

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

October 31, 2013 -- 10:00 A. M.

The Budget and Control Board (Board) met at 10:00 a.m. on Thursday, October 31, 2013, 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. Brian White, Chairman, Ways and Means Committee.

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Steve Elliott; Division Directors Les Boles, Dianne Poston, and Nolan Wiggins; General Counsel Paul Koch; Governor's Chief of Staff Ted Pitts; Treasurer's Chief of Staff Bill Leidinger; Comptroller General's Chief of Staff Eddie Gunn; 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. White, seconded by Senator Leatherman, the Board adopted the Budget and Control Board agenda as presented.

Minutes of Previous Meeting

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board approved the minutes of the September 3, 2013, Budget and Control Board meeting.

Blue Agenda

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

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

The Board approved the following notification of the assignment of bond counsel for conduit issues and special assignment of bond counsel for which Board approval was requested:

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CONDUIT ISSUES: (For ratification of Issuer's Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$10,000,000 SC JEDA	JN Fibers, Inc.	Haynsworth Sinkler Boyd	McNair Law Firm
\$225,250,000 SC JEDA	CareAlliance/Roper St. Francis	Haynsworth Sinkler Boyd	Howell, Linkous & Nettles

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 #2)

Proviso 117.91 of the FY 2013-14 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 Budget and Control Board for an exemption from the reporting requirements if release of the information would be detrimental to the state or agency. Agencies exempted from the detailed transaction reporting by prior Board action must provide 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 Division of State Budget requested that state agencies provide the required reports by October 1, 2013. The reports received from the various state agencies have been submitted to the Comptroller General's Office to be posted on its website. Attached to this agenda item was a list of agencies which submitted a report in accordance with Proviso 117.91.

The Board received as information the list of agencies which have submitted reports in accordance with Proviso 117.91.

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 101.7 (Blue Agenda Item #3)

Proviso 101.7 of the FY 2013-14 Appropriation Act authorizes the Budget and Control Board to delete FTE positions that have been vacant for more than one year. As of September 13, 2013, state agencies had 7,765.26 vacant positions and 297.51 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 six 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 13, 2013:

	<u>TOTAL</u>
FTE Positions Authorized	65,066.19
FTE Positions Currently Vacant	7,765.26
FTE Positions Vacant Over 1 Year	297.51
FTE Exemptions Allowing Agencies a 5% Vacancy Rate/10 Position Minimum.	120.51
Total Positions Recommended for Deletion	179.72

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

In accordance with Proviso 101.7, the Board approved deleting the FTE positions which have remained vacant for more than one year as outlined in Schedule A that was attached to this agenda item.

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

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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: Georgetown
From: Budget and Control Board
To: Mary Lee Roper
Consideration: \$700
Description/Purpose: To grant a 0.01 acre easement across uplands at South Point Waterway where the bulkhead and fill material extend 15 feet beyond the property line for land now owned by Ms. Roper for the purpose of obtaining a permit to replace the existing dock and erosion control structure. The easement is being required by SC DHEC before the agency issues a dock permit as Ms. Roper's property is not by definition waterfront. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

- (b) County Location: Greenville
From: Budget and Control Board
To: Renewable Water Resources (ReWa)
Consideration: \$700
Description/Purpose: To grant a 0.046 acre easement for the construction, installation, operation and maintenance of a pedestrian bridge and aerial crossing of a gravity sewer line over the North Saluda River. The easement is part of a project to eliminate the older, inefficient Bates View Road Pump Station and improve the reliability. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

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

- (c) County Location: Richland
From: Department of Transportation
To: South Carolina Electric & Gas Company
Consideration: \$1
Description/Purpose: To grant a 0.55 acre easement for the construction, installation, operation and maintenance of overhead and underground electric distribution lines to provide service to a new facility at SCDOT's Shop Road Complex. The easement is being sought by the Department of Transportation for the benefit of the property.

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- (d) County Location: Horry
From: Department of Natural Resources
To: Horry County
Consideration: \$33,330 plus road improvements and conservation and public use amenities to state property.
Description/Purpose: On September 29, 2010, the Board concurred and acquiesced the grant of a right-of-way easement over land of the Lewis Ocean Bay Heritage Preserve for the purpose of performing road improvements to a dirt road known as International Drive and maintaining the road for public use. The original Contract provided for certain mitigation measures in lieu of the purchase price. The Contract has been renegotiated to provide for monetary consideration and fewer amenities (i.e., drop gates, signage and fencing) to be constructed and maintained within the right-of-way and along International Drive. Mitigation measures by the County will total over \$1.3 M and DNR has provided the required determinations for Heritage Trust Land.
- (e) County Location: Charleston
From: Clemson University
To: South Carolina Electric & Gas Company
Consideration: \$1
Description/Purpose: To grant utility easements totaling 3.08 acres for the construction, installation, operation and maintenance of electric transmission lines and facilities on property of Clemson University. The easement is necessary to increase the capacity of the transmission lines serving Clemson's Wind Turbine Drive Train Test Facility.
- (f) County Location: Charleston
From: Clemson University
To: North Charleston Sewer District
Consideration: \$1
Description/Purpose: To grant a 0.662 acre easement and a 0.126 easement for the construction, location, installation, operation, maintenance, repair and replacement of sewer lines, together with the right of ingress and egress, on property of Clemson University. The easement will address the need for formal written documents for the existing sewer lines.

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- (g) County Location: Charleston
From: Clemson University
To: Charleston Commissioners of Public Works
Consideration: \$1
Description/Purpose: To grant a 0.16 acre easement over property owned by Clemson University for ingress and egress from Supply Street to adjoining property owned by the Charleston Commissioners of Public Works. The easement will provide access to public utilities serving the area.

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

Division of General Services: Real Property Conveyances (Blue Agenda Item #5)

The Board approved the following property conveyances as recommended by the Division of General Services:

- (a) **Agency:** **South Carolina Forestry Commission**
Acreage: 2.0± acres
Location: On Hord Road, Sharon
County: York
Purpose: To sell property at the southwest corner of the Sharon Fire Tower property for the construction of a fire department substation.
Appraised Value: \$15,000 as of 4/08/13
Price/Transferred To: \$7,500 / Sharon Volunteer Fire Department
Disposition of Proceeds: To be retained by Forestry Commission pursuant to Proviso 101.24.
Additional Information: Forestry controls 10 acres in York County known as the Sharon Fire Tower Site. The Sharon Volunteer Fire Department has made an offer to purchase two (2) acres at less than the appraised value and Forestry supports the sale as a new substation will optimize fire and emergency response times for nearby residents and forestlands.
- (b) **Agency:** **Vocational Rehabilitation Department**
Acreage: 3.21± acres
Location: 22861 Highway 76 East, Clinton
County: Laurens
Purpose: To sell real property currently under lease to Laurens County Health Care Systems and is adjoining to the hospital property.
Appraised Value: \$146,000 as of 5/22/13

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Price/Transferred To: \$146,000 / Laurens County Health Care System
Disposition of: To be retained by Vocational Rehabilitation Department
Proceeds: pursuant to Proviso 101.24.
Additional Information: The Vocational Rehabilitation Department operates its Laurens Area Office & Training Center on approximately 12 acres in Laurens County. Laurens County Health Care Systems leases 3.21 acres of unused land for the phasing of a construction project to enlarge the Emergency Room and Women's Center, and for the relocation and use of a helicopter pad and additional parking. The hospital now desires to purchase the leased parcel for its continued use of the property.

