

## **MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING**

**September 29, 2010 -- 2:00 P. M.**

The Budget and Control Board (Board) met at 2:00 p.m. on Wednesday, September 29, 2010, in the Governor's conference room in the Wade Hampton Office Building, with the following members in attendance:

Governor Mark Sanford, Chairman;  
Mr. Converse A. Chellis, III, State Treasurer;  
Mr. Richard Eckstrom, Comptroller General;  
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and  
Representative Daniel T. Cooper, Chairman, Ways and Means Committee.

Also attending were Budget and Control Board Executive Director Frank Fusco; Chief of Staff William E. Gunn and Division Directors Dianne Poston and Rich Roberson; General Counsel Edwin E. Evans; Governor's Deputy Chief Counsel Brandon Gaskins; Deputy State Treasurer Frank Rainwater; 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.

[Secretary's Note: The Board met immediately following a meeting of the State Educational Facilities Authority for Private, Nonprofit Institutions of Higher Learning, the members of which are the Budget and Control Board members, *ex officio*.]

### ***Speaker Harrell's Comments on the Retirement System Investment Commission***

Rep. Robert Harrell, Speaker of the South Carolina House of Representatives, appeared before the Board with regard to the Retirement System Investment Commission. Mr. Harrell informed the Board that he has concerns with the investment proposal that has been proposed by the Investment Commission. He said that the idea of having a local fund and having the ability to invest in South Carolina businesses is a good idea. He said his concern over the current, pending proposal is that the process is moving too fast and that the process needs to slow down dramatically. He urged the Board to ask the Investment Commission to slow down. Mr. Harrell said that he is aware that Governor Sanford has written to the Investment Commission asking them to slow down and that he has had his legal counsel to ask them to slow down. He said he was disappointed that did not happen. He said he is not particularly opposed to where the

Investment Commission is headed, but wanted to make sure the process has thorough public scrutiny and thorough scrutiny by the State's leadership. He said that the concept of setting aside 25% of the investment money in one area may or may not be a good idea, but it should be thoroughly and heavily scrutinized by the leadership of the State and be very transparent to the public.

***Adoption of Agenda for Budget and Control Board***

Mr. Fusco advised the Board there was a request to add an item to the regular session agenda concerning a motion related to all permanent improvement projects for all public colleges and universities. Senator Leatherman advised the Board members that he was introducing the motion because of the need to get a handle on tuition increases. He said that some of the institutions have increased tuition as much as 15% and that it is time to slow down and look at tuition increases. Mr. Fusco published the motion as follows:

All permanent improvement projects for all public colleges and universities, technical colleges and community colleges whose tuition and required fees for full-time in-state students increased greater than 7.3% from academic year 2009-10 to academic year 2010-11 shall be placed on hold until such time the institution certifies to the Executive Director of the Budget and Control Board the intent of the institution to lower their tuition and required fee increases to a level at or below 7.3% before the beginning of the spring semester of 2011.

Any deferred maintenance and/or improvements for health and life safety are exempted from this motion.

The Board adopted the agenda after amending the proposed agenda to add an item concerning higher education permanent improvement projects and the lowering of tuition and fees.

***Minutes of Previous Meeting***

Upon a motion by Mr. Chellis, seconded by Mr. Eckstrom, the Board approved the minutes of the June 30, 2010, and August 12, 2010, Budget and Control Board meetings; acting as the Educational Facilities Authority For Private, Nonprofit Institutions of Higher Learning,

**Minutes of Budget and Control Board Meeting  
September 29, 2010 -- Page 3**

approved the minutes of the June 30, 2010, Authority meeting; and acting as the Education Assistance Authority, approved the minutes of the August 12, 2010, Authority meeting.

***Blue Agenda***

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

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

The Board approved the following notification of the assignment of bond counsel for conduit issues (for ratification of issuer's counsel only) and special assignment of bond counsel as requested by the State Treasurer:

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

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$5,000,000 SC JEDA	Supermetal Holdings USA, Inc.	Nexsen Pruet	McGuire Woods
\$3,300,000 SC JEDA	Goodwill Industries of Middle Georgia – Aiken Facility	Pressley Burton & Collier	Haynsworth Sinkler Boyd
\$23,000,000 SC JEDA	The Porter Academy	Howell Linkous & Nettles	Parker Poe
\$2,500,000 SC JEDA	High Purity Standards, Inc.	Haynsworth Sinkler Boyd	Howell Linkous & Nettles
\$3,500,000 SC JEDA	Charleston Collegiate School	Howell Linkous & Nettles	Pope Zeigler
\$30,000,000 SC JEDA	Wofford College	Haynsworth Sinkler Boyd	Nexsen Pruet
\$26,000,000 SC JEDA	Virginia College of Osteopathic Med	Haynsworth Sinkler Boyd	Nexsen Pruet

**SPECIAL ASSIGNMENT OF BOND COUNSEL:**

Description of Issue	Agency/Institution	Approved Bond Counsel
SRF Loans to Local Governments	Office of Local Government	Nexsen Pruet

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

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 -- Page 4**

---

***Division of General Services: Easements (Blue Agenda Item #2)***

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

- (a) County Location: Charleston  
From: Budget and Control Board  
To: James Island Public Service District  
Consideration: \$810  
Description/Purpose: To grant a 1.55 acre easement for the relocation, construction, installation, operation and maintenance of a 12" force main across the Folly Creek.
  
- (b) County Location: Georgetown  
From: Budget and Control Board  
To: Georgetown County Water and Sewer District  
Consideration: \$738  
Description/Purpose: To grant a 1.19 acre easement for the installation, operation and maintenance of an 8" force main with discharge of treated effluent to the Waccamaw River.

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

- (c) County Location: Horry  
From: Department of Natural Resources  
To: Horry County  
Consideration: Road improvements and conservation and public use amenities to state property.  
Description/Purpose: To grant a right-of-way easement over land of the Lewis Ocean Bay Heritage Preserve for the purpose of performing road improvements to a dirt road known as International Drive and maintaining the road for public use. As consideration, the County is to construct and maintain amenities (i.e., drop gates, signage, fencing and animal passageways) within the right-of-way and along other portions of International Drive.
  
- (d) County Location: Charleston  
From: Medical University of South Carolina  
To: Charleston Water System

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 -- Page 5**

---

Consideration: \$5  
Description/Purpose: To approve the grant of an easement for the purpose of performing work associated with the relocation of an existing meter vault and installation of a new meter vault that serves MUSC's Wellness Center as part of RoadWise Bee Street/Courtenay Drive Improvement Project.

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

***Division of General Services: Real Property Transactions (Blue Agenda Item #3)***

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

- (a) **Agency:** **Budget and Control Board** (Forestry Commission)  
Acreage: 29± acres  
Location: North of Campbell Crossroads  
County: Chesterfield  
Purpose: To convey a 29-acre tract of land in exchange for a 43-acre tract owned by the Lewis Group, LLC to eliminate an in holding within the Sandhills State Forest.  
Price/Transferred To: Equal value exchange of \$68,000 / Lewis Group, LLC  
Disposition of Proceeds: N/A
- (b) **Agency:** **Budget and Control Board** (Forestry Commission)  
Acreage: 105.66± acres consisting of 12 separate parcels between 1-10 acres.  
Location: Various counties as below.  
County: Aiken, Barnwell, Clarendon, Charleston, Dillon, Horry, Lancaster (2), Marion, Pickens, Richland and Spartanburg counties.  
Purpose: To dispose of surplus fire tower properties pursuant to the Forestry Commission letter dated August 30, 2010.  
Price/Transferred To: Not less than appraised value / To be determined  
Disposition of Proceeds: To be retained by Forestry Commission pursuant to Proviso 80A.35.
- (c) **Agency:** **Budget and Control Board** (Department of Natural Resources)  
Acreage: 3.34± acres

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 -- Page 6**

---

Location: North Fraser Street (US Hwy. 701)  
County: Georgetown  
Purpose: To dispose of surplus real property.  
Price/Transferred To: Not less than appraised value / To be determined  
Disposition of Proceeds: To be divided between Budget and Control Board and Department of Natural Resources pursuant to Proviso 80A.35.

- (d) **Agency:** **Tri-County Technical College**  
Acreage: 1.16± acres  
Location: 1774 Powdersville Road in Easley  
County: Pickens  
Purpose: To sell property at Tri-County Technical College's new Easley Campus to Pickens County for road improvements at the intersection of Powdersville Road (S-28) and Cardinal Drive to allow for safe and efficient access to the College's Easley Campus.  
Price/Transferred To: \$35,960 / Pickens County  
Disposition of Proceeds: To be retained by Tri-County Technical College.
- (e) **Agency:** **Budget and Control Board (Adjutant General)**  
Acreage: 13.18± acres  
Location: 704 West Armory Road in Jefferson  
County: Chesterfield  
Purpose: To transfer a surplus National Guard Armory to a political subdivision pursuant to Joint Resolution R283, H4715.  
Price/Transferred To: N/A / Chesterfield County
- (f) **Agency:** **Department of Transportation**  
Acreage: 13.4± acres  
Location: South side of US 378  
County: Horry  
Purpose: To dispose of surplus real property.  
Price/Transferred To: Not less than appraised value / To be determined  
Disposition of Proceeds: To be retained by Department of Transportation.  
Additional Information: On March 21, 2006, the Board approved the sale of the 13.4 acre tract for not less than the appraised value of October 2005. SCDOT has recently obtained a new appraisal that represents the current market value.

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

Exhibit 3.

***Division of Insurance and Grant Services: Expenditure of \$150,000 from Barnwell Economic***

*Development Fund (Blue Agenda Item #4)*

The Barnwell Economic Development Fund (BEDF) was established in July 2000 with a \$12 million payment to Barnwell County from Connecticut and New Jersey as an incentive for South Carolina's membership in the Atlantic Compact. The law specifies that the money be used, among other purposes, for industrial recruitment and infrastructure development in Barnwell, Allendale and Bamberg Counties, and the Williston area of Aiken County. This funding request was approved by the Barnwell County Council on June 1, 2010.

In accordance with Section 48-46-60(A)(5)(a) of the South Carolina Code of Laws, the Barnwell County Council requested Board approval of \$150,000 from the BEDF toward improvements to the water system of the Town of Williston, including the construction of a new supply well, rehabilitation of existing well facilities and the replacement of several thousand feet of water mains. These improvements are necessary to support the expansion of the Crane Company's Dixie Narco facility. The Town of Williston is working with the Lower Savannah Council of Governments to secure \$1.27 million (60%) of the funding for the project from the Economic Development Administration (EDA). The Town is pursuing additional state and local grant funds, and once those avenues have been exhausted plans to issue revenue bonds to cover the remaining portion of the 40% match required by the EDA. The total cost of the project is projected to be \$2,117,000.

The Board approved disbursement from the Barnwell County Economic Development Fund of \$150,000 to Barnwell County as partial funding for water infrastructure improvements by the Town of Williston for the Dixie Narco facility as recommended by the Division of Insurance and Grant Services.

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

***Office Human Resources: Appointment of State Employee Grievance Committee Members (Blue Agenda Item #5)***

Section 8-17-340 (A) of the S.C. Code of Laws provides that members of the State Employee Grievance Committee be appointed by the Board. The Office of Human Resources recommended the reappointment of the following members for three year terms: Leesa Benggio, Virgie Chambers, Herbert Cooper, Jon Fisher, and Lynn Hutto.

Agencies submitted nominations, and the Office of Human Resources recommended the appointment of the following new members: Zina Hampton, Department of Mental Health; Elizabeth Hill, Department of Juvenile Justice; Rovilma Kelly, Department of Insurance; and Rita Teal, South Carolina State University. Ms. Hill, Ms. Kelly, and Ms. Teal will serve three year terms. Ms. Hampton will serve the remaining two years of a resignee's uncompleted term.

The Board approved the following appointments to the State Employee Grievance Committee to be effective when training by the Office of Human Resources is completed:

Reappointment of the following members for three year terms: Leesa Benggio, Virgie Chambers, Herbert Cooper, Jon Fisher, and Lynn Hutto.

Appointment of the following new members: Zina Hampton, Department of Mental Health; Elizabeth Hill, Department of Juvenile Justice; Rovilma Kelly, Department of Insurance; and Rita Teal, South Carolina State University. Ms. Hill, Ms. Kelly, and Ms. Teal will serve three year terms. Ms. Hampton will serve the remaining two years of a resignee's uncompleted term.

