

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

May 9, 2012 -- 9:00 A. M.

The Budget and Control Board (Board) met at 9:00 a.m. on Wednesday, May 9, 2012, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Steve Elliott; 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 Leiding; Comptroller General's Chief of Staff James M. Holly; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Committee Chief of Staff Beverly Smith; Board Secretary Delbert H. Singleton, Jr., and other Budget and Control Board staff.

Adoption of Agenda for Budget and Control Board

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

Minutes of Previous Meeting

Upon a motion by Mr. White, seconded by Mr. Eckstrom, the Board approved the minutes of the March 6, 2012, Budget and Control Board meeting; and, acting as the Tobacco Settlement Revenue Management Authority, approved the minutes of the March 6, 2012, Authority meeting.

Blue Agenda

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

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

The Board approved the following notification of the assignment of bond counsel for conduit issues (for ratification of issuer's counsel only) for which Board approval was requested:
CONDUIT ISSUES: (For ratification of Issuer's Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$35,850,000 SC JEDA	South Georgia Tissue, LLC	Haynsworth Sinkler Boyd	Pope Zeigler

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

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

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

Agency: SC Educational Television Commission
Acreage: Two separate parcels measuring 4.48± acres and 1.95± acres
Location: 1101 George Rogers Boulevard & 1034 Key Road, Columbia
County: Richland
Purpose: To dispose of surplus real property.
Price/Transferred To: \$5,275,000 (Appraised Value)/University of South Carolina
Disposition of Proceeds: To be retained by the SC Educational Television Commission pursuant to Proviso 80A.33.
Additional Information: The proceeds from the sale are sufficient to renovate the ETV Telecommunications Center as required by Proviso 80A.33.

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

Division of General Services: Easement (Blue Agenda Item #3)

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

County Location: Charleston
From: Budget and Control Board

To: Comcast of Carolina, Inc.
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 fiber optic cables to accommodate SCDOT's replacement of SC 171 Bridges over the Folly River and Folly creek nearer the City of Folly Beach.

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

Division of General Services: Petition to Request Annexation of Department of Employment and Workforce's Seneca Workforce Center into the City of Seneca (Blue Agenda Item #4)

The Department of Employment and Workforce requested annexation of its Seneca Workforce Center into the City of Seneca. The office is located at 11091 North Radio Station Road and consists of approximately 2.482 acres. Benefits to be gained from annexation are police, fire and emergency services. A public hearing was conducted by the City of Seneca on December 20, 2010, and there was no public opposition to the annexation. Additionally, the district's legislative representatives were contacted and have no opposition to the annexation.

The Board approved the petition to request annexation of the Department of Employment and Workforce's Seneca Workforce Center into the City of Seneca.

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

Division of Procurement Services: Procurement Audits and Certifications (Blue Item #5)

In accord with Section 11-35-1210, the Board granted the following procurement certifications within 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:

- a. The Citadel (for a period of three years): supplies and services, \$500,000* per commitment; consultant services, \$500,000* per commitment; information technology, \$100,000* per commitment; construction contract award, \$250,000 per commitment; construction contract change order, \$100,000 per change order; architect/engineer contract amendment, \$15,000 per amendment.

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

used.

The audit confirms The Citadel's Procurement Office has the internal controls and expertise to ensure compliance with the application requirements for the certifications.

- b. Horry-Georgetown Technical College (for a period of three years): supplies and services, \$150,000* per commitment; consultant services, \$150,000* per commitment; information technology, \$100,000* per commitment; construction contract award, \$100,000 per commitment; construction contract change order, \$5,000 per change order; architect/engineer contract amendment, \$10,000 per amendment.

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

The audit confirms the Horry-Georgetown Technical College's Procurement Office has the internal controls and expertise to ensure compliance with the application requirements for the certifications.

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

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

The Board approved the following proposal to issue revenue bonds:

- a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: N/E \$40,000,000 Hospital Refunding Revenue Bonds (\$40,000,000 refunding involved)
Allocation Needed: -0-
Name of Project: Georgetown Hospital System
Employment Impact: maintain 1373 jobs and add 8 within 12 months
Project Description: refunding certain maturities of outstanding Series 1998 Bonds and Series 2001 Bonds used to acquire, construct, renovate and equip hospital facilities at Georgetown Memorial Hospital and Waccamaw Community Hospital
Note: private sale
Bond Counsel: Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.
(Exhibit 6)

Executive Director: Economic Development (2012 Ceiling Allocations) (Blue #7)

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 \$32,500,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$20,000,000. The Department of Commerce made the following recommendation for allocation from the local pool:

JEDA Viva Recycling of South Carolina, LLC (formerly known as Tire International Environmental Solutions, Inc.), (Berkeley County), \$20,000,000.