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

Division of General Services: Request to Amend the Existing Concurrent Legislative Jurisdiction Agreement between the United States and the State of South Carolina (Blue Agenda #6)

Initial concurrent jurisdiction over National Park System lands in South Carolina was established on September 29, 1983. The agreement covered all lands then owned by the United States in the following park units: Congaree National Park (then called Congaree Swamp National Monument), Cowpens National Battlefield, Fort Sumter National Monument, Kings Mountain National Military Park, and Ninety Six National Historic Site. Since that time, the National Park Service has acquired additional parcels of land for Congaree National Park, Cowpens National Battlefield, Fort Sumter National Monument and Ninety Six National Historic Site. Additionally, the National Park Service has acquired property in Mount Pleasant known as the Charles Pinckney National Historic Site. The 1983 agreement does not include subsequently acquired real property. The National Park Service desired to amend the agreement with the State of South Carolina to incorporate these additions to the National Park Systems.

The Board approved the amended concurrent jurisdiction agreement between the United States and the State of South Carolina to include lands added to the National Park System after September 29, 1983.

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

Division of Procurement Services: Procurement Audit of Probation, Parole and Pardon Services (Blue Agenda 7)

In accordance with Section 11-35-1230(l) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulation, the Division of Procurement Services reviewed the procurement system of Probation, Parole and Pardon Services. As a result of the procurement audit, the Division recommended suspending Probation, Parole and Pardon Services' sole source authority for one year pursuant to Section 11-35-1560(c).

The Board suspended Probation, Parole and Pardon Services' sole source authority for one year per Section 11-35-1560(c).

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

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

The Board approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Charleston County
Amount of Issue: N/E \$120,000,000 Special Source Revenue Bonds
Allocation Needed: -0-
Name of Project: Charleston Airport Area Improvements
Employment Impact: approximately 2,000 full-time jobs
Project Description: to fund the designated construction of an extension of South Aviation Avenue in North Charleston as a part of the "Charleston Airport Area Improvement Project"
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 8)

- b. Issuing Authority: Lancaster County
Amount of Issue: N/E \$7,700,000 Special Source Revenue Bonds
Allocation Needed: -0-
Name of Project: Project Vino
Employment Impact: approximately 501 new, full-time jobs
Project Description: Economic development improvements in the establishment of a manufacturing facility in Lancaster County
Bond Counsel: Robert S. Galloway, III, Haynesworth Sinkler Boyd, P. A.
(Exhibit 9)

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- c. Issuing Authority: Union County
Amount of Issue: \$2,500,000 Special Source Revenue Bonds
Allocation Needed: -0-
Name of Project: Industrial Building and Infrastructure Improvements
Employment Impact: n/a
Project Description: (a) acquiring, designing and constructing one or more buildings for industrial or business use, including, without limitation, site preparation, landscaping and streetscaping, and acquiring, designing, construction and improving any or all access roads, drives, sidewalks, parking areas, utilities and other infrastructure serving or relating to such building; and (b) acquiring, designing, constructing and improving such other infrastructure necessary for the continued economic development of the County as permitted by the code
Bond Counsel: Brandon T. Norris, McNair Law Firm, P.A.
(Exhibit 10)
- d. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$225,250,000 Economic Development Refunding Revenue Bonds (\$225,250,000 refunding involved)
Allocation Needed: -0-
Name of Project: CareAlliance Health Services D/B/A Roper St. Francis Healthcare
Employment Impact: maintenance of approximately 5,300 employees
Project Description: providing financing to defray the cost of refunding all or a portion of the revenue bonds issued by Charleston County and the South Carolina Jobs-Economic Development Authority on behalf of Roper St. Francis Healthcare, including but not limited to the Series 2004B-1 bonds, the series 2004B-2 bonds, the Series 2007A bonds and the Series 2007B bonds
Note: *private sale*
Bond Counsel: Jeremy L. Cook, Haynsworth Sinkler Boyd, P. A.
(Exhibit 11)
- e. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$100,000,000 Revenue Empowerment Zone Bonds and Taxable Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: Palmetto Compress Warehouse
Employment Impact: provide employment for approximately 50 people within 12 months and a total of 75 people within 24 months when the project is placed in full operation
Project Description: acquisition, redevelopment, renovation and equipping of the Palmetto Compress Warehouse and associated real property located at 612/617 Devine Street in Columbia, S. C.
Note: *to be sold to a qualified institution buyer or privately placed with*

sophisticated and/or accredited investors through a limited offering by an underwriter or through a private offering by a placement agent

Bond Counsel: Josiah C. T. Lucas, Esquire, Pope Zeigler, LLC
(Exhibit 12)

- f. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: \$35,000,000 Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: York Preparatory Academy
Employment Impact: maintain 116 jobs; create 10 new jobs
Project Description: acquisition of campus facilities for York Preparatory Academy, Inc., for the operation of a K-12 public charter school known as York Preparatory Academy located in York County
- Note: *negotiated private sale for private placement*
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 13)

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

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

Establish Project for A&E Design

- (a) Summary 2-2014: JBRC Item 1. South Carolina State University
Project: 9651, Charleston 1890 Extension Center Construction
Funding Source: \$37,590 Federal funds which are US Department of Agriculture 1890 Facilities grant funds awarded to SC State.
Request: Establish project and budget for \$37,590 (Federal funds) to begin design work to construct a Public Service Activity Center building in Charleston for SC State's 1890 Research and Extension Program. The approximately 9,000 square foot facility will include classrooms, technology labs, food and nutrition labs, offices, and multi-purpose rooms. Property for the new facility will be donated by the City of Charleston. The center will provide a facility for existing and future staff and volunteers to fulfill the University's Land Grant Mission of providing research, teaching and extension programs to the state's citizens. The facility will provide instructional space and offer staff and volunteers the opportunity to engage the community in enhancing economic development and lifelong learning opportunities for participants. The agency's internal estimated cost of this project, prior to A&E design being done, is

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\$2,506,000. The proposed source of funds for construction is US Department of Agriculture 1890 Facilities Grant funds.

