

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

September 20, 2011 -- 9:00 A. M.

The Budget and Control Board (Board) met at 9:00 a.m. on Tuesday, September 20, 2011, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Steve Elliott and Division Director Les Boles; Acting General Counsel Paul Koch; Governor's Deputy Chief of Staff for Policy, Budget, and Cabinet Affairs Ted Pitts; Treasurer's Chief of Staff Bill Leidinger; Comptroller General's Chief of Staff James M. Holly; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Committee Chief of Staff Beverly Smith; Board Secretary Delbert H. Singleton, Jr., and other Budget and Control Board staff.

Adoption of Agenda for Budget and Control Board

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board adopted the agenda as proposed.

Minutes of Previous Meeting

Upon motion by Mr. White, seconded by Senator Leatherman, the Board approved the minutes of the August 9, 2011, Budget and Control Board meeting.

Blue Agenda

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board approved the blue agenda items, except as otherwise noted herein. Governor Haley abstained from voting on the blue agenda.

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

The Board approved the following notification of the assignment of bond counsel for

**Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 2**

conduit issues (for ratification of issuer’s counsel only) for which Board approval was requested:

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

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$8,600,000 SC JEDA	LowCountry BioMass, LLC	Haynsworth Sinkler Boyd	Pope Zeigler
\$18,000,000 SC JEDA	WUREF Development, LLC	Haynsworth Sinkler Boyd	Howell, Linkous & Nettles
\$120,000,000 SC JEDA	Bon Secours/St. Francis Hospital	Jones Day	Haynsworth Sinkler Boyd
\$35,850,000 SC JEDA	South Georgia Tissue, LLC	Haynsworth Sinkler Boyd	McGuire Woods
\$15,000,000 SC JEDA	Rolling Green Village	Haynsworth Sinkler Boyd	Nexsen Pruet
\$37,500,000 SC JEDA	Converse College	Haynsworth Sinkler Boyd	McNair Law Firm

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

State Treasurer’s Office: Department of Transportation Cash Flow (Blue Agenda Item #2)

The Secretary of the Department of Transportation was requested to provide the Budget and Control Board members and the Board Secretary with the following information in a written report no later than October 14, 2011. The Secretary of the Department of Transportation was further requested to attend the November 3, 2011, Board meeting to make a brief and concise report.

1. As of August 15, 2011, what were the totals of all DOT outstanding payables due to all parties and entities, including contractors, consultants and the State Infrastructure Bank, that were overdue by 30 days, 45 days, 60 days and 90 days?
2. What were the sources and amounts of the financial ‘infusion’ from all sources utilized by DOT to assist in resolving the DOT cash flow deficiency, including but not limited to the \$12m from the State Infrastructure Bank projects which were “under runs”, the \$52m advance from the Federal government, interdepartmental “borrowing” from other projects and programs not in need of current funding and delayed and/or postponed projects or programs?

Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 3

3. Identify each project and program that has been delayed or postponed, the dollar amount from each that will assist in resolving the cash flow problem, the location of each delayed or postponed project and program and the length of the delay or postponement.
4. What are DOT's current cash flow forecasts by month for the next 12 and 24 months?
5. A discussion of the State's capacity for and the Department's April, 2011, action to pursue issuance of up to \$344 million General Obligation State Highway Bonds, with particular emphasis on the following considerations:
 - a. How much of the Department's capacity will be depleted, and for what period of time, following issuance of this indebtedness?
 - b. Are each of the projects to be funded from the proceeds of this issuance included in the Department's Statewide Transportation Improvement Plan, and if so, what is each project's priority ranking?
 - c. In view of recent concerns about the Department's cash flow, and particularly in view of observations that tax revenues that would be pledged to the bonds are declining, what is the impact of debt service associated with the bonds on the cash flow of the operation of the Department, and what comfort can be given that the Department is in a position to absorb this additional, ongoing liability? What effect does this have on road and bridge maintenance and repair, as well as repaving?
6. A discussion of the State Transportation Infrastructure Bank's capacity and its collaboration with the Department of Transportation's Statewide Transportation Improvement Plan, and particularly:
 1. What is the Bank's current capacity to issue additional revenue indebtedness, and when does the Bank anticipate that additional capacity will become available?
 2. What process does the Bank follow in prioritizing its funding commitments? Is the Bank's approval process collaborative or otherwise integrated with the Statewide Transportation Improvement Plan?
 3. What is the total value of projects approved by the Bank for funding, both in terms of those that have present commitments to funding, and those that have been approved but are not funded because of limited bank resources?

**Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 4**

4. What portion of the Bank's financial resources are dependent on its funding and reimbursement agreements with the Department of Transportation, and how does or would the Bank address delays or disruptions in those reimbursements over the short and longer term?

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

Division of General Services: Easements (Blue Agenda Item #3)

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

- (a) County Location: Georgetown
From: Budget and Control Board
To: Georgetown County Water & Sewer District
Consideration: \$700
Description/Purpose: To grant a 0.38 acre easement for the construction, installation, operation and maintenance of a water line across the Black River.
- (b) County Location: Kershaw
From: Budget and Control Board
To: City of Camden
Consideration: \$700
Description/Purpose: To grant a 0.11 acre easement for the installation, operation and maintenance of an effluent diffuser into the Wateree River.

The Board concurred and acquiesced in granting the following easement in accordance with SC Code of Laws:

- (c) County Location: Lexington
From: Midlands Technical College
To: Harbison Community Association, Inc.
Consideration: \$100
Description/Purpose: To approve the grant of a 9'x10' easement for the purpose of installing and maintaining an entrance sign for a subdivision within the Harbison community on property of Midlands Technical College's Harbison Campus.

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

Division of General Services: Medical University of South Carolina Sublease to CareAlliance Health Services at Courtenay Drive Parking Garage in Charleston (Blue Agenda Item #4)

At its February 24, 2009 meeting, the Board granted the Medical University of South Carolina (MUSC) approval to lease from Parking Garage Associates, LLC the Courtenay Drive Parking Garage consisting of 1,525 parking spaces and 3,846 square feet of office space located at 21 Courtenay Drive in Charleston. Parking Garage Associates, LLC is a South Carolina Limited Liability Company whose sole member is the Medical University of South Carolina Foundation. MUSC's annual rent is \$1,800,892 fixed for the thirty year term of the lease. MUSC is additionally responsible for operating costs of approximately \$206,078 annually. Allocating the total annual cost to the garage's parking only, MUSC's monthly rate per parking space is \$109.67 per space.

As part of the lease of the Courtenay Drive Parking Garage, MUSC assumed the role as sub-landlord of several subleases with various entities who rent parking and office space at the garage. CareAlliance Health Services (CareAlliance) has leased parking spaces at the Courtenay Drive Parking Garage from various owners and sub-landlords since 2001. CareAlliance currently leases 400 parking spaces at an annual cost of \$577,480.85, or \$120.31 (rounded) per parking space monthly. Under the present agreement, which expires March 31, 2014, rent increases annually in an amount equal to the percent change in the Consumer Price Index (CPI) or 3%, whichever is less.

CareAlliance has also leased 300 parking spaces from MUSC at the Bee Street Parking Garage located at 122 Bee Street in Charleston since 2008, which lease was approved by the Budget and Control Board at its September 23, 2008 meeting. CareAlliance's current annual rent is \$425,482.47, or \$118.19 (rounded) per parking space monthly. Under the present agreement, which expires April 30, 2014, rent increases annually in an amount equal to the percent change in CPI or 3%, whichever is less.

MUSC requested approval of a new sublease with CareAlliance for 700 parking spaces at the Courtenay Drive Parking Garage. CareAlliance's parking spaces will be consolidated at the Courtenay Drive Parking Garage and the existing leases at the Courtenay Drive Parking Garage and Bee Street Parking Garage will be terminated September 30, 2011. The new lease term will be

Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 6

five years commencing October 1, 2011, with two optional renewal terms of one year each. Rent will be \$84,215.96 per month or \$1,010,591.52 annually (\$120.31 rounded per parking space monthly) for the first year of the lease; thereafter, rent increases annually for the remainder of the term and each extended term, if exercised, in an amount equal to the percent change in CPI or 4.5%, whichever is less. The lease was approved by Lisa P. Montgomery, Vice President for Finance and Administration on behalf of the Medical University of South Carolina, and by Matthew J. Severance, CEO of Roper Hospital for CareAlliance Health Services.

The Board approved the proposed five year lease and two optional renewal terms of one year each between the Medical University of South Carolina and CareAlliance Health Services for 700 parking spaces at the Courtenay Drive Parking Garage located at 21 Courtenay Drive in Charleston.

