

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

October 27, 2015, – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, October 27, 2015, 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; and
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee.

Representative W. Brian White, Chairman, Ways and Means Committee, was not present at the meeting.

Also attending were State Fiscal Accountability Authority Interim Director David Avant; Acting General Counsel Keith McCook; Governor's Deputy Chief of Staff Austin Smith; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; 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. Eckstrom, seconded by Mr. Eckstrom, the Authority adopted the agenda as proposed.

Minutes of Previous Meeting

Upon motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the minutes of the August 25, 2015, State Fiscal Accountability Authority meeting.

Blue Agenda

Mr. Loftis informed Governor Haley that he wanted to discuss blue agenda items 1, 4, 6, and 7 separately. Mr. Eckstrom said that he wanted to discuss blue agenda item #5 separately.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the blue agenda items #2 and #3. Blue agenda items #1, #4, #5, #6, and #7 were approved separately by the Authority as noted herein.

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

The State Treasurer's Office requested approval of bond counsel selection for assignment of bond counsel for conduit issues and special assignment of bond counsel.

Mr. Loftis said that his uneasiness with the JEDA process has led him to the conclusion that he can no longer vote for JEDA items. He said the fees that are charged are astronomical and the information his office receives on the items is substandard. He said in dealing with JEDA it takes a long time to get information or it is never received. Harry Huntley, JEDA's director, appeared before the Authority. Mr. Huntley said that JEDA has responded to questions that have been asked of them. He said a lot of the questions have to do with fees that JEDA does not control. Mr. Huntley said that JEDA has control over the bond issuance fees and issuer's counsel fees. He said, generally, when a borrower wants to do a deal the borrower negotiates with all the different professionals on a project who charges a fee. He said JEDA's fee is a set published fee. He said the borrower works with the professionals to determine the fee and if the borrower does not like the fee they can deal with someone else.

Mr. Eckstrom asked if the State is responsible for the issuances. Mr. Huntley said that by statute the State is not responsible. Mr. Eckstrom noted that the borrower is responsible for all fees paid. Mr. Eckstrom asked is there a reason that the fees are higher for JEDA financing transactions than in other transactions. Mr. Huntley said that he does not know that the JEDA transaction fees are higher. He said that every JEDA deal is different and are not vanilla deals.

Mr. Eckstrom asked Mr. Loftis if his concern was what the borrowers are paying. Mr. Loftis said that these are tax preferentially treated bonds. He said investors are receiving tax free interest on the money and that the taxpayer is footing the bill. He said that a tax advantaged product is being put into the market place and that has a value. He said that the middle man is being allowed to eat the value. Mr. Loftis said the fees are getting unconscionable.

Governor Haley said that this issue continues to come up and asked Mr. Loftis what the fix is for the issue. Mr. Loftis said that this issue will take a lot of research to solve. Governor Haley said more information is needed for resolution of this issue.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the following notification of the assignment of bond counsel for conduit issues and special assignment for bond counsel for which Authority approval was requested by the State

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Treasurer. Governor Haley, Senator Leatherman, and Mr. Eckstrom voted for the item. Mr. Loftis voted against the item.

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

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$6,500,000.00 SC JEDA	Spartanburg Preparatory School	Parker Poe Adams & Bernstein	Howell Linkous & Nettles
\$19,000,000.00 SC JEDA	Ashley Hall Foundation	Howell Linkous & Nettles	Haynsworth Sinkler Boyd
\$33,000,000.00 SC JEDA	Tri-County Technical College Foundation	Parker Poe Adams & Bernstein	Nexsen Pruet
\$19,000,000.00 SC JEDA	Royal Live Oaks Academy-Ridgeland	Howell Linkous & Nettles	Haynsworth Sinkler Boyd
\$8,500,000.00 SC JEDA	Greenville Tech Charter High School	Haynsworth Sinkler Boyd	McNair

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$23,500,000.00 General Obligation State Institution Bond	South Carolina State University	Pope Flynn Group
\$25,600,000.00 State Institution Bonds	Medical University of South Carolina	1. Bill Musser, McNair Law Firm 2. Alan Lipsitz, Nexsen Pruet

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

Department of Administration, Division of General Services: Easements (Blue Item #2)

The Authority approved, as noted above, the following easements in accordance with the SC Code of Laws as requested by the Department of Administration, Division of General Services:

- (a) County Location: York
- From: Department of Administration
- To: York County Natural Gas Authority
- Consideration: \$700
- Description/Purpose: To grant a 0.08 acre easement for the construction, installation, operation and maintenance of a 6” natural gas pipeline beneath a cove of Lake Wylie to provide gas service to prospective customers located on the east side of the cove. Consideration

is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

- (b) County Location: York and Lancaster
From: Department of Administration
To: York County Natural Gas Authority
Consideration: \$700
Description/Purpose: To grant a 0.10 acre easement for the construction, installation, operation and maintenance of a 12” natural gas pipeline beneath Sugar Creek to provide gas service to citizens of York and Lancaster Counties. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (c) County Location: Berkeley
From: Department of Administration
To: Charleston Water System
Consideration: \$700
Description/Purpose: To grant a 0.54 acre easement for the installation, operation and maintenance of a force main and water main beneath Ralston Creek to provide domestic water, fire protection and sanitary sewer services to Rhoden Island. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (d) County Location: Dillon
From: Department of Administration
To: AT&T Southeast
Consideration: \$700
Description/Purpose: To grant a 0.17 acre easement for the installation, operation and maintenance of telecommunication conduits beneath the Little Pee Dee River to accommodate SCDOT’s US 301 Bridge Replacement Project. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (e) County Location: Richland
From: Department of Administration
To: South Carolina Electric and Gas Company
Consideration: \$1
Description/Purpose: To grant a 0.03 acre easement for the relocation, installation, operation and maintenance of electric lines and associated facilities upon property controlled by the South Carolina Educational Television Commission to accommodate

SCDOT's Hard Scrabble Road Widening Project. The easement will be of mutual benefit to SCE&G and SCETV.

- (f) County Location: Horry
From: Horry-Georgetown Technical College Commission
To: South Carolina Public Service Authority (Santee Cooper)
Consideration: \$5
Description/Purpose: To grant a 0.24 acre easement and a 0.32 acre easement for the construction, installation, operation and maintenance of electric lines and associated facilities upon property of Horry-Georgetown Technical College. The easement is being sought by the College for the benefit of the property.
- (g) County Location: Pickens and Transylvania (North Carolina)
From: Department of Natural Resources
To: Haywood Electric Membership Corporation
Consideration: Other good and valuable consideration
Description/Purpose: To grant a 3.46 acre easement for the relocation, installation, operation and maintenance of electric lines and associated facilities upon lands of Sassafras Mountain to realign the existing overhead powerline in order to enhance the view from the summit as part of DNR's Sassafras Mountain Improvement Project. The easement is being sought by the Department of Natural Resources for the benefit of the property. Upon approval, the easement will be recorded in the counties where the property lies.

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

Department of Administration, Division of General Services: Real Property Conveyance (B3)

The Authority, as noted herein, approved the following real property conveyance as requested by the Department of Administration, Division of General Services:

Controlling Agency: Winthrop University
Acreage: 1.2779± acres and two buildings consisting of 14,882 square feet and 5,950 square feet
Location: 520 Cherry Road, Rock Hill
County: York
Purpose: To dispose of surplus real property.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of To be retained by Winthrop University.

