

## MINUTES OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

**August 30, 2022 – 2:00 P. M.**

The State Fiscal Accountability Authority (Authority) met at 2:00 p.m. on Tuesday, August 30, 2022, via videoconference. The meeting originated from Room 252 in the Edgar A. Brown Building, with the following members participating in the videoconference:

Governor Henry McMaster, Chair;  
Mr. Curtis M. Loftis, Jr., State Treasurer;  
Mr. Richard Eckstrom, Comptroller General;  
Senator Harvey S. Peeler, Jr., Chairman Senate Finance Committee; and  
Representative J. Gary Simrill, Chairman, Ways and Means Committee.

Also participating in the meeting were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; State Auditor George Kennedy; Governor's Deputy Chief of Staff Mark Plowden; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Joint Bond Review Committee Director of Research Rick Harmon; Ways and Means Chief of Staff Daniel Boan; Authority Secretary Delbert H. Singleton, Jr.; and other State Fiscal Accountability Authority staff.

### ***Adoption of Agenda for State Fiscal Accountability Authority***

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority adopted the agenda as proposed.

### ***Minutes of Previous Meetings***

Upon a motion by Mr. Loftis, seconded by Representative Simrill, the Authority approved the minutes of the June 28, 2022, State Fiscal Accountability Authority meeting.

### ***State Treasurer's Office: Bond Counsel Selection (Regular Session Item #1)***

Upon a motion by Mr. Loftis, seconded by Representative Simrill, the Authority received the State Treasurer's Office report on the assignment of bond counsel as information in accord with Authority policy.

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**CONDUIT/OTHER ISSUES:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>	<b>Date STO Approved</b>
\$28,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Educational Facilities Revenue Bonds, Series 2022; Heathwood Hall Episcopal School	Heathwood Hall Episcopal School Conduit: SCJEDA	Nexsen Pruet – Alan Lipsitz	Pope Flynn Group - Joe Lucas	6/24/2022
\$100,000,000; SC JEDA; SC Jobs-Economic Development Authority Revenue Bonds, Series 2022 - AnMed Health	AnMed Health Conduit: SCJEDA	Pope Flynn Group - Bill Musser	Haynsworth Sinkler Boyd – Kathy McKinney and Brad Love	6/24/2022
\$85,000,000; SC JEDA; Jobs-Economic Development Authority Revenue Bonds, Series 2022; Affordable Housing Partners, Inc. - Silver Station, LLC	Affordable Housing Partners, Inc. - Silver Station, LLC Conduit: SC JEDA	Ice Miller - Phillip Genetos Burr & Forman – Michael Seezen and Assatta Williams	Haynsworth Sinkler Boyd – Kathy McKinney and Brad Love	6/24/2022
\$220,000,000; SC JEDA; Economic Development Retirement Community Revenue Bonds, Series 2022, Kiawah Life Plan Village - Seafields at Kiawah Island	Kiawah Life Plan Village - Seafields at Kiawah Island Conduit: SCJEDA	Haynsworth Sinkler Boyd – Kathy McKinney and Brad Love	Howell Linkous & Nettles – Sam Howell and Alan Linkous	6/24/2022
\$26,000,000; SC JEDA; Educational Facilities Revenue Bonds, Series 2022; Greenwood Charter Academy	Greenwood Charter Academy Conduit: SCJEDA	Howell Linkous & Nettles – Sam Howell and Alan Linkous	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	6/29/2022
\$65,000,000; SC JEDA; Economic Development Authority Revenue Bonds, Series 2022, Affordable Housing Alliance II - Providence Park	Affordable Housing Alliance II - Providence Park Conduit: SCJEDA	Parker Poe – Ray Jones and Emily Luther	Haynsworth Sinkler Boyd – Kathy McKinney and Brad Love	7/26/2022
\$65,000,000; SC JEDA; Economic Development Authority Revenue Bonds, Series 2022, Affordable Housing Alliance II - Windsor Apartments	Affordable Housing Alliance II - Windsor Apartments Conduit: SCJEDA	Parker Poe – Ray Jones and Emily Luther	Haynsworth Sinkler Boyd – Kathy McKinney and Brad Love	7/26/2022
\$12,000,000; Multifamily Housing Revenue Bonds; Dillon Graded School Senior Apartments; Series 2022 (SC State Housing Finance and Development Authority - "SCSHFDA")	Dillon School Senior, LP (Dillon Graded School Senior Apartments Project) Conduit: CSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Tasha Thompson (Assistant General Counsel)	7/26/2022

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<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>	<b>Date STO Approved</b>
\$16,000,000; Multifamily Housing Revenue Note; Dunean Mill Apartments; Series 2022 ("SCSHFDA")	Dunean Mill Apartments, LP (Dunean Mill Townhomes Project) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Tasha Thompson (Assistant General Counsel)	7/26/2022
\$20,000,000; Multifamily Housing Revenue Bonds; Shannon Park Apartments Project; Series 2022 ("SCSHFDA")	Standard Shannon Venture, LP (Shannon Park Apartments Project) Conduit: SCSHFDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon	Issuer's Counsel to SC State Housing Authority – Tasha Thompson (Assistant General Counsel)	7/26/2022
\$17,750,000; Multifamily Housing Revenue Bonds; Dunbar Place Apartments; Series 2022 ("SCSHFDA")	Dunbar Place Apartments, LLC (Dunbar Place Apartments Project) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Tasha Thompson (Assistant General Counsel)	7/26/2022
\$22,000,000; Multifamily Housing Revenue Bonds; Magnolia Branch Apartments; Series 2022A and 2022B ("SCSHFDA")	Magnolia Branch SC, LLC (Magnolia Branch Apartments) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer's Counsel to SC State Housing Authority – Tasha Thompson (Assistant General Counsel)	7/26/2022

**GENERAL OBLIGATION / REVENUE ISSUES:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>	<b>Date STO Approved</b>
\$375,000,000; South Carolina State Housing Finance & Development Authority Mortgage Revenue Bonds / Notes; Series 2022B & 2022C	South Carolina State Housing Finance and Development Authority	Burr Forman McNair – Rion Foley	Issuer's Counsel to SC State Housing Authority – Tasha Thompson (Assistant General Counsel)	8/3/2022

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

***Secretary of State: Notice of Expenditure of Funds (Regular Session Item #2)***

Pursuant to S.C. Code Ann. Section 1-11-470, Secretary of State Mark Hammond requested Authority approval to use funds to purchase radio and television public service announcements not to exceed \$55,000 for a public awareness campaign on charitable solicitations fraud.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority unanimously approved Secretary of State Mark Hammond's request to use funds to purchase radio and

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television public service announcements not to exceed \$55,000 for a public awareness campaign on charitable solicitations fraud.

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

***Dept. of Administration, Executive Budget Office: Permanent Improvement Projects (R#3)***

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

- (a) Project: JBRC Item 1: The Citadel  
H09.9624: Fire Pump and Water Tank Replacement
- Request: Establish Phase I Pre-Design Budget to construct a new fire pump and fire water storage tank for the campus.
- Included in CPIP: Yes – 2022 CPIP Priority 1 of 2 in FY22 (estimated at \$2,550,000)
- CHE Approval: 8/5/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional Capital Project				38,250	38,250
All Sources				<u>38,250</u>	<u>38,250</u>

Summary of Work: The project will construct a new 200,000-gallon water storage tank and a new pump house to house a new fire pump that meets the necessary flow criteria. Once complete, the existing water tank, water tower, and pump house will be demolished.

Rationale: The existing firewater tank and elevated water tower are in poor condition. Based on a tank inspection completed in November 2020, The Citadel initiated a study for an in-house project to replace the tank. The study was finalized in February 2022 and indicated a new tank was needed and that the existing fire pump no longer has capacity to meet current codes for necessary fire water flow for the campus.

Facility Characteristics: The Citadel utilizes a central fire pump and water storage system to provide fire protection coverage to the buildings on campus. The existing water tank was constructed in 1953 (69 years old). The pump house was constructed in 1965 (57 years old) and was renovated in 2001 (21 years old) when the fire pump was

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replaced. The facility will provide fire protection for 22 campus buildings and coverage for other areas of campus with 13 fire hydrants. The buildings served are used by 3,300 students and over 1,000 faculty and staff, as well as visitors to The Citadel campus.

**Financial Impact:** The project will be funded from Institution Capital Project Funds (uncommitted balance \$12.9 million at June 16, 2022). Revenue to this fund is from all Excess Debt Service fund transferred as of June 30<sup>th</sup> each year. The project is not expected to result in any change in annual operating expenditures. A portion of tuition is designated for capital improvements, currently \$1,000 per student per semester for in-state and \$1,755 per student per semester for out-of-state and has not increased from academic years 2017-2018.

**Full Project Estimate:** \$2,550,000 (internal) funded by Institutional Capital Project Funds.

**(b) Project:** JBRC Item 2: Clemson University  
H12.9963: Chiller Plants Expansions and Upgrades

**Request:** Establish Phase I Pre-Design Budget to expand and upgrade the three existing district chilled water facilities.

**Included in CPIP:** Yes – 2021 CPIP Priority 2 of 5 in FY23 (estimated at \$30,000,000)  
**CHE Approval:** 8/5/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Maintenance & Stewardship				450,000	450,000
All Sources				<u>450,000</u>	<u>450,000</u>

**Summary of Work:** This project will include expanding the existing chilled water plants with underground utility distribution piping upgrades, replacing more than 5,400 refrigeration tons of aging centrifugal chiller capacity that will be phased out in the campus Central Energy Facility, and adding 3,600 refrigeration tons of capacity for future buildings and future chiller plant building space and thermal energy storage for cost effective operations and anticipated campus building growth. Portions of the project will involve major thermal distribution piping upgrades for heating and cooling, high efficiency plant pumping and the potential use of high efficiency ground source geothermal heat pump systems.

**Rationale:** Per the university, new campus buildings being planned will exceed available cooling system production and distribution capabilities by 2025. The aging central energy facility will be phased out over the next ten years. For energy efficient district cooling production to keep pace, the proposed expansions and upgrades to the district chilled water plants serving main campus academic, athletic, housing and other facilities are required to serve future campus growth and chiller plant equipment replacement needs for the next 25 years.

