

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

April 28, 2015 -- 9:30 A. M.

The Budget and Control Board (Board) met at 9:30 a.m. on Tuesday, April 28, 2015, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Paul Koch; Division Director Nolan Wiggins; General Counsel David Avant; Governor's Chief of Staff James Burns; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Budget Analyst Blythe Littlefield; 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 Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning, the members of which are the Budget and Control Board members, ex officio.]

Adoption of Agenda for Budget and Control Board

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

Minutes of Previous Meeting

Upon motion by Senator Leatherman, seconded by Mr. White, the Board approved the minutes of the March 18, 2015, Budget and Control Board meeting.

Blue Agenda

Upon a motion by Mr. White, seconded by Mr. Eckstrom, the Board approved blue agenda items 1, 2, 4, 5, and 6 as noted herein. By way of a separate action, the Board approved blue agenda item #3. All Board members with exception of Mr. Eckstrom voted to approve blue agenda item #3.

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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 bond counsel as requested by the State Treasurer’s Office:

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

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$15,000,000 SC JEDA	University Medical Associates	McNair Law Firm	Nexsen Pruet
\$67,000,000 SC JEDA	Presbyterian College	Haynsworth Sinkler Boyd	Parker Poe
\$8,750,000 SC JEDA	Watson Engineering	Nexsen Pruet	McNair Law Firm
\$69,500,000 SC JEDA	Furman University	Haynsworth Sinkler Boyd	Pope Flynn

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

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

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

- (a) County Location: Barnwell
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: \$875
Description/Purpose: To grant a 0.1675 acre easement for the installation, operation and maintenance of overhead electric line(s) and associated facilities adjacent to the Barnwell State Park property on Pleasant Home Road. The easement is needed to provide service to a new customer. Consideration is \$500 plus the Barnwell County assessed value.

- (b) County Location: Chesterfield
From: Budget and Control Board
To: Pee Dee Electric Cooperative
Consideration: \$3,574
Description/Purpose: To grant a 1.098 acre easement for the installation, operation and maintenance of underground electric line(s) and

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associated facilities upon property of the Sand Hills State Forest. The easement is needed to provide service to a CSX railroad signal. Consideration is \$500 plus the Chesterfield County assessed value.

- (c) County Location: Lancaster
From: Budget and Control Board
To: Haile Gold Mine, Inc.
Consideration: \$855
Description/Purpose: To grant a 0.22 acre easement for the purpose of performing road improvements to US Highway 601 (Haile Gold Mine Road) along property of the Kershaw Correctional Institution. The easement is needed to make the necessary road improvements, grading of the roadside shoulder and drainage ditch to facilitate the operation of the Haile Gold Mine facility. Consideration is \$500 plus the Lancaster County assessed value.

The Board concurred and acquiesced in granting the following easements as requested by the Division of General Services:

- (d) County Location: Charleston
From: Medical University of South Carolina
To: Charleston County
Consideration: \$1
Description/Purpose: To grant a 0.026 acre easement for road widening on Calhoun and Courtenay Streets. The easement is part of Charleston County's RoadWide Project. The easement will be of mutual benefit to MUSC and Charleston County.
- (e) County Location: Charleston
From: Medical University Hospital Authority
To: Charleston County
Consideration: \$1
Description/Purpose: To grant a 0.043 acre easement for road widening on Calhoun and Courtenay Streets. The easement is part of Charleston County's RoadWide Project. The easement will be of mutual benefit to MUHA and Charleston County.
- (f) County Location: Charleston
From: Charleston Naval Complex Redevelopment Authority

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- To: South Carolina Electric and Gas Company
Consideration: \$5
Description/Purpose: To grant two utility easements totaling 0.19 acre for the construction, installation, operation and maintenance of electric lines on property of the former Charleston Naval Complex. The easements will serve Clemson's Wind Turbine Drive Train Test Facility, as well as the new port and rail terminals being constructed by the State Ports Authority and Palmetto Railways.
- (g) County Location: Richland
From: Department of Mental Health
To: South Carolina Electric and Gas Company
Consideration: \$1
Description/Purpose: To grant a 0.11 acre easement for the construction, installation, operation and maintenance of overhead electric line(s) and associated facilities along the boundary between Lexington-Richland Alcohol and Drug Abuse Council and the Department of Mental Health's Administration Building. The easement is being sought by the Department of Mental Health for the benefit of the property.

