

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

August 31, 2017 – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Thursday, August 31, 2017, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

Governor Henry McMaster, Chair;
Mr. Curtis M. Loftis, Jr., State Treasurer; and
Mr. Richard Eckstrom, Comptroller General;
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and
Representative W. Brian White, Chairman, Ways and Means Committee.

Also attending were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; Governor's Chief of Staff Trey Walker; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Chief of Staff Beverly Smith; Authority Secretary Delbert H. Singleton, Jr., and other State Fiscal Accountability Authority staff.

Adoption of Agenda for State Fiscal Accountability Authority

Upon a motion by Mr. White, seconded by Mr. Loftis, the Authority adopted the agenda as proposed after amending blue agenda item #1 to add approval of bond counsel for a JEDA conduit issue of \$46,000,000 Economic Development Bonds for MUSC Strategic Ventures; Haynsworth Sinkler Boyd is borrower's counsel; and Parker Poe is issuer's counsel.

Minutes of Previous Meeting

Upon a motion by Mr. White, seconded by Mr. Loftis, the Authority approved the minutes of the June 13, 2017, State Fiscal Accountability Authority meeting.

Blue Agenda

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved blue agenda items #1, #4, #6, and #7, as noted herein.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority unanimously approved blue agenda item #2, as noted herein.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority

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approved blue agenda item #3, as noted herein.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved blue agenda item #5, as noted herein.

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

The Authority approved the referenced bond counsel assignment as recommended by the State Treasurer’s Office for conduit issues and special assignment of bond counsel:

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$33,000,000 Hospital Revenue Refunding Bond	Regional Medical Center of Orangeburg & Calhoun Counties Conduit: JEDA	Haynsworth Sinkler Boyd	Mc Nair Law Firm
\$5,300,000 Economic Development Revenue Refunding Bond	Pinewood Preparatory School Conduit: JEDA	Haynsworth Sinkler Boyd	Howell Linkous & Nettles
\$8,740,000 Economic Development Revenue Bond	EdVenture Conduit: JEDA	Haynsworth Sinkler Boyd	Pope Flynn
\$69,925,000 Hospital Revenue Bond	Bon Secours Health Inc. – St. Francis Hospital Conduit: JEDA	Chapman & Cutler	Haynsworth Sinkler Boyd
\$57,000,000 Revenue Bond	165 Cannon Street Associates, Inc. Conduit: JEDA	Haynsworth Sinkler Boyd	Howell Linkous
\$46,000,000 Economic Development Bond	MUSC Strategic Ventures Conduit: JEDA	Haynsworth Sinkler Boyd	Parker Poe
\$38,000,000 Special Source Revenue	Charleston County – Mercedes Benz Vans, LLC	Howell Linkous & Nettles	Joe Dawson
\$81,000,000 Economic Development Revenue Refunding Bond	Self Regional Hospital Conduit: Greenwood County	Haynsworth Sinkler Boyd	Greenwood County Attorney
\$16,000,000 Multifamily Rental Housing Facilities Bond	The Preserve at Logan Park Conduit: SC State Housing Finance and Development Authority	Howell Linkous & Nettles	Tracey Easton, General Counsel

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OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$58,000,000 Athletic Facilities Revenue Refunding Bond	University of South Carolina	McNair
\$26,000,000 Higher Education Revenue Refunding Bond	University of South Carolina	Nexsen Pruet

Mr. Eckstrom inquired if the issue for Charleston County concerning the Mercedes Benz project involved refunding. Sam Howell, bond counsel for the project, said the project involved all new money. Mr. Gillespie indicated that the matter would be corrected to reflect that refunding was not involved in the issuance.

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

Secretary of State: Notice of Expenditure of Funds (Blue Agenda Item #2)

Pursuant to S.C. Code Ann. Section 1-11-470, Secretary of State Mark Hammond advised the Authority that he will be expending funds to purchase radio and television public service announcements time. The radio and television time will be used for a public awareness campaign on charitable solicitations fraud. Secretary Hammond expects to expend no more than \$80,000 toward the cost of the radio and television public service announcements. The funds are from administrative fines issued by the Secretary of State pursuant to the Solicitation of Charitable Funds Act, Code Section 33-56-160. Approval of the request must be by unanimous vote of the Authority.

Mr. Eckstrom asked if the State has pursued public service announcements to assist in the enforcement of the Solicitation of Charitable Funds Act. Secretary of State Mark Hammond appeared before the Authority on this matter. He stated that his office is charged with enforcing the Act. He noted that since running the public service announcements the fines collected have increased. He stated that over \$290,000 was collected the previous year.

Mr. Eckstrom asked if Mr. Hammond has pursued obtaining public service announcements free of cost. Mr. Hammond stated that there is the possibility of receiving two free ads for every ad that is bought. Mr. Eckstrom further asked Mr. Hammond if he has

received any complaints based on the new charitable complaint form on the Secretary of State's website. Mr. Hammond said they are getting responses and have issued a violation as a result of a complaint.

The Authority unanimously approved a request from Secretary of State Mark Hammond concerning the expenditure of funds to purchase radio and television public service announcements not to exceed \$80,000 for a public awareness campaign on charitable solicitations fraud.

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

Department of Administration, Facilities Management and Property Services: Easements (Blue Agenda Item #3)

The Authority approved granting the referenced easements as recommended by the Department of Administration, Facilities Management and Property Services:

- (a) County Location: Berkeley
From: Department of Administration
To: South Carolina Electric and Gas Company
Consideration: \$700
Description/Purpose: To grant a 0.28 acre easement for the construction, installation, operation and maintenance of a 2-inch gas main beneath Ralston Creek between Daniel Island and Rhodens Island to provide service to Rhodens Island. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

- (b) County Location: Charleston
From: Department of Administration
To: Central Electric Power Cooperative, Inc.
Consideration: \$1,342
Description/Purpose: To grant a 4.21 acre easement for the construction, installation, operation and maintenance of an underground electric transmission line beneath Bohicket Creek between Wadmalaw Island and John's Island to provide system reliability, redundancy and resilience. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