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

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

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

- (a) Agency: Budget and Control Board (Department of Mental Health)
Acreage: 0.04± acre
Location: 1135 Gregg Highway, Aiken
County: Aiken
Purpose: To sell real property to the Department of Transportation for road improvements.
Appraised Value: \$1,500 as of 8/17/11
Price/Transferred To: \$2,170 (\$1,500 plus \$670 for survey to re-establish front property pins)/Department of Transportation
Disposition of Proceeds: To be divided between Budget and Control Board and Department of Mental Health pursuant to Proviso 80A.33.

- (b) Agency: Budget and Control Board (Forestry Commission)
Acreage: 9± acres
Location: 2305 North Highway 301, Dillon
County: Dillon
Purpose: To dispose of surplus property previously used by the Forestry Commission as a fire tower site.

**Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 7**

Appraised Value: \$76,000 as of 8/1/11
Price/Transferred To: \$76,000/Connor H. Bracey
Disposition of Proceeds: To be retained by Forestry Commission pursuant to Proviso 80A.33.
Additional Information: Forestry owns 10 acres consisting of two parcels in Dillon County known collectively as the Dillon Fire Tower Site. One parcel containing 1± acre is located ½ mile from the second larger parcel containing 9± acres. Dillon County leases a 0.936 acre lot within the 9-acre parcel for use as a recycling center. Mr. Bracey is the sole owner of all adjoining land. As a condition of the sale, Mr. Bracey agrees to donate the 0.936 acre lot to Dillon County for its continued use of the property.

- (c) Agency: Budget and Control Board (Forestry Commission)
Acreage: 5.1± acres
Location: 142 Firetower Circle, Jenkinsville
County: Fairfield
Purpose: To dispose of surplus property previously used by the Forestry Commission as a fire tower site.
- Appraised Value: \$31,000 as of 8/2/11
Price/Transferred To: \$31,000/Fairfield County
Disposition of Proceeds: To be retained by Forestry Commission pursuant to Proviso 80A.33.
Additional Information: Since July 1996, Fairfield County has leased a portion of the Jenkinsville Tower Site for use as a recycling center. Fairfield County is planning to expand its operation at this site and desires to purchase the entire tract.

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

South Carolina Energy Office: Barnwell County Economic Development Fund – Project Funding Request (Blue Agenda Item #6)

The South Carolina Energy Office advised the Board of the following project funding request:

Recipient: Barnwell County Economic Development Corporation
Funding Request: \$167,085
Purpose/Description: Barnwell County Economic Development Corporation (BCEDC) is requesting funds for the construction of sewer infrastructure on a 30 acre tract in the SC Advanced Technology Park in Barnwell County. This sewer

infrastructure will support “SC Tissue”, a \$140 million project announced in November 2010 which will create 200 jobs over a three year period. Construction will begin fourth quarter 2011 and be completed by first quarter 2013. Amounts subject to this funding request will be repaid by the City of Barnwell to Barnwell County’s economic development fund over a period not to exceed five years. Completion of this project will provide sewer infrastructure of “SC Tissue” which will create 200 jobs over the next three years.

Project Impact:

Cost of Project: \$3,310,135

SCEO recommendation: \$167,085 Local, state (CDBG), federal (EDA) and provide (SCANA) funds will provide the remainder.

The Board approved the following project request as recommended by the South Carolina Energy Office: Barnwell County Economic Development Corporation, \$167,085.

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

Executive Director: Housing Authority of the City of Greenville Multifamily Housing Revenue Bonds Series 2006 – Roosevelt Heights (Blue Agenda Item #7)

On September 19, 2006, the Board adopted a resolution approving the issuance of \$9,000,000 Tax-Exempt Multifamily Housing Revenue Bonds by the Housing Authority of the City of Greenville for its Roosevelt Heights project. The bonds provided financing for a portion of the costs of renovation and rehabilitation of Roosevelt Heights, a 168 unit apartment complex with related and ancillary facilities. The bonds are governed, among other documents, by the Agreement as to Restrictive Covenants (Roosevelt Heights) dated December 20, 2006. Section 9 of the Agreement as to Restrictive Covenants states in part the following:

9. Management Agreements. The Borrower acknowledges that the appointment of management for the Project is subject to approval by the State Budget and Control Board as set forth in the Enabling Act or related regulations....No such change in the Manager shall be valid unless and until the Borrower delivers written approval of the change in Manager by the State Budget and Control Board.

