MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

October 30, 2012 -- 10:00 A. M.

The Budget and Control Board (Board) met at 10:00 a.m. on Tuesday, October 30, 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; General Counsel Paul Koch; Governor's Deputy Chief of Staff for Policy, Budget, and Cabinet Affairs Ted Pitts; Treasurer's Chief of Staff Bill Leidinger; Comptroller General's Chief of Staff James M. Holly; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Committee Chief of Staff Beverly Smith; Board Secretary Delbert H. Singleton, Jr., and other Budget and Control Board staff.

Adoption of Agenda for Budget and Control Board

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

Minutes of Previous Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Board approved the minutes of the August 8, 2012, Budget and Control Board meeting.

Blue Agenda

Upon a motion by Mr. Loftis, seconded by Mr. White, the Board approved the 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
$16,000,000 SC JEDA	New Horizon Family Health	Haynsworth Sinkler Boyd	Parker Poe
$250,000,000 SC JEDA	Bon Secours/St. Francis	Jones Day	Nexsen Pruet
$5,200,000 SC JEDA	Clemson Land Stewardship Foundation	Haynsworth Sinkler Boyd	McNair

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

Division of State Budget: Bank Account Transparency and Accountability (Blue Agenda #2)

Proviso 89.98 of the FY 2012-13 Appropriation Act requires agencies with composite bank accounts or other accounts containing public funds which are not included in the Comptroller General's Statewide Reporting and Accounting System (STARS) or the South Carolina Enterprise Information System (SCEIS) to prepare a report disclosing transaction information from the prior fiscal year. State institutions of higher learning are exempted. The proviso provides for an agency to petition the Board for an exemption from the reporting requirements if release of the information would be detrimental to the state or agency. Discussions on the determination of the exemption must take place in Executive Session. However, the exemption may only be granted upon a majority vote of the Board in a public meeting.

The Division of State Budget requested that state agencies provide the required reports by October 1, 2012 and to notify the Division if an exemption to the proviso was being sought and the reason for the exemption. The reports received from the various state agencies have been submitted to the Comptroller General's Office to be posted on their website. Attached to the agenda item was a list of agencies which submitted a report in accordance with Proviso 89.98.

In FY 2011-12 the following agencies were awarded an exemption from the reporting requirements and with the exception of the Department of Mental Health have requested that the exemption be continued:

Governor's Office of Executive Policy and Programs
John de la Howe School
South Carolina Department of Consumer Affairs
South Carolina Department of Disabilities and Special Needs
South Carolina Department of Juvenile Justice
South Carolina Department of Mental Health
South Carolina Department of Motor Vehicles
South Carolina Department of Natural Resources
South Carolina Department of Revenue
South Carolina Law Enforcement Division
South Carolina Vocational Rehabilitation Department
State Accident Fund

The Board granted the above agencies an exemption from the detailed transaction reporting requirements of Proviso 89.98 except for the following information for each account: 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. The exemptions continue into future year unless changes are made in the operation and use of an agency's composite account. Additionally, the Board requested the State Auditor's Office to include a review of agency composite accounts when performing audits of state agencies.

Two additional agencies petitioned the Board for an exemption from the reporting requirements of Proviso 89.98:

South Carolina Department of Social Services
Wil Lou Gray Opportunity School

The Board granted approval for the agency requests for exemption from the detailed reporting requirements of Proviso 89.98 except for the following information for each account: 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. The exemptions continue into future year unless changes are made in the operation and use of an agency's composite account. The agencies granted exemptions are:

Governor's Office of Executive Policy and Programs

John de la Howe School
South Carolina Department of Consumer Affairs
South Carolina Department of Disabilities and Special Needs
South Carolina Department of Juvenile Justice
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

Additionally, the Board requested the State Auditor's Office continue 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 2.

Division of State Budget: Report of FTE Positions Recommended for Deletion in Accordance with Proviso 80A.7 (Blue Agenda Item 3)

Proviso 80A.7 of the FY 2012-13 Appropriation Act authorizes the Board to delete FTE positions that have been vacant for more than one year. As of September 14, 2012, state agencies had 7,937.17 vacant positions and 569.20 have been vacant for more than one year. These numbers reflect adjustments made for positions previously filled and positions that are being actively recruited. The criteria used by the Board for the last five years is to allow agencies a 5% vacancy rate/10 position minimum before any positions would be deleted.

The following is a summary of FTE information as of September 14, 2012:

	TOTAL
FTE Positions Authorized	65,063.38
FTE Positions Currently Vacant	7,937.17
FTE Positions Vacant Over 1 Year	569.20
FTE Exemptions Allowing Agencies a 5% Vacancy Rate/10 Position Minimum.	102.67
Total Positions Recommended for Deletion	466.53

Attached to this agenda item was Schedule A which summarized by agency the FTE positions that are recommended for deletion.

The Board, in accordance with Proviso 80A.7, approved deleting the FTE positions which have remained vacant for more than one year as outlined in Schedule A of the agenda item.

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

Division of General Services: Easements (Blue Agenda Item 4)

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

(a)	County Location:	Charleston
	From:	Budget and Control Board
	To:	South Carolina Electric and Gas Company
	Consideration:	$3,352
	Description/Purpose:	To grant an easement to include four easement areas totaling 14.26 acres for the construction, installation, operation and maintenance of a subaqueous electric transmission line beneath the Hamlin Sound, Hamlin Creek, Gray Bay and the Intracoastal Waterway. The easement is part of a project to improve the electrical system reliability and to accommodate load growth in the Mount Pleasant and the Isle of Palms areas. Consideration is $500 plus $200 per acre for easements across navigable waterways and submerged lands.
(b)	County Location:	Charleston
	From:	Budget and Control Board
	To:	South Carolina Electric and Gas Company
	Consideration:	$700
	Description/Purpose:	To grant a 0.12 acre easement for the relocation, installation, operation and maintenance of a natural gas pipeline beneath the Ashley River due to the widening of Bacons Bridge Road. The easement is part of a project to increase the capacity of the roadway, while also improving its efficiency. Consideration is $500 plus $200 per acre for easements across navigable waterways and submerged lands.

(c)	County Location:	Greenville and Spartanburg
	From:	Budget and Control Board
	To:	Piedmont Natural Gas Company
	Consideration:	$700
	Description/Purpose:	To grant a 0.16 acre easement for the installation, operation and maintenance of a natural gas transmission pipeline beneath the Enoree River. The easement is part of a project to construct a secondary transmission line serving the Greenville area. Consideration is $500 plus $200 per acre for easements across navigable waterways and submerged lands.

(d)	County Location:	Greenville
	From:	Budget and Control Board
	To:	Renewable Water Resources
	Consideration:	$700
	Description/Purpose:	To grant a 0.07 acre easement for the construction, installation, operation and maintenance of an aerial crossing of a gravity sewer line over the Enoree River. The easement is part of a project to perform utility infrastructure improvements and replace the aging Greentree Pump Station. Consideration is $500 plus $200 per acre for easements across navigable waterways and submerged lands.

(e)	County Location:	Richland
	From:	Budget and Control Board
	To:	Dixie Pipeline Company, LLC
	Consideration:	$3,185
	Description/Purpose:	To grant a 0.13 acre easement for the installation, operation and maintenance of a cathodic protection system for the prevention and control of corrosion on the adjacent natural gas pipeline located on property under the control of the Department of Juvenile Justice on Shivers Road. Consideration is $500 plus the Richland County assessed value.

(f)	County Location:	Richland
	From:	Budget and Control Board
	To:	City of Columbia
	Consideration:	$1
	Description/Purpose:	To grant a 0.66 acre easement and a 0.05 easement for the relocation, construction, operation and maintenance of water mains, sanitary sewer mains and storm drainage lines, together with the right of ingress and egress, on property of

the South Carolina State Museum. The easement will address an encroachment issue with the Museum's building expansion which lies over the City's existing utility lines.

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

Division of General Services: Petition to Request Annexation of the Colonial Dorchester State Historic Site into the Town of Summerville (Blue Agenda Item #5)

The Town of Summerville requested annexation of the Colonial Dorchester State Historic Site into the Town of Summerville. The Town will realize increased revenue from hospitality and accommodations taxes collected on properties within its municipal limits. The South Carolina Department of Parks, Recreation and Tourism supports the Town's plans to annex the property. The Colonial Dorchester State Historic Site is approximately 325 acres. The property is located at 300 State Park Road, off Dorchester Road in unincorporated Dorchester County. Benefits to be gained by PRT from the annexation include public services associated with Town properties and allocation of funds from local hospitality and accommodations taxes to promote and improve the site and its facilities. A public hearing was conducted by the Town of Summerville on September 17, 2012, 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 Colonial Dorchester State Historic Site into the Town of Summerville.

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

Division of General Services: Real Property Conveyance (Blue Agenda Item #6)

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

Agency:	Department of Transportation
Acreage:	1.07± acres
Location:	On U.S. Highway 25, North Augusta
County:	Aiken

Purpose:	To dispose of surplus property.
Appraised Value:	$54,000 as of 7/31/12
Price/Transferred To:	Not less than appraised value/To be determined
Disposition of Proceeds:	To be retained by Department of Transportation pursuant to Proviso 80A.27.

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

Division of General Services: Procurement Audit and Certification (Blue Agenda #7)

In accord with Section 11-35-1210, the Board granted the following procurement certification 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 agency:

a. Department of Public Safety (for a period of three years): supplies and services, $300,000* per commitment; consultant services, 100,000* per commitment; information technology, $100,000* per commitment; construction contract change order, $25,000 per change order; architect/engineer contract amendment, $5,000 per change order.

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

The audit confirms the Department of Public Safety's Procurement Office has the internal controls and expertise to ensure compliance with the requirements of the South Carolina Consolidated Procurement Code and ensuing regulations for the certification limits requested.

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

South Carolina Energy Office: Barnwell County Economic Development Fund – Project Funding Request (Blue Agenda Item #8)

Grantee:	Barnwell County Economic Development Corporation
Grant Request:	$475,000
Purpose/Description:	Barnwell County Economic Development Corporation (BCEDC) is requesting funds for sewer improvements to the SC Tissue Plant site, as approved by the Barnwell County Council. This amount is in addition to the $167,085 approved by the Board on September 20, 2011 which will be used for sewer engineering costs. The SC Tissue Plant is a $140M project announced in November 2010 and

	is expected to create over 200 jobs over a three year period. The project is located on a 40 acre tract of land in the Barnwell County Airport Industrial Park with construction expected to begin fourth quarter calendar year 2012, as required by Rural Infrastructure Grant, and completed by first quarter 2014.
Project Impact:	Completion of this project will provide a site to house SC Tissue which is expected to create 200 jobs over the next three years.
Cost of Project:	$ 1,433,000
SCEO recommendation:	We recommend disbursement from the Barnwell Economic Development Fund in the amount of $475,000. The Applicant ($167,085 from BEDF approved on 9/20/11), Rural Infrastructure Grant ($770,000) and SCANA ($21,000) will provide the remainder of the funding needed for the project.

The Board approved the request to release funds in the amount of $475,000 from the Barnwell County Economic Development Fund for sewer infrastructure improvements to the South Carolina Tissue Plant Site in Barnwell County.

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

Executive Director: Revenue Bonds (Blue Agenda Item #9)

The Board approved the following proposals to issue revenue bonds:

a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: N/E $25,000,000 Economic Development Refunding Revenue Bonds ($25,000,000 refunding involved)
Allocation Needed: -0-
Name of Project: CHS Development Company
Employment Impact: maintaining approximately 86 jobs
Project Description: refinance $32,985,000 original principal amount South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (CHS Development Company Project), Series 2003 incurred to finance the renovation and expansion of the Old Charleston High School located on land owned by the Medical University of South Carolina Foundation in Charleston County, South Carolina
Note: *private sale*
Bond Counsel: William M. Musser, McNair Law Firm, P. A.
(Exhibit 9)

b. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: N/E $5,200,000 Economic Development Revenue Bonds

Allocation Needed:	-0-
Name of Project:	CULSF ONE, LLC
Employment Impact:	maintaining approximately 76 jobs; creating approximately 2 new full-time jobs
Project Description:	paying the acquisition price of certain improved real property in Greenville, South Carolina by the borrower, to be leased to Clemson University for its Masters of Business Administration and certain other professional graduate business programs
Note:	*private sale*
Bond Counsel:	Robert S. Galloway, III, Haynsworth Sinkler Boyd, P. A.
(Exhibit 10)	

c.

Issuing Authority:	Jobs-Economic Development Authority
Amount of Issue:	N/E $16,000,000 Economic Development Revenue Bonds
Allocation Needed:	-0-
Name of Project:	New Horizon Family Health Services, Inc.
Employment Impact:	maintain 150 jobs and add 24 in 12 months and 48 in 24 months
Project Description:	construct multi-story building for exam rooms, lab and pharmacy and necessary furnishings and equipment for a new health center in Greenville County
Note:	*private sale*
Bond Counsel:	Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.
(Exhibit 11)	

d.

Issuing Authority:	Jobs-Economic Development Authority
Amount of Issue:	$277,000,000 Economic Development Revenue Bonds
Allocation Needed:	-0-
Name of Project:	St. Francis Hospital, Inc. and Bon Secours Health System, Inc.
Employment Impact:	maintaining employment for approximately 3,685 employees in Greenville County and adjacent areas
Project Description:	to (i) defray the cost of acquiring by purchase certain building improvements and renovation, machinery, equipment and other assets for the hospital facilities of St. Francis and the borrower located in Greenville; (ii) refund all or a portion of the outstanding principal amount of the bonds, Series 2002A (Bon Secours Health System, Inc.) (the "Series 2002A bonds"); (iii) refund all or a portion of the outstanding principal amount of the Authority's Economic Development Revenue Refunding Bonds, Series 2008D (Bon Secours Health System, Inc.) (the "Series 2008D bonds" and, together with the Series 2002A Bonds, the "Prior Bonds"; (iv) pay a portion of the interest on the Bonds, if deemed necessary or desirable by BSHSI; and (vi) pay certain costs incurred in connection with the issuance of the Bonds and the refunding of the Prior Bonds.
Note:	*private negotiated sale*

Bond Counsel: Amy Cobb Curran, Jones Day
(Exhibit 12)

e. Issuing Authority: Medical University Hospital Authority
Amount of Issue: N/E $450,000,000 Hospital Facilities Revenue Obligations ($436,000,000 refunding involved)
Allocation Needed: -0-
Name of Project: Medical University Hospital Authority
Employment Impact: maintaining of approximately 6100 employees
Project Description: providing financing for (i) refinancing the outstanding amount of an original issue of $422,060,000 Medical University Hospital Authority FHA Insured Mortgage Hospital Facilities and Refunding Revenue Bonds, Series 2004, (ii) refinancing the outstanding amount of an original issue of $61,000,000 South Carolina Jobs-Economic Development Revenue Bonds (MUFC Central Energy Plant Project) Series 2004, (iii) defraying all or a portion of the costs of capital improvements to the Ashley River Tower and other health care and related facilities of the Authority; and (iv) defraying the costs associated with issuance of the obligations.
Bond Counsel: Charlton deSaussure, Jr., Haynsworth, Sinkler, Boyd, P. A.
(Exhibit 13)

South Carolina Retirement System Investment Commission: Briefing on Investment Earnings for 2011-2012 (Regular Session Agenda Item 1)

The South Carolina Retirement System Investment Commission provided a briefing on the investment earnings for FY 2011-2012, investment results to date for the current fiscal year, projected investment earnings for the remainder of the current fiscal year and for the following fiscal year, and general changes in the investment strategy the Commission is pursuing or considering to address what appears to be diminishing returns.