**Facility Characteristics:** The West Energy Plant is 11,923 square feet and was constructed in 2016 (6

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years old). The South Chiller Plant is 10,548 square feet and was constructed in 2008 (14 years old). The East Chiller Plant is 8,780 square feet and was constructed in 1985 (37 years old). The district chilled water plants will impact approximately 26,400 students, 5,500 faculty and staff, and numerous visitors.

**Financial Impact:** This request will be funded from Maintenance & Stewardship Funds (uncommitted balance \$28.1 million at June 13, 2022). Revenue to the fund is generated from tuition, matriculation, and other debt retirement and plant transfers revenues that are not formally obligated to fund debt service in the current period and that are responsibly transferred to and managed by the State Treasurer until the time of their State Treasurer approval qualified use. The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased because of the project. A portion of tuition is designated for capital improvements, currently \$1,005 per student per semester, and has increased from \$738 to \$1,005 for the academic years 2014-2015 to 2021-2022.

**Full Project Estimate:** \$30,000,000 (internal) funded by State Institution Bonds.

Mr. Eckstrom noted that the University had an uncommitted balance of just over \$28 million in their Maintenance and Stewardship Fund. He asked if the University had considered funding the project in part with cash to avoid incurring unnecessary debt. Rick Petillo with Clemson University stated that this is Phase I approval of the project and that they have indicated they intend to use state institution bonds as their initial source of funding. He said they will continue to evaluate that as they move forward in implementing their overall capital plan. Mr. Petillo further stated that the reason for indicating the use of state institution bonds is that this will be a long-lived improvement to their campus infrastructure and that they use the Maintenance and Stewardship Fund for performing a variety of factors including capital projects. He noted they use state institution bonds for long-term infrastructure projects.

- (c) **Project:** JBRC Item 3: Clemson University  
H12.9954: Green Tiger I Guaranteed Energy Savings Project
- Request:** Establish Phase II Full Construction Budget to implement a guaranteed energy savings project for work on buildings on Clemson area campuses.
- Included in CPIP:** Yes – 2022 CPIP Priority 1 of 8 in FY23 (estimated at \$45,000,000)
- CHE Approval:** 8/5/22
- Phase I Approval:** December 2021 (estimated at \$49,000,000) (SFAA)

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
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Other, Maintenance & Stewardship	600,000	600,000	2,100,000	2,700,000
Other, Master Lease Program			40,300,000	40,300,000
Other, Energy Provider Rebates			2,000,000	2,000,000
All Sources	<u>600,000</u>	<u>600,000</u>	<u>44,400,000</u>	<u>45,000,000</u>

**Summary of Work:** Phase I approval entailed the selection of Johnson Controls, Inc. (JCI), as the University's Guaranteed Energy Savings Project Contractor to study the university's 108 buildings and determine the recommended scope of work that will maximize the university's opportunity to save on utilities and address maintenance and repair needs for end-of-life systems. That study identified approximately \$65 million of potential improvements, which Clemson prioritized and refined into the proposed \$45 million project budget. The work will include upgrading lighting, making HVAC improvements and equipment replacements, improving water conservation, and making exterior building envelope improvements in campus buildings.

**Rationale:** The university seeks to significantly reduce utility and maintenance expenses while addressing aging building infrastructure needs, reliability, Clemson's sustainability goals and long-term utility operating costs.

**Facility Characteristics:** The Clemson Education and General (E&G), Dining and Housing facilities include 99 buildings that total more than 5,500,000 square feet and were constructed between 1893 (129 years old) and 2016 (6 years old). The project will benefit the entire Clemson University community, which has approximately 28,000 students, 5,500 faculty/staff, and other key stakeholders including parents, potential students, visitors, vendors, and clients.

**Financial Impact:** The project will be funded from Master Lease Program Funds, Maintenance and Stewardship Funds (uncommitted balance \$28.1 million at June 13, 2022), and Energy Provider Rebates (uncommitted balance \$2,000,000 at June 21, 2022). The Master Lease Program from the State Treasurer's Office, pursuant to SC Code § 48-52-670 and SC Code § 11-35-1530. The establishment and maintenance of the State Treasurer's Office Master Lease Program is authorized through Section 1-1-1020, SC Code of Laws. The Program provides cost-effective financing arrangements to South Carolina's state agencies, colleges, and universities for the purpose of acquiring equipment needed to effectively improve and execute services on behalf of the State. The Program provides accepted applicants with financial assistance in obtaining office, telecommunications, medical, data processing, and energy conservation equipment as well as related software. Revenue to the Maintenance & Stewardship Fund is generated from tuition, matriculation and other debt retirement and plant transfers revenues that are not formally obligated to fund debt service in the current period and that are responsibly transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use. The project is expected to result in a decrease of \$3,085,637 (year

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1), \$3,147,350 (year 2), and \$3,210,297 (year 3), in annual operating expenses. It is anticipated that this project will realize a net energy savings of \$103,147,779 million over a 25-year period, which is the complete mechanical/electrical lifecycle. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$1,005 per student per semester, and has increased from \$924 in 2017-2018 to \$1,005 in 2021-2022.

Full Project Estimate: \$45,000,000 (internal) funded by Maintenance and Stewardship, Energy Provider Rebates, and Master Lease Program Funds. Contract execution is expected in October 2022 and completion of construction in January 2025.

Mr. Eckstrom noted that the item indicated that the guaranteed energy savings project would be funded through the master lease program. He asked Mr. Petillo what rate would be paid through the master lease program and if permanent borrowing would save more money than the master lease. Mr. Petillo said they received a long-term rate of 2.61% over 17 years. He stated that was a very cost-effective option for them. Mr. Eckstrom commented the rate seemed to be the same. He noted that the master lease rates were higher at one time.

- (d) Project: JBRC Item 4: College of Charleston  
H15.9671: Silcox PE and Health Center Envelope Repair and First Floor Renovation
- Request: Increase Phase II Full Construction Budget to cover unanticipated structural repairs to complete exterior renovations to correct envelope deficiencies and an interior renovation of the 1<sup>st</sup> floor.
- Included in CPIP: Yes – 2022 CPIP Priority 10 of 10 in FY23 (estimated at \$6,000,000)  
Phase I Approval: February 2020 (estimated at \$5,500,000) (SFAA)  
Phase II Approval: October 2021 (estimated at \$5,500,000) (SFAA)  
CHE Approval: 8/5/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement Project	137,500	5,362,500	5,500,000	466,822	5,966,822
Other, FY14 Lottery (transfer from H15-9653)				16,589	16,589
Other, College (transfer from H15-9653)				16,589	16,589
All Sources	<u>137,500</u>	<u>5,362,500</u>	<u>5,500,000</u>	<u>500,000</u>	<u>6,000,000</u>

Summary of Work: The project was established to make exterior renovations to correct envelope deficiencies and an interior renovation of the 1<sup>st</sup> floor (18,059 gross square feet)



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to convert a storage closet to an ADA compliant gender-neutral restroom, replace classroom technology and furnishings, improve emergency egress, and better utilize existing space. Roof area to be repaired/replaced is approximately 18,850 gross square feet. The facility has two types of existing roofs. There is a main gabled roof that consists of slate shingles and the adjacent low slope roofs are modified bitumen roofing. The building falls under the City of Charleston Board of Architectural Review jurisdiction which requires roof material to be replaced in kind. However, after additional structural revisions the roof will require truss repairs, as well as bracing parapets to the trusses and framing edges of the roof accordingly. This stiffening of the roof structure, plus reducing the roof weight (by using a lighter shingling material) will improve seismic performance. It was determined that entire roof needed to be stripped, and therefore a lighter overall system- changing the decking, a substitute slate product with significantly less weight, and additional bracing of the roof trusses back the parapet was preferred. The new roof will come with a 20-year warranty. Exterior surface area to be repaired/replaced is approximately 29,500 gross square feet.

**Rationale:** A structural report indicated the roof decking was further damaged than indicated in previous building studies. No significant exterior renovations have occurred on this facility since construction. The last interior renovation was in 1995 (27 years ago). The building materials reflect the time of construction & labor-intensive installations - stucco over masonry, wood sash windows with divided glass, metal roof trusses with wood decking, some exterior ironwork, and a slate roof. Per the college, the building is approaching a state of disrepair. Wood windows have reached the end of their life cycle. Stucco is failing at rusting lintels, displays stains & cracks. The roof decking shows deflection & signs of water infiltration. The moisture intrusion is creating indoor air quality issues, requiring the College to find alternate spaces for some classes & student activities.

**Facility Characteristics:** The Silcox Physical Education & Health Center is a 48,904 gross square foot building constructed in 1939 (83 years old). The building houses a mix of classrooms, one indoor sports space, health science labs, and academic offices for the Department of Health and Human Performance. The first floor contains four classrooms serving up to 500 students per weekday, three student study lounges, three faculty offices, seven health science labs and two changing/locker rooms.

**Financial Impact:** This project will be funded from Capital Improvement Project Funds (uncommitted balance \$38.65 million at June 22, 2022), FY14 Lottery Funds (uncommitted balance \$16,589 at June 7, 2022), and College Funds (uncommitted balance \$16,589 at June 7, 2022). Revenues to Capital Improvement Project Fund is generated by the Capital Improvement Fee that exceed current annual debt service related to bonds. The project is expected to result in a decrease of \$7,340 (year 1), \$7,634 (year 2), and \$7,939 (year 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$906 per student per semester, and has increased from \$781 in 2014-2015 to 2022-2023.

**Full Project Estimate:** \$6,000,000 (internal) funded by Capital Improvement Project, FY14 Lottery, and College Funds. Construction completion is anticipated in August 2023.

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Other: The additional structural repairs are estimated at \$817,000, but scopes and budgets have been trimmed in other categories (particularly interior renovations) to compensate. The project contingency was increased by \$440,000 to 13% of total project cost as a safeguard against escalation in the current construction market. The aforementioned reductions in scope may be restored if the increased contingency is not fully utilized.