Board approval of the recommended request, this will leave an unexpended state ceiling balance of \$412,026,850 (state pool - \$177,810,740; local pool - \$234,216,110) to be allocated later in the calendar year. Bond counsel for the project indicated that the positive impact upon the State in job creation and financial investment 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 in job creation and financial investment is of such significance that approval of the allocation prior to July 1 is warranted:

JEDA Viva Recycling of South Carolina, LLC (formerly known as Tire International Environmental Solutions, Inc.), (Berkeley County), \$20,000,000;

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

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

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- (a) Summary 7-2012: JBRC Item 1. Clemson University
Project: 9899, Douthit Hills Development
Funding Source: \$1,852,000 Other, Housing Improvement Funds which result from bond covenant- required transfers from Housing Operations to allow for the maintenance and replacement of capital assets funded by bond issues.
Request: Establish project and budget for \$1,852,000 (Other, Housing Improvement Funds) to begin design work to construct new student housing at Clemson. The work will include constructing housing for approximately 1,450 students and constructing a 400-seat dining hall and main bookstore, along with other student services and retail space. Douthit Hills will be constructed on property at the front door to the campus in two sections, ones that will accommodate apartment-style housing for upperclassmen and women and one that will provide residence halls to house students in the Bridge program. Over the past ten years, Clemson's student population has grown by 30% and no new student housing has been added. Clemson currently has 1,300 fewer beds than it did in 2001, the average age of housing facilities is 31 years old, and 52% of available beds are more than 40 years old. The construction will allow Clemson to increase the number of students living on campus from approximately 36% to 50%. The new housing will provide a safe environment conducive to learning.
- (b) Summary 7-2012: JBRC Item 2. Coastal Carolina University
Project: 9593, Hicks Dining Hall Expansion
Funding Source: \$37,500 Other, Auxiliary Services funds which are food service funds derived from the food service contract for facility improvements and multi-year accumulations of vending revenues, catering commissions, and meal plan sales after expenses.
Request: Establish project and budget for \$37,500 (Other, Auxiliary Service funds) to begin design work to construct an addition to the Hicks Dining Hall at Coastal Carolina. The work will include constructing a 6,700 square foot addition and possible outdoor patio seating to provide three additional food stations, a beverage station and approximately 175 additional seats. To meet the university's strategic plan to grow to 12,500 students by 2020, the university will be adding 1,270 beds to university housing. Hicks Dining Hall will provide food service for this additional housing and expansion is needed to meet this growth.
- (c) Summary 7-2012: JBRC Item 5. Medical University of South Carolina
Project: 9823, Basic Science Building Craniofacial Biology Research Renovations
Funding Source: \$39,000 Other, College of Dental Medicine Clinical Revenues which are funds generated and earned from faculty practice clinics, a portion of which goes to the College of Dental Medicine.
Request: Establish project and budget for \$39,000 (Other, College of Dental Medicine Clinical Revenue funds) to begin design work to renovate a portion of the Basic Science Building at MUSC. The work will include reconfiguring

approximately 9,000 square feet on the second floor to create wet lab bench space and support spaces including tissue culture rooms, an autoclave room, a dark room, a microscopy room and lab technician areas for the Dental School's Department of Craniofacial Biology. The work will also include replacing the HVAC, electrical, fire alarm and plumbing systems, and installing new finishes in the space. The Department of Craniofacial Biology does not have any research lab space and completion of the new Dental Clinics Building resulted in vacated space, making this renovation to provide research lab space possible.