Hershel Harper, Chief Investment Officer for the South Carolina Retirement System Investment commission, appeared before the Board on this matter. Mr. Harper's report to the Board is attached and incorporated herein by reference. Mr. Harper noted that Mr. Eckstrom asked that he make a presentation to the Board concerning the current fiscal year returns and speak to expectations going forward.

Mr. Harper explained that the update is for the past fiscal year. He noted that he wanted to talk about the second half of the fiscal year from January 2012 to June 2012 (page 2 of the report). He noted that there was a very significant recovery for the second half of the fiscal year for the plan returns being over 4.8% and the policy benchmark p 4.4%. He said for the full fiscal year period that translated into being ahead of zero by about 37 basis points or one-third of one percent. He noted that was just short of the benchmark which was up a little more than one-half of one percent. He said it is important to note that a lot of ground was made up in the second half of the year. He said that this occurred in light of a lot of financial stress in the system the first half of the year to which the markets reacted and sold off. He said their performance was down about 4% for the first half of the year, but recovered that ground in the second half of the year to get back above zero.

Mr. Harper noted that the numbers are more favorable on a 3-year basis at 10.74% on an annualized basis. He said two years prior there was 14%-plus return and one year prior to that there was an 18%-plus return. He said this fiscal year was just above zero. Mr. Harper said the annualized average is 10.74% which is well ahead of the benchmark or up about 9%.

Mr. Eckstrom asked what the relationship is between policy returns and the assumed rate of return of 7.5% for plan assets that is used for actuarial calculations. Mr. Harper said the Commission constructs the asset allocation each year keeping in mind the liquidity needs. He said the Commission is paying out approximately 4% of assets or a billion dollars a year of the net difference of contributions coming in and distributions going out. He said the Commission considers the 7.5% actuarial rate and understands what risks need to be taken in order earn that return. He noted that a benchmark is created with those factors in mind. Mr. Harper said that a set of capital market assumptions are taken for stock markets, cash markets, and commodities. He said then a portfolio mix of those assets is optimized and targeted to earn at least 7.5% with the lowest risk possible while maintaining a high enough liquidity. He said the policy benchmark is then presented in the annual investment plan to the Commission and is approved every year by the Commission. Mr. Eckstrom asked Mr. Harper if he was saying that the assumed rate is adjusted for liquidity needs to which Mr. Harper responded yes.

Mr. Eckstrom asked what happens if the liquidity needs always forces down the benchmark return rate. He asked whether there would be a shortfall each year between the assumed rate and the actual performance. He asked how that difference is made up from year-to-year. Mr. Harper said that Mr. Eckstrom's question is answered further in his slide presentation to which Mr. Eckstrom responded that he would wait for the answer.

Mr. Harper further discussed why diversification of the portfolio is important. He discussed that the portfolio is designed to protect the trust in a volatile market, with long-term returns in mind. He noted that on page three of his presentation half of the benchmarks were under water and half were above water. He noted that emerging markets debts and real estate were the only two asset classes that exceeded the 7.5% return. He said this speaks to why the Commission diversifies because the asset classes tend to be very volatile from year to year. He said the Commission's job is to take a look at the capital market assumptions and what is happening in the economy, make adjustments and move the portfolio out of harm's way toward the asset classes the Commission believes will perform best. He said no one can tell what will exactly happen with the performance of the asset classes. Mr. Eckstrom asked Mr. Harper if the profiles for fiscal years 2010-2011 and 2011-2012 would look different to which Mr. Harper responded that they would look different.

Mr. Eckstrom asked if page three of Mr. Harper's presentation reflected that there were better quality investments on high end rather than the low end. Mr. Harper indicated that the returns were tilted more toward the right side of the page to which Mr. Eckstrom responded that is significant. Mr. Harper stated that from the asset allocation perspective the Commission was going in the right direction, but that there were certain managers that underperformed expectation.

Mr. Harper noted as a correction that page four of his presentation should reflect the year "2012" next to the month. He stated that is up 4% for the first quarter of the fiscal year versus a benchmark of about 3.5%.

In further discussions, Mr. Harper noted that page 5 of his presentation shows the level of interest rates over the past 30 years. He noted that in the 1980s and part of the 1990s earning 7.5% was easy to achieve by buying short rate bonds. He said after that point rates have been going down. He said the Federal Reserve has indicated that there will be a zero interest rate policy through 2015. He said rates are being kept low to stimulate the economy and get growth back online. Mr. Harper stated that one report indicates that low interest have forced investors to seek higher returning asset classes such as high yield bonds to get income and the return they are seeking to achieve. He noted that Mr. Loftis has refinanced bonds and has saved the State $100 million because of lower interest rates, but that the flip side for the saver is lower interest rates.

He stated that investors continue to have the challenge of a near risk free asset being high is low. He said, therefore, additional risk must be taken in the portfolio to have a chance of earning 7.5%. He commented that should answer the question Mr. Eckstrom posed earlier. Mr. Eckstrom said he does not understand how that translates into the policy rate being as low as it is. Mr. Harper stated that the idea is not to take a look at what would be earned next year in the markets but over a longer time period. He said the capital market assumptions are built from what a risk free rate or inflation rate would be. He said added to that would be what compensation should be added for taking risk. He said one then looks at the risk for each of the asset classes and the relationship among each of those asset classes. He commented that goes back to the diversification principle of zigging and zagging in which there are points in the cycle where assets are going up and down and can reverse throughout the cycle. He said this is the reason to diversify. Mr. Harper said they have an optimization process that looks at how the 7.5% rate can be earned and the needed liquidity handled in the plan at the lowest risk possible. He said that is how the portfolio is constructed.

Mr. Eckstrom asked if the policy return was a weighted average of all the individual categories of benchmark returns. Mr. Harper said that is correct. Mr. Eckstrom said he does not understand why that policy number does not come back at 7.5%. Mr. Harper said that from a forecasted basis it would come back as 7.5%, but that is a realized basis. He said that speaks to page six of his presentation which is the prior consultant's forecast. He noted that in September 2012 the Commission changed consultants and they are now working with Hewitt Ennis Knupp who is developing a plan for the asset liability study. Mr. Harper noted that Hewitt Ennis Knupp will develop its own forecast in which he expects to see some minor tweaking. Mr. Harper further discussed the five to seven year forecasted returns and risks which included an explanation about the target allocation.

Mr. Harper commented that the portfolio is structured based on the State's specific needs. He said peer rankings come up a lot and they can be misused to show good or bad, taking things out of context. He said he is not a fan of peer rankings. He said when looking at peer rankings one has to look at the whole story not just the returns, but also the risks and the risk adjusted returns to get a better picture. He stated that if other states have a higher return that does not mean the Commission is going to change its approach to beat the other states' return. He said other states have different liquidity profiles and that the State's portfolio is developed based upon its specific needs. Mr. Eckstrom asked whether peer ranking is useful to gauge performance. Mr. Harper said where peer rankings can be useful is when one is not looking at short periods of time and understanding the biases that can be in the peer rankings and adjusting for those biases for an apples-to-apples comparison of a state's allocation. Mr. Harper noted that the states are limited by their statutes and as they have their statutes changed they are adding alternative assets. Mr. Eckstrom pointed out that the Commission should let the State know what statutes need to be changed. Mr. Harper commented that other states are starting to make changes to their statutes to allow for the diversification that South Carolina has.

Senator Leatherman asked whether there are other factors besides risk and liquidity that affects the fund. Mr. Harper said when the portfolio is constructed along with the required rate of return there are three key factors to think about. He said the portfolio should be constructed to have the best chance possible to earn the 7.5% return at the lowest risk possible. He said there must be enough liquidity available to meet the benefit payments. He said in addition to those factors are the capital market assumptions over long periods of time and how those assets relate to one another and how they move through time as market cycles change. Senator Leatherman asked if one is supposed to looks at what the factors are when looking at peer returns for what is or is not allowed. Mr. Harper said that is correct.

Mr. Harper also reviewed changes the Commission made for the current fiscal year as indicated on page seven of his presentation. He noted the allocation for private equity and real estate has been lowered from 24% to 20%. Mr. Eckstrom asked what percentage of the portfolio was invested in private equity and real estate. Mr. Harper said the percentage is at 20% of $25 billion. Mr. Harper further noted that there has been increased allocation to fixed income assets which tend to be higher yielding fixed income the Commission is looking for. He noted that the Commission has added allocation to floating rate assets (bank loan portfolio) which means when interest rates do start to rise again the interest rate will reset to the higher rates. He also updated the Board on some of the things the Commission is currently working on and upcoming events.

Mr. Eckstrom asked Mr. Harper what his expectations were of the Commission achieving the 7.5% return. Mr. Harper said that over a long period of time of 25 to 30 years achieving a return of 7.5% would be reasonable. He said from a shorter term perspective it can be very volatile, but noted the State is off to a very good start this year. He said he has concern over the next five years of being able earn the 7.5%. He said that goes back to the fact of the Fed having a zero interest rate policy.

Following Mr. Harper's presentation Mr. Loftis made a presentation concerning the Investment Commission. Mr. Loftis indicated that he has spent literally thousands of hours looking into the Commission. He stated that after doing so he has found that the Commission earns too little, pays too much, is too complex, and puts the State at risk. He said he looks at the Retirement System from three different ways: as a Trustee (a member of the Budget and Control Board), as a voting member of the Commission and as the custodian (State Treasurer). Mr. Loftis noted that he is responsible for investment, cash management and safekeeping of the State's funds and that he is Custodian of the Retirement Systems.

Mr. Loftis further pointed out the growth of the unfunded actuarial liability from 1999 to 2011. He pointed out that in 1999 there was a $178 million unfunded liability and that grew to a $12.407 billion unfunded liability by 2011. He stated that the unfunded liability has grown since then, but the figures for 2012 are not available. Mr. Loftis pointed out with regard to alternative investments that the Commission's percentage of alternative investments out of the $2 trillion universe of alternative investments is the highest public plan in alternatives. He said the Commission likes alternatives because they do not correlate with the Commission's standard assets and they can make money for the State. He noted that alternatives are complex and have high investment fee structures and are difficult to manage.

Mr. Loftis further pointed out that there has been a steady climb in the investment management fee structure over the past four to five years. He noted that in 2011 the fees were $325 million which is 1.24% of the State's assets under management. In comparing investment fees, he noted that the NASRA (National Association of State Retirement Administrators) average for investment fees was 22 basis points. He said in being conservative with what he was told he doubled the basis points for fees for the NASRA to 44. He said he also used neighboring North Carolina which was at 39 basis points compared to South Carolina being at 1.24%. He noted that this is a stark difference. He said applying the NASRA average times two, the State's fee structure should have been around $115 million, but the State paid $325 million in fees which is a transfer of wealth from South Carolina of $210 million.

Mr. Eckstrom asked if the alternative investment types are the reason why the fees are as high as they are. Mr. Loftis said that is part of the reason. Mr. Eckstrom further asked if the State's fee structure is higher because its portfolio is structured differently from the average portfolio. Mr. Loftis said there are a lot of reasons and that would be one of them. Mr. Eckstrom asked if it would be a primary reason to which Mr. Loftis responded it would. Senator Leatherman also asked whether the mix in the fund should also be taken into account. Mr. Loftis indicated that he addresses that issue later in his presentation. Mr. Loftis continued his comments by stating that tripling the NASRA and going to $170 million in fees would also be a transfer of wealth of $152 million.

Mr. Loftis noted that with regard to the 2012 investment rates of return North Carolina by comparison out performed South Carolina significantly. He noted that the Commission paid 1.7 more times in fees than North Carolina and they outperformed the State by six times.

Mr. Loftis pointed out that in 2011 a consultant and accounting firm assessed eleven different areas of risk. He said seven areas were considered high risk, 4 areas were considered medium areas of risk, and none were considered low areas of risk. He noted that low risk indicated that one had a policy and followed it even if it was not the best policy or it was followed to perfection. He said this was not a good audit and alarm bells should have gone off. He noted that risk and compliance programs, financial statement of risk, and service provider oversight are important areas of concern of the seven areas of high risk. Mr. Eckstrom asked if this is a statement of what the Commission is dealing with. He said with regard to strategic analysis the Commission sets out to identify what the highest risk areas were. He said in this industry the risk cannot be taken out, but it can be addressed. He said that someone else is creating the risk and the Commission is trying to mitigate the risk. Mr. Eckstrom said the strategic analysis does not measure what is being done to mitigate the risk, but identifies risk areas for which strategies must be developed. Mr. Loftis said Mr. Eckstrom was correct. He further stated the report noted that the Commission does not do ongoing due diligence and the State does not monitor cross trades. He noted that the Commission has been running $28 billion a year for six years and did not have in place the things the average small town or county would have. He urged the Board members to get a copy of the report to review it. He commented that he was shocked he was getting grief on this matter. Mr. Eckstrom responded that he was not giving Mr. Loftis grief, but was trying to understand the issue. Mr. Loftis said this is not the front end of a system, but it is a $25 billion fund that has significant problems in these areas.

In further discussion, Mr. Loftis noted that an audit was to be done in 2012, but it was not done because not enough had changed. He stated that an assessment was done instead. One of the suggestions Mr. Loftis pointed out from the assessment was "challenge manager valuations". He noted that the State has a $25 billion fund and almost half of that is valued on good faith by the managers. He stated those good faith valuations have a lot of play. He stated the audit the Commission gets in this area is not sufficient. He said he has gone to New York City and talked to world-class firms and was laughed at when he told them the State paid $69,000 for the audit of a $25 billion fund. He said the State needs to think about its manager valuations which the report says is not done. He said the State does not monitor cross trades within strategic partners, nor does the State understand the underlying investment strategies. He said there needs to be ongoing monitoring of its contracts and clients [sic]. He noted that there is no reconciliation of fees on a yearly basis. Mr. Eckstrom asked Mr. Loftis who did not understand the underlying investment strategies. Mr. Loftis quoted from the report that "the Investment Commission does not understand the underlying investment strategies or instruments." Mr. Eckstrom asked whether the Commission members understand the underlying investment strategies. Mr. Loftis said he could not speak for the Commission members. He commented that the Commission members were not involved in this report.

Mr. Loftis also talked about the Commission outperforming benchmarks it set and underperforming its peers. He said the State talks about how the benchmark is beaten, but that puts no money in the Commission's pockets. He said looking at the Bank of New York's $2 trillion universe or the NEPC $1.5 trillion universe the Commission rarely ever outperforms them. He noted that the Commission's benchmarks set the bonus pay for the investment staff. He said that every time the benchmark is beat bonuses are paid and no bonuses are paid when the Commission's peers are beaten. He said that benchmarking is important, but that it should be remembered that it is just an internal goal post. He stated that he has sent the benchmarks off to New York to have professionals review them.