- (b) Summary 2-2014: JBRC Item 2. University of South Carolina
Project: 6104, Williams-Brice Stadium Plaza Site Upgrades
Funding Source: \$210,000 Other, Private funds which are donations and gifts to the Athletics Department.
Request: Establish project and budget for \$210,000 (Other, Private funds) to begin design work to make site improvements around Williams-Brice Stadium at USC. The work will include removing asphalt surfaces in the plaza around the stadium and constructing green spaces, access drives and pedestrian walkways, burying overhead utilities, and installing perimeter sidewalks, fencing and lighting. It will also include demolishing a portion of the adjacent 1101 George Rogers Boulevard building and the 1034 Key Road building to construct additional parking and landscaping and renovating the front portion of the George Rogers Boulevard building to accommodate ticketing, police operations, and potentially reception space and an expanded game day store. The upgrades will allow for further removal of vehicles from the area for pedestrian safety and improved circulation and will complement the Farmers Market site upgrades completed in 2012. The agency's internal estimated cost of this project, prior to A&E design being done, is \$14 million. The proposed sources of funds for construction are Athletic Revenue Bond and Other, Private funds
- (c) Summary 2-2014: JBRC Item 3. University of South Carolina
Project: 6105, Athletic Village Improvements
Funding Source: \$262,500 Athletic Operating funds which are funds generated from Athletic revenues which consist of ticket sales, SEC Conference Distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships.
Request: Establish project and budget for \$262,500 (Athletic Operating funds) to begin design work to construct and upgrade various venues at the Athletic Village at USC. The work on track and field venues will include expanding and widening the track, expanding the field events practice area, constructing support features including stadium seating, restrooms, storage and new lights, and converting the existing Field House into an indoor track and field facility. The work on the soccer venue will include constructing a facility for men's and women's soccer beside Stone Stadium to include locker rooms, team lounge areas, meeting rooms, weight room and training area. Track and field upgrades are needed to meet current NCAA standards, to enable running multiple events simultaneously, and to provide a venue for practices and competitions to occur during inclement weather. The new soccer facility is needed to provide dedicated facilities for the team adjacent to the stadium. The agency's internal estimated cost of this project, prior to A&E design being done, is \$17.5 million. The proposed sources of funds for construction are Athletic Operating and Athletic Revenue Bond funds.

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- (d) Summary 2-2014: JBRC Item 4. Office of the Adjutant General
Project: 9784, McCrady 10-25 Meter Zero Firing Range Construction
Funding Source: \$33,795 Federal funds which are National Guard Bureau Military Construction funds awarded to the agency for this project.
Request: Establish project and budget for \$33,795 (Federal funds) to begin design work to construct a small arms firing range at the McCrady Training Center for the National Guard. The work will include constructing a facility with 32 standard firing points for rifles, a range control tower, operations, maintenance and storage buildings, latrines, a covered mess, and related facilities. The National Guard does not have a zero firing range at McCrady and use of similar facilities at Fort Jackson has become very limited, impacting the readiness level of the state's National Guard. The agency's internal estimated cost of this project, prior to A&E design being done, is \$2,253,000. The proposed source of funds for construction is Federal National Guard Bureau Military Construction funds.
- (e) Summary 1-2014: JBRC Item 5. Office of the Adjutant General
Project: 9785, McCrady Multi-Purpose Machine Gun Range Construction
Funding Source: \$92,942 Federal funds which are National Guard Bureau Military Construction funds awarded to the agency for this project.
Request: Establish project and budget for \$92,942 (Federal funds) to begin design work to construct a machine gun firing range at the McCrady Training Center for the National Guard. The work will include constructing a facility with six firing points and an automated target system, a range control tower, operations, maintenance and storage buildings, latrines, a covered mess, and related facilities. The state does not have a machine gun firing range and the National Guard must travel to Fort Stewart in Georgia for training, impacting the readiness level, costs and morale of the National Guard. The agency's internal estimated cost of this project, prior to A&E design being done, is \$6,196,120. The proposed source of funds for construction is Federal National Guard Bureau Military Construction funds.
- (f) Summary 2-2014: JBRC Item 6. Vocational Rehabilitation Department
Project: 9598, Marlboro VR Center Reroofing
Funding Source: \$11,000 Other, Workshop Training Center Program Income which is revenue generated by production contracts in the agency's work training centers providing clients opportunity to learn work skills.
Request: Establish project and budget for \$11,000 (Other, Work Training Center Program Income funds) to begin design work to reroof the 25,000 square foot Marlboro VR Center for the Vocational Rehabilitation Department. The work will include removing the existing built-up roof and applying a new built-up roof with associated insulation, flashings and metal work. The roof is 25 years old and leaks. Numerous leaks have been repaired, but the size and frequency of leaks are increasing. The roof needs to be replaced before water further deteriorates the deck, ceiling and contents of the building. The agency's

internal estimated cost of this project, prior to A&E design being done, is \$445,000. The proposed source of funds for construction is Other, Work Training Center Program Income.

- (g) Summary 2-2014: JBRC Item 7. Department of Corrections
Project: 9708, Campbell Pre-Release Center Roof Truss Failure Repairs
Funding Source: \$50,000 Other, Insurance Reserve Funds which are funds received from the Insurance Reserve Fund based on property damage claims.
Request: Establish project and budget for \$50,000 (Other, Insurance Reserve Fund) to begin design work to repair or replace the roof system on the Department of Corrections' Campbell Pre-Release Center. In July 2013, a portion of the building's ceiling and roof collapsed at the dormitory unit and subsequent evaluation shows the structural roof system utilized fire retardant treated wood, which is causing the roof to sag and undergo widespread structural failure. The pre-design work will identify the entire scope of the work needed to address replacing the roof system and related building systems, determine compliance with code requirements if the cost exceeds 50% of the replacement value, develop scope alternatives and options, and include an assessment of total facility replacement. The agency's internal estimated cost of this project, prior to A&E design being done, is \$2,884,000. The proposed source of funds for construction is Other, Insurance Reserve Funds.