Proceeds:

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

Jobs-Economic Development Authority: QECC Bond Issuance Extension- \$15M Qualified Energy Conservation Bond Volume Cap Allocation Authority to Abundant Power Group, LLC/SC SAVES with the SC Jobs-Economic Development Authority (JEDA) as Conduit Issuer for Use at Denmark-Olar School District 2 of Bamberg County (Blue Agenda Item #4)

At its October 2014 meeting, the Budget and Control Board (nka, the State Fiscal Accountability Authority) approved \$15M Qualified Energy Conservation Bond [QECC] volume cap allocation in connection with the implementation of a qualifying green community program at the Denmark-Olar School District 2 of Bamberg County for Abundant Power Group, LLC/SC SAVES with the stipulation that if the bonds are not issued within six months of Board approval for the designated purpose, the allocation would expire and revert to the pool.

Due to delays in arranging the financing for the Bamberg School, the allocation was not used within this six month time frame and an application to extend the Bamberg Allocation was filed and granted by the Board at its meeting on March 18, 2015, for use by October 14, 2015, with the stipulation that if the bonds did not issue by October 14, 2015, for the designated purpose, the allocation would expire and revert to the pool.

Representatives for Abundant Power Group, LLC/SC SAVES, have indicated (see the attached project overview) that the financing structure proposed for the Bamberg School is complex and has taken longer than expected. As a result, the bonds did not issue by October 14, 2015. Prior to the expiration of the allocation Abundant Power Group, LLC/SC SAVES, requested that the SC ARRA Volume CAP Advisory Committee recommend reinstatement and extension of the volume cap allocation to the State Fiscal Accountability Authority.

At the request of Abundant Power Group, LLC/SC Saves, the SC ARRA Volume CAP Advisory Committee on September 29, 2015, recommended approval to reinstate and extend through June 30, 2016, the \$15MM Qualified Energy Conservation Bond (QECC) volume cap allocation authority to Abundant Power Group, LLC/SC SAVES, for use at the Denmark-Olar School District 2 of Bamberg County.

Greg Montgomery with Abundant Power appeared before the Authority on this matter.

Mr. Loftis asked if there is an estimate of how much the foundation has to pay in fees for this transaction. Mr. Montgomery said that there is a cap of a 2% for issuance costs which will not be known until the transaction is complete. Mr. Loftis said that the fees are not capped at 2%. Mr. Montgomery said that as administrator that they endeavor to cap the administrative costs at no more than 2%.

Mr. Loftis further asked what the difference in the cost would be if the school used normal technology to build the school. Mr. Montgomery said the foundation, as a private borrower, would not be able to use the bonds because it has to go through a green community program under federal regulations in order for it to be exempt under the private activity rule.

In further discussion, Mr. Eckstrom noted that the cost of the construction is \$47 million. He asked Mr. Montgomery what the construction cost would be for the school if qualified conservation measures had not been considered. Mr. Montgomery said the cost would still be \$47 million. Brent Jeffcoat, bond counsel, asked if Mr. Eckstrom was asking how much the cost of the building would exceed that of a conventional building without the energy conservation measures. Mr. Jeffcoat said that information he has from the engineers is that it is a 2% differential. Mr. Jeffcoat said that building has to be built and that the question is whether it is built with energy conservation measures in it. He said the marginal cost of putting in the energy conservation measures is 2%-3%.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority approved the proposed \$15M Qualified Energy Conservation Bond volume cap allocation authority reinstatement and extension request to Abundant Power Group, LLC/SC SAVES with the SC Jobs-Economic Development Authority (JEDA) as conduit issuer for use at Denmark-Olar School District 2 of Bamberg County with the stipulation that if the bonds are not issued by June 30, 2016, for the designated purpose, this allocation expires and reverts to the pool. Governor Haley and Senator Leatherman voted for the item. Mr. Loftis voted against the item. Mr. Eckstrom abstained from voting on the item.

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

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

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

- a. Lander University (for a period of three years): supplies and services, \$200,000* per commitment; information technology, \$150,000* per commitment; consultant services, \$200,000* per commitment; construction contract award, \$150,000 per commitment; construction contract change order, \$50,000 per change order; Architect/Engineer Contract Amendment, \$25,000 per amendment.

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

The University complies with the South Carolina Consolidated Procurement Code, State regulations, and the University's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. The Division recommended the State Fiscal Accountability Authority grant Lander University the certification limit noted above.

- b. South Carolina State Library – In accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services has reviewed the procurement system of the South Carolina State Library. The Library has not requested procurement certification. Therefore, the audit report is submitted as information only.
- c. South Carolina State University - In accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services has reviewed the procurement system of South Carolina State University. The University has not requested procurement certification. Therefore, the audit report is submitted as information only.

Mr. Eckstrom commented that in his estimation the results of the audits of the agencies are not good audits for the agencies. He asked what the Division of Procurement Services' expectation is as to how the State should respond to these audits. Lane Warren, with Procurement Services, said that Procurement Services expects agencies to comply with the Procurement Code. Mr. Warren stated that Procurement Services inquires of agencies what their

plan is to remedy exceptions in the audit findings. He also stated that prior agency audits are reviewed when audits are performed to ensure that the findings are not repeat findings. Mr. Eckstrom noted that the findings for Lander University's five-year audit are extensive. He said there is no mention in the audit report if the findings are repeat findings. Mr. Warren said that he does not recall the findings to be repeat findings. He noted that Lander has responded to the findings concerning a ten-year contract by canceling the contract which is all that could be done.

Mr. Eckstrom asked Mr. Warren if he believed Lander University's response was a positive response. Mr. Warren responded that he believed Lander University's response to be a positive one. Mr. Warren stated that an exit conference was performed with Lander University. He said the University admitted the exceptions and has taken corrective action. He said the University's corrective action was appropriate. Mr. Singleton added that Procurement Services will revisit the University within a year for a follow-up review concerning the University's procurement practices.

Mr. Eckstrom also noted the audit of South Carolina State University (SCSU). He stated that SCSU's audit was filled with many more exceptions than the other audits in the agenda item. Mr. Eckstrom asked Mr. Warren what his thoughts were concerning SCSU's response to the audit and their ability to eliminate exceptions noted in the audit. Mr. Warren said that Procurement Services' auditing staff met with SCSU numerous times and with the new administration and that appropriate corrective action has been taken on each of the exceptions. He noted that Procurement Services is monitoring and approving all of SCSU's procurements of \$2,500 or more.

Senator Leatherman reminded the Authority members that SCSU has an interim Board of Trustees. He said that Charlie Way is the chairman and that they are turning SCSU around.