Mr. Loftis reminded the Board that at its July 12, 2012, meeting Commission Chairman Reynolds Williams told the Board that the Commission had "successfully built out all of its internal controls in its oversight structure." He said he has an audit for 2012 that says almost the same thing as audits from 2008 to 2011 which says the Commission does not have a back office. He stated one reason that was given for not having a back office is that there was no money to have one. Mr. Loftis pointed out that a chart on the Commission's website indicates that over a period of five years the Commission has given back to the Legislature over $8.5 million in appropriations that it said it did not need. Mr. Loftis stated that $8.5 million would have paid for a lot of CPAs and back office support. He noted that all of the money paid for expenses comes from the corpus of the trust and returns to the trust when it lapses.

Mr. Loftis said he brought this matter before the Board because there are a lot of people involved in the process. He stated that the Board has to stand up. He said that he has spent thousands of hours studying this matter and each time he pushes back the curtain he finds that things are not what he thinks.

Governor Haley asked Mr. Loftis to provide the Board members with a copy of his presentation. She also asked him who makes the decision with regard to the bonuses. Mr. Loftis said the bonuses come from a formula and the formula is based on the benchmarks. Governor Haley asked whether that was done by the Commission to which Mr. Loftis said that was correct. Governor Haley noted that when her office began to look at the Department of Commerce they noticed that everyone was putting all of their projects in the big areas and people needed to be incentivized to put projects in the rural areas. She said the bonus structure was changed so that more projects started going to rural areas. She said that she used this example to show that there are other ways of doing bonuses so that there is more incentive and motivation. Mr. Loftis commented that he appreciates Governor Haley's ongoing interest she has shown in this matter.

The Board received as information the briefing from the Investment Commission's Chief Investment Officer, Hershel Harper and State Treasurer Curtis Loftis.

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

Public Employee Benefits Authority: Approval of PEBA Policy Determinations (R#2)

Pursuant to the Retirement Code, as amended by Act 278 of 2012, the PEBA Board of Directors is authorized to adopt the necessary employer, and, in certain cases, employee, contribution rates for the five defined benefit plans administered by PEBA based upon the annual valuations of those plans performed by the plans' actuary.

For the South Carolina Retirement System ("SCRS") and the South Carolina Police Officers' Retirement System ("PORS"), prior to July 1, 2015, the rates for employee and employer contributions to those plans are preliminarily set by a statutory schedule. However, if the actuarial valuation shows that those scheduled rates are insufficient to maintain a thirty-year amortization period for the plans, the PEBA Board of Directors is required to increase the scheduled employee and employer contribution rates in equal amounts to maintain an amortization period not exceeding thirty years. See Sections 9-1-1085(A), (C), 9-11-225(A), (C) (as added by Act 278 of 2012).

For the Retirement System for Judges and Solicitors ("JSRS") and the Retirement System for Members of the General Assembly ("GARS"), the employee contribution rates are fixed by statute, and the PEBA Board is required to annually certify the amount of contributions required from the State as an employer contribution to those plans based upon the actuarial valuations of the plans. See Sections 9-8-140, 9-9-130. For the National Guard Retirement System ("NGRS"), which does not require employee contributions, the PEBA Board is required to certify the amount of the appropriation required from the State to maintain the plan on a sound actuarial basis as determined by the annual actuarial valuation of the plan. See Section 9-10-60(D).

At the first regular meeting of the PEBA Board of Directors on September 26, 2012, the PEBA Board accepted as information valuations prepared by the plans' actuary, Gabriel Roeder Smith ("GRS"), for SCRS, PORS, JSRS, GARS, and NGRS as of July 1, 2011, and adopted the contribution rates recommended therein. Under these valuations, the SCRS contribution rates scheduled in Section 9-1-1085 for July 1, 2013, were found to be sufficient to maintain an amortization period not exceeding thirty years for the plan, but the PORS employee and employer contribution rates were required to be increased under Section 9-11-225(C) from the scheduled rates of 7.5% for employees and 12.5% for employers to 7.84% for employees and 12.84% for employers for July 1, 2013, to maintain a thirty-year amortization period for the plan. In addition, under the valuations, the State contribution to GARS for the fiscal year beginning July 1, 2013, was determined to be $4.063 million, and the State contribution to NGRS for the fiscal year beginning July 1, 2013, was determined to be $4.539 million. Finally, pursuant to the valuations, the employer contribution rate for JSRS effective July 1, 2013, was required to increase from 45.09% to 47.39%. In an action separate, the PEBA Board determined that the increase in the JSRS employer contribution rate should be phased in in equal installments over a two-year period, with a rate of 46.24% effective July 1, 2013, and a rate of 47.39% effective July 1, 2014.

Senator Leatherman made a motion, seconded by Mr. Eckstrom to:

> Approve the following adjustments in employer and employee contributions adopted by the PEBA Board for the fiscal year beginning July 1, 2013, based upon the actuarial valuations of the systems as of July 1, 2011:
>
> 1. Increase PORS employee contribution rate to 7.84% and the PORS employer contribution rate to 12.84%.
>
> 2. Increase GARS employer contribution to $4.063 million.
>
> 3. Increase NGRS employer contribution to $4.539 million.
>
> 4. Increase JSRS employer contribution rate to 47.39%.
>
> 5. Phase in JSRS employer contribution rate increase in equal amounts over a two-year period, with a rate of 46.24% effective July 1, 2013, and a rate of 47.39% effective July 1, 2014; and
>
> Although no adjustment was required in the employee and employer contribution rates set out in statute for SCRS, the actuarial valuation for SCRS as of July 1, 2011, is also attached for the Budget and Control Board's as information.

With regard to item 5, Mr. White asked why JSRS would be allowed to phase in the employer contribution over two years when the other systems were doing so in one year. Bill Blume, PEBA Director, explained that originally the actuarial presentation to the PEBA Board said the contribution rate should go from 45.09% to 47.39%. He said the PEBA Board indicated later that they wanted to change their vote to phase in over a split period of two years. He said this produced a result of 46.24 for the first year and 47.39 for the second year. Mr. White asked whether consideration was given to phasing in the others to which Mr. Blume said no. Mr. Blume said consideration was given just to JSRS. Mr. White also asked if the unfunded liability is kept under 30 years for JSRS. Mr. Blume said the fund is kept at 30 years. He noted that any time some contribution is given up it costs on the other side. Mr. Eckstrom asked what the costs were. Mr. Blume said seven basis points for each year for 30 years to make the change because the contribution was phased in. Mr. Eckstrom asked what the dollar impact is to which Mr. Blume replied that he did not compute the dollar impact. He said that does not take into consideration meeting the 7.5% assumed rate of return as Mr. Harper mentioned. Mr. Blume further stated there is an employer increase from 48% to over 49% as a result of the return for 2012. He noted the seven basis points for 30 years adds to the additional costs.

Mr. Blume stated that with respect to PORS there is a statutory concept that says if the three tier years 2012 through 2014 are not met the contributions are required to be changed to meet the 30 year requirement. He said PORS was changed because it did not meet the requirement.

Mr. Eckstrom asked why some of the increases were expressed in percentages and some in dollars. Mr. Blume stated GARS and NGRS are both statutorily employee contributions. He noted that GARS is 10% and NGRS is 11% and that it is not a question of percentages for the employee, but a dollar amount that the general fund has to contribute. Mr. Eckstrom asked for GARS the contribution rate of $4.063 million came up from what prior amount. Mr. Blume said the contribution rate came up from $2.8 million previously. In response to Mr. Eckstrom, Mr. Blume stated that NGRS went from $3.9 million to $4.539 million.

Mr. White stated that he is not in favor of holding one system to a different standard than the others. Mr. Eckstrom asked Mr. White if his concern was a budgeting consideration. Mr. White said his concern was spreading the rate over time and phasing it in over two years and there not be enough to phase in. He noted concerning the Retirement System there was quite the fight on the floor and at conference. He said they bit the bullet and made the increases. He said now it looks like all the systems except one has to bite the bullet and make the increases. He said it is not fair to shift the increase further out for one group and the others have to make the increase all at once.

After further discussion, Governor Haley reminded the Board that there are five items on this agenda item for the Board to consider. She asked if there are any adjustments the Board wanted to discuss. Mr. White asked if the items could be taken as individual votes. Ms. Adams stated that it is the Board administration’s perspective that the way PEBA presented the items as different items to be approved similar to when the Board does permanent improvement projects. She noted that sometimes the Board approves some projects and puts some on hold to come back at another time. Mr. Loftis asked whether the items were separate. Governor Haley said the items were separate items that can be debated and talked about.

Mr. Loftis said he agrees with Mr. White and sees no reason for stepping up the unfunded liability. He said he would like to have a zero policy of no more unfunded liability.

Senator Leatherman said he does not agree. He said that this is a presentation to the Board from PEBA and it is different from the permanent improvement projects. He said the Board does not reach inside the permanent improvement items and deal with them separately. He said that he disagrees that this item is like the permanent improvement projects in the agenda. Governor Haley asked Ms. Adams for clarification. Ms. Adams said that she asked the Board Secretary and he believes the Board can consider the items separately. However, she stated that Mr. Blume can give clarification if PEBA's intent was to handle the items individually when submitted to the Board. Mr. Blume stated that by the way the items were presented they could be handled individually. Mr. Eckstrom noted that items 4 and 5 are the same items but they are broken out. Governor Haley reminded the Board members that there was a motion on the table but no second.

Art Bjontegard, PEBA Board Chairman, stated that when the PEBA Board met they took the first four items as a group which passed unanimously. He said the last item came up as an amendment from the floor brought Ms. Boykin and Mr. Fusco. He stated that they thought of it as a budgetary issue. He said the amendment passed and they left it in such a way that they thought number 5 could be severable without destroying the intent of the first four. He said he would view the first four items as a package and the fifth item as a standalone item. Governor Haley said that she believes that all five items should be treated separately. Ms. Adams said PEBA has indicated that items 1-4 are a package and 5 can be separated. Senator Leatherman said he disagrees with that because if that was PEBA's intent it should have been presented as a separate item just as all other items are presented separately and not en banc. Mr. Eckstrom said if the Board treated the item as a single item and could not accept the PEBA recommendation because of item 5, then the Board should send the entire matter back to the PEBA Board and the PEBA Board would have to deal with item 5 in such a way that it knew it could get all five items approved by the Board. He said he thinks Senator Leatherman's suggestion is a reasonable one. Senator Leatherman said the Board is already at that point since there is no second to his motion. Mr. White noted that items 4 and 5 are linked together and if item 5 is not adopted the employer contribution is being increased. Mr. Eckstrom said the entire item should be sent back to the PEBA Board for it to present the item in such a way that there will be no debate about it at the Board meeting. He noted that the chairman of the PEBA Board and its executive director are present and can brief the PEBA Board that item 5 is not going to pass at the Board. He said the matter can come back at the next Board meeting. Ms. Adams said the next meeting is in December and that should give the PEBA Board enough time to address the issue.

Senator Leatherman said his reason for raising the issue is that he does not want to set a precedent of the Board reaching inside an item and deciding what is going to be accepted or rejected without it going back to the body that sent it to the Board. Governor Haley asked Ms. Adams to make certain in the future of what should be voted on together and what should be voted on separately. Ms. Adams said that the items will be handled separately on the agenda in the future.

Governor Haley clarified that a yes vote for Senator Leatherman's motion which was seconded by Mr. Eckstrom would mean adopting the item. She said a no vote would mean not adopting the item and it would go back to the PEBA Board for further examination. Mr. Eckstrom noted he seconded the item for discussion purposes. The Board voted not to approve the adjustments in employer and employee contributions adopted by the PEBA Board for fiscal year beginning July 1, 2013. Senator Leatherman voted for the item. Governor Haley, Mr. Loftis, Mr. Eckstrom, and Mr. White voted against the item.

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

Division of State Budget: Department of Agriculture Request for Approval to Expend Funds Pursuant to Proviso 34.6 (Regular Session Agenda Item 3)

In Proviso 34.6 of the FY 2012-13 Appropriations Act, the General Assembly provided for the accrued interest from the sale of the State Farmers Market to be expended for relocating and reestablishing the State Farmers Market, after approval by the Joint Bond Review Committee and the Board. The Department of Agriculture requested approval to expend approximately $760,000 in accrued interest to reestablish the State Farmers Market in the approximate amounts and for the following purposes:

$250,000 for signage
$150,000 for equipment
$360,000 for marketing

In Section 90.20 of the FY 2012-13 Appropriations Act, the General Assembly appropriated $900,000 for the purposes stated above, the monies for which were not available because of a shortfall in projected unobligated revenue from FY 2011-12. Utilizing the accrued interest pursuant to Proviso 34.6 will enable the Department to purchase necessary maintenance equipment for the market and enhance the year-round success of this market through informational signage and advertising to alert the public to events and opportunities to purchase produce and foodstuffs from South Carolina farmers.

Upon a motion by Senator Leatherman; seconded by Mr. Loftis, the Board approved the Department of Agriculture's request to expend approximately $760,000 in accrued interest from the sale of the State Farmers Market for signage, equipment, and marketing pursuant to Proviso 34.6.

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

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

Governor Haley asked if any of the items raises fees or tuition. Senator Leatherman said that question was asked of the items at the Joint Bond Review Committee meeting and they were told that no fees would be raised. Mr. White noted that the item has grown so large because a lot of them were carried over by JBRC at a previous meeting. He said that one new item is for Lander University's dormitory project. He noted that the students have a choice whether they will pay the additional $250 to live in that dorm or not. He said the extra $250 is because the rooms go from four people in living quarters to two, but it is the student's choice to stay in the dorm and incur the $250 fee. Glenda Ridgely, Vice President for Business and Administration for Lander University, stated that the debt service will be $1.2 million and will come due in the fall of 2015. She said the University is having debt services and capital leases coming off line that will cover a million dollars of the $1.2 million. She stated that the premium fee of $250 will be for students who elect to stay in the new dorm. She said that is the structure for their debt service for this project.

Mr. Eckstrom commented that on a project by project basis they are all wonderful projects. He said the problem for him is aggregating all of the projects leaves him with a different impression. He said looking at the issues of public debt and the cost of education that is placed on students and parents around the State, he does not see any relief coming in those areas. He said that it is probably a mistake to not drop back and look at the whole picture. Governor Haley said that it is uncomfortable for her seeing this number of projects, but she understands clearly how the projects are vetted at JBRC. She said this is why she is pushing for the new formula for higher education so that these items can be moved to the side and not have the discussion always be a focus on tuition. She said going to the new formula will provide flexibility. Senator Leatherman said the reason the package is so large is that JBRC made the decision at a previous meeting to carryover all projects. He said nothing was approved because he and Mr. White were concerned about deferred maintenance. He said their staffs worked to get information that the institutions were dealing with deferred maintenance. Senator Leatherman reminded Mr. Eckstrom of the position the Board took with the higher education institutions two or three years ago when it told them no further permanent projects would be approved until they got their tuition in line. Mr. Loftis commented that the problem is that the Board and JBRC see these projects at the tail end of the project approval. He said the State has to make a decision of whether it can have all of these world class institutions in a poor state like South Carolina and whether it suits the State's mission. He said that somehow the debt has to be reined in.