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)***

Governor Sanford commented with regard to item 6.d. for the Owings Industrial Park and ZF project that Secretary of Commerce Joe Taylor and his team at the Department of Commerce are responsible for the 900 jobs the project will bring by 2015.

The Board approved the following proposals to issue revenue bonds:

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 -- Page 9**

---

- a. Issuing Authority: Georgetown County  
Amount of Issue: \$20,000,000 Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Georgetown Mill of International Paper Company  
Employment Impact: the installation of the project will assist in the retention of employment at the Georgetown Mill. The current level is approximately 630 jobs  
Project Description: to finance the acquisition, construction or renovation of property to be used in connection with the Georgetown Mill, consisting of capital improvement, including, but not limited to, any recovery zone property, pulp mill and power facilities, paper production facilities and related facilities, at the Georgetown Mill  
Bond Counsel: John J. Semeniak, McGuire Woods LLP  
(Exhibit 6)
- b. Issuing Authority: Richland County  
Amount of Issue: \$20,000,000 Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Eastover Mill of International Paper Company  
Employment Impact: the installation of the project will assist in the retention of employment at the Eastover Mill. The current level is approximately 616 jobs  
Project Description: to finance the acquisition, construction or renovation of property to be used in connection with the Eastover Mill, consisting of capital improvement, including, but not limited to, any recovery zone property, pulp mill and power facilities, paper production facilities and related facilities, at the Eastover Mill  
Bond Counsel: John J. Semeniak, McGuire Woods LLP  
(Exhibit 7)
- c. Issuing Authority: Greenville County  
Amount of Issue: Not Exceeding \$6,900,000 Special Source Revenue Refunding Bonds (\$6,900,000 refunding involved)  
Allocation Needed: -0-  
Name of Project: Greenville County Special Source Revenue Refunding Bond, Series 2010  
Employment Impact: n/a  
Project Description: refunding of all or a portion of Greenville County's outstanding (i) original principal amount \$7,805,000 Special Source Revenue Bonds (Parking Facilities and Communications System project), Series 1996, such Series 1996 Bonds being originally issued for the purpose of financing the costs of constructing and equipping certain

parking facilities of Greenville County in downtown Greenville, and acquiring a communication system to enhance public safety services in all areas of Greenville County, (ii) original principal amount \$3,860,000 Special Source Revenue Bonds (Roads Project), Series 1998, such Series 1997 Bonds being originally issued for the purpose of financing the costs of constructing certain roads and bridges and other infrastructure, (iii) original principal amount \$3,315,000 Special Source Revenue Bonds (1998 Roads, Communications and Runway Project), Series 1998, such Series 1998 Bonds being originally issued for the purpose of financing the costs of constructing roads, bridges, the extension and improvements of the Donaldson Industrial Park's runways and taxiway, completion of the Greenville County's radio communication system and other infrastructure; and (iv) and paying certain costs of issuance of the Bond.

Bond Counsel: Bradford L. Love, Haynsworth Sinkler Boyd, P. A.  
(Exhibit 8)

- d. Issuing Authority: Laurens County  
Amount of Issue: Not Exceeding \$3,000,000 Tax-Exempt Special Source Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Owings Industrial Park and ZF  
Employment Impact: approximately 900 new, full-time jobs (approximately \$350,000,000 investment)  
Project Description: provide for purchase of land and infrastructure serving economic development project  
Bond Counsel: Ray E. Jones, Parker Poe Adams & Bernstein LLP  
(Exhibit 9)
- e. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$75,000,000 Recovery Zone Facility Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Apex Development Group LLC  
Employment Impact: 70 fulltime and 60 part time employees at each facility  
Project Description: to finance the acquisition, construction, improvement and equipping of multiple senior residential and healthcare facilities to be located within the State and to be utilized primarily for the provision of independent living, assisted living, memory care assisted living, and /or skilled nursing services, which facilities are presently anticipated to be located in Spartanburg County, Pickens County, Anderson

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 – Page 11**

---

County and Berkeley County, through the issuance by the SCJEDA of Recovery Zone Facility Revenue Bonds, in one or more series will be used to (i) defray the costs of the projects, (ii) pay capitalized interest, if any, on the bonds; (iii) funds the debt service reserve requirement, if any, with respect to the bonds; and (iv) pay certain costs of issuance with respect to the bonds, as needed

*Note:*  
Bond Counsel: April C. Lucas, Nexsen Pruet, LLC  
(Exhibit 10) *negotiated limited public offering*

- f. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: \$3,500,000 Tax-Exempt Economic Development Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Charleston Collegiate School  
Employment Impact: maintains 36 jobs  
Project Description: to refinance certain outstanding taxable loans incurred by the borrower to fund a portion of the costs of acquiring, constructing, furnishing, and equipping renovations and improvements to the borrower's primary and secondary school campus located in Charleston County, and known as Charleston Collegiate School and other related costs
- Note:*  
Bond Counsel: Sam W. Howell, IV, Howell Linkous & Nettles, LLC  
(Exhibit 11) *negotiated private sale as a private placement*
- g. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: N/E \$26,000,000 Economic Development Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Edward Via College of Osteopathic Medicine Carolinas Campus  
Employment Impact: 40 jobs within 12 months and total of 60 within 24 months  
Project Description: to design, acquire, construct, furnish and equip a new medical education campus to offer four years of osteopathic medical education opening in the fall of 2011
- Note:*  
Bond Counsel: E. Tyler Smith, Haynsworth Sinkler Boyd, P. A.  
(Exhibit 12) *private sale to a financial institution*
- h. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$3,300,000 Economic Development Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Goodwill Industries of Middle Georgia, Inc.

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 – Page 12**

---

Employment Impact: the project is expected to create approximately 10 direct jobs in the first year and an additional 10 direct jobs within the second year. The project is also expected to produce approximately 90 indirect jobs within twelve months and 150 indirect jobs within twenty-four months. The applicant provides job skills training and job placement to disadvantaged and disabled individuals who are otherwise out of work and seeking jobs.

Project Description: constructing, furnishing, and equipping a 28,000 square-foot goodwill donation drop-off, retail and job skills training center to be located at 1017 Pine Log Road, Aiken

*Note:* *negotiated private sale*

Bond Counsel: Margaret C. McGee, Pope Zeigler, LLC  
(Exhibit 13)

- i. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$2,500,000 Economic Development Revenue Bonds  
Allocation Needed: \$2,500,000  
Name of Project: HPSRE, LLC  
Employment Impact: maintenance of 12 and creation of 8 additional jobs  
Project Description: acquisition, construction, renovation, furnishing, and equipping of a facility for the manufacture of highly-accurate and pure reference material for use in quality control instrument calibration and method development

*Note:* *private placement*

Bond Counsel: Jeremy L. Cook, Haynsworth Sinkler Boyd, P. A.  
(Exhibit 14)

- j. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$30,000,000 Economic Development Revenue Bonds (\$9,000,000 refunding involved)  
Allocation Needed: -0-  
Name of Project: Medical Society of South Carolina  
Employment Impact: providing financing to defray the cost of (1) refunding the JEDA Series 2007 bonds which were issued to defray the cost of acquiring land in Berkeley County to be used in the development of future healthcare facilities by CareAlliance Health Services d/b/a Roper St. Francis Healthcare and (2) constructing the Roper St. Francis Data Center.  
Project Description: the majority of jobs will be created in connection with the development of new healthcare facilities by Roper St. Francis Healthcare. The Roper St. Francis Data Center will maintain 12 jobs and create 3 additional jobs.

*Note:* *private sale*

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 – Page 13**

---

Bond Counsel: Jeremy L. Cook, Haynsworth Sinkler Boyd, P. A.  
(Exhibit 15)

- k. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: \$23,000,000 Tax-Exempt Economic Development Revenue Bonds, (\$12,000,000 refunding involved)  
Allocation Needed: -0-  
Name of Project: Porter-Gaud School  
Employment Impact: maintains 161 jobs and create 8 new jobs  
Project Description: to finance and refinance for The Porter Academy d/b/a Porter-Gaud School, a South Carolina non-profit corporation a portion of the costs of renovations and improvements to the borrower's school campus located in Charleston County, and known as Porter-Gaud School, and the costs of acquiring pre-school facilities in Charleston County, all of which are to be used in the operation of Porter-Gaud School; and the refinancing of the issuer's outstanding Tax-Exempt Adjustable Mode Economic Development Revenue Bonds (Porter-Gaud School Project) Series 2008

*Note:* negotiated private sale with an institutional lender  
Bond Counsel: Sam W. Howell, IV, Howell Linkous & Nettles, LLC  
(Exhibit 16)

- l. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$30,000,000 Economic Development Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Wofford College  
Employment Impact: maintain 414 jobs and add 18 faculty and 14 staff in 48 months.  
Project Description: renovate 4 student residences and construct 2 new student residences, including related meeting rooms and parking facilities; energy savings improvement and miscellaneous classroom and administrative improvements

*Note:* private sale (or underwriting) to a financial institution  
Bond Counsel: Kathleen C. McKinney; Haynsworth Sinkler Boyd, P. A.  
(Exhibit 17)

- m. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: \$6,250,000 Multifamily Rental Housing Revenue Bonds,  
Allocation Needed: -0-  
Name of Project: RHA Development  
Employment Impact: n/a  
Project Description: permanent financing for the acquisition and rehabilitation

of the Pickens Garden Apartments (77-unit affordable rental housing development) and North Augusta Gardens Apartments (101-unit affordable rental housing development)

Bond Counsel: Sam W. Howell, IV, Howell Linkous & Nettles, LLC  
(Exhibit 18)

***Executive Director: (Economic Development 2010 Ceiling Allocations) (Blue Item #7)***

The initial balance of the 2010 state ceiling allocation is \$410,511,780. In accord with Code Section 1-11-520, \$164,204,712 (40% of the total) was designated as the state pool and \$246,307,068 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$405,511,780 remaining for 2010. Allocation requests for 2010 totaling \$13,500,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$2,500,000. The Department of Commerce makes the following recommendation for allocation from the local pool:

JEDA HPSRE, LLC (Charleston County) \$2,500,000.

Board approval of the recommended request will leave an unexpended state ceiling balance of \$403,011,780 (state pool - \$164,204,712; local pool - \$238,807,068) 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 allocation from the local pool:

JEDA HPSRE, LLC (Charleston County) \$2,500,000.

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

***Budget and Control Board: Hold on Permanent Improvement Projects for All Four Year Public Colleges and Universities (Regular Session Item #1A)***

With regard to the motion that was introduced earlier, Senator Leatherman said that the 7.3% was derived from the Higher Education Price Index (HEPI) which was 5% in 2008 and 2.3% in 2009. He asked the Board to give careful consideration to the motion. Mr. Eckstrom said it is a good idea to peg the State's tuition increase with appropriate indices and that the HEPI is a measure that is probably more appropriate than the consumer price index increases. He said that there should be a differentiation between public and private institutions because this measure of tuition increases is being imposed on public institutions and not on private institutions. He said the Board must be careful not to include private institutions in the index and regional differences should be considered. He also stated that a different index should be used for the two-year institutions because they have a different set of costs with which they compete. He said that in fairness to the two-year institutions the HEPI for two-year institutions should be considered. Mr. Eckstrom further noted that the regional index for the State is lower than 7.3%.

Mr. Chellis inquired about the impact of the motion on items that have already been approved and are moving into their second or third phase. Senator Leatherman said that was the intent and it will pertain to only those institutions that exceed the final percentage determined by the Board. He said that could be for a very short period of time depending on when the boards of the affected colleges and universities meet to reduce their tuition back to the percentage the Board determines. He said that they are only being stopped until they take action to comply with the Board's directive. Mr. Chellis further commented that there are several items concerning deferred maintenance that should be considered on their own merits. He asked whether such items would be exempt. Senator Leatherman said they would if they did not exceed 7.3% for tuition increase. He said that many of the projects before the Board would not be covered by his motion.

Mike Shealy with Senator Leatherman's staff noted regular session item #5 would be deferred based on Senator Leatherman's motion. He further noted that regular session items #6 (j), (k), (l), (q), (r), (s), and (t), and regular session item #7 would be deferred pursuant to Senator Leatherman's motion. Senator Leatherman noted with regard to item 6(l) that because of MUSC's combined graduate and undergraduate tuition, if MUSC's tuition stayed below 7.3%

item 6(l) would not be covered under the motion. He stated that for those items that are covered under the motion the institutions can cure that by lowering their tuition.