- (d) Summary 7-2012: JBRC Item 6. State Board for Technical and Comprehensive Education
Project: 6053, Aiken - Center for Energy and Advanced Technology Construction
Funding Source: \$92,958 Other, Local College funds which are unrestricted local college funds derived from remaining amounts from all prior years, not otherwise restricted or previously invested in capital assets.
Request: Establish project and budget for \$92,958 (Other, Local College funds) to begin design work to construct a Center for Energy and Advanced Technology at Aiken Tech. The work will include constructing an approximately 27,600 square foot facility to house classrooms, labs and offices for Industrial Technology programs and training rooms for business use, constructing parking for the facility, and doing related site work. Existing facilities housing Industrial Technology programs do not have sufficient lab space, have inadequate technology, do not meet current life safety codes, and have significant deferred maintenance needs. Renovating the existing facilities is not a cost effective option to meet the increased demands for industrial technology skills.
- (e) Summary 7-2012: JBRC Item 7. Budget and Control Board
Project: 9909, Sims-Aycock Building Roof and Wall Leak Repairs
Funding Source: \$19,800 Other, Depreciation Reserve funds which are derived from the Rent Account which receives rent charges from state agencies for rental of state buildings.
Request: Establish project and budget for \$19,800 (Other, Depreciation Reserve funds) to begin design work to repair the roof and wall leaks on the Sims-Aycock Building. The work will include repairing or replacing the roof and repairing wall penetrations on the fourth floor after evaluation of the existing roof system, flashing conditions and roof penetrations is completed during pre-design to determine the full scope of work to be done. The building leaks at the roof and fourth floor, causing damage to the building's interior and affecting working conditions inside the building. The roof is out of warranty and leaks.

Established Construction Budget

- (f) Summary 7-2012: JBRC Item 8. Coastal Carolina University
Project: 9582, Student Center Annex Construction

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Funding Source: \$12,050,000, which includes \$3,050,000 Other, Renovation Reserve/Plant Expansion funds which come from a \$150 per fulltime student per semester capital fee, \$3,000,000 Other, Institutional Capital Project Funds which are excess debt service funds, and \$6,000,000 Other, Horry County Higher Education Commission funds which will be provided by the commission from a loan or bonds.

Request: Increase budget to \$12,050,000 (add \$11,690,000 - \$2,690,000 Other, Renovation Reserve/Plant Expansion, \$3,000,000 Institutional Capital Project Fund and \$6,000,000 Other, Horry County Higher Education Commission funds) to construct the first of two annexes to the Student Center at Coastal Carolina. The project was established in March 2011 for pre-design work for both annexes which is now complete. The first annex will be approximately 39,052 square feet and will include a 250-seat theater/auditorium, a recreation and game room, and spaces for student organizations, administration and lounges. The Student Center was constructed in 1978 when the enrollment was 1,760 students, while Fall 2011 enrollment was 9,084. The center lacks lobby and lounge areas and general social space for students and the university needs this student life space to develop a stronger student community. The annex will be constructed 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 \$1,101,399 over 30 years. The agency reports the total projected cost of this phase is \$12,050,000 and additional annual operating costs of \$147,500 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2013 and for completion of construction is August 2014. (See Attachment 1 for this agenda item for additional annual operating costs.)

(g) Summary 7-2012: JBRC Item 9. Medical University of South Carolina

Project: 9819, College of Nursing Floors 2-5 Interior Renovation

Funding Source: \$8,000,000, which includes \$5,000,000 Other, Institutional Capital Project Funds which are funds transferred each June from MUSC's State Treasurer's Office General Debt Service Account and \$3,000,000 Other, College of Nursing Tuition which is tuition paid by students of the College of Nursing.

Request: Increase budget to \$8,000,000 (add \$7,880,000 - \$4,880,000 Other, Institutional Capital Project Funds and \$3,000,000 Other, College of Nursing Tuition funds) to renovate four floors in the College of Nursing Building at MUSC. The project was established in November 2011 for pre-design work which is now complete. The work will include reconfiguring space to provide more efficient classrooms and offices, renovating the HVAC, plumbing, electrical and fire alarm systems, installing a new fire sprinkler system, and replacing the roof. The building was constructed in 1956 and designed as a nursing dormitory. It has not been substantially renovated since construction, still has remnants of the original dormitory usage, and is deteriorated. The lack

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of efficient space and condition of the building systems threaten growth of the college. Energy savings and conservation measures will include the installation of energy efficient lighting and HVAC systems, a lighting control system, and water-conserving plumbing fixtures. The agency reports the total projected cost of this project is \$8 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 January 2013 and for completion of construction is April 2014.

