

STATE FISCAL ACCOUNTABILITY AUTHORITY
Meeting of Tuesday, March 28, 2023 – 9:30 A.M.
Room 252, Edgar A. Brown Building

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C.	MINUTES OF PREVIOUS MEETINGS	
D.	REGULAR SESSION	
1.	State Treasurer's Office	Bond Counsel Selection
2.		State Auditor update regarding the State's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022
3.	Department of Administration, Executive Budget Office	Permanent Improvement Projects
4.	Department of Administration, Executive Budget Office	Department of Natural Resources - Jasper-Slater Sandhills Heritage Preserve/WMA Land Acquisition (OSI)
5.	Department of Administration, Executive Budget Office	State Election Commission Personal Service Transfer
6.	Department of Administration, Facilities Management and Property Services	Easements
7.	Department of Administration, Facilities Management and Property Services	Coastal Carolina University Lease of 1142 SC-544, Conway, SC 29526
8.	Department of Administration, Facilities Management and Property Services	College of Charleston Lease of 50 George Street, Charleston, SC

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<u>Item</u>	<u>Agency</u>	<u>Subject</u>
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10.	Department of Administration, Facilities Management and Property Services	Medical University of South Carolina (MUSC), 99 WestEdge, Charleston, SC Lease
11.	Department of Administration, Facilities Management and Property Services	SC Department of Administration Lease to Belle Isle Yacht Club
12.	Department of Administration, Facilities Management and Property Services	SC State Housing, Finance and Development Authority Lease of 300-C Outlet Pointe Boulevard, Columbia, SC 29210
13.	Division of Procurement Services	Audit and Certification – Florence Darlington Technical College
14.	Division of Procurement Services	Audit and Certification – The Department of Natural Resources
15.	Division of Procurement Services	Audit and Certification – The South Carolina Forestry Commission
16.	Division of Procurement Services	Procurement Exemption for the South Carolina Departments of Mental Health, Juvenile Justice, Social Services, and Disabilities and Special Needs (Departments) for acquisition of certain client services.
17.	Division of Procurement Services	Waiver to extend the maximum time on a multi-term contract for Clemson University

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<u>Item</u>	<u>Agency</u>	<u>Subject</u>
18.	Division of Procurement Services	Waiver to extend the maximum time on a multi-term contract for the Department of Social Services
19.	State Fiscal Accountability Authority	Future Meeting

MEETING OF March 28, 2023

ITEM NUMBER 1

AGENCY: State Treasurer's Office

SUBJECT: Bond Counsel Selection

CONDUIT/OTHER ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel	Date STO Approved
\$450,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2023; Foundation For Affordable Housing - Portfolio Project	Foundation For Affordable Housing - Portfolio Project Conduit: SCJEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Nexsen Pruet – Laurie Becker	1/18/2023
\$85,000,000; SC JEDA; SC Jobs-Economic Development Authority Economic Development Revenue Bonds, Series 2023 - Affordable Housing Partners, Inc. - Hawthorn Springs Apartment Homes	Affordable Housing Partners, Inc. - Hawthorn Springs Apartment Homes Conduit: SCJEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Pope Flynn Group - Joe Lucas	2/18/2023
\$71,705,000; SC JEDA; Jobs-Economic Development Authority Environmental Improvement Revenue Refunding Bonds, Series 2023; International Paper Company	International Paper Company Conduit: SC JEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Haynsworth Sinkler Boyd – Kathy McKinney and Suyash Raiborde	2/17/2023
\$28,000,000; SC JEDA; Jobs-Economic Development Authority Educational Facilities Revenue Bonds, Series 2023; Restoration Project Foundation - Belton Preparatory Academy	Restoration Project Foundation - Belton Preparatory Academy Conduit: SC JEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Howell Linkous & Nettles – Sam Howell and Alan Linkous	2/17/2023

AUTHORITY ACTION REQUESTED:

In accord with Authority policy, receive the State Treasurer's Office report of bond counsel as information.

ATTACHMENTS:

Bond Counsel Selection Approved by the State Treasurer's Office

**The State Treasurer advises the State Fiscal Accountability Authority, for informational purposes,
of the firms selected and approved for its March 28, 2023 meeting:**

CONDUIT/OTHER ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel	Date STO Approved
\$450,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2023; Foundation For Affordable Housing - Portfolio Project	Foundation For Affordable Housing - Portfolio Project Conduit: SCJEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Nexsen Pruet – Laurie Becker	1/18/2023
\$85,000,000; SC JEDA; SC Jobs-Economic Development Authority Economic Development Revenue Bonds, Series 2023 - Affordable Housing Partners, Inc. - Hawthorn Springs Apartment Homes	Affordable Housing Partners, Inc. - Hawthorn Springs Apartment Homes Conduit: SCJEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Pope Flynn Group - Joe Lucas	2/18/2023
\$71,705,000; SC JEDA; Jobs-Economic Development Authority Environmental Improvement Revenue Refunding Bonds, Series 2023; International Paper Company	International Paper Company Conduit: SC JEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Haynsworth Sinkler Boyd – Kathy McKinney and Suyash Raiborde	2/17/2023
\$28,000,000; SC JEDA; Jobs-Economic Development Authority Educational Facilities Revenue Bonds, Series 2023; Restoration Project Foundation - Belton Preparatory Academy	Restoration Project Foundation - Belton Preparatory Academy Conduit: SC JEDA	Parker Poe – Ray Jones, Emily Luther, Emily Zackon, and Ryan Romano	Howell Linkous & Nettles – Sam Howell and Alan Linkous	2/17/2023

STATE FISCAL ACCOUNTABILITY AUTHORITY
MEETING OF March 28, 2023

REGULAR SESSION
ITEM NUMBER 2

AGENCY: State Treasurer's Office

SUBJECT: State Auditor update regarding the State's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022

The State Auditor has been requested to provide an update and answer questions regarding the State's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022.

AUTHORITY ACTION REQUESTED:

In accord with Authority policy, receive as information an update from the State Auditor and to answer questions regarding the State's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022.

ATTACHMENTS:

Agenda item worksheet and attachment

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

The Authority is 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 II Full Construction 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)
Phase I Approval: August 2022 (estimated at \$2,550,000) (SFAA)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY22 Proviso 118.18 (B)(10)				2,000,000	2,000,000
Other, Institutional Capital Project	38,250		38,250	511,750	550,000
All Sources	<u>38,250</u>		<u>38,250</u>	<u>2,511,750</u>	<u>2,550,000</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 2 existing water storage tanks, 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.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

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 (70 years old). The pump house was constructed in 1965 (58 years old) and was renovated in 2001 (22 years old) when the fire pump was 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 FY22 Appropriated State (nonrecurring) Funds (uncommitted balance \$2.8 million at January 13, 2023), Institution Capital Project Funds (uncommitted balance \$11.4 million at January 13, 2023). Revenue to this fund is from all Excess Debt Service fund transferred as of June 30th 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 increased from \$160 for the academic years 2014-2015 to 2022-2023

Full Project Estimate: \$2,550,000 (internal) funded by FY22 Appropriated State (nonrecurring), and Institutional Capital Project Funds. Contract execution is expected in September 2023 and completion of construction in March 2024.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(b) Project: JBRC Item 2: Clemson University
H12.9965: College of Veterinary Medicine Construction

Request: Establish Phase I Pre-Design Budget to construct a teaching complex, research laboratories and clinical spaces.

Included in CPIP: No – This project was not included in the 2022 CPIP because the funding was not authorized by the General Assembly at the time of CPIP submission.

CHE Approval: 01/24/2023

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, FY23 Lottery Expenditure Account				10,000,000	10,000,000
All Sources				<u>10,000,000</u>	<u>10,000,000</u>

Summary of Work: The university completed a feasibility study to establish a veterinary college in South Carolina which included a detailed implementation and program plan. This project will utilize these legislative authorized funds to complete a facilities feasibility study, conduct site selection, and engage architectural/engineering firms and a Construction Manager at Risk to provide schematic design of the facilities. Clemson will construct the main teaching building and research labs, but will partner with private clinics for clinical experiences.

Rationale: South Carolina currently does not have a College of Veterinary Medicine, and only four states have fewer veterinarians per capita. There is a rapid growth in national demand for services and investment in animal health. Further, research done at veterinary colleges is increasingly important for protecting human public health. Currently, SC contracts to fund the difference between residential and non-residential tuition for SC veterinary students in cooperating states. Clemson's distributed model for clinical learning will leverage existing assets in the state through partnerships with industry and clinical enterprises.

Facility Characteristics: The new facility to be constructed will be approximately 233,000 square feet. Based on current analysis per the university, SC can justify a class size of 80 students that may grow to 100 or more in the future. Once the College of Veterinary Medicine is constructed, it is expected to be utilized by approximately 292 students and student employees, 50 faculty, and 82 staff.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

Financial Impact: This phase of the project will be funded from FY23 Lottery Expenditure Account Funds (uncommitted balance \$10 million at January 5, 2023). Revenues to this fund are generated from net lottery proceeds and investment earnings and are appropriated to be used to supplement and not supplant existing funds for education. The project is expected to result in an increase in annual operating expenses, but those amounts have not yet been determined. The building will be designed to meet Two Green Globes certification standards. 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 \$738 to \$1,005 for the academic years 2014-2015 to 2022-2023. \$380 of the \$1,005 is currently pledged for debt service. The balance of the fee, \$625 per student, per semester, is used to fund ongoing capital projects and maintenance.

Full Project Estimate: \$285,000,000 (internal).

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(c) Project: JBRC Item 3: Clemson University
H12.9955: Johnstone Hall/Core Campus Demolition

Request: Establish Phase II Full Construction Budget to demolish Johnstone Hall and Union Building Complex, as well as smaller facilities.

Included in CPIP: Yes – 2022 CPIP Priority 2 of 9 in FY23 (estimated at \$12,000,000)
Phase I Approval: December 2021 (estimated at \$12,000,000) (SFAA)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Maintenance & Stewardship	90,000		90,000	7,910,000	8,000,000
Other, Housing Improvement	90,000		90,000	7,910,000	8,000,000
All Sources	<u>180,000</u>		<u>180,000</u>	<u>15,820,000</u>	<u>16,000,000</u>

Summary of Work: This project will demolish the approximately 132,500 square foot Johnstone Hall and Union Building Complex, as well as smaller facilities associated with University Facilities' move away from the campus core. The buildings will be replaced with green space for student activities.

Rationale: Per the university, both buildings are inefficient, unsuitable for continued use and located in the center of campus adjacent to Tillman Hall and the recently constructed Core Campus residence Halls. Johnstone has been vacated but is in the center of campus and requires expensive maintenance to ensure the safety of students, faculty and staff living and working in close proximity to it. Demolition will support the university's broader strategy to prioritize on-campus space for student-centric needs.

Facility Characteristics: Johnstone Hall and University Building Complex total approximately 132,500 square feet. Johnstone Hall was constructed in the 1950s (73 years old) as temporary housing. The Union Building Complex was constructed in 1974 (49 years old).

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

Financial Impact: The project will be funded from Maintenance and Stewardship Funds (uncommitted balance \$54.5 million at January 3, 2023) and Housing Improvement Funds (uncommitted balance \$29.3 million at January 9, 2023). Revenue to the Maintenance and 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. Revenue for the Housing Improvement Funds come from bond covenant-required transfers from Housing Operations to allow for the maintenance and replacement of capital assets funded by bond issues. The project is expected to result in a decrease of \$1,455,000 (year 1), \$1,498,650 (year 2), and \$1,543,095 (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 \$1,005 per student per semester, and has increased from \$738 to \$1,005 for the academic years 2014-2015 to 2022-2023. \$380 of the \$1,005 is currently pledged for debt service. The balance of the fee, \$625 per student, per semester, is used to fund ongoing capital projects and maintenance.

Full Project Estimate: \$16,000,000 (internal) funded by Maintenance and Stewardship and Housing Improvement Funds. Contract execution is expected in July 2023 and completion of construction in December 2024.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(d) Project: JBRC Item 4: College of Charleston
H15.9678: Berry Residence Hall and Honors Program Renovation

Request: Establish Phase II Full Construction Budget to complete interior renovations to Berry Residence Hall.

Included in CPIP: Yes – 2022 CPIP Priority 2 of 9 in FY23 (estimated at \$23,000,000)
Phase I Approval: May 2022 (estimated at \$23,000,000) (SFAA)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Auxiliary Housing Revenues	475,000		475,000	18,525,000	19,000,000
Other, Capital Improvement Project	100,000		100,000	3,900,000	4,000,000
All Sources	<u>575,000</u>		<u>575,000</u>	<u>22,425,000</u>	<u>23,000,000</u>

Summary of Work: The project will address mechanical, electrical and plumbing issues, upgrade elevators, interior refresh, and replace roofs and windows. The ground floor will be renovated to centralize and expand Honors College classrooms, programming, and supporting administrative offices, releasing space elsewhere on campus. Student suites will be refreshed with new paint, flooring, lighting, millwork, plumbing fixtures, appliances, furniture, and signage. Floors two and three will house Honors College students. Floors four through will house general student population. Roof replacement includes minor deck repairs, rough carpentry, roof insulation, including taper, and installation of a three-ply modified bitumen roof system. The new roof will come with a minimum 20-year material and workmanship warranty.

Rationale: The last significant renovation was in 2003. Per the college, prospective students and parents consider campus living environments to be among the top criteria in choosing a college or university, and this especially applies to Honors housing.

Facility Characteristics: Berry Residence Hall is a 183,514 six-level 630-bed residence hall constructed in 1989 (34 years old). The building will house Honors College students (floors two and three), general population students (floors four through six), Faculty

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

Fellow Program/Advising Center, the Office of Undergraduate Research and Creative Activities, and the Office of Nationally Competitive Awards (floor one). Technology-rich, comfortable public space will be created for presentations, receptions, workshops, and other events.

Financial Impact: The project will be funded from Auxiliary Housing Revenues (uncommitted balance \$24.2 million at January 19, 2023), and Capital Improvement Project Funds (uncommitted balance \$33.4 million at January 19, 2023). Revenue to the Housing fund is generated primarily through the Student Housing Fee, paid per-semester by students who reside in on-campus housing. The fee varies based on amenities, condition, and age of the College's 13 residence halls and 24 historic student residences. The revenues are used solely for the operation, maintenance, renovation, repair, and debt service of this specific auxiliary enterprise. Revenue to the Capital Improvement Project Fund is the Capital Improvement Fee that are in excess of the current annual debt service related to bonds. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The project is expected to result in a decrease of \$735,962 (year 1), \$758,041 (year 2), and \$780,782 (year 3), in annual operating expenses. The procurement method for this project will be Construction Manager At-Risk. The building will be constructed to meet Two Green Globes certification standards with an anticipated energy savings of \$6,863,947 over a 30-year period. 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 to 906 for the academic years 2014-2015 to 2021-2022. \$483 of the \$966 is currently pledged for debt service. The balance of the fee, \$483 per student, per semester, is used to fund ongoing capital projects and maintenance.

Full Project Estimate: \$23,000,000 (internal) funded by Auxiliary Housing Revenue and Capital Improvement Project Funds. Contract execution is expected in May 2023 and completion of construction in June 2026.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(e) Project: JBRC Item 5: South Carolina State University
H24.9661: Sojourner Truth Hall Renovation

Request: Establish Phase I Pre-Design Budget to renovate the residence hall building.

Included in CPIP: Yes – 2022 CPIP Priority 3 of 3 in FY24 (estimated at \$4,400,000)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Housing Fees				150,000	150,000
All Sources				<u>150,000</u>	<u>150,000</u>

Summary of Work: The project will renovate the entire 14 story building to include fire suppression, fire alarm, elevator upgrade, HVAC, paint, flooring, and code updates that may be required. Interior renovations to bathrooms, lobby and bedrooms will also be completed.

Rationale: Of the 400 beds in Truth Hall only 132 are utilized. Out of an abundance of caution, the university made the decision to not utilize the top 7 floors in 2015. This project will ensure the safety of all students housed in the residence hall and allow the university to grow enrollment by providing an additional 268 beds. Per the university, they expect 12% to 18% student growth over the next two years.

Facility Characteristics: Truth Hall is 135,851 square feet and was constructed in 1971 (52 years old). The existing elevator and fire alarm system are original to the building, and the chiller system is 25+ years old. After renovations, it is anticipated that 400 students will reside in the residence hall.

Financial Impact: This phase of the project will be funded from Housing Fee Funds (uncommitted balance \$4.4 million at February 10, 2023). Revenues to this fund are generated from standard room and board charges, which are determined and approved by the Board of Trustees and are used to cover costs of maintaining the facilities. The current amount per student, per semester is \$3,100. The project is expected to result in an increase of \$185,000 (years 1 thru 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

Full Project Estimate: \$10,000,000 (internal). Phase I to be funded by Housing Fee Funds. Phase II will be funded by \$8,000,000 in FY23 Capital Reserve, and \$2,000,000 in FY23 Appropriated State (nonrecurring) funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(f) Project: JBRC Item 6: University of South Carolina – Columbia
H27.6147: Woodrow College Renovation

Request: Establish Phase I Pre-Design Budget to comprehensively renovate the interior of the residential building.

Included in CPIP: Yes – 2022 CPIP Priority 7 of 15 in FY24 (estimated at \$11,900,000)
CHE Approval: 02/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Housing Maintenance Reserve				225,000	225,000
All Sources				<u>225,000</u>	<u>225,000</u>

Summary of Work: This project will replace the mechanical and electrical infrastructure and replace interior finishes. Electronic access door hardware will be added to unit entrances to match university housing standards. Student living spaces will be converted to a suite-style configuration which will include a new central corridor to access egress stairs and enable the removal of the non-historic and aesthetically detrimental fire escape at the south façade. The reconfiguration will allow for an approximately increase of 25 beds.

Rationale: The residence hall has not been renovated in decades and requires systems replacement and replaced finishes to be consistent with the quality of other university housing.

Facility Characteristics: Wood College is 33,700 gross square feet and was constructed in 1914 (109 years old). Building systems are 30+ years old and reaching the end of their useful life. The residence hall currently provides 102 student beds in an apartment-style configuration. After renovating, suites will be able to accommodate 25% more students, for a total of 127 students.

Financial Impact: The project will be funded from Housing Maintenance Reserve Funds (uncommitted balance \$23.7 million at October 21, 2022). Housing Maintenance Reserve Funds are derived from the housing operating budget which includes housing fees and revenues generated by laundry operations, conferences, and interest. The project is expected to result in a decrease of \$60,000 (years 1 thru 3), in annual operating expenses. The building will be designed to meet Two Green

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

Globes certification standards. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$320 per student per semester, and has not increased for the academic years 2014-2015 to 2022-2023.

Full Project Estimate: \$15,000,000 (internal) funded by Housing Maintenance Reserve Funds. The estimated cost to complete this project has increased from the 2022 CPIP submission following the cost consultant estimate that we have received from the similar Thornwell College renovation project. Thornwell is the sister building of Woodrow, and that project has devised a way to add beds by reconfiguring apartments into suites. Thus, the recent cost estimate from Thornwell reflects the current construction market and the cost of the reconfiguration. It is intended to reconfigure Woodrow in the same manner.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(g) Project: JBRC Item 7: University of South Carolina – Aiken
H29.9558: Softball Facility Construction

Request: Establish Phase I Predesign Budget to create a basic softball field near the baseball stadium.

Included in CPIP: Yes – 2022 CPIP Priority 2 of 4 in FY23 (estimated at \$3,500,000)
CHE Approval: 02/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional				39,000	39,000
All Sources				<u>39,000</u>	<u>39,000</u>

Summary of Work: This project will create a basic softball field to include dugouts, bleachers for approximately 200 spectators, a ticket kiosk, lighting, scoreboard, hardscape paving, and fencing. The buildings are anticipated to be brick masonry with metal roofs. The existing softball field will be repurposed as the location of the new SC National Guard Cyber Center/DreamPort and Advanced Manufacturing Collaborative Building.

Rationale: Relocating the existing softball facility to the periphery enables academic programs to be developed in the campus core.

Facility Characteristics: The new softball facility will include two 600 square foot dugouts, 930 square foot restrooms and concessions, and a 75 square foot ticket kiosk. The new facility will accommodate approximately 200 spectators, and approximately 60 players and coaches.

Financial Impact: The project will be funded from Institutional Funds (uncommitted balance \$2.6 million at November 14, 2022). Institutional Funds are available to the university from a variety of sources including tuition and fees, sales and service activities, and other miscellaneous sources. The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$12 per student per semester, and has not increased for the academic years 2014-2015 to 2022-2023.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

Full Project Estimate: \$2,600,000 (internal) funded by Institutional Funds. The estimated cost to complete this project has decreased from the 2022 CPIP submission because the project scope was recently reduced to construct a basic softball competition facility. Future work may be funded with gifts or university funds to be allocated later and would include a press box and other enhancements to upgrade the softball facility.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(h) Project: JBRC Item 8: Winthrop University
H47.9608: Margaret Nance Residence Hall Bathroom Renovations

Request: Establish Phase I Predesign Budget to complete bathroom renovations.

Included in CPIP: Yes – 2022 CPIP Priority 8 of 8 in FY24 (estimated at \$2,500,000)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Auxiliary Housing				54,000	54,000
All Sources				<u>54,000</u>	<u>54,000</u>

Summary of Work: The project will renovate hallway traditional style bathrooms. New traditional style closed shower/toilet rooms and common sink areas will be created. HVAC and ventilation/exhaust systems will be upgraded.

Rationale: The traditional style hall common area/hallways bathrooms were last renovated in the 1980's.

Facility Characteristics: Margaret Nance Residence Hall is 59,352 square feet and was constructed in 1895 (128 years old). The residence hall currently houses 224 students with a bed capacity of 282.

Financial Impact: The project will be funded from Other, Auxiliary Housing Funds (uncommitted balance \$12.31 million at October 31, 2022). The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$543 per student per semester, and has decreased from \$593 to \$543 for the academic years 2014-2015 to 2022-2023.

Full Project Estimate: \$3,600,000 (internal) funded by Auxiliary Housing Funds. The estimated cost to complete this project has increased from the 2022 CPIP submission because a feasibility study was completed last fall that looked at the code requirements, possible bathroom layouts, etc. and that study provided the cost estimate.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (i) Project: JBRC Item 9: Central Carolina Technical College
H59.6174: CCTC – Main Campus Academic-Student Services
Building Construction
- Request: Revise Scope and Establish Phase II Full Construction Budget to construct a new academic/student services building adjacent to Building 400 on the main campus.
- Included in CPIP: Yes – 2022 CPIP Priority 1 of 4 in FY23 (estimated at \$16,250,000) & Priority 1 of 2 in FY24 (estimated at \$20,000,000)
- Phase I Approval: October 2021 (estimated at \$13,000,000) (Admin)
- CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Appropriated State Proviso 118.18 (B)(27)(c)	195,000		195,000	12,805,000	13,000,000
				19,000,000	19,000,000
FY23 Appropriated State, Proviso 118.19 (27)(q)				8,000,000	8,000,000
Other, College Capital Reserve					
All Sources	<u>195,000</u>		<u>195,000</u>	<u>39,805,000</u>	<u>40,000,000</u>

Summary of Work: The project was established to construct a new 34,000 square foot academic and student services building that would contain flexible convertible spaces used as classrooms, or student meeting and gathering spaces. The revised scope will no longer demolish Buildings 100 and 200 and will now construct a larger 58,825 square foot, two three-story wings joined at the first level by an outdoor plaza and at the third level by an interior elevated connector. The central lobbies for both wings include a monumental stair connecting all three floors and allow for easy access to all program elements as well as visibility from all levels to the central campus courtyard and parking. An elevator and an additional enclosed stair are located in each wing. The lobbies on the second and third levels of the student services wing will have a central help desk. The student services wing will also

AGENCY: Department of Administration, Executive Budget Office

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include a flexible multipurpose space and adjoining commercial kitchen. The academic wing will provide additional classroom and lab space and will consolidate science faculty and instructional space into a single location. The campus data center will also be relocated into the academic wing of the new building. The new building will include a low slope Styrene-Butadiene-Styrene (SBS) modified bituminous membrane roofing system and come with a 20-year manufacturer material and workmanship warranty. At a later unspecified time after the new facility is constructed, Buildings 100 and 200 will be demolished as part of a separate project. The cost and fund source to demolish these buildings is unknown at this time. It is yet to be determined what those sites will be used for after demolition, but it is expected that they will be used for additional parking lots and green space for students.

Rationale: Costs have significantly increased due to over 40% inflation in construction materials and building systems. Constructing one building to house both academic and student services instead of building the student services building now and the academic building 2-3 years in the future will allow for gained efficiencies and to enable the capitalization on shared spaces and site costs. Additionally, consolidation of these facilities will allow for all academic classrooms to be on the main campus site without having the students to cross Guignard Road. The functionality of building 100 and 200 is inadequate, and cannot be renovated to fit current needs, per the college.

Facility Characteristics: Building 100 is 51,914 square feet and was construction in 1965 (58 years old). Building 200 is 9,867 square feet and was constructed in and 1969 (54 years old). The new 58,825 square foot facility will house all student services functions as well as Science, Math and Humanities programs. All 2,300 students and 225 staff are expected to utilize the new facility.

Financial Impact: This phase of the project will be funded from FY22 Appropriated State (nonrecurring), (uncommitted balance \$12.805 million at February 15, 2023) and FY23 Appropriated State (nonrecurring) (uncommitted balance \$19 million at February 15, 2023) and College Funds (uncommitted balance \$9.4 million at February 15, 2023). Revenue for the College Capital Reserves are derived from annual operating surpluses. The project is expected to result in \$45,100 in additional annual operating costs (years 1 thru 3). The new facility will be constructed to meet Two Green Globes certification standards with an anticipated energy savings of \$2,303,077 over a 30-year period. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$9.70 per credit hour per student per semester, and has increased from \$5.25 per credit hour to \$9.70 for the academic years 2014-2015 to 2022-2023.

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Full Project Estimate: \$40,000,000 (internal) funded by FY22 & FY23 Capital Reserve and College Capital Reserve Funds. Contract execution is expected in August 2023 and completion of construction in December 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (j) Project: JBRC Item 10: Piedmont Technical College
H59.6193: PTC New Construction for Health Sciences Replacement
- Request: Change Project Name, Revise Scope and Establish Phase II Full Construction Budget to construct a 27,000 square foot replacement building on the Piedmont Campus.
- Included in CPIP: Yes – 2022 CPIP Priority 1 of 3 in FY23 (estimated at \$9,150,000)
Phase I Approval: April 2022 (estimated at \$9,150,000) (SFAA)
CHE Approval: 02/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Capital Reserve				696,875	696,875
FY22 Appropriated State, Proviso 118.18 (b)(27)(n)				6,893,159	6,893,159
FY23 Appropriated State, Proviso 118.19 (27)(j)	137,250		137,250	5,230,623	5,367,873
Other, College					
All Sources	<u>137,250</u>		<u>137,250</u>	<u>16,494,750</u>	<u>16,632,000</u>

Summary of Work: The project was established to renovate and repair the two existing Health and Science Buildings and construct an additional 12,100 square foot connector building on the Piedmont Campus. The revised scope will now construct a 27,000 square foot facility that will include Nursing simulation labs, Nursing skills labs, Cardiovascular Labs and classrooms. The new Health Science Building will be a 2-story, slab-on-grade building with a low-slope insulated roof and internal roof draining. The building structure will be structural steel framing. The building envelope will consist of brick veneer, fiber-cement rainscreen and aluminum curtainwall. The roof on the building to be constructed will be a single-ply PVC membrane roofing system that will come with a minimum 20-year material and workmanship warranty. Buildings H & S, which are currently housing these

AGENCY: Department of Administration, Executive Budget Office

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programs, will remain in use as swing space until the completion of the replacement facility. It is anticipated that Buildings H & S will be demolished as a separate project for a total estimated cost of \$250,000 to \$275,000.

Rationale: Building H and S do not provide adequate teaching and lab space. The new facility will provide modern lab spaces which are needed to ensure the students are practice-ready when completing the programs, per the college. The number of students has grown from 1,181 students enrolled in a pre-health program in the 2017-2018 academic year to 1,674 in the most recent full year.

Facility Characteristics: The Health Building is 16,728 square feet and was constructed in 1982 (41 years old) and the Science Building is 15,920 square feet and was constructed in 1992 (31 years old). The new 27,000 square foot facility will be utilized by 33 full time faculty in its Nursing and Healthcare Division and 694 students.

Financial Impact: This phase of the project will be funded from FY22 Capital Reserve (uncommitted balance \$696,875 at December 31, 2022), FY22 Appropriated State (nonrecurring) (uncommitted balance \$6.9 million at December 31, 2022), FY23 Appropriated State (nonrecurring) (uncommitted balance \$9.94 million at December 31, 2022), and College Funds (uncommitted balance \$10.4 million at December 31, 2022). Revenues to this fund are generated from the fee charged to students of \$150 per student, per semester for capital projects. The project is expected to result in an increase of \$81,235 (year 1), \$119,144 (year 2), and \$131,059 (year 3), in annual operating expenses. The new building will be constructed to meet Two Green Globes certification standards with anticipated energy savings of \$674,081 over a 30-year period. No student fees or tuition will be increased as a consequence of the project. The college does not charge a capital fee but internally allocates \$150 per student, per semester, of the tuition charge to set aside for capital projects.

Full Project Estimate: \$16,632,000 (internal) funded by FY22 Capital Reserve, FY22 & FY23 Appropriated State (nonrecurring) and College Funds. Contract execution is expected in April 2024 and completion of construction in September 2025.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(k) Project: JBRC Item 11: Tri-County Technical College
H59.6182: Pendleton Campus Oconee Hall Renovation

Request: Establish Phase II Full Construction Budget to renovate existing classrooms and student study and collaboration space.

Included in CPIP: Yes – 2022 CPIP Priority 1 of 2 in FY23 (estimated at \$20,000,000)
Phase I Approval: January 2022 (estimated at \$16,000,000) (SFAA)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY22 Proviso 118.18 (27)(t)				5,000,000	5,000,000
	240,000		240,000	16,760,000	17,000,000
Other, Accumulated Maintenance					
All Sources	<u>240,000</u>		<u>240,000</u>	<u>21,760,000</u>	<u>22,000,000</u>

Summary of Work: The project will renovate existing classrooms on all three floors and add two new classrooms. All classrooms will be enlarged to increase capacity from 18 to 20 seats per classroom to 36 seats per classroom and to be in compliance with the State guideline of providing 22 sq feet per student (currently sf footage per student ranges from 16 – 18 sq ft in Oconee Hall.). Additionally, an addition will be constructed to replace the existing stairwells to meet current building code. The addition will include with a Thermoplastic Roof Membrane (PVC & TPO) roof system that will come with a minimum 20-year material and workmanship warranty. A fire suppression system will be installed, and energy efficient enhancements including lighting, HVAC and tying to the central chilled water system will be completed. The existing low slope modified bitumen roof on the building will be replaced with a Thermoplastic Roof Membrane (PVC & TPO) and come with a minimum 20-year material and workmanship warranty.

Rationale: The current classrooms do not conform to the most current research-based, instructional methodologies or pedagogy. Additionally, the project will remediate an identified issue with the stairwells, sprinklers, and other life safety and energy efficiency opportunities.

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Facility Characteristics: Oconee Hall is 35,890 square feet and was constructed in 1979 (44 years old). The entire facility will be affected by this renovation project and an additional 11,666 square feet will be constructed for a stair tower and two classrooms. The building is utilized by all programs, primarily English, Math and Humanities courses which are required for program completion. There are 3,000 students and 108 faculty and staff.

Financial Impact: This phase of the project will be funded from FY22 Appropriated State (nonrecurring) (uncommitted balance \$5 million at January 13, 2023), and Tri-County Technical College Accumulated Maintenance Funds (uncommitted balance \$38 million at January 13, 2023). Revenues to this fund are accumulated fund balance transfer to the Plant Fund. The project is expected to result in a decrease of \$89,509 (years 1 thru 3), in annual operating expenses. The renovations/addition will be constructed based on Two Green Globes certification standards with anticipated energy savings of \$514,941 over a 30-year period. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$4.17 per credit hour, per student per semester, and has not increased from 2017-2018 to 2021-2022.

Full Project Estimate: \$22,000,000 (internal) funded by \$11 million in Tri-County Technical College Accumulated Maintenance and \$5 million in FY22 Appropriated State, Proviso 118.18 Funds. Contract execution is expected in March 2023 and completion of construction in December 2023. The estimated cost to complete the project has increased from the 2022 CPIP because the CPIP cost estimate was based on 2019 feasibility study data which was updated at the time of the CPIP submission using average realized construction price increases and intel from construction industry experts. Subsequently, Phase I design has been completed and the current scope and cost estimates yield a higher project cost. Contract execution is expected in March 2023 and completion of construction in December 2023.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(l) Project: JBRC Item 13: Department of Administration
D50.6116: DSS Harden Street Replace Air Handlers

Request: Establish Phase I Pre-Design Budget to replace the two rooftop air handlers at the DSS Harden Street building.

Included in CIP: Yes – 2022 CIP Priority 11 of 24 in FY23 (estimated at \$1,100,000)
CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State				16,500	16,500
All Sources				<u>16,500</u>	<u>16,500</u>

Summary of Work: The project will replace the two rooftop air handlers.

Rationale: The air handlers are past their useful life and require frequent repairs. Failure of the air handlers would result in a loss of conditioned air to the building.

Facility Characteristics: The DSS Harden Street building is approximately 64,311 square feet and was constructed in 1989 (34 years old). The equipment to be replaced is original to the building. The building is utilized by approximately 300 DSS staff plus visitors daily.

Financial Impact: The project will be funded from FY23 Appropriated State Funds (uncommitted balance \$3.31 million at January 20, 2023). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,100,000 (internal) funded by FY23 Appropriated State Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(m)Project: JBRC Item 15: Department of Administration
D50.6103: SC State House – VAV Replacement, HVAC Controls & AHU #1
Re-Build

Request: Change Project Name and Establish Phase II Full Construction Budget to replace
all VAV's and to rebuild AHU#1 in the SC State House.

Included in CPIP: Yes – 2022 CPIP Priority 15 of 24 in FY23 (estimated at \$1,690,671)
Phase I Approval: November 2022 (estimated at \$1,690,671) (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
FY19 Capital Reserve (transfer from 6011)				187,678	187,678
FY20 Capital Reserve (transfer from 6059)	336		336	366,365	366,365
Appropriated State (transfer from 6055)				106,645	106,645
Appropriated State (transfer from 6036)				1,057,188	1,057,188
Appropriated State (transfer from 6083)	26,178		26,178		26,178
Other, Depreciation Reserve (transfer from 6055)				99,845	99,845
Other, Depreciation Reserve (transfer from 6026)					
All Sources	<u>26,514</u>		<u>26,514</u>	<u>1,817,721</u>	<u>1,844,235</u>

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SUBJECT: Permanent Improvement Projects

Summary of Work: The project will replace all 34 VAV's in the crawlspace of the SC State House as well as rebuild Air Handler Unit #1 in the basement. This equipment supplies heating and air to the first floor of the State House. This project will also include replacing and upgrading the current Honeywell HVAC controls system for the entire building.

Rationale: This equipment was part of the 1997 renovation and has reached the end of its useful life. The controls software is obsolete and parts to repair this equipment are increasingly difficult to obtain, per the agency.

Facility Characteristics: The SC State House Building is approximately 164,880 gross square feet and was constructed in 1851 (172 years old), with the building being completely renovated in 1997 (26 years ago). The State House is utilized by the Senate, House of Representatives, Legislative Council, Legislative Services Agency, Governor's Office, Lieutenant Governor's Office, Department of Public Safety and Parks Recreation & Tourism. According to SC Parks, Recreation & Tourism the average number of visitors to the SC State House is 110,000 annually.

Financial Impact: This phase of the project will be funded from FY19 & FY20 Capital Reserve (uncommitted balance \$554,043 at January 19, 2023), Appropriated State (uncommitted balance \$1,163,833 at January 19, 2023) and Depreciation Reserve Funds (uncommitted balance \$99,845 million at January 19, 2023). Revenues received to the Depreciation Reserve account are derived from the rent account, which receives rent charged to agencies. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,844,235 (internal) funded by Capital Reserve, Appropriated State and Depreciation Reserve Funds. Contract execution is expected in October 2023 and completion of construction in December 2024.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

(n) Project: JBRC Item 19: Department of Administration
D50.6101: Blatt Replace VAV Terminal Hot Water Reheat - 4th Floor

Request: Establish Phase II Full Construction Budget to replace the VAV units on the 4th floor of the Soloman Blatt Building.

Included in CIP: Yes – 2022 CIP Priority 5 of 24 in FY23 (estimated at \$1,100,000)

Phase I Approval: November 2022 (estimated at \$1,264,509) (SFAA)

Revise Scope Approval: February 2023 (estimated at \$1,558,809) (Admin)

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				439,841	439,841
Other, Depreciation Reserve	18,968		18,968	1,100,000	1,118,968
All Sources	<u>18,968</u>		<u>18,968</u>	<u>1,539,841</u>	<u>1,558,809</u>

Summary of Work: The project scope will involve replacing 54 terminal hot water reheat VAV mechanical units to include associated duct work. The majority of this work will be performed above the ceiling on the 4th floor. All light fixtures will also be replaced with LED fixtures and a new acoustical ceiling system will be installed, and the carpet will be replaced.

Rationale: The equipment and ductwork are original to the building and is past its useful life, leading to periodic failures and disruption of service.

Facility Characteristics: The Blatt Building is 155,162 gross square feet, with the 4th floor being approximately 27,795 gross square feet and was constructed in 1978 (45 years old). The building houses 80 to 100 year-round SC House of Representatives staff, and from January to July each year the number increases to approximately 330.

Financial Impact: This phase of the project will be funded from Appropriated State (uncommitted balance \$7.28 million at January 20, 2023), and Depreciation Reserve Funds (uncommitted balance \$4.57 million at January 20, 2023). Revenues received are derived from the rent account, which receives rent charged to agencies. The project is not expected to result in any change in annual operating expenditures.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

Full Project Estimate: \$1,558,809 (internal) funded by Appropriated State and Depreciation Reserve Funds. Contract execution is expected in May 2023 and completion of construction in December 2023.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

- (o) Project: JBRC Item 20: Office of the Adjutant General
E24.9812: Statewide Readiness Center Female Latrines
- Request: Increase Phase II Construction Budget for the construction of Abbeville and Batesburg.
- Included in CPIP: Yes – 2022 CPIP Priority 6 of 24 in FY23
(this portion estimated at \$882,000 & estimated at \$5,677,200 for all 12 facilities)
- Phase I Approval: August 2018 (estimated at \$2,233,435 for all 12 facilities) (SFAA)
- Phase II Approval: April 2019 (estimated at \$2,450,000 for all 12 facilities) (SFAA)
- Phase II Increase Approval: February 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)
- Phase II Increase Approval: December 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)
- Phase II Increase Approval: March 2021 (estimated at \$3,850,000 for all 12 facilities) (SFAA)
- Phase II Increase Approval: October 2021 (estimated at \$2,650,000 for all 12 facilities) (SFAA)
- Phase II Increase Approval: January 2022 (estimated at \$2,172,349 for all 12 facilities) (SFAA)
- Phase II Increase Approval: May 2022 (estimated at \$3,645,200 for all 12 facilities) (SFAA)
- Phase II Increase Approval: October 2022 (estimated at \$5,677,200) (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	12,500	896,260	908,760	161,301	1,070,061
Federal, National Guard Bureau	37,500	2,250,172	2,287,672	483,901	2,771,573
All Sources	<u>50,000</u>	<u>6,146,432</u>	<u>3,196,432</u>	<u>645,202</u>	<u>3,841,634</u>

Summary of Work: The project was established to renovate and expand existing female latrines in various readiness centers across the state. The initial group of readiness centers

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include North Charleston, Walterboro, Wellford, Abbeville, Hartsville, Saluda, Newberry, Batesburg, Kingstree, Seneca, West Columbia, Rock Hill, Edgefield and Eastover. The North Charleston, Edgefield, Rock Hill, Saluda, Newberry, Kingstree, Walterboro and West Columbia facilities have been completed. Designs are complete for Hartsville, Wellford, Abbeville and Batesburg. Hartsville and Wellford are currently being renovated but not yet completed. The funds in this request will be used construction of Abbeville and Batesburg. The scope of work includes renovating existing female latrine and constructing additional authorized space to include new utilities and fixtures, along with any required mechanical, electrical and plumbing work.

Rationale: Due to the rising number of female soldier's adequate latrine space is needed. Per NG Pam 415-12, the assigned unit(s) are authorized 2,000 square feet of latrine space. This project will allow the female soldiers to have the required number of facilities (toilets, showers, changing areas) they need to conduct training.

Facility Characteristics: Each female latrine is 72 square feet to 339 square feet and was constructed from 1958 to 1989 (34 years to 64 years old).

Financial Impact: The project will be funded with Appropriated State Funds (uncommitted balance \$2 million at January 3, 2023) and Federal, National Guard Bureau Funds (uncommitted balance \$3.5 million at January 3, 2023). Revenue to this fund is received from the Construction and Facilities Management Office's Master Cooperative Agreement funds. The project is expected to result in an increase of \$1,500 (year 1), \$1,500 (year 2), and \$3,000 (year 3) in annual operating expenses.