(e) Project: JBRC Item 9: Office of the Adjutant General  
 E24.9797: McEntire AASF Runway Improvements

Request: Change Project Name, Revise Scope and increase Phase II Full Construction Budget to begin the design of part 2 and part 3 of the remaining runway at McEntire AASF located in Richland County, South Carolina.

Included in CPIP: Yes – 2022 CPIP Priority 12 of 24 in FY23 (estimated at \$4,556,987)

Phase I Approval: January 2017 (estimated at \$214,000) (JBRC Staff)

Phase II Approval: August 2017 (estimated at \$214,000) (JBRC Staff)

Phase II Increase

Approval: July 2019 (estimated at \$485,630) (JBRC)

Phase II Increase

Approval: August 2021 (estimated at \$671,288) (JBRC)

Phase II Increase

Approval: January 2022 (estimated at \$1,581,744) (SFAA)

Phase II Increase

Approval: June 2022 (estimated at \$1,992,987) (SFAA)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Federal, National Guard Bureau	22,916	1,970,071	1,992,987	264,000	2,256,987
All Sources	<u>22,916</u>	<u>1,970,071</u>	<u>1,992,987</u>	<u>264,000</u>	<u>2,256,987</u>

Summary of Work: Part 1 of the project, which included milling and asphalt paving 1,000 linear feet of the 75-foot-wide runway, has been completed. This request will begin design for Part 2 and Part 3 of the remaining runway with each part approximately 1,000 linear feet in length and 75 feet wide. Design services will also include replacement of the electrical lighting along both parts of the runway. The initial project was established and funded specifically to evaluate and repair cracks along centerline of Runway 05-23, 18-inches on both side of the centerline, in addition to repairs to a portion of the taxiway located next to the main runway utilized by the SC Air National Guard. An evaluation by the SC Air National Guard has shown significant damage from the taxiway to the main runway. The runway is approximately 3,420 linear feet long.

Rationale: The existing asphalt runway has severe cracking and minor displacement due to the original construction of the 8- inch concrete base in the 1960's and the

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application of overlaid asphalt in the 1980’s. The cracking results in the creation of foreign objects or debris, such as rocks, gravel, broken asphalt, etc. that can severely damage aircraft engines and the rotary wing blades. These repairs are needed to reduce foreign object debris being drawn into the aircraft engines. An evaluation of Runway 05-23 indicates severe cracking of the concrete along the centerline of the runway for approximately 18-inches, on both sides. As the centerline of the runway receives most of the impact by both fixed-wing and rotary aircraft, this area of the runway needs to be repaired to prevent the dislodging of broken materials and possible damage to aircraft.

**Facility Characteristics:** The runway is approximately 3,420 linear feet and is over 50 years old. Over 300 aviation personnel utilize the runway.

**Financial Impact:** The project will be funded from National Guard Bureau Funds (uncommitted balance \$3.5 million at June 24, 2022). Revenue to the fund is identified as part of the Construction and Facilities Management Office’s Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$2,256,987 (internal) for this phase of the project, funded by National Guard Bureau Funds. Contract execution for this phase of the project is expected in September 2023 and completion of construction in June 2024. The total estimated cost to complete the entire runway is \$4,556,987.

(f) **Project:** JBRC Item 10: Office of the Adjutant General  
 E24.9811: Training Sites TT Enlisted Barracks Replacement

**Request:** Increase the Phase II budget for this annualized project to cover the design and estimated construction of a 32-man barracks (#3511), at McCrady Training Site.

**Included in CPIP:** Yes – 2022 CPIP Priority 7 of 24 in FY22 (estimated at \$6,843,732)

**Phase I Approval:** May 2018 (estimated at \$1,404,000) (SFAA)

**Phase II Approval:** March 2019 (estimated at \$1,414,416) (SFAA)

**Phase II Increase Approval:** June 2020 (estimated at \$2,077,624) (SFAA)

**Phase II Increase Approval:** January 2022 (estimated at \$2,500,732) (SFAA)

**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Federal, National Guard Bureau	88,000	2,412,732	2,500,732	1,400,000	3,900,732
All Sources	<u>88,000</u>	<u>2,412,732</u>	<u>2,500,732</u>	<u>1,400,000</u>	<u>3,900,732</u>

**Summary of Work:** This annualized project will demolish existing WWII Era barracks and construct replacement Transient Training Enlisted, (TT ENL) Barracks at two Army National Guard Training Sites; McCrady Training Center (MTC) and Clarks Hill

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Training Site (CHTS). At this time the construction phase of this project will be annualized with one barrack from McCrady Training Center (#3511), and one barrack from Clarks Hill Training Site (#4422) being demolished and replaced, on alternating years. The Clarks Hill Training Site will include five (5) new 16-man barracks, and the McCrady Training site will include five (5) new 32-man barracks. Each barracks building will be of permanent construction with a finished interior, including mechanical, electrical, and plumbing, (MEP) systems, a latrine with showers, urinals, toilets, sinks and washer/dryer connections. A sloped roof system is proposed for the barracks design, as the attic area will be utilized to house the air handler and duct work associated with HVAC system. A standing seam metal roof system will be installed as it follows the design standard of the SC Army National Guard utilized in the construction of new barracks. This project has been submitted to the Office of State Engineer for review, and they have approved the design selection of the standing seam metal roof. The roof will come with a minimum 20-year material and workmanship warranty. Installation of utilities and the extensions of utilities to the nearest service lines are also included. The Clarks Hill barrack (#4422) has been designed and bids have also been received. This request will cover the construction of Clarks Hill Training Site (#4422). Additionally, \$400K is being added to the project to cover increased costs due to inflation to complete the construction of the McCrady Training Site barrack (#3511).

- Rationale:** The barracks to be replaced are no longer sufficient for the housing of soldiers; the structures are not insulated properly; the roofs are cost prohibitive to repair; no latrine; single pane windows; and old/energy inefficient light fixtures. Due to their age and condition, the existing barracks no longer support the SCARNG's mission and need to be replaced to current codes and standards.
- Facility Characteristics:** Each of the five (5) new 32-man barracks buildings at McCrady Training Center will be approximately 2,400 to 4,600 square feet. Each of the five (5) new 16-man barracks buildings at Clarks Hill Training Site will be approximately 2,400 square feet. Approximately 300 Army National Guard soldiers use these facilities.
- Financial Impact:** The project will be funded from National Guard Bureau Funds (uncommitted balance \$3.5 million at June 24, 2022). Revenue to this fund is identified as part of the Construction and Facilities Management Office's Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau. The project is expected to result in a decrease of \$7,000 (years 1 thru 3) in annual operating expenses.
- Full Project Estimate:** \$3,900,732 (internal) funded by National Guard Bureau Funds. Construction completion is anticipated in September 2022 for McCrady Training Site (#3511). Contract execution is expected in September 2022 with construction completion in May 2023 for Clarks Hill Training Site (#4422). The total estimated cost to construct the five (5) 16-man barracks and the five (5) 32-man barracks is \$13,943,732.
- Other:** The current McCrady Training Center includes five (5) buildings that total

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14,805 square feet and the current Clarks Hill Training Site includes five (5) buildings that total is 3,840 square feet.

(g) Project: JBRC Item 17: Department of Mental Health  
 J12.9830: CFSH Psychiatric Residential Treatment Facility Building Construction

Request: Establish Phase I Pre-Design Budget to construct a new Psychiatric Residential Treatment Facility on the Crafts Farrow State Hospital Campus

Included in CPIP: Yes – 2022 CPIP Priority 16 of 45 in FY23 (estimated at \$19,275,000)  
 CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement & Maintenance				289,125	289,125
All Sources				<u>289,125</u>	<u>289,125</u>

Summary of Work: The project will construct an approximately 50,000 square foot 32+ bed facility. The building shall include up to 32 bedrooms with attached bathrooms, communal living space, classrooms, food prep and dining, treatment rooms, inside and outside activity areas, laundry, staff office space, lobby, security, storage and mechanical and electrical space.

Rationale: The new building will be primarily designed to safely and securely house juveniles committed to DJJ who have been determined to have a mental illness requiring transfer to the Department of Mental Health (DMH) for treatment, and whose needs require a period of treatment in a psychiatric residential treatment facility, but whose needs cannot be met in an available private facility.

Facility Characteristics: The new facility will be approximately 50,000 square feet and located on the Crafts Farrow State Hospital Campus. The facility will house up to 40 mental health patients and 150 staff.

Financial Impact: This request will be funded from Capital Improvement & Maintenance Funds (uncommitted balance \$15.2 million at April 25, 2022). Revenue to the Capital Improvement & Maintenance Fund is authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. The project is expected to result in an increase of \$2,940,000 (year 1), \$5,880,000 (year 2), and \$6,056,400 (year 3), in annual operating expenses.

Full Project Estimate: \$19,275,000 (internal) funded by Capital Improvement & Maintenance Funds and FY23 Department of Juvenile Justice Appropriated State (nonrecurring) Funds.

Mr. Eckstrom commented that the project will meet the needs of youth at DJJ by

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constructing a 40-bed facility for incarcerated youth who need mental health services. He noted that over the past 20 years the State has moved to deinstitutionalize patients and send them back to their communities. Mr. Eckstrom further noted that the cost of the facility is about \$350 per square foot. He asked if the State Engineer’s Office has looked at the project to determine if there could be more cost containment. He also voiced concern about the staff to patient ratio for the project. He also asked if DJJ would own the building or if it would stay under the umbrella of DMH. He stated that the annual budget cost would be quite significant and asked if the cost of the project would come from DMH’s or DJJ’s budget.

DJJ Director Eden Hendrick appeared before the Authority on this matter. She stated that they do have a fluctuating population but the need for a 40-bed facility exists. She noted that until 2015 or 2016 DMH ran a psychiatric residential treatment facility that served their children. She said that facility closed and that private facilities do not want to take DJJ’s children because they have greater needs and severe mental illness that prevents them from being released back to the community. She said that this project aims to deinstitutionalize their youth by putting them in a more therapeutic environment that best meets their needs instead having them at DJJ.

In further conversation, Mr. Eckstrom asked Ms. Hendrick if there was no cost to DJJ for the project and if DMH was going to bear the cost. Ms. Hendrick stated that the legislature appropriated money to DJJ for the project. She said they have entered into a Memorandum of Agreement with DMH, the Department of Health and Human Services, and the Department of Children’s Advocacy to give the money to DMH when they meet certain goals.