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

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

With regard to this item, Mr. Eckstrom commented that he has raised the issue of the Board approving sales without the benefit of information concerning the sale. He said if the law envisions the Board voting to dispose of under used property that is one thing. He said, however, that if the law anticipates that the Board looks at whether a transaction like the one in question makes business sense or serves the best public interest, the Board is not given enough information to do so. He said the items are presented in a general way and there is no basis to support the disposition of the property. Mr. Eckstrom further stated that the Board has no knowledge of what the ultimate sales price will be for the parcels. He noted that the Board is being asked to approve sales to unknown parties because they have not been identified and at prices which the Board has no idea of the relationship between those prices and what the State

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has paid for the property. Ms. Adams responded that she understood Mr. Eckstrom's issues. She stated that Board staff is working on a real estate strategy that will put together the surplus property and bring it to the Board in packages that show the economic benefit of why the State does not need to own the surplus property anymore and what the State intends to do to get the best value for the property. Ms. Adams stated there are agencies that have identified surplus property that is not needed anymore. She said that if Mr. Eckstrom wanted to see additional information on the items that could be provided once the information is identified. Mr. Eckstrom commented that if the Board's oversight means anything, the Board is not given enough detail to perform meaningful oversight.

Mr. Eckstrom further stated that what has been left out of the discussion is whether another state entity could use the parcels. Ms. Adams said part of the process is that state entities are consulted prior to putting property on the market for private entities to bid to see if anyone needs the use of the facility or the land. Mr. Eckstrom said there is not enough information available to the Board for it in any meaningful way to approve the disposition of property when the sales price and the buyer have not been identified. Ms. Adams said that would require bringing the matter back at the time of sale in order to provide that information.

The Board approved the following real property conveyance as requested:

- (a) **Agency:** Department of Employment and Workforce
Acreage: 2.27 acres
Location: Technology Boulevard, Conway
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 and/or divided accordingly between the Department of Employment and Workforce and the Budget and Control Board based on federally funded real property requirements and pursuant to Proviso 101.23.
- (b) **Agency:** Department of Employment and Workforce
Acreage: 0.84± acres and a 4,293 square foot office building
Location: 18 Hazel Street, Clinton
County: Laurens
Purpose: To dispose of surplus real property.

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Price/Transferred To: Not less than appraised value/To be determined
Disposition of: To be retained and/or divided accordingly between the
Proceeds: Department of Employment and Workforce and the Budget and
Control Board based on federally funded real property
requirements and pursuant to Proviso 101.23.

- (c) **Agency:** **Department of Public Safety**
Acreage: 2.607± acres and a 31,395 square foot three-story office
building
Location: 8740 North Park Boulevard, North Charleston
County: Charleston
Purpose: To dispose of surplus real property.
Price/Transferred To: Not less than appraised value/To be determined
Disposition of: To be divided between Budget and Control Board and
Proceeds: Department of Public Safety pursuant to Proviso 101.23.

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

Division of Procurement Services: Procurement Audits (Blue Agenda Item #4)

In accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services reviewed the procurement systems of the South Carolina State Accident Fund and the South Carolina State Museum. As both agencies have not requested procurement certification, the audit reports are submitted as information only.

The Board received the audit reports of the South Carolina State Accident Fund and the South Carolina State Museum as information only.

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

Executive Director: Revenue Bonds (Blue Agenda Item #5)

The Board approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Georgetown County
Amount of Issue: \$20,100,000 Revenue Refunding Bonds (\$20,100,000 refunding involved)

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Allocation Needed: -0-
Name of Project: Georgetown Mill of International Paper
Employment Impact: not applicable – refunding project
Project Description: to refund Georgetown County’s (i) \$7,500,000 Environmental Improvement Revenue Bonds, 2004 Series A,(International Paper Company Project), (ii) \$7,600,000 Environmental Improvement Revenue Bonds, 2006 Series A (International Paper Company Project), and (iii) \$5,000,000 Environmental Improvement Revenue Bonds, 2005A Series (International Paper Company Project), the proceeds of which were used by the company to finance the costs of the acquisition, improvement, construction and installation of certain solid waste disposal, wastewater treatment and sewage facilities located at the mill.

Bond Counsel: Alan C. Cason, McGuire Woods LLP
(Exhibit 5)

- b. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$69,500,000 Economic Development Revenue and Revenue Refunding Bonds (\$40,000,000 refunding involved)

Allocation Needed: -0-
Name of Project: Furman University
Employment Impact: maintain employment for 84 people
Project Description: renovating and rehabilitating student housing facilities, along with other capital projects related to educational, administrative faculty or student facilities and programs, and advance refunding the \$40,000,000 original principal amount Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning (South Carolina) Education Facilities Revenue Bonds (Furman University, Series 2006A)

Note: underwriting for public distribution

Bond Counsel: E. Tyler Smith, Haynsworth Sinkler Boyd, P. A.
(Exhibit 6)

- c. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$67,000,000 Economic Development Revenue and Revenue Refunding Bonds (\$32,992,000 refunding involved)

Allocation Needed: -0-
Name of Project: Presbyterian College
Employment Impact: maintain employment for 300 people
Project Description: (a) renovations to and furnishings for Neville Hall, a historic academic building, including a 14,000 square foot addition of academic space and landscaping related thereto, (b) construction of 200 bed apartment style student housing including equipment and furnishings and providing parking thereto, (c) construction and

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renovation of other academic buildings including equipment and furnishings therefore, and (d) refund the \$23,500,000 original principal amount Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning Education Facilities Revenue Bond (Presbyterian College Project) Series 2009 of which \$22,075,000 is outstanding; the \$3,550,000 original principal amount Educational Facilities Authority for Private nonprofit Institutions of Higher Learning Educational Facilities Refunding Revenue Bond (Presbyterian College Project) Series 2010 of which \$3,550,000 is outstanding; and the \$7,871,000 original principal amount South Carolina Jobs-Economic Development Revenue Bond (Presbyterian College Project), Series 2011 of which \$3,550,000 is outstanding.