- (c) County Location: Jasper
From: Department of Administration

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- To: Hargray Communication Group, Inc.
Consideration: \$1
Description/Purpose: To grant a 0.31 acre permanent easement for the purpose of constructing, extending, inspecting, operating, replacing, relocating, repairing and perpetually maintaining a telecommunications conduit and video and/or broadband facilities, together with the right of ingress and egress, on property of the Department of Mental Health's Jasper County Mental Health Clinic. The easement is needed to build out a new video network for the Community Telepsychiatry Program. The easement will contain the State's standard reverter language that if Hargray discontinues usage of the conduit and facilities, the easement will terminate. The easement is being sought by the Department of Mental Health for the benefit of the property. The Division of Facilities' Management and Property Services has determined that SCDMH has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (d) County Location: Sumter
From: Department of Administration
To: Black River Electric Cooperative, Inc.
Consideration: \$1
Description/Purpose: To grant a 0.23 acre easement for the construction, installation, operation and maintenance of an electric distribution line and facilities on property of Manchester State Forest to improve reliability by providing an alternate electric feed to the area. The term of the easement will be fifty (50) years. The easement will be of mutual benefit to the South Carolina Forestry Commission and Black River Electric Cooperative. The Division of Facilities Management and Property Services has determined that the Forestry Commission has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (e) County Location: Richland
From: Midlands Technical College
To: City of Columbia
Consideration: \$1
Description/Purpose: To transfer title to sanitary sewer lines and appurtenances together with a 0.245 acre permanent easement for the purpose of ingress, egress, operation, reconstruction and maintenance of said lines serving the new Midlands Technical College's Beltline Campus Library and Classroom/Building. Also includes an access easement along the entrance drives, private roadways and private driveways for the operation, maintenance, extension of services, reconstruction and repair of the sanitary sewer lines and appurtenances for this development. The easement is being sought by the College for the benefit of the property. The Division of Facilities Management and

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Property Services has determined that the College has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.

- (f) County Location: Richland
From: Midlands Technical College Enterprise Campus Authority
To: City of Columbia
Consideration: \$1
Description/Purpose: To transfer title to sanitary sewer lines and appurtenances together with 0.71 acre and 0.28 acre permanent easements for the purpose of ingress, egress, operation, reconstruction and maintenance of said lines serving the Enterprise Campus Industrial Park. Also includes an access easement along the entrance drives, private roadways and private driveways for the operation and maintenance of the sanitary sewer lines and appurtenances for this development. The easement is being sought by the Authority for the benefit of the property. The Division of Facilities Management and Property Services has determined that the Authority has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (g) County Location: Richland
From: Clemson University
To: Department of Transportation
Consideration: \$90,400
Description/Purpose: To grant a permanent easement measuring approximately 3.2 acres for the purpose of access, ingress and egress over existing roads on Clemson University's property to a detention pond and drainage facilities located at the rear of the property. SCDOT will inspect, monitor, maintain, repair and improve the drainage facilities for a term of ten years. The easement is part of the negotiated sale of right of way property for SCDOT's roadway expansion of Hard Scrabble Road. The Division of Facilities Management and Property Services has determined that the University has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.

Mr. Eckstrom commented that item 3(g) concerning an easement from Clemson University to the Department of Transportation is a model for granting easements. He said the State should consider doing what Clemson has done in this matter. He noted that the transaction is being done at fair market value and commended Clemson for its approach on this matter. He commended the approach for the State's consideration.

- (h) County Location: Greenville
From: Department of Administration

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To: Greenville Water System
Consideration: \$1
Description/Purpose: To transfer title to water lines and appurtenances together with a 0.176 acre permanent easement for the purpose of access, ingress, egress, operation, reconstruction and maintenance of said lines serving the Greenville Farmers Market property. The easement is being sought by the Department of Agriculture for the benefit of the property. Approximately 23 acres of the property is currently under contract for sale to the House of Raeford. The sale was approved by SFAA on September 20, 2016. There is a 12” public main at the Greenville Farmers Market that steps down to a 6” private main that runs down to the portion of the property to be sold. Greenville Water System requires that the private water main be deeded to them for operation and maintenance to provide service to the new owners.

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

Department of Administration, Facilities Management and Property Services: Real Property Conveyances (Blue Agenda Item #4)

The Authority approved the following real property conveyances as recommended by the Department of Administration, Facilities Management and Property Services:

- (a) **Controlling Agency:** Department of Commerce, Division of Public Railways
Acreage: 7.65 ± acres
Location: Between Noisette Boulevard and Johns Avenue, North Charleston
County: Charleston
Purpose: To dispose of surplus real property.
Price/Transferred To: To be determined/Not less than appraised value
Disposition of Proceeds: To be retained by the Department of Commerce’s Division of Public Railways pursuant to Proviso 93.20.
- (b) **Controlling Agency:** Department of Commerce, Division of Public Railways
Acreage: 2.0 ± acres together with a 21,721 square foot office/warehouse building (Building NH-62)
Location: 2340 Avenue F, North Charleston
County: Charleston
Purpose: To dispose of surplus real property.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of Proceeds: To be retained by the Department of Commerce’s Division of Public Railways pursuant to Proviso 93.20.

- (c) **Controlling Agency:** Department of Commerce, Division of Public Railways
Acreage: 1.5 ± acres together with a 15,788 square foot office building (Building NH-61)
Location: 1580 Turnbull Avenue, North Charleston
County: Charleston
Purpose: To dispose of surplus real property.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of Proceeds: To be retained by the Department of Commerce's Division of Public Railways pursuant to Proviso 93.20.

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

Division of Procurement Services: Procurement Audit and Certification (Blue Item #5)

In accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code (the Code), the Division of Procurement Services (Procurement Services) reviewed the procurement system of the Office of the Adjutant General. As the Office of the Adjutant General has not requested procurement certification, the audit report is submitted as information only. The Office of the Adjutant General has requested a follow-up review which will begin in December 2017 and Procurement Services will report back to the Authority by the end of June 2018.

Mr. Eckstrom asked why the results of the audit did not impact the certification level. He noted that there were a number of exceptions taken in the audit. He also noted that the report reflected that this is the first audit in 10 years and that some of the same issues were encountered then. John White, Materials Management Officer, appeared before the Authority on this matter. Mr. White noted that the Adjutant General's Office is a noncertified agency with basic procurement authority of \$50,000. He stated that when a noncertified agency is audited the audit report is submitted to the Authority for information. He said that when the agency was audited 10 years ago it was believed that the issues were resolved. Mr. White said in this instance the audit was done at the request of the Adjutant General's Office for a review of how indefinite delivery contracts were being used in the agency. He said the agency informed Procurement Services that a federal audit was being conducted and wanted to wait until it was concluded before issuing the audit report. He noted that the agency has been fully cooperative and that the

individuals who were responsible for running the program are no longer employed with the agency. He further stated that recommendations were made to the agency for changes in its process and those changes have been made. Mr. White said for those reasons Procurement Services has not made a recommendation for reduction in the agency's statutory certification authority.

