

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

November 26, 2014 -- 10:00 A. M.

The Budget and Control Board (Board) met at 10:00 a.m. on Wednesday, November 26, 2014, 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; and
Mr. Richard Eckstrom, Comptroller General.

Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee, and Representative W. Brian White, Chairman, Ways and Means Committee, participated in the meeting via telephone.

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Paul Koch; General Counsel David Avant; Governor's Chief of Staff James Burns; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Staff Kara Brurok; Board Secretary Delbert H. Singleton, Jr., and other Budget and Control Board staff.

Adoption of Agenda for Budget and Control Board

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

Budget and Control Board: State Ports Authority Conveyance of 317.51± Acres in Port Royal to the Furman Company (Regular Session Item #1)

In 2014, the South Carolina General Assembly enacted Act No. 230, codified in the South Carolina Code of Laws Section 54-3-700, in which it directed the State Ports Authority to sell its property in Port Royal in a manner that is financially responsible and advantageous to the State Ports Authority and provided that the Authority may accept a sales price at or above eighty (80) percent of the property's appraised value and that sale at such amount shall satisfy the Authority's Board's fiduciary duties to the Authority and the Authority's bondholders. Act No. 230 further specified that if the Authority fails to sell the property by June 30, 2015, the property transfers to the Division of General Services for sale at public auction.

The Authority first issued a public solicitation for sale of the property in 2007, which

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continued into calendar year 2014. Since that time, three contracts have been approved by the Budget and Control Board, all of which ultimately failed to close. The present contract for which the Authority is requesting approval is with the Furman Company in Greenville, South Carolina at a price of \$15.42 million, which the Authority's Board has deemed acceptable and reasonable and within the statutory allowance of eighty (80) percent of the appraised value based on appraisals obtained by the Authority in September and October of 2014.

The contract with Buyer is for the sale of approximately 51.6 acres of highland and approximately 265.9 acres of marshlands. An attorney opinion has been provided as to the legality of the sale of the associated marshlands. Buyer will initially deposit \$50,000 earnest money within 10 days of mutual execution of the contract which will occur following approval by the Budget and Control Board, and an additional \$200,000 prior to the end of the Inspection Period and upon provision of a Notice of Suitability, at which time the earnest money will become nonrefundable and will be applied towards the total purchase price.

A commission of 2.0% of the sales price (\$308,400) will be paid by the SPA to NAI Avant at closing. The closing of the sale shall occur no later than April 17, 2015, at which time the SPA will provide Buyer with a Limited Warranty Deed conveying the highland property and a quitclaim deed conveying the marshland. The State Ports Authority Board approved the contract for sale at its November 19, 2014, meeting and requested the approval of the Budget and Control Board.

Ms. Adams advised the Board that if there were any questions relating to the appraisals or for legal advice that conversation would need to be held in executive session. Governor Haley asked if there was any discussion on the item. Mr. Loftis said he had questions about the appraisal.

Upon a motion by Mr. Loftis, seconded by Mr. White, the Board voted to go into executive session to discuss the item as it related to a proposed contractual agreement.

After the Board came out of executive session, Ms. Adams reported that there were no actions taken in executive session.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board approved the State Ports Authority's request to approve the contract for sale between the State Ports Authority and the Furman Company for the sale of 317.51± acres in Port Royal for \$15,420,000.

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Adjournment

The meeting adjourned at 10:30 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 1:30 p.m. on Monday, November 24, 2014.]