Mr. Eckstrom asked whether Senator Leatherman's motion would include projects that are funded by private donations. Senator Leatherman said that is not his intent. He noted that a technical college in the low country has secured \$30 million for a nursing building that are not state dollars and he would consider that to be a different category and not covered under the motion. Mr. Eckstrom asked whether an athletic program funded with private donations would be exempt. He asked Senator Leatherman if he was willing to amend his motion to that effect. Senator Leatherman said he would be willing to amend his motion to that effect because that is his intent. Senator Leatherman asked which institution had the athletic facility to which Mr. Cooper responded that it was item 6(q) for Clemson University.

Mr. Cooper asked whether the motion was intended to capture a project like item 6(j) for Tri-County Technical College where the building is to be used as a welding facility for training "regular" people who are not college students to get jobs. Mr. Chellis commented that he has visited the College and understands their need for expansion. He asked whether there was a way to exempt this project. Senator Leatherman said he understands the need for expansion, but that sometimes colleges and universities do not pay much attention. He stated that last year he wrote all of the colleges and universities suggesting that they hold down their tuition and that did not happen. He said that this year he thought something stronger was needed to let the colleges and universities know that families are hurting and are indicating to him that they cannot afford to educate their young people. He said a message needs to be sent that there is a recession. Senator Leatherman said he believes that some of the institutions do not know there is a recession because they continue to increase tuition.

Mr. Chellis said what concerns him is that in today's economy people are looking for jobs and a lot of these projects would put people to work. He said that concerns him because this could be eliminating the possibility of people getting jobs. Senator Leatherman said the motion does not stop the colleges and universities from doing what they have planned. He said that the motion requires that come the spring semester the institutions will lower tuition back to the percentage the Board finally adopts. He said that the motion is intended to help the institutions understand that tuition cannot continue to rise at the rate that it has been rising. Mr. Chellis

stated that approving the motion would approve all the projects with the understanding that the institutions stay under 7.3%.

Mr. Eckstrom again raised the question of which index should be used. He stated that since an index is being imposed on public institutions the public institution index should be used. He further stated that he could agree with using the national index if there could be a differentiation between public and private institutions because the cost structure that any public institution faces is very different from the cost structure of private institutions. He noted that there is also a difference in cost structure for two-year public institutions and four-year public institutions. Senator Leatherman responded that what Mr. Eckstrom was saying makes sense and asked him whether he had any recommendations. Mr. Eckstrom said that the HEPI lists comparable four-year public institutions as 7.0% and two-year public institutions as 6.3%. He indicated that reflects the significant impact of the higher cost structure for private institutions and actual expected cost increases imposed on the institutions should not be altered by building in inappropriate private institution costs. Mr. Eckstrom recommended using only public indexes and break them out for four-year and two-year institutions. He noted that the public four-year institution index for tuition increase over the last two years would be 7.0% and the public two-year institution index would increase costs by 6.3%. Senator Leatherman indicated that he would welcome that as an amendment to his motion.

As a point of clarification, Mr. Fusco asked whether the motion would apply only to in-state tuition. Senator Leatherman acknowledged that was correct. Mr. Fusco summarized that the motion would not apply to private donations and would limit the tuition increase to 7.0% for four-year institutions and 6.3% for two-year institutions. Mr. Eckstrom also pointed out that the amendment states that if the institution comes back with the intent to lower next year's tuition rates to rates that would have been produced had they followed HEPI the motion would not apply. He noted that the agencies could come back at any time. Mr. Fusco commented that when the institutions certify their compliance staff will notify Board members that the institutions may proceed. Senator Leatherman said that no action is required on the part of the Board. Mr. Eckstrom said that the institutions could get clearance by certifying to Mr. Fusco that they intend to reduce their tuition.

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

the following action:

All permanent improvement projects for all four year public colleges and universities, whose undergraduate tuition and required fees for full-time in-state students increased greater than 7.0% from the spring semester of academic year 2009-10 to the fall semester of academic year 2010-11, and all two year public colleges and universities, including technical colleges and community colleges, whose undergraduate tuition and required fees for full-time in-state students increased greater than 6.3% from the spring semester of academic year 2009-10 to the fall semester of academic year 2010-11, shall be placed on hold until such time as the institution certifies to the Executive Director of the Budget and Control Board the intent of the institution to lower their tuition and required fee increases to a level at or below 7.0% or 6.3%, respectively, before the beginning of the spring semester of 2011.

This hold does not apply to projects that are created solely for deferred maintenance, nor does it apply to permanent improvements that are primarily designed to address health and life safety concerns. In addition, this hold does not apply when the permanent improvement project request is funded solely from privately donated funds.

After the vote on this matter, Governor Sanford commended Senator Leatherman for putting forth the motion.

***Retirement System Investment Commission: Briefing (Regular Session Item #1)***

Appearing before the Board on this matter was Investment Commission chairman Allen Gillespie and Investment Commission members Reynolds Williams, Travis Pritchett, and Blaine Ewing. Mr. Gillespie noted that Mr. Chellis is also a member of the Investment Commission as well and that Bob Borden, the Investment Commission's Chief Investment Officer (CIO), was present also.

Mr. Gillespie noted that the Investment Commission (Commission) has received a lot of feedback recently as it relates to certain actions taken by the Commission. He said that one ties into executive compensation for the CIO's compensation. He said that the CIO's compensation is not tied to whether the proposal and plan moves forward or not. He said the Commission's

enabling legislation gives them wide latitude in setting the compensation for staff. He said that they have always set that compensation openly after consideration of candidates and marketing compensation data and will continue to do so in the future. Governor Sanford asked Mr. Gillespie if what he is saying is that the opinion of the Board has no impact on what the Commission decides to do on compensation and structure. Mr. Gillespie said that is not what he said. He stated that there have been implications that the Commission was trying to do something in secret and behind the scenes. He said the Commission is absolutely committed to complete and open transparency as it relates to all compensation issues.

Senator Leatherman commented that he had the same question as Governor Sanford. He said he questions whether Mr. Gillespie believes he does not have to come to the Board for help to decide what to pay someone. Mr. Gillespie stated that is not what he said. Senator Leatherman asked Mr. Gillespie whether that was done. Mr. Gillespie said that was not done when they initially set compensation for the CIO. Senator Leatherman asked whether the Commission would come to the Board in the future to set compensation or would the Commission work on its own. Mr. Gillespie said that the Commission submits a proposed budget that comes through the budget process and one of the items is personnel compensation that contains a breakdown of “who it is” and “where it is”. He said the Commission does not approve its budget, but they submit a budget to be approved.

Governor Sanford noted a letter dated September 28, 2010, from the Commission in response to his chief of staff’s request for information concerning the transparency issue in question. He said there is talk about transparency but when there is a request for information a lawyerly letter is received in response saying that the Commission is not sure whether it is going to provide the information. He said Mr. Gillespie is saying something different than the letter he received from the Commission on September 28<sup>th</sup>. He noted that going back to the case of *Rose v. Beasley* it has been the executive branch’s prerogative to gather information from other areas of the executive branch. Mr. Gillespie responded that the Commission gets responses from counsel from other offices and they do not have retained counsel. He said it would be imprudent for him to potentially put others at risk who are acting in a voluntary capacity without full knowledge of the facts and circumstances as advised by counsel. Governor Sanford noted that his office has been asking for the information for two weeks and only gets a response from the

Commission the day before the Board meeting stating why the information cannot be provided.

In further discussion, Mr. Gillespie said that the second issue he wanted to point out is the general impression that the actions that have been considered have been rushed and hurried as relates to Governor Sanford's letter and Mr. Cooper's letter that the Commission slow down and allow people the chance to ask questions and better understand the details. He stated that the Commission does not believe their actions have been rushed or hurried. He commented that he appreciates the failures in communication from the Commission back to other interested parties. Governor Sanford said that there is not a failure to communicate, but rather, the letter says the Commission is not going to provide the information. Mr. Gillespie said that there is an implication of intent that Governor Sanford said the Commission does not want to provide the information. Mr. Gillespie said that is not the issue. Governor Sanford pointed out that the Commission's letter references being guarded by the attorney-client privilege. He stated that as a member of the executive branch, with regard to the Board's fiduciary responsibility to gather information to be ready for a meeting like this Board meeting, the Commission does not have attorney-client privilege.

Mr. Reynolds stated that Governor Sanford's staff requested a legal opinion and the Commission considered the request and furnished the legal opinion. He stated that the supplementary request was for drafts of earlier legal opinions and any communications that the Commission had with its lawyers. He said he asked legal counsel to tell the Commission whether partially releasing privileged and confidential legal advice waives the privilege forever. He noted that he is aware of a case in another state where the governor's counsel attended a meeting of that state's board of education and after the board of education was sued the court ruled that the board of education had waived attorney client privilege on that matter forever. Mr. Reynolds said that there is nothing in the information requested by Governor Sanford that he minds the Board seeing. Governor Sanford asked whether the Board could see the information after the meeting. Mr. Reynolds said that could not happen right after the meeting because the Commission would have to vote on whether to release the information.

Governor Sanford further commented that one of the reasons Mr. Harrell spoke up is because the issue of transparency in terms of a hypothetical new entity has raised a lot of questions. He noted that the reason for that is because some of this has not been as transparent as

the Board will need for it to be in responding to stakeholders and the constituents they represent. Senator Leatherman commented that if making the information public is the issue that can be solved by the Board going into executive session and receiving the information. Mr. Reynolds said that “attorney-client privilege” is the issue. He said that the Board is not the client and that they need advice on the subject matter. He said that he does not believe that neither he nor Mr. Gillespie have the power to release the information without the Commission voting to release the information. Governor Sanford said that the principle the Board is struggling with is that there are billions of dollars of public money involved in this case and the taxpayers and retirees of the State expect absolute transparency as to the process. He said he understands what is being said about the attorney-client privilege, but there are retirees who do not understand what the new fund is all about, how it got started, or who started it.

Mr. Eckstrom commented that if the Commission was going to invest in a private company it would receive the details that underlie that private company before making the investment. He said the Commission would ask for a prospectus or an offering circular that would identify some of the risks involved, the management team, the legal structure, and the use of proceeds through a public offering. He said the Board is asking for nothing more than any prudent investor would receive in connection with making an informed investment decision. He said that is all the Board is asking for and noted that he has great confidence in the Commission. He noted that the Board does not have the investment fiduciary duties that the Commission members do, but that the Board members are trustees for the Retirement System portfolio investment plan and that they should be given basic information before a change of this magnitude is imposed on the Retirement System. He said he does not envision the Board overriding any of the Commission’s decisions, but he does not see how the Board’s duties as trustees can be discharged without knowing what the plan entails.

Senator Leatherman commented that he appreciates the work the commissioners have done. However, he commented that he does not know enough about the proposed plan to give it his blessings. He said that he only received documents on Monday of this week and that he is not willing to let the Commission go forward until he understands and feels comfortable with what the Commission wants to do. Mr. Gillespie said that the Commission understands the sentiments of the Board and the public as well.

Governor Sanford inquired of Mr. Gillespie where things stood with the Commission on this matter. Mr. Gillespie said that the Commission is due to reconvene at a date to be determined and that in the interim he and Mr. Borden would be meeting with the Board members individually. He said that Dr. Pritchett has asked that they attend a retiree meeting as well. He said that the Commission is due to reconvene to discuss the business that took place at the Board meeting. Governor Sanford asked what does that mean. He said he will give a report to the Commission and each commissioner will consider it. Governor Sanford asked whether the Commission would act unilaterally despite the opinions that have been expressed by the Board members on this issue. Mr. Gillespie said that he did not think that the Commission would do that. Governor Sanford asked Mr. Gillespie whether he believed the Commission can act unilaterally to which Mr. Gillespie replied that he believed the Commission can do so, but does not think that it will do so.

Senator Leatherman asked Mr. Gillespie what the Commission planned to do when it convenes. Mr. Gillespie said that he will share with the Commission members the sentiments of the Board and board of trustees and will speak to the Commission members about what is a reasonable communication plan and program as it relates to these issues. Mr. Reynolds said that his suggestion is to schedule a meeting for two weeks in the future and invite the Board and its staff. He said that by then he is sure they will have resolved the attorney client-privilege issue.