- (h) Project: JBRC Item 20: Department of Corrections  
 N04.9784: Statewide - Replace Fence Intrusion Detection Systems
- Request: Establish Phase I Pre-Design Budget to replace the fence intrusion detection systems at five correctional institutions across the state.
- Included in CPIP: Yes – 2022 CPIP Priority 1 of 10 in FY23 (estimated at \$1,022,723)
- CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY22 Carryforward				15,340	15,340
All Sources				<u>15,340</u>	<u>15,340</u>

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**Summary of Work:** The project will replace the fence intrusion detection systems at Lee, Evans, Perry, Kirkland, and Tyger River Correctional Institutions. The fence intrusion detection systems are used to alert the institution’s security personnel of an attempted escape. Any attempt to scale or cut the perimeter fence will set off an alarm in the control room showing where the event is occurring. This allows security to respond to the exact location quickly. Per the agency, the intrusion detection systems are an integral part of the layered security inside the state’s correctional institutions.

**Rationale:** The current fence intrusion detection systems are obsolete and spare parts are no longer available. Currently the agency is having components rebuilt as needed but as they continue to age it has become harder to find vendors who will repair these components.

**Facility Characteristics:** The Lee, Evans, Perry, Kirkland, and Tyger River Correctional Institutions have intrusion detection systems that were installed between 1982 (40 years old) and 1993 (29 years old) but are of the same design and manufacturer. These 5 institutions across the state house 5,406 inmates.

**Financial Impact:** The project will be funded from FY22 Carryforward Funds (uncommitted balance \$47.96 million on June 15, 2022). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,022,723 (internal) funded by FY22 Carryforward Funds.

(i) **Project:** JBRC Item 21: Department of Corrections  
 N04.9782: Manning CI – Laundry Roof Replacement

**Request:** Change Source of Funds and Establish Phase II Full Construction Budget to replace the roof on the Central Laundry Building at Manning Correctional Institution.

**Included in CPIP:** Yes – 2022 CPIP Priority 4 of 10 in FY23 (estimated at \$1,275,000)  
**Phase I Approval:** January 2022 (estimated at \$750,000) (JBRC)  
**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY22 Carryforward				525,000	525,000
Other, Canteen Revenue	11,250		11,250	738,750	750,000
All Sources	<u>11,250</u>		<u>11,250</u>	<u>1,263,750</u>	<u>1,275,000</u>

**Summary of Work:** The project scope will replace the three-ply built-up roofing system on the laundry building with a thermoplastic roofing membrane (PVC & TPO) system. The new roof will come with a minimum 20-year material and workmanship warranty.

**Rationale:** This roof has met its life expectancy and is in poor condition.

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**Facility Characteristics:** The laundry building is 27,250 square feet and was constructed in 1961 (61 years old). The laundry building roof was installed in 2001 (21 years old). The building houses the inmate laundry for Manning Correctional Institution which houses 266 inmates.

**Financial Impact:** The project will be funded from Appropriated State, FY22 Carryforward Funds (uncommitted balance \$47.96 million at June 15, 2022), and Canteen Funds (uncommitted balance \$6.7 million at July 10, 2022). Revenue to the Canteen Fund is derived wholly from the canteen operations within the Department of Corrections on behalf of the inmate population, which may be retained and expended by the department for the continuation of the operation of said canteens and the welfare of the inmate population or, at the discretion of the Director, used to supplement costs of operations. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,275,000 (internal) funded by FY22 Carryforward and Canteen Revenue Funds. Contract execution is expected in December 2022 with construction completion in June 2025.

(j) **Project:** JBRC Item 22: Department of Corrections  
 N04.9783: Wateree CI – Replace Maintenance Building

**Request:** Establish Phase II Full Construction Budget to replace the maintenance building at Wateree Correctional Institution.

**Included in CPIP:** Yes – 2022 CPIP Priority 3 of 10 in FY23 (estimated at \$1,750,093)  
**Phase I Approval:** January 2022 (estimated at \$970,000) (JBRC)  
**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY21 Carryforward	14,550		14,550		14,550
Appropriated State, FY22 Carryforward				1,735,543	1,735,543
All Sources	<u>14,550</u>		<u>14,550</u>	<u>1,735,543</u>	<u>1,750,093</u>

**Summary of Work:** The project scope will construct a 40-foot by 80-foot pre-engineered metal building to replace the existing maintenance building.

**Rationale:** The existing maintenance building has extensive disintegration of the wood trusses which is causing the weight of the roof to shift to interior walls not designed to be load bearing.

**Facility Characteristics:** The existing maintenance building is a 30-foot by 90-foot block building with wood framed interior walls and wood trusses and was constructed in approximately 1941 (81 years old). The building was originally a dorm for correctional officers and was repurposed into a maintenance shop. The new



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maintenance building will be a 40-foot by 80-foot, 3,200 square foot pre-engineered metal building. The building will house the maintenance staff, tools, and maintenance supplies for the institution. The maintenance building supports the institution which currently houses 396 inmates.

**Financial Impact:** This request will be funded from Appropriated State, FY22 Carryforward Funds (uncommitted balance \$47.96 million at June 15, 2022). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,750,093 (internal) funded by FY21 & FY22 Carryforward Funds. Contract execution is expected in January 2023 with construction completion in August 2025.

**(k) Project:** JBRC Item 23: Department of Corrections  
 N04.9768: Kirkland CI – Remodel Storage Space into Housing Unit

**Request:** Revise Scope and Increase Phase II Full Construction Budget to add a new roofing system for the entire building and to demolish and backfill a loading dock, as well as to cover increased construction costs to remodel a portion of the building “D” at Kirkland CI to a Housing Unit.

**Included in CPIP:** Yes – 2022 CPIP Priority 1 of 10 in FY23 (estimated at \$5,398,070)

**Phase I Approval:** June 2020 (estimated at \$1,000,000) (SFAA)

**Phase II Approval:** September 2021 (estimated at \$1,500,000) (SFAA)

**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY21 Carryforward		500,000	500,000		500,000
Appropriated State, FY22 Carryforward				3,898,070	3,878,070
Other, Canteen	15,000	985,000	1,000,000		1,000,000
All Sources	<u>15,000</u>		<u>1,500,000</u>	<u>3,898,070</u>	<u>5,398,070</u>

**Summary of Work:** This project will now include the removal of the existing three-ply built-up roofing system and replace with a single ply PVC roofing system. The new roof will come with a minimum 20-year material and workmanship warranty. Also, a loading dock will be demolished and back filled. The project was established to convert approximately 10,446 square feet, which is the portion of the building used for storage space, into a Housing Unit. Portions of this building were remodeled into a housing unit in 2000. Currently Kirkland CI houses R&E, the State’s MSU and special needs inmates which puts bed space at a premium.

**Rationale:** The Housing Unit will provide space for Kirkland CI’s inmate cadre to be moved from the Special Needs Unit to a separate unit freeing up bed space for additional special needs inmates.

**Facility Characteristics:** The “D” Building is 51,700 square feet and was constructed in 1973 (49 years

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old). The 10,446 square feet of remodeled space will house 100 inmates and 1 staff.

**Financial Impact:** This request will be funded from FY22 Carryforward Funds (uncommitted balance \$47.96 million at June 15, 2022). The project is expected to result in an increase of \$25,302 (years 1 thru 3), in annual operating expenses.

**Full Project Estimate:** \$5,398,070 (internal) funded by FY21 & FY22 Carryforward, and Canteen Funds. Contract execution is expected in December 2022 with construction completion in December 2024.

(l) **Project:** JBRC Item 24: Department of Corrections  
 N04.9772: Broad River Complex – Add Security Fence

**Request:** Revise Scope and Increase Phase II Full Construction Budget to allow for the addition of a turnaround lane.

**Included in CPIP:** Yes – 2022 CPIP Priority 2 of 10 in FY23 (estimated at \$1,000,000)  
**Phase I Approval:** March 2021 (estimated at \$737,000) (JBRC)  
**Phase II Approval:** June 2021 (estimated at \$737,000) (JBRC)  
**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY20 Carryforward	11,055	725,945	737,000		737,000
Appropriated State, FY22 Carryforward				263,000	263,000
<b>All Sources</b>	<u>11,055</u>	<u>725,945</u>	<u>737,000</u>	<u>263,000</u>	<u>1,000,000</u>

**Summary of Work:** The project was established to add security fencing to the front of the SCDC’s Broad River Complex. The fence will be an ornamental steel fence approximately 2,150 linear feet long with 4 vehicle gates and one keypad protected pedestrian gate. This request will allow for the addition of a turnaround lane for when the main gates on Bert Friday Road are closed to allow cars to be redirected without the need to back-up, additional cameras to monitor the gates to allow remote screening and cover the increases in construct costs for labor and material.

**Rationale:** The fence will prevent unauthorized access to all SCDC’s facilities within the Broad River Complex from the Broad River Road area. The new fence will prevent individuals from walking up to the Headquarters building without first having passed through a security screening and also allow the gate house to close access on Bert Friday Road in the event of an emergency.

**Facility Characteristics:** The Broad River Complex includes 4 correctional institutions and all of the South Carolina Department of Corrections support buildings. The front gate averages approximately 1,700 SCDC staff plus 189 Well Path Staff per day. This number does not include visitors for inmate visitation. Due to COVID visitation

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has been curtailed but will be resumed as soon as circumstances allow. Recruiting has 32 staff that will pass through a different gate included in this project.

**Financial Impact:** This request will be funded from FY22 Carryforward Funds (uncommitted balance \$47.96 million at June 15, 2022). The project is expected to result in an increase of \$600 (years 1 thru 3) in annual operating expenses.

**Full Project Estimate:** \$1,000,000 (internal) funded by FY20 & FY22 Carryforward Funds. Construction completion is anticipated in December 2024.

**(m) Project:** JBRC Item 27: Department of Natural Resources  
P24.6060: Jasper-Slater Sandhills Heritage Preserve/WMA Land Acquisition (OSI)

**Request:** Establish Preliminary Land Acquisition for the purpose of investigating the purchase of approximately 3,507 acres of land in Jasper County.

