,000,000 Hospital Revenue Bonds
Allocation Needed: - 0 -
Name of Project: The Regional Medical Center of Orangeburg and Calhoun Counties (TRMC)
Employment Impact: maintain 1492 jobs and add 10 in 12 months and 19 in 24 months
Project Description: expansion of Mabry Center for Cancer Care, including equipment; construction of Dialysis Access Institute; infrastructure and routine capital requirements
Note: *private sale*
Bond Counsel: Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.
(Exhibit 12)

Executive Director: Economic Development (2012 Ceiling Allocations) (Blue #9)

The initial balance of the 2012 state ceiling allocation is \$444,526,850. In accord with Code Section 1-11-520, \$177,810,740 (40% of the total) was designated as the state pool and \$266,716,110 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$444,526,850 remaining for 2012. Allocation requests for 2012 totaling \$12,500,000 have been received thus far.

Relating to requests for calendar year 2012 ceiling allocations, the Board is asked to authorize shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$12,500,000. The Department of Commerce made the following recommendation for allocation from the local pool:

JEDA LowCountry BioMass, LLC, (Jasper County), \$12,500,000.

Board approval of the recommended request, will leave an unexpended state ceiling balance of \$432,026,850 (state pool - \$177,810,740; local pool - \$254,216,110) to be allocated later in the calendar year. Bond counsel for the project has indicated that the positive impact upon the State in job creation, operational efficiencies, and revenue creation is of such significance that approval of the allocation prior to July 1 is warranted.

In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, the Board granted the following tentative ceiling allocation from the local pool prior to July 1 because the positive impact upon the State is of such significance that

approval of the allocation prior to July 1 is warranted:

JEDA LowCountry BioMass, LLC, (Jasper County), \$12,500,000.

The Board also authorized shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

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

Division of State Budget: Permanent Improvement Projects (Regular Session Item #1)

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 6-2012: JBRC Item 1. Coastal Carolina University
Project: 9592, Elvinton Property - New Student Housing Construction
Funding Source: \$470,000 Other, Auxiliary Housing funds, which are housing revenues derived from student housing fees paid by students who reside on campus.
Request: Establish project and budget for \$470,000 (Other, Auxiliary Housing funds) to begin design work to construct a new student housing facility at Coastal Carolina. The new facility will provide 1,270 student beds for first-year students in a multi-phase project, with 635 beds available for occupancy by August 2014. The facility will include student housing suites, study and living spaces, laundry facilities, offices for housing staff, meeting spaces, and modern technology and security. The University has enough space to accommodate 3,192 students with 3,625 students being housed in Fall 2012 through an expanded occupancy plan which doubles and triples rooms by adding an additional student over a room's designed occupancy. The new facility is needed to house current students, alleviate the "plus one" rooms, allow for more upperclassmen to be housed on campus, and provide for future growth. The university reports that current tuition and fees will not increase as a result of this project.

- (b) Summary 6-2012: JBRC Item 2. Medical University of South Carolina
Project: 9821, Clinical Sciences Building 9th Floor Renovation
Funding Source: \$151,500 Other, College of Medicine Clinical Revenues, which are revenues derived from inpatient and outpatient clinical services and patient care provided by the College of Medicine.

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Request: Establish project and budget for \$151,500 (Other, College of Medicine Clinical Revenue funds) to begin design work to renovate the ninth floor of MUSC's Clinical Sciences Building. The work will include reconfiguring interior spaces to create more efficient lab and office layouts, upgrading interior finishes, and upgrading electrical distribution, lighting, fire alarm, plumbing, HVAC distribution, and information technology systems. The renovation will increase lab bench space and the number of offices and tech stations for the Department of Medicine. The ninth floor has not been substantially renovated since the building was constructed in 1975. Existing lab space and office configuration are inefficient and ineffective and the labs do not meet current lab standards.