Mr. Chellis commented that as a commissioner and a member of the Board he has a dual position. He said that he has had the chance to sit through all of the sessions that have been talked about. He said that some of the misconceptions with regard to “Newco” are because the proposal has been fluid and there have been changes since day one. He said that when the Commission voted on the proposal he made some very specific requests to have the matter in black and white. He said there are several items that need to be put in a prospectus. Mr. Gillespie asked Mr. Chellis whether he saw a prospectus for the real estate deals that got approved at their meeting the past week. Mr. Chellis said they went out and saw the information at the sites. Governor Sanford said that Mr. Chellis’ point is that there would be a long earnings track record with regard to those funds that would warrant some level of comfort based on a five, ten, or twenty year track record. He said what Mr. Chellis is talking about is that Newco has a zero track record. Mr. Eckstrom said that the risk that is presented by this proposal is an entirely

different risk profile than Mr. Chellis may have been considering with respect to a real estate investment.

Senator Leatherman informed Mr. Gillespie that he resents the fact that Mr. Gillespie tried to put Mr. Chellis on the spot by asking him whether he saw a prospectus on the real estate transaction. He said there is a tremendous difference between a real estate deal and what is being proposed in this case. He said what is being proposed would ultimately authorize the Commission to invest some \$7 billion or \$8 billion in the private sector. Mr. Gillespie said that money is already largely invested by other parties and it will continue to be largely invested by other parties. Senator Leatherman asked whether it would be invested by different entities than are currently used. Mr. Gillespie said that is not necessarily so. Governor Sanford commented that the money would be going into a development company or Newco which is a different entity than Apollo in New York. Mr. Gillespie said that is not correct. Governor Sanford pointed out that there would be 54 salaries of roughly \$500,000 each to be paid to the in house entity. Mr. Gillespie said that the in-house salaries are for the people to manage the company. Governor Sanford said those people would be there to manage the investments and that Senator Leatherman is correct in his assertion that that is where the money in essence is going to be made.

Mr. Eckstrom noted in further discussion that one of the problems is that there is a disagreement over some of the details. He pointed out a legal disclaimer that said that the governing law would be the law of New York and that disputes would have to be submitted to the exclusive jurisdiction of New York state. He inquired of Mr. Gillespie how was that supposed to be handled. Mr. Borden informed the Board that everything they have attempted to do has been to increase the transparency of underlying investments and the Commission's visibility and control to reduce costs and enhance returns. He said that was the driving factor. He noted that if they have done one thing wrong they have not managed the communication well. He said the reason for that was he thought there needed to be a plan in place to educate and get input on what they were thinking. He noted that he sat down with Governor Sanford earlier in the month to give him a preliminary look at this before the Commission decided what path it was going to take. He said their notion was to, in serial fashion, determine the business case and the legal implications and put together a plan and then get the stakeholder input into what they

were thinking. He said in hindsight it would have been better to run on parallel paths of developing the plan and getting more stakeholder input. He said that he deeply regrets that did not occur.

Mr. Chellis commented that the Commission has acted with arrogance when questions have come up. He noted that he had a conversation with Mr. Gillespie and they were in agreement with doing something like a prospectus or private placement. He noted that he has been asking for that from day one so the Board or whoever else would be able to look at it and make decisions about the pros and cons of the plan. He noted that the consultant Booz has a conflict in this case and he has asked for a list of things that would normally go in a prospectus. He stated that he is fed up with the way the Commission has treated this matter since day one. He noted that this started out with Mr. Borden being the CEO of the investment company. He said a lawyer was supposed to come in and tell the Commission how they could get around it. He said that raised a red flag for him. He stated that at one point Mr. Gillespie indicated a prospectus with projections that people could test would be done and two or three days later Mr. Borden's picture is seen in the New York Times with him saying that this is a done deal and that Mr. Gillespie is in charge. Mr. Chellis said that is not what Mr. Gillespie told him in their meeting the week before. He said the reason everyone is upset about this proposal is that it looks like the Commission is trying to push the proposal down their throats. Mr. Chellis said that this is probably one of the most brilliant ideas that can be done, but the problem is that the good and bad parts are not being put in black and white. He said Governor Sanford is right when he says that when investment programs are done they have a track record that can be looked at and a decision can be made. He stated that the real estate deals they looked at had some very good records. He said that when there were down turns in the economy they still made money and those are the kinds of things they want to do. He said the proposed plan does not have that and it will not have that until people are put in place. Mr. Chellis further stated that there has to be some type of idea of the persons that are put in place. He said those persons will have to decide whether they like the investment program or not. He said that he sits on both boards and he is frustrated because Mr. Gillespie is not saying anything concrete. He said that he hopes that the Commission listens and tries to do this the right way going forward.

Senator Leatherman said that he would like to see the Commission not go forward with

this proposal and get something definitive to the Board members for them to have their staffs look at it and massage it. He said he would only get comfortable with the proposal when that is done. Mr. Reynolds commented that they do not have the money or authorization to prepare additional documents to go to the next step. He said the motion he proposed takes them to the next step of creating the development company and working on the documents.

Mr. Eckstrom asked whether the Board was comfortable that the statutory authority exists for the Commission to establish a legal entity. He said that he knows the statute provides wide ranging discretion on investment opportunities, but questioned whether it provided so much discretion to allow the creation of an alter ego type corporation that can be established to stand in place of a public entity. Senator Leatherman said that he does not believe the Commission has the authority under the statute to establish a company. He said the Commission has the authority to invest as it sees fit, but the statute does not allow the Commission to set up a company in which the Commission will start investing. He said that is a hurdle the Commission has to get over.

In further discussion, Senator Leatherman said unless the Commission rescinds the act that was taken by the Commission on September 23<sup>rd</sup> it will be a note on the South Carolina Retirement System's year-end report. He said for that reason he would ask the Commission to rescind that action until they figure out what they are going to do.

Mr. Chellis made the following motion:

At the current time, we, the members of the Budget and Control Board, as Trustees of the South Carolina Retirement Systems, have serious concerns regarding the Investment Commission's plan to implement the new private markets program and create a new state-owned investment company. We respectfully request that the motion by the Investment Commission on September 23, 2010, regarding this matter be rescinded at this time. We ask that more details regarding the management structure, operating agreement, legal rights and responsibilities, pro forma, costs, investment risks, including those items typically found in a prospectus or private placement memorandum. Once these documents have been fully prepared, the Board requests that these be shared with and vetted by all interested parties, including the Budget and Control Board

as Trustees of the Retirement System, the General Assembly, Attorney General, and members of the State Retirement System.

Senator Leatherman seconded the motion. Mr. Eckstrom asked that the phrase “and business” be added after “pro forma, costs, investment”. Mr. Chellis withdrew his motion to make a new motion to include Mr. Eckstrom’s requested language.

Prior to the vote Mr. Ewing said that although the Commission took a vote they also, at Mr. Chellis’ insistence, voted that nothing would be final until after the Commission had a chance to talk with the Board about this matter. He said the vote is not finalized and is predicated upon meeting with the Board. Senator Leatherman said whether the vote is final or not the action would have to be noted in the Retirement System’s year-end report. Mr. Ewing said that Senator Leatherman was correct, but he wanted to let Senator Leatherman know that the vote was not final. Senator Leatherman asked whether all of the four Commissioners present at the Board meeting agree that the vote was not final. Mr. Gillespie said that is correct.

Mr. Eckstrom asked what the next step would be once the motion is passed. He said the motion does not make clear that there is no authority for the Commission to proceed. Mr. Chellis stated that by going to the private placement or prospectus will answer the question whether the Commission has authority to proceed. He said that is part of the full disclosure of a private placement memo. Mr. Eckstrom asked if it is concluded that the Commission does not have the authority to proceed what is the impact of the motion. Mr. Chellis said that he thinks that it is open-ended. Senator Leatherman said that he thinks one would want to leave it open-ended. He said he does not want to give them the authority they claim they have to move forward with something that will have such a profound effect on the Retirement System without the Board being comfortable and agreeing to it. Mr. Eckstrom said that the motion should incorporate some of the language from Governor Sanford’s letter to the Commission to allow elected officials including members of the Board to perform due diligence on the proposal before any action is taken. He said that will at least drive the Commission back to the Board. Mr. Chellis asked whether adding “before any action is taken” at the end of the motion be sufficient. Senator Leatherman said “before any action is taken” would allow the

Commission to take the action once they submit it to the Board. He said that he is not interested in that. Mr. Eckstrom said that the phrase “perform due diligence” implies it is something the Board would vote to proceed with. Mr. Borden commented that the project will not proceed without the amount of underwriting resources and costs that it requires. He said the Commission is confined within its current budgetary restrictions on what can be done. He said that the Commission will not go much further until its budgetary allocations are adjusted. He noted the Commission will have to come back to the Board for a budgetary amendment. He said the Commission does not have the resources or authority to spend the money to underwrite the plan properly. Mr. Borden said that for all practical purposes the Commission is stopped from moving forward. Senator Leatherman asked Mr. Borden whether the Commission came to the Board to get the authority to spend the \$15 million. Mr. Borden said that was an investment transaction not an expense out of the Commission’s budget. He said that is why the Commission did it in that fashion. Senator Leatherman said that raises a red flag as to what authority the Commission had to move the \$15 million. Governor Sanford commented that the Commission apparently has not yet done that. Mr. Borden said the Commission has not done that yet, but that all private investments that the Commission has to date have many charges that are paid out of those private equity funds. Mr. Chellis added that \$15 million is being invested that could possibly return cost savings of over a half billion dollars over the next ten years. He said as part of the due diligence process the Board needs to look at what the \$15 million will be invested in. Mr. Chellis suggested adding to the motion that consent by the Board be given before any action is taken. The amended motion was as follows:

At the current time, we, the members of the Budget and Control Board, as Trustees of the South Carolina Retirement Systems, have serious concerns regarding the Investment Commission’s plan to implement the new private markets program and create a new state-owned investment company. We respectfully request that the motion by the Investment Commission on September 23, 2010, regarding this matter be rescinded at this time. We ask that more details regarding the management structure, operating agreement, legal rights and

responsibilities, pro forma, costs, investment and business risks, including those items typically found in a prospectus or private placement memorandum, and other issues be fully developed and documented. Once these documents have been fully prepared, the Board requests that these be shared with and vetted by all interested parties, including the Budget and Control Board as Trustees of the Retirement System, the General Assembly, Attorney General, and members of the State Retirement System and that consent is given by the Budget and Control Board as Trustees for the Retirement System before any action is taken by the Investment Commission.

Upon a motion by Mr. Chellis, seconded by Senator Leatherman, the Board, as Trustees of the South Carolina Retirement Systems, expressed serious concerns regarding the Investment Commission's plan to implement the new private markets program and create a new state-owned investment company. The Board requested that the action by the Investment Commission on September 23, 2010, regarding this matter be rescinded at this time. The Board asked that more details regarding the management structure, operating agreement, legal rights and responsibilities, pro forma, costs, investment and business risks, including those items typically found in a prospectus or private placement memorandum, be fully developed and documented. The Board requested that once these documents have been fully prepared that they be shared with and vetted by all interested parties, including the Board as Trustees of the Retirement System, the General Assembly, Attorney General, and members of the State Retirement System and that consent is given by the Board as Trustees for the Retirement System before any action is taken by the Investment Commission.

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

***Division of General Services: Department of Health and Human Services Lease at 4130 Faber Place Drive in North Charleston (Regular Session Item #2)***

The Department of Health and Human Services (HHS) requested approval to continue leasing from Ashley Corporate Center, LLC (Landlord) 18,981 square feet on the 3<sup>rd</sup> floor at the Ashley Corporate Center located at 4130 Faber Place Drive in North Charleston. Landlord is a

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 – Page 29**

---

South Carolina limited liability company.

HHS currently leases the same space at a rate of \$20.82 per square foot plus annual increases in operating costs up to a five percent maximum under a lease that expires January 14, 2011. The leased space is used by HHS for its county Medicaid Eligibility and Community Long Term Care offices.