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. Senator Leatherman, Mr. White, Governor Haley, and Mr. Loftis voted for the item. Mr. Eckstrom abstained from the vote.

Establish Project for A&E Design

(1) Summary 1-2013: JBRC Item 1. State Board for Technical and Comprehensive Education
Project: 6055, York - Building C Classroom Addition

Funding Source: $16,743 Other, College Capital Reserve Funds which are a portion of all revenues (auxiliary, tuition, unrestricted gifts, and miscellaneous sources) after expenses which are designated and set aside for capital projects.

Request: Establish project and budget for $16,743 (Other, College Capital Reserve Funds) to begin design work to construct a small classroom addition to Building C at York Tech. The building currently has eight small classrooms on the front of the building that are seldom used because of their size. The work will include renovating approximately 5,248 square feet housing the small classrooms and adding approximately 4,608 square feet to create five larger classrooms seating 35-40 students and fulltime faculty offices. It will also include creating a new entrance to the building where the removal of a canopy several years ago, providing some structural support to the roof, resulted in bricks cracking and settling. The addition will provide for larger classrooms which are in short supply, alleviate a structural problem at the entrance, and give the building a better appearance.

(2) Summary 1-2013: JBRC Item 2. State Board for Technical and Comprehensive Education

Project: 6056, York - Library Expansion and Learning Commons Construction

Funding Source: $149,590 Other, College Capital Reserve Funds which are a portion of all revenues (auxiliary, tuition, unrestricted gifts, and miscellaneous sources) after expenses which are designated and set aside for capital projects.

Request: Establish project and budget for $149,590 (Other, College Capital Reserve Funds) to begin design work to construct an addition to the library at York Tech. The addition will be approximately 36,917 square feet and will include library stacks expansion, a bookstore, private study and group collaboration areas, and a food service operation on the first floor and academic spaces for tutoring/coaching, the Writing Center, the Education Technology Center, faculty training rooms, classrooms, and a multi-media studio on the second floor. The addition will be added to the rear of the library, which will create a quadrangle of buildings around a green space and will become the main entrance of the college's signature building. The addition is needed to provide student collaboration space, support the college's student success initiatives, meet current library technology needs, provide food services and expanded bookstore areas, and consolidate the Center for Teaching and Learning in one location.

(3) Summary 1-2013: JBRC Item 3. State Board for Technical and Comprehensive Education

Project: 6057, Midlands - Beltline Library Building Replacement

Funding Source: $162,000 Other, Local County funds which are funds the college receives from the service area counties for the operation of the college's physical plant.

Request: Establish project and budget for $162,000 (Other, Local County funds) to begin design work to construct a replacement library on the Beltline campus of Midlands Tech. The replacement facility will be approximately 40,000 square feet and will include a state-of-the-art library, classrooms, faculty and staff offices, and a mail center. The existing 26,912 square foot library is too small, in poor condition, had insufficient study rooms and computer space, and does not meet today's technology. An accreditation report and faculty and student surveys have all indicated the existing library is insufficient for the current enrollment level. The college has no land available for expansion of the existing library on the Beltline campus.

(4) Summary 1-2013: JBRC Item 4. Department of Motor Vehicles
Project: 9606, Rock Hill DMV Renovation
Funding Source: $5,250 Other, DMV Miscellaneous Revenue funds which are revenues derived from all forms of motor vehicle registrations and licenses and drivers licenses, a portion of which is earmarked for capital projects needed by the agency.
Request: Establish project and budget for $5,250 (Other, DMV Miscellaneous Revenue funds) to begin design work to renovate the 4,609 square foot Rock Hill DMV office for the Department of Motor Vehicles. The work will include constructing five new customer service counters and an enclosed testing room in the existing facility, renovating public restrooms for ADA compliance, replacing the flooring with slip resistant flooring, renovating data and telephone cabling, and abating asbestos. DMV shares the building with the Department of Public Safety's Highway Patrol, which is moving from the location, freeing up space for DMV to expand services into the DPS space. The Rock Hill office is one of the 15 busiest offices in the state and the current location has a high customer wait time due to the limited number of customer service counters.

(5) Summary 1-2012: JBRC Item 7. Department of Transportation
Project: 9721, Upstate Salt Storage Facility Construction
Funding Source: $22,600 Other, State Highway Funds which is derived from 10.34 cent per gallon of the gasoline user fee which must be turned over to the Department of Transportation for the purposes of that department.
Request: Establish project and budget for $22,600 (Other, State Highway Funds) to begin design work to construct a new salt storage facility to serve the Upstate area for the Department of Transportation. The new storage facility, which will serve the counties that are the state's biggest salt users, will be approximately 17,722 square feet to hold 10,000 tons of salt, will be constructed of salt resistant materials, and will be located on right of way property in Spartanburg County. The new facility will allow for purchasing and storing salt during warm weather when costs are lowest, reduce transportation costs for salt having to come from Columbia, and provide enough salt storage for most South Carolina winters for the Upstate area.

(6) Summary 1-2012: JBRC Item 8. Department of Transportation
Project: 9722, Cherokee Salt Shed Construction
Funding Source: $4,500 Other, State Highway Funds which is derived from 10.34 cent

per gallon of the gasoline user fee which must be turned over to the Department of Transportation for the purposes of that department.

Request: Establish project and budget for $4,500 (Other, State Highway Funds) to begin design work to construct a salt storage shed at the Cherokee County Maintenance Complex for the Department of Transportation. The salt storage facility will be approximately 3,092 square feet and will be constructed of salt resistant building materials. Salt must be stored in a dry environment and enough should be stored for a three-day weather event. Currently, adequate salt storage is not available in Cherokee County.

(7) Summary 2-2013: JBRC Item 1. Clemson University

Project: 9904, McAdams Hall Renovation

Funding Source: $63,750 Other, Institutional Capital Project Funds which are excess debt service funds held by the State Treasurer's Office and required to be expended for capital projects.

Request: Establish project and budget for $63,750 (Other, Institutional Capital Project Funds) to begin design work to renovate a portion of McAdams Hall at Clemson. The renovation to approximately 12,000 square feet of the 89,720 square foot facility will include modernizing and reconfiguring labs to meet research requirements, updating classrooms and office spaces to meet faculty and staff needs, and upgrading the HVAC, electrical and information technology systems that serve the space. McAdams Hall was built in 1950 as the Agricultural Engineering complex and these spaces have not been updated since the 1980's and are antiquated and inadequate. The renovations are needed for the School of Agriculture, Forest and Environmental Sciences' programs to provide stakeholders with cutting-edge technology for education, research and service. These programs have experienced significant increases in student numbers, extension programming, and demand for research in the area.

(8) Summary 2-2013: JBRC Item 2. Clemson University

Project: 9905, Greenville One Building Upfit

Funding Source: $100,500 Other, Institutional Capital Project Funds which are excess debt service funds held by the State Treasurer's Office and required to be expended for capital projects.

Request: Establish project and budget for $100,500 (Other, Institutional Capital Project Funds) to begin design work to upfit shell space on floors five through eight and a portion of the first floor in the Greenville One Building in downtown Greenville for Clemson. The shell space under construction will be purchased by the Clemson University Land Stewardship Foundation and leased long-term to Clemson to house MBA and other Masters in Business programs. The work by Clemson to upfit the shell space will include completing the mechanical, electrical and information technology systems and internal wall spacing on the floors and furnishing and equipping the space to meet its programmatic needs. Clemson made the decision in 2001 to develop a major presence by expanding targeted programming efforts in the Greenville community. This new location provides the ideal and modern infrastructure for advanced degree programs that rely heavily on the involvement of private industry partners and the local business community. Plans are to relocate and expand the MBA program that is currently housed in the Bowater Building in downtown Greenville.

(9) Summary 2-2013: JBRC Item 3. Lander University
Project: 9534, Pedestrian Plaza and Vehicular Access Enhancement
Funding Source: $34,500 Other, Renovation Reserve funds which come from a $290 annual fee per fulltime student to be used to support Education and General (E&G) capital expenditures.
Request: Establish project and budget for $34,500 (Other, Renovation Reserve funds) to begin design work to make site improvements to the Lander campus. The work will include redesigning the existing pedestrian student plaza between academic buildings, making it more ADA accessible, and developing a vehicular access to campus along the periphery of the most prominent campus buildings to facilitate traffic flow. Both improvements are consistent with the recently completed Campus Master Plan. The pedestrian plaza is a multi-tiered concrete and brickpaver area which has settled, resulting in cracking and uneven surfaces that contribute to safety concerns and tripping hazards. The work on the plaza will also allow Lander to consolidate underground utilities and provide new conduits for the fiber optic connectivity across campus.

(10) Summary 2-2013: JBRC Item 4. South Carolina State University
Project: 9648, 1890 Extension Annex Renovation
Funding Source: $26,250 Federal funds which have been awarded to the institution by the US Department of Agriculture from the 1890 Extension program.
Request: Establish project and budget for $26,250 (Federal funds) to begin design work to renovate the 1890 extension facility annex at SC State. The work on the 6,036 square foot facility will include reconfiguring space to create efficient offices, conference rooms, work rooms and support spaces, renovating the HVAC, electrical, and plumbing systems, and replacing windows and finishes. The renovation is needed because the annex is not adequate to meet the programmatic or business needs of the 1890 Extension program or to fulfill the land grant mission of providing research, teaching and service to the citizens of the state.

(11) Summary 2-2013: JBRC Item. 5. South Carolina State University
Project: 9649, Camp Harry Daniels 1890 Extension Facility Construction
Funding Source: $20,250 Federal funds which have been awarded to the institution by the US Department of Agriculture from the 1890 Extension program.
Request: Establish project and budget for $20,250 (Federal funds) to begin design work to construct an 1890 extension facility at Camp Harry Daniels in Elloree for SC State. The work will include constructing an approximately 9,000 square foot facility that will include offices, a conference room, a food and nutrition lab, a

computer lab, meeting and support spaces. Existing facilities at Camp Daniels are unsafe and dilapidated and there are no facilities conducive to providing extension programs. The facility is needed to fulfill the university's land grant mission of providing research, teaching and service to the citizens of the state.

(12) Summary 2-2013: JBRC Item. 6. State Board for Technical and Comprehensive Education

Project: 6060, Horry-Georgetown - Grand Strand Culinary Arts Building Construction

Funding Source: $195,000 Other, College funds which are excess of revenues over expenses, held to address capital needs and local matching requirements.

Request: Establish project and budget for $195,000 (Other, College funds) to begin design work to construct a new culinary arts building on the Grand Strand Campus of Horry-Georgetown Tech. The approximately 38,000 square foot facility will include classrooms, labs, multiple working kitchens and dining rooms to provide a comprehensive and integrated learning experience for Culinary Arts students. The Culinary Arts program is housed in two buildings totaling 15,000 square feet which limits enrollment. The buildings are 25 and 50 years old and are not conducive for modern instructional techniques or for future expansion or renovation. The new facility will enable the college to more than double its enrollment in the Culinary Arts program, which has a 100% job placement rate, and to train more students to meet increasing labor demands for the food service industry.

(13) Summary 2-2013: JBRC Item. 7. Budget and Control Board

Project: 9912, Rutledge Building Emergency Generator Installation

Funding Source: $5,900 Other, Depreciation Reserve funds which are derived from the rent account which receives rent charged to agencies for rental of state buildings.

Request: Establish project and budget for $5,900 (Other, Depreciation Reserve funds) to begin design work to install an emergency generator in the Rutledge Building that houses the Department of Education. The generator will supply backup power for the building's life safety systems, including the fire pump, egress lighting, elevators, and the fire protection and notification systems, and for the Department of Education's information technology operations. The building is 50 years old and would require an emergency generator if built today. Installation of the emergency generator will bring this part of the building up to current standards and will prevent elevator passengers from being stranded, which happened recently.

(14) Summary 2-2013: JBRC Item 8. Budget and Control Board

Project: 9913, Data Center Generator and Chiller Installation

Funding Source: $25,020 Other, Depreciation Reserve funds which are derived from the rent account which receives rent charged to agencies for rental of state buildings.

Request: Establish project and budget for $25,020 (Other, Depreciation Reserve funds) to begin design work to install an emergency generator and a chiller in the Data Center Building for the Budget and Control Board. The state's Data Center was completed in 1999 and serves as the hub for many of the state's critical data and computer systems. A 2012 data center Tier evaluation study found the Board's Division of State Information Technology has outgrown the center and has exceeded the capacity of the electrical and mechanical systems. Immediate improvements recommended include installing a second generator to provide sufficient power to the center and a third chiller to properly cool the equipment running in the Data Center. The equipment is needed to support the data processing requirements of the Data Center's customers and to provide a level of redundancy recommended in the evaluation study.

(15) Summary 2-2013: JBRC Item 9. Department of Disabilities and Special Needs
Project: 9863, Central Office Safety/Code/Energy Repairs
Funding Source: $42,000 Excess Debt Service funds which are client fees invested and held by the State Treasurer's Office that exceed principal and interest due on outstanding obligations and can be used to fund improvements.
Request: Establish project and budget for $42,000 (Excess Debt Service funds) to begin design work to make repairs to the Department of Disabilities and Special Needs' Central Office Building in Columbia. The work will include replacing the HVAC and fire alarm systems, installing energy efficient lighting, upgrading information technology systems and cabling, providing energy management controls, installing water conserving plumbing fixtures, replacing ceiling panels, floor coverings, and wall finishes, and sealing the exterior. Most building systems are original to the 23 year-old building and the 12 year-old roof is beyond its life expectancy. Repairs are needed to ensure safety for employees and the public, to comply with current codes, and to provide for energy efficiency.

Establish Construction Budget

(16) Summary 1-2013: JBRC Item 5. College of Charleston
Project: 9648, Dixie Plantation Field Stations Construction
Funding Source: $2,800,000 which includes $1,800,000 Other, Capital Improvement Project funds which are revenues generated by a Capital Improvement Fee that are in excess of the current annual debt service related to bonds and $1,000,000 Other, Private funds which are derived from a $1 million grant from the Spaulding-Paolozzi Foundation received for this specific purpose.
Request: Increase budget to $2,800,000 (add $2,768,500 - $1,768,500 Other, Capital Improvement Project Funds and $1,000,000 Other, Private funds) to construct two field stations at the Dixie Plantation for the College of Charleston. The project was established in September 2011 for pre-design work which is now complete. The work will include constructing two 3,500 square foot field stations which will each include a large classroom/lab for teaching, restrooms, secure storage, utility space, a large screened area for teaching, and a wildlife

observation platform to support environmental science research and instruction. Dixie Plantation, located on the Stono River, currently has no educational or research facilities. The proposed field stations will provide necessary space for students and faculty to better utilize the 881-acre ecological gem. Energy savings and conservation measures will include the installation of energy efficient HVAC and lighting systems, thermal insulation, low flow plumbing fixtures and other measures. The agency reports the total projected cost of this project is $2.8 million and additional annual operating costs of $34,600 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is March 2013 and for completion of construction is October 2013. (See Attachment 1 for this agenda item for additional annual operating costs.)