The Borrower on the project is Three Hundred Nichol Street, LP. SunAmerica Housing Fund 1422, an affiliate of SunAmerica Affordable Housing Partners, and the Housing Authority

**Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 9**

of the City of Greenville are current and continuing limited partners of the Borrower. Pursuant to Section 9 of the Agreement as to Restrictive Covenants the Board is asked to approve a new Manager which has been selected by the Borrower and approved by the Authority. The property has been managed by Riverstone Residential Group. The new Manager that has been selected is McCormack Baron Ragan Management Services, Inc. (MBR). MBR specializes in low-income and mixed-income properties and currently manages 106 properties with 12,678 units in nineteen states. Audited financial statements for MBR for 2010 are attached.

The Board approved the requested management change for the Roosevelt Heights project for the Housing Authority of the City of Greenville.

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

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

The Board approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: \$3,250,000 Economic Development Revenue Bonds
Allocation Needed: \$3,250,000
Name of Project: C. R. Jackson, Inc.
Employment Impact: retaining approximately 20 employees
Project Description: to acquire, construct and equip a manufacturing facility in Orangeburg County, which will be used primarily to manufacture asphalt for use in paving industry and to pay, as needed, certain costs related to the financing.

Note: *negotiated private sale*
Bond Counsel: April C. Lucas, Nexsen Pruet, LLC.
(Exhibit 8)

- b. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$37,500,000 Economic Development Refunding Revenue Bonds (\$24,000,000 refunding bonds)
Allocation Needed: -0-
Name of Project: Converse College
Employment Impact: maintain 220 full-time jobs
Project Description: improvements to student residences, including equipment and furnishing therefore, construction of athletic facilities, and refunding of outstanding Series 2009 bonds.

Note: *private sale*
Bond Counsel: Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P.A.

(Exhibit 9)

- c. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: \$120,000,000 Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: St. Francis Hospital, Inc. and Bon Secours Health Systems, Inc.
Employment Impact: maintain 3,715 employees in Greenville County and adjacent areas
Project Description: to (i) defray the cost of acquiring by purchase certain building improvements and renovations, machinery, equipment and other assets for the hospital facilities of St. Francis and the Borrower located in Greenville; (ii) refund all or a portion of the outstanding principal amount of the South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds, Series 2008A; (iii) finance a termination payment for a certain interest rate hedge agreement relating to the Series 2008A bonds; (iv) establish debt service reserve funds for the benefit of the bonds, if deemed necessary or desirable by BSHSI; and (v) pay a portion of the interest on the bonds, if deemed necessary or desirable by BSHSI; and (vi) pay certain costs incurred in connection with the issuance of the bonds and the refunding of the Series 2008A bonds.

Note: *private sale*
Bond Counsel: Amy Cobb Curran, Jones Day
(Exhibit 10)

- d. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$35,850,000 Economic Development Revenue Bonds
Allocation Needed: \$35,850,000
Name of Project: South Georgia Tissue, LLC.
Employment Impact: add 99 jobs within 12 months
Project Description: acquiring land, buildings (new construction), improvements, equipment and furnishings of 4 buildings (tissue machine building, deinking building, raw materials building, and roll storage building) for the processing of waste paper and pulp for the purposes of producing jumbo parent rolls of tissue, towels, and napkins

Note: *private sale (or underwriting)*
Bond Counsel: Tiger Wells, Haynsworth, Sinkler Boyd
(Exhibit 11)

Executive Director: Economic Development (2011 Ceiling Allocations) (Blue Item #9)

The initial balance of the 2011 state ceiling allocation is \$439,409,580. In accord with Code Section 1-11-520, \$175,763,832 (40% of the total) was designated as the state pool and \$263,645,748 (60% of the total) was designated as the local pool. There is presently a state

Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 11

ceiling balance of \$423,909,580 remaining for 2011. Allocation requests for 2011 totaling \$57,207,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$39,100,000. The Department of Commerce made the following recommendations for allocation from the local pool:

JEDA C.R. Jackson, Inc., \$3,250,000 (Orangeburg County); and
JEDA South Georgia Tissue, LLC, \$35,850,000 (Barnwell County).

Board approval of the recommended request, will leave an unexpended state ceiling balance of \$384,809,580 (state pool - \$175,763,832; local pool - \$209,045,748) to be allocated later in the calendar year.

In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, the Board granted the following tentative ceiling allocations from the local pool and defer all remaining ceiling allocation requests:

JEDA, C.R. Jackson, Inc., \$3,250,000 (Orangeburg County); and
JEDA, South Georgia Tissue, LLC, \$35,850,000 (Barnwell County).