Full Project Estimate: \$3,841,634 (internal) for this phase of the project with an estimated cost of \$5,677,200 (internal) (for all 14 facilities), funded by Appropriated State and National Guard Bureau Funds. Construction completion for Hartsville and Wellford is expected in April 2023. Contract execution for Abbeville and Batesburg is expected in March 2023 and completion of construction in August 2023.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Permanent Improvement Projects

AUTHORITY ACTION REQUESTED:

Approve permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office. All items have been reviewed favorably by the Joint Bond Review Committee.

ATTACHMENTS:

Agenda item worksheet and attachments

Project List: SFAA Items - March 28, 2023

SFAA Items - March 28, 2023

JBRC Item	Agency Code	Agency Name	Project ID	Project Name	Final Approval Type Needed	Action Proposed	Included in CIP?	Current Budget	Requested Change	Phase I	Total Phase II Budget	SOF (excludes proposed Phase II if currently seeking Phase I)
1	H09	The Citadel	9624	Fire Pump and Water Tank Replacement	SFAA	Establish Phase II	Yes	38,250	2,511,750	38,250	2,550,000	FY22 Appropriated State - Proviso 118.18 (B)(10) / Other - Institutional Capital Project
2	H12	Clemson University	9965	College of Veterinary Medicine Construction	SFAA	Establish Phase I	No	-	10,000,000	10,000,000	285,000,000	Other - FY23 Lottery Expenditure Account
3	H12	Clemson University	9955	Johnstone Hall/Core Campus Demolition	SFAA	Establish Phase II	Yes	180,000	15,820,000	180,000	16,000,000	Other - Maintenance & Stewardship / Other - Housing Improvement
4	H15	College of Charleston	9678	Berry Residence Hall and Honors Program Renovation	SFAA	Establish Phase II	Yes	575,000	22,425,000	575,000	23,000,000	Other - Auxiliary Housing Revenues / Other - Capital Improvement Project
5	H24	South Carolina State University	9661	Sojourner Truth Hall Renovation	SFAA	Establish Phase I	Yes	-	150,000	150,000	10,000,000	Other - Housing Fees
6	H27	University of South Carolina - Columbia	6147	Woodrow College Renovation	SFAA	Establish Phase I	Yes	-	225,000	225,000	15,000,000	Other - Housing Maintenance Reserve
7	H29	University of South Carolina - Aiken	9558	Softball Facility Construction	SFAA	Establish Phase I	Yes	-	39,000	39,000	2,600,000	Other - Institutional
8	H47	Winthrop University	9608	Margaret Nance Residence Hall Bathroom Renovations	SFAA	Establish Phase I	Yes	-	54,000	54,000	3,600,000	Other - Auxiliary Housing
9	H59	Central Carolina Technical College	6174	CCTC Main Campus Academic-Student Services Building Construction	SFAA	Establish Phase II & Revise Scope	Yes	195,000	39,805,000	195,000	40,000,000	FY22 Appropriated State - Proviso 118.18 (B)(27)(c) / FY23 Appropriated State - Proviso 118.19 (27)(q) / Other - College Capital Reserve
10	H59	Piedmont Technical College	6193	PTC New Construction for Health Sciences Replacement	SFAA	Establish Phase II, Revise Scope & Change Project Name	Yes	137,250	16,494,750	137,250	16,632,000	FY22 Capital Reserve / FY22 Appropriated State - Proviso 118.18 (B)(27)(n) / FY23 Appropriated State - Proviso 118.19 (27)(j) / Other - College
11	H59	Tri-County Technical College	6182	Pendleton Campus Oconee Hall Renovation	SFAA	Establish Phase II	Yes	240,000	21,760,000	240,000	22,000,000	FY22 Appropriated State - Proviso 118.18 (27)(t) / Other - Accumulated Maintenance
13	D50	Department of Administration	6116	DSS Harden Street Replace Air Handlers	SFAA	Establish Phase I	Yes	-	16,500	16,500	1,100,000	FY23 Appropriated State - Permanent Improvements
15	D50	Department of Administration	6103	SC State House – VAV Replacement, HVAC Controls & AHU #1 Re-Build	SFAA	Establish Phase II & Change Project Name	Yes	26,514	1,817,721	26,514	1,844,235	FY19 & FY20 Capital Reserve / Appropriated State - Permanent Improvements / Other - Depreciation Reserve
19	D50	Department of Administration	6101	Blatt Replace VAV Terminal Hot Water Reheat - 4th Floor	SFAA	Establish Phase II	Yes	18,968	1,539,841	18,968	1,558,809	Appropriated State - Permanent Improvements / Other - Depreciation Reserve
20	E24	Office of the Adjutant General	9812	Statewide Readiness Center Female Latrines	SFAA	Phase II Increase	Yes	3,196,432	645,202	50,000	3,841,634	Appropriated State / Federal - National Guard Bureau

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: **March 28, 2023**

Regular Agenda

1. Submitted By:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:



Brian J. Gaines, Director, Executive Budget Office

2. Permanent Improvement Projects

3. Summary Background Information:

- (a) Project: JBRC Item 1: The Citadel
H09.9624: Fire Pump and Water Tank Replacement
- Request: Establish Phase II Full Construction Budget to construct a new fire pump and fire water storage tank for the campus.
- Included in CIP: Yes – 2022 CIP Priority 1 of 2 in FY22 (estimated at \$2,550,000)
Phase I Approval: August 2022 (estimated at \$2,550,000) (SFAA)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY22 Proviso 118.18 (B)(10)				2,000,000	2,000,000
Other, Institutional Capital Project	38,250		38,250	511,750	550,000
All Sources	<u>38,250</u>		<u>38,250</u>	<u>2,511,750</u>	<u>2,550,000</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 2 existing water storage tanks, 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 (70 years old). The pump house was constructed in 1965 (58 years old) and was renovated in 2001 (22 years old) when the fire pump was 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 FY22 Appropriated State (nonrecurring) Funds (uncommitted balance \$2.8 million at January 13, 2023), Institution Capital Project Funds (uncommitted balance \$11.4 million at January 13, 2023). Revenue to this fund is from all Excess Debt Service fund transferred as of June 30th 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 increased from \$160 for the academic years 2014-2015 to 2022-2023

Full Project Estimate: \$2,550,000 (internal) funded by FY22 Appropriated State (nonrecurring), and Institutional Capital Project Funds. Contract execution is expected in September 2023 and completion of construction in March 2024.

(b) Project: JBRC Item 2: Clemson University
H12.9965: College of Veterinary Medicine Construction

Request: Establish Phase I Pre-Design Budget to construct a teaching complex, research laboratories and clinical spaces.

Included in CPIP: No – This project was not included in the 2022 CPIP because the funding was not authorized by the General Assembly at the time of CPIP submission.

CHE Approval: 01/24/2023

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, FY23 Lottery Expenditure Account				10,000,000	10,000,000
All Sources				<u>10,000,000</u>	<u>10,000,000</u>

Summary of Work: The university completed a feasibility study to establish a veterinary college in South Carolina which included a detailed implementation and program plan. This project will utilize these legislative authorized funds to complete a facilities feasibility study, conduct site selection, and engage architectural/engineering firms and a Construction Manager at Risk to provide schematic design of the facilities. Clemson will construct the main teaching building and research labs, but will partner with private clinics for clinical experiences.

Rationale: South Carolina currently does not have a College of Veterinary Medicine, and only four states have fewer veterinarians per capita. There is a rapid growth in national demand for services and investment in animal health. Further, research done at veterinary colleges is increasingly important for protecting human public health. Currently, SC contracts to fund the difference between residential and non-residential tuition for SC veterinary students in cooperating states. Clemson's distributed model for clinical learning will leverage existing assets in the state through partnerships with industry and clinical enterprises.

Facility Characteristics: The new facility to be constructed will be approximately 233,000 square feet. Based on current analysis per the university, SC can justify a class size of 80 students that may grow to 100 or more in the future. Once the College of Veterinary Medicine is constructed, it is expected to be utilized by approximately 292 students and student employees, 50 faculty, and 82 staff.

Financial Impact: This phase of the project will be funded from FY23 Lottery Expenditure Account Funds (uncommitted balance \$10 million at January 5, 2023). Revenues to this fund are generated from net lottery proceeds and investment earnings and are appropriated to be used to supplement and not supplant existing funds for education. The project is expected to result in an increase in annual operating expenses, but those amounts have not yet been determined. The building will be designed to meet Two Green Globes certification standards. 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 \$738 to \$1,005 for the academic years 2014-2015 to 2022-2023. \$380 of the \$1,005 is currently pledged for debt service. The balance of the fee, \$625 per student, per semester, is used to fund ongoing capital projects and maintenance.

Full Project Estimate: \$285,000,000 (internal).

(c) Project: JBRC Item 3: Clemson University
H12.9955: Johnstone Hall/Core Campus Demolition

Request: Establish Phase II Full Construction Budget to demolish Johnstone Hall and Union Building Complex, as well as smaller facilities.

Included in CPIP: Yes – 2022 CPIP Priority 2 of 9 in FY23 (estimated at \$12,000,000)

Phase I Approval: December 2021 (estimated at \$12,000,000) (SFAA)

CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Maintenance & Stewardship	90,000		90,000	7,910,000	8,000,000
Other, Housing Improvement	90,000		90,000	7,910,000	8,000,000
All Sources	<u>180,000</u>		<u>180,000</u>	<u>15,820,000</u>	<u>16,000,000</u>

Summary of Work: This project will demolish the approximately 132,500 square foot Johnstone Hall and Union Building Complex, as well as smaller facilities associated with University Facilities' move away from the campus core. The buildings will be replaced with green space for student activities.

Rationale: Per the university, both buildings are inefficient, unsuitable for continued use and located in the center of campus adjacent to Tillman Hall and the recently constructed Core Campus residence Halls. Johnstone has been vacated but is in the center of campus and requires expensive maintenance to ensure the safety of students, faculty and staff living and working in close proximity to it. Demolition will support the university's broader strategy to prioritize on-campus space for student-centric needs.

Facility Characteristics: Johnstone Hall and University Building Complex total approximately 132,500 square feet. Johnstone Hall was constructed in the 1950s (73 years old) as temporary housing. The Union Building Complex was constructed in 1974 (49 years old).

Financial Impact: The project will be funded from Maintenance and Stewardship Funds (uncommitted balance \$54.5 million at January 3, 2023) and Housing Improvement Funds (uncommitted balance \$29.3 million at January 9, 2023). Revenue to the Maintenance and 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. Revenue for the Housing Improvement Funds come from bond covenant-required transfers from Housing Operations to allow for the maintenance and replacement of capital assets funded by bond issues. The project is expected to result in a decrease of \$1,455,000 (year 1), \$1,498,650 (year 2), and \$1,543,095 (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 \$1,005 per student per semester, and has increased from \$738 to \$1,005 for the academic years 2014-2015 to 2022-2023. \$380 of the \$1,005 is currently pledged for debt service. The balance of the fee, \$625 per student, per semester, is used to fund ongoing capital projects and maintenance.

Full Project Estimate: \$16,000,000 (internal) funded by Maintenance and Stewardship and Housing Improvement Funds. Contract execution is expected in July 2023 and completion of construction in December 2024.

(d) Project: JBRC Item 4: College of Charleston
H15.9678: Berry Residence Hall and Honors Program Renovation

Request: Establish Phase II Full Construction Budget to complete interior renovations to Berry Residence Hall.

Included in CPIP: Yes – 2022 CPIP Priority 2 of 9 in FY23 (estimated at \$23,000,000)

Phase I Approval: May 2022 (estimated at \$23,000,000) (SFAA)

CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Auxiliary Housing Revenues	475,000		475,000	18,525,000	19,000,000
Other, Capital Improvement Project	100,000		100,000	3,900,000	4,000,000
All Sources	<u>575,000</u>		<u>575,000</u>	<u>22,425,000</u>	<u>23,000,000</u>

Summary of Work: The project will address mechanical, electrical and plumbing issues, upgrade elevators, interior refresh, and replace roofs and windows. The ground floor will be renovated to centralize and expand Honors College classrooms, programming, and supporting administrative offices, releasing space elsewhere on campus. Student suites will be refreshed with new paint, flooring, lighting, millwork, plumbing fixtures, appliances, furniture, and signage. Floors two and three will house Honors College students. Floors four through will house general student population. Roof replacement includes minor deck repairs, rough carpentry, roof insulation, including taper, and installation of a three-ply modified bitumen roof system. The new roof will come with a minimum 20-year material and workmanship warranty.

Rationale: The last significant renovation was in 2003. Per the college, prospective students and parents consider campus living environments to be among the top criteria in choosing a college or university, and this especially applies to Honors housing.

Facility Characteristics: Berry Residence Hall is a 183,514 six-level 630-bed residence hall constructed in 1989 (34 years old). The building will house Honors College students (floors two and three), general population students (floors four through six), Faculty Fellow Program/Advising Center, the Office of Undergraduate Research and Creative Activities, and the Office of Nationally Competitive Awards (floor one). Technology-rich, comfortable public space will be created for presentations, receptions, workshops, and other events.

Financial Impact: The project will be funded from Auxiliary Housing Revenues (uncommitted balance \$24.2 million at January 19, 2023), and Capital Improvement Project Funds (uncommitted balance \$33.4 million at January 19, 2023). Revenue to the Housing fund is generated primarily through the Student Housing Fee, paid per-semester by students who reside in on-campus housing. The fee varies based on amenities, condition, and age of the College's 13 residence halls and 24 historic student residences. The revenues are used solely for the operation, maintenance, renovation, repair, and debt service of this specific auxiliary enterprise. Revenue to the Capital Improvement Project Fund is the Capital Improvement Fee that are in excess of the current annual debt service related to bonds. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The project is expected to result in a decrease of \$735,962 (year 1), \$758,041 (year 2), and \$780,782 (year 3), in annual operating expenses. The procurement method for this project will be Construction Manager At-Risk. The building will be constructed to meet Two Green Globes certification standards with an anticipated energy savings of \$6,863,947 over a 30-year period. 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 to 906 for the academic years 2014-2015 to 2021-2022. \$483 of the \$966 is currently pledged for debt service. The balance of the fee, \$483 per student, per semester, is used to fund ongoing capital projects and maintenance.

Full Project Estimate: \$23,000,000 (internal) funded by Auxiliary Housing Revenue and Capital Improvement Project Funds. Contract execution is expected in May 2023 and completion of construction in June 2026.

(e) Project: JBRC Item 5: South Carolina State University
H24.9661: Sojourner Truth Hall Renovation

Request: Establish Phase I Pre-Design Budget to renovate the residence hall building.

Included in CPIP: Yes – 2022 CPIP Priority 3 of 3 in FY24 (estimated at \$4,400,000)
CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Housing Fees				150,000	150,000
All Sources				<u>150,000</u>	<u>150,000</u>

Summary of Work: The project will renovate the entire 14 story building to include fire suppression, fire alarm, elevator upgrade, HVAC, paint, flooring, and code updates that may be required. Interior renovations to bathrooms, lobby and bedrooms will also be completed.

Rationale: Of the 400 beds in Truth Hall only 132 are utilized. Out of an abundance of caution, the university made the decision to not utilize the top 7 floors in 2015. This project will ensure the safety of all students housed in the residence hall and allow the university to grow enrollment by providing an additional 268 beds. Per the university, they expect 12% to 18% student growth over the next two years.

Facility Characteristics: Truth Hall is 135,851 square feet and was constructed in 1971 (52 years old). The existing elevator and fire alarm system are original to the building, and the chiller system is 25+ years old. After renovations, it is anticipated that 400 students will reside in the residence hall.

Financial Impact: This phase of the project will be funded from Housing Fee Funds (uncommitted balance \$4.4 million at February 10, 2023). Revenues to this fund are generated from standard room and board charges, which are determined and approved by the Board of Trustees and are used to cover costs of maintaining the facilities. The current amount per student, per semester is \$3,100. The project is expected to result in an increase of \$185,000 (years 1 thru 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project.

Full Project Estimate: \$10,000,000 (internal). Phase I to be funded by Housing Fee Funds. Phase II will be funded by \$8,000,000 in FY23 Capital Reserve, and \$2,000,000 in FY23 Appropriated State (nonrecurring) funds.

(f) Project: JBRC Item 6: University of South Carolina – Columbia
H27.6147: Woodrow College Renovation

Request: Establish Phase I Pre-Design Budget to comprehensively renovate the interior of the residential building.

Included in CPIP: Yes – 2022 CPIP Priority 7 of 15 in FY24 (estimated at \$11,900,000)
CHE Approval: 02/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Housing Maintenance Reserve				225,000	225,000
All Sources				<u>225,000</u>	<u>225,000</u>

Summary of Work: This project will replace the mechanical and electrical infrastructure and replace interior finishes. Electronic access door hardware will be added to unit entrances to match university housing standards. Student living spaces will be converted to a suite-style configuration which will include a new central corridor to access egress stairs and enable the removal of the non-historic and aesthetically detrimental fire escape at the south façade. The reconfiguration will allow for an approximately increase of 25 beds.

Rationale: The residence hall has not been renovated in decades and requires systems replacement and replaced finishes to be consistent with the quality of other university housing.

Facility Characteristics: Wood College is 33,700 gross square feet and was constructed in 1914 (109 years old). Building systems are 30+ years old and reaching the end of their useful life. The residence hall currently provides 102 student beds in an apartment-style configuration. After renovating, suites will be able to accommodate 25% more students, for a total of 127 students.

Financial Impact: The project will be funded from Housing Maintenance Reserve Funds (uncommitted balance \$23.7 million at October 21, 2022). Housing Maintenance Reserve Funds are derived from the housing operating budget which includes housing fees and revenues generated by laundry operations, conferences, and interest. The project is expected to result in a decrease of \$60,000 (years 1 thru 3), in annual operating expenses. The building will be designed to meet Two Green Globes certification standards. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$320 per student per semester, and has not increased for the academic years 2014-2015 to 2022-2023.

Full Project Estimate: \$15,000,000 (internal) funded by Housing Maintenance Reserve Funds. The estimated cost to complete this project has increased from the 2022 CPIP submission following the cost consultant estimate that we have received from the similar Thornwell College renovation project. Thornwell is the sister building of Woodrow, and that project has devised a way to add beds by reconfiguring apartments into suites. Thus, the recent cost estimate from Thornwell reflects the current construction market and the cost of the reconfiguration. It is intended to reconfigure Woodrow in the same manner.

(g) Project: JBRC Item 7: University of South Carolina – Aiken
H29.9558: Softball Facility Construction

Request: Establish Phase I Predesign Budget to create a basic softball field near the baseball stadium.

Included in CPIP: Yes – 2022 CPIP Priority 2 of 4 in FY23 (estimated at \$3,500,000)
CHE Approval: 02/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional				39,000	39,000
All Sources				<u>39,000</u>	<u>39,000</u>

Summary of Work: This project will create a basic softball field to include dugouts, bleachers for approximately 200 spectators, a ticket kiosk, lighting, scoreboard, hardscape paving, and fencing. The buildings are anticipated to be brick masonry with metal roofs. The existing softball field will be repurposed as the location of the new SC National Guard Cyber Center/DreamPort and Advanced Manufacturing Collaborative Building.

Rationale: Relocating the existing softball facility to the periphery enables academic programs to be developed in the campus core.

Facility Characteristics: The new softball facility will include two 600 square foot dugouts, 930 square foot restrooms and concessions, and a 75 square foot ticket kiosk. The new facility will accommodate approximately 200 spectators, and approximately 60 players and coaches.

Financial Impact: The project will be funded from Institutional Funds (uncommitted balance \$2.6 million at November 14, 2022). Institutional Funds are available to the university from a variety of sources including tuition and fees, sales and service activities, and other miscellaneous sources. The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$12 per student per semester, and has not increased for the academic years 2014-2015 to 2022-2023.

Full Project Estimate: \$2,600,000 (internal) funded by Institutional Funds. The estimated cost to complete this project has decreased from the 2022 CPIP submission because the project scope was recently reduced to construct a basic softball competition facility. Future work may be funded with gifts or university funds to be allocated later and would include a press box and other enhancements to upgrade the softball facility.

(h) Project: JBRC Item 8: Winthrop University
H47.9608: Margaret Nance Residence Hall Bathroom Renovations

Request: Establish Phase I Predesign Budget to complete bathroom renovations.

Included in CPIP: Yes – 2022 CPIP Priority 8 of 8 in FY24 (estimated at \$2,500,000)

CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Auxiliary Housing				54,000	54,000
All Sources				<u>54,000</u>	<u>54,000</u>

Summary of Work: The project will renovate hallway traditional style bathrooms. New traditional style closed shower/toilet rooms and common sink areas will be created. HVAC and ventilation/exhaust systems will be upgraded.

Rationale: The traditional style hall common area/hallways bathrooms were last renovated in the 1980's.

Facility Characteristics: Margaret Nance Residence Hall is 59,352 square feet and was constructed in 1895 (128 years old). The residence hall currently houses 224 students with a bed capacity of 282.

Financial Impact: The project will be funded from Other, Auxiliary Housing Funds (uncommitted balance \$12.31 million at October 31, 2022). The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$543 per student per semester, and has decreased from \$593 to \$543 for the academic years 2014-2015 to 2022-2023.

Full Project Estimate: \$3,600,000 (internal) funded by Auxiliary Housing Funds. The estimated cost to complete this project has increased from the 2022 CPIP submission because a feasibility study was completed last fall that looked at the code requirements, possible bathroom layouts, etc. and that study provided the cost estimate.

(i) Project: JBRC Item 9: Central Carolina Technical College
H59.6174: CCTC – Main Campus Academic-Student Services
Building Construction

Request: Revise Scope and Establish Phase II Full Construction Budget to construct a new academic/student services building adjacent to Building 400 on the main campus.

Included in CPIP: Yes – 2022 CPIP Priority 1 of 4 in FY23 (estimated at \$16,250,000) & Priority 1 of 2 in FY24 (estimated at \$20,000,000)

Phase I Approval: October 2021 (estimated at \$13,000,000) (Admin)

CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Appropriated State Proviso 118.18 (B)(27)(c)	195,000		195,000	12,805,000	13,000,000
FY23 Appropriated State, Proviso 118.19 (27)(q)				19,000,000	19,000,000
Other, College Capital Reserve				8,000,000	8,000,000
All Sources	<u>195,000</u>		<u>195,000</u>	<u>39,805,000</u>	<u>40,000,000</u>

Summary of Work: The project was established to construct a new 34,000 square foot academic and student services building that would contain flexible convertible spaces used as classrooms, or student meeting and gathering spaces. The revised scope will no longer demolish Buildings 100 and 200 and will now construct a larger 58,825 square foot, two three-story wings joined at the first level by an outdoor plaza and at the third level by an interior elevated connector. The central lobbies for both wings include a monumental stair connecting all three floors and allow for easy access to all program elements as well as visibility from all levels to the central campus courtyard and parking. An elevator and an additional enclosed stair are located in each wing. The lobbies on the second and third levels of the student services wing will have a central help desk. The student services wing will also include a flexible multipurpose space and adjoining commercial kitchen. The academic wing will provide additional classroom and lab space and will consolidate science faculty and instructional space into a single location. The campus data center will also be relocated into the academic wing of the new building. The new building will include a low slope Styrene-Butadiene-Styrene (SBS) modified bituminous membrane roofing system and come with a 20-year manufacturer material and workmanship warranty. At a later unspecified time after the new facility is constructed, Buildings 100 and 200 will be demolished as part of a separate project. The cost and fund source to demolish these buildings is unknown at this time. It is yet to be determined what those sites will be used for after demolition, but it is expected that they will be used for additional parking lots and green space for students.

Rationale: Costs have significantly increased due to over 40% inflation in construction materials and building systems. Constructing one building to house both academic and student services instead of building the student services building now and the academic building 2-3 years in the future will allow for gained efficiencies and to enable the capitalization on shared spaces and site costs. Additionally, consolidation of these facilities will allow for all academic classrooms to be on the main campus site without having the students to cross Guignard Road. The functionality of building 100 and 200 is inadequate, and cannot be renovated to fit current needs, per the college.

Facility Characteristics: Building 100 is 51,914 square feet and was construction in 1965 (58 years old). Building 200 is 9,867 square feet and was constructed in and 1969 (54 years old). The new 58,825 square foot facility will house all student services functions as well as Science, Math and

Humanities programs. All 2,300 students and 225 staff are expected to utilize the new facility.

Financial Impact: This phase of the project will be funded from FY22 Appropriated State (nonrecurring), (uncommitted balance \$12.805 million at February 15, 2023) and FY23 Appropriated State (nonrecurring) (uncommitted balance \$19 million at February 15, 2023) and College Funds (uncommitted balance \$9.4 million at February 15, 2023). Revenue for the College Capital Reserves are derived from annual operating surpluses. The project is expected to result in \$45,100 in additional annual operating costs (years 1 thru 3). The new facility will be constructed to meet Two Green Globes certification standards with an anticipated energy savings of \$2,303,077 over a 30-year period. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$9.70 per credit hour per student per semester, and has increased from \$5.25 per credit hour to \$9.70 for the academic years 2014-2015 to 2022-2023.

Full Project Estimate: \$40,000,000 (internal) funded by FY22 & FY23 Capital Reserve and College Capital Reserve Funds. Contract execution is expected in August 2023 and completion of construction in December 2025.

(j) Project: JBRC Item 10: Piedmont Technical College
H59.6193: PTC New Construction for Health Sciences Replacement

Request: Change Project Name, Revise Scope and Establish Phase II Full Construction Budget to construct a 27,000 square foot replacement building on the Piedmont Campus.

Included in CPIP: Yes – 2022 CPIP Priority 1 of 3 in FY23 (estimated at \$9,150,000)
Phase I Approval: April 2022 (estimated at \$9,150,000) (SFAA)
CHE Approval: 02/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY22 Capital Reserve				696,875	696,875
FY22 Appropriated State, Proviso 118.18 (b)(27)(n)				6,893,159	6,893,159
FY23 Appropriated State, Proviso 118.19 (27)(j)				3,674,093	3,674,093
Other, College	137,250		137,250	5,230,623	5,367,873
All Sources	<u>137,250</u>		<u>137,250</u>	<u>16,494,750</u>	<u>16,632,000</u>

Summary of Work: The project was established to renovate and repair the two existing Health and Science Buildings and construct an additional 12,100 square foot connector building on the Piedmont Campus. The revised scope will now construct a 27,000 square foot facility that will include Nursing simulation labs, Nursing skills labs, Cardiovascular Labs and classrooms. The new Health Science Building will be a 2-story, slab-on-grade building with a low-slope insulated roof and internal roof draining. The building structure will be structural steel framing. The building envelope will consist of brick veneer, fiber-cement rainscreen and aluminum curtainwall. The roof on the building to be constructed will be a single-ply PVC membrane roofing system that will come with a minimum 20-year material and workmanship warranty. Buildings H & S, which are currently housing these programs, will remain in use as swing space until the completion of the replacement facility. It is anticipated that Buildings H & S will be demolished as a separate project for a total estimated cost of \$250,000 to \$275,000.

Rationale: Building H and S do not provide adequate teaching and lab space. The new facility will provide modern lab spaces which are needed to ensure the students are practice-ready when completing the programs, per the college. The number of students has grown from 1,181 students enrolled in a pre-health program in the 2017-2018 academic year to 1,674 in the most recent full year.

Facility Characteristics: The Health Building is 16,728 square feet and was constructed in 1982 (41 years old) and the Science Building is 15,920 square feet and was constructed in 1992 (31 years old). The new 27,000 square foot facility will be utilized by 33 full time faculty in its Nursing and Healthcare Division and 694 students.

Financial Impact: This phase of the project will be funded from FY22 Capital Reserve (uncommitted balance \$696,875 at December 31, 2022), FY22 Appropriated State (nonrecurring) (uncommitted balance \$6.9 million at December 31, 2022), FY23 Appropriated State (nonrecurring) (uncommitted balance \$9.94 million at December 31, 2022), and College Funds (uncommitted balance \$10.4 million at December 31, 2022). Revenues to this fund are generated from the fee charged to students of \$150 per student, per semester for capital projects. The project is expected to result in an increase of \$81,235 (year 1), \$119,144 (year 2), and \$131,059 (year 3), in annual operating expenses. The new building will be constructed to meet Two Green Globes certification standards with anticipated energy savings of \$674,081 over a 30-year period. No student fees or tuition will be increased as

a consequence of the project. The college does not charge a capital fee but internally allocates \$150 per student, per semester, of the tuition charge to set aside for capital projects.

Full Project Estimate: \$16,632,000 (internal) funded by FY22 Capital Reserve, FY22 & FY23 Appropriated State (nonrecurring) and College Funds. Contract execution is expected in April 2024 and completion of construction in September 2025.

(k) Project: JBRC Item 11: Tri-County Technical College
H59.6182: Pendleton Campus Oconee Hall Renovation

Request: Establish Phase II Full Construction Budget to renovate existing classrooms and student study and collaboration space.

Included in CPIP: Yes – 2022 CPIP Priority 1 of 2 in FY23 (estimated at \$20,000,000)

Phase I Approval: January 2022 (estimated at \$16,000,000) (SFAA)

CHE Approval: 03/02/23

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY22 Proviso 118.18 (27)(t)				5,000,000	5,000,000
Other, Accumulated Maintenance	240,000		240,000	16,760,000	17,000,000
All Sources	<u>240,000</u>		<u>240,000</u>	<u>21,760,000</u>	<u>22,000,000</u>

Summary of Work: The project will renovate existing classrooms on all three floors and add two new classrooms. All classrooms will be enlarged to increase capacity from 18 to 20 seats per classroom to 36 seats per classroom and to be in compliance with the State guideline of providing 22 sq feet per student (currently sf footage per student ranges from 16 – 18 sq ft in Oconee Hall.). Additionally, an addition will be constructed to replace the existing stairwells to meet current building code. The addition will include with a Thermoplastic Roof Membrane (PVC & TPO) roof system that will come with a minimum 20-year material and workmanship warranty. A fire suppression system will be installed, and energy efficient enhancements including lighting, HVAC and tying to the central chilled water system will be completed. The existing low slope modified bitumen roof on the building will be replaced with a Thermoplastic Roof Membrane (PVC & TPO) and come with a minimum 20-year material and workmanship warranty.

Rationale: The current classrooms do not conform to the most current research-based, instructional methodologies or pedagogy. Additionally, the project will remediate an identified issue with the stairwells, sprinklers, and other life safety and energy efficiency opportunities.

Facility Characteristics: Oconee Hall is 35,890 square feet and was constructed in 1979 (44 years old). The entire facility will be affected by this renovation project and an additional 11,666 square feet will be constructed for a stair tower and two classrooms. The building is utilized by all programs, primarily English, Math and Humanities courses which are required for program completion. There are 3,000 students and 108 faculty and staff.

Financial Impact: This phase of the project will be funded from FY22 Appropriated State (nonrecurring) (uncommitted balance \$5 million at January 13, 2023), and Tri-County Technical College Accumulated Maintenance Funds (uncommitted balance \$38 million at January 13, 2023). Revenues to this fund are accumulated fund balance transfer to the Plant Fund. The project is expected to result in a decrease of \$89,509 (years 1 thru 3), in annual operating expenses. The renovations/addition will be constructed based on Two Green Globes certification standards with anticipated energy savings of \$514,941 over a 30-year period. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$4.17 per credit hour, per student per semester, and has not increased from 2017-2018 to 2021-2022.

Full Project Estimate: \$22,000,000 (internal) funded by \$11 million in Tri-County Technical College Accumulated Maintenance and \$5 million in FY22 Appropriated State, Proviso 118.18 Funds. Contract execution is expected in March 2023 and completion of construction in December 2023. The estimated cost to complete the project has increased from the 2022 CPIP because the CPIP cost estimate was based on 2019 feasibility study data which was

updated at the time of the CPIP submission using average realized construction price increases and intel from construction industry experts. Subsequently, Phase I design has been completed and the current scope and cost estimates yield a higher project cost. Contract execution is expected in March 2023 and completion of construction in December 2023.

(l) Project: JBRC Item 13: Department of Administration
D50.6116: DSS Harden Street Replace Air Handlers

Request: Establish Phase I Pre-Design Budget to replace the two rooftop air handlers at the DSS Harden Street building.

Included in CPIP: Yes – 2022 CPIP Priority 11 of 24 in FY23 (estimated at \$1,100,000)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State				16,500	16,500
All Sources				<u>16,500</u>	<u>16,500</u>

Summary of Work: The project will replace the two rooftop air handlers.

Rationale: The air handlers are past their useful life and require frequent repairs. Failure of the air handlers would result in a loss of conditioned air to the building.

Facility Characteristics: The DSS Harden Street building is approximately 64,311 square feet and was constructed in 1989 (34 years old). The equipment to be replaced is original to the building. The building is utilized by approximately 300 DSS staff plus visitors daily.

Financial Impact: The project will be funded from FY23 Appropriated State Funds (uncommitted balance \$3.31 million at January 20, 2023). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,100,000 (internal) funded by FY23 Appropriated State Funds.

(m) Project: JBRC Item 15: Department of Administration
D50.6103: SC State House – VAV Replacement, HVAC Controls & AHU #1 Re-Build

Request: Change Project Name and Establish Phase II Full Construction Budget to replace all VAV's and to rebuild AHU#1 in the SC State House.

Included in CPIP: Yes – 2022 CPIP Priority 15 of 24 in FY23 (estimated at \$1,690,671)
Phase I Approval: November 2022 (estimated at \$1,690,671) (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
FY19 Capital Reserve (transfer from 6011)				187,678	187,678
FY20 Capital Reserve (transfer from 6059)				366,365	366,365
Appropriated State (transfer from 6055)	336		336		336
Appropriated State (transfer from 6036)				106,645	106,645
Appropriated State (transfer from 6083)				1,057,188	1,057,188
Other, Depreciation Reserve (transfer from 6055)	26,178		26,178		26,178
Other, Depreciation Reserve (transfer from 6026)				99,845	99,845
All Sources	<u>26,514</u>		<u>26,514</u>	<u>1,817,721</u>	<u>1,844,235</u>

Summary of Work: The project will replace all 34 VAV's in the crawlspace of the SC State House as well as rebuild Air Handler Unit #1 in the basement. This equipment supplies heating and air to the first floor of the State House. This project will also include replacing and upgrading the current Honeywell HVAC controls system for the entire building.

Rationale: This equipment was part of the 1997 renovation and has reached the end of its useful life. The controls software is obsolete and parts to repair this equipment are increasingly difficult to obtain, per the agency.

Facility Characteristics: The SC State House Building is approximately 164,880 gross square feet and was constructed in 1851 (172 years old), with the building being completely renovated in 1997 (26 years ago). The State House is utilized by the Senate, House of Representatives, Legislative Council, Legislative Services Agency, Governor's Office, Lieutenant Governor's Office, Department of Public Safety and Parks Recreation & Tourism. According to SC Parks, Recreation & Tourism the average number of visitors to the SC State House is 110,000 annually.

Financial Impact: This phase of the project will be funded from FY19 & FY20 Capital Reserve (uncommitted balance \$554,043 at January 19, 2023), Appropriated State (uncommitted balance \$1,163,833 at January 19, 2023) and Depreciation Reserve Funds (uncommitted balance \$99,845 million at January 19, 2023). Revenues received to the Depreciation Reserve account are derived from the rent account, which receives rent charged to agencies. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,844,235 (internal) funded by Capital Reserve, Appropriated State and Depreciation Reserve Funds. Contract execution is expected in October 2023 and completion of construction in December 2024.

(n) Project: JBRC Item 19: Department of Administration
D50.6101: Blatt Replace VAV Terminal Hot Water Reheat - 4th Floor

Request: Establish Phase II Full Construction Budget to replace the VAV units on the 4th floor of the Soloman Blatt Building.

Included in CPIP: Yes – 2022 CPIP Priority 5 of 24 in FY23 (estimated at \$1,100,000)

Phase I Approval: November 2022 (estimated at \$1,264,509) (SFAA)

Revise Scope Approval: February 2023 (estimated at \$1,558,809) (Admin)

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				439,841	439,841
Other, Depreciation Reserve	18,968		18,968	1,100,000	1,118,968
All Sources	<u>18,968</u>		<u>18,968</u>	<u>1,539,841</u>	<u>1,558,809</u>

Summary of Work: The project scope will involve replacing 54 terminal hot water reheat VAV mechanical units to include associated duct work. The majority of this work will be performed above the ceiling on the 4th floor. All light fixtures will also be replaced with LED fixtures and a new acoustical ceiling system will be installed, and the carpet will be replaced.

Rationale: The equipment and ductwork are original to the building and is past its useful life, leading to periodic failures and disruption of service.

Facility Characteristics: The Blatt Building is 155,162 gross square feet, with the 4th floor being approximately 27,795 gross square feet and was constructed in 1978 (45 years old). The building houses 80 to 100 year-round SC House of Representatives staff, and from January to July each year the number increases to approximately 330.

Financial Impact: This phase of the project will be funded from Appropriated State (uncommitted balance \$7.28 million at January 20, 2023), and Depreciation Reserve Funds (uncommitted balance \$4.57 million at January 20, 2023). Revenues received are derived from the rent account, which receives rent charged to agencies. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,558,809 (internal) funded by Appropriated State and Depreciation Reserve Funds. Contract execution is expected in May 2023 and completion of construction in December 2023.

(o) Project: JBRC Item 20: Office of the Adjutant General
E24.9812: Statewide Readiness Center Female Latrines

Request: Increase Phase II Construction Budget for the construction of Abbeville and Batesburg.

Included in CPIP: Yes – 2022 CPIP Priority 6 of 24 in FY23
(this portion estimated at \$882,000 & estimated at \$5,677,200 for all 12 facilities)

Phase I Approval: August 2018 (estimated at \$2,233,435 for all 12 facilities) (SFAA)

Phase II Approval: April 2019 (estimated at \$2,450,000 for all 12 facilities) (SFAA)

Phase II Increase Approval: February 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

Phase II Increase Approval: December 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

Phase II Increase Approval: March 2021 (estimated at \$3,850,000 for all 12 facilities) (SFAA)

Phase II Increase Approval: October 2021 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

Phase II Increase Approval: January 2022 (estimated at \$2,172,349 for all 12 facilities) (SFAA)

Phase II Increase Approval: May 2022 (estimated at \$3,645,200 for all 12 facilities) (SFAA)

Phase II Increase Approval: October 2022 (estimated at \$5,677,200) (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	12,500	896,260	908,760	161,301	1,070,061
Federal, National Guard Bureau	37,500	2,250,172	2,287,672	483,901	2,771,573
All Sources	<u>50,000</u>	<u>6,146,432</u>	<u>3,196,432</u>	<u>645,202</u>	<u>3,841,634</u>

Summary of Work: The project was established to renovate and expand existing female latrines in various readiness centers across the state. The initial group of readiness centers include North Charleston, Walterboro, Wellford, Abbeville, Hartsville, Saluda, Newberry, Batesburg, Kingstree, Seneca, West Columbia, Rock Hill, Edgefield and Eastover. The North Charleston, Edgefield, Rock Hill, Saluda, Newberry, Kingstree, Walterboro and West Columbia facilities have been completed. Designs are complete for Hartsville, Wellford, Abbeville and Batesburg. Hartsville and Wellford are currently being renovated but not yet completed. The funds in this request will be used construction of Abbeville and Batesburg. The scope of work includes renovating existing female latrine and constructing additional authorized space to include new utilities and fixtures, along with any required mechanical, electrical and plumbing work.

Rationale: Due to the rising number of female soldier's adequate latrine space is needed. Per NG Pam 415-12, the assigned unit(s) are authorized 2,000 square feet of latrine space. This project will allow the female soldiers to have the required number of facilities (toilets, showers, changing areas) they need to conduct training.

Facility Characteristics: Each female latrine is 72 square feet to 339 square feet and was constructed from 1958 to 1989 (34 years to 64 years old).

Financial Impact: The project will be funded with Appropriated State Funds (uncommitted balance \$2 million at January 3, 2023) and Federal, National Guard Bureau Funds (uncommitted balance \$3.5 million at January 3, 2023). Revenue to this fund is received from the

Construction and Facilities Management Office's Master Cooperative Agreement funds. The project is expected to result in an increase of \$1,500 (year 1), \$1,500 (year 2), and \$3,000 (year 3) in annual operating expenses.

Full Project Estimate: \$3,841,634 (internal) for this phase of the project with an estimated cost of \$5,677,200 (internal) (for all 14 facilities), funded by Appropriated State and National Guard Bureau Funds. Construction completion for Hartsville and Wellford is expected in April 2023. Contract execution for Abbeville and Batesburg is expected in March 2023 and completion of construction in August 2023.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Department of Natural Resources - Jasper-Slater Sandhills Heritage
Preserve/WMA Land Acquisition (OSI)

The Authority is asked to approve the following permanent improvement project establishment request and budget revision as requested by the Department of Administration, Executive Budget Office as noted herein. This item was reviewed favorably by the Joint Bond Review Committee (JBRC).