Note:

private sale

Bond Counsel:
(Exhibit 7)

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

- d. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$15,000,000 Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: University Medical Associates
Employment Impact: create and/or maintain permanent employment for at least 1780 people
Project Description: acquire Parkshore Centre located at One Poston Road in the City and County of Charleston to be used for administrative functions of the borrower, including accounting and billing

Note:

private placement

Bond Counsel:
(Exhibit 8)

Rion D. Foley, McNair Law Firm, P. A.

- e. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: \$8,750,000 Economic Development Revenue Bonds (\$3,335,000 refunding involved)
Allocation Needed: \$8,750,000
Name of Project: Watson Engineering, Inc.
Employment Impact: 30 new jobs and maintaining 120 jobs
Project Description: expansion of manufacturing facilities used primarily in the prototype and production manufacturing of fabricated steel and tubular metal components servicing primarily the automotive and agricultural industries and refunding all or a portion of the \$7,700,000 Variable Rate Demand Economic Development Revenue Bonds, Series 2007 (Watson Engineering, Inc. Project) dated September 10, 2007, currently outstanding in the principal

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Note: amount of \$3,335,0000
negotiated private sale
Bond Counsel: Alan M. Lipsitz, Nexsen Pruet, LLC
(Exhibit 9)

Executive Director: Economic Development (2015 Ceiling Allocations) (Blue Item #6)

The initial balance of the 2015 state ceiling allocation is \$483,248,200. In accord with Code Section 1-11-520, \$193,299,280 (40% of the total) was designated as the state pool and \$289,948,920 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$483,248,200 remaining for 2015. Allocation requests for 2015 totaling \$8,750,000 have been received thus far.

Relating to requests for calendar year 2015 ceiling allocations, the Board was asked to authorize shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

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

From the local pool:

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

Board approval of the recommended request, this will leave an unexpended state ceiling balance of \$474,498,200 (state pool - \$193,299,280; local pool - \$281,198,920) to be allocated later in the calendar year.

In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, granted the following tentative ceiling allocation from the local pool: JEDA, Watson Engineering, Inc., (Anderson County) \$8,750,000; and

The Board also authorized shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

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

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Patriots Point Development Authority: Extension Request for Repayment of Interagency Loan (Regular Session Item #1)

The Patriots Point Development Authority requested the Board approve an extension of the intergovernmental loan originally made to the Authority in June of 2009. The purpose of the loan was to make emergency repairs to the USS Laffey. Repayment of the loan was originally due on December 1, 2010. The Board extended the loan for a two year period in May of 2011 and for a two year period in May of 2013. To date, Patriots Point has paid \$500,000.00 in principal and approximately \$400,000.00 in interest. As reflected in a letter dated April 16, 2015 from the State Treasurer's Office to Patriots Point, the total debt service due is \$9,004,082.88, consisting of \$8,700,000.00 in principal and \$304,082.88 in interest.

Senator Leatherman asked if the \$408,000 (sic) interest payment brings the interest payments current. Ms. Adams said that it does.

Mr. Eckstrom asked why the interest is as high as it is and does the law state what the rate should be. Rick Harmon with the State Treasurer's Office said that the statutory requirement for intergovernmental loans requires that the Treasurer set the rate or the Board to establish the rate at the rate earned in banks. Mr. Eckstrom asked if the rate was set at 1.75%. Mr. Harmon said that 1.75% is the rate and that it was established at the time of the expenditure based upon the terms that were expected to be outstanding at that time. Mr. Eckstrom asked if the rate should be compared from time to time to give the State agency the benefit of a lower rate if the prevailing rates are lower. Mr. Harmon said that could be done at the Board's direction. Mr. Loftis asked what should happen if the interest rate rose. Mr. Eckstrom said that the agency should pay the higher interest rate. Mr. Loftis commented that the Treasurer's Office would do a reset to the prevailing rate. Mr. Harmon asked if the reset should take place if there is an extension. Mr. Eckstrom said that a reset should take place when there is a payment.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Board approved the Patriots Point Development Authority's revised proposal to pay \$500,000 in principal and \$304,082.88 in interest on or before June 1, 2015, and to extend the loan repayment term for 6 months of the interagency loan made to the Authority in June 2009.