- (c) Summary 6-2012: JBRC Item 3. Medical University of South Carolina
Project: 9822, Walton Research Building Floors 2, 3, 6 and 7 Renovation
Funding Source: \$94,500 Other, College of Medicine Clinical Revenues, which are revenues derived from inpatient and outpatient clinical services and patient care provided by the College of Medicine.
Request: Establish project and budget for \$94,500 (Other, College of Medicine Clinical Revenue funds) to begin design work to renovate four floors in the Walton Research Building at MUSC. The work will include reconfiguring space to provide faculty offices and student study areas, providing code compliant egress and a fire suppression system, and upgrading the mechanical and electrical systems. Some minor work associated with the building support systems on the first floor will also be included. The building was built in 1962 and floors two, three, six and seven have not had any substantial renovation since construction. The building infrastructure is deteriorating and the building has several building code compliance issues that have not been addressed in previous floors' renovations.
- (d) Summary 6-2012: JBRC Item 4. Budget and Control Board
Project: 9907, Five Points Building Chiller and Cooling Tower Replacement
Funding Source: \$6,700 Other, Depreciation Reserve funds, which are revenues derived from the rent account which receives rent charges from state agencies.
Request: Establish project and budget for \$6,700 (Other, Depreciation Reserve funds) to begin design work to replace HVAC equipment in the Five Points Building. The work will include replacing the chiller, cooling tower, water valves and two chilled water pumps. The equipment is 37 years old and original to the building. The chiller has failed and is completely inoperable and the cooling tower cannot be further repaired due to lack of replacement parts for a unit of its age. A rental chiller will provide cooling during this summer until the new chiller is installed.
- (e) Summary 6-2012: JBRC Item 5. Department of Parks, Recreation and Tourism
Project: 9722, Hamilton Branch State Park Roads and Parking Improvements
Funding Source: \$37,500 Other, Park Revenue funds, which are revenues generated by

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the State Park Service through admissions, camping, rental sales, and other park activities.

Request: Establish project and budget for \$37,500 (Other, Park Revenue funds) to begin design work to make road and parking improvements at PRT's Hamilton Branch State Park. The work will include repairing and resurfacing paved roadways, parking areas and campsites and paving unpaved parking areas and campsites within the park. The work is needed to address deferred maintenance of the 40 year-old roadways and to improve existing campsites and parking areas which are currently unpaved. The condition of the roadways is not safe for pedestrians and bicyclists. A \$2.5 million federal grant from the US Department of Transportation administered through DOT has been awarded to fund construction of this project after design is completed.

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- (f) Summary 6-2012: JBRC Item 6. State Board for Technical and Comprehensive Education
Project: 6026, Aiken - Building 100/200 Student Intake Renovation
Funding Source: \$1,500,000 Other, Local College funds, which are unrestricted fund surpluses from prior years, including operations and plant surpluses.
Request: Increase budget to \$1,500,000 (add \$1,477,500 Other, Local College funds) to renovate Building 100/200 at Aiken Tech to create a Student Intake Center. The project was established in December 2010 for pre-design work which is now complete. The renovation will create a one-stop center for student services, including Admissions, Financial Aid, and Enrollment Management. The work will include reconfiguring approximately 6,090 square feet of space to provide for offices and student waiting areas, reconfiguring two entrances for more visibility and handicapped access, repairing atrium railings, replacing lighting, and improving the building's exterior. Currently, students must move between several buildings multiple times to accomplish registration. The renovation will allow all services that students need to enter college, continue and graduate to be located in one office. Energy savings and conservation measures will include the installation of energy efficient lighting, sustainable materials with high recycled content, and re-use of systems where applicable. The agency reports the total projected cost of this project is \$1.5 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 June 2012 and for completion of construction is December 2012. The college reports that no increase in any student fee or tuition will be required to fund construction of this project.
- (g) Summary 6-2012: JBRC Item 7. Office of the Adjutant General
Project: 9766, SCE&G Lease Maintenance Building Reroofing
Funding Source: \$464,300 Other, Increased Enforcement Collections funds, which were part of a \$1 million appropriation in 2010, provided through Proviso 90.16 in the FY 10-11 Appropriations Act.

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Request: Increase budget to \$464,300 (add \$458,300 Other, Increased Enforcement Collection funds) to reroof the maintenance building in Columbia leased by the Adjutant General's Office to SCE&G for its fleet maintenance shop. The project was established in December 2011 for pre-design work which is now complete. The work will include replacing existing roofing and insulation, relocating existing drains, and replacing flashing. The roof may be original to the 58 year-old building, is well past its useful life, and leaks. The current lease requires any major repairs to be done by the Adjutant General's Office and SCE&G to pay \$200,000 toward the reroofing once it is completed. Energy savings and conservation measures will include the installation of energy saving insulation. The agency reports the total projected cost of this project is \$464,300 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 May 2012 and for completion of construction is October 2012.

- (h) Summary 6-2012: JBRC Item 8. Budget and Control Board
Project: 9896, Brown Building Main Air Handler Replacement
Funding Source: \$971,245 Other, Depreciation Reserve funds, which are revenues derived from the rent account which receives rent charges from state agencies.
Request: Increase budget to \$971,245 (add \$959,995 Other, Depreciation Reserve funds) to replace the main air handler in the Brown Building. The project was established in May 2011 for pre-design work which is now complete. The work will include replacing the main air handler which serves the second through fifth floors of the building and replacing the unit's fans, motors, dampers, filters, coils and housing. The existing air handler is original to the 39 year-old building, is past its useful life, and is inefficient. It is also difficult to repair because parts have become obsolete. Energy savings and conservation measures will include the installation of more energy efficient HVAC components. The agency reports the total projected cost of this project is \$971,245 and annual operating cost savings of \$22,175 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is July 2012 and for completion of construction is December 2012. (See Attachment 1 for annual operating cost savings.)