Mr. Eckstrom further asked who conducted the federal audit. Major General Van McCordy with the Adjutant General's Office stated that the matter started by way of the Army Criminal Investigation Division. He said it was a matter that was much larger in scope that involved projects that were tied to some companies in the southeast. He said that this was a criminal investigation more so than an audit and since the matter is ongoing he cannot comment on the details. He noted that the persons that were identified in the investigation are no longer with the agency and the program has been restructured.

Mr. Loftis asked if the funds would have been flood or emergency funds. Major General McCordy said they were not.

Procurement Services, in accord with Section 11-35-1210, audited the following agency and recommends certification within the parameters described in the audit reports for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

Midlands Technical College: supplies and services, \$350,000* per commitment;
information technology, \$150,000* per commitment; consultant services, \$150,000* per
commitment; construction contract change order, \$25,000 per change order;
architect/engineer contract amendment, \$5,000 per amendment.

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

The College complies with the Code, State regulations, and the College's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. Procurement Services recommends the Authority grant Midlands Technical College the certification limits noted above.

The Authority:

- a. Received the audit report of the Office of the Adjutant General as information only.
- b. In accord with Section 11-35-1210, approved the recommended certification within the 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:

Midlands Technical College: supplies and services, \$350,000* per commitment; information technology, \$150,000* per commitment; consultant services, \$150,000* per commitment; construction contract change order, \$25,000 per change order; architect/engineer contract amendment, \$5,000 per amendment.

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

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

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

The Authority approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Charleston County
Amount of Issue: Not Exceeding \$38,000,000 Special Source Revenue Bonds
Allocation Needed: -0-
Name of Project: Mercedes Benz Vans, LLC
Employment Impact: 1,308
Project Description: acquisition and construction of infrastructure and improved and unimproved real estate to be used in manufacturing Sprinter Vans and related vehicles by Mercedes Benz Vans, LLC
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 6)
- b. Issuing Authority: Greenwood County
Amount of Issue: Not Exceeding \$81,000,000 Hospital Facilities Revenue Refunding Bonds
Allocation Needed: -0-
Name of Project: Self Regional Healthcare
Employment Impact: N/A
Project Description: refund outstanding principal amount of the \$25,000,000 Auction Rate Hospital Facilities Revenue Bonds (Self Regional Healthcare) Series 2004B and the \$50,000,000 Hospital Facilities Revenue Bonds (Self Regional Healthcare) Series 2009

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Bond Counsel: Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P.A.
(Exhibit 7)

- c. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: Not Exceeding \$16,000,000 Multifamily Housing Revenue Note
Allocation Needed: -0-
Name of Project: The Preserve at Logan Park
Employment Impact: N/A
Project Description: to provide financing for the acquisition, rehabilitation, and construction of a 191-unit apartment development located in the City of Greenville
- Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 8)

Executive Director: Economic Development (2017 Ceiling Allocation) (Blue Agenda Item #7)

The initial balance of the 2017 state ceiling allocation was \$496,111,900. In accord with Code Section 1-11-520, \$198,444,760 (40% of the total) was designated as the state pool and \$297,667,140 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$496,111,900 remaining for 2017. Allocation requests for 2017 totaling \$70,604,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totals \$52,000,000. The Department of Commerce made the following recommendation for allocation from the local pool:

JEDA HarborChase of Riverwalk (York County), \$27,000,000; and
JEDA, River Park Senior Living (Horry County), \$25,000,000

Authority approval of the recommended request will leave an unexpended state ceiling balance of \$444,111,900 (state pool - \$198,444,760; local pool - \$245,667,140) to be allocated later in the calendar year.

In accord with S.C. Code of Laws Section 1-11-500, et seq., JEDA (Jobs-Economic Development Authority) requested that the allocations of \$27,000,000 for the HarborChase of Riverwalk project and \$25,000,000 for the River Park Senior Living project be designated as carryforward for use in subsequent years. The projects are exempt facilities (i.e., qualified residential rental bonds) under Section 142 of the Internal Revenue Code and are eligible for carryforward for the next three calendar years. The Authority was asked to authorize the filing

of a carryforward election with the Internal Revenue Service provided that the bonds have not been issued on or before the ceiling allocation expiration date of November 29, 2017.

The Authority, in accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, granted the following tentative ceiling allocation from the local pool:

JEDA HarborChase of Riverwalk (York County), \$27,000,000; and
JEDA, River Park Senior Living (Horry County), \$25,000,000.

The Authority designated the allocations for the projects for carryforward for the next three calendar years and authorize the filing of a carryforward election with the Internal Revenue Service, provided that the bonds have not been issued on or before the ceiling allocation expiration date of November 29, 2017.

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

Department of Administration, Facilities Management and Property Services; Patriots Point Development Authority: 1. Patriots Point Development Authority Lease-Outs to Patriots Annex, LLC; 2. Laffey Loan Repayment (Regular Session Item #1)

A. Patriots Point Development Authority Lease-Out to Patriots Annex, LLC

The Patriots Point Development Authority (PPDA) sought approval to lease essentially all its remaining property available for sale, lease or development (approximately 61.75 acres). The term of the lease is expected to last more than 100 years and possibly well in excess of 125 years. The lease agreement is approximately 200 pages long and is a very complex document. The lessee is not restricted in its use of the lease as collateral for loans, but as an unsubordinated lease, lessee's lenders have no lien against PPDA's underlying fee simple interest in the property.

An executive summary of the lease, which appears in the agenda item worksheet, is included as **Attachment "A"** (for this agenda item). Due to the complexity of the lease, PPDA provided additional information in response to written questions. These questions and PPDA's responses are included as **Attachment "B"** and **Attachment "C"** (for this agenda item). PPDA prepared an "Overview" package, which is included as **Attachment "D"** (for this agenda item).

The lease and its exhibits are included as **Attachment “F”** (for this agenda item). A table of contents for the lease is included as **Attachment “E”** (for this agenda item). Additional items are available upon request.

PPDA’s enabling authority appears in Title 51, Chapter 13.

JBRC Action

At its meeting on June 6, 2017, the Joint Bond Review Committee reviewed and recommended approval of the proposed lease agreement between the Patriots Point Development Authority and Patriots Annex, LLC contingent on two requirements:

1. That Patriots Point Development Authority provide a report prior to March 31 each year to the Joint Bond Review Committee and the State Fiscal Accountability Authority regarding the status of the proposed lease (an outline of the proposed report was included in the JBRC agenda item), and
2. That Patriots Point Development Authority submit a plan for the repayment of the 2009 loan from the State Budget and Control Board for restoration of the *USS Laffey* for Joint Bond Review Committee review.