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

State Budget Division: Permanent Improvement Project (Regular Session #1)

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

Establish Project for A&E Design

- (a) Summary 2-2012: JBRC Item 1. Clemson University
Project: 9895, Wastewater Treatment Plant Upgrade
Funding Source: \$95,230 Institutional Capital Project Funds, which are defined as excess debt service funds that must be applied to capital projects.
Request: Establish project and budget for \$95,230 (Other, Institutional Capital Project Funds) to begin design work to upgrade the wastewater treatment plant at Clemson. The work will include constructing a new influent pump station and headwork, replacing the associated electrical system, upgrading the emergency

Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 12

power, replacing the primary clarifier equipment, and upgrading the beginning control system automation. The wastewater treatment facility serves the entire campus and is more than 45 years old. The improvements are needed to meet regulatory requirements for water quality and to address deferred maintenance and reliability issues at the plant.

- (b) Summary 2-2012: JBRC Item 2. Clemson University
Project: 9896, Littlejohn Coliseum Annex Addition
Funding Source: \$274,320 Other, Private funds, which are private donations received by the Clemson Athletics Department.
Request: Establish project and budget for \$274,320 (Other, Private funds) to begin design work to construct an approximately 65,000 square foot annex addition to Littlejohn Coliseum at Clemson. The addition will include two practice gyms and offices for the men's and women's basketball programs. Littlejohn Coliseum hosts commencements, events and activities for Clemson students and the community, which hinders the ability of the basketball teams to hold regular practices. In addition, the coliseum's existing gym has significant size limitations and the coaches' offices are located in another building, limiting their interaction with players outside of practice. Locating offices and practice facilities adjacent to players' locker rooms and the coliseum will allow for greater efficiencies in practice schedules and program oversight from the basketball coaches.
- (c) Summary 2-2012: JBRC Item 3. College of Charleston
Project: 9648, Dixie Plantation Field Stations Construction
Funding Source: \$31,500 Other, College Fee funds, which are that portion of the student bill not specifically earmarked/dedicated for debt service, auxiliary enterprises or student clubs and activities, generated through charges for course credit and charges for labs, transcripts and other miscellaneous items.
Request: Establish project and budget for \$31,500 (Other, College Fee funds) to begin design work to construct two field stations at the Dixie Plantation for the College of Charleston. The work will include constructing two 3,000 square foot field stations to accommodate 24 to 30 students and faculty each from the undergraduate and graduate programs in environmental studies, biology and archaeology. Dixie Plantation, which is located on the Stono River and leased long-term from the college's foundation, has no educational or research facilities. The proposed field stations will provide space for students and faculty to better utilize the 881-acre ecological laboratory to position the college for national distinction in environmental education and sustainability studies. The source of funds is college fees which are currently available and will not result in a student fee increase.
- (d) Summary 2-2012: JBRC Item 4. University of South Carolina
Project: 6089, Williams-Brice Stadium Video Board Support Construction
Funding Source: \$37,500 Other, Private funds, which are donations or gifts to the USC

Athletics Department.

Request: Establish project and budget for \$37,500 (Other, Private funds) to begin design work to install a new video board at Williams-Brice Stadium for USC. The work will include constructing the structural support and electrical and data infrastructure to install a new video board above the north end zone of the stadium. The video board will be larger than the existing board and will have high definition quality to provide better visibility throughout the stadium. It will allow both live action and instant replays to be viewed and will serve as the official scoreboard.

(e) Summary 2-2012: JBRC Item 5. Budget and Control Board

Project: 9903, McEachern Parking Facility Waterproofing

Funding Source: \$17,508 Other, Depreciation Reserve funds, which are derived from the rent account which receives rent charges from agencies.

Request: Establish project and budget for \$17,508 (Other, Depreciation Reserve funds) to begin design work to waterproof the McEachern Parking Facility. The work will include repairing cracks and leaks at the underground connections to the buildings of the Capitol Complex, applying waterproof sealants, installing corrosion inhibitors, constructing covers over stairwells, and installing underdrain drainage. The facility was constructed in phases between 1970 and 1975 and leaks. The leaks contribute to the corrosion of steel reinforcing the concrete walls, which will ultimately weaken the structure if not addressed.

Establish Construction Budget

(f) Summary 2-2012: JBRC Item 6. Clemson University

Project: 9891, Freeman Hall Expansion

Funding Source: \$97,500 Other, Institutional Capital Project Funds, which are defined as excess debt service funds that must be applied to capital projects and \$6,402,500 Other, Operating Revenues, which are derived from an online Master of Engineering in Industrial Engineering Program.