Mr. Eckstrom noted that his office is trying to complete the State's Consolidated Annual Financial Report and that SCSU is the only entity that has not provided the requested information. Senator Leatherman suggested that Mr. Eckstrom contact Mr. Way and let him know the need to receive the information. Governor Haley said that she has spoken to Mr. Way and her Board member and that they are approachable. James Clark, Vice-President for SCSU's Board of Trustees, stated he was concerned about the comments Mr. Eckstrom made about not receiving information he needed. He also asked Mr. Eckstrom to meet with him after the

Authority meeting to discuss what the deficiencies are. Mr. Clark stated that SCSU's team is working on this matter. Governor Haley suggested that Mr. Eckstrom call SCSU and noted that they have been responsive to her inquiries. Ed Patrick, Vice-President for Finance at SCSU, stated that SCSU submitted the draft financial statements the prior week. Mr. Eckstrom said that the financial statements never came to his office. Mr. Patrick said that he can provide Mr. Eckstrom with a copy of the email receipt indicating that Mr. Eckstrom's office received the financial statements. Mr. Eckstrom asked Mr. Patrick if he thought the form in which SCSU submitted the paperwork to him was sufficient. Mr. Patrick said that what SCSU submitted was in the form that was requested of them. Mr. Eckstrom asked Mr. Patrick if he was aware that the law requires a year-end financial statement. Mr. Patrick responded that he was aware of that and that SCSU is in the process of going through their year-end financial statement audit. Mr. Eckstrom further asked Mr. Patrick if he was aware that the deadline was September 30th. Mr. Patrick said that was the deadline for the draft financial audit and not the final audit. Mr. Patrick stated that the audited financials are due October 31st. Governor Haley suggested again that Mr. Eckstrom call SCSU about his concerns.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority granted procurement certifications, in accord with Section 11-35-1210, for the following agency within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

Lander University (for a period of three years): supplies and services, \$200,000* per commitment; information technology, \$150,000* per commitment; consultant services, \$200,000* per commitment; construction contract award, \$150,000 per commitment; construction contract change order, \$50,000 per change order; Architect/Engineer Contract Amendment, \$25,000 per amendment.

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

The Authority also received the audit reports of the South Carolina State Library and South Carolina State University as information only.

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 was asked to approve proposals to issue revenue bonds.

Mr. Loftis said that he renewed his objection to the JEDA items. With regard to item 6b for Edgefield County Hospital, Mr. Loftis stated that he had so little information on the item that he could not make a decision on it. Ms. Frannie Heizer, bond counsel, appeared before the Authority on this item. Ms. Heizer said that this is a relatively small issue that will be privately placed. She stated that there is a timing issue involved in that placement with a bank means that the interest rate would be kept open only for 30 days. She said with the Authority's meeting schedule they were not sure they could meet that timeframe. She stated that the goal of Edgefield County is to reduce the term and have a lower interest rate. Ms. Heizer stated to the Authority members that Edgefield County would not go forward with the transaction without there being realistic savings and the goal met of reducing the interest rate while shortening the term. Mr. Loftis asked what the interest rate would be. Ms. Heizer said that the rate is around 4% and that she does not know that the county would want to do the transaction at 4%. She stated for that reason the transaction may not take place until early January 2016 because interest rates at the beginning of the year tend to be a little lower. Mr. Loftis asked what the fees would be for the transaction. Ms. Heizer said depending on the circumstances the fees could be between \$3,500 and \$5,000.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the following proposals to issue revenue bond. Governor Haley, Senator Leatherman, and Mr. Eckstrom voted for the item. Mr. Loftis voted against the item.

- a. Issuing Authority: Abbeville County
Amount of Issue: Not Exceeding \$6,000,000 Hospital Facilities Revenue Bonds
Allocation Needed: -0-
Name of Project: Abbeville Area Medical Center
Employment Impact: creation of approximately 20 new jobs
Project Description: the designing, engineering, constructing, furnishing and equipping of a new medical office building for use by the Abbeville Area Medical Center
Bond Counsel: Josiah C. T. Lucas, Pope Flynn, LLC
(Exhibit 6)
- b. Issuing Authority: Edgefield County
Amount of Issue: Not Exceeding \$2,000,000 Hospital Revenue Refunding Bonds

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Allocation Needed: (\$2,000,000 refunding involved)
-0-
Name of Project: Edgefield County Hospital
Employment Impact: n/a
Project Description: to refund its outstanding \$763,000 original principal amount Hospital Facilities Revenue Bond (Edgefield County Hospital Project) Series 1996 and its outstanding \$1,500,000 original principal amount Hospital Revenue Bond (Edgefield County Hospital Project) Series 2005
Bond Counsel: Francenia B. Heizer, McNair Law Firm, P. A.
(Exhibit 7)

c. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: \$18,800,000 Economic Development Revenue Refunding Bonds (\$18,800,000 refunding involved)
Allocation Needed: -0-
Name of Project: Ashley Hall
Employment Impact: maintain 137 jobs
Project Description: to provide financing to the borrower for the refunding of the Authority's outstanding Economic Develop Revenue Bonds (Ashley Hall Project), Series 2007, which were issued for the purpose of financing the costs of acquisition, construction, furnishing, and equipping of classroom facilities and supporting academic buildings for Ashley Hall School in Charleston
Note: negotiated private sale
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 8)

d. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$19,000,000 Economic Development Revenue Bonds/Bond Anticipation Notes
Allocation Needed: -0-
Name of Project: Royal Live Oaks Academy
Employment Impact: maintain 85 existing jobs, create 7-10 new jobs, and create an estimated 375 indirect, construction-related jobs during construction of the project
Project Description: construction of campus facilities for Royal Live Oaks Academy-Ridgeland for the operation of a K – 12 public charter school known as Royal Live Oaks Academy of the Arts and Sciences, located in Hardeeville, Jasper County
Note: public offering
Bond Counsel: Alan B. Linkous, Howell Linkous & Nettles, LLC
(Exhibit 9)

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- e. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$6,500,000 Education Facilities Revenue Bonds
Allocation Needed: -0-
Name of Project: Spartanburg Preparatory School
Employment Impact: currently employs 45 full-time equivalents and expects to create approximately 6 additional, direct FTEs during the next 12/24 months in addition to the temporary construction employment necessary to complete the project
Project Description: add a 30,000 square foot addition that will include 9 classrooms, a new cafeteria, a full gymnasium and a conference room
Note: *public sale*
Bond Counsel: Michael E. Kozlarek, Parker Poe Adams & Bernstein LLP
(Exhibit 10)
- f. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$33,000,000 Education Facilities Revenue Bonds (\$5,000,000 refunding involved)
Allocation Needed: -0-
Name of Project: Tri-County Technical College Student Success Center
Employment Impact: currently employs 335 full-time equivalents and expects to create approximately 4 additional, direct FTEs during the next 12 months and 6 additional, direct FTEs during the next 24 months, in addition to the temporary construction employment necessary to complete the project
Project Description: 1. Construction of a new Student Success Center to house a Learning Commons and associated group study space and computer labs, campus store, café, and a shopping and receiving facility; 2. Refurbishment of Ruby Hicks Hall after 30 years in service and a repurposing of this facility to become a student one-stop service center; and 3. The construction of a new Central Plant to provide cooling for campus buildings via an energy loop. The Central Plant will reduce energy usage substantially versus a stand-alone system for each building on campus and will reduce maintenance costs, while improving system reliability.
Note: *public sale*
Bond Counsel: Michael E. Kozlarek, Parker Poe Adams & Bernstein LLP
(Exhibit 11)
- g. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$25,000,000 Health Facilities Revenue Bonds
Allocation Needed: -0-
Name of Project: Wesley Commons
Employment Impact: maintain 272 jobs
Project Description: demolishing and constructing buildings, improvements, fixtures, furnishings and equipment to constitute the following expansions

and/or improvements to the borrower's existing elder care facilities located in Greenwood County which will include the demolition of an existing building and addition of a new skilled nursing building, enhancing and/or adding new public spaces on the campus and the expansion of the Assisted Living and Special Care facility, including new parking lots, landscaping, roads to connect the new skilled nursing building to the existing campus, a retention wall, signage and lighting

Note:

public or private sale

Bond Counsel:
(Exhibit 12)

Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.