**Included in CPIP:** Yes – 2022 CPIP Priority 16 of 46 in FY23 (estimated at \$19,020,000)  
**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Federal, Forest Legacy Grant				20,000	20,000
All Sources				<u>20,000</u>	<u>20,000</u>

**Rationale:** The property has been identified as the highest priority for protection of aquatic species and drinking water in the Port Royal Watershed. Acquisition of the site will provide opportunities for bobwhite quail restoration, recruitment of red-cockaded woodpeckers and expansion of current gopher tortoise population. If it is acquired, the property will be established as a Heritage Preserve and placed into the Wildlife Management Area program. It will be open for outdoor recreational activities.

**Characteristics:** The property is located approximately 8 miles north of Ridgeland, west of Interstate 95. It adjoins the south side of the Tullifinny River, and the Coosawhatchie River bisects the tract. The property contains 5 miles of river frontage, 11 miles of tributaries and 8 isolated wetlands. It's comprised of forested uplands, bottomland hardwoods, fields, open areas, and an internal road system. A hunting lodge, two pole sheds and a small storage shed are also located on the property. Approximately 68 priority plant and animal species are known or expected on the site, including two that are federally endangered, one that is federally threatened, and three that are federally at-risk species.

**Financial Impact:** The property is offered by Open Space Institute Land Trust, Inc. of New York, NY for \$19,000,000. The due diligence activities will be funded from US Forest Service Forest Legacy Administrative Grant Funds (uncommitted balance \$27.1 million at June 20, 2022). Revenue to this fund is authorized by the Cooperative Forestry Assistance Act of 1978 as amended by the 1990 Farm Bill Section 1217

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of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990. The purpose of the program is to protect environmentally important forest areas that are threatened by conversion to non-forest uses. Participating states may apply for and receive federal administrative grant funds to carry out the Forest Legacy Program in the state, including real estate transaction costs incurred by or at the request of the state. The project is expected to result in an increase of \$250,000 (year 1), \$200,000 (year 2) and \$100,000 (year 3), in annual operating expenses.

Full Project Estimate: \$19,020,000 (internal) funded by US Forest Service Forest Legacy Administrative Grant, Heritage Land Trust, SC Conservation Bank Grant, Fish & Wildlife Protection (Timber), Fish & Wildlife Protection (Deer License Revenue), and The Nature Conservancy Funds.

(n) Project: JBRC Item 32: Department of Employment and Workforce  
R60.9535: Parking Lot Overlay - SC Works Midlands Building - Lot #2

Request: Increase Phase II Full Construction Budget to cover increased construction costs to re-pave parking lot #2 of the Midlands SC Work Center.

Included in CPIP: Yes - 2022 CPIP Priority 2 of 3 in FY2023 (estimated at \$1,334,991)  
Phase I Approval: March 2021 (estimated at \$722,073) (JBRC)  
Phase II Approval: August 2021 (estimated at \$722,073) (JBRC)  
CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Contingency Assessment	8,000	714,073	722,073	612,918	1,334,991
All Sources	<u>8,000</u>	<u>714,073</u>	<u>722,073</u>	<u>612,918</u>	<u>1,334,991</u>

Summary of Work: The project includes demolition, a retaining wall, sidewalk, repaving, wheel stops, pavement marking and signage, traffic control, sediment and erosion controls, and landscaping and stabilization. The asphalt pavement surfaces will be replaced with an asphalt overlay. Isolated areas exhibiting failure or extreme fatigue will be removed and replaced with full depths pavement patches. A 2” overlay of hot mix asphalt pavement will be applied following the application of pavement patch repairs. New wheel stops will be installed on all parking spaces along the parking lot borders. Upon completion of paving, the parking spaces should be remarked, providing a total of seven (7) ADA spaces.

Rationale: The increase is due to current bid market and higher material and labor costs. Cracks, potholes and pavement patches are present in multiple locations. The parking lot contains trip hazards, and it is recommended that it be completed removed and replaced.

Facility Characteristics: Parking Lot #2 included in this project is 107,000 gross square feet and is adjacent to the Midlands SC Works building which is 23,917 square feet and was constructed in 1984 (38 years old). The parking lot is utilized by Workforce &

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Economic Development and Unemployment Insurance staff, which include 45 full time employees that use it on a daily basis.

**Financial Impact:** The project will be funded from Contingency Assessment Funds (uncommitted balance \$80.68 million at May 31, 2022). Revenue received is the contingency assessment portion of the tax and is accounted for in the special revenue fund which is primarily to fund the administrative costs and employment services, whereas the employment tax is used to fund unemployment compensation benefits in the proprietary fund. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,334,991 (internal) funded by Contingency Assessment Funds. Contract execution is expected in October 2022 with construction completion in March 2023.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority approved the permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office.

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

***Dept. of Administration, Executive Budget Office: South Carolina Department of Natural Resources – Lexington – Congaree Creek Heritage Preserve Land Acquisition (R#4)***

The Authority was requested by the Department of Natural Resources through the Department of Administration, Executive Budget Office, to approve the following Permanent Improvement Project Phase II, for the Congaree Creek Preserve Land acquisition; and approve an expenditure of \$2,425,000 from the Heritage Land Trust Fund pursuant to Section 51-17-115 toward the acquisition of land described in Permanent Improvement Project 6056.

(a) **Project:** JBRC Item 29: Department of Natural Resources  
P24.6056: Lexington - Congaree Creek Heritage Preserve Land  
Acquisition (OSI-Taylor Tract)

**Request:** Establish Final Land Acquisition to purchase 126.9 acres of land in eastern Lexington County.

**Included in CPIP:** Yes – 2021 CPIP Priority 2 of 11 in FY24 (estimated at \$7,020,000)  
**Phase I Approval:** April 2022 (estimated at \$3,520,000) (SFAA)  
**CHE Approval:** N/A

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Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Heritage Land Trust	20,000		20,000	2,425,000	2,445,000
All Sources	<u>20,000</u>		<u>20,000</u>	<u>2,425,000</u>	<u>2,445,000</u>

**Rationale:** The acquisition of the property will protect additional significant cultural resources adjoining SCDNR’s Congaree Creek Heritage Preserve. Acquisition of this property would expand Congaree Creek Heritage Preserve from 641 acres to 767.9 acres and allow for greater public access in the form of walking trails and canoeing opportunities. After the land is acquired, it will be managed as part of the Congaree Creek Heritage Preserve.

**Characteristics:** The property is located on the east side of Charleston Highway (Hwy 321) between Six Mile Creek and Congaree Creek and adjoins DNR’s Congaree Creek Heritage Preserve on the west and northeast sides. The land contains hardwood bottom wetlands and an upland sandhill long leaf pine ecosystem. The property also contains both prehistoric and historic period archaeological sites significant to the midlands. The unique proximity to a population center will provide the public with an opportunity to observe and participate in the archaeological work on the property.

**Financial Impact:** The property is offered by Open Space Institute Land Trust, Inc. of New York, NY for \$2,425,000. The acquisition will be funded from Heritage Land Trust Funds (uncommitted balance \$30.48 million at June 20, 2022). Revenue to this fund is authorized by SC Code 51-17-115 and provides for the department to use Heritage Land Trust Funds to acquire in fee simple or lesser interest in priority areas, legal fees, appraisals, surveys, or other costs involved in the acquisition of priority areas, and for the development of minimal facilities and management necessary for the protection of priority areas. The project is expected to result in an increase of \$2,000 (year 1), in annual operating expenses. An appraisal was completed in June 2022 and valued the property at \$3,425,000. A Phase I Environmental Site Assessment was completed in January 2022 and revealed no evidence of recognized environmental conditions in connection with the property, and therefore a Phase II assessment is not

recommended at this time. A Building Condition Assessment is not required since no buildings are located on the property. Letters of support are also not required since the property is currently owned by a non-profit organization and is therefore not included on the tax rolls.

Full Project Estimate: \$2,445,000 (internal) funded by Heritage Land Trust Funds.

Special Note: Section 51-17-115 provides that no money from the Heritage Land Trust Fund may be expended “to acquire interests in property without a recommendation of the Heritage Trust Advisory Board and the approval of the State Fiscal Accountability Authority”. The Heritage Trust Advisory Board recommended this expenditure at its meeting on February 10, 2022. The Authority is asked to approve the expenditure of \$2,425,000 from the Heritage Land Trust Fund pursuant to Section 51-17-115.

Mr. Eckstrom commented that the Authority has looked at this project from every angle. He said he appreciates Treasurer Loftis raising questions that helped them become satisfied with the details of the project.

Upon a motion made by Mr. Eckstrom, seconded by Senator Peeler, the Authority, as requested by the Department of Natural Resources through the Department of Administration, Executive Budget Office, approved the Permanent Improvement Project Phase II, for the Congaree Creek Preserve Land acquisition; and as requested by DNR approved an expenditure of \$2,425,000 from the Heritage Land Trust Fund pursuant to Section 51-17-115 toward the acquisition of land described in Permanent Improvement Project 6056.

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

***Department of Administration: Easement (Regular Session #5)***

The Department of Administration requested approval of the following easement in accordance with SC Code of Laws:

- (a) County Location: Horry
- From: Department of Administration on behalf of South Carolina  
Department of Parks, Recreation & Tourism
- To: DC BLOX, Inc.
- Consideration: \$31,700
- Description/Purpose: To grant a 0.62± acre non-exclusive easement for ingress,  
egress, construction, installation, operation and

maintenance of an underground ocean grounding bed system on property of Myrtle Beach State Park. The easement is associated with the underground fiber optic infrastructure being installed in Myrtle Beach. The easement will contain the State's standard termination language that if the easement holder abandons the easement, is in breach, or ceases to use the easement for its intended purpose, it will terminate. The term of the easement will be fifty (50) years. The easement will be assignable only in the event of change of ownership or control of the Grantee subject to the easement restrictions. Consideration is the appraised value plus \$700 administrative fee. PRT has determined that, in accordance with the requirement of the statute, the easement does not appear to materially impair the utility of the property or damage it. There are no exceptions requested with regard to the 2022 easement policy.