Establish Construction Budget

- (h) Summary 2-2014: JBRC Item 8. Clemson University
Project: 9774, Clemson Architecture Center in Charleston Construction
Funding Source: \$23,700,000 including \$22,120,266 Institution Bonds which are general obligation bonds of the State backed by a pledge of University tuition and fees, \$104,734 Other, Gift funds which were donated specifically for this project, and \$1,475,000 Other, Operating Revenues and Maintenance and Stewardship funds previously approved for the project.
Request: Increase budget to \$23,700,000 (add \$16,808,612: \$16,795,266 Institution Bond and \$13,346 Other, Gift funds) to revise the scope and construct an approximately 30,000 square foot architecture center in Charleston for Clemson. The project was established in 2001, relocated to a different site, restarted, and pre-design work has been done within the existing approved budget. The work will include constructing a 30,000 square foot architecture center which will include studio space, seminar rooms, fabrication labs, conservation and microscopy labs, a library, review rooms, offices and a large multi-purpose space. Currently, three facilities in Charleston, two of which are leased, are being used to house architecture and historic preservation programs. The new facility will support highly collaborative teaching, learning and research on a variety of levels and numerous programs will share the facility. The facility will be constructed to LEED Silver certification and include sustainable sites, energy and atmosphere, indoor environmental quality, and

other measures. The LEED cost benefit analysis shows a positive cost benefit of \$384,336 over 30 years. The agency reports the total projected cost of this project is \$23.7 million and additional annual operating costs ranging from \$283,500 to \$300,765 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2014 and for completion of construction is December 2015. (See Attachment 1 for this agenda item for additional annual operating costs.)

- (i) Summary 2-2014: JBRC Item 9. Clemson University
Project: 9911, CU-ICAR Advanced Powertrain Lab Upgrade
Funding Source: \$2,300,000 Other, Maintenance and Stewardship funds which are comprised of tuition, matriculation and other debt retirements and plant transfer revenues that are restricted to support capital investments and that are not formally obligated to fund debt service in the current period.
Request: Increase budget to \$2,300,000 (add \$2,225,000 Other, Maintenance and Stewardship funds) to upgrade the Advanced Powertrain Lab at Clemson's Campbell Graduate Engineering Center (CGEC). The project was established in June 2013 for pre-design work which is now complete. The work will include upgrading the electrical power supply, constructing partitions to create three test cells, and installing infrastructure for state-of-the-art test powertrain research facilities in approximately 1,900 square feet of the center. The CGEC currently has one test cell which has become a bottleneck. The upgrades will meet current needs and prepare the CGEC for expected future expansion in powertrain research. Energy savings and conservation measures will include the installation of engine dynamometers which will have the ability to generate power to supplement current service. The agency reports the total projected cost of this project is \$2.3 million and additional annual operating costs ranging from \$15,400 to \$15,800 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 2014. (See Attachment 2 for this agenda item for additional annual operating costs.)
- (j) Summary 2-2014: JBRC Item 10. College of Charleston
Project: 9652, Addlestone Library Adaptation
Funding Source: \$5,100,000 including \$4,600,000 Other, Capital Improvement Project funds which are revenues generated by a Capital Improvement Fee of \$744 per semester that are in excess of current annual debt service related to bonds and \$500,000 Other, Private funds which are funds received by the College for a specific purpose.
Request: Increase budget to \$5,100,000 (add \$5,025,000: \$4,525,000 Other, Capital Improvement Project Fund and \$500,000 Other, Private funds) to make adaptations to the Addlestone Library at the College of Charleston. The project was established in June 2013 for pre-design work which is now

complete. The work will include adding 168 general purpose seats, three group study rooms, and a 45-seat modular lecture classroom, expanding the Special Collections reading room, and adding 35,000 linear feet of compact shelving for the general book collection. The renovations are needed to preserve and make accessible rare books and manuscripts provided by the SC Historical Society, to facilitate student and faculty collaboration on digital projects, and to meet student and researcher usage needs which have far exceeded expectations since the building opened. Energy savings and conservation measures will include the use of recycled materials and environmentally sensitive furniture. The agency reports the total projected cost of this project is \$5.1 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 April 2014 and for completion of construction is September 2014.

- (k) Summary 2-2014: JBRC Item 11. Lander University
Project: 9534, Pedestrian Plaza and Vehicular Access Enhancement
Funding Source: \$2,700,000 including \$2,585,000 Other, Renovation Reserve funds which are revenues generated by a \$290 annual student fee to support E&G capital expenditures and \$115,000 Other, Food Service Reserve funds which are food service revenues set aside annually to support capital related expenditures.
Request: Increase budget to \$2,700,000 (add \$2,657,500: \$2,542,500 Other, Renovation Reserve and \$115,000 Other, Food Service Reserve funds) to revise the scope to make pedestrian and vehicle access enhancements at Lander. The project was established in October 2012 for pre-design work which is now complete. The work will include redesigning the existing pedestrian plaza and developing vehicular access along the periphery of the most prominent campus buildings. The plaza is a concrete and brick paved area that is deteriorating and cracking, resulting in ongoing safety concerns of developing trip hazards. The disturbance of the plaza through construction allows for implementing a universal ADA design, consolidating underground utilities, providing new conduits for fiber optic connectivity, enhancing pedestrian routing and social gathering areas, and other benefits. It also allows for installation of the outdoor and underground utilities needed to relocate a student food services shop to the plaza and for installation of a fountain planned in the 2003 campus master plan, which are scope revisions to the project. Energy savings and conservation measures will include the installation of energy efficient outdoor lighting. The agency reports the total projected cost of this project is \$2.7 million and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is April 2014 and for completion of construction is June 2015.

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- (l) Summary 2-2014: JBRC Item 12. South Carolina State University
Project: 9648, 1890 Extension Annex Construction
Funding Source: \$2,200,000 Federal funds which are US Department of Agriculture 1890 Facilities grant funds awarded to SC State.
Request: Increase budget to \$2,200,000 (add \$2,173,750 Federal funds) to revise the scope to construct a new facility at SC State for its 1890 Research and Extension Program. The project was established in October 2012 for pre-design work which is now complete. The project was originally planned to renovate existing space, but pre-design work determined it was more cost effective to construct a new facility. The approximately 14,000 square foot facility will include classrooms, a technology lab, food and nutrition lab, and a multi-purpose room. It will provide a facility for existing and future staff volunteers to fulfill the University's Land Grant Mission of providing research, teaching, and extension programs to the state's citizens. The facility will be constructed to LEED Silver certification and include energy and atmosphere, materials and resources, indoor environmental quality and other measures. The LEED cost benefit analysis shows a negative cost benefit of \$62,076 based on preliminary figures, but SC State staff anticipate the negative benefit will be negligible once the design nears completion. The agency reports the total projected cost of this project is \$2.2 million and additional annual operating costs of \$14,200 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is August 2014 and for completion of construction is April 2015. (See Attachment 3 for this agenda item for additional annual operating costs.)
- (m) Summary 2-2014: JBRC Item 13. South Carolina State University
Project: 9649, Camp Harry Daniels 1890 Extension Facility Construction
Funding Source: \$3,100,000 Federal funds which are US Department of Agriculture 1890 Facilities grant funds awarded to SC State.
Request: Increase budget to \$3,100,000 (add \$3,079,750 Federal funds) to revise the scope and construct a new extension facility at Camp Harry E. Daniels in Elloree for SC State's 1890 Research and Extension Program. The project was established in October 2012 for pre-design work which is now complete. The approximately 18,400 square foot facility will include classrooms, labs, offices, a wellness room, and multi-purpose rooms. The new facility will provide a safe and functional space for staff and volunteers to fulfill the Land Grant Mission of providing research, training, and service to the state's citizens. It will also provide instructional space and offer staff and volunteers the opportunity to engage the community in enhancing economic development and lifelong learning opportunities for participants. The facility will be constructed to LEED Silver certification and include sustainable sites, energy and atmosphere, indoor environmental quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of \$86,468 over 30 years. The agency reports the total projected cost of this project is \$3.1 million and additional annual operating costs of \$18,768 will result in the three years