- h. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$50,000,000 Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: Wofford College
Employment Impact: maintain 459 jobs and add 8 jobs within 12 months
Project Description: Constructing, equipping and furnishing the Rosalind S. Richardson Center for the Arts, consisting of an approximately 65,000 square foot facility which will house the College's theatre and visual arts program and include a 300 seat performance hall along with a museum and a student gallery; and constructing, equipping and furnishing the Jerry Richardson Indoor Stadium, a new athletic facility, consisting of an approximately 123,000 square foot facility to include a 3,400 seat basketball arena and 500 seat volleyball competition venue, which will also accommodate College and community events, including but not limited to the acquisition and installation of certain furniture, fixtures and equipment

Note:

private sale

Bond Counsel:
(Exhibit 13)

Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.

- i. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: \$15,000,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: Columbia Gardens
Employment Impact: n/a
Project Description: To provide construction and permanent financing for the acquisition and rehabilitation of a 188-unit affordable apartment development located in Columbia
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 14)

- j. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: \$15,000,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: Willow Run Apartments
Employment Impact: n/a
Project Description: To provide construction and permanent financing for the acquisition and rehabilitation of a 200-unit affordable apartment development located in Columbia
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 15)

Executive Director: Economic Development (2015 Ceiling Allocations)

The initial balance of the 2015 state ceiling allocation was \$483,248,200. In accord with Code Section 1-11-520, \$193,299,280 (40% of the total) was designated as the state pool and \$289,948,920 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$483,248,200 remaining for 2015. Allocation requests for 2015 totaling \$17,500,000 have been received thus far.

The recommendation from the Department of Commerce for allocation for this cycle totaled \$8,750,000. The Department of Commerce makes the following recommendation:

From the local pool:

JEDA, Watson Engineering, Inc., (Anderson County) \$8,750,000.

Approval of the recommendation by the Authority will leave an unexpended state ceiling balance of \$474,498,200 (state pool - \$193,299,280; local pool - \$281,198,920) to be allocated later in the calendar year.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority, in accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, the Authority granted the following tentative ceiling allocation from the local pool:

JEDA, Watson Engineering, Inc., (Anderson County) \$8,750,000.

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

***Public Employee Benefit Authority and SC Retirement system Investment Commission:
Update (Regular Session Item #1)***

The Authority received an update from the Public Employee Benefit Authority and the SC Retirement System Investment Commission.

Michael Hitchcock, Executive Director for the Retirement Systems Investment Commission, and Jeff Byrd, the Commission's acting CIO, appeared before the Authority to present an update. A copy of his presentation is attached and incorporated herein by reference. Mr. Hitchcock stated that the invitation to appear before the Authority is timely because it comes at a pivotal point for the Commission. He said over the past couple of months the Commission has taken a hard look at itself especially given its performance during the last fiscal year. He said that they have challenged all of their investment beliefs especially as it relates to asset allocation. He said the Commission believes that asset allocation is the biggest driver of both return and risk. He said it is now time for the Commission to focus on asset allocation to the exclusion of anything else and make it the Commission's sole priority until an asset allocation mix can be determined that will improve performance.

He reminded the Authority that the Commission was set up to manage the assets of the five defined benefit plans. He said that at the end of last fiscal year the assets for the plans totaled \$29.2 billion in assets. In his presentation, Mr. Hitchcock noted that the Retirement Systems ended the fiscal year with a value less than what it started with. He further discussed a comparison between South Carolina's Retirement Systems and others in the country. He stated that compared to the median pension fund the State's Retirement Systems are underperforming by 150 to 160 basis points depending upon the universe of comparison that is used. He said the Commission's theory of investment has been more conservatively invested based on how it has defined risk. Mr. Hitchcock stated the Commission's approach is to give up return in order to get protection in the event of a significant drawdown. He noted that he does not know that this is the best way to move forward.

In further discussion, Mr. Hitchcock discussed various aspects of the Commission's asset management that included fiscal year 2015 contributions to plan value; and universe comparisons of annualized returns, Sharpe Ratio, and standard deviation, and risk vs. reward. He also provided an updated performance estimate of returns as of September 30, 2015, and

discussed the Commission's asset allocation portfolio. He acknowledged that the foundation of the portfolio needed to be stronger to achieve the desired return for the beneficiaries. Mr. Hitchcock also discussed long term strategy for a "100-year" portfolio. Mr. Eckstrom asked if that is a model that exists that has been successfully implemented by other pension funds. Mr. Hitchcock said that other pension funds have looked at developing this type of model. He said they find the model to be the most attractive because it tempers their decision making.

Governor Haley asked Mr. Hitchcock if he was satisfied with the Commission's performance. He responded he was not satisfied. Governor Haley asked Mr. Hitchcock what can the beneficiaries expect in the coming year. Mr. Hitchcock said they can expect the Commission to develop the best asset allocation plan to achieve what is needed to secure their future.

Peggy Boykin, Director of the South Carolina Retirement Systems, also appeared before the Authority to provide an update on the Retirement Systems. She stated that the actuary is working on the annual valuation to be provided to the Retirement Systems in December. She said that the five-year experience study will be provided in January 2016. She stated that they do have an idea of what the underperformance of the investments translates into with regard to contribution increases. Ms. Boykin said the difference in the 6.16% return achieved last year compared to the 7.5% expected rate of return is smoothed in over five years. She said that means that a portion of it is recognized over each of five years. She said that the first year as 20% of 6.16% rate of return is recognized there will only be a slight impact on the increase in contributions. She said ultimately that if a 7.5% rate of return is not achieved over the next five years to make up the difference of about \$1.8 billion then contributions from employers and employees will have to increase by approximately 0.5% each to make up for the loss for the current year. Ms. Boykin further stated that when the experience study is provided in January 2016 the General Assembly will set the assumed rate of return which is set at 7.5% by statute. She said if the rate of return is reduced by 0.25% that would translate into a 0.5% contribution increase on both employees and employers. She said that a 0.5% increase from a general fund standpoint is about a \$15 million. She said the contribution rate will have to be increased, but until the reports are received from the actuary she cannot give accurate information.

Mr. Loftis noted that the unfunded liability has increased from \$12 billion in 2010 to \$21

billion in 2015. He said that with the rate of return that is predicted and the amount of return that is achieved the debt will continue to mushroom. He noted that last year the pension plan was underfunded by more than \$524 million because of the negative expected rate of return. He stated the cost is hundreds of millions of dollars the longer the State waits to address the issue.

Mr. Eckstrom asked Ms. Boykin why the experience study is not being done first so that it can be reflected in the valuations. Ms. Boykin stated that the experience study will take in the valuation that is being completed for June 30, 2015. She said otherwise the valuation would go back to 2014 and that the most current information should be included in the experience study which is the fiscal year ended June 30, 2015. She said the valuation has to be completed first to include it in the experience study.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority received as information an update from the Public Employee Benefit Authority and the SC Retirement System Investment Commission.