Request: Increase budget to \$6,500,000 (add \$6,402,500 Other, Operating Revenue funds) to construct an addition to Freeman Hall at Clemson. The project was established in October 2010 for pre-design work which is now complete. The 23,695 square foot addition will add office and classroom space to Freeman Hall, which houses the Industrial Engineering Department. Additional space is needed due to growth in the department at the undergraduate and graduate levels, the addition of a Master of Engineering in Industrial Engineering program, and significant enrollment increases in the College. The expansion will be constructed to LEED Silver certification and include sustainable sites, water efficiency, energy and atmosphere, and indoor environmental quality measures. The LEED cost benefit analysis shows a positive cost benefit of \$550,829 over 30 years. The agency reports the total projected cost of this project is \$6.5 million and additional annual operating costs ranging from \$92,500 to \$96,100 will result in the three years following project completion.

Minutes of Budget and Control Board Meeting
September 20, 2011 – Page 14

The agency also reports the projected date for execution of the construction contract is June 2012 and for completion of construction is June 2013. (See Attachment 1 of this agenda item for additional annual operating costs.)

- (g) Summary 2-2012: JBRC Item 7. Francis Marion University
Project: 9562, Office Services Building Replacement
Funding Source: \$710,000 Other, Capital/Maintenance Reserve funds, which are funded by a \$100 fee per fulltime student per semester set aside as a resource for capital projects and maintenance of existing buildings and infrastructure.
Request: Increase budget to \$710,000 (add \$700,100 Other, Capital/Maintenance Reserve funds) to construct an approximately 3,600 square foot building to house mail and printing services at Francis Marion. The project was established in December 2010 for pre-design work which is now complete. The new facility will include a mail room, a print operations area, staff offices, restrooms, a storage area and a loading dock. The existing facility is dilapidated and hazardous to employees due to the deteriorated exterior, the lack of proper mechanical ventilation for printing fumes, and inadequate safety clearances around equipment from lack of space. The existing facility cannot be renovated due to the excessive cost to bring the electrical and mechanical systems up to current building codes. Energy savings and conservation measures will include the installation of energy efficient mechanical equipment, lighting and plumbing fixtures and the day-lighting advantages from an open floor plan and numerous windows. The agency reports the total projected cost of this project is \$710,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is July 2012 and for completion of construction is August 2013.
- (h) Summary 2-2012: JBRC Item 8. State Board for Technical and Comprehensive Education
Project: 6027, Spartanburg - Downtown Campus Renovation
Funding Source: \$5,440,601 Other, College Plant funds, which are derived from four funding sources including a portion of a \$158 student capital fee and \$2.9 million in private donations; \$3,550,000 Other, Spartanburg County funds; and \$1,500,000 Other, City of Spartanburg funds.
Request: Increase budget to \$10,490,601 (add \$10,363,101 - \$5,313,101 Other, College Plant, \$3,550,000 Other, Spartanburg County and \$1,500,000 Other, City of Spartanburg funds) to renovate the recently acquired Evans Building for Spartanburg Community College. The project was established in December 2010 for pre-design work which is now complete. The renovation will include reconfiguring spaces to create classrooms, science labs and offices, adding restrooms, installing fire protection, renovating the mechanical and electrical systems, and installing new finishes. The project is a City, County, College and citizen effort to provide educational and job skill development programs convenient to city residents and to assist in the City's redevelopment efforts by

providing a modern educational facility in a historically significant 89 year-old building, last renovated in 1980. The renovation will be constructed to LEED Silver certification and include sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality measures. The LEED cost benefit analysis shows a positive cost benefit of \$231,458 over 30 years. The agency reports the total projected cost of this project is \$10,490,601 and additional annual operating costs ranging from \$340,000 to \$375,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2012 and for completion of construction is March 2013. (See Attachment 2 of this agenda item for additional annual operating costs.)