(a) Project: JBRC Item 31: Department of Natural Resources
P24.6060: Jasper-Slater Sandhills Heritage Preserve/WMA Land
Acquisition (OSI)

Request: Establish Final Land Acquisition to purchase 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)

Phase I Approval: August 2022 (estimated at \$19,020,000) (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
Federal, Forest Legacy Grant	20,000		20,000	9,457,000	9,477,000
				50,000	50,000
Other, The Nature Conservancy				1,000,000	1,000,000
Other, SC Conservation Bank				6,073,000	6,073,000
Other, Heritage Land Trust				475,000	475,000
Other, Fish & Wildlife Protection (Deer)				475,000	475,000
Other, Fish & Wildlife Protection (Timber)					
All Sources	<u>20,000</u>		<u>20,000</u>	<u>17,530,000</u>	<u>17,550,000</u>

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Department of Natural Resources - Jasper-Slater Sandhills Heritage
Preserve/WMA Land Acquisition (OSI)

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 \$17,500,000. The acquisition will be funded Federal Legacy Grant (uncommitted balance \$9.457 million at January 20, 2023), The Nature Conservancy (uncommitted balance \$50K at January 20, 2023), SC Conservation Bank (uncommitted balance \$1 million at January 20, 2023), Heritage Land Trust (uncommitted balance \$25 million at January 20, 2023), Fish & Wildlife Protection – Deer (uncommitted balance \$2 million at January 20, 2023), and Fish & Wildlife Protection – Timber (uncommitted balance \$1 million at January 20, 2023). Revenue received from the US Forest Service Forest Legacy Administrative Grant Funds is authorized by the Cooperative Forestry Assistance Act of 1978 as amended by the 1990 Farm Bill Section 1217 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. Revenue received from The Nature Conservancy is a match from private funds. The organization is a global environmental nonprofit founded in the United States 1951 that has protected more than 119 million acres of land and impacted conservation in 76 countries and territories. Revenue to the SC Conservation Bank

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Department of Natural Resources - Jasper-Slater Sandhills Heritage
Preserve/WMA Land Acquisition (OSI)

Grant fund is provided to improve the quality of life in South Carolina through the conservation of significant natural resource lands, wetlands, historical properties and archaeological sites. Revenue to the Heritage Land Trust 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. Revenue to the Fish & Wildlife Protection (Deer) fund is from the sale of freshwater fisheries and wildlife licenses, permits, stamps, and tags and provides for this revenue to be placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary. Revenue to the Fish & Wildlife Protection (Timber) is from timbers harvests on DNR lands and provides for timber revenue to be placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for the protection, promotion, propagation, and management of freshwater fisheries and wildlife, the enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary. 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. An appraisal was completed in November 2022 and valued the property at \$19,140,000. A Phase I Environmental Site Assessment was completed in January 2023 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 was completed in November 2022 for the two buildings located on the property. The residence building was noted to have ADA/ANSI accessibility issues as were the immediate areas around both buildings. Letters of support are not request because the property is owned by a nonprofit organization. An additional \$30K is requested in this project for the higher costs for the building condition assessment and title insurance. The Heritage Land Trust Advisory Board approval to utilize \$6,073,000 in Heritage Land Trust Funds for this acquisition has been received.

Full Project Estimate: \$17,550,000 (internal) funded by US Forest Service Forest Legacy Administrative Grant, The Nature Conservancy, SC Conservation Bank Grant, Heritage Land Trust, Fish & Wildlife Protection (Timber), Fish & Wildlife Protection (Deer) Funds.

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: Department of Natural Resources - Jasper-Slater Sandhills Heritage
Preserve/WMA Land Acquisition (OSI)

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 9, 2023. The Authority is asked to approve the expenditure of \$6,073,000 from the Heritage Land Trust Fund pursuant to Section 51-17-115.

AUTHORITY ACTION REQUESTED:

As requested by the Department of Natural Resources (DNR) through the Department of Administration, Executive Budget Office, approve the Permanent Improvement Project Phase II for the Jasper-Slater Sandhills Heritage Preserve/WMA Land Acquisition (OSI); and as requested by DNR approve an expenditure of \$6,073,000 from the Heritage Land Trust Fund pursuant to Section 51-17-115 toward the acquisition of land described in Permanent Improvement Project 6060.

ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted By:

(a) Agency: Department of Administration

(b) Authorized Official Signature:


Brian J. Gaines Director, Executive Budget Office

2. Subject:

Department of Natural Resources - Jasper-Slater Sandhills Heritage Preserve/WMA Land Acquisition (OSI)

3. Summary Background Information:

- (a) Project: JBRC Item 31: Department of Natural Resources
P24.6060: Jasper-Slater Sandhills Heritage Preserve/WMA Land Acquisition (OSI)
- Request: Establish Final Land Acquisition to purchase 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)
- Phase I Approval: August 2022 (estimated at \$19,020,000) (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
Federal, Forest Legacy Grant	20,000		20,000	9,457,000	9,477,000
Other, The Nature Conservancy				50,000	50,000
Other, SC Conservation Bank				1,000,000	1,000,000
Other, Heritage Land Trust				6,073,000	6,073,000
Other, Fish & Wildlife Protection (Deer)				475,000	475,000
Other, Fish & Wildlife Protection (Timber)				475,000	475,000
All Sources	<u>20,000</u>		<u>20,000</u>	<u>17,530,000</u>	<u>17,550,000</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 \$17,500,000. The acquisition will be funded Federal Legacy Grant (uncommitted balance \$9.457 million at January 20, 2023), The Nature Conservancy (uncommitted balance \$50K at January 20, 2023), SC Conservation Bank (uncommitted balance \$1 million at January 20, 2023), Heritage Land Trust (uncommitted balance \$25 million at January 20, 2023), Fish & Wildlife Protection – Deer (uncommitted balance \$2 million at January 20, 2023), and Fish & Wildlife Protection – Timber (uncommitted balance \$1 million at January 20, 2023). Revenue received from the US Forest Service Forest Legacy Administrative Grant Funds is authorized by the Cooperative Forestry Assistance Act of 1978 as amended by the 1990 Farm Bill Section 1217 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. Revenue received from The Nature Conservancy is a match from private funds. The organization is a global environmental nonprofit founded in the United States 1951 that has protected more than 119 million acres of land and impacted conservation in 76 countries and territories. Revenue to the SC Conservation Bank Grant fund is provided to improve the quality of life in South Carolina through the conservation of significant natural resource lands, wetlands, historical properties and archaeological sites. Revenue to the Heritage Land Trust 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. Revenue to the Fish & Wildlife Protection (Deer) fund is from the sale of freshwater fisheries and wildlife licenses, permits, stamps, and tags and provides for this revenue to be placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary. Revenue to the Fish & Wildlife Protection (Timber) is from timbers harvests on DNR lands and provides for timber revenue to be placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for the protection, promotion, propagation, and management of freshwater fisheries and wildlife, the enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary. 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. An appraisal was completed in November 2022 and valued the property at \$19,140,000. A Phase I Environmental Site Assessment was completed in January 2023 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 was completed in November 2022 for the two buildings located on the property. The residence building was noted to have ADA/ANSI accessibility issues as were the immediate areas around both buildings. Letters of support are not request because the property is owned by a nonprofit organization. An additional \$30K is requested in this

project for the higher costs for the building condition assessment and title insurance. The Heritage Land Trust Advisory Board approval to utilize \$6,073,000 in Heritage Land Trust Funds for this acquisition has been received.

Full Project Estimate: \$17,550,000 (internal) funded by US Forest Service Forest Legacy Administrative Grant, The Nature Conservancy, SC Conservation Bank Grant, Heritage Land Trust, Fish & Wildlife Protection (Timber), Fish & Wildlife Protection (Deer) 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 9, 2023. The Authority is asked to approve the expenditure of \$6,073,000 from the Heritage Land Trust Fund pursuant to Section 51-17-115.

4. What is SFAA asked to do?

Consider approval of the Permanent Improvement Project Phase II.

5. What is the recommendation of the Department of Administration?

The item is complete and ready for SFAA review.

6. List of Supporting Documents:

1. Permanent Improvement Project Jasper-Slater Sandhills Heritage Preserve/WMA Land Acquisition (OSI)
2. Heritage Trust Advisory Board Approval

HERITAGE LAND TRUST FUND

The Heritage Trust Advisory Board, acting in accordance with sections 51-17-60 and 51-17-115 of the 1976 S.C. Code of Laws, does hereby authorize the following.

For the purpose of acquiring interest in property in Jasper County, in addition to the twenty thousand (\$20,000) previously recommended to support due diligence activities and acquisition costs, up to six million seventy-three thousand dollars (\$6,073,000) is recommended to be transferred from the Heritage Land Trust Fund (4520) to fund permanent improvement project P24-6060 in Jasper County known as the Slater Sandhills HP Land Acquisition. The transfer should take place following approval by the Joint Bond Review Committee and the State Fiscal Accountability Authority.

Approved this 9th day of February 2023.

On behalf of the Heritage Trust Advisory Board.

A handwritten signature in black ink, appearing to read "Campbell D. Cox", is written over a horizontal line.

Campbell D. Cox
Chairperson, Heritage Trust Advisory Board

AGENCY: Department of Administration, Executive Budget Office

SUBJECT: State Election Commission Personal Service Transfer

The State Election Commission received funding for 16 new FTEs to establish an election audit division in the FY 2022-23 Appropriations Act. Simultaneously, the agency was in the middle of acquiring a new office lease which would include additional space to accommodate the staff of the new division. The office lease was recently approved by the Joint Bond Review Committee and the State Fiscal Accountability Authority on December 7, 2022 and December 13, 2022, respectively. The agency was unable to hire the additional staff until the additional space could be acquired. As such, the agency has excess personal services funds for this fiscal year totaling \$2,000,000. The Commission wishes to transfer \$1,500,000 of this excess from personal services to other operating. The transferred funds will be used to purchase office furniture, computers, and other items for the new staff; additional servers, power supplies, networking, and cabling for the additional office space; and other incidental costs associated with preparing the additional space for agency use.

This transfer requires approval of the State Fiscal Accountability Authority pursuant to the June 29, 1999 policy of the Budget and Control Board regarding personal services account transfers and under the conditions of Proviso 117.9 of the FY 2022-2023 Appropriation Act.

AUTHORITY ACTION REQUESTED:

In accordance with the State Fiscal Accountability Authority's personal services transfer policy established on June 29, 1999, authorize the transfer by the State Election Commission of \$1,500,000 from personal service to other operating expenses to cover additional operating expenses of the Commission, as requested by the Commission through the Executive Budget Office.

ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for:

Regular Agenda

1. Submitted By:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:


Brian J. Gaines Director, Executive Budget Office

2. Subject: State Election Commission Personal Service Transfer

- 3. Summary Background Information:** The State Election Commission received funding for 16 new FTEs to establish an election audit division in the FY 2022-23 Appropriations Act. Simultaneously, the agency was in the middle of acquiring a new office lease which would include additional space to accommodate the staff of the new division. The office lease was recently approved by the Joint Bond Review Committee and the State Fiscal Accountability Authority on December 7, 2022 and December 13, 2022, respectively. The agency was unable to hire the additional staff until the additional space could be acquired. As such, the agency has excess personal services funds for this fiscal year totaling \$2,000,000. The Commission wishes to transfer \$1,500,000 of this excess from personal services to other operating. The transferred funds will be used to purchase office furniture, computers, and other items for the new staff; additional servers, power supplies, networking, and cabling for the additional office space; and other incidental costs associated with preparing the additional space for agency use.

Proviso 117.9 of the FY 2022-23 Appropriations Act states, "Transfers of appropriations from personal service accounts to other operating accounts or from other operating accounts to personal service accounts may be restricted to any established standard level set by the State Fiscal Accountability Authority upon formal approval by a majority of the members of the State Fiscal Accountability Authority." The Budget and Control Board established the personal service transfer limit at \$100,000 or 2% of the agency's total personal service budget. Any transfer request that exceeds this limit requires the approval of the former Budget and Control Board, now State Fiscal Accountability Authority. This transfer request exceeds this limit. In accordance with the policy, it requires the approval of the majority of the Authority.

4. What is SFAA asked to do?

Consider approval of the State Election Commission's request to transfer \$1,500,000 of its general funds from personal services to other operating to cover additional operating expenses of the Commission.

5. What is the recommendation of the Department of Administration?

In accordance with the Budget and Control Board's personal services transfer policy established on June 29, 1999, consider approval of the State Election Commission's request to transfer \$1,500,000 of its general funds from personal services to other operating to cover additional operating expenses of the Commission.

6. List of Supporting Documents:

- (a) State Election Commission letter
- (b) Budget and Control Board June 29, 1999 meeting minutes

Proviso 117.9. (GP: Transfers of Appropriations) Agencies and institutions shall be authorized to transfer appropriations within programs and within the agency with notification to the Executive Budget Office and Comptroller General. No such transfer may exceed twenty percent of the program budget. Upon request, details of such transfers may be provided to members of the General Assembly on an agency by agency basis. Transfers of appropriations from personal service accounts to other operating accounts or from other operating accounts to personal service accounts may be restricted to any established standard level set by the State Fiscal Accountability Authority upon formal approval by a majority of the members of the State Fiscal Accountability Authority.

February 28, 2023

Brian J. Gaines
Director, Executive Budget Office
South Carolina Department of Administration
1205 Pendleton Street, Suite 529
Columbia, SC 29201

Dear Mr. Gaines:

The South Carolina State Election Commission ("SEC") is requesting a one-time exemption from the 2% transfer limit.

In FY23, the SEC was granted 16 new FTE's in its budget to establish an election audit division. Simultaneously, the agency was in the midst of acquiring a new office lease which includes additional space for the new audit division. The office lease was recently approved by both the Joint Bond Review Committee and the State Fiscal Accountability Authority. Due to factors beyond its control—the timing between the start of the new fiscal year, the expiration of the existing lease, and initiation of the new lease—the agency has an excess \$2,000,000 in personnel funds.

In other words, the agency has excess funds because it could not hire staff due to the timing of its office lease RFP process, which includes office space for that additional staff.

Thus, the SEC is requesting permission to transfer \$1,500,000 of the \$2,000,000 to operating expenses. This transfer would be used for operating costs associated with the additional office space for the SEC.

With the uncertainty of funding, the SEC is mindful to operate within its budget while utilizing whatever funding is available. Thank you for any assistance you can provide in this matter.

Sincerely,



Howard M. Knapp
Executive Director

COMMISSIONERS

JOHN WELLS
Chairman

JOANNE DAY

CLIFFORD J. EDLER

LINDA MCCALL

SCOTT MOSELEY

HOWARD M. KNAPP
Executive Director

1122 Lady Street
Suite 500
Columbia, SC 29201

P.O. Box 5987
Columbia, SC 29250

803.734.9060
Fax: 803.734.9366
www.sevotes.gov

Minutes of Budget and Control Board Meeting
June 29, 1999 -- Page 21

State Budget Office: Change in Authorization for Approval of Budget Transfers (Blue #13)

At its meeting of May 11, 1999, the Board requested the Office of State Budget (OSB) to review the current guidelines and submit any changes concerning the transfer of personal service funds.

Section 72.14 of the General Appropriation Act provides that the transfer of appropriations from personal service accounts to other operating accounts may be restricted to any established standard level set by the Board upon approval by a majority of the members of the Board. The Board has delegated to OSB the authority to approve an agency's request to transfer funds from personal service accounts to other operating accounts with a yearly limit not to exceed \$50,000 or 1% of an agency's total personal service appropriation including employer contributions, whichever is greater. Transfers exceeding these limits must be approved by the Board. Over the last six years agency transfers from personal service to other operating accounts has been less than .5% of the total personal service funds appropriated. However, there have been occasions where the Board has received transfer requests over the established guidelines generally in the range of \$100,000 or 2% of an agency's personal service budget. During the current fiscal year, only two transfer requests exceeded the limits and required the approval of the Board. With the approval of the Board, the OSB will revise its operating procedures to read:

Any agency transfer from personal service/employer contributions to other operating accounts must be approved by the Office of State Budget, with a yearly limit not to exceed \$100,000 or 2% of the total personal service budget, whichever is greater.

Requests to exceed this limit require approval of the Budget and Control Board.

The OSB will continue the current procedure of submitting to the Board monthly reports of personal service transfer activity.

The Board granted OSB the authority to approve agency transfers from personal service/employer contributions to other operating accounts, with a yearly limit not to exceed \$100,000 or 2% of the total personal service budget, whichever is greater.

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Easements

The Department of Administration requests approval of the following easements in accordance with SC Code of Laws:

- (a) County Location: Berkeley
From: Department of Administration
To: Dominion Energy South Carolina
Consideration: \$700 administrative fee
\$2,894.56
Description/Purpose: To grant a 0.08± acre non-exclusive easement for the construction, installation, operation and maintenance of a 4" natural gas main beneath Beresford Creek, parallel to Daniel Island Drive on Daniel Island. The easement is needed to accommodate the Beresford Creek Bridge Replacement Project. 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. Consideration is \$700 administrative fee plus the average sales price per acre of improved agricultural land for easements across navigable waterways and submerged lands. There are no exceptions requested with regard to the 2022 easement policy.
- (b) County Location: Berkeley
From: Department of Administration
To: Dominion Energy South Carolina
Consideration: \$700 administrative fee
\$4,920.75
Description/Purpose: To grant a 0.136± acre non-exclusive easement for the construction, installation, operation and maintenance of two electric conduits/lines beneath Beresford Creek, parallel to Daniel Island Drive on Daniel Island. The easement is needed to accommodate the Beresford Creek Bridge Replacement Project. 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. Consideration is \$700 administrative fee plus the average sales price per acre of improved agricultural land for easements across

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Easements

navigable waterways and submerged lands. There are no exceptions requested with regard to the 2022 easement policy.

- (c) County Location: York
From: Winthrop University
To: Comporium Communications
Consideration: \$700 administrative fee
\$1
Description/Purpose: To grant a 0.111± acre non-exclusive easement for the purpose of access, ingress, egress, construction, installation, operation and maintenance of underground coaxial facilities on property of Winthrop University. The term of the easement will be fifty (50) years. 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 easement is being sought by the University to provide high speed internet service to campus facilities and, as such, the University has requested that the easement be granted for nominal consideration. The University has also 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.
- (d) County Location: Pickens
From: Clemson University
To: 354 Clemson, LLC
Consideration: \$700 administrative fee
\$10 and other good and valuable consideration including removal of building, installation of a sidewalk, and increased safety and convenience to the student body
Description/Purpose: To grant a 0.05± acre non-exclusive easement for the purpose of access, ingress and egress to allow for the installation of a sidewalk, retaining wall, grease trap and underground trash receptacles. The term of the easement will be fifty (50) years. 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. In exchange for the easement, 354 Clemson,

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Easements

LLC will remove a dilapidated building which encroaches on the University's property as well as provide upgrades to the property that will primarily benefit students, the value of which the University believes exceeds the estimated value of the easement. The University has also 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.

AUTHORITY ACTION REQUESTED:

Approve granting the referenced easements as recommended by the Department of Administration, Facilities Management.

ATTACHMENTS:

Agenda item worksheet and attachment

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:


Ashlie Lancaster, Director

2. Subject: Easements

3. Summary and Background Information:

- (a) County Location: Berkeley
From: Department of Administration
To: Dominion Energy South Carolina
Consideration: \$700 administrative fee
\$2,894.56
Description/Purpose: To grant a 0.08± acre non-exclusive easement for the construction, installation, operation and maintenance of a 4" natural gas main beneath Beresford Creek, parallel to Daniel Island Drive on Daniel Island. The easement is needed to accommodate the Beresford Creek Bridge Replacement Project. 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. Consideration is \$700 administrative fee plus the average sales price per acre of improved agricultural land for easements across navigable waterways and submerged lands. There are no exceptions requested with regard to the 2022 easement policy.

- (b) County Location: Berkeley
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To: Dominion Energy South Carolina
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- (c) County Location: York
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To: Comporium Communications
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Description/Purpose: To grant a 0.111± acre non-exclusive easement for the purpose of access, ingress, egress, construction, installation, operation and maintenance of underground coaxial facilities on property of Winthrop University. The term of the easement will be fifty (50) years. 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 easement is being sought by the University to provide high speed internet service to campus facilities and, as such, the University has requested that the easement be granted for nominal consideration. The University has also 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.
- (d) County Location: Pickens
From: Clemson University
To: 354 Clemson, LLC
Consideration: \$700 administrative fee
\$10 and other good and valuable consideration including removal of building, installation of a sidewalk, and increased safety and convenience to the student body
Description/Purpose: To grant a 0.05± acre non-exclusive easement for the purpose of access, ingress and egress to allow for the installation of a sidewalk, retaining wall, grease trap and underground trash receptacles. The term of the easement will be fifty (50) years. 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. In exchange for the easement, 354 Clemson, LLC will remove a dilapidated building which encroaches on the University's property as well as provide upgrades to the property that will primarily benefit students, the value of which the University believes exceeds the estimated value of the easement. The University has also 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.

4. **What is the Authority asked to do?** Approve the referenced easements.

5. **What is recommendation of the submitting agency involved?** Approve the referenced easements.

b. **Private Participant Disclosure – Check one:**

☒ No private participants will be known at the time the Authority considers this agenda item.

☒ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

b. **Recommendation of other office (as required)?**

(a) Authorized Signature: _____

(b) Office Name: [Click or tap here to enter text.](#)

8. **List of Supporting Documents:**

(a) SC Code of Laws Sections 1-11-70, 1-11-80, 1-11-100 and 10-1-130

(b) Exhibits (plats, maps, etc.)

a. Dominion Energy South Carolina (gas)

b. Dominion Energy South Carolina (electric)

c. Winthrop University – Comporium Communications

d. Clemson University – 354 Clemson, LLC

SOUTH CAROLINA CODE OF LAWS

SECTION 1-11-70. Lands subject to Department's control.

All vacant lands and lands purchased by the former land commissioners of the State are subject to the directions of the Department of Administration.

SECTION 1-11-80. Department authorized to grant easements for public utilities on vacant State lands.

The Department of Administration, upon approval of the State Fiscal Accountability Authority, is authorized to grant easements and rights of way to any person for construction and maintenance of power lines, pipe lines, water and sewer lines and railroad facilities over, on or under such vacant lands or marshland as are owned by the State, upon payment of the reasonable value thereof.

SECTION 1-11-100. Execution of instruments conveying rights of way or easements over marshlands or vacant lands.

Deeds or other instruments conveying such rights of way or easements over such marshlands or vacant lands as are owned by the State shall be executed by the Governor in the name of the State, when authorized by the Department of Administration, upon approval of the State Fiscal Accountability Authority, and when duly approved by the office of the Attorney General; deeds or other instruments conveying such easements over property in the name of or under the control of State agencies, institutions, commissions or other bodies shall be executed by the majority of the governing body thereof, shall name both the State of South Carolina and the institution, agency, commission or governing body as grantors, and shall show the written approval of the Director of the Department of Administration and the State Fiscal Accountability Authority.

SECTION 10-1-130. Grant of easements and rights of way.

The trustees or governing bodies of state institutions and agencies may grant easements and rights of way over any property under their control, upon the recommendation of the Department of Administration and approval of the State Fiscal Accountability Authority, whenever it appears that such easements do not materially impair the utility of the property or damage it and, when a consideration is paid therefor, any amounts must be placed in the State Treasury to the credit of the institution or agency having control of the property involved.

[illegible]

*Facilities Management*

February 21, 2023

Linda M. Gordon, Real Property Services
Department of Administration
1200 Senate Street, Room 612
Columbia, SC 29201

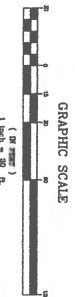
Dear Ms. Gordon,

Winthrop University is requesting Department of Administration and State Fiscal Accountability Authority approval of an easement to Comporium Communications, a public utility provider, to install, operate and maintain underground communication lines and facilities within Winthrop University's Farm property at 1162 Eden Terrace, in Rock Hill. Comporium will provide high speed internet services to Winthrop University's Athletic Complex, and as such, is also requesting that the easement be granted for nominal consideration. The underground communication lines support community and University events at the property, and therefore, benefit Winthrop, the Rock Hill community, and the State of South Carolina.

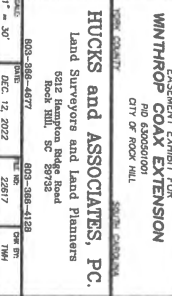
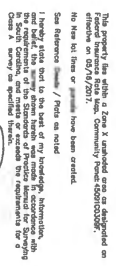
The proposed easement will not materially impair the utility of the property nor impact the operation of the institution or create any financial bearing on Winthrop's budget. The proposed fifty-year duration of the easement is sufficient for Comporium's operation and maintenance of the communication lines and facilities. Additionally, fifty years should be an appropriate time to address significant upgrades and expansion changes to the communication service network.

Sincerely,

James Grigg
AVP of Facilities



Line Table		
Line #	Length	Direction
L1	53.17	550° 45' 59"E
L2	11.51	426° 07' 43"E
L3	79.84	N32° 01' 17"E
L4	50.71	450° 26' 43"E
L5	51.71	026° 16' 14"E
L6	38.12	050° 16' 33"E
L7	60.82	144° 41' 40"E
L8	10.00	149° 18' 29"E
L9	80.29	449° 41' 40"E
L10	34.01	320° 15' 32"E
L11	52.69	502° 56' 14"E
L12	56.07	502° 56' 14"E
L13	79.26	523° 01' 11"E
L14	114.84	528° 07' 43"E
L15	66.07	450° 45' 49"E
L16	10.00	153° 14' 07"E





January 27, 2023

Ms. Linda Gordon
South Carolina Department of Administration
Division of General Services
Real Property Services
1200 Senate Street, Suite 408
Columbia, SC 29201

RE: Easement Request for Clemson's Main Campus

Dear Ms. Gordon:

Office of Land & Capital
Asset Stewardship

CU-ICAR
5 Research Drive
Greenville, SC 29607

P 864-283-7100
F 864-283-7125

Clemson University has been approached by an adjoining property owner, 354 Clemson, LLC, requesting an easement up to 0.05 acres related to the proposed development of the adjoining property. This easement request is related to property on Clemson's main campus and would allow for the removal of a dilapidated, uninhabitable structure which encroaches on University owned property.

The adjoining property owner's request is related to the proposed development of their property which would include adding a second floor to their existing building for restaurant use and creating an outdoor/covered seating area in the location of the current dilapidated building. In order to do this, the adjoining owner is requesting the 0.05-acre easement for foot traffic and the installation of a sidewalk, a retaining wall, grease trap, underground trash receptacles and ingress/egress access to support the property owner's restaurant endeavor.

The University believes the intrinsic value associated with the easement area to be far greater in value than any monetary value that would be associated with the nominal amount of easement area being requested. In exchange for the easement, the owners have agreed to remove the dilapidated building which physically encroaches on University property and poses a liability, and they have committed to University requested changes to the development plan, including opening up the space to allow for greater connection/connectivity to campus, installing a sidewalk which will benefit students in adjacent housing, making the space more inviting, and creating landscape buffers to shield some of the elements from view. The University has also worked with the property owners to ensure all required elements fit within the easement area, resulting in fewer requests to encumber University property (i.e. dumpsters in another location on University property outside the proposed easement area). Additionally, the University believes any value that would be attributed to the nominal amount of acreage would be negligible.

The University has confirmed that the trash units would be low profile and mostly underground with only a small portion being visible above the surface. These units would be shielded further from view by a planter wall/box in front of the location. Additional benefits of these units are that they take up less space than traditional dumpsters, they do not carry the same odor as traditional

(d-1)



dumpsters because the trash is held belowground at lower temperatures, the tops are secured preventing pests and unauthorized dumping, they require zero clearance servicing, they improve aesthetics, they are also compliant with EPA regulations, and they do not leach into stormwater or sewer systems due to their precast concrete design.

Finally, the proposed easement is requested to be for a period of 50 years given that it will not materially impair or impact the University's use or future development of this property, that the adjoining landowner's development will support University students, faculty, staff, and the community, and that it will open up and create a connection between the campus and the downtown areas which currently does not exist. More importantly, the adjoining landowner's ability to develop this property per its plans, will be a win-win for Clemson, the City, and the owner. All parties would benefit from the removal of a dilapidated building which is an eye sore, but most importantly for the University, this would clear/clean up the property line and remove a physical encroachment on University property.

Given the benefits of this request to Clemson, the University is requesting that this easement be granted with no compensation to be received, therefore no appraisal is necessary.

Enclosed please find an easement for review by the Department of Administration, a survey of the easement area, and the easement application. If you will please place these on the March meeting agenda, I would appreciate it. Thank you in advance for your attention to this matter. If you have any questions, please do not hesitate to contact me at (864) 283-7107.

Kindest regards,

A handwritten signature in black ink, appearing to read "Laura H. Stoner".

Laura H. Stoner
Asst. VP Real Estate Strategy & Operations

Enclosure

Cc: Carol Routh

(d-2)

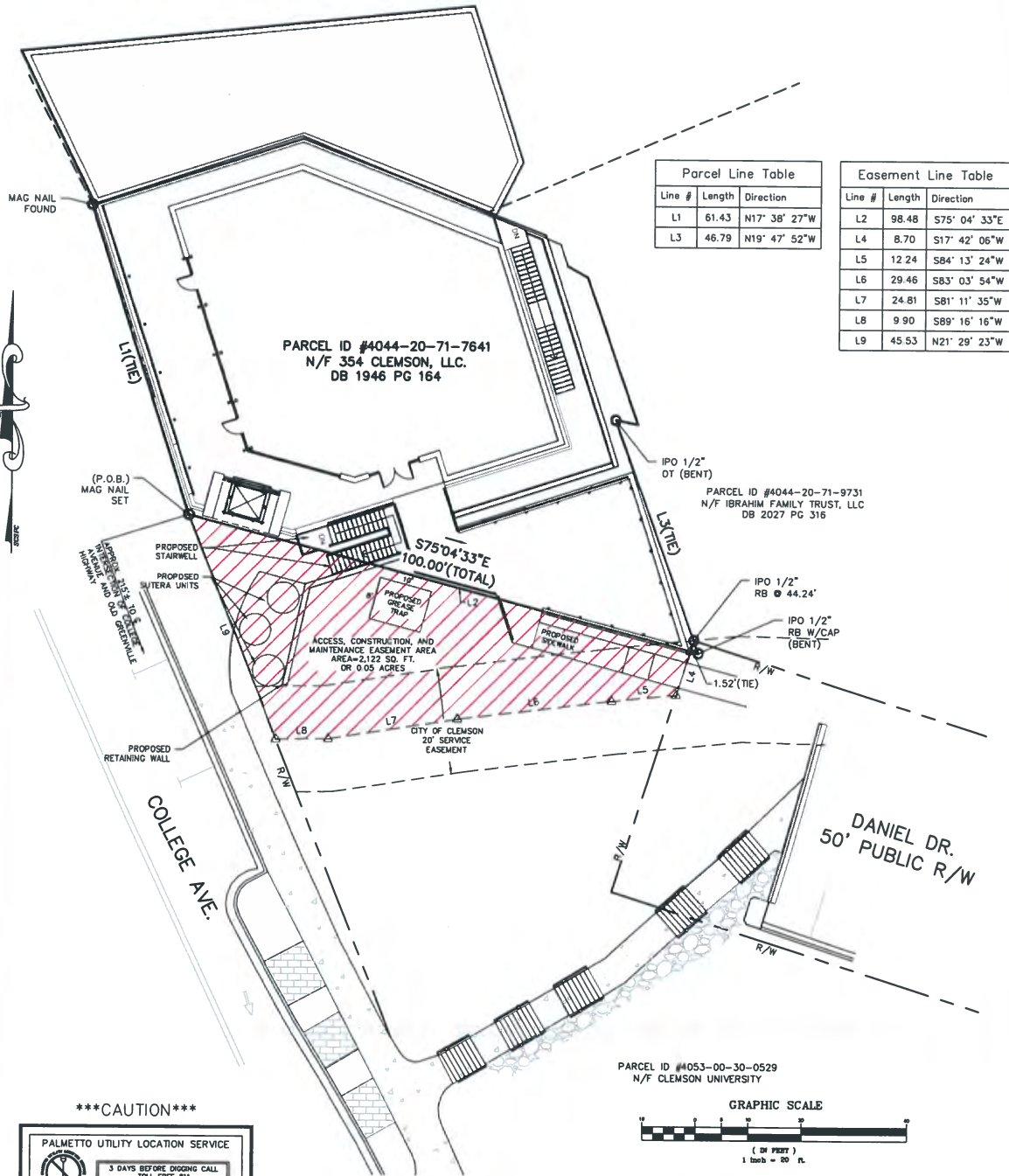


LOCATION MAP
NOT TO SCALE

LEGEND	
	PROPERTY LINE
	PROPERTY LINE-PER REFERENCE
	RIGHT OF WAY
	ADJACENT PROPERTY LINE
	EASEMENT
	WORKPOINT
	EASEMENT CORNER
	RIGHT OF WAY
	IRON OLD (FOUND)
	OPEN TOP
	CRIMP TOP
	ACCESS, CONSTRUCTION, AND MAINTENANCE EASEMENT AREA

NOTES:

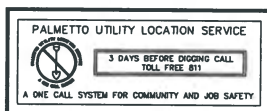
- 1.) PARCEL ID #4044-20-71-7641
OWNER: 354 CLEMSON, LLC
- 2.) SITE ADDRESS: 354 COLLEGE AVENUE
CITY OF CLEMSON
PICKENS COUNTY, SOUTH CAROLINA
- 3.) REFERENCES: SURVEY FOR "NOELLE P. STEVENSON MILNER" PERFORMED BY: TRIAD
ENGINEERING & SURVEYING INC., DATED 6/1/2017
- 4.) PROPERTY SUBJECT TO ANY AND ALL EASEMENTS AND R/W OF RECORD AND NOT OF RECORD
- 5.) FIELD WORK COMPLETED: JANUARY 12, 2021
- 6.) HORIZONTAL DATUM IS S.C.S.P.C. (NAD 83)
DATUM WAS ESTABLISHED USING STATIC GPS
SURVEYING AND "NGS OPUS"
- 7.) ALL IPN ARE 5/8" REBAR UNLESS OTHERWISE NOTED
- 8.) NO DOCUMENTATION FOUND PROVIDING LIMITS OF COLLEGE AVENUE RIGHT-OF-WAY ALONG
THIS #4053-00-30-0529. RIGHT-OF-WAY SHOWN IS APPROXIMATE AND PER PICKENS
COUNTY GIS. PROPOSED EASEMENT WILL EXTEND THROUGH CLEMSON UNIVERSITY
PROPERTY UP TO THE COLLEGE AVENUE RIGHT-OF-WAY.
- 9.) NO TITLE INFORMATION PROVIDED FOR THIS SURVEY.



Parcel Line Table		
Line #	Length	Direction
L1	61.43	N17° 38' 27"W
L3	46.79	N19° 47' 52"W

Easement Line Table		
Line #	Length	Direction
L2	98.48	S75° 04' 33"E
L4	8.70	S17° 42' 06"W
L5	12.24	S84° 13' 24"W
L6	29.46	S83° 03' 54"W
L7	24.81	S81° 11' 35"W
L8	9.90	S89° 16' 16"W
L9	45.53	N21° 29' 23"W

CAUTION



THE UTILITIES SHOWN ARE SHOWN FOR THE CONTRACTOR'S CONVENIENCE ONLY. THERE MAY BE OTHER UTILITIES NOT SHOWN ON THESE PLANS. THE ENGINEER ASSUMES NO RESPONSIBILITY FOR THE LOCATION OF ALL UTILITIES WITHIN THE LIMITS OF THE WORK. ALL DAMAGE MADE TO EXISTING UTILITIES BY THE CONTRACTOR SHALL BE THE SOLE RESPONSIBILITY OF THE CONTRACTOR.

"I HEREBY STATE THAT TO THE BEST OF MY PROFESSIONAL KNOWLEDGE, INFORMATION, AND BELIEF, THE SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE STANDARDS OF PRACTICE MANUAL FOR SURVEYING IN SOUTH CAROLINA, AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS B SURVEY AS SPECIFIED THEREIN."

PROPERTY SUBJECT TO ALL R/W AND EASEMENTS OF RECORD

LANDSCAPE ARCHITECTS • CIVIL ENGINEERS
LAND SURVEYORS • LAND PLANNERS
PO Box 263 Greenville SC 29602
864.235.3589
postmaster@arborlanddesign.com

EASEMENT EXHIBIT FOR:

354 CLEMSON, LLC.

354 COLLEGE AVENUE
CITY OF CLEMSON
PICKENS COUNTY
SOUTH CAROLINA

SCALE: 1" = 20'

DATE: 12-5-22

PT. FILE: 21003.TXT

APPROVED BY: PATRICK N. FOGLEMAN

S.C. REG. NO. 26598

21003-ESMT EXHIBIT

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Coastal Carolina University Lease of 1142 SC-544, Conway, SC 29526

Coastal Carolina University (University) requests approval to lease ±136,620 square feet of space, 396 beds, for student housing at 1142 SC-544, Conway, SC from Orion CCU, LLC. This lease would replace the two emergency housing agreements that were entered into in August 2022 and approved by JBRC and SFAA in December 2022 as enrollment trends are indicating that increased enrollment is expected to continue in coming years. This location would provide a stable solution that enables the University to meet this increased demand for student housing.

After contacting state agencies to verify no adequate State space was available, the Department of Administration solicited for commercial space for 3, 4 and 5-year terms. One proposal was received.

The requested lease term is five (5) years with an optional extension of three (3) years, commencing July 1, 2023. The annual amount for the first year of the term will be \$1,600,000.00 with an annual average cost per bed of \$4,040.40 plus operating and maintenance expenses. The University anticipates charging students approximately \$7,770.00 on average per bed per year.

There are no escalations on the rental rate over the initial five-year term. If the optional extended term is exercised, the rental rate would escalate by 3% each year. The maximum total rent to be paid over the initial 5-year term will be \$8,000,000.00. The maximum total rent that could be paid (including the extended term) is \$13,093,803.07 for eight years. As noted above, the College is also responsible for all operating expenses which are estimated to cost \$1,426,168.36 per year as well as building maintenance. The Landlord is responsible for providing furniture, housewares, and appliances and for completing agreed upon deferred maintenance and refurbishments before the start of the lease term. Landlord has also agreed to contribute \$250,000.00 for improvements over the initial term of the lease.

TERM YRS	TERM	ANNUAL RENT	MONTHLY RENT	ANNUAL RENT PER BED ON AVERAGE
Initial Term				
1-5	July 1, 2023-June 30, 2028	\$1,600,000.00	\$133,333.33	\$4,040.40
Optional Extended Term				
6	July 1, 2028- June 30, 2029	\$1,647,999.96	\$137,333.33	\$4,161.60
7	July 1, 2029- June 30, 2030	\$1,697,439.96	\$141,453.33	\$4,286.52
8	July 1, 2030- June 30, 2031	\$1,748,363.16	\$145,696.93	\$4,415.04

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Coastal Carolina University Lease of 1142 SC-544, Conway, SC 29526

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

Tenant	Location	Annual Rate /Bed
Independent Renters	Reserve at Ridgewood Plantation 4911 Signature Dr, Myrtle Beach	\$9,594.00*
Independent Renters	Aviary Village 555 Wild Wing Blvd, Conway	\$9,000.00*

*Available rates through Apartments.com as of February 10, 2023. Rates may also be subject to utility costs.

The University has adequate funds for the lease according to a Budget Approval Form submitted February 9, 2023. Lease payments will be funded through student housing revenue. There is an option to purchase the property included in the lease at a mutually agreed upon price at the time purchase is desired and subject to required governmental approvals. The lease was approved by JBRC on March 22, 2023.

AUTHORITY ACTION REQUESTED:

Approve the proposed five-year student housing lease with an optional extension of three years for Coastal Carolina University for ±136,620 square feet of space at 1142 SC-544, Conway, SC from Orion CCU, LLC.

ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:

Ashlie Lancaster
Ashlie Lancaster, Director

2. Subject: Coastal Carolina University Lease of 1142 SC-544, Conway, SC 29526

3. Summary Background Information:

Coastal Carolina University (University) requests approval to lease $\pm 136,620$ square feet of space, 396 beds, for student housing at 1142 SC-544, Conway, SC from Orion CCU, LLC. This lease would replace the two emergency housing agreements that were entered into in August 2022 and approved by JBRC and SFAA in December 2022 as enrollment trends are indicating that increased enrollment is expected to continue in coming years. This location would provide a stable solution that enables the University to meet this increased demand for student housing.

After contacting state agencies to verify no adequate State space was available, the Department of Administration solicited for commercial space for 3, 4 and 5-year terms. One proposal was received.

The requested lease term is five (5) years with an optional extension of three (3) years, commencing July 1, 2023. The annual amount for the first year of the term will be \$1,600,000.00 with an annual average cost per bed of \$4,040.40 plus operating and maintenance expenses. The University anticipates charging students approximately \$7,770.00 on average per bed per year.

There are no escalations on the rental rate over the initial five-year term. If the optional extended term is exercised, the rental rate would escalate by 3% each year. The maximum total rent to be paid over the initial 5-year term will be \$8,000,000.00. The maximum total rent that could be paid (including the extended term) is \$13,093,803.07 for eight years. As noted above, the College is also responsible for all operating expenses which are estimated to cost \$1,426,168.36 per year as well as building maintenance. The Landlord is responsible for providing furniture, housewares, and appliances and for completing agreed upon deferred maintenance and refurbishments before the start of the lease term. Landlord has also agreed to contribute \$250,000.00 for improvements over the initial term of the lease.