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following project completion. The agency also reports the projected date for execution of the construction contract is September 2014 and for completion of construction is May 2015. (See Attachment 4 for this agenda item for additional annual operating costs.)

- (n) Summary 2-2014: JBRC Item 14. University of South Carolina
Project: 9867, School of Law New Building Construction
Funding Source: \$80,000,000 including \$48,100,000 Institution Bond funds which are general obligation bonds issued by the University and backed by student tuition and fees, \$10,000,000 Capital Improvement Bonds funds previously approved for this project, \$10,000,000 Capital Reserve Funds appropriated for this project in 2011-12, and \$11,900,000 Other, Private funds which are donations and gifts to the University.
Request: Increase budget to \$80,000,000 (add 70,000,000: \$48,100,000 Institution Bond, \$10,000,000 Capital Reserve Fund and \$11,900,000 Other, Private funds) to construct a new 187,500 square foot facility for USC's School of Law. The project was established in November 1999 with Capital Improvement Bond funds authorized for acquisition of property and design of a new law school and pre-design work has been completed with those funds. The three-story facility will include technologically current instructional spaces, a 300-seat auditorium, a law library, faculty areas, legal clinics, administrative areas and student organization space. The School of Law's existing facility was constructed in 1971 and is no longer able to facilitate current academic needs. Instructional spaces do not function well and lack integration of effective technology to support current legal education methodology. Public areas are significantly undersized and faculty offices are isolated from student spaces and classrooms, inhibiting effective student-faculty interaction. The facility will be constructed to LEED Silver certification and will include sustainable sites, energy and atmosphere, indoor environmental quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of \$6,642,500 over 30 years. The agency reports the total projected cost of this project is \$80 million and additional annual operating costs ranging from \$1,478,075 to \$1,633,075 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2014 and for completion of construction is September 2016. (See Attachment 5 for this agenda item for additional annual operating costs.)
- (o) Summary 2-2014: JBRC Item 15. Office of the Adjutant General
Project: 9764, Greenville Field Maintenance Shop Construction
Funding Source: \$15,490,412 Federal funds which are National Guard Bureau Military Construction Funds awarded to the agency for this project.
Request: Increase budget to \$15,490,412 (add \$15,304,217 Federal funds) to construct a 49,165 square foot field maintenance shop for the National Guard in Greenville. The project was established in August 2011 for pre-design work

which is now complete. The new facility will include maintenance work bays, administrative areas, parking for military and privately owned vehicles, an above ground fuel storage tank, and security measures. The existing field maintenance shop lacks adequate space to meet Army and National Guard Bureau requirements and does not accommodate the new equipment now in the Army inventory. The current shop works out of three Readiness Centers in Anderson, Greer and Clemson, which will be consolidated in the new facility. The building will be constructed to LEED Silver certification and include sustainable sites, energy and atmosphere, indoor environmental quality, and other measures. The LEED cost benefit analysis shows a positive cost benefit of \$631,675 over 30 years. The agency reports the total projected cost of this project is \$15,490,412 and additional annual operating costs ranging from \$73,748 to \$82,863 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2014 and for completion of construction is June 2015. (See Attachment 6 for this agenda item for additional annual operating costs.)

- (p) Summary 2-2014: JBRC Item 16. Office of the Adjutant General
Project: 9770, Greenville Readiness Center Construction
Funding Source: \$21,260,150 Federal funds which are National Guard Bureau Military Construction Funds awarded to the agency for this project.
Request: Increase budget to \$21,260,150 (add \$20,959,784: \$14,959,784 Federal and \$6,000,000 Other, Greenville Tech funds) to construct an approximately 94,000 square foot joint use facility in Greenville for the National Guard. The project was established in December 2012 for pre-design work which is now complete. The readiness center facility will house an assembly hall, classrooms, a library, learning center, simulation center and other spaces to be used by the Army National Guard and Greenville Tech's Aviation Mechanical School. The new readiness center will house two units that will be using the Army Aviation Support Facility under construction across from the new center. Co-locating Greenville Tech's Aviation Mechanical School, which teaches mechanics to repair aircrafts, with the new readiness center will provide the required outside training for the National Guard and allow for offering training to other states, making the facility a National Guard Center for Excellence. The facility will be constructed to LEED Silver Certification and include sustainable sites, energy and atmosphere, indoor environmental quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of \$1,420,276 over 30 years. The agency reports the total projected cost of this project is \$21,260,150 and additional annual operating costs ranging from \$72,000 to \$80,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2014 and for completion of construction is September 2016. (See Attachment 7 for this agenda item for additional annual operating costs.)