(17) Summary 1-2013: JBRC Item 6. Coastal Carolina University
Project: 9587, Tennis Complex Construction
Funding Source: $2,000,000 Other, Renovation Reserve/Plant Expansion funds which derive from a $150 per semester student allocation that is used for campus infrastructure projects, additions and renovations to existing buildings, construction of new facilities and major repairs.
Request: Increase budget to $2,000,000 (add $1,970,000 Other, Renovation Reserve/Plant Expansion funds) to construct a new tennis complex at Coastal Carolina. The project was established in August 2011 for pre-design work which is now complete. The complex will include 12 tennis courts, spectator bleachers, scoreboards, lighting, a public address system and a 2,949 square foot building with coaches' offices, men's and women's locker rooms, restrooms, meeting space and storage. The University currently has six courts available for tennis team use and two courts available for student use. The student courts will be demolished to renovate the baseball stadium and the six team courts are insufficient, have one small equipment area, and have none of the features planned for the new building. Energy savings and conservation measures will include the installation of water-saving plumbing fixtures, energy efficient lighting, and low volatile organic compound paint and carpet. The agency reports the total projected cost of this project is $2 million and additional annual operating costs of $27,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is February 2013 and for completion of construction is August 2013. (See Attachment 2 for this agenda item for additional annual operating costs.)

(18) Summary 1-2013: JBRC Item 7. Coastal Carolina University
Project: 9592, Elvington Property - New Student Housing Construction
Funding Source: $85,000,000 Revenue Bond funds which will be issued after approval of a bond resolution by the Budget and Control Board with debt service funded from housing revenues.
Request: Increase budget to $85,000,000 (add $84,530,000 Revenue Bond funds) to

construct new student housing facilities with 1,270 beds at Coastal Carolina. The project was established in March 2012 for pre-design work which is now complete. The work will include constructing four new housing facilities, each with student suites, a lounge, a laundry, a multi-purpose room, resident director offices, a workroom and a recycling center. Building 1 will also include additional spaces to serve all four buildings. The university has space to accommodate planned occupancy of 3,192 students while, in Fall 2012, it will house 3,625 students by adding one additional student to each room's design capacity. The University's master plan calls for the additional 1,270 beds to alleviate the plus one housing, bring more upperclassmen back on campus, and allow the university to grow to 12,500 students by 2020. The facilities will be constructed to LEED Silver certification and will include sustainable sites, energy and atmosphere, materials and resources, indoor environmental quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of $5,886,688 over 30 years. The agency reports the total projected cost of this project is $85 million and additional annual operating costs of $1,152,500 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is January 2013 and for completion of construction is July 2015. (See Attachment 3 for this agenda item for additional annual operating costs.)

(19) Summary 1-2013: JBRC Item 8. Medical University of South Carolina
Project: 9821, Clinical Sciences Building 9th Floor Renovation
Funding Source: $10,000,000 Other, College of Medicine Clinical Revenue funds which is clinical revenue generated from patient care provided by MUSC physicians.
Request: Increase budget to $10,000,000 (add $9,848,500 Other, College of Medicine Clinical Revenue funds) to renovate the ninth floor of the Clinical Sciences Building at MUSC. The project was established in March 2012 for pre-design work which is now complete. The work will include renovating the HVAC, electrical distribution, water heating, plumbing, lighting and fire alarm systems and reconfiguring the interior space to increase the number of offices from 36 to 40, tech stations from 20 to approximately 90, and the amount of lab bench space from 900 to 1,270 linear feet. The ninth floor has not been substantially renovated since its construction in 1975. The renovation will bring labs up to current standards and make more efficient and effective use of the space. Energy savings and conservation measures will include the installation of energy efficient HVAC and lighting systems, a lighting control system, and water-conserving plumbing fixtures. The agency reports the total projected cost of this project is $10 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 May 2013 and for completion of construction is December 2015.

(20) Summary 1-2013: JBRC Item 9. Medical University of South Carolina
Project: 9822, Walton Research Building Floors 2, 3, 6 and 7 Renovation

Funding Source: $7,215,977 Other, College of Medicine Clinical Revenue funds which is clinical revenue generated from patient care provided by MUSC physicians.

Request: Increase budget to $7,215,977 (add $7,121,477 Other, College of Medicine Clinical Revenue funds) to renovate four floors in the Walton Research Building at MUSC. The project was established in March 2012 for pre-design work which is now complete. The work will include reconfiguring the floors into faculty offices and student study areas for the College of Medicine, upgrading the HVAC, fire protection, electrical distribution, plumbing and lighting systems, and improving egress in stairwells. These floors have not had any substantial renovation since construction in 1962. The building systems are deteriorating and have building code compliance issues. A recent feasibility study determined the best use of these floors is as office space. Energy savings and conservation measures will include the installation of energy efficient HVAC and lighting systems, a lighting control system, and water-conserving plumbing fixtures. The agency reports the total projected cost of this project is $7,215,977 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 2013 and for completion of construction is February 2014.

(21) Summary 1-2013: JBRC Item 10. State Board for Technical and Comprehensive Education

Project: 6052, Horry-Georgetown - Conway Buildings 100/200/1000 Energy Updates and Classroom Renovations

Funding Source: $6,000,000 which includes $660,362 Capital Reserve Funds appropriated for deferred maintenance in FY 2010-11, $1,500,000 Other, Educational Sales and Use Tax funds which are Horry County one cent sales tax funds, 6.5% of which is allocated to Horry-Georgetown Tech, and $3,839,638 Other, College funds which are excess of college revenues over expenses held to address capital needs and local matching requirements.

Request: Increase budget to $6,000,000 (add $5,910,000 - $660,362 Capital Reserve Funds, $1,410,000 Other, Education Sales and Use Tax and $3,839,638 Other, College funds) to make weatherization and energy performance upgrades to Buildings 100, 200 and 1000 at Horry-Georgetown Tech. The project was established in January 2012 for pre-design work which is now complete. The work will include replacing windows and glazing systems, repairing roofs, sealing joints and seams, replacing insulation, and recladding exterior walls. It will also include renovating affected classrooms and labs damaged by air and water infiltration. Air and water infiltration are occurring through exterior walls and windows due to the buildings' age and movement, resulting in poor air quality, energy inefficiency, and damage to the buildings' envelopes, walls and ceilings. Work on the buildings' entries will also address ADA standards. Energy savings and conservation measures will include the installation of energy efficient windows, insulated wall sheathings and panels, and insulated glazing. The agency reports the total projected cost of this project is $6 million and annual operating cost savings of $50,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is March 2013 and for completion of construction is March 2014. (See Attachment 4 for this agenda item for annual operating cost savings.)

(22) Summary 1-2013: JBRC Item 11. Budget and Control Board

Project: 9641, B&CB Facilities Fire Alarm/Smoke Detector Code Compliance Upgrade Phases I - IV

Funding Source: $5,984,932 which includes $1,644,522 in Capital Improvement Bond funds authorized in 1999 for deferred maintenance, $2,318,835 Appropriated State funds which were supplemental appropriations appropriated in FY 2006-07 for deferred maintenance, $339,480 Federal funds transferred from the old Employment Security Commission for an earlier phase of the project, and $1,682,095 Other, Depreciation Reserve funds which comes from rent of buildings to state agencies.

Request: Increase budget to $5,984,932 (add $2,172,351 Appropriated State funds) to fund phase IV of upgrades to fire alarm and smoke detector systems in Budget and Control Board buildings. The project was established in 1997 and increased several times to fund three phases of the fire alarm system upgrades and pre-design for phase IV, which is now complete. Phases I through III involved replacing systems in 18 of 34 buildings. Phase IV includes replacing the fire alarm and smoke detector systems in seven additional buildings, Dennis, Rutledge, Mills Jarrett, DSS North Towers, Five Points, Geology, and the Energy Facility. The existing fire alarm systems in the remaining 16 buildings range in age from 21 to 32 years old, require extensive maintenance, and replacement parts are increasingly difficult to obtain. A final phase of work to complete the upgrades is expected when additional funds become available. Energy savings and conservation measures are not applicable to this fire alarm project. The agency reports the total projected cost of four phases is $5,984,932 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract for Phase IV is August 2013 and for completion of construction is August 2015.

(23) Summary 1-2013: JBRC Item 12. Department of Motor Vehicles

Project: 9605, Statewide Miscellaneous Deferred Maintenance Repairs

Funding Source: $650,000 Other, DMV Miscellaneous Revenue funds which are revenues derived from all forms of motor vehicle registrations and licenses and drivers licenses, a portion of which is earmarked for capital projects needed by the agency.

Request: Establish project and budget for $650,000 (Other, DMV Miscellaneous Revenue funds) to make deferred maintenance repairs to DMV's field offices statewide. The repair work to be done under this project does not require any pre-design work and the amount of work to be done will be limited to the funding level of the project. The types of work will include asphalt paving, roof repairs, HVAC repairs, flooring repairs, data cabling, security system installations, and similar work. The agency's 67 field offices were constructed between 1965 and 2005. Many still have original equipment and systems which need repair to keep the buildings in good working condition for the public and employees and to protect the state's assets. A 2007 agency building assessment indicated the agency had more than $2.7 million in deferred maintenance in facilities statewide, which has likely increased since that time. Energy savings and conservation measures are not applicable to this repair project. The agency reports the total projected cost of this project is $650,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the first repair contract is October 2012 and for completion of construction is December 2015.

(24) Summary 2-2013: JBRC Item 10. Clemson University
Project: 9895, Wastewater Treatment Plant Upgrade
Funding Source: $4,800,000 Other, Institutional Capital Project Funds which are excess debt service funds held by the State Treasurer's Office and required to be expended for capital projects.
Request: Increase budget to $4,800,000 (add $4,704,770 Other, Institutional Capital Project Funds) to upgrade the wastewater treatment plant at Clemson. The project was established in September 2011 for pre-design work which is now complete. The work will include constructing an influent pump station and headwork, replacing the associated electrical system, upgrading emergency power, replacing primary clarifier equipment, and beginning control system automation upgrades. The wastewater treatment facility is more than 45 years old and needs improvements to keep pace with regulatory compliance requirements and to meet new regulatory standards for water quality. The improvements will also address deferred maintenance and reliability issues with the plant. Energy savings and conservation measures will include the installation of premium efficiency motors with variable speed drives and pump controls, high efficiency site equipment lighting, and water conserving processes with partial recycling and recirculation. The agency reports the total projected cost of this project is $4.8 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 July 2013 and for completion of construction is August 2014.

(25) Summary 2-2013: JBRC Item 11. Coastal Carolina University
Project: 9554, Atheneum Hall Renovations
Funding Source: $3,000,000 Other, Renovation Reserve/Plant Expansion funds which come from a $150 per fulltime student per semester fee which is used for renovations, repairs, additions to existing facilities, and acquisitions for plant expansion.
Request: Increase budget to $3,000,000 (add $2,970,000 Other, Renovation Reserve/Plant Expansion funds) to address deferred maintenance and repurpose the use of Atheneum Hall at Coastal Carolina. The project was established in August 2008 for pre-design work which is now complete. Atheneum Hall, constructed in 1966, will be renovated to upgrade the mechanical, electrical and plumbing

systems, replace interior finishes, and repurpose its use as the permanent alumni facility on campus. The 7,546 square foot renovation will include providing office space and dining and meeting facilities for alumni events. Alumni Affairs has resided in several temporary locations on campus that did not have adequate space or ease of access. The facility will be renovated to LEED Silver certification and will include sustainable sites, energy and atmosphere, materials and resources, indoor environmental quality, and other measures. The LEED cost benefit analysis shows a positive cost benefit of $169,230 over 30 years. The agency reports the total projected cost of this project is $3 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 October 2013 and for completion of construction is October 2014.

(26) Summary 2-2013: JBRC Item 12. Coastal Carolina University
Project: 9590, Food Service Catering Kitchen/Dining Facility Construction
Funding Source: $3,000,000 Other, Auxiliary Services funds which are food service auxiliary funds from food sales and from contributions for expansion and commissions from the food service vendor.
Request: Increase budget to $3,000,000 (add $2,955,000 Other, Auxiliary Services funds) to construct a new dining facility at Coastal Carolina. The project was established in December 2011 for pre-design work which is now complete. The 9,683 square foot dining facility will include seating for 130 students, faculty and staff and a catering kitchen and will be located in the academic hub of campus, adjacent to athletic facilities, in an area which currently has no dining availability. The move of the catering kitchen to the new facility will also free up space in Hicks Dining Hall for food preparation for residential students in that area. The number of meal plans purchased increased from 2,000 in 2009-10 to 3,300 in 2010-11 and 25 to 60 events per week are catered by university food service. Energy savings and conservation measures will include the installation of an energy efficient HVAC system, lighting and appliances, occupancy sensors, and water saving plumbing fixtures. The agency reports the total projected cost of this project is $3 million and additional annual operating costs of $35,750 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is October 2013 and for completion of construction is December 2014. (See Attachment 5 for this agenda item for additional annual operating costs.)

(27) Summary 2-2013: JBRC Item 13. Lander University
Project: 9532, Student Housing Construction
Funding Source: $15,240,000 which includes $15 million Institution Bond funds for which general housing room revenues will be used to repay the bonds and $240,000 Other, Housing Reserve funds which come from general housing room revenues.
Request: Increase budget to $15,240,000 (add $15,000,000 Institution Bond funds) to construct new student housing at Lander. The project was established in March 2011 for pre-design work which is now complete. The 71,000 square foot

facility will include 210 suite-style bedspaces, meeting, study and social rooms, a laundry, a 60-person instructional classroom, and support spaces. The facility will replace bedspaces at Brookside Housing which will be demolished when this new facility and the Chipley Hall Renovation are completed. Brookside was constructed in 1977, has numerous maintenance and security challenges, and does not meet current housing standards. A preliminary renovation study determined renovation was not justifiable. The facility will be constructed to LEED Silver certification and will include sustainable sites, energy and atmosphere, materials and resources, indoor environmental quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of $689,708 over 30 years. The agency reports the total projected cost of this project is $15,240,000 and additional annual operating costs ranging from $75,020 down to $32,156 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is December 2013 and for completion of construction is August 2015. (See Attachment 6 of this agenda item for additional annual operating costs.)