The new lease was negotiated after a solicitation for space was issued. The lease term will be seven years commencing January 15, 2011, with one optional renewal term of five years. The optional renewal term will be subject to staff review and approval by the Division of General Services. Rent will be \$27,285.19 per month or \$327,422.28 per year (\$17.25 per square foot rounded) fixed for the term of the lease. Rent for the optional renewal term is fixed at \$18.00 per square foot. Beginning at the end of the second year of the lease, HHS will be responsible for increases in annual operating expenses over the previous year up to a three percent cap. The proposed lease will save HHS \$76,220 in the first year of the lease over its current lease agreement and \$446,016 over the term. The proposed lease further avoids moving, network wiring and other costs associated with relocating HHS to a new location.

Assuming operating expenses increase at three percent per year, the maximum rent over the term of the lease is as follows:

Initial Term Maximum Rates

Year	Period	Base	Operating	Rate/SF	Rent
1	1-15-11 to 1-14-12	\$9.50	\$7.75	\$17.25	\$ 327,422.25
2	1-15-12 to 1-14-13	\$9.50	\$7.98	\$17.48	\$ 331,787.88
3	1-15-13 to 1-14-14	\$9.50	\$8.22	\$17.72	\$ 336,343.32
4	1-15-14 to 1-14-15	\$9.50	\$8.47	\$17.97	\$ 341,088.57
5	1-15-15 to 1-14-16	\$9.50	\$8.72	\$18.22	\$ 345,833.82
6	1-15-16 to 1-14-17	\$9.50	\$8.98	\$18.48	\$ 350,768.88
7	1-15-17 to 1-14-18	\$9.50	\$9.25	\$18.75	\$ 355,893.75
	Total for 7 years				\$2,389,138.47
	Average for 7 years			\$17.98	\$ 341,305.50

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 – Page 30**

Renewal Term Maximum Rates

Year	Period	Base	Operating	Rate/SF	Rent
8	1-15-18 to 1-14-19	\$10.25	\$ 9.53	\$19.78	\$ 375,444.18
9	1-15-19 to 1-14-20	\$10.25	\$ 9.81	\$20.06	\$ 380,758.86
10	1-15-20 to 1-14-21	\$10.25	\$10.11	\$20.36	\$ 386,453.16
11	1-15-21 to 1-14-22	\$10.25	\$10.41	\$20.66	\$ 392,147.46
12	1-15-22 to 1-14-23	\$10.25	\$10.72	\$20.97	\$ 398,031.57
Total for 12 years					\$4,321,973.70
Average for 12 years				\$18.98	\$ 360,164.48

Comparables of similar state agency office space leased in the North Charleston area are as follows:

Lease Date	Agency/Location	Rate
7/08	Governor's Office-Continuum of Care 7410 Northside Drive, Suite 201	\$20.16
7/07	Department of Social Services, 2420 Mall Drive	\$18.30
9/09	College of Charleston, 5300 International Boulevard	\$18.68

HHS has adequate funds for the lease according to a Budget Approval Form submitted July 16, 2010, which also includes a multi-year plan. Lease payments will be made from a combination of state appropriations, federal funding from the US Department of Health and Human Services, and from funding for the Medicaid Eligibility office from the Medical University of South Carolina. The space allocation of the new lease is 213 square feet for each of the 89 employees housed at the Ashley Corporate Center. This includes all office space, conference rooms, reception area, copy/fax area, storage, file cabinets, work areas, break room/kitchenette area, computer server room and common areas.

No option to purchase the property is included in the lease. The Ashley Corporate Center building was constructed in 1985. An environmental assessment dated June 4, 2002 revealed no environmental conditions for the site. The lease was approved by Emma Forkner, Director of HHS and Arthur H. Applegate, managing member of Ashley Corporate Center, LLC. The lease was approved by the Joint Bond Review Committee at its August 5, 2010 meeting.

Upon a motion by Senator Leatherman, seconded by Mr. Chellis, the Board approved the proposed seven year lease and optional renewal term of five years subject to the review and approval by the Division of General Services for the Department of Health and Human Services at 4130 Faber Place Drive in North Charleston.

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

***Division of General Services: Sale of State Ports Authority Real Property in Port Royal (R#3)***

The SC Code of Laws Section 54-3-700 requires certain actions concerning the State Ports Authority (SPA) and its marine terminal at Port Royal consisting of 51.6 acres of highland and 265 acres of marsh (tidelands). In addition to the cessation of marine operations, the statute directs the SPA to sell its real and personal property in Port Royal in a “manner that is financially responsible and advantageous to the State Ports Authority.” Another statutory requirement of the sale is that the property must first be “appraised and then sold at fair market value” on an “open-bid basis, and no bid may be accepted which is less than the property’s fair market value as shown by the appraisal.” Since the property was not sold by December 31, 2009, the property has been transferred to the Board for sale. The Board is vested with all of the SPA’s fiduciary duties to the SPA and SPA bondholders. The sale proceeds are to be retained by the SPA unless, upon petition by the Town of Port Royal, the Board allocates up to five percent of the funds to pay for infrastructure needs directly associated with and necessitated by the closing and sale of the terminal.

In accordance with the statute, the Port Royal properties were initially appraised for a total market value of \$21,900,000 to \$22,900,000 as of March 8, 2007. In a letter dated December 15, 2009, the appraisal was reduced to a present value because of the “current economic climate” and “current market conditions.” A discount rate of 12 percent was selected and applied for a three year period which resulted in a reduction of approximately 29 percent in the current market value of the property to \$15,589,000 to \$16,301,000. The discount in the market value of the property was “to provide developers/investors with compensation for a holding period from the time of purchase until anticipated recovery of the economy and real estate market.”

The properties were put out for bid by the SPA in 2007 and one bidder met the minimum criteria. A contract was negotiated, approved by the Board and executed by the SPA. Closing on the sale failed to occur because of the withdrawal of the lender from the transaction due to financial market conditions which were deteriorating rapidly at the time. The property was then placed with a commercial real estate broker who advertised nationally, through a website, and in December

2009 and January 2010 the broker solicited bids or proposals regarding the sale of the property in the state publication, South Carolina Business Opportunities (SCBO). The current proposed purchaser initiated discussions through the SPA's broker and negotiations were ongoing in December 2009. At its meeting on December 15, 2009, the Board authorized the SPA and its staff to serve as agents of the Board and to work with the Division of General Services to continue the effort to market the Port Royal property, effective December 31, 2009. In February 2010, a Letter of Intent for the purchase and sale of the property was executed between the SPA and the purchaser.

A contract was thereafter negotiated with the purchaser, and on May 18, 2010, the SPA approved a resolution for the sale of the Port Royal property, subject to this Board's approval, upon the following terms and conditions: The property is to be sold in two phases. The first phase includes approximately 50 percent of the property and is 29.51 acres of highlands and 47.98 acres of tidelands and will close after a specified due diligence and inspection period at a price of \$8,375,000. The closing on the remainder of the property, 21.93 acres of highlands and 217 acres of tidelands, is at the option of the purchaser and may take place up to three years from the closing of the first phase at a price of \$8,375,000 (total purchase price of \$16,750,000). A commission will be paid to the real estate broker upon the closing of phase one. If the purchaser elects not to close on phase two of the property by the third anniversary of the closing date of phase one, the purchaser will forfeit the sum of \$250,000 and no further real estate commission will be due.

By Summons and Complaint served on July 6, 2010, the SPA initiated an action against the State seeking a declaratory judgment from the court that the Authority has the sole power to transfer the (457.45) 265 acres of Tidelands to a private party as a part of the transaction for which the Board's approval is sought and “. . . declaring that the State is forever barred from any claim to ownership of the marshlands and declaring that any clouds on the marshlands associated with any claim of right of the State to ownership of the marshlands is forever removed.”

Governor Sanford said that this has been an ongoing saga for about eight years. He said that a number of different people have worked on this matter for a long time in conjunction with the Ports Authority. He noted the PUD was put together in 2006 that contemplated a development plan and now the Ports Authority is at the point of sale. He said his concern now is the sale is contemplated to be a bifurcated sale. He said that the

way the sale is to work is that the property is split in half and the piece that is on the water gets sold and the piece that is on the inside is retained with a \$250,000 option to buy. He said that he does not think it is a good idea to split the property. He said ultimately it does not serve the taxpayer or the city well to split the property. He said in the spirit of compromise he is willing to move on, but it is incumbent upon them to offer the same deal to other developers. He said that he would amend the Board action requested to read that the same proposal be offered to others in the development community. He said that 45 days should be given to allow people to respond. He said the reason this is important is that the deal that was shopped was not a contemplated split sale. Governor Sanford said that people thought they had to purchase the entire property.

Neil Robinson, attorney for the Ports Authority in the sale of the property, appeared before the Board on this matter. He acknowledged the presence of Senator Larry Grooms, chairman of the Port Oversight Committee, Rep. Shannon Erickson, whose district the property is in, Port Royal Mayor Samuel Murray, Joe Lee, a Port Royal council member, and Van Willis, the Port Royal town manager. He said that all of those persons were present at the meeting to urge the Board to act to approve the contract. Mr. Robinson acknowledged that the purchase has the potential of being a bifurcated contract. He said the purchaser has the option of doing phase I and phase II. He said that each of those properties is in excess of its appraised value. He noted that the reason that is important is that the development agreement with the town requires the significant expenditure of infrastructure that will serve phases I and II at the outset. He said before the purchaser can develop the property for sale he has to invest the estimate that was given of some \$12 million in building boardwalks that front both phases I and II, parks, and other infrastructure. He said having to do all of this makes it very difficult to do.

Governor Sanford inquired what the purchaser was asking for to pay for that infrastructure. Mr. Robinson said the purchaser is not asking for anything to pay for it because he is going to pay for it out of his development funds. Governor Sanford said that the purchaser is asking for a TIF. Mr. Robinson said that is not his understanding. Governor Sanford stated that he talked with the developer to which Mr. Robinson said that Governor Sanford knows something that he does not. Mr. Robinson said the town

has not been formally approached by the purchaser because he does not have a signed contract. He said that the purchaser has already spent a couple of hundred thousand dollars doing due diligence in order to make the proposal. He said if the proposal is accepted there is another due diligence period where the purchaser will spend hundreds of the thousands of additional dollars in order to determine whether the project is feasible. He said they are simply asking the Board to approve the beginning of a process that allows the purchaser to talk with the town about the plans for the property. He said if the town decides to entertain the proposal there has to be a PUD agreement amendment and a development agreement amendment and the Ports Authority has to approve the plan before the sale can occur. He said there are numerous opportunities for public comment such as what has already happened. He said those are the types of comments one would expect to hear when a new proposal is made, but that cannot happen until the Board approves the contract.

Governor Sanford said the contract can be approved subject to the rest of the development community to whom this was offered having the same option. Mr. Robinson said that he thinks that the purchaser would be offended given what he has already invested, especially in light of the fact that the purchaser came to the table when no one else responded. Governor Sanford said that is because a 2006 PUD agreement between the Ports Authority and the town was attached to the development deal. Mr. Robinson said that is what is currently in effect. Governor Sanford said that he has spoken directly to the developer and what he is contemplating is a very different deal. Mr. Robinson said that any developer is going to have his own ideas about what to do. He said that a plan was put in place to show something that the town would agree to in order to entice people to bid. Governor Sanford said Mr. Robinson is completely wrong on this and the reason there was such a contentious meeting this week in Port Royal is that when ten acres is taken out of a fifty acre tract a developer will offer whatever he wants to offer because he will not get to put houses on the last ten acres. He said if a different developer comes in and says he does not want to do houses but a park instead, that is a different deal and that is multiplied by the fact that the property is being split. Governor Sanford stated that what was once appraised as a \$23 million to \$26 million

piece of property is now being sold for \$8 million. He said if the property is going to be split the same deal should be offered to other developers. Mr. Robinson commented that any developer could have made any proposal they wanted to. He noted that when the property was first bid it was in three pieces, the bluff, the village, and the marina. He said this developer offered to develop the property in two pieces by doing the marina and the village. Governor Sanford said that he spoke to members of the development community and all of them thought they had to purchase the property in its entirety. Mr. Robinson said that he has the bid if Governor Sanford wanted to see it. He said that it was a three piece bid and that one could bid on any combination of pieces. He said that bid had only one respondent and it fell apart because of the financing. He said the property was put out again using worldwide marketing and they got one purchaser. He commented that the town is really hurting for some development and noted that there will be plenty of opportunity for input. Governor Sanford asked what was wrong with proceeding on this, but offer the same deal to people in the development community. Mr. Robinson stated that is not the way real estate is done. Governor Sanford said that this is not the way public process works and the possibility of political influence should be stamped out. He noted that when the former chief of staff of the former Speaker of the House just so happens to go to work for the developer who now ends up with the winning bid it raises the specter of an inside deal. Mr. Robinson said that the legislature has had nothing to do with the contract other than to mandate the sale. Governor Sanford said that he knows that, but asked is it coincidental or is there a correlation that the former chief of staff of the former Speaker of the House ends up working for the developer who ends up getting a different deal from the rest of the development community. Mr. Robinson said the deal was negotiated with the Ports Authority and not with anyone in the legislature. He said that a resolution has been passed by the Ports Authority and sent to the Board for its consideration and he urged the Board to approve it to allow the process to start.