- (i) Summary 2-2012: JBRC Item 9. Office of the Adjutant General
Project: 9751, Allendale Readiness Center Expansion
Funding Source: \$4,462,755 Federal funds, which are appropriated through the Federal National Guard Bureau and \$1,500,000 Other, Allendale County funds, which are funds approved by Allendale County Council.
Request: Increase budget to \$5,962,755 (add \$5,584,585 - \$4,084,585 Federal and \$1,500,000 Other, Allendale County funds) to expand the Allendale Readiness Center for the National Guard. The project was established in December 2009 for pre-design work and increased in June 2010 to continue design, which is now complete. The expansion of the center will include constructing a 12,630 square foot addition and renovating 6,066 existing square feet to meet the needs of the National Guard's Quarter Master unit and Allendale County's emergency units which will share the facility. The unit has a deficit of more than 13,000 square feet in the existing facility, which lacks adequate classroom, simulations, kitchen, administrative and other spaces that impact the unit's readiness, recruiting and retention. The expansion will be constructed to LEED Silver certification and include sustainable sites, water efficiency, energy and atmosphere, and materials and resources measures. The LEED cost benefit analysis shows a positive cost benefit of \$712,130 over 30 years. The agency reports the total projected cost of this project is \$5,962,755 and additional annual operating costs ranging from \$12,000 to \$13,230 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is September 2012 and for completion of construction is May 2014. (See Attachment 3 of this agenda item for additional annual operating costs.)

Increase Budget

- (j) Summary 2-2012: JBRC Item 10. University of South Carolina
Project: 6069, Darla Moore School of Business Construction
Funding Source: \$15,000,000 State Institution Bonds; \$65,000,000 Revenue Bonds; \$16,350,000 Other, Private funds from a Donor Trust administered by the USC

Educational Foundation; \$8,650,000 Other, Gift of A&E Services; and \$1,500,000 Other, Institutional funds.

Request: Increase budget to \$106,500,000 (add \$15,000,000 Other, Private funds) to revise the scope for construction of the Darla Moore School of Business for USC. The pre-design project was established in December 2009 and the full design and construction budget was approved in December 2010. Additional needs have been identified during the design process that have led to a revised project budget. The proposed budget increase will fund fundamental design modifications that will support programmatic and facility presentation needs, including modifications to the street level floor plan, the addition of a conference center and an increase to the building's food service program. Interior ceiling heights will also be raised and additional natural light brought into the building to relieve energy requirements. The building will be constructed to at least LEED Silver certification and include sustainable sites, energy and atmosphere, indoor environmental quality and other conservation measures. The LEED cost benefit analysis shows a positive cost benefit of \$12,260,720 over 30 years. The agency reports the total projected cost of this project is \$106.5 million and additional annual operating costs from the scope revisions of \$19,575 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is February 2012 and for completion of construction is December 2013. (See Attachment 4 for additional annual operating costs.)

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

Winthrop University: Not Exceeding \$2,600,000 General Obligation State Institution Bonds, Series 2011F, of Winthrop University (Regular Session Item #2)

The Board was asked to adopt a resolution to provide for the issuance and sale of Not Exceeding \$2,600,000 General Obligation State Institution Bonds, Series 2011F, issued on behalf of Winthrop University.

The proceeds of the bonds will be used to undertake improvements to (i) address deferred maintenance and up-fit the Dacus Library at an estimated cost of \$900,000; (ii) repurpose the Dinkins Building at an estimated cost of \$450,000; (iii) enlarge Archives facilities at an estimated cost of \$500,000; and (iv) repair roofs on several campus buildings at an estimated cost of \$650,000.

Mr. Eckstrom asked whether adoption of the resolution would drive any tuition or fee increase. Eric Shytle, bond counsel for Winthrop University on this matter, stated that Winthrop

University has reported there is no tuition increase associated with this matter. He said that they have sufficient fees already pledged for this matter.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board adopted a resolution to provide for the issuance and sale of Not Exceeding \$2,600,000 General Obligation State Institution Bonds, Series 2011F, issued on behalf of Winthrop University.

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

Lander University: Approval of Housing Allowance for the President of Lander University (Regular Session Item #3)

Section 89.17 of the 2011-2012 Appropriation Act requires the approval of the Budget and Control Board for a state institution of higher learning to provide a housing allowance.

Tom Covar and Jeff Beaver with Lander University appeared before the Board on this matter. Mr. Eckstrom asked whether he was correct in his understanding that when the last renovations were done on the president's house, load bearing walls were removed and not replaced. Mr. Beaver said that there are drawings from the previous renovations showing a sun porch that was added to the left side of the house and entering from the main street. He said the old exterior wall was the load bearing wall and the drawings show that it was properly braced with intermediate columns. He said that the columns are no longer there and no one can recall when and why the columns were removed. He said there is evidence of vertical support having been removed from across the main floor. He noted that Dr. Ball has been in the residence for 10 years and the walls were removed prior to his arrival.