TERM YRS	TERM	ANNUAL RENT	MONTHLY RENT	ANNUAL RENT PER BED ON AVERAGE
Initial Term				

1-5	July 1, 2023-June 30, 2028	\$1,600,000.00	\$133,333.33	\$4,040.40
Optional Extended Term				
6	July 1, 2028- June 30, 2029	\$1,647,999.96	\$137,333.33	\$4,161.60
7	July 1, 2029- June 30, 2030	\$1,697,439.96	\$141,453.33	\$4,286.52
8	July 1, 2030- June 30, 2031	\$1,748,363.16	\$145,696.93	\$4,415.04

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

Tenant	Location	Annual Rate /Bed
Independent Renters	Reserve at Ridgewood Plantation 4911 Signature Dr, Myrtle Beach	\$9,594.00*
Independent Renters	Aviary Village 555 Wild Wing Blvd, Conway	\$9,000.00*

*Available rates through Apartments.com as of February 10, 2023. Rates may also be subject to utility costs.

The University has adequate funds for the lease according to a Budget Approval Form submitted February 9, 2023. Lease payments will be funded through student housing revenue. There is an option to purchase the property included in the lease at a mutually agreed upon price at the time purchase is desired and subject to required governmental approvals. The lease was approved by JBRC on March 22, 2023.

-
- 4. What is the Authority asked to do?** Approve the proposed five-year student housing lease with an optional extension of three years for Coastal Carolina University for ±136,620 square feet of space at 1142 SC-544, Conway, SC from Orion CCU, LLC.
-

- 5. What is recommendation of the division of Facilities Management and Property Services?** Approve the proposed five-year student housing lease with an optional extension of three years for Coastal Carolina University for ±136,620 square feet of space at 1142 SC-544, Conway, SC from Orion CCU, LLC.
-

6. Private Participant Disclosure – Check one:

☐ No private participants will be known at the time the Authority considers this agenda item.

☒ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
- (b) Office Name: _____
-

8. List of Supporting Documents:

(a) Letter from Agency



COASTAL CAROLINA UNIVERSITY

Office of the President

843.349.2001
843.349.2968 fax
coastal.edu

February 9, 2023

Ms. Ashlie Lancaster
South Carolina Department of Administration
Real Property Services
1200 Senate Street, 6th floor
Columbia, SC 29201

RE: Lease for The Cove, 1142 SC-544, Conway, SC 29526

Dear Ms. Lancaster:

Coastal Carolina University requests approval from the Joint Bond Review Committee and the State Fiscal Accountability Authority to enter into a five-year master lease with The Cove for 136,620 rentable square feet of student housing space at 1142 SC-544, Conway, SC 29526.

The University experienced a housing shortage in the current academic year and enrollment trends suggest that the shortage will continue. University Housing's mission is to create a foundation of care for resident safety and success. The University Housing experience is an essential part of the University's mission to develop students who are both knowledgeable in their chosen fields and prepared to be productive, responsible, healthy citizens with a global perspective. Living with University Housing provides students oversight and access to Resident Advisors and residential monitoring by the University's Department of Public Safety. By securing University-managed off-campus housing, CCU students will have the choice to continue living with University Housing and experience a foundation of care only the University can provide.

After contacting state agencies to verify that there was no adequate state space available, the Department of Administration solicited for commercial space and received one proposal. After careful review of the proposal, The Cove property satisfies each of the University's requirements, and was therefore selected. The lease term is five (5) years with an optional extension of three (3) years commencing July 1, 2023. The annual amount for the first year of the term will be \$1,600,000.00 with an annual cost per bed of \$4,040.40. There are no escalations on the rental rate over the initial five-year term. If the optional extended term is exercised, the rental rate would escalate by 3% each year. The maximum total rent to be paid over the initial 5-year term will be \$8,000,000.00. The maximum total rent that could be paid

(including the extended term) is \$13,093,803.07 for eight years. This is a triple net lease with the agency paying separately for most operating expenses, however the lease does have an improvement allowance for unit refresh. There is an option to purchase the property included in the lease at a mutually agreed upon price at the time purchase is desired.

Thank you for your consideration of this request and please let me know if you need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael T. Benson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael T. Benson, D.Phil.
President

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: College of Charleston Lease of 50 George Street, Charleston, SC

The College of Charleston (College) requests approval to continue leasing ±17,764 square feet of space for a fitness center at 50 George Street, Charleston, SC from Yugo Charleston Campus LLC, a Delaware limited liability company. The College has leased space at this location since October 2013. The current lease for 17,764 rentable square feet will expire on August 29, 2023, and the current rate is \$31.71 per square foot.

After contacting state agencies to verify no adequate state space was available, the Department of Administration solicited for commercial space for 3 and 5-year terms. Two proposals were received with the selected offer representing the least expensive location based on the amount of square footage offered. The College is currently planning to renovate its Stern Student Center to include its own fitness center with construction anticipated to begin in 2024.

The requested lease term is five (5) years commencing August 30, 2023. The rental rate for the first year of the term will be \$40.00 per square foot for an annual aggregate amount of \$651,346.67. Thereafter the rental rate will escalate by 3% annually as shown in the table below. The maximum total rent to be paid over the 5-year term will be \$3,589,512.27. In addition, tenant shall pay for certain operating expenses including janitorial service, dumpster/trash removal/recycling services, security services, pest control services, fire extinguishers, taxes and insurance.

TERM YR	TERM	ANNUAL RENT	MONTHLY RENT	RENT PER SF
1	August 30, 2023-August 29, 2024	\$651,346.67*	\$54,278.89	\$40.00
2	August 30, 2024-August 29, 2025	\$670,887.07*	\$55,907.26	\$41.20
3	August 30, 2025-August 29, 2026	\$691,078.81*	\$57,589.90	\$42.44
4	August 30, 2026-August 29, 2027	\$776,464.44	\$64,705.37	\$43.71
5	August 30, 2027-August 29, 2028	\$799,735.28	\$66,644.61	\$45.02

*One month of free rent negotiated for the first month of the first three years of the term.

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

Tenant	Location	Rate /SF
Vacant	81 Mary Street, Unit A, Charleston	\$35.13**
Vacant	32-34 Woolfe St, Charleston	\$30.00*

*Above rate is subject to operating expenses and base rent escalations. This is currently a vacant warehouse space and would also need significant tenant upfits thus increasing the cost over the term.

**Received in response to this solicitation. The space is 24,512 sq ft, making the location more expensive over the term.

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: College of Charleston Lease of 50 George Street, Charleston, SC

The College of Charleston has adequate funds for the lease according to a Budget Approval Form submitted December 5, 2022. Lease payments will be funded through college fees. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

AUTHORITY ACTION REQUESTED:

Approve the proposed five-year fitness center lease for the College of Charleston for ±17,764 square feet of space at 50 George Street, Charleston from Yugo Charleston Campus LLC, a Delaware limited liability company.

ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:

Ashlie Lancaster

Ashlie Lancaster, Director

2. Subject: College of Charleston Lease of 50 George Street, Charleston, SC

3. Summary Background Information:

The College of Charleston (College) requests approval to continue leasing ±17,764 square feet of space for a fitness center at 50 George Street, Charleston, SC from Yugo Charleston Campus LLC, a Delaware limited liability company. The College has leased space at this location since October 2013. The current lease for 17,764 rentable square feet will expire on August 29, 2023, and the current rate is \$31.71 per square foot.

After contacting state agencies to verify no adequate state space was available, the Department of Administration solicited for commercial space for 3 and 5-year terms. Two proposals were received with the selected offer representing the least expensive location based on the amount of square footage offered. The College is currently planning to renovate its Stern Student Center to include its own fitness center with construction anticipated to begin in 2024.

The requested lease term is five (5) years commencing August 30, 2023. The rental rate for the first year of the term will be \$40.00 per square foot for an annual aggregate amount of \$651,346.67. Thereafter the rental rate will escalate by 3% annually as shown in the table below. The maximum total rent to be paid over the 5-year term will be \$3,589,512.27. In addition, tenant shall pay for certain operating expenses including janitorial service, dumpster/trash removal/recycling services, security services, pest control services, fire extinguishers, taxes and insurance.

TERM YR	TERM	ANNUAL RENT	MONTHLY RENT	RENT PER SF
1	August 30, 2023-August 29, 2024	\$651,346.67*	\$54,278.89	\$40.00
2	August 30, 2024-August 29, 2025	\$670,887.07*	\$55,907.26	\$41.20
3	August 30, 2025-August 29, 2026	\$691,078.81*	\$57,589.90	\$42.44
4	August 30, 2026-August 29, 2027	\$776,464.44	\$64,705.37	\$43.71
5	August 30, 2027-August 29, 2028	\$799,735.28	\$66,644.61	\$45.02

*One month of free rent negotiated for the first month of the first three years of the term.

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

Tenant	Location	Rate /SF
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Vacant	81 Mary Street, Unit A, Charleston	\$35.13**
Vacant	32-34 Woolfe St, Charleston	\$30.00*

*Above rate is subject to operating expenses and base rent escalations. This is currently a vacant warehouse space and would also need significant tenant upfits thus increasing the cost over the term.

**Received in response to this solicitation. The space is 24,512 sq ft, making the location more expensive over the term.

The College of Charleston has adequate funds for the lease according to a Budget Approval Form submitted December 5, 2022. Lease payments will be funded through college fees. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

-
- 4. What is the Authority asked to do?** Approve the proposed five-year fitness center lease for the College of Charleston for ±17,764 square feet of space at 50 George Street, Charleston from Yugo Charleston Campus LLC, a Delaware limited liability company.
-

- 5. What is recommendation of the division of Facilities Management and Property Services?** Approve the proposed five-year fitness center lease for the College of Charleston for ±17,764 square feet of space at 50 George Street, Charleston from Yugo Charleston Campus LLC, a Delaware limited liability company.
-

6. Private Participant Disclosure – Check one:

☐ No private participants will be known at the time the Authority considers this agenda item.

☒ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval

7. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Office Name: [Click or tap here to enter text.](#)

8. List of Supporting Documents:

(a) Letter from Agency



February 14, 2023

Ms. Ashlie Lancaster
Division Director, Facilities Management and Property Services
1200 Senate Street, 6th Floor
Columbia, SC 29201

RE: Fitness Center

Dear Ms. Lancaster:

The College currently leases space at 50 George Street in Charleston, SC to house the student fitness and recreational center. The current ten-year lease expires on August 29, 2023.

Through the lease solicitation process, the College received two proposals for these space needs. The most satisfactory response is a modified gross lease at 50 George Street as it allows for a five-year lease and is adjacent to campus. The property consists of approximately 17, 764 SF which meets our current space needs, and has the necessary locker room and fitness center space. The other location was unsuitable as it required significant upfit and was in a more remote location making it difficult for students to easily access and would require additional moving costs.

The term of the proposed lease is for five years beginning August 30, 2023 and ending August 29, 2028. The negotiated cost per square foot in the first year is \$40.00. Rent shall be increase 3% annually with the year 5 rent being \$45.02 per square foot. Free rent has been negotiated for the first month of years 1, 2 and 3. The total estimated lease cost is \$3,589,512.27 for the five-year term.

We respectfully request your assistance in obtaining JBRC and SFAA approval of this lease.

Sincerely,

DocuSigned by:
A handwritten signature in black ink that reads "John F. Loonan".
2A42872317CF4ED...

John F. Loonan
Executive Vice President for Business Affairs

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: College of Charleston Lease of 1, 10, and 20 Warren Street, Charleston, SC

The College of Charleston (College) requests approval to continue leasing $\pm 108,048$ square feet of space, 530 beds, for student housing at 1, 10, and 20 Warren Street, Charleston, SC from Warren Place Joint Venture. The College has leased space at this location since May 2004. The current lease will expire on August 14, 2023, and currently costs \$1,500,000 annually.

After contacting state agencies to verify no adequate State space was available, the Department of Administration solicited for commercial space for 3, 5, and 7-year terms. Three responses were received, with the selected location representing the lowest offer.

The requested lease term is five (5) years commencing August 15, 2023. The annual amount for the first year of the term will be \$2,800,000.00 for an annual cost per bed of \$5,283.02 plus operating and maintenance expenses which are estimated to cost \$1,500,000.00 per year. The College anticipates charging students approximately \$9,650.00 on average per bed per year.

After the first year, the rental rate will adjust by the U.S. City Average Housing Consumer Price Index for all Urban Consumers (Housing-CPI-U) based on the percent change in the monthly index for June of each year, but subject to a 3% cap on any increase. As such, the maximum total rent that could be paid over the 5-year term is \$14,865,580.27 as shown in the chart below.

TERM YRS	TERM	MAX ANNUAL RENT	MAX MONTHLY RENT	MAX ANNUAL RENT PER BED ON AVERAGE
1	August 15, 2023- August 14, 2024	\$2,800,000.00	\$233,333.33	\$5,283.02
2	August 15, 2024- August 14, 2025	\$2,884,000.00	\$240,333.33	\$5,441.51
3	August 15, 2025- August 14, 2026	\$2,970,520.00	\$247,543.33	\$5,604.75
4	August 15, 2026- August 14, 2027	\$3,059,635.60	\$254,969.63	\$5,772.90
5	August 15, 2027- August 14, 2028	\$3,151,424.67	\$262,618.72	\$5,946.08

Approximately 121 parking spaces are temporarily available to students as part of this lease at no cost but are not guaranteed for the entire lease term. If the Landlord decides to build a parking garage on the existing parking lot, spaces will be made available upon completion of construction at the then market rate but not to exceed \$200,000 annually for a minimum of 110 spaces. Parking will not be available on site to students during the construction of the parking garage, and the College of Charleston would have to find alternate parking arrangements for those in need during that time. Additionally, if Landlord determines that it will be unable to initiate construction of the parking structure during the term of the lease and provided that Landlord confirms in writing to Tenant that the approximately 121 surface lot parking spaces will be available to Tenant for the entire term, the Landlord may also begin charging the College the then market rate but not to exceed \$200,000 annually for a minimum of 110 spaces. The

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: College of Charleston Lease of 1, 10, and 20 Warren Street, Charleston, SC

Landlord must provide 120 days' notice before parking is revoked. The College is requesting approval to pay \$200,000 annually for a minimum of 110 spaces at any point during the lease term, for a maximum of \$933,333 in parking fees if the Landlord were to give the 120 days' notice upon commencement of the lease term. While the College is requesting approval for this parking expense, the College has also indicated that they would work to find alternate parking arrangements at a lower cost if possible.

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

Tenant	Location	Annual Rate/Bed
College of Charleston	99 St. Philip Street, Charleston	\$7,000.00
Independent Renters **	50 George Street, Charleston	\$14,868.00
Independent Renters**	930 Morrison Drive	\$18,024.67

**Received in response to this solicitation

The College of Charleston has adequate funds for the lease according to a Budget Approval Form. Lease payments will be funded through housing funds. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

AUTHORITY ACTION REQUESTED:

Approve the proposed five-year lease for the College of Charleston for ±108,048 square feet of space at 1, 10, and 20 Warren Street, Charleston from Warren Place Joint Venture.

ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:

Ashlie Lancaster

Ashlie Lancaster, Director

2. Subject: College of Charleston Lease of 1, 10, and 20 Warren Street, Charleston, SC

3. Summary Background Information:

The College of Charleston (College) requests approval to continue leasing $\pm 108,048$ square feet of space, 530 beds, for student housing at 1, 10, and 20 Warren Street, Charleston, SC from Warren Place Joint Venture. The College has leased space at this location since May 2004. The current lease will expire on August 14, 2023, and currently costs \$1,500,000 annually.

After contacting state agencies to verify no adequate State space was available, the Department of Administration solicited for commercial space for 3, 5, and 7-year terms. Three responses were received, with the selected location representing the lowest offer.

The requested lease term is five (5) years commencing August 15, 2023. The annual amount for the first year of the term will be \$2,800,000.00 for an annual cost per bed of \$5,283.02 plus operating and maintenance expenses which are estimated to cost \$1,500,000.00 per year. The College anticipates charging students approximately \$9,650.00 on average per bed per year.

After the first year, the rental rate will adjust by the U.S. City Average Housing Consumer Price Index for all Urban Consumers (Housing-CPI-U) based on the percent change in the monthly index for June of each year, but subject to a 3% cap on any increase. As such, the maximum total rent that could be paid over the 5-year term is \$14,865,580.27 as shown in the chart below.

TERM YRS	TERM	MAX ANNUAL RENT	MAX MONTHLY RENT	MAX ANNUAL RENT PER BED ON AVERAGE
1	August 15, 2023- August 14, 2024	\$2,800,000.00	\$233,333.33	\$5,283.02
2	August 15, 2024- August 14, 2025	\$2,884,000.00	\$240,333.33	\$5,441.51
3	August 15, 2025- August 14, 2026	\$2,970,520.00	\$247,543.33	\$5,604.75
4	August 15, 2026- August 14, 2027	\$3,059,635.60	\$254,969.63	\$5,772.90
5	August 15, 2027- August 14, 2028	\$3,151,424.67	\$262,618.72	\$5,946.08

Approximately 121 parking spaces are temporarily available to students as part of this lease at no cost but are not guaranteed for the entire lease term. If the Landlord decides to build a parking garage on the existing parking lot, spaces will be made available upon completion of

construction at the then market rate but not to exceed \$200,000 annually for a minimum of 110 spaces. Parking will not be available on site to students during the construction of the parking garage, and the College of Charleston would have to find alternate parking arrangements for those in need during that time. Additionally, if Landlord determines that it will be unable to initiate construction of the parking structure during the term of the lease and provided that Landlord confirms in writing to Tenant that the approximately 121 surface lot parking spaces will be available to Tenant for the entire term, the Landlord may also begin charging the College the then market rate but not to exceed \$200,000 annually for a minimum of 110 spaces. The Landlord must provide 120 days' notice before parking is revoked. The College is requesting approval to pay \$200,000 annually for a minimum of 110 spaces at any point during the lease term, for a maximum of \$933,333 in parking fees if the Landlord were to give the 120 days' notice upon commencement of the lease term. While the College is requesting approval for this parking expense, the College has also indicated that they would work to find alternate parking arrangements at a lower cost if possible.

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

Tenant	Location	Annual Rate/Bed
College of Charleston	99 St. Philip Street, Charleston	\$7,000.00
Independent Renters **	50 George Street, Charleston	\$14,868.00
Independent Renters**	930 Morrison Drive	\$18,024.67

**Received in response to this solicitation

The College of Charleston has adequate funds for the lease according to a Budget Approval Form. Lease payments will be funded through housing funds. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

-
- 4. What is the Authority asked to do?** Approve the proposed five-year lease for the College of Charleston for ±108,048 square feet of space at 1, 10, and 20 Warren Street, Charleston from Warren Place Joint Venture.

-
- 5. What is recommendation of the division of Facilities Management and Property Services?** Approve the proposed five-year lease for the College of Charleston for ±108,048 square feet of space at 1, 10, and 20 Warren Street, Charleston from Warren Place Joint Venture.

6. Private Participant Disclosure – Check one:

- ☐ No private participants will be known at the time the Authority considers this agenda item.
☒ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval

-
- 7. Recommendation of other office (as required)?**

- (a) Authorized Signature: _____
- (b) Office Name: [Click or tap here to enter text.](#)

8. List of Supporting Documents:

- (a) Letter from Agency dated



January 27, 2023

Ms. Ashlie Lancaster
Division Director, Facilities Management and Property Services
1200 Senate Street, 6th Floor
Columbia, SC 29201

RE: Student Housing

Dear Ms. Lancaster:

The College currently leases space at 1, 10 and 20 Warren Street in Charleston, SC to house 530 undergraduate students. The current ten-year lease expires on August 14, 2023.

Through the lease solicitation process, the College received three proposals for these space needs. Unfortunately, two proposals were withdrawn due to local student demand for the space, leaving Warren Place as the only remaining option.

The term of the proposed lease is a triple-net for five years beginning August 15, 2023 and ending August 14, 2028. The first year would cost \$2,800,000 with a \$1,000,000 tenant improvement fund to use on mutually agreeable building improvements over the five-year term. Rent shall be capped or a floor at 3% based on Housing CPI-U annually based on CPI-U. The total estimated lease cost is \$14,865, 580 for the five-year term.

We respectfully request your assistance in obtaining JBRC and SFAA approval of this lease.

Sincerely,

DocuSigned by:

2A42872317CF4ED...
John F. Loonan
Executive Vice President for Business Affairs

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Medical University of South Carolina (MUSC), 99 WestEdge, Charleston, SC
Lease

The Medical University of South Carolina (MUSC) requests approval to extend its current lease of 322 parking spaces for parking of employees, students, and visitors at the MUSC campus at 99 WestEdge, Charleston, SC from the City of Charleston. The lease also includes an option for 100 additional parking spaces. MUSC has leased space at this location since June 1, 2018. The initial term of the lease will expire on May 31, 2023, and currently costs \$543,620.88 annually or \$140.69 per space per month.

After contacting state agencies to verify no adequate state space was available, the Department of Administration solicited for commercial parking space for 3, 5, 7, 10 and 20-year terms. No proposals were received. As such, MUSC has requested to exercise its first (of three) optional extended terms at 99 WestEdge.

The requested extension is five (5) years commencing June 1, 2023. The amount for the first year of the term will be \$144.91 per space per month or \$559,929.51 annually. Thereafter, the rental rate will escalate by 3% as shown in the table below. The maximum total rent that could be paid over the 5-year term would be \$2,972,741.11 (or \$3,895,953.53 if the 100 extra spaces are utilized). This is a full gross lease. MUSC is not responsible for any operating costs.

YR	1 st EXTENDED TERM	ANNUAL RENT	MONTHLY RENT	RENT PER SPACE
1	June 1, 2023-May 31, 2024	\$559,929.38	\$46,660.78	\$144.91
2	June 1, 2024- May 31, 2025	\$576,727.26	\$48,060.60	\$149.26
3	June 1, 2025- May 31, 2026	\$594,029.08	\$49,502.42	\$153.73
4	June 1, 2026- May 31, 2027	\$611,849.95	\$50,987.50	\$158.35
5	June 1, 2027- May 31, 2028	\$630,205.45	\$52,517.12	\$163.10

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

Tenant	Location	Monthly Rate /Space
MUSC	155 Spring Street, Charleston	\$132.04
Vacant	424 King Street	\$190.00*
Vacant	62 Gadsden Street	\$160.00*

*Available rates through [Palmetto Parking](#)

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: Medical University of South Carolina (MUSC), 99 WestEdge, Charleston, SC
Lease

MUSC has adequate funds for the lease according to a Budget Approval Form submitted August 9, 2016 and confirmed by the Executive Budget Office as still valid February 24, 2023. Lease payments will be funded through Parking Revenue. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

AUTHORITY ACTION REQUESTED:

Approve the proposed five-year extension for the Medical University of South Carolina for 322 parking spaces for non-reserved spaces with an option to add up to an additional 100 parking spaces at 99 WestEdge, Charleston SC from the City of Charleston.

ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:

Ashlie Lancaster

Ashlie Lancaster, Director

2. Subject: Medical University of South Carolina (MUSC), 99 WestEdge, Charleston, SC

3. Summary Background Information:

The Medical University of South Carolina (MUSC) requests approval to extend its current lease of 322 parking spaces for parking of employees, students, and visitors at the MUSC campus at 99 WestEdge, Charleston, SC from the City of Charleston. The lease also includes an option for 100 additional parking spaces. MUSC has leased space at this location since June 1, 2018. The initial term of the lease will expire on May 31, 2023, and currently costs \$543,620.88 annually or \$140.69 per space per month.

After contacting state agencies to verify no adequate state space was available, the Department of Administration solicited for commercial parking space for 3, 5, 7, 10 and 20-year terms. No proposals were received. As such, MUSC has requested to exercise its first (of three) optional extended terms at 99 WestEdge.

The requested extension is five (5) years commencing June 1, 2023. The amount for the first year of the term will be \$144.91 per space per month or \$559,929.51 annually. Thereafter, the rental rate will escalate by 3% as shown in the table below. The maximum total rent that could be paid over the 5-year term would be \$2,972,741.11 (or \$3,895,953.53 if the 100 extra spaces are utilized). This is a full gross lease. MUSC is not responsible for any operating costs.

YR	1 st EXTENDED TERM	ANNUAL RENT	MONTHLY RENT	RENT PER SPACE
1	June 1, 2023-May 31, 2024	\$559,929.38	\$46,660.78	\$144.91
2	June 1, 2024- May 31, 2025	\$576,727.26	\$48,060.60	\$149.26
3	June 1, 2025- May 31, 2026	\$594,029.08	\$49,502.42	\$153.73
4	June 1, 2026- May 31, 2027	\$611,849.95	\$50,987.50	\$158.35
5	June 1, 2027- May 31, 2028	\$630,205.45	\$52,517.12	\$163.10

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

Tenant	Location	Monthly Rate /Space
MUSC	155 Spring Street, Charleston	\$132.04
Vacant	424 King Street	\$190.00*

Vacant	62 Gadsden Street	\$160.00*
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*Available rates through [Palmetto Parking](#)

MUSC has adequate funds for the lease according to a Budget Approval Form submitted August 9, 2016 and confirmed by the Executive Budget Office as still valid February 24, 2023. Lease payments will be funded through Parking Revenue. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

-
- 4. What is the Authority asked to do?** Approve the proposed five-year extension for the Medical University of South Carolina for 322 parking spaces for non-reserved spaces with an option to add up to an additional 100 parking spaces at 99 WestEdge, Charleston SC from The City of Charleston.

-
- 5. What is recommendation of the division of Facilities Management and Property Services?** Approve the proposed five-year extension for the Medical University of South Carolina for 322 parking spaces for non-reserved spaces with an option to add up to an additional 100 parking spaces at 99 WestEdge, Charleston SC from The City of Charleston.

6. Private Participant Disclosure – Check one:

- ☒ No private participants will be known at the time the Authority considers this agenda item.
☐ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
(b) Office Name: [Click or tap here to enter text.](#)

8. List of Supporting Documents:

- (a) Letter from Agency



MUSC Real Estate Management Group
22 WestEdge Street, Suite 300
Charleston, SC 29403
843-792-5996 office

January 23, 2023

Ashlie Lancaster
SC Department of Administration
1122 Lady Street
Columbia, SC 29201

RE: Request Full JBRC/SFAA Lease Approval March 2023 / 99 WestEdge Parking Garage

Dear Mrs. Lancaster,

The Medical University of South Carolina (MUSC) currently leases 322 parking spaces at the 99 WestEdge Parking Garage in Charleston South Carolina. MUSC request full SFAA/JBRC approval to continue to lease these parking spaces. The purpose of this lease is to continue to provide parking support for employees and students. The current agreement includes an option to expand the parking spaces up to 422 spaces.

A solicitation was conducted by the Department of Administration with being the best and only response. The MUSC Board of Trustees approved this lease agreement along with the renewal options on August 12, 2016. The current lease agreement provides Tenant rights to expand the number for spaces to 422 upon written request shall continue through the extended lease term(s).

MUSC requests the approval from the South Carolina Department of Administration to renew this lease for an additional five (5) years and the option to extend two (2) terms, five (5) years each. MUSC will request approval of the extended term(s) as necessary after the renewal period. Attached is the current lease agreement, MUSC August 2016 Board Item and rent schedule below.

Renewal Terms Requested

Parking Spaces: 322 - 422
Cost per Space/Month: \$144.91
Annual Rent Yr 1: \$559,929.51 - \$733,820.66*
* max for 422 parking spaces tenant option
Annual rent increase: 3%
Lease Term: 6/1/2023 – 5/31/2028
Extended Term: Two options, five years each

322 Parking Spaces				422 Parking Spaces / MAX			
Renewal Term - 6/1/2023		3% Annual Increase		Renewal Term 6/1/2023		3% Annual Increase	
Year / 3%	Cost per space/per	Monthly Rent	Annual Rent	Year / 3%	Cost per space/per	Monthly Rent	Annual Rent
Annual Increase	month			Annual Increase	month		
1	\$ 144.91	\$ 46,660.79	\$ 559,929.51	1	\$ 144.91	\$ 61,151.72	\$ 733,820.66
2	\$ 149.26	\$ 48,060.62	\$ 576,727.39	2	\$ 149.26	\$ 62,986.27	\$ 755,835.28
3	\$ 153.73	\$ 49,502.43	\$ 594,029.21	3	\$ 153.73	\$ 64,875.86	\$ 778,510.34
4	\$ 158.35	\$ 50,987.51	\$ 611,850.09	4	\$ 158.35	\$ 66,822.14	\$ 801,865.65
5	\$ 163.10	\$ 52,517.13	\$ 630,205.59	5	\$ 163.10	\$ 68,826.80	\$ 825,921.61
			\$ 2,972,741.79				\$ 3,895,953.53

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Rachel Jones". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Rachel Jones
Medical University of South Carolina
Director of MUSC Lease Management

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: SC Department of Administration Lease to Belle Isle Yacht Club

The South Carolina Department of Administration (Admin) requests approval to lease land on the Atlantic Intracoastal Waterway to The Belle Isle Yacht Club for continued use as a marina and related facilities. The lease is for that portion of the 17.0 acres of land included in TMS 01-0106-022-00-00 which lies above the mean high-water mark, as more fully described on that certain boundary survey performed by Gregory F. Cunningham of the Belle Isle Marina dated December 13, 2022.

Background

Though a complete record does not exist, the following facts are reflected in assorted legal files, Budget and Control Board meeting minutes, and DHEC's permitting files: It appears there was a dispute over title to the subject property in the early 1970s between the State and the adjoining landowner, William A. Johnstone, and that the parties came to a settlement regarding ownership of the land and a lease to use it. Prior to the dispute arising, the subject property was spoiled on by the Corp of Engineers during the construction of the Atlantic Intracoastal Waterway. Mr. Johnstone claimed title to the property via accretion while the State claimed title in its sovereign capacity, maintaining that the spoilage and resulting accretion did not terminate the State's ownership in the property. Instead of going to court, the parties reached an agreement whereby Mr. Johnstone agreed to quitclaim his interest in the property to the State, and in exchange, the State agreed to lease the portions of the property that lie above the usual high-water mark to Johnstone for a term of 30 years with two possible 10-year extensions. On August 7, 1973, the parties entered into the memorandum of agreement and lease having a term of 30 years with the right to renew up to 20 years longer for the purpose of building marina facilities including boat slips, ship's store, and fuel operation facilities. The agreement was to be effective the date the deed was delivered. Johnstone executed a quitclaim deed to the State specifying the parties' agreement on August 29, 1973. Based on the date the deed was recorded, the lease will expire September 5, 2023.

Over the lease's 50-year term, numerous assignments were made. The current lessee is The Belle Isle Yacht Club.

The lease provided for a percentage rent based on the Annual Adjusted Gross Profit, as defined in the 1973 lease, and specified a minimum annual rent of \$2,150.00. At no point during the term of the current lease has the rent paid to the State exceeded the minimum rent. The Department of Administration engaged an independent accountant to perform agreed-upon procedures regarding lease payments during a defined period of time. The accounting firm found no exceptions as a result of the procedures.

The Department of Health and Environmental Control (DHEC) has issued a number of permits associated with the marina over the life of the original lease.

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: SC Department of Administration Lease to Belle Isle Yacht Club

Proposed Lease

The proposed lease premises and associated facilities are adjacent to the Belle Isle Yacht Club, a gated coastal community in Georgetown, South Carolina. The new lease is for twenty (20) years beginning September 6, 2023 and ending on September 5, 2043. Based on an appraisal of the annual market rent value, rent for the first year of the term will be \$18,513.00 payable in equal monthly installments of \$1,542.75. Thereafter the rent shall increase annually by the percentage change in the Consumer Price Index ("CPI") for All Urban Consumers over the prior twelve (12) months. No decrease in the CPI shall result in a decrease in the Rent. In the event The Belle Isle Yacht Club remains in possession of the lease premises after the expiration of the lease term without any written agreement as to such possession ("Holdover"), then it shall be a tenant on a monthly basis and pay 150% of the rent last in effect under the lease and the State may terminate at will.

The Belle Isle Yacht Club may not assign, mortgage or encumber its interest in the lease, or sublet or permit the subletting of the leased property without prior written consent of the State Fiscal Accountability Authority. No option to purchase the property is included in the lease.

AUTHORITY ACTION REQUESTED:

- (1) Approve the proposed agreement for a twenty-year lease to The Belle Isle Yacht Club of that portion of the ±17.0 acres of land included in TMS 01-0106-022-00-00 which lies above the mean high-water mark and more fully described on that certain boundary survey performed by Gregory F. Cunningham of the Belle Isle Marina dated December 13, 2022.
- (2) Require the State Fiscal Accountability Authority be notified in writing of any Holdover by The Belle Isle Yacht Club, its successors or assigns.

ATTACHMENTS:

- (1) Agenda item worksheet
- (2) August 29, 1973, Lease Agreement
- (3) Proposed Lease
- (4) Survey by Gregory F. Cunningham dated December 13, 2022
- (5) Survey as revised by Gregory G. Cunningham dated February 22, 2023 (represents the current mean high-water mark)
- (6) Appraisal dated April 22, 2022
- (7) Aerial image of TMS 01-0106-022-00-00
- (8) Location Map of 01-0106-022-00-00

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:

Ashlie Lancaster

Ashlie Lancaster, Director

2. Subject: SC Department of Administration Lease to Belle Isle Yacht Club

3. Summary Background Information:

The SC Department of Administration (Admin) requests approval to continue leasing that portion of the ± 17.0 acres of land included in TMS 01-0106-022-00-00 which lies above the mean high-water mark located at 1228 Belle Isle Road, Georgetown, SC 29440 to Belle Isle Yacht Club (Lessee) for use as a marina and related facilities.

Based on documents contained in the legal files, it appears there was a dispute over title to the subject property in the early 1970s between the State and the adjoining landowner and that the parties came to a settlement on their own which included the current lease. Per old notes in the file, the property had apparently been used as a spoil area by the Corps of Engineers. The adjoining landowner claimed title to the property via accretion while the State claimed title in its sovereign capacity, maintaining that the spoilage and resulting accretion did not terminate the State's ownership in the property. Instead of going to court, the parties reached an agreement whereby the adjoining landowner (William A. Johnstone) agreed to quitclaim his interest in the property to the State, and in exchange, the State agreed to lease the portions of the property that lie above the mean high-water mark to Johnstone for a term of thirty (30) years with two possible ten (10) year extensions. The parties entered into the memorandum of agreement and lease executed on August 7, 1973, for a term of thirty (30) years with the right to renew up to twenty (20) years longer for the purpose of building a marina. The agreement was to be effective the date the deed was delivered. Johnstone executed a quitclaim deed to the State specifying the parties' agreement on August 29, 1973. Based on the date the deed was recorded, the lease, as extended, will expire September 5, 2023.

The lease provided for percentage rent based on the Annual Adjusted Gross Profit, as defined in the lease, while specifying a minimum rent of \$2,150.00. At no time during the term of the current lease has the rent paid exceeded \$2,150.00 annually.

The requested term of the new lease is for twenty (20) years beginning September 6, 2023, and ending on September 5, 2043. Rent for the first year of the term will be \$18,513.00. Thereafter the rent shall increase annually by the percentage change in the Consumer Price Index for All Urban Consumers over the prior twelve (12) months. No decrease in CPI shall result in a decrease in the rent. The rent is based on an appraisal that determined the market value of the property and then estimated the annual market rent value of the entire ± 17.0 acres of land included in TMS 01-0106-022-00-00. Only the portion of the land above the mean high-water mark is actually being leased.

Over time, the Lessee has built certain Improvements on the Leased Premises. The lease requires that the Lessee maintain the Leased Premises, the Improvements and the permitted areas, to include the docks, in good working condition and suitable for use for the purposes for which they were built. At the end of the lease term, the State can receive these Improvements at no cost subject to required governmental approvals.

No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

-
- 4. What is the Authority asked to do?** Approve the proposed twenty-year lease to Belle Isle Yacht Club of that portion of the ±17.0 acres of land included in TMS 01-0106-022-00-00 which lies above the mean high-water mark located at 1228 Belle Isle Road, Georgetown, SC 29440 at the rate of \$18,513.00 for the first year, increasing annually thereafter by the percentage change in the Consumer Price Index for All Urban Consumers over the prior twelve (12) months.

-
- 5. What is recommendation of the division of Facilities Management and Property Services?** Approve the proposed twenty-year lease to Belle Isle Yacht Club of that portion of the ±17.0 acres of land included in TMS 01-0106-022-00-00 which lies above the mean high-water mark located at 1228 Belle Isle Road, Georgetown, SC 29440 at the rate of \$18,513.00 for the first year, increasing annually thereafter by the percentage change in the Consumer Price Index for All Urban Consumers over the prior twelve (12) months.

6. Private Participant Disclosure – Check one:

☐ No private participants will be known at the time the Authority considers this agenda item.

☒ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
- (b) Office Name: [Click or tap here to enter text.](#)

8. List of Supporting Documents:

None

Belle Isle

STATE OF SOUTH CAROLINA)

AGREEMENT AND LEASE

COUNTY OF GEORGETOWN)

MEMORANDUM OF AGREEMENT AND LEASE made and entered into by and between the State of South Carolina, acting by and through the State Budget and Control Board of the State of South Carolina, hereinafter referred to as LESSOR, and William A. Johnstone, hereinafter referred to as LESSEE.

W I T N E S S E T H:

WHEREAS, LESSEE claims title to certain lands located in the County of Georgetown, State of South Carolina, by virtue of the common law doctrine of accretion, and

WHEREAS, the LESSOR disputes the LESSEE'S claim of title to the said lands and in its sovereign capacity asserts a claim of title to the same, and

WHEREAS, the LESSEE desires to build a marina and related facilities on portions of the disputed land, and

WHEREAS, the LESSEE and LESSOR desire to resolve the dispute as to the ownership of the said lands, and

WHEREAS, the LESSEE has agreed under certain contingencies to quitclaim all its right, title and interest in and to the following described property to the LESSOR:

All that parcel or tract of land measuring and containing 21.5 acres according to a plat by Samuel M. Harper, R.L.S., dated 3 August, 1972, butting and bounding to the North on properties designated as White Hall Plantation; to the East, Southeast and South on waters on Winyah Bay, and to the West on lands designated as belonging to William A. Johnstone, "Lower Belle Isle Lake" and "Battery White". All of which will more fully appear by reference to the aforementioned plat which is recorded in the office of the Clerk of Court for Georgetown County in Plat Book _____ at Page _____.

In consideration of the aforementioned quitclaim deed to be executed by LESSEE in favor of LESSOR and other valuable consideration hereinafter set forth, the LESSOR agrees to lease certain portions of the said property to be quitclaimed and hereinafter more fully described unto the LESSEE upon the conditions set forth as follows:

WAS (5745)

1. LESSOR does hereby agree to lease unto the LESSEE, the following portions of the property to be quitclaimed:

That portion of the above stated 21.5 acres of quitclaimed property which lies above the usual high water mark as shall be determined by the U. S. Army Corps of Engineers and certified by the U. S. Interior Department, excluding, however, all area that shall lie below the usual high water mark presently and following excavation.

TO HAVE AND TO HOLD the said premises for a term of thirty (30) years to commence after the execution of this agreement and lease, and upon execution and delivery of the quitclaim deed by LESSEE to LESSOR in accordance with paragraph 8 as herein after set forth. The LESSOR further covenants and agrees that the LESSEE shall have the right and privilege of renewing this lease for two (2) additional periods of ten (10) years each after the expiration of the original term as above set forth; provided that LESSEE shall give the LESSOR at least sixty (60) days notice in writing prior to the expiration of the lease term then in effect of his desire to renew, it being understood and agreed that time is of the essence for such notice, and being further agreed that in the event LESSEE exercises its right of renewal, the covenants, terms, conditions, and provisions of this lease shall apply to each such additional period for which such option shall be exercised.

2. It is understood and agreed that the LESSEE accepts the property in its present conditions, "as is", without the necessity of improvement, restoration, clearing or any other action by the LESSOR whatsoever during any period covered by this lease.

3. It is understood and agreed that the premises so leased will be improved by Tenant and utilized as a marina with related facilities, or for such other lawful utilization as may later be mutually agreed upon between LESSOR and LESSEE.

4. The portion of the premises to be leased shall be the premises, the subject matter of this agreement and lease, will be operated by LESSEE or by persons, firms or corporations holding

said premises or portions thereof under subleases or agreements with LESSEE, subject to covenant number 5 following, which said persons, firms or corporations shall hereinafter be known and designated as "The Operating Company" and that an annual rent shall be paid by LESSEE and The Operating Company to LESSOR by determined by percentages of the Annual Adjusted Gross Profit derived by The Operating Company and LESSEE from the operation of facilities on the leased premises and which said annual rent shall be as follows:

(a) Five per cent (5%) of the first Fifty Thousand Dollars (\$50,000.00) of Annual Adjusted Gross Profit;

(b) Six per cent (6%) of the next Twenty-Five Thousand Dollars (\$25,000.00) of Annual Adjusted Gross Profit;

(c) Seven per cent (7%) of the next Twenty-Five Thousand Dollars (\$25,000.00) of Annual Adjusted Gross Profit;

(d) Eight per cent (8%) of the next One Hundred Thousand Dollars (\$100,000.00) of Annual Adjusted Gross Profit, or fraction thereof;

(e) One per cent (1%) additional rent for each additional One Hundred Thousand Dollars (\$100,000.00) of Annual Adjusted Gross Profit, or fraction thereof.