Patriots Point Development Authority has committed to providing the report referenced above. (See letter from PPDA included as **Attachment “G”** for this agenda item.)

B. Laffey Loan Repayment

By letter dated June 7, 2017, PPDA submitted a proposed plan to JBRC for repayment of the 2009 *USS Laffey* loan. (See letter from PPDA included as **Attachment “H”** for this agenda item.)

At its meeting on August 15, 2015, the Joint Bond Review Committee reviewed and recommended approval of PPDA's proposal to repay the *USS Laffey* loan. The proposal, dated June 7, 2017, calls for PPDA to make payments of interest only for three years, principal payments of \$700,000 per year plus interest for the next two years, and then the remaining balance of the principal to be paid in six equal payments plus interest for six years. Final payment will be due on August 31, 2028.

Mr. Eckstrom asked if the *Laffey* loan repayment depends on the success of the project. Ray Chandler, Patriots Point Development Authority Chairman, stated the loan repayment does

not depend on the success of the project. Mr. Chandler noted that they have taken several measures over the years to increase their income that will help pay the debt service on the loan.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority:

1. Pursuant to Section 1-11-55 and 1-11-58 and applicable regulations, approved only the Amended and Restated Master Lease Agreement between Patriots Point Development Authority and Patriots Annex, LLC dated as of December 19, 2016 and included as Attachment “F”.
2. Approved the revised repayment plan requested by Patriots Point Development Authority, as reflected in Attachment “H”.

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

Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#2)

The Authority was asked to approve permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office. All items had been reviewed favorably by the Joint Bond Review Committee.

- (a) Summary 1-2018: JBRC Item 1. (H15) College of Charleston
Project: 9666, City Bistro Interior Renovation
Included in Annual CPIP: Yes – CPIP Priority 3 of 7 in FY18
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 8/3/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Auxiliary Funds	0.00	0.00	0.00	32,581.00	32,581.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>32,581.00</u>	<u>32,581.00</u>

Funding Source: \$32,581 Other, Auxiliary Funds, which are generated by Food Service which is a self-supporting auxiliary enterprise.

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Request: Establish project and budget for \$32,581 (Other, Auxiliary Funds) to begin design work for the renovation of the interior of the City Bistro dining facility. The City Bistro is an all-you-care-to-eat residential dining hall located within the 27 year old Joe E. Berry, Jr. Residence Hall in the north central area of campus. It is a popular dining option among students, which can be credited in part to its convenient location. It is located within a five-minute walk of ten residence halls that collectively house approximately 3,000 students. The dining hall is 7,260 square feet and consists of five food service stations, 147 interior seats, and 78 exterior seats. The residence hall courtyard adjacent to the Bistro has been converted into a covered outdoor dining area and will add 102 seats to its capacity. The Bistro currently serves an average of 2,400 meals per day and this number is expected to increase with the addition of the outdoor seating area. The layout of the dining room and food service stations will be reconfigured to maximize food preparation space, counter top surface area, and storage capacity. The new configuration will better facilitate the heavy traffic flow that the Bistro regularly experiences. The trash area will also be reconfigured and the puller system will be replaced. New food service equipment will be added, the flooring will be replaced, and the restrooms will be renovated. Lighting and plumbing will be upgraded and new digital nutrition signage will be installed. These renovations will increase the service capacity of the dining facility to meet current and anticipated demand and will help the college provide its students with timely food service and an enhanced campus experience. The agency estimates that the completed project will cost approximately \$2,172,100.

- (b) Summary 1-2018: JBRC Item 2. (H15) College of Charleston
Project: 9667, Sottile Theatre Stage Renovation
Included in Annual CPIP: Yes – CPIP Priority 2 of 7 in FY18
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 8/3/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Capital Improvement Project Funds	0.00	0.00	0.00	94,194.00	94,194.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>94,194.00</u>	<u>94,194.00</u>

Funding Source: \$94,194 Other, Capital Improvement Project Funds, which are revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds issued under S.C. Code of Laws Section 59-130 Article 5. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The 2016-2017 per semester fee is \$804.

Request: Establish project and budget for \$94,194 (Other, Capital Improvement Project Funds) to begin design work for the renovation of the Sottile Theatre stage and backstage areas in an effort to increase safety as well as improve the efficiency and the quality of the performance space. The Phase I pre-design budget is requested at 2.00% of the estimated project cost and the additional amount will allow the college to engage theatrical consultants in addition to the standard architectural and engineering professional services in order to produce a reliable cost estimate and Phase I deliverables. Portions of the stage and backstage areas will be reconfigured to expand the usable stage and wing areas and increase accessibility to the backstage and wing areas for sets and performers. To achieve this, a wall will be removed, an exterior door added, and the rigging system, electrical lighting panel, and basement stairway will be relocated. The current rigging system is antiquated, unsafe, and requires a certified technician to operate. It will be replaced with a safer modern system that is considered an industry standard, the use of which will allow theatre students to learn a marketable skill for the job market. Micro-piles and columns will be added in the basement to increase the stability of the structure. A deluge fire sprinkler system, fire door, and ramp will be installed. The stage floors will be replaced, the ceiling will be repaired, and the HVAC system will be upgraded. New front-of-house stage lighting positions will be installed. In total the project will improve the theatre experience for students and patrons while making it a safer space for learning, working, performing, and gathering. The 41,996 square foot Sottile Theatre, built in 1927, was refurbished and reopened as a College of Charleston facility in 1990. Since reopening, the theatre has served as a teaching laboratory and even venue for the college and the larger Charleston community. It serves as the venue for a variety of college, community-oriented, and privately sponsored events, programs, and performances. The construction portion of the project will be funded by a Spaulding-Paolozzi Foundation \$1.5 million grant pledged toward the project. The agency estimates that the completed project will cost approximately \$4,709,700.

Mr. Eckstrom noted that the project is to be funded by grant requests of \$1.5 million. He asked how certain is the College of Charleston that it will receive the pledged grants. Steve Osborne with the College of Charleston said that the funding is a combination of funds. He stated that the \$1.5 million is from private funds and that the balance will be capital improvement fund fees which the College has available. He also noted that the College has

received a letter from the Spaulding-Paolozzi Foundation pledging the funds.