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

MUSC/Public Benefit Employee Authority, Employee Insurance Program: Update—MUSC's Patient Centered Medical Home (PCMH) Pilot (Regular Session Item #2)

The Board received an update on MUSC's Patient Centered Medical Home (PCMH) pilot.

Dr. Patrick Cawley with MUSC appeared before the Board on this matter to present the update. Dr. Cawley summarized the results of the pilot project for the Board. He said that the real results of the pilot are that after 2013 MUSC, with PEBA, has bent its cost curve. He noted that the pilot encouraged and incentivized patients to get into a patient centered medical home. He also noted that the second key piece to bending the cost curve is data. He said they received data from PEBA for the first time and that data was given to the physicians. He said the physicians were able to act based upon the data. He said that MUSC historically has had 10% higher cost than the rest of the State Health Plan and that has been lowered to 6.9%. Dr. Cawley stated that they hope to further bend the curve over the next several years.

Mr. Loftis stated he was pleased to see that MUSC has bent the curve on excess utilization and cost. He said that he would like to see the cost for normal utilization do the same. Dr. Cawley said this is the second year of the pilot project and he is confident they will continue to achieve savings and get below the average cost.

Mr. Eckstrom asked how excess utilization is defined. Dr. Cawley said a comparison is made between the 18,000 MUSC employees and dependents and the 350,000 state employees. He said the biggest driver of the excess utilization comes from having a younger workforce. He said younger women of child bearing age tend to have more children and more excess utilization. He said that another factor is that healthcare institutions have historically used more healthcare than non-healthcare institutions. He noted that this is the area where they have made an impact. Mr. Eckstrom noted that the higher utilization in healthcare institutions is probably related to ready access to quality healthcare services. Dr. Cawley said that people in healthcare institutions are more likely to access healthcare services early which over their life tends to be more expensive. He also noted that in healthcare institutions there is a tendency to use more healthcare pharmaceuticals than non-healthcare populations.

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In further discussion, Mr. Eckstrom asked Dr. Cawley if the experience that has been gained from the pilot program could transfer to the State Health Plan. Dr. Cawley responded that that is the intention. He said he thinks what they have learned could be translated in savings to the entire State Health Plan.

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

Executive Budget Office: Airplane Acquisition (Regular Session Item 3)

Code Section 1-11-405 states that no aircraft may be purchased, leased, or lease-purchased for more than a thirty-day period by any state agency without the prior authorization of the Budget and Control Board and the Joint Bond Review Committee. Clemson University requested approval to purchase an aircraft to serve the needs of its Athletic Department.

Clemson Athletics currently owns and operates one aircraft, a 1998-model King Air C90-B airplane. Historically, Clemson has owned two aircraft for Athletic Department and university use. However, one of the aircraft, a 1977 Commander 690B, was sold in 2011 due to increasing maintenance needs and difficulty securing replacement parts. Since then, Clemson has been conducting business using only one aircraft supplemented by charter services. The demand for the existing aircraft is very high, and the unpredictable nature of recruiting schedules makes charter flights both difficult to schedule and expensive. The purchase of an additional aircraft would allow the department to be more cost-efficient for longer haul trips than the existing aircraft or charter options.

Clemson proposed the purchase of a 2006 or newer Citation CJ2+. This is a turbo fan jet aircraft that seats up to 8 passengers and flies at speeds significantly faster than the agency's existing aircraft. This aircraft will be more efficient for medium and long distance travel, has low operating costs compared to other aircraft, and will require only one additional staff pilot. These aircraft are also readily available in the used aircraft market.

The target cost of the aircraft is \$4.5 million. IPTAY has committed \$4.5 million for the purchase of the aircraft, and if the purchase price exceeds \$4.5 million the university has the opportunity to request additional funds from IPTAY. If IPTAY funds are not available for the

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entire purchase amount, athletic revenues will be used to make up the difference. As the plane will be used primarily for athletics, the athletics department will pay all operations and maintenance costs from athletic revenues. Annual fixed costs for pilot salaries, insurance and overhead are estimated at \$330,289 and annual direct costs per hour for fuel, maintenance and engine overhauls are estimated at \$379,126 annually.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board authorized Clemson University to purchase an airplane.

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

Executive Budget Office: Permanent Improvement Projects (Regular Session Item #4)

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the following permanent improvement project establishment requests and budget revisions except as otherwise noted herein.