(f) It is understood and agreed that in no event shall such rent be less than Twenty-one Hundred Fifty Dollars (\$2,150.00)

(g) It is understood and agreed that for the purposes of the computation of the annual rent payable under this covenant Number 4, the term "Annual Adjusted Gross Profit" shall be defined as the annual gross income derived from the operation of all marina facilities including but not limited to income from slip rentals and boat storage, and the sale of fuel and boating supplies whether such facilities are located on the leased premises or not; such income to be reduced by the cost of the merchandising sold through these facilities, as determined under standard accounting procedures consistently applied,

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and further reduced by the annual payments made or accrued with respect to the interest, principal, fees and other charges incurred under the permanent mortgage loan financing, if any, of the facilities placed or constructed on the leased premises. It is further agreed and understood that the aforescribed reduction made with respect to the permanent mortgage loan financing shall apply only to the initial permanent mortgage loan, if any, made with respect to the facilities placed or constructed on the leased facilities subsequent to the discharge of any and all liens, mortgages or other encumbrances suffered as a result of a short term construction financing, and that any repayment in full of the initial permanent financing loan or any discharge of the obligation to repay the unamortized balance of the initial loan through a subsequent refinancing shall destroy thereafter the right of the LESSEE to the aforescribed reduction as of the date of such repayment in full or discharge. Other than the aforementioned deductions for principal and interest payments on the said permanent financing, there shall be no adjustment for depreciation or amortization of leasehold improvement costs made in the determination of "Annual Adjusted Gross Profit".

X (h) It is further agreed that each such annual rent shall be paid by LESSEE or the Operating Company to LESSOR on or before the date on which the LESSEE or the Operating Company is required to file his South Carolina Income Tax Return (without regard to any extensions of time for filing) with adjustments in said rent being made when and if the books and records of the LESSEE or the Operating Company shall thereafter be audited with any change by a representative of the South Carolina Budget and Control Board, such right to inspection and audit being hereby reserved to LESSOR.

5. Except as provided in covenant six (6) of this agreement, LESSEE shall not have the right to sublet, assign, or otherwise transfer this lease or any part of the leased premises, without written permission of LESSOR in the event of each such sub-

lease, assignment, or other transfer. Such written permission of the LESSOR shall not be unreasonably withheld and, when given, each sublessee, assignee, or transferee shall be known and held to be a member of the "Operating Company" hereinbefore referred to. But no such sublease, assignment, or other transfer in whole or in part shall relieve the LESSEE from the payment of the annual rent as above set forth or of his obligations, duties and responsibilities under the terms of this agreement and lease.

6. The LESSOR hereby gives its permission for LESSEE to assign the leased premises to a real estate development corporation, partnership, or joint venture which is to be organized for the purpose of developing the Belle Isle Gardens property contiguous to the leased premises, and the said development corporation, partnership, or joint venture shall have the power to further assign the lease to a property owner's association to be organized as part of the Belle Isle Development program. The permission and approval of the above assignments shall not be construed to give any other powers of assignment, impliedly or expressly, without written permission of LESSOR. Each of the above assignees shall take subject to all the covenants, conditions and terms herein set out.

7. It is further understood and agreed that the LESSOR does not expressly or impliedly give any rights below the usual high water mark, and that any work, excavation, filling, or construction below the usual high water mark shall be done only with the necessary permits applicable thereto.

8. It is understood and agreed that the LESSEE shall have the right to improve such leased premises for the operation of a marina and related facilities, in accordance with the preliminary plan attached to and made a part of this lease, subject to the issuance of all Federal and State permits regularly required to authorize construction, dredging and filling on the premises. It is the intent of the parties hereto that this lease

WAS (JAS)

shall not take effect until such time as the LESSEE shall deliver to the LESSOR, a quitclaim deed to the 21.5 acre premises and the date of such delivery shall be the effective date of this lease. If the LESSEE shall fail to so deliver such a quitclaim deed within ten (10) days after obtaining permission from the U. S. Engineers to construct said marina in accordance with the preliminary plan attached hereto, then the LESSOR may at its option cancel this lease and the terms hereof will be void and of no effect.

9. The cost of all such improvements will be at the sole cost and expense of the LESSEE, who hereby covenants and agrees to pay all costs of labor and materials expended or used for such improvements and to save LESSOR or its agent harmless from all such costs or expenses.

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10. The parties hereto covenant and agree that LESSEE shall have the right and privilege to remove all non-permanent improvements to said premises by LESSEE during the term of this agreement and lease or any extension or renewal hereof without the necessity of obtaining permission of LESSOR. In the event LESSEE desires to remove permanent improvements from the leased premises, such removal shall only be done with the written permission of LESSOR provided all rent and payments due LESSOR from LESSEE are paid to date and are not in arrears. It is understood and agreed that all improvements remaining on said premises on the expiration of this agreement and lease or the final extension thereof, whichever is the later date, shall be and become the property of the LESSOR.

11. LESSEE covenants and agrees to hold LESSOR harmless from any and all claims for damage or injury during the term of this lease or any extension thereof, suffered by or upon any person or property on the leased premises, and does further agree to carry public liability insurance in a good

and solvent insurance company or companies licensed to do business in the State of South Carolina, selected by LESSEE and agreed to by LESSOR, in which LESSOR shall be named as additional insured in the sum of not less than One Hundred Thousand Dollars (\$100,000.00) for one person; Three Hundred Thousand Dollars (\$300,000.00) for one accident; and Ten Thousand Dollars (\$10,000.00) property damage, it being hereby agreed by LESSEE that he shall pay all premiums for such policy or policies during the terms thereof.

12. LESSEE, at his sole expense, shall carry a fire insurance policy or policies with extended coverage in a good and solvent insurance company or companies licensed to do business in the State of South Carolina, insuring such improvements on said premises as may be insurable.

13. The parties hereto agree that in the event of a major casualty loss and LESSEE fails to rebuild, repair or replace an insured improvement within a reasonable time, then and in that event, this lease shall terminate and end with the same force and effect as if same were the date originally fixed for the final ending and termination thereof, and all such improvements on subject premises shall be and become property of LESSOR.

14. The parties hereto covenant and agree that in the event the premises are rendered useless for the purposes of a marina or related uses incidental thereto by rising water, hurricane, or other Act of God, then and in that event the LESSEE shall have the right and option to terminate this lease on one hundred twenty (120) days written notice with the additional right to remove all remaining improvements within a period of ninety (90) days following date of termination notice, provided all rents and payments due LESSOR from LESSEE are paid in full.

15. The LESSEE covenants and agrees that if default be made in rent payment or other payments due the LESSOR and such

default shall continue for a period of thirty (30) days, the LESSOR shall notify LESSEE of such default by Registered Mail, and if such default shall continue for an additional twenty (20) days after the mailing of such notice, the LESSEE shall become a LESSEE at sufferance and the LESSOR, shall, at its option be entitled to declare all future rents to become due and payable under the terms of this lease, to retain all monies paid and collected, and to retain all improvements or additions made to said property; to re-enter and take possession of said premises and all improvements made to said property which shall be and become the sole property of LESSOR without the necessity of execution and delivery of any deed or other instrument by LESSEE.

16. If LESSEE shall default in the performance of any term, covenant or condition of this lease, the LESSOR shall give LESSEE notice of such default by Registered Mail and if LESSEE shall fail to commence performance of such covenant, term or condition or make a good faith beginning to correct such default as shall be set forth in said notice within thirty (30) days and shall fail to complete the performance within a reasonable time thereafter, LESSOR shall be entitled to cancel this agreement and lease with the same force and effect as if such date were the date originally fixed for the termination and ending hereof, and the LESSOR shall be entitled to declare all future rents payable under this agreement and lease immediately due and payable, to retain all monies paid and collected and all improvements made to said premises, which shall be and become the sole property of LESSOR, and to re-enter and take possession of said premises and improvements without the necessity of the execution and delivery of any deed or other instrument by LESSEE.

17. LESSOR agrees that as long as LESSEE shall pay the rent herein specified and shall otherwise comply with the

terms, provisions and covenants of this agreement and lease, and will further obey all State, County or Municipal laws, statutes, or ordinances pertaining thereto, the LESSEE shall quietly and peacefully enjoy the leased premises during the full term aforesaid insofar as any action by LESSOR, its agents, successors and assigns are concerned.

18. The parties hereto agree that the LESSOR or its agent or agents, shall have the right at all reasonable times and in a reasonable manner to inspect the premises herein leased for the purposes of ascertaining whether or not LESSEE is complying with the covenants and agreements herein contained.

19. The LESSEE agrees that it shall begin construction of its marina and related facilities within two (2) years of the effective date of this agreement and lease, such that the leased premises will be significantly improved with not less than Forty Thousand Dollars (\$40,000.00) invested for such purposes. In the event the LESSEE has not begun such construction on the leased premises within two (2) years, the LESSOR shall have the right and option to immediately cancel this agreement and lease and re-enter and take possession of the said premises, upon written notice of such cancellation delivered to LESSEE. The LESSEE agrees that he and his assigns shall operate a "profit-oriented marina business" on the leased premises. For the purposes of this agreement, the term "profit-oriented marina business" shall mean that each and every shareholder, partner or co-venturer of a development corporation, partnership or joint-venturer which takes an assignment of this lease, and each and every homeowner in the contiguous Belle Isle Gardens Development project or member of a homeowners association organized in conjunction with the Belle Isle Gardens Development shall be required to pay the same rate of charges for the use of the facilities of the marina as the rate of

WAS (576)

charges levied against a non-shareholder, partner or joint-venturer, or non-homeowner or non-member of the homeowner association.

20. The parties hereto agree that any notice required to be given LESSEE may be addressed to William A. Johnstone, Belle Isle Gardens, Maryville, Georgetown, South Carolina, and that any notice required to be given LESSOR may be addressed to Budget and Control Board, Division of General Services, 300 Gervais Street, Columbia, South Carolina. Parties, hereto, however, agreeing that each party, its heirs, successors, sub-tenants, and/or assigns shall have the right to designate other persons and addresses as conditions warrant and that each shall honor such requested changes of designation.

21. The LESSEE shall not remove any timber, soil, minerals, sands, liquid products, or other items of LESSOR from the premises at any time, except as necessary for permanent improvements to said premises, nor shall the LESSEE allow his agents, servants, sublessees, employees, or anyone to remove the same.

22. If at any time during the continuance of this lease, the legal title to the demised real estate or the improvements located thereon, or any portion thereof, be taken or appropriated by the exercise of the power of eminent domain, there shall be such division of the proceeds and awards in such condemnation proceedings and such abatement of rents and other adjustments made as shall be just and equitable under the circumstances. If the LESSOR and LESSEE are unable to agree upon the division, abatement of rent or other adjustment or adjustments which may be equitable, within thirty (30) days after such an award has been made or deposited in the office of the Clerk of Court of the County in which the condemnation proceedings shall have been instituted, then the matters in dispute, shall be by appropriate proceedings submitted to a Court having jurisdiction of the subject matter of such controversy. In addition thereto, the

LESSEE shall be entitled to make a claim for any business loss which the LESSEE may have suffered as the result of such condemnation proceedings. It is the intention of the parties hereto, that upon condemnation, the parties shall share in the award to the extent that their interests are respectively damaged, depreciated or destroyed by the exercise of the right of eminent domain.

23. LESSEE agrees not to vacate or abandon said leased premises or permit same to remain vacant or abandoned for any period of six (6) months during a term of this agreement and lease, without just cause or excuse, and in the event same should be vacant or abandoned for six (6) months, LESSOR has the right and option to cancel this lease and take immediate possession without compensation to LESSEE whatsoever.

24. LESSEE agrees that it shall pay and discharge any and all local, State or Federal taxes or assessments levied against the premises herein.

25. The parties hereto covenant and agree that no assent, express or implied, by LESSOR to any breach of any LESSEE'S covenants and agreements herein set forth, or by LESSEE to any breach of LESSOR'S covenants and agreements herein set forth, shall be deemed or taken to be a waiver of any succeeding breach of the same or any other covenant or agreement herein contained.

26. The parties hereto further covenant and agree that all contracts, agreements and representations heretofore made by the parties hereto or their respective agents or representatives shall be deemed to have merged into and are superseded by this agreement and lease.

27. The parties hereto covenant and agree that this agreement and lease shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

20. The parties hereto understand and agree that this lease and the covenants and conditions contained herein do not and are not to be implied, to abrogate, suspend or interfere with vested public interests.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed this 7th day of August, 1973, by its proper officer or officers thereunto duly authorized as of the date and year above written.

Signed, sealed and delivered in the presence of:

STATE BUDGET AND CONTROL BOARD

[Signature]

By

[Signature]

Paul H. [Signature]
As to the Budget and Control Board

By

[Signature]

By

[Signature]

By

[Signature]

By

[Signature]

By

By

LESSOR

[Signature]

Annie Laura [Signature]
As to William A. Johnstone

William A. Johnstone

William A. Johnstone
LESSEE

STATE OF SOUTH CAROLINA)
COUNTY OF GEORGETOWN)

PERSONALLY appeared before me Annie Laurie Shuler
who, on oath, says that she saw the within named William A.
Johnstone, as LESSEE, sign, seal and as his act and deed deliver
the within written instrument for the uses and purposes therein
mentioned, and that she with C. C. Grimes, Jr.
witnessed the execution thereof.

Annie Laurie Shuler

SWORN to before me this 7th
day of August A.D. 1973.

[Signature] (SEAL)
Notary Public for South Carolina

My Commission expires: 10/10/79

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PERSONALLY appeared before me FURMAN E. McEACHREN, JR.
who, on oath, says that he saw the within named members of the
Budget and Control Board for the State of South Carolina, as LESSOR
sign, seal and as their act and deed deliver the within written
instrument for the uses and purposes therein mentioned, and that
he with Paul H. Infinger witnessed the
execution thereof.

F. McEachen, Jr.

SWORN before me this 7th
day of August A.D., 1973.

[Signature] (SEAL)
Notary Public for South Carolina

My Commission expires 6/1/79

GOVERNMENTAL REAL ESTATE LEASE OUT

THIS LEASE AGREEMENT (the “Lease”) is made as of the Effective Date (which is the date on which the Department of Administration, Real Property Services approves this Lease as set forth on the signature page) by and between the South Carolina Department of Administration (“Landlord”) an agency, institution, department (including any division or bureau thereof) or political subdivision of the State of South Carolina, having an address at 1200 Senate Street, Columbia, SC 29201 and Belle Isle Yacht Club “Tenant”), having an address at 1142 Belle Isle Road, Georgetown, SC 29440.

ARTICLE 1 – DEMISE OF PREMISES

1.1 Landlord hereby leases to Tenant and Tenant does hereby hire and rent from Landlord, upon and subject to the terms, covenants, and conditions hereinafter set forth, the premises (the “Leased Premises”) consisting of that portion of the ±17.0 acres of land included in TMS 01-0106-022-00-00 which lies above the mean high water mark as appears in the boundary survey prepared by Gregory F. Cunningham of December 13, 2022 (copy attached) and located at 1228 Belle Isle Road, Georgetown, SC 29440, in the County of Georgetown, State of South Carolina (the “Land”), together with the right of ingress and egress to and from the Leased Premises. The Tenant has inspected the Leased Premises and has agreed to accept them in “as is” condition. The Landlord makes no representations or warranties regarding the condition or fitness of the Leased Premises. The boundary survey prepared by Gregory F. Cunningham was revised on February 22, 2023 to illustrate where the mean high-water mark exists at the time this lease was approved. A copy is attached. It is further understood and agreed that the Landlord does not expressly or impliedly give any rights below the mean high water mark, and that any work, excavation, filling, or construction below the mean high water mark shall be done only with the necessary permits applicable thereto.

ARTICLE 2 - TERM

2.1 The term of this Lease shall be twenty (20) years, beginning on September 6, 2023 (the “Commencement Date”), and unless terminated or extended, shall end on September 5, 2043 (the “Termination Date”). Tenant or Landlord can terminate this Lease with thirty (30) days advance written notice.

ARTICLE 3 – RENT

3.1 Tenant shall pay rent (the “Rent”), as consideration to Landlord without demand, for the first year of the Term at the rate of \$18,513.00 per year, payable in equal monthly installments of \$1,542.75 in advance on or before the tenth (10th) day each of each consecutive calendar month of the Term. Thereafter the Rent shall increase annually by the percentage change in the Consumer Price Index (“CPI”) for All Urban Consumers over the prior twelve (12) months. For clarity, no decrease in CPI shall result in a decrease in the Rent.

3.2 All rental payments to be made by Tenant pursuant to this Lease shall be apportioned and prorated as of the Commencement Date and the Termination Date or as of the date of an earlier termination pursuant to this Lease, as the case may be. Tenant’s obligation to make rental payments is in no way based on the profitability of Tenant’s authorized use of the Leased Premises as set forth in Article 4 of this Lease and Landlord acknowledges that it will not dictate the fee structure for the use of the marina and related facilities.

3.3 Unless notified otherwise in writing, all payments of Rent shall be mailed to Landlord at:

SC Department of Administration
1200 Senate Street, 6th Floor
Columbia, SC 29201

ARTICLE 4 – USE

4.1. Tenant shall have the right to use the Leased Premises for a marina and related facilities and for no other use whatsoever.

ARTICLE 5 – ASSIGNMENT AND SUBLETTING

5.1 Tenant shall not, without the prior written consent of Landlord and the State Fiscal Accountability Authority, in each instance (a) assign, mortgage or encumber its interest in this Lease, in whole or part, or (b) sublet or permit the subletting of the Leased Premises or any part thereof. If Tenant's interest in this Lease is assigned, whether or not in violation of the provision of this Article, Landlord may direct said Assignee to pay rent, excess rent, and additional rent directly to Landlord. If the Leased Premises or any parts thereof are sublet to, occupied by, or used by any person other than Tenant, whether or not in violation of this Article, Landlord may direct said subtenant, user, or occupant to pay rent, excess rent, and additional rent directly to Landlord. No such sublease, assignment, or other transfer in whole or in part shall

relieve the Tenant from the payment of the Rent or of its obligations, duties, and responsibilities under the Lease.

ARTICLE 6 - SERVICES

6.1 No services shall be provided by the Landlord to Tenant as part of Rent.

ARTICLE 7 - SECURITY DEPOSIT

7.1 Intentionally deleted.

ARTICLE 8 – LANDLORD PROVISIONS AND REPRESENTATIONS

8.1 Indemnity. Landlord shall not be liable to Tenant, or those claiming through or under Tenant, for any injury, death, or property damage occurring in, on, or about the Leased Premises and appurtenances thereto, and Tenant shall defend and indemnify Landlord and hold it harmless from (including its affiliates, employees, officers, directors and agents) any claim of damage (including but not limited to any and all environmental damages or matters, settlement payments, attorneys' fees, costs, expenses, losses or liabilities attributable thereto) arising out of any injury, death, or property damage occurring in, on or about the Leased Premises.

8.2 Landlord reserves the right to place, access and maintain (in such manner as to keep to a minimum interference with Tenant's use of the Leased Premises) utility lines, conduits, pipes, tunneling, and the like in, over, below, and upon the Leased Premises as deemed appropriate by Landlord.

8.3 Landlord's Right to Enter. Landlord, or its authorized agents, may at any reasonable time, enter the Leased Premises to inspect, make repairs, improvements, and/or changes in the Leased Premises as Landlord may deem proper; and there shall be no diminution of rent, or liability on the part of the Tenant by reason of inconvenience, annoyance, or injury to business. Landlord agrees, when possible, to notify Tenant of need to enter the Leased Premises except in life threatening emergencies.

ARTICLE 9 – TENANT'S COVENANTS

9.1 Tenant shall notify Landlord of any accident or injury to persons or property in the Leased Premises within 24 hours of such accident.

9.2 Tenant agrees to keep the Leased Premises in a neat, clean, safe, and attractive condition; to comply properly with all laws, ordinances, and other governmental rules and regulations concerning the Leased Premises and, to prevent the escape from the Leased Premises

of noise, fumes, odors, glare, vibration, noxious gasses, radiation, dust, liquid wastes, smoke, and other substances which may be offensive or constitute a nuisance or interference with other persons.

9.3 Tenant will not, at any time, deface or injure any portion of the Leased Premises; or burn anything in or about the Leased Premises; or keep or display any merchandise or other object on or otherwise obstruct any sidewalks, stairways, walkways, streets, parks or parkways; or use or permit the use of any portion of the Leased Premises as a living quarters, sleeping rooms, or for similar uses.

9.4 Tenant will not, at any time, without obtaining Landlord's prior written consent, conduct or permit any fire, bankruptcy, or auction sale on the Leased Premises.

9.5 Tenant will not, at any time, without obtaining Landlord's prior written consent, remove any Improvements from the Leased Premises.

9.6 Tenant agrees to maintain all Improvements on the Leased Premises as well as the docks and associated fixtures adjacent to the Leased Premises in a condition suitable for use for the purposes for which they were built and in good repair and good, safe working condition.

9.7 To the extent applicable, Tenant shall pay any and all real estate taxes and/or other assessments, fees, or charges imposed or assessed upon the Leased Premises or the Improvements.

ARTICLE 10 - SURRENDER

10.1 Upon the expiration or termination of the Lease, Tenant shall at its own expense: (a) remove Tenant's goods and effects and those of all persons claiming under Tenant, and at Landlord's option, remove any and/or all Tenant Improvements; (b) quit and deliver up the Leased Premises to Landlord, peaceably and quietly, in as good order and condition as the same were in on the Commencement Date or were thereafter placed in by Landlord; and (c) at Landlord's request, restore the Leased Premises to general standards adopted from time to time by Landlord for general application throughout the Leased Premises. At Landlord's option, any property left in the Leased Premises after the expiration or termination of the Lease Term may be deemed to have been abandoned and the property of the Landlord to dispose of as Landlord deems expedient at Tenant's cost.

10.2 Notwithstanding anything to the contrary herein, it is expressly understood that all Improvements existing as of the Effective Date of the Lease or constructed on the Leased

Premises during the Term of the Lease will become the property of the Landlord upon the expiration or termination of the Lease unless Landlord requires that the Tenant remove any and/or all Tenant Improvements in accordance with Article 10.1 of the Lease.

ARTICLE 11 - HOLDOVER

11.1 If Tenant shall remain in possession of the Leased Premises after expiration of the term of this Lease or any extension thereof, without written agreement as to such possession, then Tenant shall be a Tenant on a monthly basis and pay 150% of the Rent last in effect under the Lease provided for herein. The rental shall be paid in advance on the first day of each month during such hold-over term. Such tenancy shall continue until terminated by Landlord or until Tenant shall have given to Landlord a written notice at least one (1) month prior to the date of termination of such monthly tenancy of its intention to terminate such tenancy. Landlord may terminate the holding over at any time. Such holding over shall not constitute an extension of this Lease.

ARTICLE 12 - CASUALTY

12.1 The Landlord shall not be responsible to the Tenant for damage to, or destruction of the marina or any facilities, any furniture, equipment, Improvements, or other changes made by the Tenant in, on, or about the Leased Premises regardless of the cause of the damage or destruction. Landlord shall not be responsible to Tenant for any damages suffered by Tenant due to the Leased Premises being untenable for a period of time.

12.2 All personal property belonging to Tenant or to any other person located in or about said Leased Premises shall be there at the sole risk of Tenant or such other person, and neither Landlord nor Landlord's agent or employee shall be liable for the theft or misappropriation thereof, nor for any damage or injury thereof, nor for death or injury of Tenant, or any other person or damage to property caused by water, snow, frost, steam, heat, cold, dampness, falling plaster, explosions, sewers or sewage, gas, odors, noise, the bursting or leaking of pipes, plumbing, electrical wiring, and equipment and fixtures of all kinds, or by any acts or negligent acts of any other person.

ARTICLE 13 – ALTERATIONS

13.1 Tenant has previously made alterations of and additions to the Leased Premises (“Improvements”) and Tenant may make additional Improvements to the Leased Premises with the prior written approval of Landlord. Tenant agrees any such Improvements will be at the sole

cost and expense of the Tenant and will be subject to any applicable permits. All work related to such Improvements shall be performed in a good and workmanlike manner and in accordance with all applicable Laws. Tenant will not permit any mechanics', laborers' or "materialman's" liens to stand against the Leased Premises or the Building for any labor or material furnished in connection with any work performed or claimed to have been performed in, on, or about the Leased Premises.

13.2 If any lien or notice of lien on account of alleged debt of Tenant or any notice of contract by a party engaged by Tenant or Tenant's contractor to work on the Leased Premises shall be filed against the Leased Premises of record by payment, deposit, bond, order of a court of competent jurisdiction, or otherwise and if Tenant shall fail to cause such lien or notice of lien to be discharged within the period aforesaid, then, in addition to any other right or remedy, Landlord may, but shall not be obligated to, discharge the same only by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event, Landlord shall be entitled, if Landlord so elects, to compel the prosecution of an action for the foreclosure of such lien by lienor and to pay the amount of the judgment in favor of the lienor with interest, costs, and allowances. Any amount so paid by Landlord and all costs and expense including attorney fees, incurred by Landlord in connection therewith, together with interest thereon at the maximum legal rate from the respective dates of Landlord's making of the payment or incurring of the cost and expense, shall constitute additional rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord on demand. Nothing herein contained shall obligate Tenant to pay or discharge any lien created by Landlord.

ARTICLE 14 - INSURANCE

14.1 Tenant agrees to maintain in force, at all times during the term of this Lease, all risks property insurance with extended coverage for any buildings on the Leased Premises in an amount not less than the actual replacement cost, including the cost of debris removal as well as on all fixtures, equipment, personnel, and inventory in the Leased Premises, a policy or policies of insurance with companies licensed to transact business in the state of South Carolina, to the extent of 100% of the insurable replacement value thereof, the proceeds of which will, as long as this Lease is in effect, be used for the repair or the replacement of the property so insured.

14.2 Tenant, at its own expense, shall provide and keep in force with companies acceptable to the Landlord, public liability insurance for the benefit of the Landlord and Tenant

jointly against liability in the amount of not less than One Million Dollars (\$1,000,000) per occurrence, combined single limit for bodily injury and property damage. Tenant shall furnish Landlord a certificate of insurance naming Landlord as Additional insured for the term of the Lease, with a certificate of such policy confirming such coverage due on or before the Commencement Date and the first day of any extended term. Tenant agrees to arrange for notice by its insurance carrier in the event of any cancellation of insurance coverage.

14.3 Tenant further agrees to maintain in full force and effect, during the Term of this Lease, all such insurance including property damage insurance for flood, wind, and additional hazards including environmental, and in such amounts, as may be carried by reasonably prudent owners of marinas and/or similarly situated property along the coast of South Carolina, provided that the amounts shall be for at least the actual replacement cost, including the cost of debris removal.

ARTICLE 15 - ABILITY TO PERFORM

15.1 This Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall in no way be affected, impaired, or excused because Landlord is unable to fulfill any of its obligations under this Lease if Landlord is prevented or delayed from doing so by reasons of an act of God, strike, labor troubles, pandemic, or any outside cause whatsoever, including but not limited to riots and civil disturbances or governmental preemption in connection with a national emergency or by reason of any rule, order, or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency.

ARTICLE 16 - SALE BY LANDLORD

16.1 In the event of a sale or conveyance by Landlord of the Leased Premises, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, herein contained in favor of Tenant, and in such event, Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser or assignee.

ARTICLE 17 – BANKRUPTCY

17.1 If Tenant shall be adjudicated bankrupt or as insolvent or take the benefit of any

federal reorganization or take the benefit of any insolvent law, or if a Trustee in bankruptcy or a receiver be appointed or elected for Tenant, under federal or state law, this Lease at the option of the Landlord shall terminate seven (7) days after Landlord gives Tenant written notice, UNLESS, the Tenant's Trustee immediately cures any default of Tenant hereunder and provides (in compliance with federal and state laws) adequate assurance of future performance of Tenant's obligations hereunder.

ARTICLE 18 - WAIVER OF COVENANTS

18.1 Failure of Landlord to insist, in any one or more instances, upon strict performance of any term, covenant, or condition of this Lease, or to exercise any option herein contained, shall not be construed as a waiver of such breach, and Landlord shall not be deemed to have waived any provision of this Lease unless expressed in writing and signed by Landlord.

ARTICLE 19 - ATTORNEY'S FEES

19.1 In case suit shall be brought for an unlawful detainer of the Leased Premises, for the recovery of any rent due under the provisions of the Lease, or because of the breach of any other covenant herein contained on the part of the Tenant to be kept and performed, Tenant shall pay to Landlord all reasonable attorney's fees, in the event Landlord prevails in said litigation.

ARTICLE 20 - BILL STATEMENT AND NOTICE

20.1 A bill, statement, notice or communication which Landlord desires or is required to give Tenant, including any notice of termination, shall be deemed sufficiently given or rendered in writing delivered to Tenant personally, or sent by registered or certified mail, addressed to Tenant at the Leased Premises, and at the time of rendering or giving shall be deemed to be the time when the same is delivered to Tenant, or mailed to the Leased Premises as herein provided. Any notice by Tenant to Landlord must be served by registered or certified mail addressed to Landlord at the address where the last previous rental hereunder was payable, or upon notice given to Tenant, at such other place as Landlord designates.

ARTICLE 21 - MISCELLANEOUS PROVISIONS

21.1 The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in masculine gender include the feminine and neuter. If there be more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several.

21.2 The captions in this Lease are of convenience only, are not a part of this Lease, and shall have no effect upon the construction or interpretation of any part hereof.

21.3 Time is of the essence of this Lease and each and all of its provisions.

21.4 Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for Lease and it is not effective as a Lease or otherwise until the Effective Date.

21.5 Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provisions hereof and such other provision shall remain in full force and effect.

21.6 This Lease contains the entire agreement between the parties and any agreement hereafter made shall be ineffective to change, modify, or discharge it in whole or in part, unless such agreement is in writing and signed by all parties.

21.7 This Lease shall be governed by and construed pursuant to the laws of the State of South Carolina.

21.8 The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind heirs, successors, executors, administrators and assignees of the parties hereto.

21.9 The parties acknowledge and agree that notwithstanding any law or presumption to the contrary, an electronic or telefaxed signature (hereinafter, an "Electronic Signature") of any party or approver on this Lease shall be deemed valid and binding and admissible by any party against any other party as if same were an original ink signature. The parties further acknowledge and agree that they (a) intend to be bound by any Electronic Signatures affixed to this Lease, (b) are aware that the other party or parties will rely on any such Electronic Signatures, (c) such an electronically signed Lease may not be denied legal effect or enforceability solely because it is in electronic form or signed with an Electronic Signature, and (d) the foregoing provisions regarding Electronic Signature apply solely to the execution of this Lease, and shall in no event be deemed to amend any other written obligations of any party (including, but not limited to, any notice provisions) set forth in this Lease.

[Remainder of page intentionally left blank; signature page to follow.]

DRAFT

IN WITNESS WHEREOF, The Parties have executed this Lease the day and year first above written.

IN THE PRESENCE OF:

LANDLORD:

Printed Name: _____

Title: _____

Date: _____

IN THE PRESENCE OF:

TENANT:

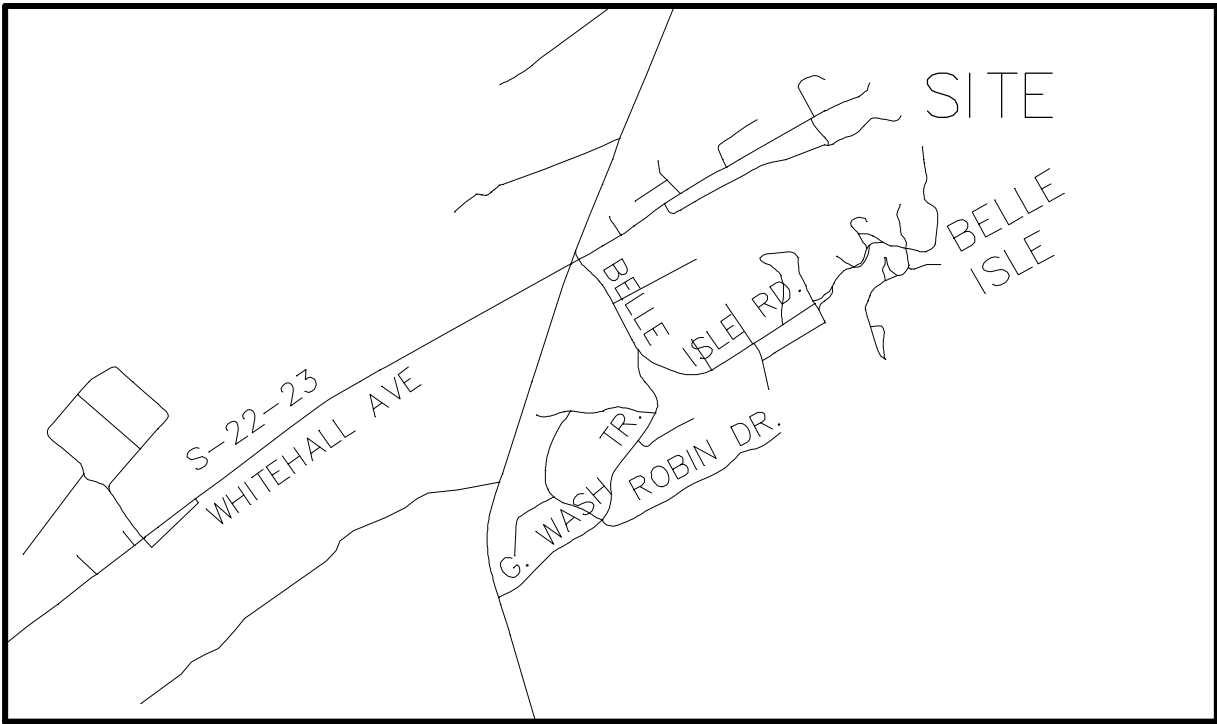
Printed Name: _____

Title: _____

Date: _____

This Lease is approved in accordance with the South Carolina Code of Regulations §19-447.1000 by the South Carolina Department of Administration, this ____ day of _____, 2023. This Lease was approved by the Joint Bond Review Committee at its _____, 2023 meeting and by the State Fiscal Accountability Authority at its _____, 2023 meeting.

Ashlie Lancaster
Division Director



LOCATION MAP
N.T.S.



LINE	BEARING	DISTANCE
L1	N 20°02'07" W	31.29'
L2	N 89°49'11" E	133.45'
L3	S 76°11'53" W	141.71'
L4	S 76°11'53" W	36.40'
L5	N 71°07'21" E	100.85'

REFERENCES:

1. PLAT BOOK Y, PAGE 73.
2. PLAT SLIDE 249, PAGE 7.
3. PLAT SLIDE 409, PAGE 9.
4. DEED BOOK 115, PAGE 509.
5. GEORGETOWN COUNTY TMS 01-0106-022-00-00.

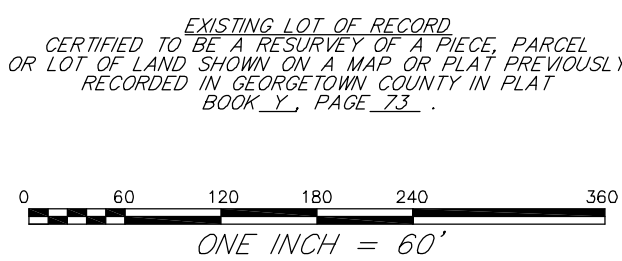
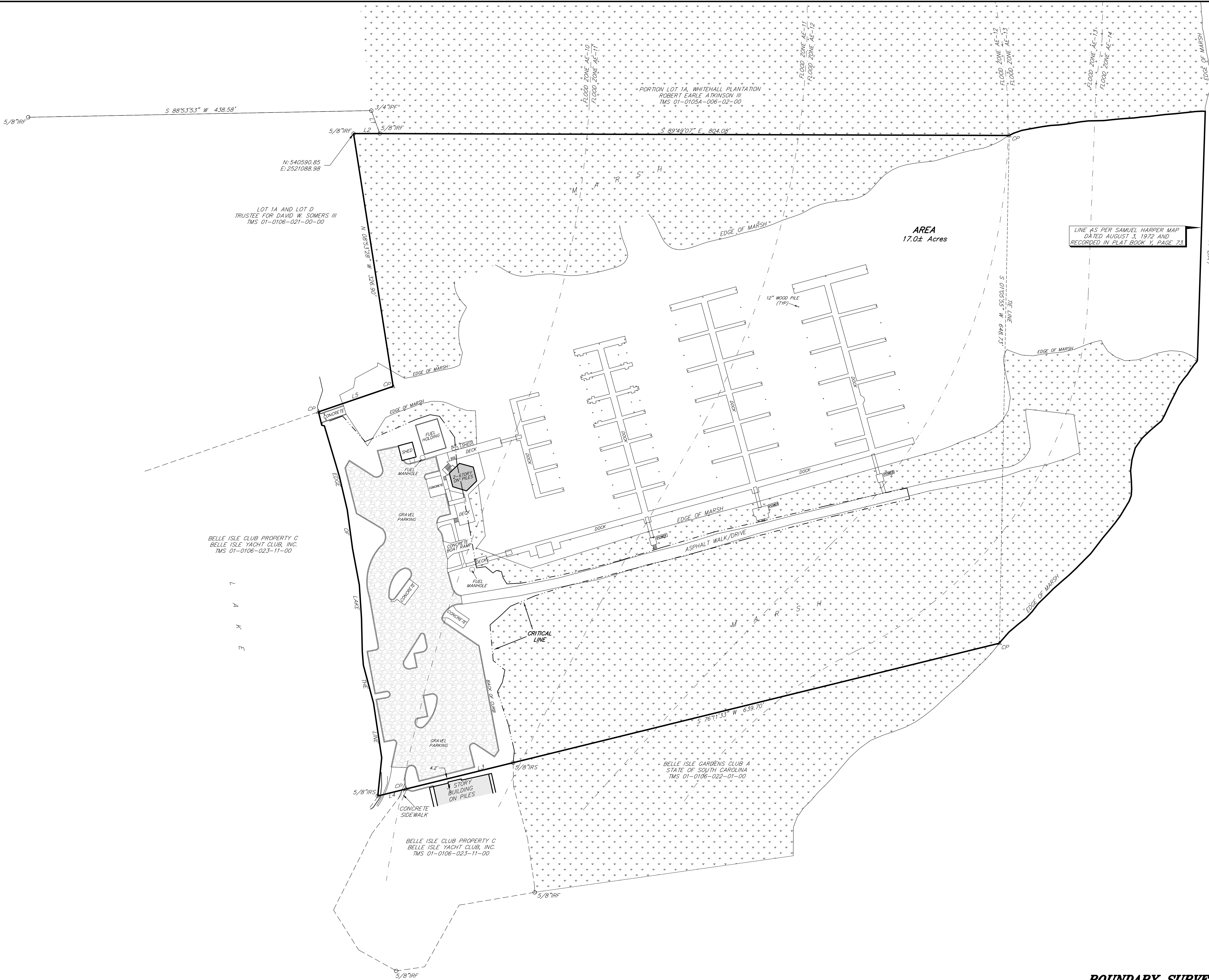
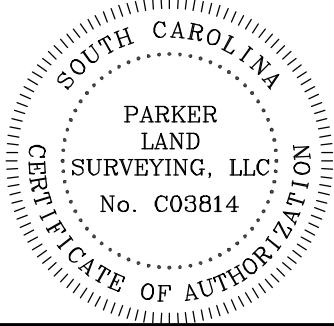
NOTES:

1. THIS PROPERTY IS LOCATED IN FLOOD ZONES SHOWN PER F.I.R.M. COMMUNITY PANEL 4500850 391 D, REVISED MARCH 16, 1989.
2. OWNER OF RECORD: STATE OF SOUTH CAROLINA
C/O SC DEPT. OF ADMINISTRATION
1200 SENATE STREET
COLUMBIA, SC 29201
3. ZONED: PD
4. THIS PROPERTY IS SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD. NO TITLE SEARCH PERFORMED BY THIS OFFICE.
5. THIS SURVEY WAS PREPARED FOR THE EXCLUSIVE USE OF THE PERSON(S) OR ENTITY APPEARING ON SAID SURVEY. THIS SURVEY DOES NOT EXTEND TO ANY UNNAMED PERSON(S) OR ENTITY WITHOUT AN EXPRESSED RECERTIFICATION BY PARKER LAND SURVEYING, LLC.
6. THIS SURVEY IS NULL AND VOID IF SIGNATURE AND EMBOSSED SEAL ARE ABSENT.
7. ALL BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON SOUTH CAROLINA STATE PLANE COORDINATE SYSTEM 1983. DISTANCES SHOWN HEREON ARE HORIZONTAL (GROUND) DISTANCES, NOT GRID DISTANCES.