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

Department of Administration, Executive Budget Office: Permanent Improvement Projects (Regular Session Item #2)

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

Senator Leatherman said with regard to item 2(h) that Trident Tech came before JBRC with an anticipated source of funds being a \$16 million appropriation from the General Assembly. He said JBRC is not going to start approving projects based upon anticipation that the General Assembly will appropriate more funds. He said the school was sent back with the directive to do design work and to determine from where the funds will come or scale down the project. He stated that only design work has been approved for the project and not construction.

Concerning item 2(e) for South Carolina State University, Governor Haley asked if now is the right time for this project and does it fit the school's mission. She said that she was not saying no to item 2(e), but wondered if it should be carried over so that SCSU's focus would stay

where it is. Senator Leatherman responded that the funds involved are federal funds from the USDA and does not impact the school's operating funds. Governor Haley said her question is whether this project falls within the school's mission. Mr. Patrick responded that this project is not going to disrupt the school's mission. He said they have staff dedicated to the 1890 Program that is segregated from SCSU's operational staff. He said very stringent controls have been put in place around how the federal funds are spent. He stated that the program operates much like a separate entity because of the federal dollars that are involved. Governor Haley asked Mr. Patrick to pass along to the SCSU Board to stay focused on what is going on the campus. Mr. Eckstrom asked does the labor associated with the project currently exist. Mr. Patrick said that the labor does currently exist and that SCSU's core business is not impacted by the project.

In further discussion, Mr. Eckstrom asked how much does construction to Green Globes Two Globe (Green Globes) certification add to the cost of the project for item 2(f) for Tri-County Tech. Dr. Ronnie Booth, President of Tri-County Tech, said that he did not know for this project, but stated that Green Globes adds less cost than LEED certification. He said that Green Globes probably returns more to the purchaser in terms of actual savings cost. He said Tri-County Tech used Green Globes because it spoke more to energy cost and energy use than a traditional LEED model. He said that a big part of this project is to reduce their energy costs.

Mr. Eckstrom further stated that he had a hard time making the numbers work on item 2(g) for the University of South Carolina-Aiken. Mr. Eckstrom said that there is a discrepancy of \$240,000 in the item in terms of what the school says it is asking for. Rick Kelly with the University of South Carolina clarified that the school is asking for an increase in the project of \$500,000.

Governor Haley asked with regard to item 2(a) for Coastal Carolina University and 2(c) for Clemson University how these projects affect the taxpayers. Stacie Bowie with Coastal Carolina said that the project for Coastal Carolina does not affect the taxpayers. Brett Dalton, Vice President for Finance and Operations for Clemson University, also responded that there is no effect to taxpayers.

Mr. Eckstrom also asked Senator Leatherman what his recommendation was with regard to item 2(h) concerning the SC Aeronautical Training Center. Senator Leatherman said that the plans should be downsized or local funding should be sought. He said given all of the flood

damage this year he does not see the General Assembly looking favorably upon \$16 million more. Mr. Eckstrom asked if it is known how the Department of Commerce feels about this project. Senator Leatherman said they would probably like to have the project done just as he does; however, he said he does not see the General Assembly providing funding for projects like this with all of the road damage in the State.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the following permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office. As noted above all items were reviewed favorably by the JBRC.

Establish Project for A&E Design

- (a) Summary 2-2016: JBRC Item 2. Coastal Carolina University
Project: 9609, Soccer Complex
Funding Source: \$75,000 Other, Institutional Capital Project Funds, which are funds generated from excess debt service generated by a \$475 per student per semester fee.
Request: Establish project and budget for \$75,000 (Other, Institutional Capital Project Funds) to begin design work to construct a soccer complex at Coastal Carolina University. This soccer complex will include features for fans, media, and players. The approximately 14,760 square foot facility will be located in the east campus area and will house a playing field for athletes as well as seating and associated spaces for fans and the media. The design will include support facilities, including men's and women's locker rooms, official's locker rooms, meeting rooms, public restrooms and concessions. In addition, proper lighting will be installed for night events as well as a parking lot for team buses and spectators. The current facility provides seating for 500 spectators, and that capacity has proved challenging as the University hosted NCAA playoff events. This new complex will improve the current conditions for the varsity men's and women's soccer teams that are currently lacking support facilities. It will also provide seating for up to 1,000 spectators. A total of 63 players and coaches will use the facility, in addition to over 1,000 students, faculty, spectators and families. These amenities will facilitate Coastal Carolina's ability to serve as a host site for future conference championships.
- (b) Summary 2-2016: JBRC Item 3. Coastal Carolina University
Project: 9610, Brooks Stadium Addition
Funding Source: \$285,000 Other, Renovation Reserve/Plant Expansion Funds, which are funds generated from a \$150 per student per semester fee that is dedicated to renovations, repairs, additions to existing facilities and plant expansion.

Request: Establish project and budget for \$285,000 (Other, Renovation Reserve/Plant Expansion funds) to begin design work for additions to Brooks Stadium at Coastal Carolina University. The majority of the additions will take place on the football stadium's west stands as the university plans to increase seating capacity for spectators from 10,000 seats to between 15,000 and 20,000 seats. The approximately 25,000 square foot renovation and addition will include a suite level for the west side of the stadium as well other additional seating on the west side. To meet the overall increase of spectators, there will be an addition to fan related amenities throughout the stadium, including restrooms, concessions and ADA improvements to ensure compliance standards. These additions are needed since the university recently accepted an offer to participate as an active member in the Sun Belt Conference. For football, an increase to seating capacity is needed to meet NCAA Football Bowl Subdivision requirements.

Establish Construction Budget

(c) Summary 2-2016: JBRC Item 7. Clemson University

Project: 9922, Football Operations Facility Construction

Funding Source: \$19,500,000 Revenue Bonds, which are long term debt instruments issued by the State Treasurer's Office in the name of the University and are pledged to be repaid with a combination of Athletic net revenues, ticket surcharges, private gifts and contributions from the Clemson Athletics Facilities Trust Endowment invested with the Clemson University Foundation and \$35,500,000 Other, Private Gift funds, which are amounts received from private individuals, corporations and other entities that are to be expended for their restricted purpose. For this project, the private gifts are previously received IPTAY gifts on hand that IPTAY has committed to the Athletic Department for funding of this project.

Request: Increase budget to \$55,000,000 (add \$53,500,000 - \$19,500,000 Revenue Bonds and \$34,000,000 Other, Athletic Private Gift funds) to construct a football operations facility at Clemson University. This project was established for pre-design in April 2015, which is now complete. The construction of the approximately 142,050 square foot facility will house all football operational functions. The facility will include coaches' offices, team meeting rooms, student-athlete and coach locker rooms, a weight room, training room, equipment room, and related spaces. The facility will be constructed near the Indoor Football Practice Facility and the outdoor practice fields and will bring all football activity into close proximity. Football operations facilities are a major component of competitiveness in the conferences in which Clemson competes for student athletes. Major reasons for Clemson's lack of competitiveness in these areas are attributable to the lack of a non-contiguous football building, exclusive training and rehab space for football, food service, and condensed weight room space. Current facilities are not sufficient in square footage and an additional 45% in square footage would place the

university more in line with comparable football facilities across the nation. It is equally important that the location of the building be adjacent to the current indoor and outdoor football practice facilities. Further, NCAA governance changes have been and will continue to affect both staff sizes and additional programming that the university can provide to its student athletes. This new building will allow the Athletic Department to better serve the needs of its student athletes now and will provide needed space in the future as additional governance changes take place. The agency reports total projected cost of this project is \$55 million, and additional annual operating costs of between \$933,000 and \$989,820 are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is January 2016 and the projected date for completion of construction is February 2017. (See attachment 1 for this agenda item for additional annual operating costs.)