- (h) Summary 7-2012: JBRC Item 10. State Board for Technical and Comprehensive Education
Project: 9899, Piedmont - Abbeville County Extension Center Construction
Funding Source: \$1,560,000 Other, Local Plant funds which are combination of a dedicated capital fee that is part of tuition and residual balance transfers that have been approved for transfer to the Plant Fund by Piedmont Tech's Area Commission.
Request: Increase budget to \$1,560,000 (add \$1,500,000 Other, Local Plant funds) to construct an approximately 9,489 square foot extension center for Piedmont Tech in Abbeville. The project was established in December 2004, put on hold, and then restarted with pre-design recently completed. The building will include classrooms, offices, computer rooms, vending and support spaces for associate degree and certificate programs. The building is needed to replace a facility leased year to year consisting of a farm house and block building, which are old, have space restrictions, and are not code compliant. As a result, curriculum and continuing education offerings are limited in Abbeville due to small classrooms and space accommodations. Energy savings and conservation measures will include the installation of energy efficient lighting, HVAC system, energy management controls, lighting sensor/controls, auto flush valves, and other features. The agency reports the total projected cost of this project is \$1,560,000 and additional annual operating costs ranging from \$27,000 to \$29,767 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2012 and for completion of construction is July 2013. (See Attachment 2 for this agenda item for additional annual operating costs.)
- (i) Summary 7-2012: JBRC Item 11. Budget and Control Board
Project: 9904, DEW - David Building Chiller Replacement
Funding Source: \$590,728 Other, Miscellaneous Revenue from Department of Employment and Workforce which is derived from DEW's Contingency Assessment Fund, a portion of unemployment tax on wages for administrative costs and employment services.
Request: Increase budget to \$590,728 (add \$582,128 Other, Miscellaneous Revenue - DEW funds) to replace the chiller at the Department of Employment and Workforce's David Building. The project was established in November 2011 for pre-design work which is now complete. The work will include replacing the chiller, associated piping, valves and pumps, and making any structural

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modifications needed to ensure efficient and maintainable installation. The chiller is 35 years old, at the end of its service life, not energy efficient, and uses an obsolete and environmentally-restricted refrigerant. Because this is the building's only chiller, the building would be uninhabitable most of the year if the chiller failed. Energy savings and conservation measures will include the installation of an energy efficient chiller. The agency reports the total projected cost of this project is \$590,728 and annual operating cost savings of \$15,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is October 2012 and for completion of construction is March 2013. (See Attachment 3 for this agenda item for annual operating cost savings.)

- (j) Summary 7-2012: JBRC Item 12. Budget and Control Board
Project: 9907, Five Points Building Chiller and Cooling Tower Replacement
Funding Source: \$653,620 Other, Depreciation Reserve funds which are derived from the Rent Account which receives rent charges from state agencies for rental of state buildings.
Request: Increase budget to \$653,620 (add \$646,920 Other, Depreciation Reserve funds) to replace HVAC equipment at the Five Points Building. The project was established in March 2012 for pre-design work which is now complete. The work will include replacing the chiller, cooling tower, pumps and controls and associated electrical work. 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 the lack of replacement parts for a unit its age. A rental chiller will provide cooling this summer until the new chiller is installed. Energy savings and conservation measures will include the installation of an energy efficient chiller and cooling tower. The agency reports the total projected cost of this project is \$653,620 and annual operating cost savings of \$16,361 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 November 2012. (See Attachment 4 for this agenda item for annual operating cost savings.)
- (k) Summary 7-2012: JBRC Item 13. Department of Mental Health
Project: 9723, Broad River CI Sexually Violent Predator Treatment Program Renovations
Funding Source: \$552,750 Excess Debt Service funds which are Patient Fee Account funds derived from daily room and board charges, physician charges, ancillary charges, and outpatient services charges received from patients and Medicare on behalf of patients.
Request: Increase budget to \$552,750 (add \$546,300 Excess Debt Service funds) to renovate facilities at the Broad River Correctional Institution for the Department of Mental Health's Sexually Violent Predator Treatment (SVPT) Program. The project was established in January 2012 for pre-design work which is now complete. The work will include renovating four facilities at Broad River, including installing security measures, converting a kitchen facility to

administration and visitation space, renovating four cells to provide medical treatment rooms, doing electrical and HVAC renovations, and related work. Mental Health's SVPT Program is experiencing unprecedented growth, has outgrown space in the Edisto Unit at Broad River, and has worked with the Department of Corrections to expand into the Congaree Unit to increase capacity by 90 cells for clients. Energy savings and conservation measures will include the installation of energy efficient lighting and energy saving transformers. The agency reports the total projected cost of this project is \$552,750 and additional annual operating costs of \$165,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is November 2012 and for completion of construction is March 2013. (See Attachment 5 for this agenda item for additional annual operating costs.)