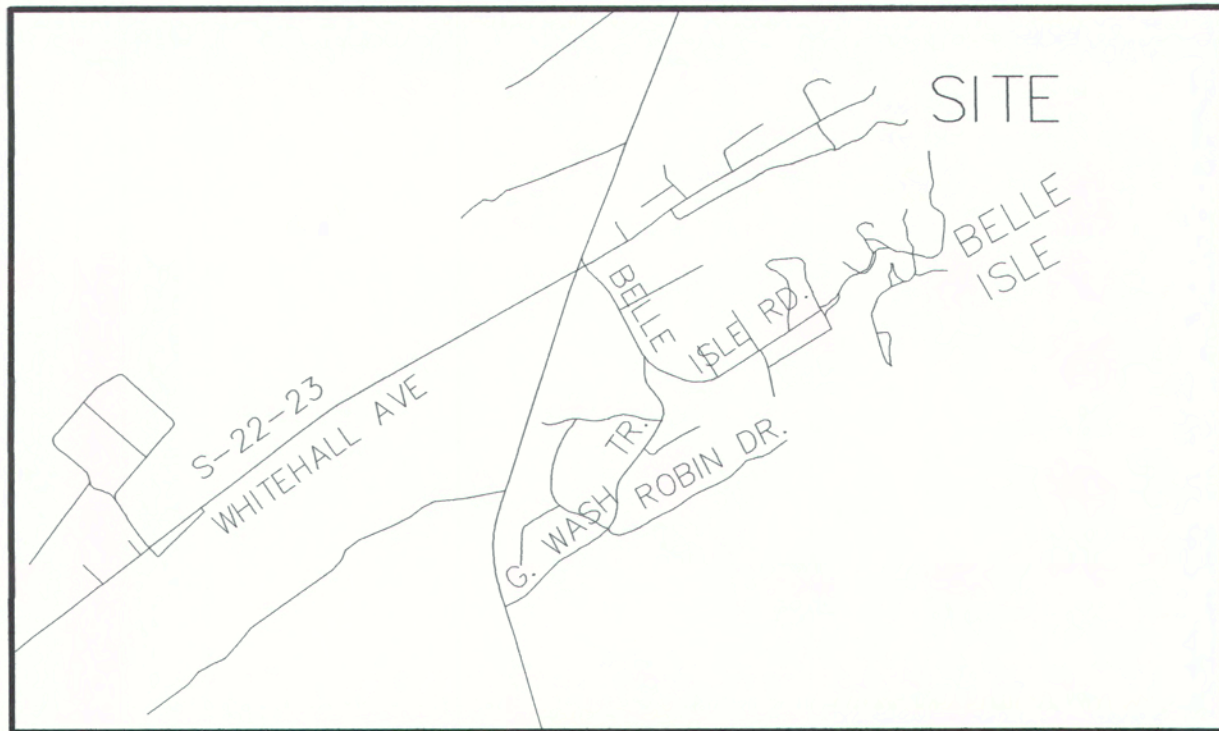
Parker Land Surveying, LLC
401 Church Street
Georgetown, SC 29440
Phone: (843) 554-4465
Fax: (843) 554-7779

I HEREBY STATE TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF, THE SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE MINIMUM STANDARDS MANUAL FOR THE PRACTICE OF LAND SURVEYING IN SOUTH CAROLINA, AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS B SURVEY AS SPECIFIED THEREIN.

REGISTRATION NO. 17924
GREGORY F. CUNNINGHAM, P. CIV. E., S.C. L.S. No. 17924



BOUNDARY SURVEY
OF BELLE ISLE MARINA
SURVEYED AT THE REQUEST OF
STATE OF SOUTH CAROLINA
GEORGETOWN COUNTY, SOUTH CAROLINA
DATE: DECEMBER 13, 2022



LOCATION MAP
N.T.S.



LINE	BEARING	DISTANCE
L1	N 20°02'07" W	31.20'
L2	N 89°49'11" E	33.45'
L3	S 76°11'33" W	141.71'
L4	S 76°11'33" W	36.40'
L5	N 71°07'21" E	100.85'

REFERENCES:

1. PLAT BOOK Y, PAGE 73.
2. PLAT SLIDE 249, PAGE 7.
3. PLAT SLIDE 409, PAGE 9.
4. DEED BOOK 115, PAGE 509.
5. GEORGETOWN COUNTY TMS 01-0106-022-00-00.

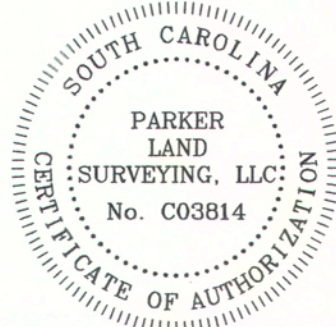
NOTES:

1. THIS PROPERTY IS LOCATED IN FLOOD ZONES SHOWN, PER F.L.R.M. COMMUNITY PANEL 4500850 391 D, REVISED MARCH 16, 1989.
2. OWNER OF RECORD: STATE OF SOUTH CAROLINA
C/O SC DEPT. OF ADMINISTRATION
1200 SENATE STREET
COLUMBIA, SC 29201
3. ZONED: PD
4. THIS PROPERTY IS SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD. NO TITLE SEARCH PERFORMED BY THIS OFFICE.
5. THIS SURVEY WAS PREPARED FOR THE EXCLUSIVE USE OF THE PERSON(S) OR ENTITY APPEARING ON SAID SURVEY. THIS SURVEY DOES NOT EXTEND TO ANY UNNAMED PERSON(S) OR ENTITY WITHOUT AN EXPRESSED RECERTIFICATION BY PARKER LAND SURVEYING, LLC.
6. THIS SURVEY IS NULL AND VOID IF SIGNATURE AND EMBOSSED SEAL ARE ABSENT.
7. ALL BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON SOUTH CAROLINA STATE PLANE COORDINATE SYSTEM 1983. DISTANCES SHOWN HEREON ARE HORIZONTAL (GROUND) DISTANCES, NOT GRID DISTANCES.

Parker Land Surveying, LLC
401 Church Street
Georgetown, SC 29440
Phone: (843) 454-4465
Fax: (843) 554-7779

I HEREBY STATE TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE MINIMUM STANDARDS MANUAL FOR THE PRACTICE OF LAND SURVEYING IN SOUTH CAROLINA, AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS B SURVEY AS SPECIFIED THEREIN.

GREGORY F. CUNNINGHAM
P.L.S. No. 17924



EXISTING LOT OF RECORD
CERTIFIED TO BE A RESURVEY OF A PIECE, PARCEL
OR LOT OF LAND SHOWN ON A MAP OR PLAT PREVIOUSLY
RECORDED IN GEORGETOWN COUNTY IN PLAT
BOOK L, PAGE 221.

0 60 120 180 240 360
ONE INCH = 60'

BOUNDARY SURVEY
OF BELLE ISLE MARINA
SURVEYED AT THE REQUEST OF
STATE OF SOUTH CAROLINA
GEORGETOWN COUNTY, SOUTH CAROLINA
DATE: DECEMBER 13, 2022
REVISED FEBRUARY 22, 2023 TO SHOW
MEAN HIGH WATER LINE

AERIAL IMAGE OF TMS 01-0106-022-00-00



3/10/2023, 1:02:30 PM

County Boundary

Municipalities

Streets

County Road

Private Road

State Road

Other

Georgetown South

Red: Band_1

Green: Band_2

Blue: Band_3

Georgetown Central

Red: Band_1

Green: Band_2

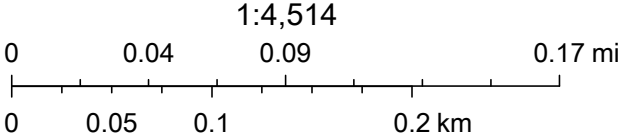
Blue: Band_3

Georgetown North

Red: Band_1

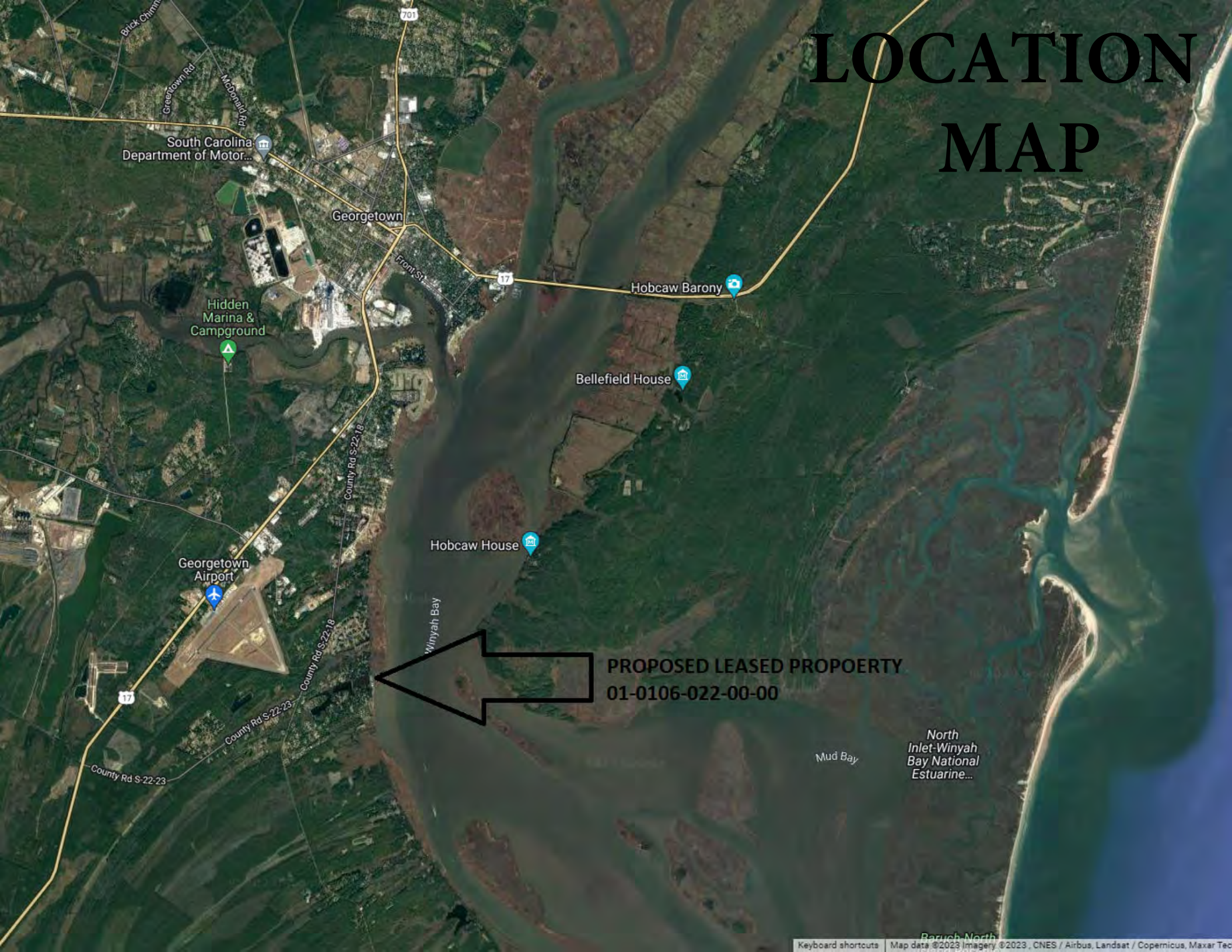
Green: Band_2

Blue: Band_3



Map data © OpenStreetMap contributors, Microsoft, Facebook, Inc. and its affiliates, Esri Community Maps contributors, Map layer by Esri

LOCATION MAP



PROPOSED LEASED PROPOERTY
01-0106-022-00-00

North
Inlet-Winyah
Bay National
Estuarine...

Mud Bay

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: SC State Housing, Finance and Development Authority Lease of 300-C Outlet
Pointe Boulevard, Columbia, SC 29210

The SC State Housing, Finance and Development Authority (Housing Authority) requests approval to continue leasing ±28,000 square feet of office space at 300-C Outlet Pointe Boulevard in Columbia, SC from Columbia SC I SGF, LLC. The space will be used by the Housing Authority as their headquarters. Their seven-year lease at the same location will expire on October 31, 2023. Their current rate at this location is \$13.63 per square foot.

After contacting state agencies to verify no adequate state space was available, the Department of Administration conducted a solicitation for 3, 5, 7 and 10-year terms. Four proposals were received, and the selected location is the lowest offer.

The requested lease term will be ten (10) years commencing November 1, 2023. The rental rate for the first year of the term will be \$16.20 per rentable square foot for an annual aggregate amount of \$453,600.00. Thereafter, the rental rate shall increase by 3% annually as shown in the table below. The total rent to be paid over the term will be \$5,201,840.00. This is a full gross lease and includes all operating expenses.

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
November 1, 2023-October 31, 2024	\$453,600.00	\$37,800.00	\$16.20
November 1, 2024-October 31, 2025	\$467,320.00	\$38,943.33	\$16.69
November 1, 2025-October 31, 2026	\$481,320.00	\$40,110.00	\$17.19
November 1, 2026-October 31, 2027	\$495,880.00	\$41,323.33	\$17.71
November 1, 2027-October 31, 2028	\$510,720.00	\$42,560.00	\$18.24
November 1, 2028-October 31, 2029	\$526,120.00	\$43,843.33	\$18.79
November 1, 2029-October 31, 2030	\$541,800.00	\$45,150.00	\$19.35
November 1, 2030-October 31, 2031	\$558,040.00	\$46,503.33	\$19.93
November 1, 2031-October 31, 2032	\$574,840.00	\$47,903.33	\$20.53
November 1, 2032-October 31, 2033	\$592,200.00	\$49,350.00	\$21.15

AGENCY: Department of Administration, Facilities Management and Property Services

SUBJECT: SC State Housing, Finance and Development Authority Lease of 300-C Outlet
Pointe Boulevard, Columbia, SC 29210

The space will meet the state standard of 210 RSF/person with a density of 125 RSF/person. The following chart represents comparable lease rates of similar space in the Columbia area:

Tenant	Location	Rate /SF
Vacant**	267 Columbia Avenue, Columbia	\$16.00*
Vacant**	7909 Parklane Road, Columbia	\$18.00
Vacant**	607 Bush River Road, Columbia	\$19.95

*The space is 29,400 sq ft, making the location more expensive over the term.

**Received in response to the solicitation.

The Housing Authority has adequate funds for the lease according to a Budget Approval Form submitted February 17, 2023. Lease payments will be funded through federal funding, and program administrative fees. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

AUTHORITY ACTION REQUESTED:

Approve the proposed ten-year lease for ±28,000 square feet of office space at 300-C Outlet Pointe Boulevard in Columbia SC, for the SC State Housing, Finance and Development Authority.

ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
(b) Authorized Official Signature:

Ashlie Lancaster
Ashlie Lancaster, Director

2. Subject: SC State Housing, Finance and Development Authority Lease of 300-C Outlet Pointe Boulevard, Columbia, SC 29210

3. Summary and Background Information:

The SC State Housing, Finance and Development Authority (Housing Authority) requests approval to continue leasing $\pm 28,000$ square feet of office space at 300-C Outlet Pointe Boulevard in Columbia, SC from Columbia SC I SGF, LLC. The space will be used by the Housing Authority as their headquarters. Their seven-year lease at the same location will expire on October 31, 2023. Their current rate at this location is \$13.63 per square foot.

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November 1, 2032-October 31, 2033	\$592,200.00	\$49,350.00	\$21.15

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**Received in response to the solicitation.

The Housing Authority has adequate funds for the lease according to a Budget Approval Form submitted February 17, 2023. Lease payments will be funded through federal funding, and program administrative fees. No option to purchase the property is included in the lease. The lease was approved by JBRC on March 22, 2023.

4. What is the Authority asked to do? Approve the proposed ten-year lease for ±28,000 square feet of office space at 300-C Outlet Pointe Boulevard in Columbia SC, for the SC State Housing, Finance and Development Authority.

5. What is recommendation of the division of Facilities Management and Property Services?
Approve the proposed ten-year lease for ±28,000 square feet of office space at 300-C Outlet Pointe Boulevard in Columbia SC, for the SC State Housing, Finance and Development Authority.

6. Private Participant Disclosure – Check one:

☐ No private participants will be known at the time the Authority considers this agenda item.

☒ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Office Name: [Click or tap here to enter text.](#)

8. List of Supporting Documents:

- Letter from Agency



South Carolina State Housing Finance and Development Authority

300-C Outlet Pointe Blvd., Columbia, South Carolina 29210

Telephone: 803.896.9001 TTY: 803.896.8831

SCHousing.com

C. Todd Latiff
Chairman

Bonita H. Shropshire
Executive Director

January 26, 2023

Ms. Brittni Geny, Division Services Manager
South Carolina Department of Administration
Division of Facilities Management and Property Services
1200 Senate Street
Columbia, SC 29201

Dear Ms. Geny:

The South Carolina State Housing Finance and Development Authority (SC Housing) requests approval from the Joint Bond Review Committee (JBRC) and State Fiscal Accountability Authority (SFAA) to enter into a 10-year lease with Columbia SC I SGF, LLC 300-C Outlet Pointe Boulevard, Columbia, South SC 29210. SC Housing's current lease at 300-C Outlet Pointe Boulevard, Columbia, SC 29210, expires on October 31, 2023.

SC Housing in coordination with the South Carolina Department of Administration Real Property Division initiated a competitive solicitation for available lease space on June 14, 2022, to determine whether other suitable commercial office space alternatives were available, and to obtain the best value for the State. After reviewing the proposals submitted, SC Housing has determined that the property located at 300-C Outlet Pointe Boulevard, Columbia, SC 29210 meets our space requirements and needs. We considered location, minimal upfit and cost of relocation in our decision-making.

The proposed lease is a ten-year term, beginning November 1, 2023, and expiring October 31, 2033. The basic rental rate starts at \$16.20/sf, which is an annual rent of \$453,600.00 for the first year and increases 3% per year thereafter.

Thank you for your assistance in this process and for your consideration of our request. Please let me know if you need any additional information.

Sincerely,

Bonita Shropshire

Bonita Shropshire
Executive Director

AGENCY: Division of Procurement Services

SUBJECT: Audit update for Florence Darlington Technical College

At its January 31, 2023, Meeting, the Authority received a procurement audit report for Florence Darlington Technical College (the College). At that meeting, the Authority required the College to:

1. Provide to DPS for approval, written corrective action plans and procedures for each of the deficiencies noted in the audit report by March 15, 2023;
2. Stop the gift card program at once;
3. Pay for an independent audit by an auditor selected by the State Auditor's Office to determine whether the College used gift cards for any improper purpose;
4. Process exempt purchases with a PO approved by the College's Procurement Department, and the College to specify in the PO which exemption it is applying;
5. Immediately suspend no less than 50% of its P-Cards until January 31, 2024, and notify DPS of which cards the College has suspended by March 15, 2023; and
6. Report all procurements identified in the report as unauthorized or illegal in accordance with Regulation 19-445.2015 no later than March 15, 2023.

Additionally, the Authority revoked the College's authority to use the Articles for Commercial Sale Exemption for gift cards. Attached is the Division of Procurement Services' (Division) report of the actions taken by the College, as of March 15, 2023, concerning these requirements.

AUTHORITY ACTION REQUESTED:

Receive the Division's report for information only.

ATTACHMENTS:

Agenda item worksheet and attachment

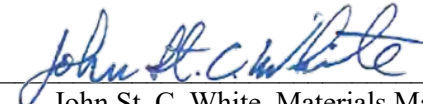
**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Division of Procurement Services
(b) Authorized Official Signature:


John St. C. White, Materials Management Officer

2. Subject: Audit update for Florence Darlington Technical College

3. Summary and Background Information:

At its January 31, 2023, Meeting, the Authority received a procurement audit report for Florence Darlington Technical College (the College). At that meeting, the Authority required the College to:

1. Provide to DPS for approval, written corrective action plans and procedures for each of the deficiencies noted in the audit report by March 15, 2023;
2. Stop the gift card program at once;
3. Pay for an independent audit by an auditor selected by the State Auditor's Office to determine whether the College used gift cards for any improper purpose;
4. Process exempt purchases with a PO approved by the College's Procurement Department, and the College to specify in the PO which exemption it is applying;
5. Immediately suspend no less than 50% of its P-Cards until January 31, 2024, and notify DPS of which cards the College has suspended by March 15, 2023; and
6. Report all procurements identified in the report as unauthorized or illegal in accordance with Regulation 19-445.2015 no later than March 15, 2023.

Additionally, the Authority revoked the College's authority to use the Articles for Commercial Sale Exemption for gift cards. Attached is the Division of Procurement Services' (Division) report of the actions taken by the College, as of March 15, 2023, concerning these requirements.

4. What is Authority asked to do?

Receive the Division's report for information only.

5. What is recommendation of the submitting agency involved?

Receive the Division's report for information only.

6. Private Participant Disclosure – Check one:

- ☒ No private participants will be known at the time the Authority considers this agenda item.
☐ A Private Participant Disclosure form has been attached for each private participant.
As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
(b) Office Name: _____

8. List of Supporting Documents:

A- Division of Procurement Services' Report on Florence Darlington Technical College

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.

Exhibit A

UPDATE ON ACTIONS OF FLORENCE DARLINGTON TECHNICAL COLLEGE PURSUANT TO DIRECTIVES OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY AT ITS JANUARY 31, 2023

At its January 31, 2023, Meeting, the Authority received a procurement audit report for Florence Darlington Technical College (the College). In response to the audit report, the Authority directed the College to take certain corrective action. Set forth below are the Authority's requirements and the measures the College has taken since January 31, 2023.

1. Provide to DPS for approval, written corrective action plans and procedures for each of the deficiencies noted in the audit report by March 15, 2023.
 - See Item 1 Attachment for the Colleges corrective action plans.
2. Stop the gift card program at once.
 - FDTC is no longer purchasing gift cards.
3. Pay for an independent audit by an auditor selected by the State Auditor's Office to determine whether the College used gift cards for any improper purpose.
 - See Item 3 Attachment for FDTC's Gift Card Audit Update
4. Process exempt purchases with a PO approved by the College's Procurement Department, and the College to specify in the PO which exemption it is applying.

- Included in FDTC's Draft Procurement Manual is the following:

DIRECT PAY EXPENDITURES (DRAFT)

The Direct Pay is a payment method only and is used for direct payment to a vendor for the purchase of certain goods and services. Goods and services not included in the categories below must be purchased through the regular Purchase Order process. The Direct Pay expenditure voucher may be used for payment of the following types of expenditures by submitting a requisition and/or invoice through the proper channels to Purchasing:

1. Membership dues and subscriptions (Effective 1/31/2024), freight, small invoices in cases where the FDTC Purchasing Card is not accepted (less than \$5,000);
2. Travel reimbursement;
3. Small purchases (less than \$10,000) which are inappropriate, as determined by the Procurement Manager, for the purchase order process. For example, Direct Pay vouchers may be used when prepayment is required by a vendor, vendor offers prepayment discount, or free shipping with prepayment;
4. Goods and services, which are exempt from the Procurement Code (Effective 1/31/2024)
5. Purchasing Card statements.
6. Late invoices after FYE cut-off.

5. Immediately suspend no less than 50% of its P-Cards until January 31, 2023 2024, and notify DPS of which cards the College has suspended by March 15, 2023.
 - During the procurement audit, 48 cards were identified as active. As of 3/15/2023, the college has suspended 50%, or 24 cards. (See Item 5-Attachment listing of Active and Closed Cardholders)
6. Report all procurements identified in the report as unauthorized or illegal in accordance with Regulation 19-445.2015 no later than March 15, 2023.
 - The College reported procurements identified as unauthorized or to DPS on 2/16/2023 and 2/17/2023.

Florence-Darlington



Technical College

Growing the economy . . . one graduate at a time.

Responses to Agenda Item 1

March 14, 2023

Mr. Crawford Milling, Director
Audit and Certification
SC State Fiscal Accountability Authority Division of Procurement Services (DPS)
1201 Main Street, Suite 600
Columbia, SC 29201

I. **Supplies and Services**

A. **Inappropriate Use of Procurement Code Exemptions**

The College will follow up with the SC Division of Procurement Services for training on Procurement Code Exemptions to gain knowledge on when they apply and when they do not. The College will contact DPS for clarification of exemptions. The 12 purchases identified during the audit have been reported to DPS on 2/16/2023.

B. **Contract Awarded to Nonresponsive Bidder**

The College understands the improper request for quote award - this award was made to an unresponsive bidder. The College has developed a Quote Process checklist (See **Item 1 IB Attachment 1**) to ensure all bids are responsive. This unauthorized/illegal procurement was reported to DPS on 2/16/2023.

C. **Grant Specified Exemption Procedures Not Followed**

The College will follow their approved written procedures and provide a refresher training to employees by June 30, 2023. This unauthorized/illegal procurement was reported to DPS on 2/17/2023.

D. **Inadequate Public Notice**

Sole source procurements above \$50,000 will contain a right to protest in the public notice according to the Sole Source checklist. FDTC's revised procurement manual also contains the information regarding the right-to-protest statement. These 3 unauthorized/illegal procurements were reported to DPS on 2/16/2023. (See **Item 1 ID Attachment 2**)

E. **Non-Compliance with DFWA**

The College Procurement department is in the process of revising the Procurement Manual. The manual addresses when the Drug-Free Workplace certification is required. The Quote Process checklist also requires the Drug-Free Workplace form, if applicable. The Procurement Manual will be sent to the SC Division of Procurement Services for approval on March 17, 2023.



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F. Late Payments

In some cases, invoices are not paid on time because there is an issue with the equipment or services provided. The College will document when payments will be late due to an issue with the items or services delivered. The College will also educate faculty and staff on the importance of payments being made in a timely manner when there is not an issue. This topic will be covered at the College's Fall Convocation on August 10th, 2023.

II. Direct Payments

A. Bookstore Purchases Lacked Proper Approvals

The College will ensure the proper approvals are obtained in compliance with the College's Procurement Manual.

The College is no longer purchasing gift cards for resale in the bookstore.

B. The College Does Not Have A PO Policy

The College is in the process of revising the Procurement Manual, which will include a policy that complies with the S.C. Procurement Code on when Direct Payments are authorized. The Procurement Manual will be sent to the SC Division of Procurement Services for approval on March 17, 2023.

III. Sole Source and Emergency Procurements

A. Sole Source Procurements Lacked Proper Notice

The Procurement Manager will use the Sole Source checklist to ensure that sole source procurements are properly advertised in SCBO as required. This unauthorized/illegal procurement was reported to DPS on 2/16/2023.

B. Sole Source and Emergency Procurements Reported Late

The College is aware of the reporting requirements and is implementing procedures to ensure timely reporting. The procedures include:

- the Procurement Manager setting calendar alerts as a reminder to enter quarterly reporting;
- reporting on a monthly basis to ensure timely reporting; and
- a review by the VP of Business Affairs quarterly for accuracy and completion.

C. Inadequate Written Determination for Emergency Procurements

The procedures for Emergency procurements are defined in the revised procurement manual. Contract expiration dates are tracked on a spreadsheet. The importance of purchasing lead times will be emphasized during the budget process as well. Procurement training is scheduled for the



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College's Fall Convocation on August 10th, 2023, as well as new hire training, and yearly training available to all staff.

IV. Construction

Required Payment and Performance Bonds Not Obtained

A Quote Process checklist (See **Item 1 IB Attachment 1**) has been developed to ensure all required documents are received with construction procurement and other procurements. The College's Procurement personnel will also seek training from the State Engineer's office to become more familiar with construction project procurement. The OSE Manuals will be used by the College for construction procurement.

V. Purchasing Card (P-Cards)

Program Administration

A. Agency P-Card Manual Inadequate

The College's revised P-Card manual has been sent to the SC Division of Procurement Services for approval. Once the manual is complete and approved, the College will perform training with P-Card holders and each card holder will receive access to the manual. Annual training will be held as well for all P-card holders.

B. No Documented Liaison Reviews

The College has added roles and responsibilities of liaisons to the P-Card manual. These responsibilities will be emphasized in the P-card trainings. A checklist will be provided to the liaisons. (See **Item 1 VB Attachment 3**)

C. Independent P-Card Audit Not Performed

The College's external auditor reviews P-Card statements during the annual audit. The College will work with the SC Technical College system to identify resources for an independent audit by January 31, 2024.

D. Bank Statement Not Appropriately Signed

The P-card manual is currently being revised and approved. Once the manual is complete and approved, the College will perform training with P-card holders and each card holder will receive access to the manual. An additional internal review has been implemented to ensure all bank statements are signed.

Transaction Testing

The P-card manual is currently being revised and approved. Once the manual is complete and approved, the College will perform training with P-card holders and each card holder will receive access to the manual. A liaison checklist will be used monthly.



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VI. Unauthorized or Illegal Procurements

A. Unauthorized or Illegal Sole Source Not Reported

The College is aware of the reporting requirements and is implementing procedures to ensure timely reporting. The procedures include:

- the Procurement Manager setting calendar alerts as a reminder to enter quarterly reporting;
- reporting on a monthly basis to ensure timely reporting; and
- a review by the VP of Business Affairs quarterly for accuracy and completion.

B. Inadequate Written Determinations

The College's P-card manual as well as Procurement Manual are in the process of being revised. Once the manuals are approved, training will be conducted to review all policy and procedures to include written determinations, such as ratifications. Procurement training is scheduled for the College's Fall Convocation on August 10th, 2023, as well as new hire training, and yearly training available to all staff.

VII. MBE Reports Filed Late

The College is aware of the reporting requirements and is implementing procedures to ensure timely reporting. The procedures include:

- the Procurement Manager setting calendar alerts as a reminder to enter quarterly and annual reports; and
- a review by the VP of Business Affairs quarterly and annually for accuracy and completion.



Quote Process Checklist

SOLICITATION NUMBER _____

Yes	No	STEPS TO REQUESTING A SOLICITATION												
<input type="checkbox"/>	<input type="checkbox"/>	Department has submitted a request to quote or bid via approved Purchase Requisition. Request Includes:												
		<table border="1"> <thead> <tr> <th>Yes</th> <th>No</th> <th></th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Specification or Statement of Work. (detailed with all relevant information)</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>Email addresses of any preferred vendor contacts for notification of solicitation when published.</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td>One named point of contact to assist with specification development, approve final solicitation document, and provide response to vendor questions.</td> </tr> </tbody> </table>	Yes	No		<input type="checkbox"/>	<input type="checkbox"/>	Specification or Statement of Work. (detailed with all relevant information)	<input type="checkbox"/>	<input type="checkbox"/>	Email addresses of any preferred vendor contacts for notification of solicitation when published.	<input type="checkbox"/>	<input type="checkbox"/>	One named point of contact to assist with specification development, approve final solicitation document, and provide response to vendor questions.
Yes	No													
<input type="checkbox"/>	<input type="checkbox"/>	Specification or Statement of Work. (detailed with all relevant information)												
<input type="checkbox"/>	<input type="checkbox"/>	Email addresses of any preferred vendor contacts for notification of solicitation when published.												
<input type="checkbox"/>	<input type="checkbox"/>	One named point of contact to assist with specification development, approve final solicitation document, and provide response to vendor questions.												
Yes	No	POSTING THE SOLICITATION												
<input type="checkbox"/>	<input type="checkbox"/>	Solicitation approved by departmental named point of contact.												
<input type="checkbox"/>	<input type="checkbox"/>	Solicitation posted to SCBO (South Carolina Business Opportunities).												
<input type="checkbox"/>	<input type="checkbox"/>	Solicitation sent out via email to preferred vendor list.												
Yes	No	AFTER SOLICITATION HAS CLOSED												
<input type="checkbox"/>	<input type="checkbox"/>	Solicitation tabulation completed.												
<input type="checkbox"/>	<input type="checkbox"/>	Submittals evaluated to ensure responsible and responsive. All required documents and information received.												
<input type="checkbox"/>	<input type="checkbox"/>	Lowest responsive and responsible submittal sent to requesting department.												
Yes	No	AWARD PROCESS												
<input type="checkbox"/>	<input type="checkbox"/>	Statement of Award Letter provided to awarded vendor and all other bidders.												
<input type="checkbox"/>	<input type="checkbox"/>	Procurement ensure all awarded vendor information received (W-9, Drug-Free Workplace Form, Open Trade Form, Payment and Performance Bond, when needed)												
<input type="checkbox"/>	<input type="checkbox"/>	Purchase Order generated and sent to Vendor and Requesting Department.												

Completed by: _____

Date: _____

Sole Source Checklist

Description of Sole Source: _____

1. The Requesting Department submits the signed requisition to the Procurement Department.
2. Conduct and document market research and outreach to vendors with similar offerings to determine the availability of the goods or services to be procured.
3. Develop written determination and basis for the proposed sole source procurement.
4. Obtain authorization for a sole source procurement from the chief procurement officer, and the head of the agency, or their designee above the level of procurement officer prior to contract execution.
5. Determine the estimated value of the procurement and post public notice of intent to award without competition in the South Carolina Business Opportunities, Sole Source procurements category and include a copy of the notice in the procurement file.
 - a. Public Notice must include copy, or instructions on how to obtain the written determination and a "Right to Protest" clause.
 - b. Contracts with a total potential value greater than \$50,000 must be posted for at least 5 business days before entering a contract.
 - c. Contracts with a total potential value greater than \$250,000 must be posted at least 10 business days before entering a contract.
 - d. Public notice is not required if the chief procurement officer, after consultation with the head of the agency, determines in writing that an award without notice is in the best interest of the State.
6. Obtain vendor protest if filed.
7. Address protests under Section 11-35-4210 (1).
8. For construction procurements that exceed an agency's certification, provide the design and construction to the Office of the State Engineer (OSE) for building code compliance review.
9. Obtain Drug Free Workplace Act certification
10. Conduct documented vendor responsibility check.
11. Award the contract and notify the vendor and requesting department.
12. Prepare PO and obtain PO approval from procurement director.
13. Email PO to requesting department head and/or vendor.
14. Submit the sole source procurement to OSE on form MMO/OSE-102 within 10 days of contract award along with contract documents marked "Sole Source Procurement – For Information Purposes Only".
15. Include the sole source procurement in the agency's quarterly report to the Materials Management Office (MMO) as directed by Audit and Certification.
16. Determine that all documentation required by State law or regulation, or by agency policy, is included in the agency's procurement file.

Prepared by: _____

Date: _____

Checklist for Liaison review

- 1) No Blocked MCC Codes
- 2) No Prohibited purchases
 - Personal purchases of any kind (Personal purchases are defined as purchases of goods or services intended for non-work-related use or use other than official State business).
 - Cash advances in any form, including use of the card or card number at Automated Teller Machines (ATMs), inside bank branches or at cash advance, quasi-cash and money transfer locations such as Western Union, Telecheck, etc.
 - Gift cards, stored value cards, calling cards, pre-paid cards or similar products.
 - Employee travel expenses, including lodging, transportation (except airline tickets and rental cars), and meals.
 - Entertainment, including in-room movies.
 - Alcoholic beverages.
 - Tobacco products.
 - Fuel for State-owned vehicles. Many of these purchases may be made with the State Fuel Credit Card, an alternate program.
 - Professional services. (Medical Services, Accounting, Legal, etc. this does not prohibit services such as plumbing, A/C work, electrical, etc.)
 - Food for consumption by State employees. (Certain exemptions may apply, contact Audits Manager with questions regarding these transactions)
 - Purchases using a P-Card from a vendor with a blocked MCC.
 - To make payment on “open” accounts maintained with vendors. The P-Card shall only be used to pay one transaction at a time and cannot be used to pay the accumulated balance of an account.
 - Payment of State and local taxes to the Department of Revenue
- 3) No Split Purchases
- 4) Proper Review and Signature
- 5) Purchases made from state contract vendors when possible
- 6) Deliveries only made to business address

I hereby certify that I have reviewed the transactions and associated documentation for (cardholder) _____ and that any issues identified have been addressed in accordance with applicable policies and procedures.

Liaison Signature: _____

Date: _____

Item 3 Attachment

Florence Darlington Technical College Follow-up to Procurement Audit Item 4 – Gift Card Audit

As of 3/15/23

At its January 31, 2023, meeting, the State Fiscal Accountability Authority (Authority) directed Florence Darlington Technical College (College) to:

pay for an independent audit by an auditor selected by the State Auditor's Office to determine whether the College used gift cards for any improper purpose.

Subsequently, the Division of Procurement Services (Division) worked with the State Auditor to engage a qualified CPA firm to conduct a forensic audit of the College's use of gift cards. On February 21, 2023, the agency the State Fiscal Accountability Authority (Agency) Executive Director signed an engagement letter with Mauldin & Jenkins (M&J) for these services. Also on February 21, 2023, the Division Director, Chief Procurement Officer, and Director of the Audit and Certification Section, met with the College President, interim Finance Director, and Procurement Director to discuss the scope of the engagement letter with M&J, and both the Agency's and the Colleges obligations under the engagement letter. The parties also discussed a Memorandum of understanding (MOU) between the College and SFAA wherein the College agrees to reimburse SFAA for the cost of the audit services and cooperate fully with the audit process. The President of the College signed this MOU and presented it to the Division at that meeting.

On March 3, 2023, Audit & Certification (A&C) met with M&J to provide audit documentation, answer questions, and review scope. We scheduled an entrance conference with the College for March 21, 2023. M&J will provide bi-weekly updates to A&C during the audit to share preliminary observations. The estimated duration of the project will be six to eight weeks.

The Division will provide the Authority with an update on the M&J audit at the May 23, 2023 meeting.

Item 5 Attachment

	Active and Closed Cardholders			
	Florence Darlington Technical College			
	<u>ACTIVE CARDHOLDERS AS OF 3/14/23</u>			<u>CLOSED CARDHOLDERS AS OF 3/14/23</u>
1	AMANDA BROWN		1	GLORIA CAMPBELL
2	AMY KISSIAH		2	EDDIE BECK
3	ANNA BAKER		3	EDWARD BETHEA
4	BERNETHA WITHERSPOON		4	PATTY BOSTWICK-TAYLOR
5	BRANDON MATTHEWS		5	KELLY CLEMENTS
6	EMERY DEWITT		6	DAVID EDWARDS
7	FREDA SINGLETON		7	CANDY DEAN FOWLER
8	JEFF KIRBY		8	ANDREW FOX
9	JOHNNY MCCOLLOUGH		9	GENELL GAUSE
10	JONATHAN MELTON		10	PETE GIOLDASIS
11	KAREN LEE		11	LAUREN HOLLAND
12	KEITH MCKENZIE		12	DEBI MCCANDREW
13	KIMBERLEY LUTZ		13	PAULA MCLAUGHLIN
14	LISA WILEY		14	JIMMY MILES
15	MARC DAVID		15	CELESTE NUNN
16	MARIE COTTINGHAM		16	SUSAN PURVIS
17	MARY COX		17	SHAWN REED
18	MATTHEW LEWIS		18	MARK ROTH
19	PATRESSA GARDNER		19	DAVID SALEEBY
20	RITA JORDAN		20	ALISON SALLEY
21	STEPHEN MURPHEY		21	MONICA STARR
22	STEVEN BROACH		22	HUNTER THOMAS
23	TERRY MILLER		23	JOANNA WELDON
24	TYRON JONES		24	LAMAR YOUNGINER

AGENCY: Division of Procurement Services

SUBJECT: Audit and Certification - The Department of Natural Resources (DNR)

The S.C. Consolidated Procurement Code and ensuing regulations (Procurement 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. Code Ann. §§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 1, 2018, the Authority delegated procurement authority to The Department of Natural Resources (DNR) as follows:

	<u>Certification Limits</u>
Supplies and Services	\$300,000 per commitment

Per SC Code Ann. § 11-35-1210 (1) (b) and Regulation 19-445.2020B, the Director of Procurement Services may authorize a governmental body to make direct procurements not under term contracts in an amount up to one hundred fifty thousand dollars. At the request of DNR and with the concurrence of the Office of the State Engineer, the Director of the Division of Procurement Services (DPS) authorized an increase in DNR's procurement authority for Construction Services on September 9, 2019, for award of small Construction Contracts up to \$100,000.¹

In accordance with S.C. Code Ann. § 11-35-1230, DPS audited the procurement operating policies and procedures of DNR to determine whether the Agency's system of internal controls over procurement was adequate to ensure compliance, in all material respects, with the Procurement Code. We found the DNR's system of internal controls over procurement were not adequately documented in its internal procurement procedure manual to ensure compliance with the Procurement Code as described in the audit report and made recommendations for improvement. With the implementation of the recommended corrective action, the DNR's system of internal controls over procurement will be adequate to ensure compliance with the Procurement Code as described in the audit report.

Per S.C. Code Ann. §11-35-1210, The Department of Natural Resources requests that the Authority reauthorize it to make direct procurements for Supplies & Services and increase the direct procurements for Construction Services and Construction Contract Change Orders.

¹ \$100,000 is the small procurement limit for construction. Up to this amount, the agency need only make a written request for written quotes and obtain three or more quotes.

AGENCY: Division of Procurement Services

SUBJECT: Audit and Certification - The Department of Natural Resources (DNR)

AUTHORITY ACTION REQUESTED:

Authorize The Department of Natural Resources to make direct procurements at the following limits for three years from date of approval:

	<u>Certification Limits</u>
Supplies and Services ²	*\$ 300,000 per commitment
Construction Contract Award	*\$ 250,000 per commitment
Construction Contract Change Order	\$ 50,000 per change order

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

Require DNR to take the following corrective measures:

1. No later than June 30, 2023, provide DPS a revised internal procurement procedure manual that conforms to the procurement manual checklist provided by DPS.

²Supplies and Services includes non-IT consulting services.

ATTACHMENTS:

Agenda item worksheet and attachment

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Division of Procurement Services
(b) Authorized Official Signature:


John St. C. White, Materials Management Officer

2. Subject: Audit and Certification

3. Summary and Background Information:

The S.C. Consolidated Procurement Code and ensuing regulations (Procurement 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. Code Ann. §§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 1, 2018, the Authority delegated procurement authority to The Department of Natural Resources (DNR) as follows:

Certification Limits

Supplies and Services

\$ 300,000 per commitment

Per SC Code Ann. § 11-35-1210 (1) (b) and Regulation 19-445.2020B, the Director of Procurement Services may authorize a governmental body to make direct procurements not under term contracts in an amount up to one hundred fifty thousand dollars. At the request of DNR and with the concurrence of the Office of the State Engineer, the Director of the Division of Procurement Services (DPS) authorized an increase in DNR's procurement authority for Construction Services on September 9, 2019, for award of small Construction Contracts up to \$100,000.¹

In accordance with S.C. Code Ann. § 11-35-1230, DPS audited the procurement operating policies and procedures of DNR to determine whether the Agency's system of internal controls over procurement was adequate to ensure compliance, in all material respects, with the Procurement Code. We found the DNR's system of internal controls over procurement were not adequately documented in its internal procurement procedure manual to ensure compliance with the Procurement Code as described in the audit report and made recommendations for improvement. With the implementation of the recommended corrective action, the DNR's system of internal controls over procurement will be adequate to ensure compliance with the Procurement Code as described in the audit report.