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- (q) Summary 2-2014: JBRC Item 17. Budget and Control Board
Project: 9919, Senate Street Building Roof Replacement
Funding Source: \$639,196 Other, Depreciation Reserve funds which derive from the rent account, which receives rent charged to agencies that occupy state buildings.
Request: Increase budget to \$639,196 (add \$629,621 Other, Depreciation Reserve funds) to replace the roof on the Senate Street Building housing Budget and Control Board and USC Staff. The project was established in May 2013 for pre-design work which is now complete. The work will include replacing the existing built-up roof, including tuck pointing joints around high roof areas, removing and replacing the lightweight concrete deck, abating asbestos in the deck, and replacing insulation. The existing roof and roof insulation systems are 12 years old and are leaking and retaining moisture. If they are not replaced, moisture will penetrate the building envelope, damage building systems, and create the potential for environmental hazards such as mold. Energy savings and conservation measures will include the installation of energy efficient insulation and a white solar reflective roof coating. The agency reports the total projected cost of this project is \$639,196 and annual operating cost savings ranging from \$5,875 to \$9,180 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is February 2014 and for completion of construction is March 2014. (See Attachment 8 for this agenda item for annual operating cost savings.)
- (r) Summary 2-2014: JBRC Item 18. Department of Health and Environmental Control
Project: 9522, DHEC Florence County Health Department Roof Replacement/Façade Repair
Funding Source: \$452,000 Other, DHEC Earned funds which are funds earned by the Health Services side of the agency for services rendered.
Request: Increase budget to \$452,000 (add \$447,500 Other, DHEC Earned funds) to replace the roof and façade on the Florence County Health Department for DHEC. The project was established in March 2013 for pre-design work which is now complete. The work will include replacing the roof and replacing the exterior insulation and finish system on the building façade, both of which are original to the facility. The roof is 22 years old and has exceeded its useful life. Roof leaks have caused extensive clean-up and repairs to the roof and interior equipment. The original façade included the use of some improper materials at construction which has resulted in its leaking. A new roof and façade will lower maintenance costs and time, help provide a more efficient building system by maintaining its insulation value and protect the building's interior. Energy savings and conservation measures will include the installation of a white roof for greater reflectivity. The agency reports the total projected cost of this project is \$452,000 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 2014 and for completion of construction is June 2014.

- (s) Summary 2-2014: JBRC Item 19. Department of Mental Health
Project: 9728, DMH Administration Building Roof and HVAC Replacement
Funding Source: \$1,612,000 Other, Operating Revenue which is Medicaid fee-for-services earned revenue for clinical services provided through contracts with the Department of Health and Human Services.
Request: Increase budget to \$1,612,000 (add \$1,594,000 Other, Operating Revenue funds) to replace the roof and HVAC equipment at the Department of Mental Health's Administration Building in Columbia. The project was established in September 2013 for pre-design work which is now complete. The work will include replacing the existing flat built-up roof with a new roof, installing roofing insulation, and replacing air handlers, condensers, and HVAC controls. The roof and approximately half of HVAC system are 45 years old and original to the facility. The roof has developed leaks over the last few years and attempts to patch it have not been successful so leaks continue. Approximately half of the HVAC system was replaced in 2009, but the remaining half is old, inefficient and needs to be replaced. Energy savings and conservation measures will include the installation of an energy efficient roof, HVAC equipment and controls, and roofing insulation. The agency reports the total projected cost of this project is \$1,612,000 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 March 2014 and for completion of construction is September 2014.

Increase Budget

- (t) Summary 2-2014: JBRC Item 20. Vocational Rehabilitation Department
Project: 9570, Charleston VR Center Building Addition
Funding Source: \$3,741,330, including \$1,788,483 Other, Workshop Revenue funds which is Work Training Center Program Income generated through production contracts in the work training centers and \$1,952,847 Federal funds previously approved for this project.
Request: Increase budget to \$3,741,330 (add \$1,553,233 Other, Workshop Revenue funds) to revise the scope to add additional square footage and renovate the Charleston Vocational Rehabilitation (VR) Center. The project was established in 2005, increased for construction in 2009, and then put on hold. Since that time, agency programmatic changes and the time delay have resulted in changes to the project scope and budget. These include adding additional square footage for training clients, replacing the roof which is now out of warranty, and renovating more interior space than originally planned. The total work will now include constructing a 6,631 square foot addition to provide training, conference and office space and renovating the 24,950 square foot facility, including replacing the roof, abating asbestos and reconfiguring the building's interior. The work is needed to address programmatic changes and provide sufficient space for clients and staff. Energy savings and conservation

measures will include the installation of energy efficient lighting, HVAC units and an energy efficient roof. The agency reports the total projected cost of this project is \$3,741,330 and additional annual operating costs of \$6,500 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is April 2014 and for completion of construction is March 2015. (See Attachment 9 for this agenda item for additional annual operating costs.)

Revise Project Scope

- (u) Summary 2-2014: JBRC Item 21. College of Charleston
Project: 9647, Rita Hollings Science Center Renovation
Funding Source: \$615,000 Other, College Fee funds which comes from a portion of the student bill not specifically earmarked or dedicated for debt service, auxiliary enterprises, or student clubs and activities.
Request: Revise the scope of the Rita Hollings Science Center (RHSC) Renovation for the College of Charleston. The project was established in June 2011 for pre-design work which is now complete. During the pre-design phase, the architectural team recognized the opportunity to reconstruct the adjacent 18,876 square foot Physicians Memorial Auditorium. By adding its demolition and reconstruction to the project scope, the college will gain a large capacity event meeting space, configurable seating with modern technology for large lecture courses and other events, and classrooms on the first floor and faculty offices on the second and third floors, allowing for valuable space in the RHSC to be used for teaching and lab spaces. The long term benefit of the scope revision is that a third science building on the main campus, identified as needed in the 2012 Campus Master Plan, will now not be needed for another 15 years. The original project scope for renovating the RHSC was estimated to cost \$45 million. The revised project scope, including reconstruction of the auditorium, is estimated to cost \$60 million. (See Attachment 10 for this agenda item for additional annual operating costs.)

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

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

Prior to voting on this item, Governor Haley noted that Board members had received an email concerning this matter. She asked Agriculture Secretary Hugh Weathers for comments on the email. Mr. Weathers commented that the project as presented has been thoroughly vetted with the Board members. Governor Haley inquired if any property owners were present and if they wanted to speak on the issue. Ethan Ware appeared on behalf of L&N Produce Co., Inc.,

the company that submitted the email along with a letter about this matter. Mr. Ware stated that this is not a typical retail purchase or real estate acquisition. He stated that this matter involves the acquisition of an ongoing business enterprise that would compete with other vendors at the Farmers Market. He said that the State would be in control of the market terms and conditions to the detriment and damage of the other vendors at the market. He said the other vendors do not have the benefit of the full faith and credit of the revenue the State can achieve. Mr. Ware further stated that L&N Produce has to pay expenses that go into their underlying overhead and overhead costs on a day-to-day basis. He said when the State operates a competing business to run a vendor or produce vendor operation instead of just purchasing real estate that puts L&N Produce at a serious disadvantage.