Increase Budget

- (1) Summary 7-2012: JBRC Item 14. Clemson University
Project: 9889, Wind Turbine Drivetrain Test Facility/Grid Simulator Construction
Funding Source: \$84,977,278 which includes \$45 million Federal funds from the US Department of Energy, \$10 million State funds provided by the General Assembly, \$8 million from the Charleston Redevelopment Authority, \$18,423,364 Other, Institutional Capital Project Funds which are excess debt service funds, and \$3,553,914 Other, Private funds which are funds donated by individuals, corporations and other entities.
Request: Increase budget to \$84,977,278 (add \$20,977,278 - \$2,000,000 Other, Redevelopment Authority, \$15,423,364 Other, Institutional Capital Project Fund and \$3,553,914 Other, Private funds) to provide additional funds for the drivetrain test facility and to add construction of a grid simulator to the Clemson project in Charleston. The project was established in January 2010 to design and construct a Wind Turbine Drivetrain Test Facility. Additional funds are needed for the drivetrain test facility to meet current seismic and wind codes, because of the anticipated complexity of the project, and because of changes to the facility's capabilities driven by industry feedback to support a sustainable business plan. In addition, a 15 MW Hardware-in-the-loop Grid Simulator will also be constructed to leverage the electrical infrastructure of the Wind Turbine Drivetrain Test Facility. The facilities will allow Clemson to test and validate new technologies for enhancement of the power infrastructure. The facility will be constructed to LEED Silver certification and will include recycling energy generated by the test specimen, air venting main test bays, and water cooling equipment. The LEED cost benefit analysis is still under development and will be submitted when it is completed. The agency reports the total projected cost of this project is \$84,977,278 and additional annual operating costs ranging from \$800,000 to \$1,210,000 will result in the three years following project completion. The agency also reports the date for execution of the construction contract was June 2011 and the projected date for completion of construction is May 2013. (See Attachment 6

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for this agenda item for additional annual operating costs.)

- (m) **Summary 7-2012: JBRC Item 15. Budget and Control Board**
Project: 9891, Data Center Computer Room Electrical Upgrades
Funding Source: \$686,991 Other, Division of State Information Technology funds which are revenues generated from the sale of telecommunication and data processing services to state agencies, local governments and public sector entities.
Request: Increase budget to \$686,991 (add \$480,202 Other, Division of State Information Technology Revenue funds) to increase the delivery capacity of uninterrupted power at the State Data Center. The project was established in February 2011 and increased for the construction budget in January 2012. Since that time, the need for increasing the uninterruptible power supply (UPS) capacity has become time critical as client demands have changed and is directly related to the original scope of the project which has not yet been advertised for bid. The work will now include installing a new UPS module and battery string, along with adding power distribution units, remote distribution cabinets and the related electrical work needed to address growing client demands and future client service needs. Energy savings and conservation measures will include the installation of energy efficient service platforms. The agency reports the total projected cost of this project is \$686,991 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 2012 and for completion of construction is February 2013.

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

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

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

- | | |
|---------------------------|--|
| (a) <u>Agency:</u> | University of South Carolina |
| Acreage: | 6.43± acres and two buildings totaling 115,108 square feet |
| Location: | At Key Road and George Rogers Boulevard in Columbia. |
| County: | Richland |
| Purpose: | To meet needs related to operations at Williams Brice Stadium and to provide space for relocation of programs and institutes that do not need a central campus location. |

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Appraised Value: \$5,275,000
Price/Seller: \$5,275,000 / SC Educational Television Commission
Source of Funds: Other, Institutional funds
Project Number: H27-6095
Environmental Study: Approved
Building Condition: Approved
Assessment:
Additional Annual Op Cost/SOF: Additional annual operating costs of \$800,789 will result from the acquisition and will be paid from Other, Institutional funds. Renovation of approximately 25,000 square feet is anticipated to cost \$800,000 and will be paid from Other, Institutional funds.
Current Year Property Tax: N/A - Exempt
Approved By: CHE on 2/15/12; JBRC on 4/25/12
Additional Information: This request also includes approval of establishment of the budget for the permanent improvement project of \$5,300,000 from the fund source noted above.