Per S.C. Code Ann. §11-35-1210, The Department of Natural Resources requests that the Authority reauthorize it to make direct procurements for Supplies & Services and increase the direct procurements for Construction Services and Construction Contract Change Orders.

¹ \$100,000 is the small procurement limit for construction. Up to this amount, the agency need only make a written request for written quotes and obtain three or more quotes.

4. What is Authority asked to do?

Authorize The Department of Natural Resources to make direct procurements at the following limits for three years from date of approval:

Certification Limits

Supplies and Services²

*\$ 300,000 per commitment

Construction Contract Award

*\$ 250,000 per commitment

Construction Contract Change Order

\$ 50,000 per change order

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

Require DNR to take the following corrective measures:

1. No later than June 30, 2023, provide DPS a revised internal procurement procedure manual that conforms to the procurement manual checklist provided by DPS.

²Supplies and Services includes non-IT consulting services.

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

5. What is recommendation of the submitting agency involved?

Authorize The Department of Natural Resources to make direct procurements at the limits set forth above for three years and require DNR to implement the corrective measures set forth above.

6. Private Participant Disclosure – Check one:

- ☒ No private participants will be known at the time the Authority considers this agenda item.
☐ A Private Participant Disclosure form has been attached for each private participant.
As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.
-

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
(b) Office Name: _____
-

8. List of Supporting Documents:

- (a) S.C. Code Ann. § 11-35-1230
(b) S.C. Code Ann. § 11-35-1210
(c) Certification Comparison
-

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.



**South Carolina
Department of Natural Resources**

INDEPENDENT PROCUREMENT AUDIT REPORT

**for the Audit Period:
January 1, 2019 to December 31, 2021**

**Office of Audit & Certification
Division of Procurement Services
October 11, 2022**

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ABBREVIATIONS

COTS	– Commercially Available Off-the-Shelf
CPO	– Chief Procurement Officer
DNR	-- The South Carolina Department of Natural Resources
DPS	– Division of Procurement Services
ITMO	– Information Technology Management Office
MBE	– Minority Business Enterprise
MMO	– Materials Management Office
OCG	– Office of the Comptroller General
OSE	– Office of State Engineer
PCA	– Purchasing Card Administrator
P-Card	– Purchasing Card
PI Manual	– Manual for Planning and Execution of State Permanent Improvements
Procurement Code	– SC Consolidated Procurement Code and ensuing Regulations
PO	– Purchase Order
SCEIS	– South Carolina Enterprise Information
SMBCC	– Small and Minority Business Contracting and Certification
SPO	– Surplus Property Office
State PO Policy	– State of South Carolina Statewide Purchase Order Policy

INTRODUCTION

DPS audited DNR's internal procurement operating policies and procedures, as outlined in their internal Procurement Operating Procedures Manual, under § 11-35-1230 of the Procurement Code and Reg. 19-445.2020. The primary objective of our audit was to determine whether, in all material respects, the internal controls of DNR's procurement system are adequate to ensure compliance with the Procurement Code.

The management of DNR is responsible for the agency's compliance with the Procurement Code. Those responsibilities include the following:

- Identifying the agency's procurement activities and understanding and complying with the Procurement Code
- Establishing and maintaining an effective organization structure and system of internal control over procurement activities that provide reasonable assurance that the agency administers its procurement programs in compliance with the Procurement Code
- Establishing clear lines of authority and responsibility for making and approving procurements
- Documenting the agency's procurement procedures and system of internal controls over its procurement activities in an internal procurement procedure manual
- Taking corrective action when instances of noncompliance are identified, including corrective action for the findings of this audit

Because of inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our review and evaluation of the system of internal control over procurement transactions, as well as our overall audit of procurement policies and procedures, was conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

INTRODUCTION

Our audit was also performed to determine if recertification under SC Procurement Code Ann. § 11-35-1210 is warranted.

On May 1, 2018 the State Fiscal Accountability Authority (SFAA) granted DNR the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CURRENT CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 300,000 per commitment
Construction Contract Award	*\$ 100,000 per commitment

During the audit DNR requested the following increases in its certification limits.

<u>PROCUREMENT AREAS</u>	<u>REQUESTED CERTIFICATION LIMITS</u>
Supplies and Services	*\$ 300,000 per commitment
Construction Contract Award	*\$ 250,000 per commitment
Construction Contract Change Order	\$ 50,000 per change order

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

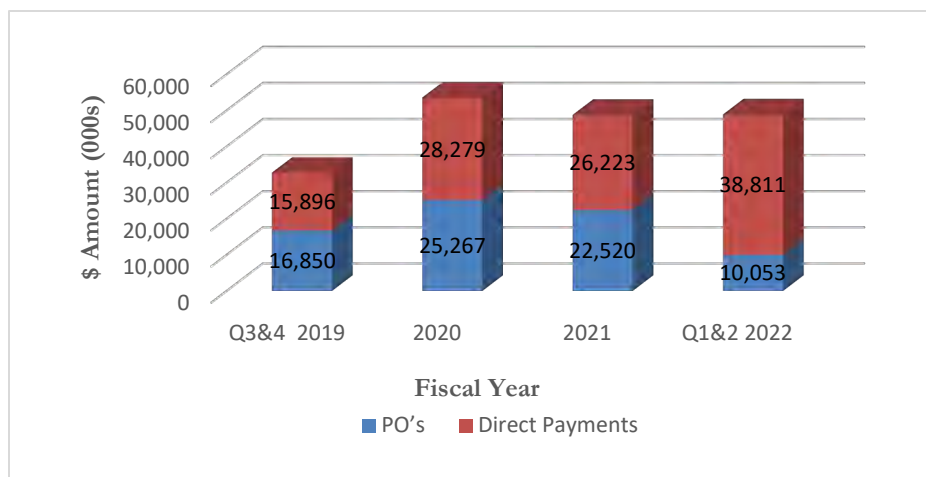
SCOPE

We conducted our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our audit included testing, on a sample basis, evidence about DNR's compliance with the Procurement Code for the period January 1, 2019 through December 31, 2021, the audit period, and performing other procedures that we considered necessary in the circumstances. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Total Expenditures

During the audit period, the agency made expenditures as follows:

	\$ Amount (000s)				
	Q3,4			Q1,2	
	FY2019	FY2020	FY2021	FY2022	Total
POs ¹	16,850	25,267	22,520	10,053	74,699
Direct Pay ²	15,896	28,279	26,223	38,811 ³	109,209
Total Spend	32,747	53,545	48,743	48,864	183,899



¹ POs represents all expenditures made with a Purchase Order. These are required for most contract purchases by the terms of the contract and is the preferred procurement instrument when a government unit orders or procures supplies or services from a vendor.

² Direct Pays are made without purchase order based on the State Purchase Order Policy. These may occur with purchases of supplies or services that are exempt from the Procurement Code or for such things as payment for P-Card purchases or purchases less than \$2500.

³ Direct Pays in Q1 of FY 2022 included a land purchase of \$23.2M.

SUMMARY OF RESULTS

I. <u>Procurement Manual</u>	6
DNR provided a procurement manual dated July of 2013 after the completion of field work.	
II. <u>Supplies & Services</u>	6
Our testing of supplies and services expenditures did not identify any compliance issues.	
III. <u>Sole Source and Emergency Procurement</u>	
A. <u>Sole Source Procurements Not Reported to DPS</u>	7
DNR did not report five sole source procurements to DPS.	
B. <u>Right to Protest Clause Not Included in the Public Notice</u>	7
DNR did not include the right to protest clause in five public notices of intent to award without competition.	
IV. <u>Construction</u>	8
Our testing of construction did not identify any compliance issues.	
V. <u>P-Cards</u>	8
A P-Card audit was completed in June of 2022 (prior P-Card audit). The prior P-Card audit was a limited follow up review on the Procurement Audit Report as of April 2, 2021. Based on the results of that audit and DNR's corrective action currently in process, we did not perform additional tests of DNR's use of the P-Card during the current audit.	
VI. <u>Unauthorized or Illegal Procurements</u>	8
DNR did not include the required corrective action plans and disciplinary plans in seven written determinations.	
VII. <u>Surplus Property</u>	9
Our testing of surplus property did not identify any compliance issues.	
VIII. <u>MBE Reports</u>	9
DNR did not file the annual MBE utilization plans and quarterly reports.	

Note: The agency's responses to issues raised in this report have been inserted immediately following the recommendations in the body of the report.

RESULTS OF AUDIT

I. Procurement Manual

DNR provided a procurement manual dated July of 2013 after the conclusion of field work. The agency stated that an updated manual was being developed during the audit. Without documented procedures including the agency's system of internal controls over procurement activities, procurement officers have to rely on accepted practice and are at greater risk of non-compliance.

Recommendation: We recommend DNR develop an internal procurement manual that provides procedures for procurement personnel conducting commonly used source selection methods including the new small purchase procedures, the assignment of roles and responsibilities, and a consistent filing system. Procurement Services provides a Procurement Manual checklist on its website that may assist in revising the manual. Once the manual has been revised, we recommend DNR submit the manual to Audit and Certification for approval as required by SC Code Ann. § 11-35-540 and Reg. 19-445.2005. Upon approval, we recommend retraining staff on the procedures.

Agency Response

The SCDNR Procurement Manual is in draft status. As the Procurement Audit concluded the SCDNR Procurement Director transitioned to another State agency and SCDNR is in the process of hiring a replacement. Developing and implementing an updated procurement manual in accordance with the Procurement Manual checklist provided by Procurement Services will be a top priority for the newly hired Procurement Director and we expect this to be completed within 90 days of hiring a new Procurement Director. Upon completion the revised manual will be submitted to Audit and Certification for approval as required by SC Procurement Code Ann. § 11-35-540 and Reg. 19-445.2005. Upon approval this manual will be used in ongoing procurement training.

II. Supplies & Services

We audited expenditures exceeding \$10,000 made with POs, and expenditures made without a PO to determine compliance with the Procurement Code.

Our testing of procurements for the audit period did not identify any compliance issues.

RESULTS OF AUDIT

III. Sole Source and Emergency Procurements

We evaluated written determinations for all sole source and emergency procurements pursuant to SC Code Ann. § 11-35-1560 to assess the appropriateness of the procurement actions and the accuracy of the quarterly reports required by § 11-35-2440. During the audit period DNR reported 126 sole source procurements totaling approximately \$6.9M, and twenty-one emergency procurements totaling approximately \$340k to DPS.

A. Sole Source Procurements Not Reported to DPS

DNR did not report five sole sources totaling \$401k in required quarterly reports to DPS. SC Code Ann. § 11-35-2440 requires that governmental bodies submit to the CPO quarterly a record listing of all sole source contracts made pursuant to § 11-35-1560.

Recommendation: We recommend DNR develop and implement reporting procedures, including management review and approval, to ensure complete, accurate, and timely reporting of sole source procurements.

Agency Response

SCDNR understands that a listing of all sole source contracts made is required to be submitted quarterly to DPS pursuant to SC Procurement Code Ann. § 11-35-2440. Previously, this was a process assigned to a staff member with minimal supervision. When that staff member left SCDNR their reporting duties did not get assigned to a new staff member. As a part of the revised procurement manual the sole source reporting requirement will workflow through a supervisor review process that will ensure adequate supervision and complete, accurate, timely reporting of sole source procurements. This process will be implemented within 90 days of hiring a new Procurement Director.

B. Right to Protest Clause Not Included in the Public Notice of Intent to Award

DNR did not include the right to protest clause in Public Notice of Intent to Award Without Competition for five procurements totaling approximately \$1.3M as required by SC Code Ann § 11-35-1560 (A).

RESULTS OF AUDIT

Recommendation: We recommend DNR review and revise its procedures to ensure that any sole source procurements greater than \$50k provide the right to protest clause in the public notice as required by SC Code Ann. §11-35-1560 (A).

Agency Response

SCDNR understands that the right to protest clause is required by SC Consolidated Procurement Code Ann § 11-35-1560 (A). Since SCDNR first became aware of this during the procurement audit, SCDNR started including the Right to Protest Clause in all SCBO advertisements. When the SCDNR procurement manual is revised it will include procedures to ensure that any Sole Source procurements greater than \$50k provide the right to protest clause in the public notice as required by SC Procurement Code Ann § 11-35-1560 (A).

IV. Construction

We tested construction, architectural/engineer and related professional service contracts for compliance with the Procurement Code and the Manual.

Our testing of construction did not identify any compliance issues.

V. P-Cards

A P-Card audit was completed in June of 2022 (prior P-Card audit). The prior P-Card audit was a limited follow up review on the Procurement Audit Report as of April 2, 2021. Based on the results of that audit and DNR's corrective action currently in process, we did not perform additional tests of DNR's use of the P-Card during the current audit.

Agency Response

See Attachment #1 for DNR's update on its implementation of corrective actions taken in response to the P-Card follow-up review.

VI. Unauthorized Procurements or Illegal Procurements

We tested unauthorized or illegal procurements to determine compliance with the Procurement Code. During the audit period DNR reported 28 unauthorized or illegal procurements totaling approximately \$139k.

RESULTS OF AUDIT

Written determinations for seven unauthorized procurements totaling approximately \$30k did not include the required corrective action plans and disciplinary plans for preventing reoccurrence and disciplinary actions with employees as required by Regulation 19-445.2015 (H) (2).

Recommendation: We recommend DNR develop and implement procedures for the disposition of unauthorized or illegal procurements to ensure compliance with Regulation 19-445.2015 including, all required elements of written determinations.

Agency Response

SCDNR has discussed with all staff the importance of completing unauthorized procurement or illegal procurement information fully. In addition, Procurement staff are being trained to carefully review documentation and verify all information is complete, prior to proceeding with processing any request. When the SCDNR procurement manual is revised procedures will be included to ensure compliance with Regulations 19-445.2015 including all required elements of written determinations.

VII. Surplus Property

We tested asset disposal to determine compliance with the Procurement Code and State policies and procedures.

Our testing of surplus property did not identify any compliance issues.

VIII. Minority Business Enterprise (MBE) Reports

DNR did not file annual MBE utilization plans and quarterly progress reports.

Recommendation: We recommend DNR develop and implement procedures, including management review and approval, to require and assign responsibility for filing annual MBE utilization plans and quarterly progress reports be submitted to the Office of Small and Minority Business Assistance in a timely manner as required by SC Code Ann. § 11-35-5240 (2).

RESULTS OF AUDIT

Agency Response

SCDNR understands that the MBE Report is required by the SC Consolidated Procurement Code. Previously, this was a process assigned to a Procurement staff member with minimal supervision. When that staff member left SCDNR their reporting duties did not get assigned to a new staff member. As part of the revised procurement manual the MBE reporting requirement will workflow through a supervisor review process that will ensure adequate supervision and complete, accurate, and timely reporting of the annual MBE utilization plans and quarterly progress reports as required by SC Code Ann. § 11-35-5240 (2).

CERTIFICATION RECOMMENDATION

We believe corrective action based on the recommendations in this report will make DNR's internal procurement operations consistent with the Procurement Code.

As provided in SC Code Ann. § 11-35-1210, we recommend The South Carolina Department of Natural Resource's procurement authority to make direct agency procurements be increased up to the following limits for three years:

PROCUREMENT AREAS

Supplies and Services⁴

Construction Contract Award

Construction Contract Change Order

RECOMMENDED CERTIFICATION LIMITS

*\$ 300,000 per commitment

*\$ 250,000 per commitment

\$ 50,000 per change order

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



Ed Welch, CPA
Audit Manager,
Audit & Certification



Crawford Milling, CPA, CGMA
Director, Audit & Certification

⁴ Supplies and Services includes non-IT consulting services



South Carolina Department of Natural Resources

Robert H. Boyles, Jr.
Director

October 31, 2022

Mr. Crawford Milling
Director of Audit & Certification
Division of Procurement Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Subject: South Carolina Department of Natural Resources Current Status of Corrective Actions for P-Card Program.

The South Carolina Department of Natural Resources respectfully submits the status of the corrective actions that were submitted July 19, 2021, in response to the limited follow-up review of the Department's P-Card program dated April 2, 2021.

- 1) The single transaction limit and monthly credit limit for a significant majority of the Department's P-Cards be reduced to \$1,000 and \$3,000 respectively. (To be implemented no later than 90 days from the date of this response).

Current Status: The single transaction limit and monthly credit limit for a significant majority of the Department's P-Cards were reduced on September 27, 2021, as described in the corrective action. In addition to reducing standard P-Card limits the Department has also further reduced its overall number of P-Cards down to 536.

- 2) Addition of a second level of review to each cardholders' monthly transactions, typically by the second level supervisor to the card holder. This review will be documented by having the second reviewer sign a checklist which clearly outlines the following items that they will review each transaction for:
 - Split purchases
 - Single transaction limits
 - Blocked MCC codes
 - Prohibited Purchases(To be implemented with the P-Card statements ending December 28, 2022).

Current Status: The Department implemented a documented second level review of each cardholders' monthly transactions via a signed checklist beginning with the P-Card statements ending March 27, 2022. Implementation of this second level review was delayed slightly due to the timing of the implementation of P-Card training.

Live Life Outdoors

- 3) Revision of the Department's P-Card Manual to reflect these corrective actions and to better comply with the revised State P-Card Policy dated March 6, 2020. Once revised the Department's P-Card Manual will be submitted to Audit and Certification for review and approval. (To be implemented no later than 90 days from the date of this response)

Current Status: The Department submitted a revised P-Card Manual on October 15, 2021. Final approval of the revised P-Card Manual was received by the Department on January 12, 2022.

- 4) Upon approval of the Department's P-Card Policy Manual revisions, the Department will develop and implement a documented training program that covers all aspects of the P-Card program. (To be implemented by the end of the calendar year 2021).

Current Status: P-Card Training for all Department staff with involvement with P-Card process (Cardholder, Supervisors, Liaisons, Etc.) was completed as of March 11, 2022. Training is also required for all new staff with involvement in the P-Card process. Implementation of training was delayed slightly due to the timing of receiving approval of the P-Card manual revisions.

- 5) Once these corrective actions have been in place for a full fiscal year, the Department will submit annual internal audit reports, performed by the Audit Manager, to Audit and Certification.

Current Status: The annual internal audit of the Department's P-Card program is scheduled to begin July 2023 to allow corrective actions 1 through 4 to be implemented for a full fiscal year.

Caleb-Scott Cohoon

Caleb-Scott Cohoon
Audits Manager



Robert H. Boyles, Jr.
Director

SECTION 11-35-1230. Auditing and fiscal reporting.

(1) The Division of Procurement Services, through consultation with the chief procurement officers, shall develop written plans for the auditing of state procurements.

(2) In procurement audits of governmental bodies thereafter, the auditors from the Division of Procurement Services shall review the adequacy of the governmental body's internal controls in order to ensure compliance with the requirement of this code and the ensuing regulations. A noncompliance discovered through audit must be transmitted in management letters to the audited governmental body and the board. The Division of Procurement Services shall provide in writing proposed corrective action to governmental bodies. Based upon audit recommendations, the board may revoke certification as provided in Section 11-35-1210 and require the governmental body to make all procurements through the appropriate chief procurement officer above a dollar limit set by the board, until such time as the board is assured of compliance with this code and its regulations by that governmental body.

SECTION 11-35-1210. Certification.

(1) Authority. In an amount up to fifty thousand dollars in actual or potential value, individual governmental bodies may make direct procurements not under term contracts. Subject to the following and subject to any ensuing regulations:

(a) the board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of Procurement Services shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract; and

(b) the Director of the Division of Procurement Services may authorize an individual governmental body to make direct procurements not under term contracts in an amount up to one hundred fifty thousand dollars. All authority granted pursuant to this item must be in writing, and the director shall advise the board in writing of all such authorizations.

(2) Policy. Authorizations granted by the board or the Director of the Division of Procurement Services to a governmental body are subject to the following:

(a) adherence to the provisions of this code and the ensuing regulations, particularly concerning competitive procurement methods;

(b) responsiveness to user needs;

(c) obtaining the best prices for value received.

(3) Adherence to Provisions of the Code. All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

(4) Subject to subsection (1), the State Board for Technical and Comprehensive Education, in coordination with the appropriate chief procurement officer, may approve a cumulative total of up to fifty thousand dollars in additional procurement authority for technical colleges, provided that the Division of Procurement Services makes no material audit findings concerning procurement. As provided by regulation, any authority granted pursuant to this paragraph is effective when certified in writing by the Division of Procurement Services.

AGENCY	CERTIFICATION DATE	CERT NO.	Active	Supplies and :Supplies	All other Supplie Services	Consultant Ser	Information Te	Construction Contr	Construction Con
ADJUTANT GENERAL, OFFICE OF THE	8/21/2018	486	Y	100,000				100,000	
ARTS COMMISSION	9/8/2021	514	Y	100,000			100,000		
COMMERCE, DEPT. OF	5/14/2019	493	Y	100,000			100,000		
CORRECTIONS, SC DEPT. OF	8/21/2018	487	Y	1,000,000		100,000	100,000	100,000	100,000
EDUCATION, SC DEPT. OF	10/15/2019	498	Y	150,000			100,000		
FORESTRY COMMISSION	10/17/2017	481	Y	200,000		75,000	100,000		
	1/9/2020	507	Y					100,000	
	3/28/2023	tbd	Recommend	200,000			100,000	100,000	
HEALTH & ENVIRONMENTAL CONTROL,	6/27/2018	484	Y		2,000,000	250,000	225,000		
	2/11/2020	508	Y					100,000	
JUVENILE JUSTICE, DEPT. OF	12/17/2020	510	Y	500,000				100,000	25,000
LABOR, LICENSING & REGULATION, DEP	8/21/2018	488	Y	100,000		100,000			
MOTOR VEHICLES, DEPT. OF	5/12/2020	509	Y	350,000			150,000		
NATURAL RESOURCES, DEPT. OF	5/1/2018	483	Y	300,000					
	9/9/2019	496	Y					100,000	
	3/28/2023	tbd	Recommend	300,000				250,000	50,000
PARKS, RECREATION & TOURISM, DEPT	5/31/2022	515	Y	250,000				250,000	250,000
PUBLIC SAFETY, DEPT. OF	8/30/2022	517	Y	500,000			100,000		25,000
STATE LAW ENFORCEMENT DIVISION (S	8/30/2022	519	Y	250,000			100,000		
TRANSPORTATION, DEPT. OF	12/10/2019	503	Y		1,000,000	500,000	100,000	500,000	100,000

AGENCY: Division of Procurement Services

SUBJECT: Audit and Certification - The South Carolina Forestry Commission (SCFC)

The S.C. Consolidated Procurement Code and ensuing regulations (Procurement 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. Code Ann. §§ 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 October 17, 2017, the Authority delegated procurement authority to The South Carolina Forestry Commission (SCFC) as follows:

	<u>Certification Limits</u>
Supplies and Services	\$ 200,000 per commitment
Major Fire Fighting Equipment	\$1,000,000 per commitment
Consulting Services	\$ 75,000 per commitment
Information Technology	\$ 100,000 per commitment

Per SC Code Ann. § 11-35-1210 (1) (b) and Regulation 19-445.2020B, the Director of Procurement Services may authorize a governmental body to make direct procurements not under term contracts in an amount up to one hundred fifty thousand dollars. At the request of SCFC and with the concurrence of the Office of the State Engineer, the Director of the Division of Procurement Services (DPS) authorized an increase in SCFC's procurement authority for Construction Services on January 9, 2020, for award of small Construction Contracts up to \$100,000.¹

In accordance with S.C. Code Ann. § 11-35-1230, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of SCFC to determine whether the internal controls of the Agency's procurement system were adequate to ensure compliance, in all material respects, with the Procurement Code. We found the SCFC's system of internal controls over procurement were not adequately documented in its internal procurement procedure manual to ensure compliance with the Procurement Code as described in the audit report and made recommendations for improvement. SCFC has either implemented or initiated implementation of the recommended corrective actions, and with completion of implementation, SCFC's system of internal controls over procurement will be adequate to ensure compliance with the Procurement Code as described in the audit report.

Per S.C. Code Ann. §11-35-1210, South Carolina Forestry Commission requests that the Authority reauthorize it to make direct procurements for Supplies & Services, Major Fire Fighting Equipment, Information Technology, and Construction Services.

¹ \$100,000 is the small procurement limit for construction. Up to this amount, the agency need only make a written request for written quotes and obtain three or more quotes.

AGENCY: Division of Procurement Services

SUBJECT: Audit and Certification - The South Carolina Forestry Commission (SCFC)

AUTHORITY ACTION REQUESTED:

Authorize The South Carolina Forestry Commission to make direct procurements at the following limits for three years from date of approval:

	<u>Certification Limits</u>
Supplies and Services ²	*\$ 200,000 per commitment
Major Fire Fighting Equipment ³	*\$ 1,000,000 per commitment
Information Technology ⁴	*\$ 100,000 per commitment
Construction Contract Award	*\$ 100,000 per commitment

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

Require SCFC to submit a report of its periodic independent audit of its P-Card Program for the 2022 calendar year to DPS by May 1, 2023.

² Supplies and Services includes non-IT consulting services.

³ For commodity codes 065, 071, 072, 073, 760, & 765

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

ATTACHMENTS:

Agenda item worksheet and attachment

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: March 28, 2023

Regular Agenda

1. Submitted by:

- (a) Agency: Division of Procurement Services
(b) Authorized Official Signature:



John St. C. White, Materials Management Officer

2. Subject: Audit and Certification

3. Summary and Background Information:

The S.C. Consolidated Procurement Code and ensuing regulations (Procurement 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. Code Ann. §§ 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 October 17, 2017, the Authority delegated procurement authority to The South Carolina Forestry Commission (SCFC) as follows:

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¹ \$100,000 is the small procurement limit for construction. Up to this amount, the agency need only make a written request for written quotes and obtain three or more quotes.

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

4. What is Authority asked to do?

Authorize The South Carolina Forestry Commission to make direct procurements at the following limits for three years from date of approval:

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Require SCFC to submit a report of its periodic independent audit of its P-Card Program for the 2022 calendar year to DPS by May 1, 2023.

² Supplies and Services includes non-IT consulting services.

³ For commodity codes 065, 071, 072, 073, 760, & 765

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

5. What is recommendation of the submitting agency involved?

Authorize The South Carolina Forestry Commission to make direct procurements at the limits set forth above for three years and require SCFC to implement the measure set forth above.

6. Private Participant Disclosure – Check one:

- ☒ No private participants will be known at the time the Authority considers this agenda item.
- ☐ A Private Participant Disclosure form has been attached for each private participant.
As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
- (b) Office Name: _____

8. List of Supporting Documents:

- (a) S.C. Code Ann. § 11-35-1230
- (b) S.C. Code Ann. § 11-35-1210
- (c) Certification Comparison

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.



**South Carolina
Forestry Commission**

INDEPENDENT PROCUREMENT AUDIT REPORT

**for the Audit Period:
January 1, 2019 to December 31, 2021**

**Office of Audit & Certification
Division of Procurement Services
October 11, 2022**

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ABBREVIATIONS

COTS	– Commercially Available Off-the-Shelf
CPO	– Chief Procurement Officer
DPS	– Division of Procurement Services
PI Manual	– Manual for Planning and Execution of State Permanent Improvements
ITMO	– Information Technology Management Office
MBE	– Minority Business Enterprise
MCC	– Merchant Category Code
MMO	– Materials Management Office
OCG	– Office of the Comptroller General
OSE	– Office of State Engineer
PCA	– Purchasing Card Administrator
P-Card	– Purchasing Card
PO	– Purchase Order
Procurement Code	– SC Consolidated Procurement Code and ensuing Regulations
SCFC	– The South Carolina Forestry Commission
SFAA	– State Fiscal Accountability Authority
SMBCC	– Small and Minority Business Contracting and Certification
SPO	– Surplus Property Office
State PO Policy	– State of South Carolina Statewide Purchase Order Policy
STL	– Single Transaction Limit

INTRODUCTION

DPS audited SCFC's internal procurement operating policies and procedures, as outlined in their internal Procurement Operating Procedures Manual, under § 11-35-1230 of the Procurement Code and Reg. 19-445.2020.

The primary objective of our audit was to determine whether, in all material respects, the internal controls of SCFC's procurement system are adequate to ensure compliance with the Procurement Code and ensuing regulations.

The management of SCFC is responsible for the agency's compliance with the Procurement Code. Those responsibilities include the following:

- Identifying the agency's procurement activities and understanding and complying with the Procurement Code
- Establishing and maintaining an effective organization structure and system of internal control over procurement activities that provide reasonable assurance that the agency administers its procurement programs in compliance with the Procurement Code
- Establishing clear lines of authority and responsibility for making and approving procurements
- Documenting the agency's procurement procedures and system of internal controls over its procurement activities in an internal procurement procedure manual
- Taking corrective action when instances of noncompliance are identified, including corrective action for the findings of this audit

Because of inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected. Projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our review and evaluation of the system of internal control over procurement transactions, as well as our overall audit of procurement policies and procedures, was conducted with professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

INTRODUCTION

Our audit was also performed to determine if recertification under SC Code Ann. § 11-35-1210 is warranted.

On October 17, 2017 SFAA granted SCFC the following procurement certifications:

<u>PROCUREMENT AREAS</u>	<u>CURRENT CERTIFICATION LIMITS</u>
Supplies and Services	*\$200,000 per commitment
Major Fire Fighting Equipment	*\$1,000,000 per commitment
Consulting Services	*\$ 75,000 per commitment
Information Technology	*\$ 100,000 per commitment
Construction Contract Award	*\$ 100,000 per commitment

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

During the audit, the Agency did not request an increase in its certification limits.

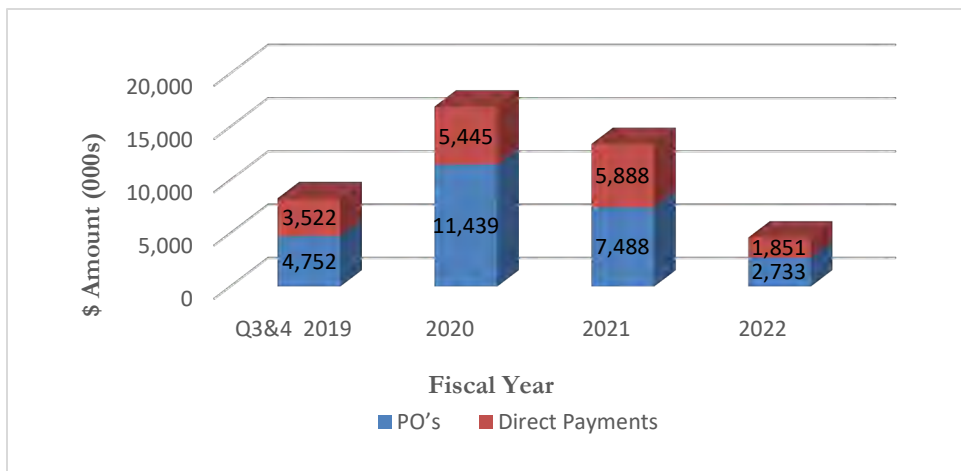
SCOPE

We conducted our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Our audit included testing, on a sample basis, evidence about SCFC's compliance with the Procurement Code for the period January 1, 2019, through December 31, 2021, the audit period, and performing other procedures that we considered necessary in the circumstances. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Total Expenditures

During the audit period, the agency made expenditures as follows:

	\$ Amount (000s)				
	Q3,4 FY2019	FY2020	FY2021	Q1,2 FY2022	Total
POs ¹	4,752	11,439	7,488	2,733	26,414
Direct Pay ²	3,522	5,445	5,888	1,851	16,706
Total Spend	8,274	16,884	13,377	4,854	43,120



¹ **POs** represents all expenditures made with a Purchase Order. These are required for most contract purchases by the terms of the contract and is the preferred procurement instrument when a government unit orders or procures supplies or services from a vendor.

² **Direct Pays** are made without purchase order based on the State Purchase Order Policy. These may occur with purchases of supplies or services that are exempt from the Procurement Code or for such things as payment for P-Card purchases or purchases less than \$2500.

SUMMARY OF RESULTS

	<u>PAGE</u>
I. <u>Procurement Manual</u>	6
SCFC's internal procurement procedure manual did not contain procedures for the application of key provisions of the Procurement Code.	
II. <u>Supplies and Services</u>	7
Our testing of supplies and services expenditures did not identify any compliance issues.	
III. <u>Sole Source and Emergency Procurements</u>	7
Our testing of sole source and emergency procurements did not identify any compliance issues.	
IV. <u>Construction</u>	7
Our testing of construction did not identify any compliance issues	
V. <u>P-Cards</u>	
<u>Program Administration</u>	
A. <u>Insufficient P-Card Manual</u>	8
SCFC's internal P-Card Manual is outdated and does not address key elements of the State P-Card Policy.	
B. <u>Independent Audit of P-Cards Not Performed</u>	8
SCFC did not perform periodic independent audits of the P-Card program.	
VI. <u>Unauthorized or Illegal Procurements</u>	9
Our testing of unauthorized procurements did not identify any compliance issues.	
VII. <u>Surplus Property</u>	9
Our testing of surplus property did not identify any compliance issues.	
VIII. <u>MBE Reports</u>	9
SCFC submitted three MBE Annual Utilization Plans to SMBCC after established due dates.	

Note: The agency's responses to issues raised in this report have been inserted immediately following the recommendations in the body of the report.

RESULTS OF AUDIT

I. Procurement Manual

We reviewed SCFC's internal procurement procedures manual that was in effect during the audit period to evaluate its effectiveness in documenting the agency's system of internal controls over procurement.

SCFC's procurement manual did not contain procedures for conducting the types of procurements commonly used by the agency to ensure compliance with key sections of the Procurement Code. Additionally, SCFC's internal procurement manual has not been approved by the CPO. Some key sections not addressed by SCFC's Procurement Manual are:

- Roles and responsibilities for required functions were not clearly assigned.
- Procurement and approval authority for specific types of procurements was not identified.
- There was no defined system for organizing and retaining procurement files.
- Data ownership was not assigned, nor was there a process for requesting or granting access to procurement files.
- Procedures for the purchase of COTS products per SC Regs. 19-445.2141.
- Policy for the acceptance of gifts or the definition of a gift.
- The source selection methods are included in the manual, but they do not include specific details that pertain to the agency such as which employee is responsible for each task and the process for relevant individuals to approve each step. (SC Code Ann. § 11-35-1510, 1520, 1530)
- The manual does not include the requirement/procedures for verifying IT Plan approval prior to solicitation for IT procurements greater than \$50,000

Recommendation: We recommend SCFC develop an internal procurement procedures manual as required by SC Code Ann. § 11-35-540 (3) and Reg. 19-445.2005, and that SCFC submit the manual to the DPS for approval. Procurement Services' website has a procurement manual checklist that may serve as a guide in revising the agency's manual. SCFC provided an updated procurement manual dated August of 2022 after the completion of field work. We commend SCFC for providing an updated manual.

Agency Response

We acknowledge and accept the finding that the Procurement Manual did not contain procedures for the application of key provisions of the Procurement Code. As noted in

RESULTS OF AUDIT

your recommendations, the manual was updated in August after the completion of the field work to include all requested requirements and resubmitted.

II. Supplies and Services

We audited expenditures exceeding \$10,000 made with POs, and expenditures made without a PO to assess compliance with the Procurement Code and did not identify any issues.

III. Sole Source Procurements and Emergency Procurements

Sole Source and emergency procurements made pursuant to SC Code Ann §§ 11-35-1560 and 1570, were evaluated to assess the appropriateness of the procurement actions and the accuracy of the quarterly reports required by § 11-35-2440. During the audit period SCFC reported 22 sole source procurements totaling approximately \$437k and four emergency procurements totaling approximately \$1.5M to DPS.

Our testing of sole source and emergency procurements did not identify any compliance issues.

IV. Construction

We tested construction, and architectural/engineer and related professional service contracts for compliance with the Procurement Code and the PI Manual.

Our testing of construction and related professional services did not identify any compliance issues.

V. P-Cards

The SCFC had 163 P-Cards in use during the audit period and spent approximately \$2.6M in 15,194 transactions. Based on the volume of usage, there is increased risk that misuse, or abuse of P-Cards will not be prevented or detected without adequate management oversight.

Program Administration

We reviewed SCFCs P-Card Policy and Procedures for compliance with the State P-Card Policy and identified areas of non-compliance.

RESULTS OF AUDIT

A. Insufficient P-Card Manual

We reviewed SCFC P-Card Manual dated May 2021 which was in effect during the audit period for compliance with State P-Card Policy and identified areas of non-compliance as follows:

- No procedures for the development of documented Level I and II training programs and a documented record and acknowledgement of training for employees with program responsibility
- No procedures for approval and use of blocked MCCs.
- No procedures for monitoring accounts for inactivity and promptly closing accounts that are no longer needed.
- No procedures that require a written designation of the PCA to the State P-Card Coordinator.
- No procedures for an annual independent audit of the P-Card program.
- No mention of the requirements for a monthly P-Card Statement Certification to be submitted to the OCG
- The manual does not explicitly state that there can be only one card per cardholder.
- No procedures for authorizing P-Card STL limits in excess of \$2,500 and authorizing P-Card STL above the no competition limit.

State P-Card Policy III. A. 1 lists key requirements agencies must include in their internal P-Card manuals.

Recommendation: We recommend SCFC revise its internal P-Card Manual to include the key requirements outlined in the State P-Card Policy. Procurement Services' website has a P-Card Manual Checklist that may be of assistance in revising the manual. SCFC provided an updated P-Card Manual dated September 2022 after the completion of field work. We commend SCFC for providing an updated manual.

Agency Response

We acknowledge and accept the finding for the insufficient P-Card Manual. As noted in your recommendations, the manual was updated in September after the completion of the field work to include all requested requirements and resubmitted.

B. Independent Audit of P-Cards Not Performed

SCFC did not perform independent audits of P-Card activity as required by Section V. 6. of the State P-Card Policy.

RESULTS OF AUDIT

Recommendation: We recommend that SCFC develop and implement procedures to require independent audits of the P-Card program are conducted, at least annually, including program administration and transaction testing. We further recommend that these audits be performed by individuals not associated with the P-Card program.

Agency Response

We acknowledge and accept the finding for the independent Audit of P-Cards not performed. The P-Card Administrator and Accounting Coordinator will begin conducting quarterly audits of the P-Cards on January 1, 2023. An annual internal audit of the P-Cards will be conducted by the Agency's Privacy Officer beginning July 1, 2023.

VI. Unauthorized or Illegal Procurements

We tested unauthorized or illegal procurements to determine compliance with the Procurement Code. All reported unauthorized or illegal procurements were properly resolved.

VII. Surplus Property

We tested asset disposals to determine compliance with the Procurement Code and State policies and procedures. Our testing of asset disposals did not identify any compliance issues.

VIII. MBE Reports

We requested copies of SCFC's annual MBE utilization plans and quarterly progress reports to assess compliance with the Procurement Code.

SCFC submitted three annual MBE utilization plans to SMBCC after established due dates as required by SC Code Ann. § 11-35-5240.

Recommendation: We recommend SCFC develop and implement procedures, including management review, for submitting annual utilization plans and quarterly progress reports to the SMBCC as required by SC Code Ann. § 11-35-5240.

RESULTS OF AUDIT

Agency Response

We acknowledge and accept the findings of the MBE Reports. Due to the inability to obtain reports from SCEIS/Citrix to complete yearly Utilization Plan in a timely manner the reports were filled later than the July deadline. In the future a request for an extension will be submitted to the MBE office should reports not be available to complete and file the Utilization Plan by the required date.

CERTIFICATION RECOMMENDATION

We found SCFC's system of internal controls over its procurement process was not adequate to ensure compliance with the Procurement Code as described in the audit report and made recommendations for improvement. With the implementation of the recommended corrective actions, SCFC's procurement process will be adequate to ensure compliance with the Procurement Code.

As provided in SC Code Ann. § 11-35-1210, we recommend that SCFC's procurement authority to make direct agency procurements be re-certified up to the following limits for three years:

PROCUREMENT AREAS

Supplies and Services³

Major Fire Fighting Equipment⁴

Information Technology⁵

Construction Contract Award

RECOMMENDED CERTIFICATION LIMITS

*\$ 200,000 per commitment

*\$1,000,000 per commitment

*\$ 100,000 per commitment

*\$ 100,000 per commitment

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



Ed Welch, CPA
Audit Manager,
Audit & Certification



Crawford Milling, CPA, CGMA
Director, Audit & Certification

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(b) responsiveness to user needs;

(c) obtaining the best prices for value received.

(3) Adherence to Provisions of the Code. All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

(4) Subject to subsection (1), the State Board for Technical and Comprehensive Education, in coordination with the appropriate chief procurement officer, may approve a cumulative total of up to fifty thousand dollars in additional procurement authority for technical colleges, provided that the Division of Procurement Services makes no material audit findings concerning procurement. As provided by regulation, any authority granted pursuant to this paragraph is effective when certified in writing by the Division of Procurement Services.