(28) Summary 2-2013: JBRC Item 14. State Board for Technical and Comprehensive Education
Project: 6030, Midlands Tech - Airport Support Center Upfit
Funding Source: $5,000,000 which includes $2,889,571 Other, College funds which come from a $75 per semester capital fee and $2,110,429 Other, Local County funds which are funds contributed by Richland and Lexington Counties for facilities.
Request: Increase budget to $5,000,000 (add $4,962,500 - $2,852,071 Other, College and $2,110,429 Other, Local County funds) to upfit the Support Center on the Airport Campus of Midlands Tech to allow for expansion of Industrial Technology and Continuing Education programs. The project was established in June 2011 for pre-design work which is now complete. The work will include constructing classrooms and offices within the 34,600 square foot warehouse facility, installing new HVAC, electrical, lighting and data systems, and constructing two exterior enclosed stairwells and a mechanical room. The upfit will allow for similar Industrial Technology and Continuing Education courses to be consolidated into one location which maximizes the similarities, space and equipment needed for the programs and minimizes student travel. Fall enrollment in Industrial Technology and Continuing Education related programs have increased 68% and 260% respectively since 2005. Energy savings and conservation measures will include the installation of energy efficient windows, lighting and HVAC systems, roofing insulation, and water conserving plumbing fixtures. The agency reports the total projected cost of this project is $5 million and additional annual operating costs ranging from $159,852 to $172,895 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is December 2013 and for completion of construction is October 2014. (See Attachment 7 for this agenda item for additional annual operating costs.)

(29) Summary 2-2013: JBRC Item 15. Budget and Control Board
Project: 9890, Calhoun Building - Emergency Generator Installation
Funding Source: $659,986 which includes $232,672 Appropriated State funds from an appropriation in FY 06-07 for deferred maintenance totaling $7.5 million and $427,314 Other, Deferred Maintenance funds from an appropriation in FY 09-10 for deferred maintenance totaling $1.8 million.
Request: Increase budget to $659,986 (add $650,986 - $232,672 Appropriated State and $418,314 Other, Deferred Maintenance funds) to install an emergency generator to provide backup power for the Calhoun Building. The project was established in October 2010 for pre-design work which is now complete. The work will include installing an emergency generator and transformers and providing power distribution to elevators, the fire pump, fire alarm and communication systems, data center equipment, and emergency lighting in the building. The Calhoun Building houses the SC Court of Appeals and critical administrative functions of the Judicial Department including computer systems which serve the court system statewide. No emergency backup power exists to support the computer systems, related supplemental cooling required by the computer systems, and life safety systems in the building. Energy savings and conservation measures are not applicable to this generator project. The agency reports the total projected cost of this project is $659,986 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 April 2013 and for completion of construction is March 2014.

(30) Summary 2-2013: JBRC Item 16. Department of Mental Health
Project: 9724, Bryan Hospital/Morris Village Energy Plant Chiller Replacements
Funding Source: $1,925,000 Other, Operating Revenue funds which are Medicaid fee-for-service earned revenue funds resulting from DMH contracts with DHHS to provide Medicaid services.
Request: Increase budget to $1,925,000 (add $1,910,000 Other, Operating Revenue funds) to replace two chillers serving Bryan Hospital and Morris Village for the Department of Mental Health. The project was established in June 2012 for pre-design work which is now complete. The work will include replacing a 1,100 ton chiller and a 700 ton chiller with two 1,200 ton chillers and replacing associated pumps, piping and controls. The chillers are 37 and 24 years old respectively and are past their useful life expectancies. The larger chiller, disassembled for inspection recently, was found to have rotor problems and the smaller chiller cannot meet the cooling demand in the summer months. Replacements are needed to ensure Bryan and Morris Village have adequate cooling for patients and staff. Energy savings and conservation measures will include the installation of energy efficient chillers and variable speed pumps. The agency reports the total projected cost of this project is $1,925,000 and annual operating cost savings of $53,120 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is June 2013 and for completion of construction is

December 2013. (See Attachment 8 for this agenda item annual operating cost savings.)

(31) Summary 2-2013: JBRC Item 17. Department of Parks, Recreation and Tourism
Project: 9724, Givhans Ferry State Park River Access Construction
Funding Source: $300,000 which includes $150,000 Federal funds from a National Park Service Land and Water Conservation Fund reimbursable grant and $150,000 Other, Park Revenue which is revenue generated by the State Park Service through admissions, camping, retail sales and other revenues.
Request: Establish project and budget for $300,000 ($150,000 Federal and $150,000 Other, Park Revenue funds) to stabilize the shoreline and construct river access at Givhans Ferry State Park for PRT. All pre-design work has been done in-house by PRT staff and no funds will be spent for outside design work, therefore, the project will be established for the construction budget. The work will include stabilizing the shoreline, constructing parking, walkways and steps, and constructing a canoe and kayak launch to the Edisto River. Heavy usage of the area has accelerated shoreline erosion and created safety hazards for park visitors and no structured canoe and kayak launch exists at this time. Energy savings and conservation measures are not applicable to this site development project. The agency reports the total projected cost of this project is $300,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is February 2013 and for completion of construction is June 2013.

Increase Budget

(32) Summary 1-2013: JBRC Item 13. Department of Natural Resources
Project: 9907, Lexington - Cohen Campbell Hatchery Renovations
Funding Source: $976,101 Appropriated State funds which were appropriated for freshwater fish hatchery maintenance from FY 2006-07 supplemental appropriations, with the funds requested for this increase being transferred from the closeout of two other completed fish hatchery projects.
Request: Increase budget to $976,101 (add $215,267 Appropriated State funds) to meet the low bid for renovations to DNR's Cohen Campbell Fish Hatchery. The project was established in January 2008 with funds appropriated by the General Assembly for freshwater fish hatchery maintenance for this and other projects. While some work has been completed, the project was bid in June 2012 for building new dams and dikes, grading slopes and pond bottoms, and installing new pond risers, drain lines, catch basins and a new water supply network at the hatchery. All bids came in over budget. Additional funds are needed because the wetland permitting and mitigation costs and earth moving requirements were both higher than expected. The additional funds will be transferred from the closeout of two other hatchery maintenance projects funded in 2008, Walhalla and Cheraw/Springs Stevens Hatchery Renovations, which are now complete. Energy savings and conservation measures are not applicable to this

hatchery project. The agency reports the total projected cost of this project is $976,101 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 September 2012 and for completion of construction is April 2013.

(33) Summary 2-2013: JBRC Item 18. Medical University of South Carolina
Project: 9808, Thurmond Gazes Building Envelope and Exhaust Systems Renovations
Funding Source: $13,377,359 which includes a budget increase of $6,377,359 Other, Lawsuit Settlement funds recovered from a lawsuit between MUSC and the original designer, general contractor and subcontractors on the building.
Request: Increase budget to $13,377,359 (add $6,377,359 Other, Lawsuit Settlement funds) to revise the scope to do additional building envelope and exhaust system renovations on the Thurmond Gazes Building at MUSC. The project was established for pre-design in October 2010 and the construction budget was established in March 2011. Since then, a forensic investigation of the building due to mold and mildew and a subsequent lawsuit resulted in the identification of additional building defects that need to be addressed and a lawsuit settlement of $6.3 million. The work will now include replacing the building exhaust system, providing a separate exhaust chase on two floors, sealing floor to floor penetrations, replacing through wall flashing, recaulking and resealing windows, and related work. Mold and mildew have become serious problems on two floors and this project, combined with an approved air handler replacement project, will correct indoor air quality issues in the building. Energy savings and conservation measures are not applicable to this waterproofing project. The agency reports the total projected cost of this project is $13,377,359 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 2013 and for completion of construction is December 2014.

Revise Project Scope

(34) Summary 1-2013: JBRC Item 14. Department of Mental Health
Project: 9703, Bryan Hospital C&A Renovation and Addition
Funding Source: $806,000 Other, Operating Revenue funds which are Medicaid fee-for-service earned revenue funds resulting from DMH contracts with DHHS to provide Medicaid services.
Request: To revise the scope and change the project name of the previously approved Hall Institute C&A Renovation and Addition for the Department of Mental Health and to begin design work to renovate the Bryan Hospital instead. The project was established in September 2006 to construct a new Child and Adolescent (C&A) Hospital and revised in August 2009 to renovate a building at Hall Institute to provide for this need. The plan to renovate the 49 year-old Hall Institute, located on the Bull Street campus, is being changed due to excessive deferred maintenance, renovation and code upgrade costs and due to

the availability of space at the Bryan Psychiatric Hospital campus. The Hall Institute C&A Hospital will be incorporated into vacant patient lodges at Bryan Hospital and will be re-licensed as part of Bryan. Some renovations to the vacant Bryan buildings will be required to accommodate the C&A patients and an addition will be required to house some of the Hall administrative and support operations. Pre-design for the Bryan project will be done using funds already approved for Hall Institute.

Establish Project for Preliminary Land Studies

(35) Summary 1-2013: JBRC Item 15. Coastal Carolina University
Project: 9594, Student Housing Land Acquisition
Funding Source: $20,000 Other, Institutional Capital Project Funds which are excess debt service funds derived from a $525 per fulltime student per semester debt service fee.
Request: Establish project and budget for $20,000 (Other, Institutional Capital Project Funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Coastal Carolina is considering the purchase of approximately 19.51 acres of land adjacent to the main campus. The property will be used to construct a 1,270 bed student housing facility to meet University's strategic plan to grow to 12,500 students by 2020. The University can only accommodate 3,192 students on campus and plans to house 3,625 students in Fall 2012, using an expanded occupancy plan which doubles and triples rooms in a plus one configuration. The new facility will also allow upperclassmen the option to live on campus, which they do not have now.

(36) Summary 1-2013: JBRC Item 16. State Board for Technical and Comprehensive Education
Project: 6058, Midlands - Airport Property Purchase
Funding Source: $20,000 Other, Local County funds which are funds the college receives from the service area counties for the operation of the college's physical plant.
Request: Establish project and budget for $20,000 (Other, Local County funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Midlands Tech is considering the purchase of approximately 6.75 acres of land adjacent to the Airport campus. The property is owned by the Richland-Lexington Airport District and will provide for additional student parking. Additional parking is needed due to increasing student enrollment, which has increased 12% at the Airport campus since 2005.

(37) Summary 1-2012: JBRC Item 17. Department of Transportation
Project: 9723, Lexington County Maintenance Land Acquisition
Funding Source: $20,000 Other, State Highway Funds which is derived from 10.34 cent per gallon of the gasoline user fee which must be turned over to the Department of Transportation for the purposes of that department.
Request: Establish project and budget for $20,000 (Other, State Highway Funds) to procure

the investigative studies required to adequately evaluate property prior to purchase. The Department of Transportation is considering the purchase of approximately 25 acres of land in Lexington to replace the Lexington County Maintenance Complex. The existing maintenance shop and equipment storage shed are 56 years old and the facility is located in a heavily developed area in the Town of Lexington. Large equipment must traverse a residential community or a heavy commercial area to access the facility. By moving the facility out of the heavily populated area, DOT will have better access to the roads and be able to consolidate the county facility and two county section sheds.

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

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

Governor Haley asked if any of the items would raise fees or tuition. Mr. Eckstrom noted that the first three items are donations that are being accepted. He noted that item (d) is a legal settlement. He said that item (e) is an example of the kind of thing the State needs to brace against. Governor Haley pointed out that item (e) is for the massive facility at Continental Tire and is needed to ensure that there is workforce training to hire South Carolinians to get the jobs. Senator Leatherman said if the State is going to continue in economic development things like this must be done. He said one of the biggest selling points is to tell the company to come to South Carolina and the State will train their workers.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the following real property acquisitions as requested by the Division of State Budget. Mr. White, Senator Leatherman, Governor Haley, and Mr. Loftis voted for the item. Mr. Eckstrom abstained from the vote.

(a)	**<u>Agency</u>:**	**Coastal Carolina University**
	Acreage:	11.31± acres
	Location:	At Allied Drive and Century Circle in the Atlantic Business Center in Conway.
	County:	Horry
	Purpose:	To construct a new 12-court tennis complex.
	Appraised Value:	N/A
	Price/Seller:	Donation / Horry County Higher Education Commission
	Source of Funds:	N/A

	Project Number:	H17-9589
	Environmental Study:	Approved
	Building Condition Assessment:	N/A
	Additional Annual Op Cost/SOF:	No additional annual operating costs will result from the donation. Construction of the new tennis complex is expected to cost $2 million and will be funded from Other, Renovation Reserve/Plant Expansion funds.
	Current Year Property Tax:	N/A - Exempt
	Approved By:	CHE on 5/29/12; JBRC on 10/24/12
(b)	**<u>Agency</u>:**	**Department of Natural Resources**
	Acreage:	4.88± acres
	Location:	On the NC side of Sassafras Mountain, the state's highest point which is transected by the SC/NC state line.
	County:	Transylvania County, North Carolina
	Purpose:	To protect the entire summit of Sassafras Mountain and to improve access opportunities.
	Appraised Value:	N/A
	Price/Seller:	Donation / The Conservation Fund, Arlington, Virginia
	Source of Funds:	N/A
	Project Number:	P24-9921
	Environmental Study:	Approved
	Building Condition Assessment:	N/A
	Additional Annual Op Cost/SOF:	No additional annual operating costs will result from the acquisition.
	Current Year Property Tax:	$77
	Approved By:	JBRC on 10/24/12
(c)	**Agency:**	**Department of Natural Resources**
	Acreage:	2.64± acres with an office building, shelter building and boat dock
	Location:	On Bundrick Island on Lake Murray
	County:	Lexington
	Purpose:	To acquire leased property to have a law enforcement presence on and around Lake Murray.
	Appraised Value:	N/A
	Price/Seller:	Donation / South Carolina Electric and Gas Company
	Source of Funds:	N/A
	Project Number:	P24-9927
	Environmental Study:	Approved
	Building Condition	Approved

	Assessment:	
	Additional Annual Op Cost/SOF:	No additional annual operating costs will result from this acquisition.
	Current Year Property Tax:	Unknown - SCE&G cannot determine the tax attributable to this specific parcel.
	Approved By:	JBRC on 10/24/12
	Additional Information:	This request also includes acquisition of a 1.02± acre non-exclusive access easement to the property from SCE&G.
(d)	**Agency:**	**Department of Corrections**
	Acreage:	.34± acres with a 1,378 square foot house
	Location:	1523 Haviland Circle in Columbia, adjacent to the Broad River Complex.
	County:	Richland
	Purpose:	To acquire the property as part of the settlement of a civil lawsuit between the owners and the Department.
	Appraised Value:	$68,000
	Price/Seller:	$30,000 / Elbert and Christina Pearson, Columbia, SC
	Source of Funds:	Other, Insurance Reserve Funds
	Project Number:	N04-9703
	Environmental Study:	Approved
	Building Condition Assessment:	N/A - The house will either be demolished or sold for relocation from the property.
	Additional Annual Op Cost/SOF:	No additional annual operating costs will result from the acquisition.
	Current Year Property Tax:	$2,029
	Approved By:	JBRC on 10/24/12
	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
(e)	**Agency:**	**Central Carolina Technical College**
	Acreage:	8.67± acres and a 103,686 square foot building
	Location:	At 853 Broad Street in Sumter
	County:	Sumter
	Purpose:	To provide a training facility for Continental Tire, other industries and college industrial training programs.
	Appraised Value:	$1,260,000
	Price/Seller:	$950,000 / Shubach Deliverance Outreach Ministries, Sumter, SC

Source of Funds:	Appropriated State non-recurring funds
Project Number:	H59-6054
Environmental Study:	Approved
Building Condition Assessment:	Approved
Additional Annual Op Cost/SOF:	Additional annual operating costs of $1,240 are anticipated for building and property insurance and will be paid from Other, County funds. Renovation of the facility is anticipated to cost approximately $6.5 million and will be funded from Appropriated State non-recurring funds, a Federal EDA grant and Other, Local funds.
Current Year Property Tax:	N/A - Exempt
Approved By:	CHE on 9/25/12; JBRC on 10/24/12

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

Division of General Services: Clemson University Lease at Greenville ONE Development in Greenville (Regular Session Item 6)

Clemson University (Clemson) requested approval to lease from CULSF ONE, LLC (LLC) 71,801 square feet consisting of four entire floors (floors 5, 6, 7 and 8) and a portion of the first floor consisting of a conference room and kitchen area in the North Tower, together with the 4th floor roof garden on the connector between the North and South Towers of the Greenville ONE development fronting Main Street, Washington Street, Laurens Street and Piazza Bergamo in downtown Greenville. Greenville ONE is a private development of Hughes Development Corporation (Hughes) utilizing a vertical subdivision process through which the LLC will purchase the leased property, having an estimated value of $12,500,000, for $5,000,000. The difference between the estimated value and the purchase price ($7,500,000) is considered a gift from Hughes to the LLC. CULSF ONE, LLC is a South Carolina limited liability company wholly-owned by Clemson University Land Stewardship Foundation, Inc., a South Carolina non-profit corporation created, in part, to receive, hold, lease, mortgage, develop, administer, and manage real property and related assets for the benefit of Clemson University.