- (d) Summary 2-2016: JBRC Item 7. Clemson University
Project: 9926, East Campus Water Tower Construction
Funding Source: \$3,500,000 Other, Maintenance and Stewardship Funds, which are tuition, matriculation and other debt retirement and plant transfer revenues that are not formally obligated to fund debt service in the current period and that are responsibly transferred to and managed by the State Treasurer until the time of their State Treasurer approved use.
Request: Increase budget to \$3,500,000 (add \$3,430,000 Other, Maintenance and Stewardship Funds) to construct the East Campus Water Tower at Clemson University. This project was established for design work in August 2015, which is now complete. The new water tower will be a one million gallon elevated storage tank that will replace the existing Kite Hill water tank and provide for the growth needs of the University's water distribution system. The new water tower will be constructed on the site of the Kite Hill tank on the east campus, which will be demolished when the new tower is completed. The University's water distribution system is a state licensed water system serving the entire campus population with drinking water and fire protection. The Kite Hill water tank is more than 56 years old and does not meet the needs of the east campus. Campus population and facility growth on this system will require water storage capacity improvements by 2018 to meet state regulations for storage reserve required for peak hour water usage and fire protection. Replacing this aging tank will increase the overall usable water storage needed to satisfy the University's water storage requirements beyond 2030. It will also provide a long-term solution to back-up pressurization and capacity requirements for the licensed water distribution system and meet current and future needs. The agency reports total projected cost of this project is \$3.5 million, and no additional annual operating costs are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is January 2016 and the projected date for completion of construction is June 2017.

- (e) Summary 2-2016: JBRC Item 8. South Carolina State University Public Service Activities
- Project: 9651, Charleston 1890 Extension Center Construction - Phase II
- Funding Source: \$3,600,274 Federal funds, which are a USDA grant through the 1890 Facility Grants program and can only be used for facility construction associated with the 1890 extension program.
- Request: Increase budget to \$3,600,274 (add \$3,562,684 Federal funds) to construct a Public Service Activity Center in Charleston County. This project was established for design work in October 2013, which is now complete. The new two story 12,500 square foot facility will provide safe and functional space for staff, participants and volunteers, who will assist the university in fulfilling its land grant mission of providing research, teaching and extension services to the residents of the state of South Carolina. The facility will house 4 faculty, 6 staff, and 18 students and will serve an estimated 6,628 clients annually. The building will provide state-of-the-art multipurpose rooms, offices, community space, and technological facilities. These facilities are designed to provide life-long learning opportunities while enhancing the economic vitality and well-being of the community. The agency reports total projected cost of this project is \$3,600,274 and additional annual operating costs of \$49,350 are anticipated in association with this project. The facility will be constructed to LEED Silver certification with an estimated cost savings due to LEED of \$122,124 over 30 years. The agency also reports the projected date for execution of the construction contract is February 2016 and the projected date for completion of construction is October 2017. (See attachment 2 for this agenda item for additional annual operating costs.)
- (f) Summary 2-2016: JBRC Item 9. State Board for Technical and Comprehensive Education
- Project: 6093, Tri-County – Pendleton Campus Student Success Center/Central Plant
- Funding Source: \$20,250,000 Other, Foundation Supported Revenue Bonds, which are revenue bonds that will be issued by the Foundation for this project and will be supported by commitments from the counties, \$17,324,000 Other, Capital Projects Cumulative Maintenance Reserve Funds, which are excess maintenance funds that the institution has accumulated over time in anticipation of this project and \$7,050,000 Other, County funds, which are grants from that the counties which support Tri-County Technical College.
- Request: Increase budget to \$44,624,000 (add \$44,000,000 - \$20,250,000 Other, Foundation Supported Revenue Bonds, \$17,000,000 Other, Capital Project Cumulative Maintenance and \$6,750,000 Other, Counties funds) to construct a new Student Success Center, repurpose and refurbish Ruby Hicks Hall, and to construct an associated energy plant on the Pendleton Campus of Tri-County Technical College. This project was established for pre-design in June 2014, which is now complete. New Student Success Center will house a learning commons and associated group study space, computer labs, campus store, café

and shipping and receiving area. The construction of the Student Success Center will allow for swing space to accommodate the renovation of Ruby Hicks Hall, which is currently houses the library and administrative office spaces. Upon renovation, Ruby Hicks will become a One-Stop/Student Services center. Ruby Hicks is 27 years old, and most of the systems are original to the building. A new Central Plant, located in the basement of the Student Services Center, will provide cooling for campus buildings via an energy loop system. Several campus HVAC systems are approaching the end of life and the installation of a new, integrated system will result in energy savings and reduced maintenance costs. Enrollment at Tri-County Technical College has doubled since 2001, and in order to meet student demand for increased instructional space the amount of space dedicated to student support services has steadily declined to the point it is no longer adequate to meet the needs of the student population. The agency reports the total projected cost of this project is \$44,624,000 and additional operating costs ranging from \$60,122 to \$136,302 annually will result from this project. The facility will be constructed to Green Globes Two Globe certification, with an estimated cost savings due to Green Globes of \$2,852,645 over 30 years. The agency also reports the projected date for execution of the construction contract is November 2015 with completion of construction by February 2019. (See attachment 3 for this agenda item for additional annual operating costs.)

Increase Budget

- (g) Summary 2-2016: JBRC Item 12. University of South Carolina - Aiken Campus
Project: 9545, Pedestrian Bridge Construction
Funding Source: \$800,000 Other, Institutional Funds, which are funds available to the university from a variety of sources including tuition and fees, sales and services activities and other miscellaneous sources, \$200,000 Department of Transportation Funds, which are funds DOT has committed to the project due to its location across a major highway, \$300,000 Institutional Capital Project Funds, which are excess revenues from a variety of source set aside for capital improvements, and \$500,000 Aiken County Transportation Committee funds, which are a grant from the Aiken County Transportation Committee for this project.
- Request: Increase budget to \$1,800,000 (add \$500,000 Other, Institutional Funds) to construct an elevated pedestrian bridge to span the Robert Bell Highway. This project was established for pre-design in December 2009, which is now complete. The bridge will be high enough to permit unrestricted traffic flow below it, as well as long enough to permit expansion of the highway in years to come. This project will include ADA compliant access ramps, stairs at each end of the bridge, sidewalks, and lighting. At USC Aiken, the Roberto Hernandez Baseball Field and the Convocation Center are located on property west of the main campus. The Robert Bell Highway, which separates these facilities from the main campus, is a 55 mile per hour roadway. Crossing this

roadway creates safety issues for students attending athletic events, concerts, and community activities at these facilities. Currently approved funds have proven to be insufficient for construction of the bridge based on the results of a 2015 competitive construction bid. Subsequent cost estimation by third party estimators and cost reduction efforts confirm that the bridge cannot be constructed with the available funding. The requested increase in funding is \$260,000. The agency reports total projected cost of this project is \$1.56 million, and additional annual operating costs of \$500 are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is October 2015 and the projected date for completion of construction is August 2017. (See attachment 4 for this agenda item for additional annual operating costs.)