Upon a motion by Representative Simrill, seconded by Mr. Eckstrom, as recommended by the Department of Administration, Facilities Management and Property Services on behalf of South Carolina Department of Parks, Recreation & Tourism to DC BLOX, Inc, the Authority approved the referenced easement.

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

***Department of Administration, Facilities Management and Property Services: SC Department of Health and Human Services Lease at 1801 Main Street in Columbia (Regular Session #6)***

The SC Department of Health and Human Services ("DHHS") requested approval to continue leasing 141,031 rentable square feet of space and 7,200 rentable square feet of warehouse/receiving space at 1801 Main Street in Columbia from Jefferson Square, LLC ("Landlord"). DHHS's current lease at this location expires on June 30, 2023.

After contacting state agencies to verify no adequate state space was available, the Department of Administration conducted a solicitation for 3-, 5-, and 7-year terms. Four proposals were received. One proposal was deemed non-responsive because the Landlord's offer indicated they would conduct a test fit at no cost to the State and then propose a cost per square foot based on the results of that test fit but when asked to do the test fit, the Landlord declined. Of the three



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responsive proposals received, the selected location is the lowest offer when accounting for moving costs.

The requested lease term is seven (7) years commencing July 1, 2023. The rental rate for the first three years will be \$16.75/SF for office space, which is an annual rent of \$2,362,269.25. Thereafter the rental rate will escalate by 1.5% annually. The lease includes all operating expenses with \$7.36/SF of the rental rate allocated to operating expenses in year one. At the end of year one and annually thereafter, the agency is responsible for any operating expenses in excess of the year one allocation up to a cap of 2.5%. Additionally, rent for the warehouse/receiving space is \$5.00/SF or \$36,000 annually and for parking is \$120,000 annually for 475 spaces in the adjacent garage. As such, over the 7-year term, the minimum rent and operating expenses to be paid by the agency is \$16,895,580.23 and the maximum rent and operating expenses is \$18,751,659.82 as shown in the chart below.

Year	Rate	Annual Rent	Op Ex Max	Total Max Office Rent and Op Ex	Annual Warehouse Rent	Annual Parking Rent	Total Annual Max
1	\$16.75	\$2,362,269.25	\$25,949.70	\$2,388,218.95	\$36,000.00	\$120,000.00	\$2,544,218.95
2	\$16.75	\$2,362,269.25	\$52,548.15	\$2,414,817.40	\$36,000.00	\$120,000.00	\$2,570,817.40
3	\$16.75	\$2,362,269.25	\$79,811.56	\$2,442,080.81	\$36,000.00	\$120,000.00	\$2,598,080.81
4	\$17.00	\$2,397,703.29	\$107,756.55	\$2,505,459.84	\$36,000.00	\$120,000.00	\$2,661,459.84
5	\$17.26	\$2,433,668.84	\$136,400.17	\$2,570,069.01	\$36,000.00	\$120,000.00	\$2,726,069.01
6	\$17.52	\$2,470,173.87	\$165,759.88	\$2,635,933.75	\$36,000.00	\$120,000.00	\$2,791,933.75
7	\$17.78	\$2,507,226.48	\$195,853.58	\$2,703,080.06	\$36,000.00	\$120,000.00	\$2,859,080.06

The space will meet the state standard of 210 RSF/person with a density of 131 RSF/person.

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

Tenant	Location	Rate per SF
Vacant	1320 Main St.	\$24.00
Vacant	1441 Main St.	\$22.00
Vacant	1122 Lady St.	\$19.00

Above rates subject to base rent escalations.

DHHS has adequate funds for the lease according to a Budget Approval Form submitted July 27, 2022. Lease payments will be funded through state appropriations, federal funding, and revenue derived from third party liability recoveries and drug rebate collections. No option to purchase the property is included in the lease. The lease was approved by JBRC at its August 23, 2022, meeting.

Mr. Eckstrom noted that the agency has leased the property for a long time. He asked at what point does it make sense to purchase the building instead of continuing to lease the building at prime lease rates. He asked if the Department of Administration has investigated that issue. Ashlie Lancaster, Director of Facilities Management and Property Services, appeared before the Authority on this matter. She stated that when DHHS entered the previous lease arrangement cost allocation was around a potential purchase price. She said the agency did a cost benefit analysis and determined it was not in their best interest to purchase the building. She said the agency felt that there was so much deferred maintenance to be done to the building that it did not make sense to purchase it.

Ms. Lancaster further stated that the cost of ownership is usually less than leasing. She said if DHHS found an appropriate location and if there was a commitment to long-term funding for a building and maintenance then it may be in the best interest of the agency to purchase a building. She noted that this lease contains the standard provision that allows for an agency to terminate a lease at any given time if the agency was going to move into State owned space. She stated in this instance she asked the agency if they were interested in purchasing the building and they were not interested in doing so.

Representative Simrill commented that when the State owns a building it is taken off the tax rolls, whereas that would not be the case with a private company. He said this is the best public-private partnership that helps to keep government smaller. He noted that the State does not have to deal with deferred maintenance costs in that instance.

Governor McMaster asked how many floors are in the building and how many are occupied by the agency. Ms. Lancaster stated that she did not remember how many floors are in the building, but that the agency occupied the entire building. Mr. Loftis commented his complaint is why have agencies located on Main Street where the public does not have easy access to them.

Upon a motion by Senator Peeler, seconded by Mr. Loftis, the Authority approved the proposed seven-year lease by Department of Health and Human Services for 141,031 rentable square feet of space and 7,200 rentable square feet of warehouse/receiving space at 1801 Main Street in Columbia from Jefferson Square, LLC., as recommended by the Department of Administration, Facilities Management and Property Services.

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

***Department of Administration, Facilities Management and Property Services: Greenville Technical College Lease-Out to Greenville County (225 South Pleasantburg Drive, Building 603) (Regular Session #7)***

Greenville Technical College by and through the Greenville County Commission on Technical Education (the “College”) requested approval to lease-out 60,000 square feet at 225 South Pleasantburg Drive, Building 603 to Greenville County (the “County”).

The College responded to a solicitation and desires to lease-out 60,000 square feet to the County in a triple net lease at a base rent of \$11.00 per square foot for the first year. The County will not pay rent during the first six months of the lease term during which time they will perform renovations work. The term of the lease will be five (5) years (the “Initial Term”), beginning on September 1, 2022, and ending on August 31, 2027, with two (2) optional three (3) year renewals (Extended Terms).

Basic Rent for the Initial Term and for each Extended Term is as follows:

<u>INITIAL TERM</u>		<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR	1 (Months 1-6)	\$0	\$0	\$0
YEAR	1 (Months 7-12)	\$330,000.00	\$55,000.00	\$11.00
YEAR	2	660,000.00	\$55,000.00	\$11.00
YEAR	3	\$673,200.00	\$56,100.00	\$11.22
YEAR	4	\$673,200.00	\$56,100.00	\$11.22
YEAR	5	\$686,460.00	\$57,205.00	\$11.44

<u>EXTENDED TERM 1</u>		<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR	1	\$686,460.00	\$57,205.00	\$11.44
YEAR	2	\$700,190.00	\$58,350.00	\$11.67
YEAR	3	\$714,194.00	\$59,516.00	\$11.90

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<u>EXTENDED TERM 2</u>		<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR	1	\$728,478.00	\$60,706.00	\$12.14
YEAR	2	\$743,058.00	\$61,922.00	\$12.38
YEAR	3	\$757,920.00	\$63,160.00	\$12.63

The County shall pay as additional rent its prorated share of all building operating costs. No option to purchase the property is included in the lease-out. The lease-out was approved by JBRC at its August 23, 2022, meeting

Mr. Eckstrom asked Ms. Lancaster what is the average lease rate that is paid to the Department of Administration. Ms. Lancaster responded that the rate is \$11.29 per square foot. Mr. Eckstrom noted that in this instance the State is entering a lease with another government at lower than market rate. He noted that recently the Authority approved a lease rate of around \$16 per square foot in Greenville and that rates paid in Charleston were upwards of twice that amount. He noted that the rates for Columbia are near those of Greenville, but even taking a rate between the locations does not present a rate of \$11. He said he does not know why Greenville Tech would be willing to enter an agreement to lease-out the property when it would benefit from ownership of the asset. He said he does not know why Greenville Tech does not dispose of the property if it has no use for it.

Dr. Jacqueline DiMaggio, Vice President for Finance for the College, appeared before the Authority on this matter. She stated that the property was purchased in 1999. She said that a lot of the small buildings are being leased to colleges and universities associated with the University Center and to several not-for-profit associations. She said the building is intertwined with other government agencies. Dr. DiMaggio said the lease with the County is a triple net lease and that the County will be responsible for all the utilities, operations, and maintenance with exception of the building envelope. She said that the comparables they have do not show that those tenants are paying utilities or maintenance. She stated they discounted the lease price because Greenville County would be paying those things.

Upon a motion by Senator Peeler, seconded by Representative Simrill, the Authority approved the proposed lease-out for five years and up to two Extended Terms of three years each

for 60,000 square feet at 225 South Pleasantburg Drive, Building 603 to Greenville County, as requested by the Department of Administration, Facilities Management and Property Services.

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

***Department of Administration, Facilities Management and Property Services: Asset Transfers from Division of Public Railways d/b/a Palmetto Railways to the South Carolina Ports Authority in connection with the Intermodal Facility Project (Regular Session #8)***

The South Carolina Ports Authority (“Ports Authority”) is working to construct and implement the Navy Base Intermodal Facility (“NBIF”) project, which includes container transfer infrastructure, waterborne cargo infrastructure and related infrastructure in support thereof, at or in the vicinity of the Port of Charleston facility (the “Project”). The South Carolina Department of Commerce (“Commerce”) and its Division of Public Railways (“Palmetto Railways”) have parcels of real property totaling 141.81± acres in the cities of North Charleston and Charleston, including the NBIF main site, that are currently available for transfer to the Ports Authority. Palmetto Railways desires to transfer these parcels to the Ports Authority for no additional consideration to facilitate implementation of the NBIF in accordance with the attached Transfer Agreement.