Establish Project for A&E Design

- (a) Summary 6-2015: JBRC Item 1. Clemson University
Project: 9922, Football Operations Facility Construction
Funding Source: \$1,500,000 Other, Private Athletic Gift funds, which are gifts received from individuals, corporations and other entities that are to be expended for their restricted purposes.
Request: Establish project and budget for \$1,500,000 (Other, Private Athletic Gift funds) to begin design work to construct a football operations facility at Clemson. Football operations facilities are a major component of competitiveness in the conferences in which Clemson competes for student athletes. Currently, the majority of Clemson's facilities are located in the west end zone of Memorial Stadium, with some functions shared with other programs. The best practice is to have one operations center adjacent to the indoor and outdoor practice fields. The current facilities do not have exclusive training and rehabilitation space for football, co-located food services or a weight room comparable with other football facilities throughout the nation. As NCAA governance changes impact the staffing and programming provided to student athletes, more space will be needed to accommodate these changes. The project will include the construction of an approximately 157,000 square foot facility to house all football operation functions, including coaches' offices, team meeting rooms, student-athlete and coach locker rooms, a weight room, a training room, an equipment room and related spaces. It will be constructed near the indoor and

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outdoor football practice facilities and will serve 120 players, 10 coaches and 50 support staff.

- (b) Summary 6-2015: JBRC Item 2. Clemson University
Project: 9923, Electrical Distribution System Upgrades and Replacements
Funding Source: \$1,125,000 Other, Maintenance and Stewardship Funds, which are which are comprised of tuition, matriculation and other debt retirements and plant transfer revenues that are restricted to support capital investments and that are not formally obligated to fund debt service in the current period.
Request: Establish project and budget for \$1,125,000 (Other, Maintenance and Stewardship Funds) to begin design work to upgrade the main campus electrical distribution system at Clemson. A majority of Clemson's electric infrastructure was constructed in the 1950's and 1960's. More than 70% of the main substation gear and manual switching, transformers, electrical conductors and system protection equipment are beyond a 50 year life. These components are subject to failure and, because older systems do not have as many built in redundancies, the failure of a single piece of equipment has in multiple cases resulted in a power outage to the entire campus. This multi-year project will replace much of the electrical distribution system, creating a redundant loop feed system to eliminate single point system failures and adding automation capability to all switches. This will reduce outage durations and allow the new central operations location to monitor and control an automated distribution system. The remaining outdoor overhead infrastructure will be relocated underground. Additional metering and controls equipment will also be installed in some buildings. The project will also make modifications to the campus electrical system to improve system reliability in areas which have a higher probability of failure impacting major academic research and student life activities.
- (c) Summary 6-2015: JBRC Item 3. University of South Carolina - Beaufort
Project: 9516, Hilton Head Island Hospitality Management Facility Construction
Funding Source: \$367,500 Other, Private funds, which are gifts received from individuals, corporations and other entities that are to be expended for their restricted purposes.
Request: Establish project and budget for \$367,500 (Other, Private Funds) to begin design work to construct an academic facility to house the third and fourth year Hospitality Management Program at USC Beaufort. Currently, hospitality management courses are only taught at the USC Bluffton campus. The new 39,150 square foot facility will be located on Hilton Head Island and will include classrooms, a culinary lab, a library, offices and support spaces. It will also house the Osher Lifelong Learning Institute, which offers support for mature students and continuing education. The town of Hilton Head sees this program as a vital component of expanding their hospitality driven industries and the local industry has expressed an interest in expanding the available

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facilities for this program. The Town of Hilton Head, the Beaufort-Jasper Higher Education Commission and private donors have all made commitments to donate funding to assist with the construction of this facility. The facility will serve 200 students, 30 faculty and staff, and 1,600 clients annually.

- (d) Summary 6-2015: JBRC Item 4. Budget and Control Board
Project: 9950, North Towers/DSS Building Window and Roof Replacements
Funding Source: \$22,275 Other, Depreciation Reserve funds, which are derived from the rent account which receives rent charged to state agencies for use of state buildings.
Request: Establish project and budget for \$22,275 (Other, Depreciation Reserve funds) to begin design work to replace the roof and windows on the North Tower building at the Department of Social Services in Columbia. The 133,818 square foot building is 42 years old and the roof and windows are both original to the building. It houses approximately 500 staff and serves 1,500 clients annually. The roof is experiencing leaks of increasing frequency and complexity and is in need of replacement. The windows are also experiencing frequent leaks. General Services had a feasibility study done by a building envelope consultant to study the various issues with the windows and the study recommended the windows be replaced. The scope of the project will include replacing the existing roof and coping, removing and replacing all existing windows, replacing sealant at precast concrete wall panel joints, power washing existing precast wall panels and replacing the penthouse wall panels.
- (e) Summary 6-2015: JBRC Item 5. Budget and Control Board
Project: 9951, PEBA - Modification of Existing HVAC
Funding Source: \$34,250 Other, PEBA funds which are funds that PEBA is allowed to use for the administration of the agency from the SC Retirement System and Employee Insurance Program trust funds.
Request: Establish project and budget for \$34,250 (Other, PEBA funds) to begin design work to modify the HVAC system at the Gressette Collins Building in Columbia, which houses the Public Employee Benefits Authority (PEBA). The 65,500 square foot facility serves 203 staff. The existing 79 water source units, located in the building above the ceilings, are over 20 years old and in need of replacement. As these systems are all reaching the end of their useful life, General Services and the agency are looking at a comprehensive overhaul of the system to make it more efficient and to eliminate problems with the flow of water throughout the system and contaminants in the cooling water. These contaminants have impacted both the water source units and the two cooling towers installed in 2008. The scope of the project will involve modifications to the ceilings and ceiling lighting, as well as the installation of new piping and duct work throughout the building. The agency is exploring two potential solutions to the water flow issue. One would involve adding a heat exchanger and modifying piping to create a closed loop system while the other would

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involve replacing the two cooling towers installed in 2008. The solution to be used will be determined during pre-design.