- (h) Summary 2-2016: JBRC Item 13. State Board for Technical and Comprehensive Education
Project: 6096, Trident - SC Aeronautical Training Center
Funding Source: \$10,855,000 Capital Reserve Funds appropriated specifically for this project and \$2,000,000 Federal Funds derived from a U.S. Department of Commerce grant specifically for this project.
Request: Increase budget to \$12,855,000 (add \$2,855,000 - \$855,000 Capital Reserve and \$2,000,000 Federal funds) to construct the S.C. Aeronautical Training Center. The project was established with legislatively authorized funding in October 2014. The pre-design for the site work is complete. Trident Technical College would like to proceed with design work for the building in the amount of \$855,000. Previous approval was given for design services for site work based on \$10,000,000 in state Capital Reserve Funds allocated in FY 14-15. The scope of work includes earthwork, filling wetlands, clearing the site, roads, utilities (water, sewer, electricity, and data), central energy plant feasibility study, and facilities master planning. Since initial project approval, a \$2,000,000 grant from the U.S. Department of Commerce Economic Development Administration (EDA) has been received for the project. The agency is requesting to add these funds to the project at this time for purposes of grant accounting but will not proceed with construction or the site work at this time. The agency reports total projected cost of this project is \$68,952,000, and additional annual operating costs of between \$1,520,000 and \$1,613,000 are anticipated in association with this project.
- (i) Summary 2-2016: JBRC Item 14. Department of Natural Resources
Project: 9907, Lexington - Cohen Campbell Hatchery Renovation
Funding Source: \$976,101.02 Appropriated State Funds, from a FY 06-07 Supplemental Appropriation and \$200,000 Other, Fish and Wildlife Protection Funds – Grass Carp/Hatcheries, which are derived from a portion of the freshwater fishing license fee that is set aside for the operation, management and improvement of freshwater fish hatcheries.
Request: Increase budget to \$1,176,101 (add \$200,000 Other, Fish and Wildlife

Protection Funds) to increase the construction budget a project to renovate Cohen Campbell Fisheries Center in West Columbia. The project was established for construction in 2008 with state appropriated funds. The previous project budget of \$976,101 resulted in the renovation of five production ponds. Three ponds remain to be renovated. With the completion of the water control structures in the final three ponds, the hatchery will be able to operate at full capacity. Each water control structure includes concrete access stairs, a concrete kettle, risers, water supply and drains is estimated to cost approximately \$66,500. The agency is requesting an additional \$200,000 to renovate the final three production ponds. The project is funded from sales of nonresident freshwater fishing licenses. Fish produced at Campbell are stocked statewide into public waters including Lake Murray, Lake Greenwood, Lake Marion, Lake Moultrie, Lake Wateree, and other state lakes. Fish are stocked to maintain fisheries and to support the recreational fishing industry. The agency reports an estimated start date of January 2, 2016 and an estimated completion date of June 30, 2016.

Establish Project for Preliminary Land Studies

- (j) Summary 2-2016: JBRC Item 16. Department of Natural Resources
Project: 9948, Laurens - Cliff Pitts WMA Land Acquisition
Funding Source: \$100,000 Other, Fish and Wildlife Protection Funds – Deer Revenues, which are derived from license, permit, stamp and tag revenues and are set aside for deer management activities.
Request: Establish project and budget for \$100,000 (Other, Fish and Wildlife Protection Fund) to procure the investigative studies required to adequately evaluate property prior to purchase. The SC Department of Natural Resources is considering the acquisition of approximately +/-589 acres of land in Laurens County that adjoins the Agency's Cliff Pitts Wildlife Management Area (WMA). 71 acres of the property is being sold by the Clemson University Land Stewardship Foundation and the remaining 518 acres are being sold by Clemson University. The property provides habitat for deer, quail, turkey and small game. After the land is acquired, the property will be managed as part of the Cliff Pitts WMA and will be open to the public for hunting, fishing, hiking, viewing wildlife and enjoying nature.

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

Department of Administration, Division of General Services: South Carolina Retirement System Investment Commission Lease Amendment 1201 Main Street, Capitol Center, Columbia (Regular Session Item #3)

The Investment Commission requested approval to amend an existing lease to lease an additional 8,715 rentable square feet (RSF) at Capitol Center, located at 1201 Main Street, Columbia from REIF/MJW Capitol Center Fee, LLC. The Investment Commission currently leases 10,985 RSF for office space and was subleasing nonexclusive use of the additional square feet from the Department of Commerce. The Department of Commerce will terminate its lease of this space effective March 31, 2016 and the Investment Commission desires to continue utilization of this space. With the additional space, the Investment Commission will be renting a total of 19,700 RSF.

The original lease granted Tenant an option to lease this space in the event that the Department of Commerce relinquished the space on the same terms as the Investment Commission's Lease. The Lease will be amended effective April 1, 2016. The termination date of the Lease, as amended will remain the same with the initial term ending on August 31, 2017. Although the Lease allowed one renewal period of five additional years, the Investment Commission will solicit for new space prior to the end of this term. The rental rate for the additional space which will now be exclusively leased to the Investment Commission is \$14.65 per RSF, the same rate as the rate for the space on their existing lease, however, since they will now lease the additional space exclusively, this is an increase over the rate paid to the Department of Commerce for non-exclusive use of the space. The annual base rental for all of the space leased under the lease as amended will be \$288,605.00 with a total amount of \$408,856.80 for the entire remaining term. As with the Investment Commission's existing space, they will pay operating expense increases over the base year capped at 3% annually, resulting in the highest possible operating expense at \$38,152.33 for the entire remaining term for all the space.

The following table represents comparable lease rates of similar business space in the Columbia area:

Minutes of State Fiscal Accountability Authority
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Agency	Address	Lease Term	Initial Rate/SF	Final Rate/SF	Max Potential Excess Operating Costs
Department of Insurance	1201 Main Street	3/1/14 – 2/28/21	\$15.50	\$17.46	0.00
Health and Human Services	1801 Main Street	7/1/13 - 6/30/23	\$14.15	\$16.18	\$306,037.27 over 10 years
Office of Regulatory Staff	1401 Main Street	9/1/15 – 8/31/20	\$14.70	\$15.60	\$122,820

The Investment Commission has adequate funds for the lease, as amended, according to a Budget Approval Form.

The lease amendment was approved by JBRC on October 13, 2015.

Mr. Eckstrom asked how the additional rentable space will be used and how the needs of the staff are currently being accommodated without the space. Mr. Hitchcock said they are currently occupying the space. He said the agency had been subleasing the space from the Department of Commerce. He said this lease allows them to lease directly from the Capitol Center. He noted that there is no increase in cost and no increase in space.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the proposed amendment to lease additional space for South Carolina Retirement System Investment Commission at Capitol Center, 1201 Main Street in Columbia.

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

Department of Administration, Division of General Services: Spartanburg Community College Cherokee Campus Lease-Out to Cherokee County (Regular Session Agenda Item #4)

Spartanburg Community College requested approval to lease approximately 12.63 acres of land located on the Spartanburg Community College Cherokee Campus to Cherokee County School District for the development of a Career Exploration and Development Center to offer programs and courses designed to prepare students to enter the workforce with the necessary training and job skills.

The District will construct the Center and operate programs for its students. The College

will also have an opportunity to utilize the Center for its programs, e.g. dual enrollment, early college, etc.