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

Division of State Budget: Real Property Acquisitions (Regular Session Item #2)

Mr. Eckstrom asked what the source of funding would be for item (a). Carol Routh with the Budget Division appeared before the Board on this item. She said that the funding was a

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combination of renovation reserve funds, renovation plan expansion funds, institutional capital project funds and private funds. She noted that the construction budget for the project will be brought to the Board for approval at the May 2012 Board meeting. Mr. Eckstrom asked whether a renovation reserve fund is like a maintenance fund. Ms. Routh replied that it is and it would have a combination of funds going into it. Mr. Eckstrom inquired whether a maintenance fund should be used for original construction. Ms. Routh deferred that question to representatives for Coastal Carolina University (CCU). Stacie Bowie, Vice-President for finance for CCU, said the renovation reserve/plant expansion fund does allow for the construction of new projects as well as renovations. She noted that the other source of funds is the Horry County Higher Education Commission. Mr. Eckstrom asked whether that was sales tax money to which Ms. Bowie responded that it is property tax millage. She said the Horry County Higher Education Commission is willing to put \$6 million toward the project.

With regard to item (b), Mr. Eckstrom asked whether the property was landlocked on campus. Ms. Bowie said the property was across the street in the Atlantic Center and is adjacent to other properties that CCU has access to.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the following property acquisitions and permanent improvement project budget increases as requested by the Division of State Budget:

(a) <u>Agency:</u>	Coastal Carolina University
Acreage:	1.89± acres
Location:	Near University Boulevard on the Coastal Carolina campus adjacent to the student center.
County:	Horry
Purpose:	To provide land for the construction of an annex to the Lib Jackson Student Center.
Appraised Value:	N/A
Price/Seller:	Donation / Coastal Educational Foundation
Source of Funds:	N/A
Project Number:	H17-9584
Environmental Study:	Approved
Building Condition	N/A
Assessment:	
Additional Annual Op Cost/SOF:	No additional annual operating costs will result from acquisition of the property. Construction of the first annex is expected to cost \$12 million and will be

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	funded from Other, Renovation Reserve/Plant Expansion funds, Other, Institutional Capital Project Funds, and Other, Private funds.
Current Year Property Tax:	N/A - Exempt
Approved By:	CHE on 1/18/12; JBRC Staff on 1/26/12
(b) <u>Agency:</u>	Coastal Carolina University
Acreage:	10.62± acres with a 69,480 square foot office and classroom building and a 455-space parking lot.
Location:	At 301 Allied Drive in Conway
County:	Horry
Purpose:	To acquire a leased property that houses the University's Psychology, Sociology, Computer Science and Marine Science Departments.
Appraised Value:	\$5,500,000
Price/Seller:	\$1,816,112 / Can Am North, LLC
Source of Funds:	Other, One Cent Sales Tax
Project Number:	H17-9578
Environmental Study:	Approved
Building Condition	Approved
Assessment:	
Additional Annual Op	Annual operating lease cost savings of \$325,000
Cost/SOF:	will result from the acquisition.
Current Year Property Tax:	\$28,322
Approved By:	CHE on 12/14/11; JBRC on 2/29/12
Additional Information:	This request also includes approval of an increase to the permanent improvement project budget of \$2,095,000 from the fund source noted above.

Information relating to this matter has been retained in these files and is identified as Exhibit 15.

Clemson University: Not Exceeding \$24,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of Clemson University, Series 2012C (Regular Item #3)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$24,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of Clemson University, Series 2012C, of the State of South Carolina.

The proceeds from the sale of the bonds will be used to (1) refund State Institution Bonds heretofore issued for the University and outstanding, and (2) pay, including reimbursement to the University, for expenses related to the issuance of such State Institution Refunding Bonds.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$24,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of Clemson University, Series 2012C, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 16.

Medical University of South Carolina: Not Exceeding \$15,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of the Medical University of South Carolina, Series 2012B (Regular Session Item #4)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$15,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of the Medical University of South Carolina, Series 2012B, of the State of South Carolina.

The proceeds from the sale of the bonds will be used to (1) refund State Institution Bonds heretofore issued for the University and outstanding, and (2) pay, including reimbursement to the University, for expenses related to the issuance of such State Institution Refunding Bonds.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$15,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of the Medical University of South Carolina, Series 2012B, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 17.

Winthrop University: Not Exceeding \$22,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of Winthrop University, Series 2012D (Regular #5)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$22,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of Winthrop University, Series 2012D, of the State of South Carolina.