- (f) Summary 6-2015: JBRC Item 6. Budget and Control Board
Project: 9952, PEBA - Carpet Replacement
Funding Source: \$6,094 Other, PEBA funds which are funds that PEBA is allowed to use for the administration of the agency from the SC Retirement System and Employee Insurance Program trust funds.
Request: Establish project and budget for \$6,094 (Other, PEBA funds) to begin design work to replace the carpet at the Gressette Collins Building in Columbia, which houses PEBA. The facility serves 203 staff. The existing carpet in the 65,500 square foot facility is 27 years old, is worn and is wrinkling in many places creating a trip hazard for employees. The new carpeting will have a rubber base to help prevent similar problems in the future. Approximately 62,302 square feet of carpet will be replaced in the project.
- (g) Summary 6-2015: JBRC Item 7. Vocational Rehabilitation Department
Project: 9608, Rehabilitation Engineering and ITTC Parking Lots and Road Repaving
Funding Source: \$10,000 Federal funds, which are general operating funds derived from the State Vocational Rehabilitation Services Grant to be used in the provision of vocational rehabilitation services.
Request: Establish project and budget for \$10,000 (Federal funds) to begin design work to repair and resurface parking lots and roadways at the Vocational Rehabilitation Department's State Office Complex in West Columbia. The existing parking lots and roadways are over 29 years old and are in need of repair and resurfacing. This project will include approximately 14,000 square yards of roadway and parking lot that serves seven buildings and approximately 200 vehicles weekly. During the pre-design phase, subsurface investigations and borings will be performed to determine the depth of the deterioration of the roadways and the amount of roadway to be repaired and resurfaced.
- (h) Summary 6-2015: JBRC Item 8. Department of Parks, Recreation and Tourism
Project: 9754, Hunting Island State Park Beach Restoration
Funding Source: \$105,000 Other, Park Revenue funds which are revenues generated by state parks through admissions, camping, retail sales and other miscellaneous sources.
Request: Establish project and budget for \$105,000 (Other, Park Revenue funds) to begin design work to renourish the beach at Hunting Island State Park in Beaufort County. The beach was last renourished in 2007 and six groins were installed in 2008. The project has performed as designed and has slowed erosion significantly. However, additional renourishment and groins are needed to maintain a safe high tide beach for park visitors. The park serves between 1 million and 2 million visitors annually and renourishment will

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impact approximately two miles of beach in the campground and day use areas and will install two new 400 foot groins. Pre-design work will include surveys, soil samples of underwater sediments and permit applications.

David Sims with the Department of Parks, Recreation, and Tourism appeared before the Board concerning item 4(h). Mr. Eckstrom asked about the beach renourishment cost needs that are under the purview of the Department. Mr. Sims said that \$7 million is anticipated for Hunting Island for this project and around \$2 million for Edisto Beach. He said that nothing is needed for Myrtle Beach. Mr. Eckstrom asked if Myrtle Beach replenishes itself. Mr. Sims said that Myrtle Beach is taken care of along with the city's renourishment.

Senator Leatherman commented that tourism is by far one of the largest contributors to the state fund. He said that anything that can be done to keep tourism coming to the State should be done. Mr. Eckstrom asked how many visitors come to Hunting Island each year. Mr. Sims said that it fluctuates, but the peak visitation is just under 2 million.

Establish Construction Budget

- (i) Summary 6-2015: JBRC Item 9. College of Charleston
Project: 9654, Rutledge Rivers Residence Hall Renovation
Funding Source: \$11,000,000, which includes \$8,000,000 Excess Debt Service funds, which are revenues generated by the Capital Improvement Fee that are in excess of the current debt service required for bonds, \$2,000,000 Housing Revenue funds, which are revenues generated by the Student Housing fee and paid only by students who reside in on-campus housing, and \$1,000,000 College Fee funds, which are generated by a portion of the student bill not specifically earmarked or dedicated for debt service, auxiliary enterprises, or student clubs and activities that have been put towards the Renovation Reserve.
Request: Increase budget to \$11,000,000 (add \$10,835,000 - \$8,000,000 Excess Debt Service, \$1,835,000 Other, Housing Revenue and \$1,000,000 Other, College Fee funds) to renovate the Rutledge Rivers Residence Hall at the College of Charleston. Rutledge Rivers is a 26,386 square foot residence hall that was vacated during the fall of 2013 following the discovery of moisture intrusion and leaking water pipes. The renovation will include repairs to address condensation problems and water pipe leaks, as well as the remediation of mold, mildew and asbestos containing materials. Portions of the interior of the facility will also be reconfigured to bring the facility into compliance with current ADA standards. Many of the existing mechanical, electrical and plumbing systems are original to the building, which is 41 years old. The