The lease term will be ninety-nine years, beginning upon approval by the State Fiscal Accountability Authority, at a nominal rental rate of \$1.00 per year.

The State Board for Technical and Comprehensive Education approved the lease on October 7, 2015. Concurrent with the lease term, the College will grant general, non-exclusive easements as may be necessary for the construction and improvements at the premises and property access (including ingress, egress, and parking). All maintenance and repairs of the leased property will be the sole responsibility of the Cherokee County School District. Any alterations, additions, or improvements constructed by the Cherokee County School District during the lease term will be and shall remain the property of Cherokee County School District. Any such alterations, additions or improvements must be removed at final termination of the lease and the property restored to a finished grade comparable to the condition of the property at inception of the lease.

Mr. Eckstrom asked if this is in effect a sale of property that the College currently owns given that it is a 99 year lease for a \$1.00. Senator Leatherman agreed with Mr. Eckstrom. Mr. Eckstrom said that if this were a state agency wanting to do this transaction he would feel differently about it.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the 99 year lease-out and related easements from Spartanburg Community College Cherokee Campus to Cherokee County School District.

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

Clemson University: Not Exceeding \$19,850,000 Athletic Facilities Revenue Bonds, Series 2015B, of Clemson University (Regular Session Item #5)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$19,850,000 Athletic Facilities Revenue Bonds, Series 2015B, of Clemson University.

The proceeds of the bonds will be used for the purpose of providing funds to plan,

develop, construct, and equip a football operation center on the campus of the University.

Governor Haley asked if this item affects the taxpayers. Mr. Dalton responded there was no effect on taxpayers.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$19,850,000 Athletic Facilities Revenue Bonds, Series 2015B, of Clemson University.

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

Coastal Carolina University: Not Exceeding \$13,000,000 General Obligation State Institution Refunding Bonds, Series 2015, of Coastal Carolina University (Regular Session Item #6)

The Authority was asked to adopt a resolution making provision for the issuance and sale Not Exceeding \$13,000,000 General Obligation State Institution Refunding Bonds, Series 2015, of Coastal Carolina University.

The proceeds of the bonds will be used to: (i) effect a refunding of the maturities of (1) the originally issued \$8,750,000 General Obligation State Institution Bonds (Issued on Behalf of Coastal Carolina University), Series 2002D maturing in the years 2016 through 2022, currently outstanding in the principal amount of \$4,110,000 and (2) the originally issued \$11,300,000 General Obligation State Institution Bonds (Issued on Behalf of Coastal Carolina University), Series 2006C maturing in the years 2017 through 2026, currently outstanding in the principal amount of \$7,825,000; and (ii) pay for expenses related to the issuance of such State Institution Bonds.

Mr. Eckstrom asked if the University is close to its bond limitation with this issue. Ms. Bowie said the University is not approaching its debt limit with this issue.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$13,000,000 General Obligation State Institution Refunding Bonds of Coastal Carolina University.

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

South Carolina State University: Not Exceeding \$23,500,000 General Obligation State Institution Refunding Bonds, (Issued on behalf of South Carolina State University (R#7))

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$23,500,000 General Obligation State Institution Refunding Bonds, Series 2015, issued on behalf of South Carolina State University.

The proceeds of the bonds will be used to (i) effect a refunding of the maturities of (1) the originally issued \$4,000,000 General Obligation State Institution Bonds, Series 2003G maturing in the years 2017 through 2023, currently outstanding in the principal amount of \$1,855,000, and (2) the originally issued \$32,850,000 General Obligation State Institution Bonds, Series 2006D maturing in the years 2017 through 2026, currently outstanding in the principal amount of \$20,235,000; and (ii) pay for expenses related to the issuance of such State Institution Bonds,

Mr. Eckstrom said he did not see a comparison of term to term what is being done on this item. Mr. Loftis said that it is one extra term and that there is a \$200,000 a year savings. Mr. Eckstrom noted that SCSU is perilously close to exceeding its debt limit. He asked if bond counsel has given assurance the legal debt limit will not be breached by this transaction. Gary Pope, bond counsel for SCSU, said that the refunding will allow SCSU to get back within the debt limit with the savings.

Mr. Eckstrom asked if legally there is a prohibition for the SCSU moving forward on this transaction or any issue. Margaret Pope, also bond counsel for SCSU, said this is more than a disclosure issue. She stated these are general obligation bonds of the State and the people who buy these bonds are much more interested in the credit of the State. Mr. Eckstrom noted that these are general obligation state institution bonds and that the debt limits are calculated differently than for the debt limit for state general obligation bonds. He noted that Ms. Pope said the investors are focused on the State's ability to service the debt. She said that is so because these are obligations of the State. Mr. Eckstrom said that the State is not repaying these bonds. Ms. Pope said these bonds are paid by tuition money that is sent to the State Treasurer who holds the money and pays the bonds. She said this is a very defined category of general obligation bonds of the State that allows universities to borrow money at the lowest possible interest rate. She said to protect the State there is a statutory debt limit and they have to be certain before rendering their opinion that the institution will be within the debt limit. Mr. Eckstrom asked if

there is a financial covenant that exists between the investors and the State or the institution and the State. Ms. Pope said the covenant exists between the institution and the State. She said the contract of payment is between the investors and the State.

Mr. Eckstrom further asked if the State needed to get a waiver of the covenant from the investors to proceed with the transaction. Ms. Pope said that is not needed because disclosure will be made to the investors and they do not have to buy the bonds if they do not want to. Mr. Eckstrom asked if the fact that there is a violation will impact the interest rate. Ms. Pope said that she did not think so because the State's AAA rating is what is being considered. She said that ultimately if anything happens the State will have to pay the bonds. She said the State Treasurer's Office monitors how much and when money is disbursed and that the State Treasurer would know months in advance of a due date if there was a problem. She said they have worked with the State Treasurer's Office to find a financing structure that will work and provide savings.

After further discussion, Mr. Eckstrom commented that without SCSU's financial statements being current he cannot vote for this item.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$23,500,000 General Obligation State Institution Refunding Bonds, Series 2015, of the State of South Carolina, issued on behalf of South Carolina State University. Governor Haley, Senator Leatherman, and Mr. Loftis voted for the item. Mr. Eckstrom voted against the item.

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

Future Meeting

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board agreed to meet at 10:00 a.m. on Tuesday, December 15, 2015, in Room 252, Edgar A Brown Building.

Executive Session

Senator Leatherman stated that he has meetings scheduled for the remainder of the afternoon with many of the attendees coming from out of town. He asked that executive session item #2 be carried over. Governor Haley commented that Mr. White needed to be present to

vote on that item as well.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority, pursuant to SC Code Section 30-4-70(a)(1), agreed to meet in executive session to consider executive session item #1 concerning approval of the settlement agreement and mutual general release between South Carolina State University and Mr. Thomas J. Elzey. The Authority also agreed to carryover executive session item #2 concerning personnel matters for the Authority.

After executive session, the Authority reconvened in regular session. Governor Haley stated that the Authority had been in executive session to discuss the item on the published agenda. Mr. Avant noted that that no action had taken place in executive session. [Secretary's note: Senator Leatherman left the meeting prior to the Authority meeting in executive session.]

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority approved the settlement agreement and mutual general release between South Carolina State University and Mr. Thomas J. Elzey.

Adjournment

The meeting adjourned at 1:00 p.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 3:30 p.m. on Friday, October 23, 2015.]