The leased space will house Clemson's Masters in Business Administration (MBA) program, Masters in Marketing program, Masters in Management program, Small Business

Development Center, SPIRO Institute, and Center for Corporate Learning. The continued growth of these programs, which are currently housed at Clemson at the Falls (CATF) in the Bowater Building at the corner of Falls Street and Camperdown Way in Greenville under a sublease between Clemson and Clemson University Research Foundation (CURF), has led Clemson to seek a larger permanent home in downtown Greenville at the Greenville ONE development. Clemson will terminate its sublease for space at the Bowater building with CURF once the Greenville ONE location is ready for occupancy, as allowed under the terms of the sublease. Additionally, Clemson will relocate its Masters in Real Estate Development and Masters in Accounting programs from its main campus to Greenville ONE as approved by the Commission on Higher Education, which will free on-campus space to accommodate increasing undergraduate enrollment.

The lease term will be twenty-five (25) years beginning on the date the LLC closes on the purchase of the shell space, estimated to be January 31, 2013, with one optional renewal term of up to Twenty-five (25) years. Rent for the initial term will be fixed at $574,408 per year ($8.00 per square foot). Rent payments are based on the minimum rate required by the lender providing financing to the LLC for the purchase of the space together with a minimal management and overhead charge. Any positive cash flow realized as a result of the rate required for the LLC to secure financing will be entirely transferred, expended on behalf of or invested for the sole benefit of Clemson. Rent for the optional renewal term will be $1.00 per year plus an amount equal to the LLC's unrecovered costs at the start of the renewal term amortized over the lesser of 1) ten (10) years and 2) the number of years in the renewal term. In addition to rent, Clemson will be responsible for reimbursing the LLC for all operating costs of the space, which is estimated at $488,246.80 for the first year ($6.80 per square foot), and includes the cost of insurance, maintenance, utilities, janitorial services and regime fees. Based on the rent to be paid by Clemson and the expected operating costs, the estimated maximum amount Clemson will pay over the initial lease term is as follows:

Year	**Rent**	**Rent Rate/SF**	**Operating**[1]	**Total**	**Total Cost/SF**
1	$ 574,408.00	$8.00	$ 488,246.80	$ 1,062,654.80	$ 14.80
2	$ 574,408.00	$8.00	$ 502,894.20	$ 1,077,302.20	$ 15.00
3	$ 574,408.00	$8.00	$ 512,952.09	$ 1,087,360.09	$ 15.14

1 Assumes a 3% operating expense increase per year.

4	$ 574,408.00	$8.00	$ 523,211.13	$ 1,097,619.13	$ 15.29
5	$ 574,408.00	$8.00	$ 533,675.35	$ 1,108,083.35	$ 15.43
6	$ 574,408.00	$8.00	$ 544,348.86	$ 1,118,756.86	$ 15.58
7	$ 574,408.00	$8.00	$ 555,235.84	$ 1,129,643.84	$ 15.73
8	$ 574,408.00	$8.00	$ 566,340.55	$ 1,140,748.55	$ 15.89
9	$ 574,408.00	$8.00	$ 577,667.36	$ 1,152,075.36	$ 16.05
10	$ 574,408.00	$8.00	$ 589,220.71	$ 1,163,628.71	$ 16.21
11	$ 574,408.00	$8.00	$ 601,005.13	$ 1,175,413.13	$ 16.37
12	$ 574,408.00	$8.00	$ 613,025.23	$ 1,187,433.23	$ 16.54
13	$ 574,408.00	$8.00	$ 625,285.73	$ 1,199,693.73	$ 16.71
14	$ 574,408.00	$8.00	$ 637,791.45	$ 1,212,199.45	$ 16.88
15	$ 574,408.00	$8.00	$ 650,547.28	$ 1,224,955.28	$ 17.06
16	$ 574,408.00	$8.00	$ 663,558.22	$ 1,237,966.22	$ 17.24
17	$ 574,408.00	$8.00	$ 676,829.39	$ 1,251,237.39	$ 17.43
18	$ 574,408.00	$8.00	$ 690,365.97	$ 1,264,773.97	$ 17.61
19	$ 574,408.00	$8.00	$ 704,173.29	$ 1,278,581.29	$ 17.81
20	$ 574,408.00	$8.00	$ 718,256.76	$ 1,292,664.76	$ 18.00
21	$ 574,408.00	$8.00	$ 739,804.46	$ 1,314,212.46	$ 18.30
22	$ 574,408.00	$8.00	$ 761,998.60	$ 1,336,406.60	$ 18.61
23	$ 574,408.00	$8.00	$ 784,858.55	$ 1,359,266.55	$ 18.93
24	$ 574,408.00	$8.00	$ 808,404.31	$ 1,382,812.31	$ 19.26
25	$ 574,408.00	$8.00	$ 832,656.44	$ 1,407,064.44	$ 19.60
Total for 25 Years	**$ 14,360,200.00**			**$ 30,262,553.71**	
Average for 25 Years	**$ 574,408.00**			**$ 1,210,502.15**	**$ 16.86**

Clemson is seeking separate approval from the Budget and Control Board to upfit the interior leased space, which is estimated to cost $6,700,000.

Clemson has adequate funds for the lease according to a Budget Approval Form dated September 21, 2012. Lease payments will be made from revenue generated from the professional graduate, business support and consulting services programs occupying the space. Clemson has the option to purchase the space at any time during the initial term or renewal term for $1.00 plus any costs remaining to satisfy the LLC's outstanding debt service obligations and other unrecovered costs. The leased space will include classrooms, raised floor case study rooms, conference room facilities, an executive board room, consulting space for the Small Business Development Center and faculty offices. The space will house 160+ employees as well as students of the various programs.

The lease was approved by the Clemson University Board of Trustees on March 12, 2012 and by the Commission on Higher Education at its October 4, 2012 meeting. The lease is signed by David H. Wilkins, Chairman of the Clemson University Board of Trustees, on behalf of Clemson University, and by Harrison F. Trammell, President and Chief Executive Officer of Clemson University Land Stewardship Foundation, Inc., on behalf of CULSF ONE, LLC. The lease was approved by the Joint Bond Review Committee at its meeting on October 24, 2012.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the proposed twenty-five year lease and optional renewal term of up to twenty-five years for Clemson University at Greenville ONE located at the intersection of Main Street and Washington Street in Greenville. Mr. White, Senator Leatherman, Governor Haley, and Mr. Loftis voted for the item. Mr. Eckstrom abstained from the vote.

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

Division of General Services: Spartanburg Community College Leases of 4.53± Acres at 142 South Dean Street in Spartanburg (Regular Session Item #7)

The Spartanburg County Commission for Technical and Community Education (Commission) acquired 4.53± acres at 142 South Dean Street in Spartanburg in January 2011 for $4,890,000 as approved by the Joint Bond Review Committee at its December 10, 2010, meeting and the Board at its December 14, 2010, meeting. The property includes a 105,177± square foot former school building originally constructed in 1921 known as the Evans Building, and was acquired for the purpose of creating a downtown academic center (Downtown Center) for Spartanburg Community College (SCC) in order to provide improved access to job skill training and higher education programs. A construction budget of $10,490,601 was approved by the Joint Bond Review Committee at its September 14, 2011, meeting and by the Board at its September 20, 2011, meeting to renovate the Evans Building. Subsequently, the Joint Bond Review Committee approved on January 25, 2012, and the Board approved on January 31, 2012, the sale of the property to SCC Foundation-Downtown Campus, LLC (LLC), a South Carolina limited liability company majority-owned by the Spartanburg Community College Foundation with a 5 percent interest owned by the Spartanburg Public Facilities Corporation, contingent on the award of tax credits to the LLC for the Evans Building renovation project.

Wells Fargo and National Development Council have committed a total of $4,504,500 in federal new market tax credits to the LLC for the renovation project; however, the Commission is no longer required to sell the property to the LLC. Rather, the tax credits can be offered to the LLC if it has a long-term 55-year leasehold interest in the property, which allows the Commission to retain ownership of the property. The total project cost is estimated to be $15,004,500 which, in addition to the new market tax credits, consists of $1,000,000 from the Spartanburg Community College Foundation and $9,500,000 being financed by the LLC through Wells Fargo. SCC sought approval from the Board of a ground lease of the property from the Commission to the LLC in order for the LLC to receive the new market tax credits and to make the necessary renovations to the Evans Building, and approvals from the Joint Bond Review Committee and the Board of a facility lease for the Commission to lease the property back from the LLC once the renovations have been completed. The terms of the leases are as follows:

1. By a ground lease agreement, the Commission will lease 4.53± acres at 142 South Dean Street in Spartanburg, which includes the Evans Building, to SCC Foundation-Downtown Campus, LLC for $1.00 per year and for a term of 55 years beginning November 1, 2012. The LLC will then renovate the 105,177± square foot Evans Building in accordance with plans previously approved by the Office of the State Engineer. The LLC will work with the Materials Management Office to ensure compliance with the State's procurement code in renovating the building. The Premises may only be used for an education, community and/or jobs training facility.

2. By a facility lease agreement, the LLC will lease the facility to the Commission for SCC's use as its Downtown Center for a term of 20 years beginning upon completion of the construction of the facility, estimated to be July 1, 2013. Rent consists of amounts equal to interest and principal components of the debt service owed by the LLC, amounts to be escrowed to pay debt service coverage, and amounts to be held in reserve for repairs and maintenance to the building. Upon final approval of the lease, an upfront rent payment of $825,760 will be made to the LLC to offset the cost of renovations and reduce rent payments. Annual rent for the first year following the completion of renovations will be $825,760, paid in equal quarterly amounts; thereafter, rent increases 2% annually, as required by the LLC's lender. The increases will be placed in an escrow account that will be applied to pay off the loan, after which time the lease will terminate. In addition to rent, the Commission will be responsible for all maintenance and operating costs for the property, which is estimated at $392,000 for the first year, and includes the cost of insurance, information technology, maintenance equipment and supplies, utilities, janitorial services, security services and

contract services. Based on the rent to be paid by the Commission and the expected operating costs, the estimated maximum amount the Commission will pay over the lease term is as follows:

Year	Period	Rent	Operating[2]	Total
	11-1-12 to 7-31-13[3]	$ 825,760.00		$ 825,760.00
1	7-1-13 to 6-30-14	$ 825,760.00	$ 392,000.00	$ 1,217,760.00
2	7-1-14 to 6-30-15	$ 842,275.00	$ 399,840.00	$ 1,242,115.00
3	7-1-15 to 6-30-16	$ 859,120.00	$ 407,836.80	$ 1,266,956.80
4	7-1-16 to 6-30-17	$ 876,304.00	$ 415,993.54	$ 1,292,297.54
5	7-1-17 to 6-30-18	$ 893,828.00	$ 424,313.41	$ 1,318,141.41
6	7-1-18 to 6-30-19	$ 911,704.00	$ 432,799.67	$ 1,344,503.67
7	7-1-19 to 6-30-20	$ 929,940.00	$ 441,455.67	$ 1,371,395.67
8	7-1-20 to 6-30-21	$ 1,000,000.00	$ 450,284.78	$ 1,450,284.78
9	7-1-21 to 6-30-22	$ 1,030,000.00	$ 459,290.48	$ 1,489,290.48
10	7-1-22 to 6-30-23	$ 1,060,900.00	$ 468,476.29	$ 1,529,376.29
11	7-1-23 to 6-30-24	$ 1,092,728.00	$ 477,845.81	$ 1,570,573.81
12	7-1-24 to 6-30-25	$ 1,125,508.00	$ 487,402.73	$ 1,612,910.73
13	7-1-25 to 6-30-26	$ 1,159,276.00	$ 497,150.78	$ 1,656,426.78
14	7-1-26 to 6-30-27	$ 1,194,052.00	$ 507,093.80	$ 1,701,145.80
15	7-1-27 to 6-30-28	$ 1,229,872.00	$ 517,235.68	$ 1,747,107.68
16	7-1-28 to 6-30-29	$ 1,266,772.00	$ 527,580.39	$ 1,794,352.39
17	7-1-29 to 6-30-30	$ 1,304,772.00	$ 538,132.00	$ 1,842,904.00
18	7-1-30 to 6-30-31	$ 1,343,916.00	$ 548,894.64	$ 1,892,810.64
19	7-1-31 to 6-30-32	$ 1,384,232.00	$ 559,872.53	$ 1,944,104.53
20	7-1-32 to 6-30-33	$ 1,425,760.00	$ 571,069.98	$ 1,996,829.98
Total		**$ 22,582,479.00**		**$ 32,107,047.96**
Average Annual Cost		**$ 1,075,356.14**		**$ 1,528,907.05**

SCC has adequate funds for the lease according to a Budget Approval Form submitted September 19, 2012. The upfront payment of $825,760 will be made from SCC's Plant funds. Donations totaling $7,050,000 from Spartanburg County ($3,550,000), the City of Spartanburg ($1,500,000) and private donations ($2,000,000) will be applied to lease payments until exhausted. As annual donation amounts end, lease payments will be supplemented from and ultimately made entirely from revenue generated from the Downtown Center programs. SCC hopes to pay off the

2 Assumes a 2% operating expense increase per year.
3 The rent for the initial period, which is the effective date of the lease through the expected completion date of renovations, is the upfront payment to offset the cost of renovations and reduce rent payments.

loan balance and terminate the LLC's leasehold interest in the property after seven years from November 1, 2012, the effective date of the lease.