Mr. Chellis asked Senator Grooms whether his committee agreed with the deal. Senator Grooms said that it was so important for this property to be sold that the General Assembly put it in statute and directed the Ports Authority to sell it by a date certain and

if the property was not sold it would revert to the Board for the Board to sell the property. He said the General Assembly wanted the property sold and a developer has stepped forward and offered to purchase the property. He said that everyone else has had an opportunity to bid on the property and there is now a sale on the table that needs approval by the Board and it will be sold. Senator Grooms further stated that if the developer wants changes in the development agreement he will go to the town and the town will work with the developer and develop the property the way they want to. He said he thinks the property should be sold. Mr. Chellis asked whether Senator Tom Davis was in favor of the property being sold to which Mayor Murray responded that Senator Davis is in favor of the property being sold. Rep. Erickson also indicated that she was in favor of the property being sold. Mr. Chellis commented that his understanding is that the property is to have the infrastructure put in and a portion of the property is TIFF but those discussions are still ongoing. He said those discussions will be between the town and the developer and has not been decided. He commented that in the end the property will be developed. Mr. Chellis further stated that the notion to split the property came from the Ports Authority when they were negotiating the sale of the property with the developer. He said this is now a local issue and the Board does not need to continue to be involved in the matter.

After further discussion on this item, Governor Sanford moved to proceed with the sale of the property, but allow a 30 day look for other developers to receive the same deal. Mr. Robinson said if that happens he does not think this offer will be on the table and there will not be anything to put out other than the property is on the market.

Mr. Eckstrom said that he would propose approving the transaction subject to a per acre increase in the purchase price for any acre released from public use by changes to the PUD.

Mr. Roberson pointed out that Mr. Robinson indicated that there are a couple of clarifying amendments in the contract that may or may not be consistent with the agenda item. Mr. Robinson pointed out that on page 1 under 1.1, Original Purchase of Sale, it is indicated that 51.6 acres of high ground was being sold, but that is actually 51.44 acres of high ground and 265.91 acres of marsh. He said there was a .16 acre out parcel that was

shown on the plat and the plat says 51.6 acres, but it includes that .16 out parcel. He said that is the only change that has been made and that he substituted for exhibit A the recorded plat of the property.

Mr. Fusco pointed out that Governor Sanford's motion did not get a second. The motion was seconded by Mr. Chellis. Mr. Eckstrom commented that he can appreciate Governor Sanford's concern about the bifurcation of the property. He said that it would seem somewhat of a compromise to require the developer to change his PUD to compensate the State for any benefit that inures to him as a result of those changes. Governor Sanford said he agrees and he believes in avoiding the specter of a sweetheart deal.

Senator Leatherman asked Mayor Murray what the sentiment of the town was for the sale of the property. Mayor Murray said that a citizen plan was developed in 2004, but that was later changed to reflect the current plan. Senator Leatherman asked why the plan was changed. Mayor Murray said the park was added and negotiations were ongoing with the Ports Authority and time was running out to get something done. He said they have been dealing with this since 2003 and that a lot of businesses have been depending on the redevelopment of this property. Mayor Murray said a lot of businesses have gone out of business because they could not afford to stick around all this time and that several business are hanging on by a shoestring hoping that this deal will go through. He said that if there are any changes that are made to the plan there is an approval process that has to go before town council.

In reply to a follow up question from Senator Leatherman, Mayor Murray said there is a mixture of opinions from the citizens as to what should be done. He said that at a meeting they had earlier in the week there were concerns about the park going away and that everyone in the town wants to have a park. He noted that there may be a question of the size of the park, but the park is not going away. Senator Leatherman asked whether the citizens wanted the Board to approve the sale or not. Mayor Murray said that the citizens want the Board to approve the sale. A resident from the town of Port Royal stated that 75% to 85% of the citizens want the sale to go through and that the issue is what size the park will be. He said they need for the property to be sold to start

rejuvenating the economic viability of downtown Port Royal.

Senator Leatherman further asked whether anyone was present from the town who is opposed to the sale. Mayor Murray said there were none present. Governor Sanford said that it is the terms of the contract that people are opposed to and there were a lot of people standing up at the town meeting. He said the citizens have not seen the contract, but are aware that the property is going to be split.

The Board had further discussion concerning Senator Davis' comments at the town meeting regarding the legal implications of the two-phased deal so that the appraised value was not jeopardized. Rep. Erickson noted that Senator Davis cautioned them to keep the appraised value at the appropriate levels going through the process so that they do not endanger the situation that hinges on that value.

Governor Sanford asked for a vote on his earlier motion to amend the requested Board action. Only Governor Sanford voted for the motion. All other Board members voted against the motion.

Mr. Eckstrom asked for a vote on his earlier motion to approve the transaction subject to a per acre increase in the purchase price for any acre released from public use by changes to the PUD. There was no second to Mr. Eckstrom's motion.

Upon a motion by Mr. Chellis, seconded by Senator Leatherman, the Board approved the contract for sale of the Port Royal property as negotiated by the State Ports Authority. Mr. Chellis, Senator Leatherman, and Mr. Cooper voted for the motion. Governor Sanford and Mr. Eckstrom voted against the motion.

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

***Office of State Budget: Real Property Acquisitions (Regular Session Item #4)***

Upon a motion by Senator Leatherman, seconded by Mr. Chellis, the Board approved the following real property acquisitions as recommended by the Office of State Budget:

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 -- Page 39**

---

- (a)     **Agency:**                                 **Francis Marion University**  
Acreage:   3.11± acres  
Location:    Adjacent to Francis Marion University and US Highway 301/76  
  
County:    Florence County  
Purpose:   To expand the parcel for construction of a new athletic complex.  
  
Appraised Value:                                 N/A  
Price/Seller:                                        Donation / Francis Marion University Foundation  
Source of Funds:                                 N/A  
Project Number:                                 H18-9560  
Environmental Study:                             Approved  
Building Condition Assessment:             N/A  
Additional Annual Op Cost/SOF:             No additional annual operating costs will result from this donation. The university will construct new athletic complex on this and other donated property for \$11.3 million, funded with athletic revenue bonds and private donations.  
  
Current Year Property Tax:                    N/A - Exempt  
Approved By:                                      CHE on 6/16/10; JBRC on 8/5/10
- (b)     **Agency:**                                 **Florence-Darlington Technical College**  
Acreage:   16± acres  
Location:    At the intersection of Palmetto Road and US Highway 52 in Darlington.  
  
County:    Darlington County  
Purpose:   To provide for a joint use program facility to be constructed by the National Guard.  
  
Appraised Value:                                 \$163,000  
Price/Seller:                                        \$158,035 / Florence-Darlington Technical College Educational Foundation.  
  
Source of Funds:                                 Other, Local  
Project Number:                                 H59-6017  
Environmental Study:                             Approved  
Building Condition Assessment:             N/A  
Additional Annual Op Cost/SOF:             No additional annual operating costs will result from the acquisition.  
Current Year Property Tax:                    N/A - Exempt  
Approved By:                                      CHE on 5/27/10; JBRC on 8/5/10
- (c)     **Agency:**                                 **Forestry Commission**  
Acreage:   43.5± acres to be accepted by the Forestry

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 -- Page 40**

---

Location:	Commission in exchange for 29± acres of Forestry Commission land in an equal value exchange. At Campbell Crossroads in Patrick
County:	Chesterfield County
Purpose:	To eliminate an in-holding in the Sandhills State Forest and provide a buffer area for two clusters of the endangered red cockaded woodpeckers located near the property.
Appraised Value:	\$68,000
Price/Seller:	Equal Value Exchange / Lewis Group, LLC, Chesterfield, SC
Source of Funds:	N/A
Project Number:	P12-9596
Environmental Study:	Approved
Building Condition	N/A
Assessment:	
Additional Annual Op Cost/SOF:	No additional annual operating costs will result from the exchange. The Forestry Commission will plant pines on the property at an estimated cost of \$3,000, to be paid from revenue generated at Sandhills State Forest.
Current Year Property Tax:	\$26.92
Approved By:	JBRC on 8/5/10
Additional Information:	Title to all property held in a state agency or department name has been transferred to the State under the control of the Budget and Control Board. These properties must be titled to the State of South Carolina.
<b>(d) Agency:</b>	<b>Department of Natural Resources</b>
Acres:	20± acres
Location:	Adjacent to the Gopher Tortoise Heritage Preserve near Windsor.
County:	Aiken County
Purpose:	To satisfy the US Army Corp of Engineers wetland permits obtained by DNR to mitigate approximately 1.5 acres of wetland impacts at the Cohen Campbell Fish Hatchery in West Columbia.
Appraised Value:	\$32,000
Price/Seller:	\$32,000 / Robert C. and Laurie K. Blackmon, Williston, SC
Source of Funds:	Appropriated State
Project Number:	P24-9920
Environmental Study:	Approved
Building Condition	N/A

Assessment:	
Additional Annual Op Cost/SOF:	No additional annual operating costs will result from the acquisition.
Current Year Property Tax:	\$54
Approved By:	JBRC on 8/5/10

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

***Office of State Budget: Clemson Research University Infrastructure Project (Reg. Session #5)***

The South Carolina Centers of Economic Excellence (CoEE) Review Board has certified Clemson University for \$7 million in general obligation debt to be issued under the South Carolina Research University Infrastructure Act. The Act requires the Review Board to certify that at least 50% of the cost of each research infrastructure project is being provided by a private, federal, municipal, county or other local government source. The initial project was approved by the CoEE Board in September 2005 and the initial certification of \$3.5 million associated with the project was approved by JBRC and the Budget and Control Board in June 2007. This certification for \$7 million replaces the original certification of \$3.5 million for completion of the project. The Clemson research university infrastructure project consists of the following aspects that were recertified by the Review Board for funding or as part of the required match. The total project cost is \$19,102,867.

In support of the Innovative Biomedicine and Bioengineering Project:

- 1) the upfit of 29,135 square feet of unfinished leased space on the Greenville Hospital Patewood Campus to be occupied by 50 researchers in the areas of bioengineering, biological sciences, biochemistry and genetics, chemistry, materials science and engineering, mechanical engineering, business and management, and nursing, to be funded with state Research University Infrastructure Bonds in the amount of \$5,887,000;
- 2) the purchase of various types of equipment for use in the areas noted above, to be funded with state Research University Infrastructure Bonds in the amount of \$1,113,000;
- 3) the utility costs for the Patewood facility, valued at \$2,434,229, provided by Clemson University;

- 4) the donation of the lease of 29,135 square feet of space on the Greenville Hospital Patewood Campus, valued at \$6,428,638, providing a portion of the required 50% match;
- 5) the donation of equipment and the discounted usage of equipment, valued at \$3,240,000, providing a portion of the required 50% match.

The Board was asked to consider approving the following: 1) approve Clemson's research university infrastructure project on the Greenville Hospital Patewood Campus; and 2) approve an increase to the existing permanent improvement project, H12-9878, Clemson University Translational Bioengineering Research Center Upfit, of \$3.5 million from \$3.5 million to \$7 million to be funded with Research University Infrastructure bonds. The project was approved by the Joint Bond Review Committee at its meeting on August 5, 2010.

Senator Leatherman commented that this item would be subject to the motion passed earlier concerning colleges and universities. Mr. Fusco said that it is his understanding that regular session item 5, some of regular session item 6, and regular session item 7 would fall under the motion. Senator Leatherman said that would include whatever would not comply with the motion.

In later discussion, Mr. Cooper asked whether this item falls under the motion. He noted that half of the funding is a private match. Mr. Fusco said as it was presented this item came under the motion. Mr. Chellis commented that he thought the item was an exception. Senator Leatherman said that it was general obligation bond money.