Establish Construction Budget & Change Source of Funds

- (c) Summary 7-2017: JBRC Item 11. (H17) Coastal Carolina University
Project: 9609, Soccer Complex
Included in Annual CPIP: Yes – CPIP Priority 3 of 3 in FY18
JBRC/SFAA Phase I Approval: November 2015

CHE Recommended Approval: 3/16/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Institution Capital Project Funds	75,000.00	0.00	75,000.00	(75,000.00)	0.00
Other, Gift – Student Housing Foundation	0.00	0.00	0.00	3,500,000.0 0	3,500,000.0 0
Other, Gift – Coastal Athletic Foundation	0.00	0.00	0.00	1,500,000.0 0	1,500,000.0 0
All Sources	<u>75,000.00</u>	<u>0.00</u>	<u>75,000.00</u>	<u>4,925,000.0</u> <u>0</u>	<u>5,000,000.0</u> <u>0</u>

Funding Source: \$3,500,000 Other, Gift – Student Housing Foundation. \$1,500,000 Other, Gift – Coastal Athletic Foundation. These gifts are monetary sources of funds received from outside the university. These are funds pledged and/or received from the foundations for the purpose of supporting the university and are not connected to fees.

Request: Increase budget to \$5,000,000 (add \$4,925,000 Other, Gifts) to establish the Phase II construction budget to begin construction of the new soccer complex to be located on the East Campus. There are two buildings planned for the site in addition to the land improvements for the soccer field. The first building will be 1,596 square feet and will be a single story building that will serve as a public restroom and storage. The second building will be 7,778 square feet and

will have men’s and women’s locker rooms, coaches offices, team meeting rooms, press box areas, broadcast room, both a sound a video both and restrooms. There are 750 bleacher seats planned for this part of the project, as well as field lights for night games. In past years, the University has hosted NCAA soccer playoff events for their nationally ranked men’s soccer team, but could only accommodate a total of 500 spectators. The current complex is lacking support facilities, including on-site locker rooms due to property constraints. The new facility will provide a better game day experience by incorporating fan-related amenities. Currently the men’s soccer team has 26 players and 3 coaches. The women’s soccer team list 18 players and 3 coaches. The agency estimates that the completed project will cost approximately \$5,000,000. The agency also reports the projects date for execution of the construction contract is December 2017 and for completion of construction is November 2018. (See attachment 1 for this agenda item for additional annual operating costs.)

Phase II Increase

- (d) Summary 1-2018: JBRC Item 9. (H15) College of Charleston
Project: 9662, Avery Envelope Renovation and Mechanical System Replacement
Included in Annual CPIP: Yes – CPIP Priority 1 of 7 in FY18
JBRC/SFAA Phase II Approval: June 2016

CHE Recommended Approval: 8/3/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Capital Improvement Project Funds	18,889.00	1,533,088.0 0	1,551,977.0 0	715,978.00	2,267,955.0 0
All Sources	<u>18,889.00</u>	<u>1,533,088.0</u> <u>0</u>	<u>1,551,977.0</u> <u>0</u>	<u>715,978.00</u>	<u>2,267,955.0</u> <u>0</u>

Funding Source: \$2,267,955 Other, Capital Improvement Project Funds, which are revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds issued under S.C. Code of Laws Section 59-130 Article 5. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The 2016-2017 per semester fee is \$804.

Request: Increase budget to \$2,267,955 (add \$715,978 Other, Capital Improvement Project Funds) due to increased market values and an unsuccessful construction contract bid. In April 2017, the construction contract went out to bid. Two bids were received and the low bid was 35% over the estimated cost. The independent cost consultant used for this project reported that these results are consistent with the unfavorable bidding climate currently being experienced in the Charleston area. Recent OSE guidance states that higher prices with fewer bids should be expected in the area. These accounts suggest that the bid results are indicative of current true market value. The project team has determined that the scope cannot be reduced without threatening the integrity of the project, therefore the best course of action is to increase the project budget to reflect current market value and to repackage the project to attract a more competitive bid environment. The original project scope limited the bid to Mechanical Contractors per LLR regulations. The project plans will be revised to broaden the bidding pool to include General Contractors to create a more competitive bid environment. The project schedule will be delayed by 10 months in order to receive approval to increase the project budget, repackage the bid, and then re-bid the project. Based on current industry trends, a 4% escalation factor should be assumed with this schedule delay. When brought for Phase I, the conceptual estimate for the total projected cost of the project was \$1,259,300 to repair and retain the existing roof. When brought for Phase II, this estimate increased to \$1,551,977 because the engineering estimate recommended the roof should be demolished down to the roof deck and replaced. The 17,054 square foot building consists of a museum, archives, and event space that serve the campus and community at large. The repair includes the replacement of the roof; masonry wall repairs; removal, repair, resetting, or replacement of windows; and replacement of all exterior sealants. The building is estimated to be approximately 148 years old. The roof is approximately 18 years old and is no longer under warranty. The mechanical components being replaced range from 17 to 27 years old and no longer hold the temperature or controls humidity required for the archive sections. The computer room-style HVAC units, DDC controllers, sensors, central air handlers, and fan coil unity throughout the building will be replaced. The computer room-style HVAC units in the classroom, library, and exhibition spaces will be replaced with central air systems to minimize noise in the public places. The agency estimates that the completed project will cost approximately \$2,267,955. The agency also reports the projects date for execution of the construction contract is December 2017 and for completion of construction is August 2018.

- (e) Summary 1-2018: JBRC Item 10. (J12) Department of Mental Health Project: 9736, Harris Hospital HVAC and Fire Sprinkler Renovations
Included in Annual CPIP: Yes - CPIP Priority 1 of 4 in FY17
JBRC/SFAA Phase II Approval: June 2016

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CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Capital Improvement & Maintenance Funds	120,000.00	10,180,000.00	10,300,000.00	2,789,595.00	13,089,595.00
All Sources	<u>120,000.00</u>	<u>10,180,000.00</u>	<u>10,300,000.00</u>	<u>2,789,595.00</u>	<u>13,089,595.00</u>

Funding Source: \$13,089,595 Other, Capital Improvement & Maintenance Funds, which is authorized by Proviso 35.7 to allow an interest bearing fund with the State Treasurer to deposit funds appropriated for deferred maintenance and other one-time funds from any source. After receiving any required approvals, the department is authorized to expend these funds for the purpose of deferred maintenance, capital projects, and ordinary repair and maintenance.