- (b) **Agency:** **Coastal Carolina University**
Acreage: 19.44± acres with existing baseball, softball and tennis facilities.
Location: On the corner of University Boulevard and Chanticleer Drive West in Conway.
County: Horry
Purpose: To construct new baseball and softball stadium complexes.
Appraised Value: N/A
Price/Seller: Donation / Coastal Educational Foundation
Source of Funds: N/A
Project Number: H17-9583
Environmental Study: Approved
Building Condition: N/A
Assessment:
Additional Annual Op Cost/SOF: No additional annual operating costs will result from the acquisition. Construction of new baseball and softball facilities is anticipated to cost \$10.2 million and will be funded from Other, Institutional Capital Project Funds, Other, Renovation Reserve/Plant Expansion funds, and Other, Auxiliary funds.
Current Year Property Tax: N/A - Exempt
Approved By: CHE on 2/29/12; JBRC on 4/25/12

(c) Agency:	Department of Parks, Recreation and Tourism
Acreage:	110± acres
Location:	Adjacent to Jones Gap State Park in northern Greenville County
County:	Greenville
Purpose:	To conserve and protect natural resources and to connect more than 50,000 acres of mountain lands from Table Rock State Watershed to Poinsett Watershed.
Appraised Value:	N/A
Price/Seller:	Donation / The Nature Conservancy
Source of Funds:	N/A
Project Number:	P28-9723
Environmental Study:	Approved
Building Condition	N/A
Assessment:	
Additional Annual Op Cost/SOF:	No additional annual operating costs will result from the donation.
Current Year Property Tax:	N/A - Exempt
Approved By:	JBRC on 4/25/12
Additional Information:	Title to all property held in a state agency or department name has been transferred to the State under the control of the Budget and Control Board. These properties must be titled to the State of South Carolina.

Mr. Eckstrom commended Coastal Carolina University and the Department of Parks, Recreation and Tourism for acquiring significant assets for the public at no cost.

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

Division of General Services: Coastal Carolina University Lease for Student Housing at University Place in Conway (Regular Item #3)

Coastal Carolina University requested approval to sublease from Coastal Housing Foundation, LLC (LLC) 54.38 acres with improvements, located approximately 0.25 miles from the campus in Conway for continued use as student housing. The leased property consists of an apartment complex commonly known as *University Place*, containing 46 apartment buildings, an office building with food service and two pool/activity houses with a collective area of approximately 708,481 square feet, as well as two pools, parking and common grounds. The

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leased property has 2,425 bedrooms, including 67 bedrooms reserved for resident advisors and staff, and is expected to provide housing for approximately 2,312 students for the Fall 2012 semester in 295 double occupancy bedrooms and 1,784 single occupancy bedrooms.

The property is owned by the CCU Student Housing Foundation (Foundation) and leased to the LLC. The Foundation purchased the property in phases between 2003 and 2009. Coastal Housing Foundation, LLC, is a South Carolina Limited Liability Company, of which the Foundation is the sole member. The University currently markets, operates, leases and maintains *University Place* in accordance with management agreements with the LLC. The University currently directs students to *University Place* pursuant to support agreements signed in 2005 and 2009. The management agreements will terminate as of the commencement date of the lease, contingent upon the approval of the lease by the Joint Bond Review Committee and the Budget and Control Board; however, the 2005 and 2009 support agreements will not.¹

The lease term will be thirty (30) years commencing July 1, 2012, after which the University may exercise successive optional renewal terms of one (1) year each. Annual rent during the initial term will be equal to 30% above the annual debt service owed by the LLC with annual rent for the first year of the lease not to exceed \$7,983,556.75. The portion of rent paid above the debt service payment will be allocated by the LLC to a surplus fund, expenditures from which will be restricted to such amounts necessary to defray the cost of capital assets, major property expenses, capital expenses requested by the University to improve student living (such as food service or fitness facility upgrades), and operating expenses of the Foundation, including all expenses relating to the bonds secured by the Foundation for *University Place*. Rent for any optional renewal term is \$1.00 per year. In addition to rent, the University will be responsible for paying an amount for “Maintenance and Renewal” estimated at \$383,544.32 for the first year and escalating 3% each year thereafter, which amounts may be adjusted according to the actual use of this escrow fund. All amounts in the Maintenance and Renewal fund will be available for reimbursement to the University of approved expenses for capital improvements and/or routine maintenance expenses. Additionally, the University will be responsible for all operating costs for the property which is estimated at \$3,800,000 for the first year, and includes the cost of employees,

¹The 2005 Student Housing Support Agreement was subject to the South Carolina Consolidated Procurement Code. At the University’s request, and pursuant to regulation, the Procurement Services Division has ratified the University’s execution of the 2005 Student Housing Support Agreement.