The proposed leases were approved by the Spartanburg County Commission for Technical and Community Education on September 17, 2012, and the State Board for Technical and Comprehensive Education on October 3, 2012. The leases were signed by Henry C. Giles, Interim President for Spartanburg Community College, on behalf of the Spartanburg County Commission for Technical and Community Education, and approved by Samuel S. Hook, Executive Director of Spartanburg Community College Foundation, Inc., on behalf of SCC Foundation-Downtown Campus, LLC. The facility lease was approved by the Joint Bond Review Committee at its meeting on October 24, 2012.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the proposed fifty-five (55) year ground lease and the twenty (20) year facility lease for the Spartanburg County Commission for Technical and Community Education of 4.53± acres consisting of the Evans Building at 142 South Dean Street in Spartanburg. Mr. White, Senator Leatherman, Governor Haley, and Mr. Loftis voted for the item. Mr. Eckstrom abstained from the vote.

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

Division of General Services: South Carolina Army National Guard Lease Amendment for 2737 West Fifth North Street in Summerville (Regular Session Item 8)

The Joint Bond Review Committee approved on June 4, 2008, and the Board approved on June 17, 2008, a lease between the South Carolina Army National Guard (SCARNG) and C. Marshall Carithers (Landlord) for 8.32 acres with a 61,500 square foot building at 2737 West Fifth North Street in Summerville. This facility is utilized as an armory and houses two SCARNG units: the 1223rd Engineer Company and the 1118th Forward Support Company. The SCARNG requested approval to amend its current lease to extend the lease term ten years.

The SCARNG currently leases the location at an annual rental cost of $738,000 ($12.00 per square foot) under a lease expiring September 30, 2015. Landlord is responsible for water, sewer, electricity and natural gas to the premises up to a maximum $76,000. All costs for those services exceeding that amount are the responsibility of the SCARNG; however, to date, there has been no additional cost for utilities. Landlord is responsible for the payment of all real property taxes under the current lease.

The SCARNG seeks to extend the lease term ten years beyond September 30, 2015, because federal military construction funding for a new armory in the Summerville area is unlikely for the foreseeable future, because of its desire to remain in the Summerville area, and to secure the long-term continued use of the leased space for an armory. The new lease was negotiated after proposals were submitted in response to a commercial lease request for information. The proposed lease was one of two commercial lease proposals received and the only proposal responsive to the requirements of the SCARNG. The extended lease term will be ten years commencing October 1, 2015, and ending September 30, 2025. Rent will remain $738,000 per year ($12.00 per square foot) for the ten year extended term and Landlord will continue to contribute $76,000 annually towards utility costs; however, beginning in 2016, the SCARNG will be responsible for any increase in real property taxes over the prior year's expense capped at five percent (5%) per year.

The leased property contains adequate space for parking. The proposed lease secures space in the Summerville area for the SCARNG for ten years beyond the current lease term at the same basic lease rate it has enjoyed since 2008. Assuming the SCARNG's annual utility costs continue to fall below $76,000 and annual real property taxes do not increase, the total rent due over the extended lease term will be $7,380,000. The proposed lease further avoids moving, network wiring, upfit and other costs associated with relocating to a new location.

Comparables of other state agency multi-use space leased in the Charleston regional area are as follows:

Lease Date	**Agency/Location**	**Rate/SF** *(All comparables are subject to operating cost escalations.)*
11/06	Health and Environmental Control 1362 McMillan Ave., North Charleston	$15.31
7/10	Vocational Rehabilitation 2070 North River Business Center, North Charleston	$16.37

The SCARNG has adequate funds for the lease according to a Budget Approval Form dated September 24, 2012, which also includes a multi-year plan. Lease payments are 100% federally funded. The leased building is utilized by eight full-time staff and, on drill weekends, by 271 traditional guardsmen. The building contains office space, office storage areas, military supply rooms, classroom and related training areas, reception area, work areas, drill hall, showers, physical fitness area, locker area, break room, computer server area, drill weekend administration space and common areas.

No option to purchase the property is included in the lease. The building was constructed in 1980. The lease was approved by Major General Robert E. Livingston, Jr., Adjutant General of South Carolina, and by C. Marshall Carithers, Landlord. The lease was approved by the Joint Bond Review Committee at its meeting on October 24, 2012.

Lt. Colonel Larry Peeples appeared before the Board on this matter. Governor Haley asked Lt. Colonel Peeples whether due diligence had been performed in this matter. Lt. Colonel Peeples indicated they had done their due diligence and that they took it one step farther. He stated that they have a long range construction plan where they have requested funds to build a facility. He said that as a lease they have to have an exit strategy through the National Guard Bureau because they are using 100% federal funds to pay for it. Mr. Eckstrom noticed that the process the National Guard followed is the process that should be followed across State government.

Mr. Loftis asked if there were any non-governmental comps. Lisa Catalanotto with the Division of General Services stated that there were only two comps available. She said General Services took one additional step by going out and doing a solicitation. She said this was the only responsive proposal that was received. Mr. Eckstrom asked if there was a release clause in the lease to which Lt. Colonel Peeples said yes.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the proposed amendment to extend the lease term ten years for the South Carolina Army National Guard at 2737 West Fifth North Street in Summerville.

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

Division of General Services: Department of Labor, Licensing and Regulation Lease at 110 Centerview Drive in Columbia (Regular Session Item 9)

The South Carolina Department of Labor, Licensing and Regulation (LLR) requested approval to lease from Government Properties Income Trust LLC, a Delaware limited liability company (Landlord), 71,580 square feet, comprising the entire three story Kingstree Building in Synergy Business Park located at 110 Centerview Drive in Columbia, its current location.

Presently, LLR leases the Kingstree Building at an annual cost of $1,035,762.60 ($14.47 per square foot) under the holdover provisions of its current lease through December 31, 2012. Additionally, the lease is subject to annual increases in operating expenses, which amount was approximately $87,864.45 last year. The total annual cost of LLR's current lease, including operating expense escalations, is $1,123,627.05 ($15.70 per square foot).

The new lease was negotiated after vacant state space options were considered, state agencies were contacted to verify no adequate state space was available, and a commercial lease solicitation was issued. The proposed lease is the most cost efficient of the four commercial lease proposals received. The lease term will be ten years commencing January 1, 2013 and ending December 31, 2022, with one optional renewal term of five years. The optional renewal term will be subject to staff review and approval by the Division of General Services. Rent will be $53,685 per month or $644,220 per year ($9.00 per square foot) for the first year of the lease; thereafter, rent increases two percent (2%) a year through the remainder of the term to $10.76 per square foot in the last year of the term. Rent for the first year of the optional five year renewal term will be $10.97 per square foot and will continue to increase two percent (2%) a year to $11.88 per square foot rounded in the last year of the renewal term. All operating costs are included with rent and LLR is not responsible for any increases of such expenses.

Landlord will provide adequate surface parking adjacent to the building for all employees and visitors at no cost. As a leasing incentive Landlord will provide a tenant improvement allowance of $286,320 and will additionally contribute $250,000 for the purchase and installation of a generator. The proposed lease will save LLR an estimated $4,184,031 over the initial ten year term compared with its current lease, assuming rent and operating expense escalations for a lease extension would remain the same as the last year of the current lease with no increases.

The proposed lease further avoids moving, network wiring and other costs associated with moving to a new location.

The rent over the initial term and optional renewal term of the lease is as follows:

Initial Term Rates

Year	Period	Rate/SF	Annual Rent
1	1-1-13 to 12-31-13	$ 9.00	$ 644,220.00
2	1-1-14 to 12-31-14	$ 9.18	$ 657,104.40
3	1-1-15 to 12-31-15	$ 9.36	$ 670,246.49
4	1-1-16 to 12-31-16	$ 9.55	$ 683,651.42
5	1-1-17 to 12-31-17	$ 9.74	$ 697,324.45
6	1-1-18 to 12-31-18	$ 9.94	$ 711,270.94
7	1-1-19 to 12-31-19	$ 10.14	$ 725,496.35
8	1-1-20 to 12-31-20	$ 10.34	$ 740,006.28
9	1-1-21 to 12-31-21	$ 10.54	$ 754,806.41
10	1-1-22 to 12-31-22	$ 10.76	$ 769,902.53
	Total for 10 years	**$ 98.55**	**$ 7,054,029.26**
	Average for 10 years	**$ 9.85**	**$ 705,402.93**

Renewal Term Rates

Year	Period	Rate/SF	Annual Rent
11	7-1-22 to 6-30-23	$ 10.97	$ 785,300.59
12	7-1-23 to 6-30-24	$ 11.19	$ 801,006.60
13	7-1-24 to 6-30-25	$ 11.41	$ 817,026.73
14	7-1-25 to 6-30-26	$ 11.64	$ 833,367.26
15	7-1-26 to 6-30-27	$ 11.88	$ 850,034.61
	Total for 15 years	$ 155.64	$ 11,140,765.05
	Average for 15 years	$ 10.38	$ 742,717.67

Market reports indicate that the average asking lease rate in the St. Andrews area of Columbia for similar office buildings is $14.40 per square foot annually. Comparables of similar state agency office space leased in the St. Andrews area of Columbia are as follows:

Lease Date	Agency/Location	Rate/SF
9/08	Technical College System, 111 Executive Center Dr.	$9.75
9/08	Public Service Commission, 101 Executive Center Dr.	$15.20 *(subject to operating cost escalations)*
7/07	State Accident Fund, 800 Dutch Square Blvd.	$13.10 *(subject to operating cost escalations)*

LLR has adequate funds for the lease according to a Budget Approval Form dated October 15, 2012, which also includes a multi-year plan. Lease payments will be made from program revenue generated through fees and fines. The space allocation of the new lease is 192 square feet for each of the 372 employees to be housed at the Kingstree Building. This includes all office space for employees as well as conference rooms, reception areas, copy/fax areas, storage/file rooms, work areas, mailroom, break room, computer server room and common areas. The lease was approved by the Joint Bond Review Committee at its meeting on October 24, 2012.

No option to purchase the property is included in the lease. The Kingstree Building was constructed in 1986. An environmental assessment dated April 21, 2006 recommends no further assessment is necessary. The lease was approved by Holly G. Pisarik, Director of the South Carolina Department of Labor, Licensing and Regulation, and by David M. Lepore, Senior Vice President for GPT Properties Trust.

Governor Haley noted by approving this item LLR will save $4 million over the term of the lease.

Upon a motion by Senator Leatherman, seconded by Mr. White; the Board approved the proposed ten year lease and optional renewal term of five years subject to the review and approval by the Division of General Services for the Department of Labor, Licensing and Regulation at 110 Centerview Drive in Columbia.

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

Procurement Services Division: Waiver to Extend the Maximum Time on a Multi-term Contract for the South Carolina Department of Transportation (Regular Session Item 10)

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Board. South Carolina Department of Transportation (SCDOT) asked for Board approval for the Materials Management Office to solicit proposals on its behalf to contract for up to twelve (12) years for administration, marketing, construction, and maintenance of the Specific Service (Logo) Signing Program. The current contract is set to expire May 31, 2013. SCDOT is working with the Materials Management Office to develop and plan the solicitation to replace the current contract. The new contract will require the contractor to replace all of the extruded panel signs statewide within two years of award; a significant cash outlay. The useful life of the reflective sheeting on these panels is twelve to fifteen years. Allowing a twelve year contract would allow the contractor to amortize the cost of replacing the panels over the entire twelve year useful life of the signs resulting in lower annual amortization cost to the contractor and a greater annual revenue return to SCDOT.

Mr. Eckstrom asked if it is known that by a greater annual return will be gained for the agency by extending the term to twelve years. Senator Leatherman explained that this contract is for the blue signs that are on the highway which last more than seven years. He said his understanding is that SCDOT is being given the ability to go out for the life of the sign. Governor Haley commented that there should be more private contracting in SCDOT and that the State should not be in the business of doing transportation work. Mr. Eckstrom said that is not the question in this case.

Andy Leaphart with SCDOT appeared before the Board on this item. He said Senator Leatherman is correct in that the signs have a useful life of about 10 years. He said allowing the company to come in and amortize their costs over a 12-year period as opposed to seven gives them the opportunity to realize a greater return. Mr. Eckstrom said if the signs have a 10-year life and the lease is being structured for 12 years means the company is incurring the costs of the sign. Mr. Leaphart said to replace the nearly 1700 signs will take two years. He said the signs can be stretched a little longer than 10 years but 10 years is the warranty life for the signs. Mr. Eckstrom asked who owns the blue signs. Mr. Leaphart said that once the signs are erected SCDOT will own them.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board, under the authority of SC Consolidated Procurement Code Section 11-35-2030(4), approved the South

Carolina Department of Transportation's request for a multi-term contract for the administration, marketing, construction, and maintenance of the Specific Service (Logo) Signing Program for up to twelve (12) years.

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

Coastal Carolina University: Not Exceeding $92,000,000 Coastal Carolina University, South Carolina Improvement and Refunding Revenue Bonds, Series 2013 (Regular Session 11)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding $92,000,000 Coastal Carolina University, South Carolina Improvement and Refunding Revenue Bonds, Series 2013.

The bonds are authorized for the purposes of: (A) providing the amounts necessary, together with other available funds of the University, to defray the cost of (i) acquiring real property known as the Elvington Property, incorporating such property into the University's campus, and constructing an approximately 1,200 bed dormitory facility thereon to provide housing for students attending the University and (ii) the advanced refunding of $1,790,000 of the University $3,855,000 original principal amount on or after June 1, 2014; (B) providing money to fund debt service reserve funds, if any; and (C) paying certain costs and expenses related to the issuance of the bonds.

Governor Haley asked if any tuition or fees will be raised because of the bonds being issued. Stacie Bowie with Coastal Carolina appeared before the Board on this matter. She stated that there are no tuition or fee increases associated with this item. Governor Haley asked Ms. Bowie to clarify where the University is with its share of the penny sales tax. Ms. Bowie said the penny sales tax is estimated to bring $138 million to Coastal Carolina over the lifespan of the tax. She said it is used for academic building purposes. She noted that Coastal Carolina recently built a student recreation center with some of the money as well as a library addition. She said that the bonds are revenue bonds and will be self-supporting. She said the proceeds from the bonds for the project that is being built will pay for the debt service. Mr. Eckstrom asked Ms. Bowie what she meant by the proceeds of the bonds. Ms. Bowie responded the money received from the sale of the bonds. She said the proceeds will pay for the construction of the housing and the housing that is paid for by the students will pay the debt service on the 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 $92,000,000 Coastal Carolina University, South Carolina Improvement and Refunding Revenue Bonds, Series 2013. Senator Leatherman, Mr. Loftis, Governor Haley, and Mr. White voted for the item. Mr. Eckstrom abstained from the vote.

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 Mr. Loftis, the Board agreed to meet at 10:00 a.m. on Wednesday, December 12, 2012, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 11:50 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 3:30 p.m. on Friday, October 26, 2012.]