Request: Increase budget to \$13,089,595 (add \$2,789,595 Other, Capital Improvement & Maintenance Funds) to cover increased market costs. The original construction budget was based on an opinion of probable costs completed in late 2015 at the preliminary schematic level. The increase is due in part to a better understanding of the phasing and licensing requirements, as well having a completed set of construction documents to estimate from. The original budget did not forecast the significant market escalation, particularly in the mechanical trades, which has occurred throughout 2016 and 2017. Labor market shortages as well as increased equipment pricing appear to be driving this escalation. To assist in determining an appropriate cost estimate, the engineering firm sought pricing from both independent cost estimators and mechanical contractors who are active in the market, with the ~30% increase in construction budget requested representing the nexus of the four different estimates which were received. The three estimates received ranged from \$12,500,000 to \$13,500,000 based on the mean of the ranges provided. Based on those estimates along with the design team reviewing the scope to determine if there were any additional items to consider, it was determined that a \$450,000 generator and \$125,000 in replacement air handlers could be removed from the project and allow for the work to be completed based on the new estimated cost of the project. This project is for the construction of HVAC and fire sprinkler renovations at the Patrick B. Harris Psychiatric Hospital in Anderson, SC. The work will replace the 31-year-old HVAC distribution system, which is original to the building, including ductwork, underground

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chilled water piping, controls, and the energy plant’s cooling towers. The existing fire sprinkler system is also original to the building and has experienced failures at piping joints, valves, and fittings. The facility is a 175,300-gross-square-foot acute inpatient hospital with 200 licensed beds. The agency estimates that the completed project will cost approximately \$13,089,595. The agency also reports the projected date for execution of the construction contract is October 2017 and for completion of construction is December 2019. (See attachment 2 for this agenda item for additional annual operating cost savings.)

- (f) Summary 1-2018: JBRC Item 11. (P24) Department of Natural Resources
Project: 9945, Pickens – Sassafras Mountain Observation Tower Project
Included in Annual CPIP: No
JBRC/SFAA Phase II Approval: November 2016

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Operating Revenue Funds (Sassafras Donation)	60,000.00	373,006.76	433,006.76	0.00	433,006.76
Other, Jocassee Trust/Heritage Trust Funds	0.00	250,000.00	250,000.00	389,242.00	639,242.00
Other, Fish & Wildlife Fund – Timber Funds	0.00	86,751.24	86,751.24	0.00	86,751.24
All Sources	<u>60,000.00</u>	<u>709,758.00</u>	<u>769,758.00</u>	<u>389,242.00</u>	<u>1,159,000.00</u>
					<u>0</u>

Funding Source: \$433,006.76 Other, Operating Revenue Funds (Sassafras Donation), which are restricted donations from citizens and other entities. \$639,242 Other, Jocassee Trust/Heritage Trust Funds, which are the accumulation of donations and contributions. \$86,751.24 Other, Fish & Wildlife Fund-Timber Funds, which are receipts from timber harvests according to land management plans.
Request: Increase budget to \$1,159,000 (add \$389,242 Other, Jocassee Trust/Heritage

Trust Funds) to cover the construction bid received for the construction of the Sassafras Mountain Observation Tower and support facilities. Bids for the project were higher than estimated. DNR's architect used a professional estimator to derive the original figure, which included a five percent contingency rate. The increase in cost is due to a healthy business climate in the Upstate with significant demand for construction services and the occurrence of two natural disasters in the past two years, which added to the demand. Additionally, Sassafras Mountain is in a remote location with an elevation of 3,553 feet. A steep access road to the summit presents challenges for large trucks delivering materials and supplies to the site. Harsh weather on top of the mountain prohibits the pouring of concrete after October. The final project design will produce a structure that blends into the surrounding landscape and is fully Americans with Disabilities Act compliant. The observation tower will allow visitors to South Carolina's highest elevation to overlook the Jocassee Gorge Natural Area and points beyond. The structure will offer 1,561 square feet of platform space that can accommodate up to 53 persons at one time. Features in the structure will provide visitors with information about significant landmarks and other points of interest visible from the platform. An ecologically compatible restroom facility will also be constructed for the convenience of visitors to the site. The observation tower and site will be open to the public for viewing wildlife and enjoying nature. This significant feature of the state will be dedicated as a Heritage Trust Preserve when construction is complete. The agency estimates that the completed project will cost approximately \$1,159,000. The agency also reports the projected date for execution of the construction contract is September 2017 and for completion of construction is October 2017. (See attachment 3 for this agenda item for additional annual operating costs.)

Mr. Eckstrom asked how DNR planned to complete the project so quickly. Emily Cope with DNR appeared before the Authority. Ms. Cope stated the completion date is what was originally projected, but given the delay of having to get a budget increase she anticipates it will take four months to complete the project.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office. All items had been reviewed favorably by the Joint Bond Review Committee.

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

Department of Administration, Facilities Management and Property Services: SCDNR Lease Out to Charles Rivers Laboratories, Inc. – Morgan Island in Beaufort County (Regular #3)

The South Carolina Department of Natural Resources (“SCDNR”) requested approval to continue leasing approximately 370 acres of upland in Beaufort County, commonly known as Morgan Island, to Charles River Laboratories, Inc.

In 2002, SCDNR purchased Morgan Island and the surrounding complex of tidelands which together total approximately 4,489 acres. Since 1979, Morgan Island has been home to breeding colony of rhesus macaque monkeys which are owned by the United States government and which have been under the care of various federal Contractors who have leased the island from SCDNR. SCDNR acquired the island with the United States government breeding program in place. The site is within the ACE Basin Natural Estuarine Research Reserve and is only accessible by boat. The lease does prevent public access to the island; however, the surrounding tidelands are still accessible and there are ample public properties within the region and adjacent marsh and creek systems for public recreational activities. Additionally, the lease provides a revenue stream for SCDNR programs, while facilitating biomedical research.

The current lease with Charles River Laboratories, Inc. will expire on December 31, 2017, and SCDNR is requesting to continue leasing Morgan Island to Charles River Laboratories, Inc. (Lessee) as the federal Contractor for the United States government of the rhesus macaque monkey breeding program. If at any time during the term of the lease, Lessee is no longer the federal Contractor for the breeding program, the lease shall be assigned to the new federal Contractor. If the federal program terminates for any reason, the lease also terminates. Upon expiration or termination of the lease, the Lessee is required to continue paying rent until Lessee has removed all existing structures, non-human primates and personal property.