Mr. Ware further noted that they wanted the Board to delay the matter so it could be reviewed to determine whether it is consistent with State law. He said in looking at this matter he noticed that state law somewhat limits what the State can do regarding this type of acquisition with respect to farmers markets. He said the law gives the State the authority to acquire this kind of property, but only for the benefit of the farmers and not to run a business to generate revenue or control the market. Mr. Ware commented that this is a market for vendors to bring their South Carolina grown produce and have the opportunity to compete on a level playing field. He said when the State runs a competing operation vendors cannot compete. He also stated that no environmental site assessment was done on the property before it was presented to the Board. He said under the applicable laws and regulations the release of a hazardous substance at the site would result in liability for the State regardless of fault.

Mr. Eckstrom commented that there is a proper time to provide information. He said the evening prior to the Board meeting hardly seems like the proper time to raise the issues Mr. Ware has raised. Mr. Eckstrom asked Mr. Ware if his client offered property for similar use. Mr. Ware said that his client's property was not offered for similar use, but that they were approached by the Department of Agriculture to determine if they would be interested in selling the property. Mr. Ware commented that he would have preferred contacting the Board members prior to the evening before or the morning of the Board meeting. He said they met with the Department of Agriculture twice and the Department promised to inform them when the Board meeting would be held with the matter placed on the Board's agenda. He said they never heard

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back from the Department nor were they provided information or notice about this Board meeting by the Department.

Mr. Eckstrom asked Mr. Weathers if Mr. Ware or his client was at the JBRC meeting. Mr. Weathers responded that Mr. Ware was at the JBRC meeting. He also said that Mr. Ware stated in a meeting on August 5th that if they were not able to resolve the issues they would discuss the issues with the Board at the next meeting. He said based on Mr. Ware's statement he assumed Mr. Ware was making plans to provide the information. Mr. Weathers further commented that a Phase I environmental assessment had been done.

Senator Leatherman noted that Mr. Ware said there should be compliance with the laws of the State. He stated that this matter was acted upon by the General Assembly and that is the law of the State. He said the Board is directed to do what the General Assembly says should be done and that is to purchase the property. Mr. Eckstrom also commented that a proviso was passed by the General Assembly directing the Department to confer with the State Attorney General to address some of the concerns that have been raised. He said it appears that the intent of the proviso was to achieve some balance in putting this transaction together.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the following real property acquisitions as requested:

- | | | |
|-----|---|---|
| (a) | Agency:
Acreage:

Location:

County:
Purpose:

Appraised Value:
Price/Seller:
Source of Funds:
Project Number:
Environmental Study:
Building Condition
Assessment:
Additional Annual Op
Cost/SOF: | Department of Agriculture
9.38± acres with a 31,090 square foot wholesale vendor building, two produce sheds and the front gate house.
Between I-26 and US 321 at Farmers Market Drive in West Columbia.
Lexington
To provide the department with more control over market planning and operation and allow the agency to acquire a revenue stream that will contribute to self-sustainability.
\$7,075,000
\$7,060,000 / Stern Market Properties, LLC, Columbia, SC
Capital Reserve Funds
P16-9512
Approved
Approved
Additional annual operating costs of \$319,500 will result from the acquisition and will be paid from revenue generated by rent and third party truck fees. |
|-----|---|---|

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- Current Year Property Tax: \$12,000
Approved By: JBRC on 10/16/13
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.
- (b) Agency: **Coastal Carolina University**
Acreage: 1.6± acres
Location: On Highway 544 in Conway
County: Horry
Purpose: To provide for future University projects in accordance with the Campus Master Plan.
Appraised Value: \$190,000
Price/Seller: \$190,000 / Roberto and Obdulia Perez, Myrtle Beach, SC
Source of Funds: Other, Institutional Capital Project Funds
Project Number: H17-9600
Environmental Study: Approved
Building Condition Assessment: N/A
Additional Annual Op: None
Cost/SOF:
Current Year Property Tax: \$3,234
Approved By: CHE on 9/11/13; JBRC Staff on 10/1/13
- (c) Agency: **Department of Natural Resources**
Acreage: 1,628± acres of undeveloped land
Location: Along the Catawba River and Lake Wateree shoreline in Lancaster County.
County: Lancaster
Purpose: To expand the Catawba River/McDowell Creek Wildlife Management Area to provide additional wildlife habitat and protect clean water along the Catawba River.
Appraised Value: \$5,200,000
Price/Seller: \$4,500,000 / The Conservation Fund, Arlington, Virginia
Source of Funds: Federal and Other, Heritage Land Trust, State Conservation Bank, Timber Revenue and Lancaster County funds.
Project Number: P24-9935
Environmental Study: Approved
Building Condition Assessment: N/A
Additional Annual Op: None - Operating costs of approximately \$50,000 will be offset by receipt of timber revenues.
Cost/SOF:

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Current Year Property Tax:	\$3,988
Approved By:	JBRC on 10/16/13
Additional Information	This request also includes approval of a budget increase to the permanent improvement project of \$4,500,000 from the fund sources noted above.

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

Division of General Services: College of Charleston North Campus/Lowcountry Graduate Center Lease (Regular Session Item #3)

The College of Charleston requested approval to lease 50,000 rentable square feet from Drake/Faber IV, LLC (Landlord) in a building to be constructed at 3800 Paramount Drive in North Charleston. The College currently leases approximately 24,000 RSF at 5300 International Boulevard in North Charleston to house its North Campus and the Lowcountry Graduate Center. Boeing has purchased this building, and the College must relocate these functions by August 2014. Additionally, the College launched a new Bachelors of Professional Studies program in the Fall of 2013 and expects to increase enrollment by 100 to 150 students over the next year. This space will also accommodate this increased enrollment by allowing the College to offer more undergraduate courses to meet demand that cannot physically be located at the main downtown campus.

A lease solicitation was conducted through the Division of General Services. Four responsive proposals were received. One property was eliminated as it was not contiguous space. Site visits were conducted by the College and the Division of General Services for the other three proposed properties. Based on these site visits, a second property was eliminated due to its location, age, and the adequacy of ingress and egress. Additionally, successful negotiation with the College's preferred location could not be accomplished and, as such, the College sought approval for its second-rated response at Paramount Drive. A building will be constructed at the site and upfitted per the College's specifications. The building will be available for occupancy by July 2014, to include adequate parking for staff and students.

The lease term will be seven years commencing on July 1, 2014. Rent will be \$16.60 per square foot for the first year of the lease. Thereafter, base rent increases annually as shown in the chart below:

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Year	Rate/SF	Annual Rent
1	\$16.60	\$830,000.00
2	\$17.10	\$854,900.00
3	\$17.61	\$880,547.00
4	\$18.14	\$906,963.41
5	\$18.68	\$934,172.31
6	\$19.24	\$962,197.48
7	\$19.82	\$991,063.41
Average	\$18.17	
Total		\$6,359,843.61

The College will be responsible for all operating costs, taxes, and insurance. The total estimated maximum cost over the term of the lease is \$8,902,920 and there are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the College. The College has indicated that no fee increase will be associated with this lease.