Upon a motion by Senator Leatherman, seconded by Mr. Cooper, the Board approved Clemson University's research university infrastructure project on the Greenville Hospital Patewood Campus and approved an increase to the permanent improvement project, H12-9878, Clemson University Translational Bioengineering Research Center Upfit, of \$3.5 million to \$7 million to be funded with Research University Infrastructure Bonds. Approval for this item is conditioned upon the institution certifying its intent to lower its full-time in-state undergraduate tuition and required fees prior to the spring semester of 2011 in accord with the Board's earlier directive in regular session item 1A above.

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

Exhibit 24.

***Office of State Budget: Permanent Improvement Projects (Regular Session Item #6)***

Governor Sanford used the addition of a cafeteria for the College of Charleston to point out how out-of-state tuition was being subsidized. Senator Leatherman commented that for years he has had concerns about the inordinate number of out-of-state students at the State's institutions of higher education. He said perhaps a cap should be considered for out-of-state enrollment. He noted that his constituents are telling him that their young people want to go to the college of their choice, but there is no room because out-of-state students are filling their slots. He said that he intends to start looking at that and do something with it.

Upon a motion by Senator Leatherman, seconded by Mr. Chellis, the Board approved the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee. Approval for items (j), (k), (l), (r), (s), and (t) is conditioned upon the institutions certifying their intent to lower their full-time in-state undergraduate tuition and required fees prior to the spring semester of 2011 in accord with the Board's earlier directive in regular session 1A above:

**Establish Project for A&E Design**

- (a) Summary 1-2011: JBRC Item 10. Budget and Control Board  
Project: 9890, Calhoun Building Emergency Generator Installation  
Request: Establish project and budget for \$9,000 (Other, Deferred Maintenance funds) to begin design work to install an emergency generator for the Calhoun Building. The building houses the Court of Appeals and critical administrative functions of the Judicial Department, including computer systems which serve the court system statewide. The proposed emergency generator will support those computer systems and related supplemental cooling required by the computer systems. It will be sized so the Wade Hampton Building can be added at a later date. Currently, no emergency generator exists to meet these needs in the event of a power outage.
  
- (b) Summary 1-2011: JBRC Item 11. Department of Disabilities and Special Needs

Project: 9842, Whitten Center Electrical Power Grid Upgrade  
Request: Establish project and budget for \$7,500 (Excess Debt Service funds) to begin design work to upgrade the high voltage electrical distribution grid at DDSN's Whitten Center in Clinton. The electrical power grid is more than 50 years old and original to the facility. The majority of power poles are in poor condition and the pole mounted transformers pose a danger of cracking and falling in the event of a high wind or storm. Failure to replace the damaged poles and transformers will result in more frequent power outages during storms and the possibility of entire grid failure. The pre-design work will include prioritizing the improvements needed for this multi-phase project.

- (c) Summary 4-2010: JBRC Item 13. Department of Education  
Project: 9511, Greenville County Bus Maintenance Facility Construction  
Request: Establish project and budget for \$16,500 (Appropriated State funds) to begin design work to construct an approximately 12,000 square foot school bus maintenance facility for the Department of Education in Greenville. The new facility will include approximately nine service bays and will be constructed on land which has been leased for fifty years from the Greenville County School District. The existing facility is 48 years old, is in poor condition, and is poorly located in an area of high growth.
- (d) Summary 1-2011: JBRC Item 2. Medical University of South Carolina  
Project: 9808, Thurmond Gazes Building Envelope/Exhaust Systems Renovations  
Request: Establish project and budget for \$105,000 (Other, Institutional Capital Project Funds) to begin design work to make building envelope and exhaust system renovations to the Thurmond Gazes Building at MUSC to improve indoor air quality. The work will include replacing the exhaust system, providing separate exhaust chases on two floors, sealing floor to floor penetrations, replacing wall flashing, and recaulking or resealing windows and other penetrations. The building lacks exterior envelope moisture resistance, which has resulted in moisture, mold and mildew in the building, and the exhaust system runs non-stop and does not have sufficient supply air to balance the system.
- (e) Summary 1-2011: JBRC Item 3. Medical University of South Carolina  
Project: 9809, Harborview Office Tower Chilled Water Risers Replacement

Request: Establish project and budget for \$15,000 (Other, Institutional Capital Project Funds) to begin design work to replace the chilled water piping risers in the Harborview Office Tower at MUSC. The chilled water risers carry chilled water throughout the building that feed the HVAC fan coil units used to cool the building. The risers are more than 30 years old and are severely corroded. One is currently leaking and all four are in danger of failing.

- (f) Summary 1-2011: JBRC Item 4. Medical University of South Carolina  
Project: 9810, Storm Eye Institute Sanitary Sewer Riser Replacement  
Request: Establish project and budget for \$8,400 (Other, Institutional Capital Project Funds) to begin design work to replace the sanitary sewer risers in the Storm Eye Institute at MUSC. The copper pipe risers collect and drain sewage from the laboratory sinks and plumbing fixtures in the 90,400 square foot facility. The risers are more than 35 years old, are corroded and leaking, and need to be replaced to prevent further damage to the building. The copper pipe risers will be replaced with a more durable, acid resistant piping.
- (g) Summary 1-2011: JBRC Item 6. Medical University of South Carolina  
Project: 9812, Basic Science Building East Side Exhaust/Emergency Power Improvements  
Request: Establish project and budget for \$41,250 (Other, Institutional Capital Project Funds) to begin design work to renovate the exhaust and emergency power systems in the east half of the Basic Science Building at MUSC. The work will include installing a new exhaust system to support planned conversion of space to research labs, a new emergency generator to support planned renovation of the east half of the building, and floor to floor supply air dampers to allow air flow control. The east half of the building does not have a lab exhaust system and the emergency generator is at its maximum capacity. Floor to floor air flow control does not exist for different types of space in the building, which is inefficient and costly and results in poor temperature and humidity control.
- (h) Summary 1-2011: JBRC Item 7. Medical University of South Carolina  
Project: 9813, Basic Science Building East Side Air Handler Replacement  
Request: Establish project and budget for \$60,000 (Other, Institutional Capital Project Funds) to begin design work to replace the air handler in the east half of the Basic Science Building at MUSC. The building was constructed in 1970 and the air handler is

original to the facility. It is beyond its useful life and does not have the capacity to support labs and classrooms. Replacement of the air handler will allow the east side of the building to be utilized for research lab and classroom space.

- (i) Summary 1-2011: JBRC Item 8. State Board for Technical and Comprehensive Education  
Project: 6021, Trident - Building 700/800 Reroofing  
Request: Establish project and budget for \$12,750 (Other, Local Institutional funds) to begin design work to replace the roof on Building 700/800 at Trident Technical College. The roof is 32 years old and leaks, causing damage to interior building finishes in the classroom and lab facility. The roof needs to be replaced before leaks cause safety and air quality issues. Numerous repairs have been made, but the roof is at the end of its intended life and continues to leak.
  
- (j) Summary 1-2011: JBRC Item 9. State Board for Technical and Comprehensive Education  
Project: 6022, Tri-County - Anderson Welding/HVAC Building Renovation  
Request: Establish project and budget for \$33,000 (Other, Local funds) to begin design work to renovate an approximately 43,008 square foot office/warehouse facility for Tri-County Technical College. The new facility will be renovated and upfitted to adapt it for educational use for the welding and HVAC programs. Over the past five years, enrollment in the welding program has more than tripled and the HVAC program has grown by 90%. To handle growing enrollment and meet current industry requirements, the programs need to relocate to a modern facility with upgraded equipment to provide the state-of-the-art training required by today's manufacturing processes. The existing facility is obsolete for current manufacturing standards, requirements and safety regulations. Moving these programs will also free up 10,000 square feet of classroom space in a second building.
  
- (k) Summary 1-2011: JBRC Item 1. Clemson University  
Project: 9891, Freeman Hall Expansion  
Request: Establish project and budget for \$97,500 (Other, Institutional Capital Project Funds) to begin design work to construct an approximately 24,000 square foot addition to Freeman Hall at Clemson. The 54,521 square foot facility was constructed in 1926 and houses the Industrial Engineering Department. The expansion will provide additional classroom and office space

and include upgrades to existing infrastructure. Additional space is needed to meet growth in the department at the undergraduate and graduate levels, the addition of a Masters degree in Industrial Engineering, and enrollment increases in the college. It is needed to continue to provide appropriate services to students, faculty, and staff and to allow the university to be nationally competitive. Space planning and a feasibility study indicate the need for approximately 24,000 square feet.

- (l) Summary 1-2011: JBRC Item 5. Medical University of South Carolina  
Project: 9811, Basic Science Building Dental Medicine Classroom/Office Renovation  
Request: Establish project and budget for \$38,250 (Other, College of Dental Medicine funds) to begin design work to renovate approximately 15,000 square feet in the Basic Science Building for the College of Dental Medicine at MUSC. Completion of the new College of Dental Medicine will free up space assigned to the college in the Basic Science Building for other dental medicine uses. The work will include constructing two large classrooms to support 75 students in former dental clinic space and renovating approximately 10,000 square feet on several floors to provide offices for dental faculty, dental departments relocating from another facility, and dental offices moving from within the building. The renovation will create more classroom space, consolidate dental faculty and staff, and result in increased efficiencies for the expanding dental medicine program.

**Establish Project for Preliminary Land Studies**

- (m) Summary 1-2011: JBRC Item 19. Coastal Carolina University  
Project: 9575, Prudential Building and Land Acquisition  
Request: Establish project and budget for \$20,000 (Other, One Cent Sales Tax funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Coastal Carolina University is considering the purchase of approximately .83 acres of land with a 5,450 square foot building, which it currently leases, and exercising the purchase option associated with the current lease. The facility is located near the front entrance of the university and provides much needed office space for the administrative Human Resources and Payroll Departments. The facility has 18 offices, lobby and reception space, workroom spaces and a conference room.
- (n) Summary 1-2011: JBRC Item 20. State Board for Technical and

Comprehensive Education

Project: 6023, Spartanburg - Downtown Campus Acquisition/Exchange

Request: Establish project and budget for \$25,000 (Other, Local College funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Spartanburg Community College is considering the acquisition of the 105,177 square foot Evans Building on 4.59 acres of land in downtown Spartanburg from Spartanburg County. The property will be used as an academic facility to draw up to 3,000 students to the college for pre-college coursework, general education courses, and a new accelerated Honors College program ultimately allowing for University Transfer. The college is considering acquiring the property from the County by exchanging the 29,895 square foot Dent Building on 2.6 acres to the County as partial consideration for the County building.

**Establish Construction Budget**

(o) Summary 1-2011: JBRC Item 15. Medical University of South Carolina

Project: 9802, Psychiatric Institute Generators, ATS and Switchgear Replacement

Request: Increase budget to \$2,550,000 (add \$2,515,000 - \$1,240,000 Other, Institutional Capital Project Fund and \$1,275,000 Other, Hospital Revenue funds) to replace electrical equipment in MUSC's Psychiatric Institute Building. The project was established in December 2008 for pre-design work which is now complete. The work will include replacing the generators, automatic transfer switches and main switchgear in the building which houses MUSC's main computer data center. The existing equipment is beyond its useful life, unreliable, under-rated for current building loads, and located in a flood zone. Replacement is needed to support the continued uninterrupted operation of the data center that serves University and Hospital Authority missions. The new equipment will be relocated out of the flood zone on a new structure elevated above 20 feet. The new equipment will be more energy efficient than the existing equipment it replaces. The agency reports the total projected cost of this project is \$2,550,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is February 2011 and for completion of construction is February 2012.

(p) Summary 1-2011: JBRC Item 17. State Board for Technical and Comprehensive Education

Project: 9996, Trident - Building 940 Roof Replacement  
Request: Increase budget to \$640,000 (add \$631,525 Other, Local Institutional funds) to replace the roof on Building 940 at Trident Technical College. The project was established in June 2009 for pre-design work which is now complete. The work will include removing the existing roof, repairing or replacing roof decking, and installing a new cool roof system, gutters and downspouts. The roof is approximately 30 years old and leaks, causing damage to interior building finishes. Numerous repairs have been made, but the roof is at the end of its intended life. The new cool roof system is highly reflective and can reduce roof surface temperatures and heat transferred into the building during the summer, thereby reducing energy costs. The agency reports the total projected cost of this project is \$640,000 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 January 2011 and for completion of construction is July 2011.