The term of the lease will be five (5) years beginning January 1, 2018, and ending on December 31, 2022, with two optional extended terms of five (5) years each. During the first three (3) years of the term, Lessee will pay quarterly installments of \$353,559.25 for an annual amount of \$1,414,237.00. This amount represents a five (5) percent increase from the current rate. Thereafter, rent shall increase annually starting in year four (4) of the lease by two (2%) percent as follows:

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<u>Initial Term</u>	<u>Amount of Rent</u>
1/1/2018 – 12/31/2018	\$1,414,237 (\$353,559.25 / quarter)
1/1/2019 – 12/31/2019	\$1,414,237 (\$353,559.25 / quarter)
1/1/2020 – 12/31/2020	\$1,414,237 (\$353,559.25 / quarter)
1/1/2021 – 12/31/2021	\$1,442,522 (\$360,630.50 / quarter)
1/1/2022 – 12/31/2022	\$1,471,372 (\$367,843.00 / quarter)

<u>First Extended Term</u>	<u>Amount of Rent</u>
1/1/2023 – 12/31/2023	\$1,500,799 (\$375,199.75 / quarter)
1/1/2024 – 12/31/2024	\$1,530,815 (\$382,703.75 / quarter)
1/1/2025 – 12/31/2025	\$1,561,431 (\$390,357.75 / quarter)
1/1/2026 – 12/31/2026	\$1,592,660 (\$398,165.00 / quarter)
1/1/2027 – 12/31/2027	\$1,624,513 (\$406,128.25 / quarter)

<u>Second Extended Term</u>	<u>Amount of Rent</u>
1/1/2028 – 12/31/2028	\$1,657,003 (\$414,250.75 / quarter)
1/1/2029 – 12/31/2029	\$1,690,143 (\$422,535.75 / quarter)
1/1/2030 – 12/31/2030	\$1,723,946 (\$430,986.50 / quarter)
1/1/2031 – 12/31/2031	\$1,758,425 (\$439,606.25 / quarter)
1/1/2032 – 12/31/2032	\$1,793,594 (\$448,398.50 / quarter)

The Lessee is also responsible for all program costs and maintenance and operations costs of all existing structures on the premises. The lease was approved by the SCDNR Board on June 22, 2017 and by the Joint Bond Review Committee on August 15, 2017.

Mr. Eckstrom asked if there were any pollutants or contaminants that are being introduced on the island as result of this operation. Robert Boyles with DNR appeared before the Authority on this matter. Mr. Boyles said they are not aware of any pollutants or contaminants being introduced on the island. He said they have looked at the impact of the monkey colony on water quality and have found no discernable impact.

Mr. Eckstrom also asked if there is anything in the lease with the Federal Government to protect the State if the property is contaminated. DNR counsel Van Whitehead stated that there are robust environmental protection provisions that are standard in the state leases. He said those are modified to take in to account any concerns for the property.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved the proposed Lease out of Morgan Island from the South Carolina Department of Natural Resources to Charles River Laboratories, Inc. and any future assignment in accordance with the lease as recommended by the Department of Administration, Facilities Management and

Property Services.

Information relating to this matter has been retained in these files and is identified as Exhibit 12.

Department of Administration, Facilities Management and Property Services: MUSC Parking Lease Out to CareAlliance Health Services at 165 Cannon Street in Charleston (Regular Session Item #4)

In May of 2017, MUSC received approval from the State Fiscal Accountability Authority to lease (the “Master Lease”) 1,400 parking spaces and 10,672SF of office space at the 165 Cannon Street Garage to be built by 165 Cannon Street Associates, LLC, a single purpose entity whose sole member is the MUSC Foundation. MUSC will pay \$145/month per space for the twenty (20) year term of the lease which begins upon completion of the facility. This amount is equivalent to the debt service and debt service reserve to be incurred by the Landlord and such payments will cease if all debt on the property is paid in full.

As part of their mutual partnership in support of the Medical District, MUSC currently leases 700 spaces to CareAlliance Health Services d.b.a. Roper St. Francis Healthcare on behalf of Roper Hospital, Inc. (“CareAlliance Health Services”) in the Courtenay Drive Parking Garage located at 21 Courtenay Drive at a rate of \$126.30/space per month. MUSC is requesting to amend that lease agreement to allow MUSC to transfer the parking spaces to the new parking garage at 165 Cannon Street, which is expected to open in the fall of 2019. The request to relocate parking is necessary to accommodate the opening of the new MUSC Shawn Jenkins Children’s Hospital. MUSC is also requesting to extend the current lease agreement, which expires September 30, 2018, for an additional ten (10) years. The new lease expiration date will be September 30, 2028.

The term of the amended lease will be ten (10) years beginning October 1, 2018. During the first year of the lease, CareAlliance Health Services will pay monthly installments of \$108,500.00 for an annual amount of \$1,302,000.00 for the parking spaces. This equates to \$155.00/month per parking space. Rent shall increase annually by the lesser of CPI- Urban Wage index or three (3%) percent. The lease also contains four (4) renewal options of five (5) years each that can be exercised at the sole discretion of CareAlliance Health Services, so long as the Master Lease between MUSC and 165 Cannon Street Associates, LLC remains in effect. As

such, the total requested lease term for approval is thirty (30) years.

The following charts represent comparable lease rates of similar space near the MUSC Campus:

Parking:

Location	Rate/Space
200 Meeting Street	\$145.00
159 Rutledge Avenue	\$165.00
62 Gadsden Street	\$150.00

The lease was approved by the Joint Bond Review Committee on August 15, 2017.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority, as recommended by the Department of Administration, Facilities Management and Property Services, approved the proposed MUSC Parking lease out to CareAlliance Health Services at 165 Cannon Street in Charleston.

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

Department of Administration, Facilities Management and Property Services: Retirement System Investment Commission Lease - 1201 Main Street - Columbia (Regular Session #5)

The Retirement System Investment Commission (RSIC) requested approval to continue leasing 19,700 square feet (SF) located at 1201 Main Street in Columbia from U.S. REIF/MJW Capitol Center Fee, LLC (the “Landlord”).

A solicitation was conducted and three proposals were received. One proposal was significantly more expensive than the selected location. The other proposal did not meet the needs of the agency.

The original proposal for the selected location was for a term of five (5) years at a rate of \$16/SF with three (3) percent annual increases or for a term of ten (10) years at a rate of \$14.65/SF with three (3) percent annual increases. However, the building ownership subsequently indicated that those rates and terms could not be honored, as the building is for sale and the rental rates need to be higher to maximize the sale price. As RSIC has an ownership interest in the building, they agreed to negotiate a new rate for a five (5) year term. The renegotiated rate and terms are shown below.