The proceeds from the sale of the bonds will be used to (1) refund State Institution Bonds heretofore issued for the University and outstanding, and (2) pay, including reimbursement to the University, for expenses related to the issuance of such State Institution Refunding Bonds.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$22,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of Winthrop University, Series 2012D, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 18.

University of South Carolina: Not Exceeding \$35,000,000 University of South Carolina Higher Education Refunding Revenue Bonds, Series 2012 (Regular Session Item #6)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$35,000,000 University of South Carolina Higher Education Refunding Revenue Bonds, Series 2012.

The proceeds from the sale of the bonds will be used for the purpose of (i) refunding any of the prior bonds, (ii) funding any required debt service reserve fund requirement, (iii) paying costs of issuance of the Series 2012 bonds, and (iv) paying the cost of any credit enhancement with respect to the Series 2012 Bonds.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$35,000,000 University of South Carolina Higher Education Refunding Revenue Bonds, Series 2012.

Information relating to this matter has been retained in these files and is identified as Exhibit 19.

University of South Carolina: Not Exceeding \$42,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of the University of South Carolina, Series 2012A (Regular Session Item #7)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$42,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of the University of South Carolina, Series 2012A, of the State of South Carolina.

The proceeds from the sale of the bonds will be used to (1) refund State Institution Bonds heretofore issued for the University and outstanding, and (2) pay, including reimbursement to the University, for expenses related to the issuance of such State Institution Refunding Bonds.

Mr. Eckstrom asked why some of the refunding items have advisory fees being paid and others do not. Rick Harmon with the Treasurer's Office asked Mr. Eckstrom whether he was looking at bonds for USC versus the State Institution Bonds to which Mr. Eckstrom replied that he was. Mr. Harmon explained that USC engages the services of an investment banker in New York that also provides its advisory fees as a part of its underwriting fees. He said that as a result those fees are not separately captured on that transaction. Mr. Harmon said with regard to the State Institution General Obligation Bonds the services of a financial advisor are allocated and because those bonds are sold at a competitive sale the underwriting fee is not captured and the advisory fee is separate. Mr. Eckstrom asked whether the fee is incurred in both types of transactions. Mr. Harmon said that is the case, but that it is embedded in the underwriting number in one.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$42,000,000 General Obligation State Institution Refunding Bonds, issued on behalf of the University of South Carolina, Series 2012A, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 20.

State Treasurer's Office: Not Exceeding \$35,000,000 General Obligation State Transportation Infrastructure Refunding Bonds, Series 2012A, of the State of South Carolina (Regular Session Item #8)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$35,000,000 General Obligation State Transportation Infrastructure Refunding Bonds, Series 2012A of the State of South Carolina.

The proceeds from the sale of the bonds will be used to (1) refund certain Transportation Infrastructure bonds heretofore issued and outstanding, and (2) pay, including reimbursement to the South Carolina Transportation Infrastructure Bank, for expenses related to the issuance of certain Transportation Infrastructure Refunding Bonds.

Mr. Loftis noted that for all of the bond refundings a lot of work was done by all of the different parties involved. He said the savings to the taxpayer is a little more than \$18 million.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board adopted a

resolution making provision for the issuance and sale of not exceeding \$35,000,000 General Obligation State Transportation Infrastructure Refunding Bonds, Series 2012A, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 21.

State Treasurer's Office: Not Exceeding \$36,000,000 General Obligation State School Facilities Refunding Bonds, Series 2012A, of the State of South Carolina (Regular #9)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$36,000,000 General Obligation State School Facilities Refunding Bonds, Series 2012A, of the State of South Carolina.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$36,000,000 General Obligation State School Facilities Refunding Bonds, Series 2012A, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 22.

State Treasurer's Office: Not Exceeding \$42,000,000 General Obligation State Economic Development Refunding Bonds, Series 2012A, of the State of South Carolina (R#10)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$42,000,000 General Obligation State Economic Development Refunding Bonds, Series 2012A, of the State of South Carolina.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$42,000,000 General Obligation State Economic Development Refunding Bonds, Series 2012A, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 23.

State Treasurer's Office: Not Exceeding \$55,000,000 General Obligation State Capital Improvement Refunding Bonds, Series 2012A, of the State of South Carolina (R#11)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$55,000,000 General Obligation State Capital Improvement Refunding Bonds, Series 2012A, of the State of South Carolina.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$55,000,000 General Obligation State Capital Improvement Refunding Bonds, Series 2012A, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 24.

Future Meeting

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board agreed to meet at 9:00 a.m. on Wednesday, May 9, 2012, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 9:52 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 2:00 p.m. on Friday, March 2, 2012.]