- (q) Summary 1-2011: JBRC Item 13. Clemson University  
Project: 9867, Memorial Stadium West End Zone Component II/Northwest Plaza Construction  
Request: Increase budget to \$17,304,061 (add \$1,153,000 Other, Private funds) to make additional improvements at Clemson's Memorial Stadium. The project was established in August 2006 to make improvements to the stadium's west end zone and revised in February 2010 to begin pre-design work to construct a northwest plaza, which is now complete. The additional improvements will include constructing an elevated concrete slab plaza at the main concourse level and approximately 10,876 square feet of enclosed shell spaces under the plaza for the future upfit of recruiting and support spaces. The additional improvements are needed to improve the pedestrian flow between the existing west end zone plaza and the north concourse. Energy savings and conservation measures will include the installation of energy efficient windows and lighting. The agency reports the total projected cost of these improvements is \$2.5 million and of the entire multi-phase project is \$17,304,061 and no additional annual operating costs will result from these improvements. The agency also reports the projected date for execution of the construction contract is February 2011 and for completion of construction is July 2011.

- (r) Summary 1-2011: JBRC Item 14. College of Charleston  
Project: 9642, Hungry Cougar Renovation and Expansion

Request: Increase budget to \$1,900,000 (add \$1,885,000 Other, Auxiliary funds) to renovate and expand the Hungry Cougar dining facility at the College of Charleston. The project was established in December 2009 for pre-design work which is now complete. The work will include renovating and converting spacing in the existing 5,640 square foot facility to provide an all-you-can-eat meal alternative, expanding into an adjacent covered exterior area to bring total space to 7,260 square feet, and converting an adjacent office into a 3,175 square foot sandwich shop. The work will include replacing mechanical ductwork, equipment and lighting, improving the fire alarm system and some plumbing, and installing new finishes, furniture, casework and equipment. Many residents choose the Hungry Cougar as their dining location due to its proximity to their residence halls. Currently, 50% of resident students are housed in this campus area and 59% of academic traffic is closer to the Hungry Cougar or equidistant from the main cafeteria. Energy savings and conservation measures will include installing energy efficient lighting and HVAC system and other sustainable conservation measures. The agency reports the total projected cost of this project is \$1.9 million and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is March 2011 and for completion of construction is August 2012.

(s) Summary 1-2011: JBRC Item 16. Medical University of South Carolina Project: 9807, Clinical Sciences Building Third Floor Neurosciences Renovation - Phase II

Request: Increase budget to \$2,250,000 (add \$2,220,000 Other, College of Medicine Practice Plan funds) to renovate approximately 18,800 square feet in the Clinical Sciences Building at MUSC for the Department of Neurosciences. The project was established in June 2010 for pre-design work which is now complete. The work will include reconfiguring the space, renovating the HVAC system, and installing new interior finishes, ceilings and lighting. The renovation will expand office availability for physicians and mid level practitioners, consolidate faculty of the Department of Neurosciences in one location, and increase efficiency and patient satisfaction. Energy savings and conservation measures will include energy efficient lighting, HVAC controls and water fixtures. The agency reports the total projected cost of this project is \$2,250,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for

execution of the construction contract is March 2011 and for completion of construction is November 2011.

- (t) Summary 1-2011: JBRC Item 18. State Board for Technical and Comprehensive Education  
Project: 6014, Horry-Georgetown - Conway Building 300 Replacement  
Request: Increase budget to \$12,500,000 (add \$12,312,500 - \$5,812,500 Other, One Cent Sales Tax and \$6,500,000 Other, Local College funds) to construct a 45,000 square foot building to replace Building 300 at Horry-Georgetown Technical College to house engineering, construction management and golf and sports turf management programs. The project was established in February 2010 for pre-design work, which is now complete. The work will include demolishing Building 300 and constructing a 45,000 square foot facility with classrooms, labs and faculty offices. Building 300 was constructed in the mid-1970's, is not conducive to academic instruction, cannot accept more students, and is not energy efficient. The new facility will help accommodate growth in student enrollment, which in Spring 2010 was more than 17% higher than the prior year. The facility will be constructed to LEED Silver certification and include sustainable site, water and energy efficiency, and indoor air quality measures. The agency reports the total projected cost of this project is \$12.5 million and additional annual operating costs ranging from \$103,280 to \$111,708 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is March 2011 and for completion of construction is April 2012. (See Attachment 1 for this agenda item for additional annual operating costs.)

Information relating to this matter has been retained in these files and is identified as Exhibit 25.

***Clemson University: Not Exceeding \$3,500,000 Principal Amount State General Obligation Research University Infrastructure Bonds (Regular Session Item #7)***

The Board was asked to adopt a resolution to provide for the issuance and sale of not exceeding in the aggregate \$3,500,000 Principal Amount State General Obligation Research University Infrastructure Bonds of the State of South Carolina on behalf of Clemson University.

The proceeds of the bonds will be used to defray a portion of the cost of the Clemson University Research Infrastructure project.

Mr. Fusco noted that the moratorium also applies to this item as well.

Upon a motion by Mr. Chellis, seconded by Senator Leatherman, the Board adopted a resolution to provide for the issuance and sale of not exceeding \$3,500,000 Principal Amount State General Obligation Research University Infrastructure Bonds (Clemson University). Approval for this item is conditioned upon the institution certifying its intent to lower its full-time in-state undergraduate tuition and required fees prior to the spring semester of 2011 in accord with the Board's earlier directive in regular session item 1A above.

Information relating to this matter has been retained in these files and is identified as Exhibit 26.

***State Treasurer's Office: Issuance and Sale of Not Exceeding \$145,000,000 General Obligation State Capital Improvement Refunding Bonds, Series 2010A (Regular #8)***

The Board was asked to adopt a resolution to provide for the issuance and sale of Not Exceeding \$145,000,000 General Obligation State Capital Improvement Refunding Bonds, Series 2010A, of the State of South Carolina.

Mr. Eckstrom asked what the projected savings are. Mr. Chellis said that item 8 and item 9 are refunding bonds and that one will save \$11.2 million and the other \$17.4 million.

Upon a motion by Senator Leatherman, seconded by Mr. Chellis, the Board adopted a resolution to provide for the issuance and sale of Not Exceeding \$145,000,000 General Obligation State Capital Improvement Refunding Bonds, Series 2010A, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 27.

***State Treasurer's Office: Issuance and Sale of Not Exceeding \$220,000,000 General Obligation State School Facilities Refunding Bonds, Series 2010A (Regular Session Item #9)***

The Board was asked to adopt a resolution to provide for the issuance and sale of Not Exceeding \$220,000,000 General Obligation State School Facilities Refunding Bonds, Series 2010A, of the State of South Carolina.

Upon a motion by Senator Leatherman, seconded by Mr. Chellis, the Board adopted a resolution to provide for the issuance and sale of Not Exceeding \$220,000,000 General Obligation

State School Facilities Refunding Bonds, Series 2010A, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 28.

***Future Meeting***

The Board agreed to meet at 10:00 a.m. on Tuesday, December 14, 2010, in the Governor's conference room in the Wade Hampton Building.

***Executive Session***

Upon a motion by Mr. Chellis, seconded by Senator Leatherman, the Board agreed to consider the following items, which had been published previously, in executive session, whereupon Governor Sanford declared the meeting to be in executive session:

- |                            |   |
|----------------------------|---|
| 1. Office of State Budget  | Exemption from Reporting Requirements of Proviso 89.133 |
| 2. ARRA Advisory Committee | ARRA Volume Cap Recommendations (Economic Development)  |

[Secretary's Note: Governor Sanford did not participate in the executive session. Mr. Chellis acted as chair for the remainder of the meeting.]

***Report on Matters Discussed in Executive Session***

Following the executive session, the meeting was opened, and the Board voted on the following items that had been discussed during executive session.

***(a) Office of State Budget: Exemption from Reporting Requirements of Proviso 89.133 (Executive Session Item #1)***

Upon a motion by Senator Leatherman, seconded by Mr. Cooper, the Board, granted temporary approval for the agency requests for exemption from the reporting requirements of Proviso 89.133 and directed the agencies to work with the five Board members' offices on refining the exemption request to ensure that maximum disclosure is achieved while protecting

critical information that would be detrimental to the agency. The Board will consider permanent approval of the exemption requests at a subsequent Board meeting.

**(b) *ARRA Advisory Committee: ARRA Volume Cap Recommendations (Economic Development) (Executive Session Item #2)***

The American Recovery and Reinvestment Act (ARRA) of 2009 provided or expanded authority for certain types of entities to borrow funds with favorable tax treatment in two areas: recovery zone bonds (economic development and facilities bonds) or qualified energy conservation bonds. As a result of ARRA, South Carolina was allocated \$115,041,000 for Recovery Zone Economic Development Bonds (RZEDB), \$172,562,000 for Recovery Zone Facilities Bonds (RZFB), and \$46,475,000 Qualified Energy Conservation Bonds (QECCB).

Act 290 of 2010 created the South Carolina Volume Cap Allocation Act (the Act) which designated the Budget and Control Board as the entity responsible for managing the reallocation of certain unused ARRA Bond volume cap allocations. As defined in the Act, ARRA Bonds include Recovery Zone Facility Bonds, Recovery Zone Economic Development Bonds, and Qualified Energy Conservation Bonds as described in ARRA. The Act, delegated to the Board the authority to allocate or reallocate the volume cap authorized for South Carolina in ARRA. As prescribed in this new law, the Board on June 30, 2010, created an Advisory Committee to make recommendations for allocation or reallocation of volume cap. The Committee consists of the Executive Director of the Board or his designee; the Secretary of Commerce or his designee; the Executive Director of the Association of Counties or his designee; the Director of the Jobs Economic Development Authority or designee; Director of the Office of Local Government; and Director of the Energy Office. The Advisory Committee first met on July 7, 2010, and agreed to send notice to the 46 counties and the cities of Charleston and Columbia advising them that they had until August 7, 2010, to provide notice of intent to use their volume cap allocation assigned to them in ARRA or the allocation would be deemed waived. The notice also made provision for the counties and the two cities to waive all or a portion of their volume cap and provided for them to request reallocation of waived allocation. The notice was provided to the counties and the two cities on July 8, 2010.

The Advisory Committee received total reallocation requests and waivers in the

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 – Page 55**

following amounts:

	<b>RZEDB</b>	<b>RZFB</b>	<b>QECB</b>
Total Reallocation Requested	52,218,000	260,952,681	9,500,000
Current Waived Amount	38,478,000	87,523,000	18,134,544
Short/Over	<b>-13,740,000</b>	<b>-173,429,681</b>	8,634,544

The Committee met on September 14, 2010, to consider applications for recommendation of allocation reallocation of available volume cap.

Upon a motion by Mr. Cooper, seconded by Senator Leatherman, the Board approved the ARRA Advisory Committee’s recommendations for reallocations and made the following allocations:

<b>Applicant</b>	<b>*RZEDB</b>	<b>**RZFB</b>	<b>***QECB</b>	<b>DETAILS</b>
Apex Development Group		47,065,000		4 Senior Living Facilities
Town of Blythewood	5,500,000			Blythewood Town Park
Columbia Housing Authority			2,500,000	Energy conservation measures for Columbia Housing Authority
City of North Charleston	4,500,000			Purchase of Shipwatch Square -public private revitalization
Georgetown/Richland County		30,000,000		International Paper - Georgetown and Eastover Mills capital improvements
City of Greenville			4,000,000	Ameresco Energy Performance Contract
City of Greenwood	5,697,000			City of Greenwood- Public Works project
Renewable Water Resources	12,021,000			Consolidation of waste water treatment plants
City of Rock Hill	4,500,000			Velodrome and Recycling facilities for City of Rock Hill
Project RZFB3		10,000,000		Project RZFB3
Greenville County			3,000,000	Proterra

**\*RZEDB** = Recovery Zone Economic Development Bonds

**\*\*RZFB** = Recovery Zone Facilities Bonds

**\*\*\*QECB** = Qualified Energy Conservation Bonds

***Adjournment***

The meeting was adjourned at 5:25 p.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the

**Minutes of Budget and Control Board Meeting**  
**September 29, 2010 – Page 56**

---

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 lobby of the Wade Hampton Office Building at 11:30 a.m. on Tuesday, September 28, 2010.]