In further discussion, Mr. Eckstrom asked what the repair estimates are. Mr. Beaver stated that Lander University has contracted with Davis and Floyd, structural engineers from Greenwood, to provide detailed corrective action. He said that the estimate for repairs to the residence is \$301,000 of which the structural repairs are approximately \$200,000. Mr. Eckstrom also asked how the repair costs would be paid. Mr. Covar advised Mr. Eckstrom that the funds will come from their vice-president for business administration university maintenance account.

Mr. Eckstrom further asked whether now is the time to make a rather generous housing allowance to the University's president. He said given the 11.1% unemployment rate in the State

and the level of poverty in the United States, the Board should not be asked to take part in providing a lavish housing allowance for a public official who is compensated fairly generously. Mr. Eckstrom commented that this is a public policy question and not a question of whether this should be done for Dr. Ball and Lander University. In further discussion, Mr. Eckstrom asked that the Board consider the statement it is sending in comparison to housing allowances given to presidents of other colleges and universities. He noted that the housing allowances for the presidents of MUSC and Coastal Carolina University are \$40,000, but those universities are located in areas where real estate is very expensive. He noted that the communities of Orangeburg and Greenwood have more in common than the communities of Charleston and Greenwood and that the president of South Carolina State University (SCSU) is receiving a housing allowance of only \$25,000. He said the Board should work to encourage public institutions to be as sensitive as they can to the economic plight that the citizens of this State are experiencing.

Senator Leatherman responded to Mr. Eckstrom's comments by stating that the State's colleges and universities are responsive to the concerns of the citizens. He cited, as an example, the rolling back of tuition increases a couple of years ago when the need to do so was brought to their attention. He noted that information he received this year indicates all colleges and universities with the exception of one or two have stayed within the Higher Education Price Index (HEPI) guidelines. Mr. Eckstrom commented that this is a matter of degree and not whether the institutions stay within the HEPI guidelines. He said he would like to see the institutions go further by adopting an austerity program just as the State has done and not raise their tuition and fees.

Governor Haley stated that she would entertain a motion to have Lander's housing allowance request brought in line with SCSU's housing allowance for its president. Senator Leatherman reminded Governor Haley that there was a motion he made earlier that should be dealt with first before moving to another motion. Governor Haley agreed.

Mr. Loftis said that Lander University is the hub of Greenwood. He noted that the last time he was at Lander there were multiple events being held at the president's house. He asked what the function of the president's house was. Mr. Beaver said that although the president's house is the president's quarters for his living it is also an extension of the campus

administration. Mr. Beaver noted that Lander's president held over 70 events last year at the president's house. Mr. Loftis commented the housing allowance is a small price to pay for what Lander University contributes to Greenwood.

Upon a motion by Senator Leatherman, the Board approved the request from Lander University for a housing allowance for the President of Lander University in the amount of \$40,000 per year. All Board members with the exception of Mr. Eckstrom voted for the item.

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

Budget and Control Board: Personnel Matter – Appointment of Interim Director for the Second Injury Fund (Regular Session Item #4)

Section 42-7-310(a) of the South Carolina Code of Laws provides that the director of the Second Injury Fund be appointed by the Board to administer the fund. The Board was asked to appoint Steve Elliott as the interim director of the Second Injury Fund.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board appointed Steve Elliott as interim director of the Second Injury Fund.

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

Budget and Control Board: South Carolina Deferred Compensation Commission Appointment (Regular Session #5)

Members of the South Carolina Deferred Compensation Commission are appointed for three-year terms by the Board pursuant to SC Code of Laws §8-23-20. Commissioner Robert C. Toomey was last appointed in August of 2009 for three year term expiring in August of 2012. Commissioner Toomey, however, was appointed Director of the SCDAODAS by Governor Haley earlier in 2011 and has resigned from the Commission. It is necessary, therefore, for the Budget and Control Board to appoint a Commissioner to fill the unexpired term Commissioner Toomey.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board appointed Peggy Boykin as a Commissioner to the S.C. Deferred Compensation Program to fill the unexpired term (August 2012) of Commissioner Robert C. Toomey.

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

[Secretary's Note: Mr. Eckstrom introduced Dr. Jim Edwards to the Board. Mr. Eckstrom advised the Board that Dr. Edwards is a long time accounting professor at the University of South Carolina and that Dr. Edwards would be doing volunteer work for him. He said that Dr. Edwards would be attending Board meetings with him.]

Future Meeting

The Board agreed to meet at 10:00 a.m. on Thursday, November 3, 2011, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 9:35 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 3:00 p.m. on Friday, September 16, 2011.]