The parcels to be transferred are:

<b>TMS#</b>	<b>Address</b>	<b>Acreage</b>
Portions of various parcels*	Main NBIF Parcel (list attached)	124.71± acres
464-02-00-017	1799 Meeting Street	1.17± acres
466-04-00-009*	Naval Air Bases Road Site	6.11± acres
466-04-00-008*	Shipyard Creek Road Site	2.11± acres
400-00-00-251	Hobson Avenue/McMillan Avenue	1.99± acres
400-00-00-252	Hobson Avenue/McMillan Avenue	4.52± acres
400-00-00-117	Hobson Avenue/McMillan Avenue	1.20± acres

\*Palmetto Railways is currently working with the City to combine these parcels into a single parcel totaling 163.69± acres which they will then subdivide and transfer 132.93± acres to the Ports Authority and retain 30.76± acres.

If it is determined that any of the properties are not needed for completion of the Project or if the Project is terminated, canceled or abandoned, the Transfer Agreement requires that the parties confer and agree on the proposed disposition of the properties for submission to and approval by JBRC and SFAA.

The transfers were approved by JBRC at its meeting on August 23, 2022.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved the transfer of the identified parcels of real property totaling 141.81± acres in the City of Charleston from Palmetto Railways to the Ports Authority without consideration, as requested by the South Carolina Department of Commerce (“Commerce”) and its Division of Public Railways (“Palmetto Railways”) through the Department of Administration, Facilities Management and Property Services.

Information relating to this matter has been retained in these files and is identified as Exhibit 8.

***Executive Director: Revenue Bonds (State Housing Finance and Development Authority)  
(Regular Session #9)***

The required reviews on the following proposal to issue revenue bonds has been completed with satisfactory results. The projects require approval under State law. Requests for volume cap ceiling allocation will be handled in a separate agenda item.

- a. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$12,000,000 Multifamily Housing Revenue Bonds Series 2022  
Allocation Needed: \$12,000,000 of 2020 ceiling allocation carry forward to be used  
Name of Project: Dillon Graded School Senior Apartments  
Employment Impact: n/a  
Project Description: to provide construction financing for a portion of the costs of acquisition, constructing, and renovating for adaptive reuse as multifamily housing to be known as Dillon Graded School Senior Apartments, in the City of Dillon  
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC
  
- b. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$17,750,000 Multifamily Housing Revenue Note, Series 2022  
Allocation Needed: \$17,750,000 of 2020 ceiling allocation carry forward to be used  
Name of Project: Dunbar Place  
Employment Impact: n/a  
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Dunbar Place, in Rock Hill  
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC

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- c. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$16,000,000 Multifamily Housing Revenue Note, Series 2022  
Allocation Needed: \$16,000,000 of 2020 ceiling allocation carry forward to be used  
Name of Project: Dunean Mill Apartments  
Employment Impact: n/a  
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Dunean Mill Apartments, in Greenville.  
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC
- d. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$22,000,000 Multifamily Housing Revenue Bonds, Series 2022  
Allocation Needed: \$22,000,000 of 2020 ceiling allocation carry forward to be used  
Name of Project: Magnolia Branch Apartments  
Employment Impact: n/a  
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Magnolia Branch Apartments, in North Charleston  
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC
- e. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$20,000,000 Multifamily Tax-Exempt Mortgage-backed Bonds  
Allocation Needed: \$20,000,000 of 2020 ceiling allocation carry forward to be used  
Name of Project: Shannon Park Apartments  
Employment Impact: n/a  
Project Description: to fund, together with federal and state tax credit equity investments, all or a portion of the costs associated with the acquisition and rehabilitation of an affordable housing development in the City of Goose Creek, Berkeley County, to be known as Shannon Park Apartments.  
Bond Counsel: Emily Zackon, Parker Poe

Mr. Eckstrom asked for an explanation of how item #9.b made it on the agenda. Tracey Easton appeared on behalf of State Housing along with Tasha Thompson assistant general counsel for State Housing. Ms. Easton stated that the project is one of the projects that was in process when the State tax credit legislation, Act 202, was passed and now needs to move forward. She said that all five of the items need to move forward in conjunction with the act. She noted that the Authority had seen some of the projects before and others were either in process at the local level and switched over to State Housing or were already in process at the

State Housing Authority.

Upon a motion by Senator Peeler, seconded by Representative Simrill, the Authority adopted the resolutions approving the referenced proposals to issue revenue bonds for the State Housing Finance and Development Authority.

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

***Division of Procurement Services: Audit and Certification - Governor's School for Agriculture at John de la Howe (Regular Session #10)***

The S.C. Consolidated Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C(1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. The Governor's School for Agriculture at John de la Howe (School) has not been delegated any additional authority.

In accordance with the S.C. Code Ann. § 11-35-1210, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of the School to determine whether the internal controls of the school's procurement system were adequate to ensure compliance, in all material respects, with the Code.

DPS found that the internal controls of the School's procurement system were not adequate to ensure compliance with the Code as described in the audit report and made recommendations for improvement. During the conduct of the audit, the School entered into a shared services agreement with the Department of Administration for assistance with its procurement system and the implementation of recommendations. With the implementation of the recommended corrective action, the internal controls of the School's procurement system will be adequate to ensure compliance with the Code and Regulations as described in the audit report.

Mr. Eckstrom commented that the report was similar to the results of the procurement audit from a year ago. He said that report listed several action items that needed to be taken. He



asked why are there similar findings a year later. Timothy McKeown, Director for the Governor's School for Agriculture, appeared before the Authority on this matter. Mr. McKeown stated that he requested the audit on the heels of last year's audit. He stated that after their procurement director resigned, they contracted with the Department of Administration to get their finances in order and that they have completed everything in the midyear audit with the Department of Administration's help.

Mr. Eckstrom asked Mr. McKeown what he meant that everything was completed. Mr. Keown stated they worked with the Department of Administration to address the issues that the Audit and Certification team identified in the audit. Mr. Eckstrom further asked if the school was now reconciling P-card purchases and why they did not follow the recommendations from the last audit. Mr. McKeon said that their director of finance resigned in March during this process and that was in his wheelhouse. Mr. Eckstrom asked Mr. McKeown how many P-cards does the School have to which Mr. McKeown responded that they have one card.

Upon a motion by Mr. Loftis, seconded by Representative Simrill, the Authority agreed to allow the School to continue to make direct procurements of supplies and services, information technology, and construction services up to \$50,000 per commitment so long as it continues to do so through and under the oversight of the Department Administration.

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

***Division of Procurement Services: Audit and Certification - Midlands Technical College (Regular Session Item #11)***

The S.C. Consolidated Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C (1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. On August 31, 2017, the Authority delegated procurement authority to Midlands Technical College (MTC) as follows:

	<u>Certification Limits</u>
Supplies and Services	\$ 350,000 per commitment
Consultant Services	\$ 350,000 per commitment
Information Technology	\$ 150,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

In accordance with S.C. Code Ann. § 11-35-1230, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of Midlands Technical College to determine whether the internal controls of the College’s procurement system were adequate to ensure compliance, in all material respects, with the S.C. Consolidated Procurement Code and ensuing regulations (Code and Regulation).

DPS found the internal controls of MTC’s procurement system and purchasing card procedures were not adequate to ensure compliance with the Code and State P-Card Policy as described in the audit report and made recommendations for improvement. Based on the findings and recommendations, DPS will conduct a follow up audit in one year. With the implementation of the recommended corrective action, the internal controls of MTC’s procurement system will be adequate to ensure compliance with the Code and Regulations as described in the audit report.

Per S.C. Code Ann. §11-35-1210, MTC requested that the Authority reauthorize it to make direct procurements and increase the certification limits for Construction Services, Construction Contract Change Orders, and Architect/Engineer Contract Amendments.

Upon a motion by Senator Peeler, seconded by Mr. Loftis, the Authority authorized Midlands Technical College to make direct procurements at the following limits for three years from date of approval:

	<b><u>Certification Limits</u></b>
Supplies and Services <sup>1</sup>	*\$ 350,000 per commitment
Information Technology <sup>2</sup>	*\$ 150,000 per commitment
Construction Contract Award	\$ 100,000 per commitment
Construction Contract Change Order	\$ 50,000 per change order
Architect/Engineer Contract Amendment	\$ 10,000 per amendment
*	Total potential purchase commitment whether single year or multi-term contracts are used.

The Authority further required that MTC take the following corrective measures:

1. Advertise all sole source procurements, regardless of amount, for one year, ending August 31, 2023,
2. Provide a written corrective action plan for preparation and maintenance of sole source documentation to the Division of Procurement Services for submittal to the Authority no later than November 1, 2022,
3. Immediately suspend no less than 20% of its P-Cards until August 31, 2023, and notify the Division of Procurement Services of which cards have been suspended by September 30, 2022.

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

***Division of Procurement Services: Audit and Certification - Audit and Certification - Northeastern Technical College (Regular Session Item #12)***

The S.C. Consolidated Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C(1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. Northeastern Technical College (NETC) has not been delegated any additional authority.

In accordance with the S.C. Code Ann. § 11-35-1210, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of NETC to determine whether the internal controls of the Agency's procurement system were adequate to ensure

<sup>1</sup>Supplies and Services includes non-IT consulting services.

<sup>2</sup>Information Technology includes consultant assistance for any aspect of information technology, systems and networks.

compliance, in all material respects, with the Code and ensuing regulations.

DPS found the internal controls of NETC's procurement system were not adequate to ensure compliance with the Code as described in the audit report and made recommendations for improvement. Based on these findings and recommendations, DPS will conduct a follow up audit in one year. With the implementation of the recommended corrective action, the internal controls of NETC's procurement system will be adequate to ensure compliance with the Code and Regulations as described in the audit report.

Mr. Eckstrom asked for the item to be carried over because officials from Northeastern Technical College were not able to be present. Senator Peeler commented that at the very least 20% of the College's P-card should be suspended. He said he did not object to the item being carried over, but he wanted the Authority to go ahead and suspend the P-cards. Mr. Eckstrom asked that officials from the College be required to come to the Authority's next meeting to address the findings in the audit report. The Authority members agreed to adopt the item as is and require officials from the College to attend the next Authority meeting.