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facility cannot be used by students until it is repaired, as previous repairs revealed asbestos containing materials that would create a potential airborne hazard to the building's occupants. Previous attempts at a less comprehensive repair and remediation effort met with limited success. A feasibility study conducted by an independent architectural and engineering firm recommended a comprehensive renovation in order to permanently resolve the facility's extensive health and safety concerns. The renovation will include demolishing all existing systems within the building and replacing them with an energy efficient HVAC system, a new plumbing system to include supply piping, waste piping and water efficient fixtures, a new electrical distribution system with energy efficient lighting fixtures and controls and a fire suppression system. The new equipment will be seismically restrained in accordance with code requirements and the interior of the facility will be reconfigured to meet current ADA standards. It will serve 107 residents and include 10 ADA compliant spaces. The renovation will be performed to Green Globes Two Globe certification. The project was approved for pre-design in June 2014, which is now complete. The agency reports the total projected cost of this project is \$11,000,000 with savings of \$4,500 annually as a result of this project. The agency also reports the projected date for the execution of the construction contract is May 2015 with completion of construction in May 2016.

- (j) Summary 6-2015: JBRC Item 10. College of Charleston
Project: 9656, Physical Plant Renovation
Funding Source: \$3,555,000 Other, College Fee funds, which are generated by a portion of the student bill not specifically earmarked or dedicated for debt service, auxiliary enterprises, or student clubs and activities that have been put towards the Renovation Reserve.
Request: Increase budget to \$3,555,000 (add \$3,502,000 Other, College Fee funds) to begin renovate the interior of the Physical Plant building, located at 133 Calhoun Street. The 122 year old 22,770 square foot building was purchased by the College 40 years ago. The renovations will address building and fire code deficiencies as well as ADA compliance issues. These renovations will include a new first floor, rear exits and stairs, a commercial fire sprinkler system and upgraded fire alarm system, new ADA bathrooms on the first floor and ADA access between the multi-level second floor spaces. The renovations will also create new office spaces within the existing footprint to allow the consolidation of the Physical Plant Department, which was newly expanded to include Residence Life facilities staff. In total, the facility will house 191 staff. The project was approved for pre-design in October 2014, which is now complete. The agency reports the total projected cost of this project is \$3,555,000 with no additional operating costs or savings as a result of this project. The agency also reports the projected date for the execution of the construction contract is October 2015 with completion of construction in

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October 2016.

- (k) Summary 6-2015: JBRC Item 11. College of Charleston
Project: 9659, 11 Glebe Street Renovation
Funding Source: \$1,100,000 Other, College Fee funds, which are generated by a portion of the student bill not specifically earmarked or dedicated for debt service, auxiliary enterprises, or student clubs and activities that have been put towards the Renovation Reserve.
Request: Increase budget to \$1,100,000 (add \$1,100,000 Other, College Fee funds) to renovate the historic house at 11 Glebe Street at the College of Charleston. The renovation will convert the 3,230 square foot building from student housing to academic support offices in an effort to better preserve the historic building and address E&G space shortages. Built in 1854, the building has significant structural and asbestos issues. The building is not currently on the College's IT network or fire alarm system, and as such network cabling and a fire sprinkler installation will need to be installed to support this building's use as an E&G facility. The renovation will slightly modify the interior layout to make it more functional as office space and to make the building ADA accessible. Building systems will also be replaced. The renovated facility will house the School of Language, Culture, and World Affairs Dean and six staff members. The Dean's Office serves as the central office to address the needs of students and faculty within the school. The renovated building will serve six staff and 6,500 students. The project was approved for pre-design in January 2015, which is now complete. The agency reports the total projected cost of this project is \$1,100,000 with no additional operating costs or savings as a result of this project. The agency also reports the projected date for the execution of the construction contract is September 2015 with completion of construction in March 2016.
- (l) Summary 6-2015: JBRC Item 13. Department of Motor Vehicles
Project: 9609, Orangeburg DMV Renovation
Funding Source: \$350,000 Other, DMV Miscellaneous Revenue funds, which are DMV operating revenues that have been set aside for capital improvements.
Request: Increase budget to \$350,000 (add \$345,125 Other, DMV Miscellaneous Revenue funds) to renovate the Orangeburg office of the Department of Motor Vehicles. The project will renovate the entire 2,500 square foot facility and will include data, telephone, and building renovations along with asbestos abatement. The renovations will increase the flow of customers through the office by increasing the number of customer service counters by 25% and creating a dedicated enclosed testing area for knowledge testing. The renovation will also address ADA deficiencies in the office area, create two new offices, replace the HVAC system and duct work, and upgrade the building electrical system. The current facility was built in 1975 and has not undergone significant renovation since that time. The office serves 19

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employees and processes 92,000 transactions annually. The agency reports the total projected cost of this project is \$350,000 with operating savings of \$1,000 annually as a result of this project. The agency also reports the projected date for the execution of the construction contract is March 2015 with completion of construction in July 2016.