The following represents comparables of similar space available for lease in the North Charleston area:

Location	Rate/SF
4000 Faber Place Dr	\$22.50
4401 Belle Oaks Dr	\$24.00
4130 Faber Place Dr	\$21.50

The lease was approved by the Commission on Higher Education at its August 2013 meeting and by the Joint Bond Review Committee at its October 2013 meeting.

Mr. Eckstrom asked what assurance has been given that the procurement conforms with State law given the fact that there was a request for proposals and the vendor submitted one property that met the State's interest. He noted that the property was subsequently withdrawn after the vendor made the offer. He said he wanted to make sure if the Board approved this transaction that the Board does not contribute to a legal challenge that could result. Ms. Adams assured Mr. Eckstrom that the procurement was handled properly and should not be an issue. Ms. Adams asked Ashlie Lancaster with the Division of General Services to provide detail on the procurement. Ms. Lancaster stated that the Board's Office of General Counsel was consulted to determine if the acquisition of this leased property would conform to the rules and regulations of the State. She said the offer that is being taken in this instance is under the same terms and

conditions as the original proposal. She said this is also in line with the statutory requirements for leasing. Mr. Eckstrom indicated that he is not aware of this type of arrangement being done. Mr. Eckstrom also noted that there were alternate sites without having to go through construction. Ms. Lancaster commented that the properties that were eliminated from consideration were eliminated because they did not meet the needs of the College. She said there was another property that was build-to-suit that the College wanted to pursue, but because of the cost they could not recommend that as an alternative. She said this item is the middle ground between the two.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the proposed seven year lease for the College of Charleston to lease 50,000 rentable square feet from Drake/Faber IV, LLC, in a building constructed at 3800 Paramount Drive in North Charleston. Mr. Eckstrom abstained from voting on the item for public policy reasons. All other Board members voted for the item.

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

Division of General Services: Vocational Rehabilitation Department Lease (Regular #4)

The Vocational Rehabilitation Department requested approval to continue leasing from Tower on Main LLC (Landlord), 35,671 rentable square feet on the fourth floor of the Landmark Building, located at 301 North Main Street, Greenville. Vocational Rehabilitation has been in this location since November 1, 1998 and wishes to continue leasing the current space. This space accommodates all of the needs of Vocational Rehabilitation, meets all of Social Security Administration's case processing requirements and no renovations are required. Vocational Rehabilitation's current lease at the location expires December 31, 2013.

A lease solicitation was conducted through the Division of General Services. Three responsive proposals were received, with the selected location representing the lowest cost proposal.

The lease term will be five years commencing on January 1, 2014. Rent will be \$44,588.75 per month or \$535,065.00 (\$15.00 per square foot) for the first year of the lease, which includes 98 parking spaces for staff and visitors. This is a reduction from the \$16.24 per square foot rate for

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the last year of the present lease and will save the Agency over \$235,000 over the term of the new lease. Thereafter, base rent increases 3% annually as shown in the chart below:

Year	Rate/SF	Annual Rent
1	\$15.00	\$535,065.00
2	\$15.45	\$551,116.92
3	\$15.91	\$567,525.60
4	\$16.39	\$584,647.68
5	\$16.88	\$602,126.52
Average	\$15.93	
Total		\$2,840,481.72

The total maximum cost over the term of the lease is \$2,840,481.72 and there are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the Agency. Vocational Rehabilitation receives federal funds and lease payments will be made from those federal funds, not state funds. Rent includes all operating costs, and there are no operating cost increases throughout the term of the lease. No option to purchase the property is included in the lease.

The following comparables of similar commercial space in the Greenville area:

Location	Rate/SF
25 E Court St	\$24.00
104 S Main St	\$19.50
101 E Washington St	\$19.50

The space allocation of the new lease is 29,430 rentable square feet for 121 employees or 243 square feet per employee. There is 3,146 rentable square feet of meeting, hearing room, break room and reception space. The remaining 3,095 rentable square feet consists of computer, server, network and mail rooms.

The lease was approved by the Joint Bond Review Committee at its October 16, 2013, meeting.

Mr. Loftis said this item causes one to wonder why the State is in downtown office plazas with this type of lease. He commented that most of the people who are going to visit and the people who work at the Vocational Rehabilitation Department probably do not live in downtown Greenville. He said these types of spaces are not the most efficient for this type of use. He said

he encourages a move away from leases where parking garages are needed and parking spaces are paid for.

Mr. Eckstrom commented that he was board chairman of the Vocational Rehabilitation Work Center in Greenville before being elected to office. He stated that the operation Vocational Rehabilitation runs by employing citizens who need some vocational retraining would not be conducted in this downtown office.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board approved the proposed five year lease for the Vocational Rehabilitation Department at 301 North Main Street in Greenville.

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

Clemson University: Not Exceeding \$23,700,000 General Obligation State Institution Bonds, Series 2013, Issued on behalf of Clemson University Carolina (Regular Session Item 5)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$23,700,000 General Obligation State Institution Bonds, Series 2013, issued on behalf of Clemson University.

The proceeds from the sale of the bonds will be used to defray the costs of planning, developing, and constructing the Spaulding Paolozzi Center/Clemson Architecture Center in Charleston, an academic facility anticipated to house the Architecture, History Preservation, Landscape Architecture, Urban Design, and Architecture + Health programs.

Mr. Eckstrom commented that this item is an example of two higher education institutions working together and collectively attaining more than either could on their own.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$23,700,000 General Obligation State Institution Bonds, Series 2013, issued on behalf of Clemson University.

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

University of South Carolina: Not Exceeding \$49,575,000 General Obligation State Institution Bonds, Series 2013, Issued on behalf of the University of South Carolina (R6)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$49,575,000 General Obligation State Institution Bonds, Series 2013, issued on behalf of the University of South Carolina.

The proceeds from the sale of the bonds will be used to (i) plan, develop, construct and equip a new law school facility; (ii) reimburse the University for expenses incurred in anticipation of the issuance of Bonds; and (iii) pay for expenses related to the issuance of bonds.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$49,575,000 General Obligation State Institution Bonds, Series 2013, issued on behalf of University of South Carolina.

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

Future Meeting

Upon a motion by Mr. Eckstrom, seconded Senator Leatherman, the Board agreed to meet at 10:00 a.m. on Tuesday, December 10, 2013.

Adjournment

The meeting adjourned at 10:25 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 8:30 a.m. on Wednesday, October 30, 2013.]