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The space will accommodate fifty-one (51) FTEs and nine (9) temporary staff and will meet the state standard of 210SF/person with a density of 207SF/person. The term shall be for five (5) years beginning on September 1, 2017. Basic rent for the first year of the term shall be \$18.00/SF, which includes all operating and maintenance costs. The rent for January of 2018, 2019 and 2020 will be abated along with the rent in January and February of 2021 and 2022. This brings the net effective rental rate to \$16.85/SF over the term. Thereafter, basic rent shall increase by three (3) percent annually as follows:

<u>TERM</u>	<u>FREE RENT MONTH(S)</u>	<u>PERIOD: FROM - TO</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT/SF</u>	<u>NET EFFECTIVE RATE/SF</u>
YEAR 1	Jan-18	9-01-2017 to 8-31-2018	\$325,050.00	\$29,550.00	\$18.00	\$16.50
YEAR 2	Jan-19	9-01-2018 to 8-31-2019	\$334,801.50	\$30,436.50	\$18.54	\$17.00
YEAR 3	Jan-20	9-01-2019 to 8-31-2020	\$344,845.55	\$31,349.60	\$19.10	\$17.50
YEAR 4	January & February 2021	9-01-2020 to 8-31-2021	\$322,900.83	\$32,290.08	\$19.67	\$16.39
YEAR 5	January & February 2022	9-01-2021 to 8-31-2022	\$332,587.85	\$33,258.79	\$20.26	\$16.88
		Total	\$1,660,185.73			

The following chart represents comparable lease rates of similar space in the downtown Columbia area:

Tenant	Location	Rate
Vacant	1901 Main Street	\$20.00/SF
SC Education Lottery	1333 Main Street	\$16.65/SF
Vacant	1501 Main Street	\$18.50/SF
Vacant	1338 Main Street	\$22.00/SF

Above rates are subject to escalations over the term.

The CBRE MarketView Columbia Office Q2 2017 report indicates an average rate of \$22.47/SF in the Columbia Business District. The Landlord is providing a tenant improvement allowance of \$100,000. The lease also provides for fifty-one (51) parking spaces in the City of Columbia garage adjacent to the building to accommodate staff. Employees will pay \$30/month for an

unreserved space or \$80/month for a reserved space, and the Landlord will subsidize the remaining costs of parking.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by JBRC on August 15, 2017.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority, as recommended by the Department of Administration, Facilities Management and Property Services, approved the proposed lease for the Retirement System Investment Commission at 1201 Main Street in Columbia.

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

Division of Procurement Services: Department of Commerce: Waiver to Extend the Maximum Time on a Multi-term Contract for the South Carolina Forestry Commission (Niederhof Forestry Center) (Regular Session Item #6)

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 Authority. The South Carolina Forestry Commission (the SCFC) asked the Division of Procurement Services to assist in seeking Authority approval to authorize the SCFC to solicit a contract for up to ten (10) years for the operation of the Niederhof Forestry Center. SCFC officials believe a contract term of ten years will increase competition and encourage offers to establish new, advanced orchards for the production seed at the Niederhof Forestry Center.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority, as under authority of SC Consolidated Procurement Code Section 11-35-2030(4), approved the South Carolina Forestry Commission's request for a multi-term contract for the operation of the Niederhof Forestry Center and authorize the solicitation of proposals and award of a contract for up to ten (10) years, as recommended by the Division of Procurement Services.

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

Division of Procurement Services: Department of Commerce: Waiver to Extend the Maximum Time on a Multi-term Contract for the South Carolina Forestry Commission (Taylor Nursery) (Regular Session Item #7)

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 Authority. The South Carolina Forestry Commission (the SCFC) asked the Division of Procurement Services to assist in seeking Authority approval to authorize the SCFC to solicit a contract for up to ten (10) years for the operation of the Taylor Nursery. SCFC officials believe a contract term of ten years will increase competition and maximize its ability to attract proposals for improving existing facilities and increasing production of seedlings.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority, as under authority of SC Consolidated Procurement Code Section 11-35-2030(4) approved the South Carolina Forestry Commission's request for a multi-term contract for the operation of the Taylor Nursery and authorize the solicitation of proposals and award of a contract for up to ten (10) years, as recommended by the Division of Procurement Services..

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

University of South Carolina: Not Exceeding \$26,000,000 Higher Education Refunding Revenue Bonds, Series 2017A (Regular Session Item #8)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$26,000,000 Higher Education Refunding Revenue Bonds, on behalf of the University of South Carolina, Series 2017A.

The proceeds of the bonds will be used to (i) refund and, if applicable, defease the refunded bonds, (ii) provide for the Series 2017A Reserve Requirement, if any, (iii) pay the costs of the issuance of the Series 2017A Bonds, and (iv) provide for credit enhancement with respect to the Series 2017A bonds, if any.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$26,000,000 Higher Education Refunding Revenue Bonds, issued on behalf of the University of South Carolina, 2017A.

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

University of South Carolina: Not Exceeding \$58,000,000 Athletic Facilities Revenue Bonds and Bond Anticipation Notes of the University of South Carolina, Series 2017B (Regular Session Item #9)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$58,000,000 Athletic Facilities Revenue Bonds, Series 2017B, and Bond Anticipation Notes of the University of South Carolina.

The proceeds of the bonds will be used to (i) provide the amount necessary, together with other funds available to the University, to pay the costs of advance refunding callable portions of its Athletic Facilities Revenue Bonds, Series 2010A, maturing May 1, 2021, to and including May 1, 2040, and its Athletic Facilities Revenue Bonds, Series 2010B, maturing May 1, 2021, to and including May 1, 2027; (ii) fund the Series 2017B Debt Service Reserve Fund, if any, or purchase a debt service reserve fund substitute if any; and (iii) pay certain costs and expenses relating to the issuance of the Series 2017B Bonds, including a municipal bond insurance premium, if any.

Mr. Eckstrom inquired as to how the funds would flow. Rick Kelly with the University of South Carolina appeared before the Authority on this matter. Mr. Eckstrom asked how the funds were going to be used. Mr. Kelly said this item involves refunding existing bonds. Mr. Eckstrom asked how the bond anticipation notes factor into the transaction. Michael Seezen, bond counsel, stated that the bonds will be issued as long term bonds, not bond anticipation notes. Mr. Seezen said for approval purposes the University's bond resolution originally authorized a bond or bond anticipation notes to be issued if market conditions did not favor issuing a long term bond. He said that bond anticipation notes will not be issued. Mr. Kelly said that net present value saving over the term of the bonds is about \$4.5 million.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$58,000,000 Athletic Facilities Revenue Bonds, Series 2017B of the University of South Carolina.

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

Future Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority agreed to meet at 10:00 a.m. on Tuesday, October 17, 2017, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 10:45 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 Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 2:30 p.m. on Tuesday, August 29, 2017.]