Increase Budget

- (m) Summary 6-2015: JBRC Item 14. John de la Howe School
Project: 9515, Cafeteria Roof and Plumbing Replacement
Funding Source: \$351,300 Other, EIA funds which are EIA revenues received by the agency for campus improvements.
Request: Increase budget to \$351,300 (add \$103,668 Other, EIA Funds) to repair the cafeteria roof at John De La Howe school and to replace plumbing throughout the facility. The project was initiated as a staff level project in February 2013 and increased in July 2014. The scope of the project includes the replacement and re-design of the existing 44 year old roof as well as replacing cast iron sewage piping below the concrete floors, which has collapsed in several locations making the restrooms unusable. It also includes the replacement of the rooftop air handler units and associated duct work. After the budget was increased in July, the Office of the State Engineer (OSE) worked with John de la Howe to prepare the project for bidding. OSE noted some concerns regarding the original A&E in regards to the plumbing improvements and the proposed roof changes. With guidance from OSE, John de la Howe had some additional detailed A&E work done. This detailed A&E work resulted in a scope change and a projected cost of \$247,632.47, including a 10% contingency. John de la Howe proceeded to put the project out for bid, with the air handler units bid as an option. When the project was bid, the lowest bid, with contingency, came in at \$351,300 due to the complexity and location of the project. The agency reports the total projected cost of this project is \$351,300, including the air handler units, with no additional operating costs or savings as a result of this project. The agency also reports the projected date for the execution of the construction contract is May 2015 with completion of construction in August 2015.

Establish Project for Preliminary Land Studies

- (n) Summary 6-2015: JBRC Item 16. University of South Carolina - Beaufort
Project: 9517, Hilton Head Island Hospitality Management Facility Land Acquisition
Funding Source: \$20,000 Other, Private funds, which are gifts received from individuals, corporations and other entities that are to be expended for their restricted purposes.
Request: Establish project and budget for \$20,000 (Other, Private Funds) to procure investigative studies required to adequately evaluate property on Hilton Head

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Island prior to purchase. The town of Hilton Head has offered to donate approximately nine acres of land near the intersection of Office Park Road and Pope Avenue to USC Beaufort to accommodate the construction of an academic facility to house the third and fourth year Hospitality Management Program. The town of Hilton Head and other local entities have also committed to donate funding to assist with the construction of the facility. The local community sees this program as a vital component of expanding their hospitality driven industries and local industry has expressed an interest in expanding the available facilities for this program.

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

Procurement Services Division: Waiver to Extend the Maximum Time on a Multi-term Contract for the University of South Carolina (Regular Session Item #5)

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Board. The University of South Carolina asked the Division of Procurement Services to assist in seeking Board approval to authorize the University to solicit a contract for up to ten (10) years for Sports Marketing and Media Rights. University officials believe a contract term of ten years will provide a greater opportunity for returns on the investments made in the relationships and sponsorships that are forged by the contractor and attract greater upfront capital investments in sports facilities.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Board, under authority of SC Consolidated Procurement Code Section 11-35-2030(4), approved the University of South Carolina's request for a multi-term contract for Sports Marketing and Media Rights and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

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

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The Citadel: Not Exceeding \$14,000,000 Aggregate Principal Amount Athletic Facilities Taxable Refunding Revenue Bonds of the Citadel, In One or More Series (Regular Item #6)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$14,000,000 Aggregate Principal Amount Athletic Facilities Taxable Refunding Revenue Bonds of the Citadel, In One or More Series.

The proceeds of the Series 2015 bonds will be used for refunding the Series 2010 Athletic Facilities Taxable Refunding Revenue Bond of The Citadel.

Mr. Eckstrom asked if all of the cost were in for the refunding because the costs seem to very low. Rick Harmon with the Treasurer's Office replied that this is good news. He stated that this is a bank placement and the bank is willing to negotiate a new rate.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$14,000,000 Aggregate Principal Amount Athletic Facilities Taxable Refunding Revenue Bonds of the Citadel, In One or more Series.

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

Future Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. White, the Board agreed to meet at 10:00 a.m. on Tuesday, June 16, 2015, in Room 252, Edgar A Brown Building.

Adjournment

The meeting adjourned at 10:10 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 3:20 p.m. on Friday, April 24, 2015.]