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security services, maintenance supplies, insurance, telephones, cable, utilities, etc. Based on the maximum rent the University can pay under the lease, the expected Maintenance and Renewal fee, and the expected operating costs, the estimated maximum amount the University will pay over the term is as follows:

Year	Period	Rent	Maintenance & Renewal ²	Operating ³	Total	Cost Per Bed
1	7-1-12 to 6-30-13	\$ 7,983,556.75	\$ 383,544.32	\$ 3,790,891.69	\$ 12,157,992.75	\$ 5,258.65
2	7-1-13 to 6-30-14	\$ 7,981,249.25	\$ 395,050.64	\$ 3,862,874.08	\$ 12,239,173.97	\$ 5,293.76
3	7-1-14 to 6-30-15	\$ 7,982,191.10	\$ 406,902.16	\$ 3,936,181.05	\$ 12,325,274.31	\$ 5,331.00
4	7-1-15 to 6-30-16	\$ 7,986,124.25	\$ 419,109.23	\$ 4,010,835.65	\$ 12,416,069.13	\$ 5,370.27
5	7-1-16 to 6-30-17	\$ 7,986,091.75	\$ 431,682.51	\$ 4,086,861.27	\$ 12,504,635.53	\$ 5,408.58
6	7-1-17 to 6-30-18	\$ 7,981,671.75	\$ 444,632.98	\$ 4,164,281.67	\$ 12,590,586.40	\$ 5,445.76
7	7-1-18 to 6-30-19	\$ 7,985,246.75	\$ 457,971.97	\$ 4,243,120.97	\$ 12,686,339.69	\$ 5,487.17
8	7-1-19 to 6-30-20	\$ 7,987,814.25	\$ 471,711.13	\$ 4,323,403.67	\$ 12,782,929.05	\$ 5,528.95
9	7-1-20 to 6-30-21	\$ 7,985,393.00	\$ 485,862.46	\$ 4,405,154.64	\$ 12,876,410.10	\$ 5,569.38
10	7-1-21 to 6-30-22	\$ 7,981,623.00	\$ 500,438.34	\$ 4,488,399.10	\$ 12,970,460.44	\$ 5,610.06
11	7-1-22 to 6-30-23	\$ 7,984,223.00	\$ 515,451.49	\$ 4,573,162.70	\$ 13,072,837.19	\$ 5,654.34
12	7-1-23 to 6-30-24	\$ 7,985,978.00	\$ 530,915.03	\$ 4,659,471.44	\$ 13,176,364.47	\$ 5,699.12
13	7-1-24 to 6-30-25	\$ 7,986,563.00	\$ 546,842.48	\$ 4,747,351.72	\$ 13,280,757.20	\$ 5,744.27
14	7-1-25 to 6-30-26	\$ 7,984,405.00	\$ 563,247.76	\$ 4,836,830.33	\$ 13,384,483.09	\$ 5,789.14
15	7-1-26 to 6-30-27	\$ 7,986,062.50	\$ 580,145.19	\$ 4,927,934.46	\$ 13,494,142.15	\$ 5,836.57
16	7-1-27 to 6-30-28	\$ 7,986,225.00	\$ 580,145.19	\$ 5,038,096.05	\$ 13,604,466.24	\$ 5,884.28
17	7-1-28 to 6-30-29	\$ 7,984,600.00	\$ 580,145.19	\$ 5,150,460.88	\$ 13,715,206.07	\$ 5,932.18
18	7-1-29 to 6-30-30	\$ 7,980,895.00	\$ 580,145.19	\$ 5,265,073.00	\$ 13,826,113.19	\$ 5,980.15
19	7-1-30 to 6-30-31	\$ 7,981,220.00	\$ 580,145.19	\$ 5,381,977.36	\$ 13,943,342.55	\$ 6,030.86
20	7-1-31 to 6-30-32	\$ 7,981,626.25	\$ 580,145.19	\$ 5,501,219.81	\$ 14,062,991.25	\$ 6,082.61
21	7-1-32 to 6-30-33	\$ 7,983,251.58	\$ 580,145.19	\$ 5,622,847.11	\$ 14,186,243.88	\$ 6,135.92
22	7-1-33 to 6-30-34	\$ 7,985,282.50	\$ 580,145.19	\$ 5,746,906.96	\$ 14,312,334.65	\$ 6,190.46
23	7-1-34 to 6-30-35	\$ 7,987,070.00	\$ 580,145.19	\$ 5,873,448.00	\$ 14,440,663.19	\$ 6,245.96
24	7-1-35 to 6-30-36	\$ 7,981,382.50	\$ 580,145.19	\$ 6,002,519.87	\$ 14,564,047.56	\$ 6,299.33