Upon a motion by Mr. Loftis, seconded by Representative Simrill, the Authority required NETC to take the following corrective measures, as recommended by the Division of Procurement Services:

1. No later than November 1, 2022, provide a written corrective action plan for preparation, organization, filing and maintenance of procurement workpapers to DPS for submittal to the Authority.
2. Immediately suspend no less than 20% of its P-Cards until August 31, 2023, and notify DPS of which cards have been suspended by September 30, 2022.
3. Attend the November 1, 2022, Authority meeting to respond to questions about the procurement audit.

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

***Division of Procurement Services: Audit and Certification - Audit and Certification – State Accident Fund (Regular Session Item #13)***

The S.C. Consolidated Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C(1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. The State Accident Fund has not been delegated any additional authority.

In accordance with the S.C. Code Ann. § 11-35-1210, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of the State Accident Fund to determine whether the internal controls of the Agency’s procurement system were adequate to ensure compliance, in all material respects, with the Code. Because the State Accident Fund is not certified and has not requested procurement certification, this report is submitted as information only.

Upon a motion by Representative Simrill, seconded by Mr. Loftis, the Authority received the State Accident Fund’s procurement audit report for information only.

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

***Division of Procurement Services: Audit and Certification - SC Department of Public Safety (Regular Session Item #14)***

The S.C. Consolidated Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C (1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. On May 2, 2017, the Authority delegated additional procurement authority to the SC Department of Public Safety as follows:

	<u>Certification Limits</u>
Supplies and Services	\$ 500,000 per commitment
Consultant Services	\$ 100,000 per commitment
Information Technology	\$ 100,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

In accordance with S.C. Code Ann. § 11-35-1230, the Division of Procurement Services audited the procurement operating policies and procedures of the Department of Public Safety to determine whether the internal controls of the Agency’s procurement system were adequate to ensure compliance, in all material respects, with the S.C. Consolidated Procurement Code and ensuing regulations (Code and Regulation). With the implementation of the recommended corrective action, the internal controls of the Department of Public Safety’s procurement system are adequate to ensure compliance with the Code and Regulations as described in the audit report.

Per S.C. Code Ann. §11-35-1210, the Department of Public Safety requested that the Authority reauthorize it to make direct procurements at the current certification limits for supplies and services and information technology:

	<u>Certification Limits</u>
Supplies and Services <sup>3</sup>	*\$ 500,000 per commitment
Information Technology <sup>4</sup>	*\$ 100,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

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

Upon a motion by Mr. Loftis, seconded by Representative Simrill, the Authority authorized the Department of Public Safety to make direct procurements at the following limits

<sup>3</sup> Supplies and Services includes non-IT consulting services.

<sup>4</sup> Information Technology includes consultant assistance for any aspect of information technology, systems and networks.

for three years from date of approval:

	<u>Certification Limits</u>
Supplies and Services <sup>3</sup>	*\$ 500,000 per commitment
Information Technology <sup>4</sup>	*\$ 100,000 per commitment
Construction Contract Change Order	\$ 25,000 per change order
Architect/Engineer Contract Amendment	\$ 5,000 per amendment

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

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

***Division of Procurement Services: Audit and Certification - State Law Enforcement Division (Regular Session Item #15)***

The S.C. Consolidated Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C (1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. On May 2, 2017, the Authority delegated procurement authority to the State Law Enforcement Division as follows:

	<u>Certification Limits</u>
Supplies and Services	\$ 250,000 per commitment
Consultant Services	\$ 100,000 per commitment
Information Technology	\$ 100,000 per commitment

In accordance with S.C. Code Ann. § 11-35-1230, the Division of Procurement Services audited the procurement operating policies and procedures of the State Law Enforcement Division to determine whether the internal controls of the State Law Enforcement Division's procurement system were adequate to ensure compliance, in all material respects, with the S.C. Consolidated Procurement Code and ensuing regulations (Code and Regulation). With the implementation of the recommended corrective action, the internal controls of the State Law Enforcement Division's procurement system are adequate to ensure compliance with the Code and Regulations as described in the audit report.

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Per S.C. Code Ann. §11-35-1210, the State Law Enforcement Division requested that the Authority reauthorize it to make direct procurements at the current limits:

	<b><u>Certification Limits</u></b>
Supplies and Services <sup>5</sup>	*\$250,000 per commitment
Information Technology <sup>6</sup>	*\$100,000 per commitment
* Total potential purchase commitment whether single year or multi-term contracts are used.	

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved to authorize the State Law Enforcement Division to make direct procurements at the following limits for three years from date of approval:

	<b><u>Certification Limits</u></b>
Supplies and Services <sup>5</sup>	*\$250,000 per commitment
Information Technology <sup>6</sup>	*\$100,000 per commitment
* Total potential purchase commitment whether single year or multi-term contracts are used.	

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

***Executive Director: South Carolina State Ceiling Allocation Plan - 2022 (Regular Session Item #16)***

Act 202 of 2022 is effective for allocations of state ceiling beginning January 1, 2022, and thereafter. As a condition of allocating state ceiling, the Act directs the Authority to adopt an annual State Ceiling Allocation Plan, subject to review and comment by the Joint Bond Review Committee.

In compliance with Act 202, a proposed 2022 State Ceiling Allocation Plan has been developed which assigns percentages of state ceiling to categories of private activity bonds and establishes a process for its periodic allocation. The 2022 State Ceiling Allocation Plan was approved on June 28, 2022, contingent on future approval of competitive criteria to be included in the plan. Since the June meeting, competitive criteria for allocation of state ceiling to authorized requests have been developed and

<sup>5</sup> Supplies and Services includes non-IT consulting services.

<sup>6</sup> Information Technology includes consultant assistance for any aspect of information technology, systems



incorporated into the proposed Allocation Plan.

The proposed Allocation Plan was reviewed by the Joint Bond Review Committee at its meeting of June 21, 2022. The Committee provided comments to the Authority by letter dated June 21, 2022. Those comments are attached.

The revised Allocation Plan, including the finalized competitive criteria, was submitted to the Committee for review at its meeting of August 23, 2022. The Committee recommended approval of the Plan, but also recommended "that the State Fiscal Accountability Authority carefully consider inclusion of tie breaking criteria for multifamily housing projects in the event that an insufficient amount of limited state ceiling is available to support an allocation for bottom-ranked projects with identical overall rankings . . ." The Committee's recommended tie breaking criteria appear in the attached letter.

Mr. Loftis moved to approve the 2022 State Ceiling Allocation Plan. The motion was seconded by Mr. Eckstrom.

Mr. Eckstrom noted that he did not see JBRC's recommendation for breaking a tie in either of the plans for 2022 and 2023. He asked if it is the intent of the motion for the recommendation to be included.

Representative Simrill moved to amend the motion that, as recommended by JBRC, the 2022 ceiling allocation plan include tie breaking in the event that an insufficient amount of state ceiling is available to support an allocation for bottom-ranked projects with identical overall rankings. Senator Peeler seconded the motion. The amendment to the motion was adopted.

The Authority subsequently adopted the motion as amended.

Upon a motion by Mr. Loftis, as amended, seconded by Senator Peeler, the Authority approved the 2022 State Ceiling Allocation Plan and approved the inclusion of a tie-breaking criteria in the event that an insufficient amount of state ceiling is available to support an allocation for bottom-ranked projects with identical overall rankings, as recommended by the Joint Bond Review Committee.

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

***Executive Director: South Carolina State Ceiling Allocation Plan - 2023 (Regular Session Item #17)***

As a condition of allocating state ceiling, Act 202 of 2022 directs the Authority to adopt an annual State Ceiling Allocation Plan. Section 1-11-520(A) requires the Authority to publish its plan no later than September 30<sup>th</sup> of the year preceding the calendar year to which the plan applies.

In compliance with Act 202, a proposed 2023 State Ceiling Allocation Plan has been developed. As required by Act 202, the proposed Plan was submitted to the Joint Bond Review Committee for review at its meeting of August 23, 2022. The Committee recommended approval of the Plan, also recommended "that the State Fiscal Accountability Authority carefully consider inclusion of tie breaking criteria for multifamily housing projects in the event that an insufficient amount of limited state ceiling is available to support an allocation for bottom-ranked projects with identical overall rankings . . ." The Committee's recommended tie breaking criteria appear in the attached letter.

Mr. Loftis moved to approve the 2023 State Ceiling Allocation Plan. The motion was seconded by Representative Simrill.

Representative Simrill moved to amend the motion that, as recommended by JBRC, the 2023 ceiling allocation plan include tie breaking in the event that an insufficient amount of state ceiling is available to support an allocation for bottom-ranked projects with identical overall rankings. Senator Peeler seconded the motion. The amendment to the motion was adopted.

The Authority subsequently adopted the motion as amended.

Upon a motion by Mr. Loftis, as amended, seconded by Representative Simrill, the Authority approved the 2023 State Ceiling Allocation Plan and approved the inclusion of a tie-breaking criteria in the event that an insufficient amount of state ceiling is available to support an allocation for bottom-ranked projects with identical overall rankings, as recommended by the Joint Bond Review Committee.

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

***State Fiscal Accountability Authority: Future Meeting (Regular Session Item #18)***

Upon a motion by Senator Peeler, seconded by Representative Simrill, the Authority agreed to meet at 10:00 a.m. on Tuesday, November 1, 2022<sup>7</sup>, in Room 252, Edgar A. Brown Building.

In addition, the Authority, approved the following schedule of proposed meetings for the State Fiscal Accountability Authority for 2023:

Tuesday, January 31

Tuesday, March 28

Tuesday, May 23

Tuesday June 27

Tuesday, August 29

Tuesday, October 17

Tuesday, December 12

***Adjournment***

Prior to the meeting being adjourned, Mr. Loftis recognized Laurie Fuller on the occasion of her retirement after 38 years of service to the State of South Carolina.

Mr. Loftis also thanked SFAA staff for the work that was done in preparing regular session items #16 and #17.

The meeting was adjourned at 2:55 p.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 3:00 p.m. on Friday August 26, 2022.]

<sup>7</sup> The November 1, 2022, meeting was rescheduled for November 9, 2022, at 3:30 p.m.