² Bonds require a 3% increase yearly in Maintenance and Renewal, calculated per bedroom, unless revisited by an external consultant. A 3% escalation is assumed for the first fifteen (15) years. The University intends to have the required reserve amount revisited regularly.

³ Assumes a 2% operating expense increase per year.

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25	7-1-36 to 6-30-37	\$ 7,985,607.50	\$ 580,145.19	\$ 6,134,173.17	\$ 14,699,925.86	\$ 6,358.10
26	7-1-37 to 6-30-38	\$ 7,987,362.50	\$ 580,145.19	\$ 6,268,459.54	\$ 14,835,967.23	\$ 6,416.94
27	7-1-38 to 6-30-39	\$ 7,985,380.00	\$ 580,145.19	\$ 6,405,431.63	\$ 14,970,956.82	\$ 6,475.33
28	7-1-39 to 6-30-40	\$ 7,984,892.50	\$ 580,145.19	\$ 6,545,143.17	\$ 15,110,180.86	\$ 6,535.55
29	7-1-40 to 6-30-41	\$ 7,984,210.00	\$ 580,145.19	\$ 6,687,648.93	\$ 15,252,004.12	\$ 6,596.89
30	7-1-41 to 6-30-42	\$ 7,981,642.50	\$ 580,145.19	\$ 6,833,004.82	\$ 15,394,792.51	\$ 6,658.65
Total for 30 Years		\$239,528,841.18			\$408,877,691.46	
Average for 30 Years		\$7,984,294.71			\$13,629,256.38	\$5,895.01

Rent for comparable apartments near the University is more expensive and, as off-campus housing, does not offer many of the services of on-campus housing such as shuttle services, security and resident assistants.

The University has adequate funds for the lease according to a Budget Approval Form submitted January 10, 2012, which also includes a multi-year plan. Lease payments will be made from revenue received from student housing fees collected for *University Place*, which is \$6,620 per bed for a single occupancy bedroom or \$5,890 per bed for a double occupancy bedroom collectively for the fall and spring semesters of the 2012-2013 school year. Assuming an annual average occupancy at *University Place* of 85%, the University will realize a positive cash flow of approximately \$485,000 in the first year of the lease, which will be used for improving student experiences, including increased programming and residential academic opportunities. The University has the option to purchase the property at the expiration of the initial term or during any extended term for \$1.00 plus any costs remaining to satisfy outstanding bond obligations on the property. Environmental assessments dated September 9, 2005 and September 30, 2009 revealed no on-site environmental conditions associated with the property.

The lease was approved by David A. DeCenzo, President of Coastal Carolina University and by Nancy Z. Jarrett, Manager of Coastal Housing Foundation, LLC. The lease was approved by the Joint Bond Review Committee at its meeting on April 25, 2012 and by the Commission on Higher Education on May 3, 2012.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the proposed thirty (30) year lease and optional renewal terms of one year each for Coastal Carolina University at *University Place* in Conway as recommended by the Division of General Services.

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

Coastal Carolina University: Not Exceeding \$6,750,000 Coastal Carolina University, South Carolina, Refunding Revenue Bonds, Series 2012 (Regular Session Item #4)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$6,750,000 Coastal Carolina University, South Carolina, Refunding Revenue Bonds, Series 2012.

The proceeds from the sale of the bonds will be used for the purpose of refunding the presently outstanding Series 1999 Bonds maturing on and after June 1, 2013.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$6,750,000 Coastal Carolina University, South Carolina, Refunding Revenue Bonds, Series 2012.

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

Future Meeting

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board agreed to meet at 10:00 a.m. on Tuesday, June 19, 2012, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 9:10 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 11:00 a.m. on Friday, May 4, 2012.]