AGENCY	CERTIFICATION DATE	CERT NO.	Active	Supplies and :Supplies	All other Supplie Services	Consultant Ser	Information Te	Construction Contr	Construction Con
ADJUTANT GENERAL, OFFICE OF THE	8/21/2018	486	Y	100,000				100,000	
ARTS COMMISSION	9/8/2021	514	Y	100,000			100,000		
COMMERCE, DEPT. OF	5/14/2019	493	Y	100,000			100,000		
CORRECTIONS, SC DEPT. OF	8/21/2018	487	Y	1,000,000		100,000	100,000	100,000	100,000
EDUCATION, SC DEPT. OF	10/15/2019	498	Y	150,000			100,000		
FORESTRY COMMISSION	10/17/2017	481	Y	200,000		75,000	100,000		
	1/9/2020	507	Y					100,000	
	3/28/2023	tbd	Recommend	200,000			100,000	100,000	
HEALTH & ENVIRONMENTAL CONTROL,	6/27/2018	484	Y		2,000,000	250,000	225,000		
	2/11/2020	508	Y					100,000	
JUVENILE JUSTICE, DEPT. OF	12/17/2020	510	Y	500,000				100,000	25,000
LABOR, LICENSING & REGULATION, DEP	8/21/2018	488	Y	100,000		100,000			
MOTOR VEHICLES, DEPT. OF	5/12/2020	509	Y	350,000			150,000		
NATURAL RESOURCES, DEPT. OF	5/1/2018	483	Y	300,000					
	9/9/2019	496	Y					100,000	
	3/28/2023	tbd	Recommend	300,000				250,000	50,000
PARKS, RECREATION & TOURISM, DEPT	5/31/2022	515	Y	250,000				250,000	250,000
PUBLIC SAFETY, DEPT. OF	8/30/2022	517	Y	500,000			100,000		25,000
STATE LAW ENFORCEMENT DIVISION (S	8/30/2022	519	Y	250,000			100,000		
TRANSPORTATION, DEPT. OF	12/10/2019	503	Y		1,000,000	500,000	100,000	500,000	100,000

AGENCY: Division of Procurement Services

SUBJECT: Procurement Exemption for the South Carolina Departments of Mental Health, Juvenile Justice, Social Services, and Disabilities and Special Needs (Departments) for acquisition of certain client services.

Section 11-35-710 authorizes the State Fiscal Accountability Authority (the “Authority”) to “exempt specific supplies, services, information technology, or construction from the purchasing procedures” of the South Carolina Consolidated Procurement Code. The Departments’ request that the Authority grant them an exemption for the acquisition of services, including placement and transportation where appropriate, for children, adolescents, and adults that meet the criteria of the Diagnoses on the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (Neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders of childhood, adolescence and adults when needed services cannot be met or provided by existing contracted providers, including situations where existing providers do not have adequate capacity or expertise or otherwise decline to serve the client, and the urgency of the need for the services does not permit the delay necessary to conduct a regular procurement, or when a court orders one or more of the Departments to provide services by a provider identified by name in a court order.

AUTHORITY ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-710, exempt from purchasing procedures of the Consolidated Procurement Code the Departments’ acquisition of services, including placement and transportation where appropriate, for children, adolescents, and adults that meet the criteria of the Diagnoses on the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (Neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders of childhood, adolescence and adults when needed services cannot be met or provided by existing contracted providers, including situations where existing providers do not have adequate capacity or expertise or otherwise decline to serve the client, and the urgency of the need for the services does not permit the delay necessary to conduct a regular procurement, or when a court orders one or more of the Departments to provide services by a provider identified by name in a court order.

Further:

- 1) Exclude from the scope of this exemption the reissuance of the solicitations identified in Exhibit C,
- 2) Require the Departments to submit procedures for acquiring services exempted by this exemption to the Division of Procurement Services (Division) for the Division’s approval,
- 3) Require the Departments to use the procedures approved by the Division for the acquisition of services pursuant to this exemption,
- 4) Require the Departments to submit quarterly reports of their acquisitions under this exemption to the Division of Procurement Services, and
- 5) Require that this exemption shall sunset in five years unless reauthorized by the Authority.

ATTACHMENTS:

Agenda item worksheet; Sections 11-35-710; Requests from the South Carolina Departments of Social Services and Disabilities and Special Needs; Exclusions

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: 3/28/2023

Regular Agenda

1. Submitted by:

- (a) Agency: Division of Procurement Services
(b) Authorized Official Signature:


John St. C. White, Materials Management Officer

2. Subject: Other-Specify

Procurement Exemption for the South Carolina Departments of Mental Health, Juvenile Justice, Socials Services, and Disabilities and Special Needs (Departments) for acquisition of certain client services.

3. Summary and Background Information:

Section 11-35-710 authorizes the State Fiscal Accountability Authority (the "Authority") to "exempt specific supplies, services, information technology, or construction from the purchasing procedures" of the South Carolina Consolidated Procurement Code. The Departments request that the Authority grant them an exemption for the acquisition of services, including placement and transportation where appropriate, for children, adolescents, and adults that meet the criteria of the Diagnoses on the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (Neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders of childhood, adolescence and adults when needed services cannot be met or provided by existing contracted providers, including situations where existing providers do not have adequate capacity or expertise or otherwise decline to serve the client, and the urgency of the need for the services does not permit the delay necessary to conduct a regular procurement, or when a court orders one or more of the Departments to provide services by a provider identified by name in a court order.

- 4. What is the Authority asked to do?** Under authority of SC Consolidated Procurement Code Section 11-35-710, exempt from purchasing procedures of the Consolidated Procurement Code the Departments' acquisition of services, including placement and transportation where appropriate, for children, adolescents, and adults that meet the criteria of the Diagnoses on the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (Neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders of childhood, adolescence and adults when needed services cannot be met or provided by existing contracted providers, including situations where existing providers do not have adequate capacity or expertise or otherwise decline to serve the client, and the urgency of the need for the services does not permit the delay necessary to conduct a regular procurement, or when a court orders one or more of the Departments to provide services by a provider identified by name in a court order.

Further:

- 1) Exclude from the scope of this exemption the reissuance of the solicitations identified in Exhibit C,
- 2) Require the Departments to submit procedures for acquiring services exempted by this exemption to the Division of Procurement Services (Division) for the Division's approval,
- 3) Require the Departments to use the procedures approved by the Division for the acquisition of services pursuant to this exemption,

- 4) Require the Departments to submit quarterly reports of their acquisitions under this exemption to the Division of Procurement Services, and
- 5) Require that this exemption shall sunset in five years unless reauthorized by the Authority.

5. What is recommendation of the submitting agency involved? The Chief Procurement Officer recommends the Authority grant the Departments the requested exemption as set forth in item four above.

6. Private Participant Disclosure – Check one:

- ☒ No private participants will be known at the time the Authority considers this agenda item.
☐ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
(b) Office Name: _____

8. List of Supporting Documents:

A - Sections 11-35-710

B – Requests from the South Carolina Departments of Social Services, Disabilities and Special Needs, Juvenile Justice, and Mental Health

C – Exclusions

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.

SECTION 11-35-710. Exemptions.

(A) The board, upon the recommendation of the chief procurement officer, may exempt governmental bodies from purchasing certain items through the respective chief procurement officer's area of responsibility. The board may exempt specific supplies, services, information technology, or construction from the purchasing procedures required in this chapter and for just cause by unanimous written decision limit or may withdraw exemptions provided for in this section. The following exemptions are granted from this chapter:

(1) the construction, maintenance, and repair of bridges, highways, and roads; vehicle and road equipment maintenance and repair; and other emergency-type parts or equipment utilized by the Department of Transportation or the Department of Public Safety;

(2) the purchase of raw materials by the South Carolina Department of Corrections, Division of Prison Industries;

(3) South Carolina State Ports Authority;

(4) Division of Public Railways of the Department of Commerce;

(5) South Carolina Public Service Authority;

(6) expenditure of funds at state institutions of higher learning derived wholly from athletic or other student contests, from the activities of student organizations, and from the operation of canteens and bookstores, except as the funds are used for the procurement of construction, architect-engineer, construction-management, and land surveying services;

(7) livestock, feed, and veterinary supplies;

(8) articles for commercial sale by all governmental bodies;

(9) fresh fruits, vegetables, meats, fish, milk, and eggs;

(10) South Carolina Arts Commission and South Carolina Museum Commission for the purchase of one-of-a-kind items such as paintings, antiques, sculpture, and similar objects. Before a governmental body procures the objects, the head of the purchasing agency shall prepare a written determination specifying the need for the objects and the benefits to the State. The South Carolina Arts Commission shall review the determination and forward a recommendation to the board for approval;

(11) published books, periodicals, and technical pamphlets;

(12) South Carolina Research Authority;

(13) the purchase of supplies, services, or information technology by state offices, departments, institutions, agencies, boards, and commissions or the political subdivisions of this State from the South Carolina Department of Corrections, Division of Prison Industries;

(14) Medical University Hospital Authority, if the Medical University Hospital Authority has promulgated a procurement process in accordance with its enabling provision;

(15) if approved in writing by the State Engineer in advance, and if some aspect of the overall transaction is otherwise approved by the board in advance of the acquisition, an acquisition of construction from an eleemosynary corporation or foundation, or a wholly owned business thereof, established solely for the governmental body's benefit, but only if the eleemosynary corporation or foundation acquires the construction on behalf of or for the use of the governmental body and does so pursuant to this code, as required by Section 11-35-40(4).

(B) The State Fiscal Accountability Authority shall maintain and post publicly a running list of all currently effective actions taken by the board pursuant to subsection (A).



HENRY McMASTER, GOVERNOR
MICHAEL LEACH, STATE DIRECTOR



March 6, 2023

Mr. Delbert Singleton
Director, Division of Procurement Services and Authority Secretary
South Carolina State Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201

Re: Updated Exemption Request in Collaboration with multiple agencies

Dear Mr. Singleton,

I am writing to ask you to support this request from the South Carolina Department of Social Services to exempt certain services pursuant to §11-35-710 of the SC Consolidated Procurement Code; services that the agency is required to provide for children and adults to ensure safety, permanency and well-being. After much internal discussion and consideration of options, DSS considers this request necessary to fulfill the Agency's mission, which is to serve South Carolinians by promoting safety, permanency and well-being of children and vulnerable adults, helping individuals achieve stability and strengthening families, in addition to complying with requirements of the courts in a timely fashion.

Specifically, this request is to exempt the following services from requirements of the code:

- Services and/or placement of children and adults that meet the criteria of the Diagnosis on the DSM-5 (Neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders of childhood, adolescence and adults.
- Services to these children, adolescents, and adults that are not on an agency or state term contract, but urgently required for stability and strengthening of children, adolescents, and adults in addition to the family. Included, in this is consultation and training in support of the provision of those services.
- Services to these children, adolescents, and adults that require specific medical expertise and are deemed medically necessary, ordered by the court, or both.

As of February 10, 2023, DSS had 3811 children and adolescents in foster care and 641 adults with open services. Many of the needs of this population are of an immediate nature and cannot be deferred while the agency prepares and issues solicitations. If granted, the exemption would eliminate this need to competitively procure these services or, as is often the case, issuing emergency contracts for each individual who qualifies for and needs these services. The agency understands the need to ascertain things like responsibility and price reasonableness when using this exemption.

DSS's mission and its charge to provide services to South Carolina's most vulnerable children and adults with the services they need to live a productive life can only be effectively achieved if these services are exempt from the requirements of the South Carolina Procurement Code. This will allow the agency to formulate policies and procedures and reduce the administrative procedure for an emergency contract.

If you have questions about this request or require further information, do not hesitate to contact me. Thank you for your consideration of this matter.

Sincerely,

Mike Leach

Digitally signed by Mike
Leach
Date: 2023.03.06
11:38:56 -05'00'

Michael Leach
DSS State Director

cc: John St. C. White, Materials Management Officer
Don Grant, DSS Deputy Director of Administration
Susan Roben, DSS Chief Financial Officer
Shaneka Oliver, DSS Procurement Director
Emily Medere, DSS Deputy Director of Child Welfare

Current Contracted Services

DSS uses the following contracts for placement and services to children and adults with Diagnostic and Statistical Manual of Mental Disorders (DSM-5) (neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders. [Diagnostic and Statistical Manual of Mental Disorders](#)

- **5400013556 - Group Care for Children**

To seek qualified and established group care facilities throughout the state of South Carolina for children/youth who have been victims of abuse and neglect and who are in the custody of the SCDSS. Group Care is not intended to be used for respite care. Residential services will be targeted to children/youth who have clinical, mental, or behavioral service needs that cannot be adequately or safely met in a regular or therapeutic foster home. Services to be provided are Group Care Level 1, Group Care Level 2 and Group Care Level 3.

- **540002374 - APS Emergency Placement Beds for Vulnerable Adults**

The South Carolina Department of Social Services, Division of Adult Protective Services Program is soliciting a statewide Fixed Priced Bid to provide secure temporary emergency stabilization beds services from Providers' Nursing Facility for adults 55 years and older (or who meet the Nursing Home level of care) and/or licensed Community Residential Care Facility (CRCF)/Assisted Living Facility for adults 18 years and older who are vulnerable and are in the care or custody of the SCDSS APS System.

- **5400020443 - Fixed Price Bid Medicaid Rehabilitative Behavioral Services (Multiple Agencies)**

To establish multiple sources for the purchase of Medicaid Rehabilitative Behavioral Health Services (RBHS) for children under the age of 21 for the agencies listed herein. The resulting contracts will allow Using Governmental Units to purchase services for Medicaid and Non-Medicaid eligible children at the rates established by the South Carolina Department of Health and Human Services (DHHS) for their Medicaid program. The Using Governmental Units will not set or adjust rates related to this solicitation. The sole rate setting authority is DHHS and any adjustment of the rate would be at the discretion of DHHS. Any adjustments to current rates will be posted by DHHS on their web link at <https://www.scdhhs.gov/>.

- **5400019950 - Homemaker and Emergency Temporary Personal Care Assistant Services**

It is the intent of the State of South Carolina, by and through its State Fiscal Accountability Authority, Office of State Procurement to solicit proposals on behalf of the South Carolina Department of Social Services (SCDSS) to secure qualified Contractors of homemaker services to adults, ages eighteen (18) years and older who are frail, elderly, developmentally, physical, or mentally impaired, and/or emergency temporary personal care services for vulnerable adults, eighteen (18) years and older, who are receiving Adult Protective Services (APS) and need twenty-four (24) hour supervision in their home, place of residence, or current location to monitor and protect their health and safety through home support and/or medical monitoring.

- **5400018636 - Transportation Services- Multi Agency**

The Office of State Procurement (OSP) is soliciting competitive bids on behalf of the South Carolina agencies listed below to provide non-medical transportation for children who are emotionally and/or behaviorally challenged (at times this could include transporting the child's family/guardian as well)

complying with the enclosed specifications. At the sole discretion of the State, the list of agencies can be modified to add/remove listed agencies. The services will be required in all forty-six (46) counties of South Carolina.

- **4400028079 - Interagency Agreement with SC Department of Alcohol and Other Drug Abuse Services**

To partner with community agencies in creating appropriate linkages and a continuum of "wrap-around" services that foster family self-sufficiency. To demonstrate that intensive case management services have a measurable impact on treatment outcomes and relapse prevention.

- **4400021941 - Interagency Agreement with MUSC- Medical University Hospital Authority (MUHA)**

To provide comprehensive primary care, behavioral health services and care coordination for children in foster care.

Emergency Contracts

DSS completed more than a dozen emergency contracts in 2022-2023 for services for children with Diagnostic and Statistical Manual of Mental Disorders (DSM-5), neurodevelopmental, and other medically related developmental disorders. These emergency contracts were with the following providers:

- Carolina Therapeutic Services
- Embrace Foster Care
- Divine Health Home Health Care
- Intercept Health (2)
- Youth Opportunity Investments (2)
- Pine Grove Opco LLC (2)
- The Children's Community Program
- Laurel Oaks Behavioral Health
- Children's Choice of Maryland
- MBI Health Services



Henry D. McMaster, Governor
Amanda F. Whittle, Executive Director

1205 Pendleton Street, Suite 471
Columbia, South Carolina 29201
803-734-3176 | childadvocate.sc.gov

March 5, 2023

Mr. Delbert Singleton
Director, Division of Procurement Services and Authority Secretary
South Carolina State Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201

Re: Exemption Request from the Department of Social Services

Dear Mr. Singleton,

This letter is to support the request by the South Carolina Department of Social Services (DSS) for an exemption for services and placement of children, adolescents and vulnerable adults who have a diagnosis contained in the DSM-5, head and spinal cord injury and other medically related developmental disorders. This exemption request is also made in coordination with the South Carolina Department of Disabilities and Special Needs (DDSN), South Carolina Department of Juvenile Justice (DJJ), and South Carolina Department of Mental Health (DMH).

The South Carolina Department of Children's Advocacy (DCA) is an independent state agency that conducts system-wide reviews of the care and services provided to children by certain child-serving state agencies. The DCA makes recommendations to improve services for children and promotes a broad vision for reform regarding the delivery of services to children. One of the tenets for reform is the creation of a robust placement and service array for children, and it is critical that agencies such as DSS, DDSN, DJJ and DMH be positioned to move forward with securing placements and services for children.

It is critical for children or adults in the custody of the state to receive placement and services when they are needed and not days or weeks later. This exemption will alleviate the administrative burden and will allow the agency to develop a systematic process for securing placements and services for children and youth with complex mental and physical needs.

A recent example of difficult to place youth served by DSS includes a child that needed therapeutic services due to her frequent physical aggression and self-harming behaviors. When DSS contacted providers on contract, they couldn't assist the agency; therefore, the agency had no choice but to issue an emergency contract for services out of state. Although the agency issued an emergency contract as it usually does in similar situations, it takes administrative time to get contracts executed even after the placement, which at times include advertisement in South Carolina Business Opportunity (SCBO) as soon as practicable, which adds an additional administrative burden.

Another situation concerns a child who was placed in a pre-adoptive placement in another state and who needed therapeutic services in the pre-adoptive home. This child may demonstrate mild to moderate emotional and behavioral problems, and having a therapeutic provider in another state can help address these concerns immediately with the child and with the pre-adoptive family. The agency located a provider and completed an emergency contract to ensure permanency through adoption for this child. There are many more examples of children and youth served by DSS, DDSN, DJJ and DMH with challenging needs that are beyond the ability of contracted vendors to serve.

DSS has indicated their understanding that this exemption will not relinquish the agency's requirement to determine that the rates for these placements and services are fair and reasonable. This exemption would allow the agency to formulate policies and procedures for procuring covered services that will increase the effectiveness of getting services immediately.

For these reasons, the South Carolina Department of Children's Advocacy supports the request made by DSS for an exemption for the specific services described herein, because children and youth in crisis must be placed quickly to receive the help they need to combat adverse childhood experiences.

Sincerely,



Amanda F. Whittle

Henry McMaster GOVERNOR
Robert M. Kerr DIRECTOR
P.O. Box 8206 > Columbia, SC 29202
www.scdhhs.gov

February 28, 2023

Mr. Delbert Singleton
Director, Division of Procurement Services and Authority Secretary
South Carolina State Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201
Re: Exemption Request from the Department of Social Services

Dear Mr. Singleton,

This letter seeks to support the request by the South Carolina Department of Social Services (DSS) for an exemption of services and placement of children, adolescents and vulnerable adults with diagnoses of DSM-5, Neurodevelopmental and other medically related developmental disorders. This exemption request is also made in coordination with the South Carolina Department of Disabilities and Special Needs (DDSN).

The South Carolina Department of Health and Human Services (SCDHHS) is a state agency with a mission to be boldly innovative in improving the health and quality of life for South Carolinians. Providing access to effective health and human services by fostering sound, sustained advances in the sciences underlying medicine, public health, and social services aligns with our agency's mission.

SCDHHS is aware of the concerns that DSS and DDSN have in being able to secure placements and services for children, adolescents and vulnerable adults. SCDHHS frequently collaborates with these agencies, especially as it relates to the regulations and policies to ensure we are meeting the unified needs of our clients. SCDHHS understands DSS and DDSN's request for this exemption to address the needs of our state's most vulnerable population.

Additionally, SCDHHS understands the time it takes to complete a solicitation. Approval of this exemption would allow DSS to formulate policies and procedures for procuring covered services that will increase the timely delivery of services and reduce the need to enter emergency contracts for placement and services when deemed appropriate.

For these reasons, the South Carolina Department of Health and Human Services supports DSS' request for an exemption for services and placement of children, adolescents and vulnerable adults with diagnoses of DSM-5, Neurodevelopmental and other medically related developmental disorders.

Sincerely,



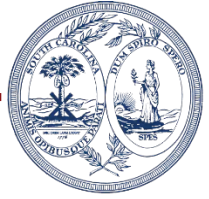
Eunice Medina
Chief of Staff
Department of Health and Human Services



L. Eden Hendrick
Director

P.O. Box 21069
Columbia, SC 29221-1069
djj.sc.gov

Henry McMaster
Governor



March 6, 2023

Mr. Delbert Singleton
Director, Division of Procurement Services and Authority Secretary
South Carolina Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201

Re: Exemption Request for the Department of Social Services, Department of Mental Health, and Department of Disabilities and Special Needs

Dear Mr. Singleton,

The South Carolina Department of Juvenile Justice (DJJ) supports the request by the South Carolina Department of Social Services (DSS), Department of Mental Health (DMH) and the Department of Disabilities and Special Needs (DDSN) for an exemption for to the §11-35-710 of the South Carolina Consolidated Procurement Code for:

- Services and placement of children, adolescents and justice involved youth with a Diagnosis on the DSM-5, Neurodevelopmental and other medically related developmental disorders;
- Services to these children, adolescents and justice involved youth that are not currently on any agency or state term contract, but urgently needed for stability and strengthening of families;
- Services to the children, adolescents and justice involved youth that require specific medical Expertise and are deemed medically necessary, ordered, by the court or both.

For years, South Carolina has failed provide adequate out-of-home and in-home services to our most vulnerable children and families. The Covid-19 pandemic and staffing crisis has only increased the need along with decreasing the available resources for all child serving agencies. All state agencies need the flexibility and the opportunity to provide the best services possible to our youth. This exemption would allow agencies to expedite the process of placing children and youth in appropriate levels of care lessening the need to use emergency rooms, DSS offices and Juvenile Detention Centers as placement options. It is extremely dangerous and traumatic for such vulnerable youth to be detained in secure juvenile facilities with other older serious offenders. Early and consistent services by DMH DDSN can prevent children and families from becoming involved with DSS or DJJ.

Pursuant to SC Code §63-19-1450 children who are committed to DJJ, but deemed seriously mentally ill and/or intellectually disabled should be placed by DMH and/or DDSN. This exemption would allow DMH and DDSN to access critical services and placements for the most challenging youth that are lingering in DJJ facilities without the appropriate level of care.

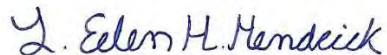
Currently at the Juvenile Detention Center (JDC) is a 13-year-old female for allegedly assaulting her mother with a weapon. She has been diagnosed with DiGeorge Syndrome, a genetic disorder causing developmental and social delays. DMH has agreed to look for placement for her while, DJJ is assisting with an application to DDSN. Meanwhile, she remains at an overcrowded detention center housing overwhelming older youth with violent charges. This exception would allow agencies the flexibility to efficiently search for appropriate placement.

This exemption would also be extremely beneficial to human trafficking victims. Currently, South Carolina only has one very small volunteer placement for human trafficking victims. These youth should enter the system through DSS, but they often end up at DJJ because of the lack of specific facilities to handle this type of youth. This exemption would allow DSS to access specific providers across the country for these victims.

DJJ strongly supports DSS, DMH and DDSN's request for exemption to allow all child serving agencies the flexibility to better deal with the current placement crisis facing the most vulnerable of our population.

If you have any questions regarding DJJ's support for DSS, DMH and DDSN's request, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "L. Eden H. Hendrick". The signature is written in a cursive, flowing style.

L. Eden Hendrick
Executive Director

March 7, 2023

Mr. Delbert Singleton
Director, Division of Procurement Services and Authority Secretary
South Carolina State Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201
Re: Exemption Request from the Department of Social Services
Dear Mr. Singleton,

Children's Trust of South Carolina supports the request by the South Carolina Department of Social Services (DSS) for an exemption for services and placement of children, adolescents and vulnerable adults with a Diagnosis on the DSM-5, Neurodevelopmental and other medically related developmental disorders. DSS is coordinating this request with the South Carolina Department of Disabilities and Special Needs (DDSN).

Children Trust is the statewide organization focused on the prevention of child abuse and neglect. We provide funding, resources and training to help local program partners build strong families and positive childhood. Because we know that what happens in childhood can have a lasting impact on an individual's long-term mental and physical health, we lead the state's work on the South Carolina Adverse Childhood Initiative. Children's Trust and DSS work hand-in hand to create stronger child health and family well-being programs, including supporting youth in foster care with unique needs.

While DSS follows current policies to prepare and issue solicitations for each individual needing placement and services by the agency, children and youth with complex mental and physical needs are experiencing damaging delays in receiving critical services and placements because contracted vendors lack the capacity or expertise to meet their specialized needs, which further the need to do an emergency contract. Under this exemption, DSS can get critical services for children and youth with complex mental and physical needs in a more expedient manner and build a systematic process for securing placement

DSS has many examples of children, youth and adults with challenging needs that are beyond the ability of contracted vendors to serve. Recently an older youth with eating disorders and body dysmorphia came into DSS care, and there was no existing service provider on a state contract. As it does in these situations, DSS issued an emergency contract. In a similar situation, a vulnerable adult with autism was in a local hospital, and the hospital was ready to discharge the client. The parents recognizing their limitations asked for home health assistance to better transition the young person into their home as a condition of release. When DSS contacted providers on contract, they couldn't assist the agency. Again, the agency had no choice but to again issue an emergency contract. The issuance of emergency contract even after services are secured is an administrative burden when these instances occur often for the agency.



Mr. Delbert Singleton

Page 2

DSS understands that this exemption will not relinquish the agency's requirement to ensure that the rates for these placement and services are fair and reasonable. It will help DSS deliver on its responsibilities for these vulnerable individuals and allow the agency to formulate policies and procedures for procuring covered services.

For these reasons, Children's Trust supports the request made by DSS for an exemption for the specific services described. Children and youth in crisis must be placed quickly to receive the help they need so that they can begin their recovery.

Sincerely,

A handwritten signature in black ink that reads "Sue Williams". The signature is written in a cursive, flowing style.

Sue Williams
Chief Executive Officer

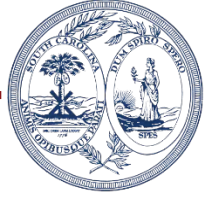




L. Eden Hendrick
Director

P.O. Box 21069
Columbia, SC 29221-1069
djj.sc.gov

Henry McMaster
Governor



March 6, 2023

Mr. Delbert Singleton
Director, Division of Procurement Services and Authority Secretary
South Carolina Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201

Re: Exemption Request by the South Carolina Department of Juvenile Justice

Dear Mr. Singleton,

The South Carolina Department of Juvenile Justice (DJJ) requests an exemption to the §11-35-710 of the South Carolina Consolidated Procurement Code similar to the requests of the South Carolina Department of Social Services (DSS), Department of Mental Health (DMH) and the Department of Disabilities and Special Needs (DDSN). DJJ is specifically requesting an exemption for:

Services, placement, and travel for youth at risk and/or ordered to be committed, detained and/or placed at a DJJ secure facility or alternative placement that:

- does not meet the criteria for seriously mentally ill by DMH but has been diagnosed with any diagnosis within the DSM-5 by a DJJ psychiatrist
- does not meet the criteria for seriously intellectually disabled by DDSN but within borderline intellectually disabled making the youth more vulnerable and unable to be rehabilitated in setting with higher functioning peers
- does not meet the criteria for DDSN eligibility/inclusion for other medically related developmental disabilities including autism
- the agency is unable to secure placement through the established multiagency placement contracts and must seek other in-state or out-state-placement due to lack of bedspace, inappropriate level of care or denial of youth
- unable to remain at a DJJ facility due to safety concerns that cannot be remedied by moving to the youth to another DJJ facility and must be placed in a hardware and staff secure facility

For years, South Carolina has failed to provide adequate out-of-home and in-home services to our most vulnerable children and families. The Covid-19 pandemic and staffing crisis has only increased the need along with decreasing the available resources for all child serving agencies. All state agencies need the flexibility and the opportunity to provide the best services possible to our youth. This exemption would allow agencies to expedite the process of placing children and youth in appropriate levels of care, lessening the need to use emergency rooms, DSS offices and Juvenile Detention Centers as placement options. It is extremely dangerous and traumatic for such vulnerable youth to be detained in secure juvenile facilities with other older, serious offenders.

Inspiring Change, Transforming Lives

L. Eden Hendrick | Office of the Director | 803.896.5940

Early and consistent services by DMH and DDSN can prevent children and families from becoming involved with DSS or DJJ. Pursuant to SC Code §63-19-1450, children who are committed to DJJ, but deemed seriously mentally ill and seriously intellectually disabled should be placed by DMH and DDSN. This exemption would allow DMH and DDSN to access critical services and placements for the most challenging youth that are lingering in DJJ facilities without the appropriate level of care. Youth involved with the juvenile justice system have complex needs are the most difficult to find appropriate placement.

Due to several factors and including the closure of the state-run Psychiatric Residential Treatment Facilities (PRTF), youth with serious mental illness have remained at DJJ and transferred to the Department of Corrections because the DMH failed to place them. Providing care and services to seriously mentally ill youth divert agency resources from other youth. It is so crucial that our state provide the appropriate level of care for our youth, that DJJ requested and obtained \$20 million dollars from the General Assembly to force DMH to build a state run PRTF specifically for justice involved youth. However, that plan will not come to fruition for quite some time.

There is also a subset of youth committed to DJJ that DMH and DDSN rejects from subclass inclusion. This includes many youths with DSM-5 diagnosis and complex medical and mental health needs. Furthermore, the staffing crisis and the disrepair of the agency's facilities severely limits DJJ's ability to separate such youth. Also in July 2019, the Raise the Age Legislation went into effect, increasing the agency's jurisdiction to serve youth in secure facilities until age 19 and on probation until age 20. This exemption would allow DJJ the ability to place such youth that DDSN and DMH deny inclusion.

Currently, DJJ is the only instate option for youth who are ordered to be housed at a hardware and staff secure facility. Other jurisdiction routinely place youth in out-of-state private and public facilities due to gang or other conflicts within their own facilities. Currently DJJ does not have this ability. This exemption would allow the agency to have the flexibility to work with many different service and placement providers.

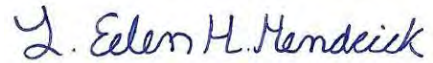
DJJ will make every attempt to first place youth through established contracts that have been through the complete procurement process. If granted this exemption would be rarely used because youth placed by DJJ while on commitment status are not eligible for Medicaid. Pursuant to the law, the agency will still rely on DMH and DDSN to place youth deemed seriously mentally ill or mentally disabled.

DJJ requests the ability to provide all youth in our jurisdiction the opportunity for a safe and secure rehabilitative environment. This exemption would greatly impact the agency's ability to properly serve the youth of South Carolina in the most appropriate setting and allow the DJJ to come up with internal policies and procedures for placement and services.

It is DJJ's mission to impact and transform young lives, strengthen families, and support safer communities through targeted prevention and rehabilitation. Access to targeted rehabilitation can only be achieved if these services are exempt from the requirements of the South Carolina Procurement Code.

If you have any questions regarding this request, or need additional information, please do not hesitate to contact me. Thank you for your consideration of this matter.

Respectfully,

A handwritten signature in blue ink that reads "L. Eden H. Hendrick". The signature is written in a cursive, flowing style.

L. Eden Hendrick
Executive Director

Constance Holloway
Interim State Director/General Counsel
Janet Brock Priest
Associate State Director
Operations
Lori Manos
Associate State Director
Policy
Harley T. Davis, Ph.D.
Chief Administrative Officer
Quincy Swygert
Chief Financial Officer
Greg Meetze
Chief Information Officer



**South Carolina
Department of Disabilities
and Special Needs**

3440 Harden Street Extension
Columbia, South Carolina 29203
(803) 898-9600
Toll Free: 888/DSN-INFO
Home Page: ddsn.sc.gov

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REVISED

March 6, 2023

Mr. John White
Chief Procurement Officer, Division of Procurement Services
South Carolina State Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201

RE: Exemption Request in Collaboration with SC Department of Social Services

Dear Mr. White:

The South Carolina Department of Disabilities and Special Needs (DDSN) is an independent agency in state government designated as the State's authority on Intellectual Disability or Related Disability, Autism Spectrum Disorder, Head Injury, Spinal Cord Injury, and Similar Disabilities. DDSN's mission is to assist people with disabilities and their families through choice in meeting needs, pursuing possibilities and achieving life goals; and to minimize the occurrence and reduce the severity of disabilities through prevention. DDSN serves over 37,000 people with disabilities through local Disabilities and Special Needs Boards and other qualified providers.

Given the nature of those served by DDSN, it is the Agency's desire to request an exemption which would exempt supports and services delivered to DDSN eligible individuals from competition under the South Carolina Consolidated Procurement Code (Code).

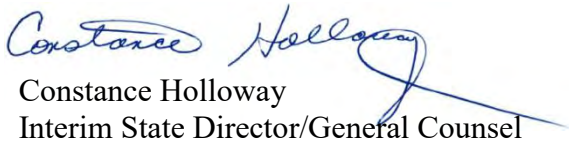
Specifically, DDSN is requesting exemption from the purchasing procedures of the Code for:

- Services and/or placement of children and adults that meet the criteria of the Diagnosis on the DSM-5 (Neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders of childhood, adolescence and adults.
- Services to these children, adolescents, and adults that are not on an agency or state term contract, but required for stability and strengthening of children, adolescents, and adults in addition to the family. Included, in this is consultation and training in support of the provision of those services.
- Services to these children, adolescents, and adults that require specific medical expertise and are deemed medically necessary, ordered by the court, or both.

DDSN appreciates SFAA's diligence to ensure that state agencies conform and maintain their compliance with the Code; it is the Agency's intent to meet those obligations. However, given the nature of the those served by DDSN, the need for flexibility may dictate otherwise. Therefore, we respectfully request SFAA approve DDSN's aforementioned request for exemption.

If you have questions with regard to this request or require further information, do not hesitate to contact me at (803) 898-9683 or by email at constance.holloway@ddsn.sc.gov. Thank you for your consideration of this matter.

Sincerely,


Constance Holloway
Interim State Director/General Counsel

cc: Valerie Duncan, Director of Procurement

STATE FISCAL ACCOUNTABILITY AUTHORITY (SFAA) AGENDA ITEM SUPPLEMENTAL INFORMATION

The South Carolina (SC) Department of Disabilities and Special Needs (DDSN) is legislatively mandated to serve individuals in SC with Intellectual Disability (ID) or a Related Disability (RD), Autism Spectrum Disorder (ASD), a head or spinal cord injury (or similar disability), and high-risk children with a greater risk for a developmental disability than the general population. This mandate lies in the SC Code of Laws (Title 44 Chapter 20). It is DDSN's responsibility to determine eligibility (Section 44-20-390) and that process is outlined in the SC Code of Regulations (Chapter 88 Article 5). Once an individual is DDSN-eligible, it is DDSN's responsibility to contract with entities who can provide services to meet the needs of the DDSN-eligible individual. A service can be defined as specialized supports provided to an individual with disabilities and special needs that enable the person to participate in society and community life. Services should promote self-determination, independence, productivity, and integration and inclusion in all facets of life. Examples of services include, but are not limited to, early intervention, case management, residential habilitation, career preparation training, and employment supports.

DDSN utilizes Medicaid to fund services to people with disabilities whenever possible. This maximizes the state appropriated dollars by matching them with federal funds. All Medicaid funded services must be delivered by Medicaid enrolled providers whose qualifications are outlined in federally approved documents. Some DDSN eligible individuals, however, are not able to access Medicaid funding for services. These services must be purchased using state funds from DDSN. In addition, some Medicaid eligible individuals have needs so immediate and complex that they need access to providers who are out of state and/or not yet in the network of SC Medicaid providers.

Specifically, SC Code of Laws 44-20-250 and 44-20-390 address this mandate to contract with providers for delivery of services. DDSN currently contracts with approximately 200 providers to serve the almost 40,000 DDSN-eligible individuals in SC. The contracts are for payment of state-funded services (i.e., for individuals not eligible for Medicaid and for services not covered by Medicaid), but also outline the responsibilities of the providers. These include, but are not limited to:

- meeting DDSN administrative standards,
- being subject to audits and contract compliance reviews, and
- ensuring the safety and welfare of DDSN-eligible individuals supported by the provider, to include reporting of allegations of abuse, neglect, and exploitation.

Many different services are available to those who are determined to be DDSN-eligible. Services range from community-based respite and independent living skills training that are defined and approved in the three Home and Community Based (HCB) Waiver services to institutional residential services delivered in Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID). Nationally, the gold standard in service delivery continues to change and evolve so DDSN/DHHS are able to amend Waivers as needed to add new services that will best meet the needs of individuals served. Although there are many different services and providers available, the needs of individuals are often so extreme that DDSN is not able to locate a contracted service provider willing to support the person.

One recent example surrounded an individual who was dually diagnosed with ID and Schizophrenia. Law enforcement transferred him to a hospital emergency department after a violent attack on his parents. DDSN contacted over 100 providers across the county before locating a provider

who was willing and able to provide residential support. This provider did not have a contract with DDSN so emergency procurement procedures had to be followed.

Another example occurred with an individual who had complex medical needs. While institutional services in South Carolina have 24-hour nursing care available, most do not have the capacity to provide for complex needs like ventilator care. This individual had previously received nursing care in their home, but had an immediate need for residential care after a family emergency. After contacting a number of providers, a nursing home in Georgia was located who was able to support the individual. There was no contractual relationship between the facility and DDSN so normal procurement procedures had to be followed.

While services identified for an individual are based on multiple sources of information, providers still have the right to choose who they can most appropriately serve based on medical and behavioral needs. Not all providers provide the same type and/or level of service. For example, there are many levels of residential service available to DDSN-eligible individuals; however, they require different levels of staffing and/or direct support. The assistance of technical consultants (some who are exempted from procurement, like psychiatrists), is sometimes necessary in order properly evaluate the services needed by a DDSN-eligible individual. In addition, new services can be added at any time, and DDSN and providers must have mechanisms in place to train on new services and how they can best be delivered.



State of South Carolina *Department of Mental Health*

MENTAL HEALTH COMMISSION:

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Elliott E. Levy, MD, Vice Chair
Alison Y. Evans, PsyD
Carl E. Jones, Ph.D.
Bobby H. Mann, Jr.
Crystal A. Smith Maxwell, MD

2414 Bull Street • P.O. Box 485
Columbia, SC 29202
Information: (803) 898-8581

Robert Bank, MD
Acting State Director

March 9, 2023

Mr. John St. C. White, Materials Management Officer and State Engineer
State Fiscal Accountability Authority
Division of Procurement Services
1201 Main Street, Suite 600
Columbia, SC 29201

Mr. White,

The mission of the South Carolina Department of Mental Health (SCDMH) is to support the recovery of people with mental illnesses. As South Carolina's public mental health system, the Department provides community mental health care through a network of 16 mental health centers and their associated clinics serving all 46 counties. Mental health centers provide a complete array of necessary mental health services for adults, children, adolescents, and families. Following a thorough assessment, treatment plans are tailored to meet the needs of each individual patient. Services may include individual, group, and family therapy with a trained therapist, psychiatric medical assessments with a psychiatrist or nurse practitioner, supportive nursing services, crisis intervention, and care coordination.

The Department provides clinical services to approximately 100,000 patients each year, about 30,000 of whom are children. SCDMH services also include a 24 hour statewide mobile crisis response program, school mental health services and a nationally recognized telepsychiatry consultation program serving 27 South Carolina hospital emergency departments. SCDMH additionally operates three State hospitals, one of which includes a unit for children and adolescents and a separate secure forensic hospital for patients committed through the State's Courts of General Sessions.

SCDMH is supporting and joining its sister agencies – the Department of Disabilities and Special Needs (DDSN), the Department of Social Services (DSS) and the Department of Juvenile Justice (DJJ) – in the combined request for approval from the State Fiscal Accountability Authority (SFAA) for an exemption pursuant to *S.C. Code Ann. §11-35-710* in order to contract for medically necessary clinical services and therapeutic residential services for what I believe will be a relatively small number of children, and occasionally adults, with highly specialized clinical treatment needs, described as follows:

Mr. John St. C. White
March 9, 2023
Page 2

- Treatment services and residential services for individuals with a diagnosis meeting the criteria from the Diagnostic and Statistical Manual of Mental Disorders, 5th edition (DSM-5) of a Neurodevelopmental Disorder, and other medically related developmental disorders, as well as a Head Injury and/or Spinal Cord Injury. Neurodevelopmental Disorders include intellectual disability (ID) and autism spectrum disorder (ASD).
- Specialty services for individuals with these developmental disorders or injuries are not currently on any agency or state term contract but are periodically needed when these individuals come into the care or custody of one of the State's health and human services agencies.
- Services to these individuals in situations where existing contracted providers do not have adequate capacity or expertise or otherwise decline to serve the particular person, and the urgency of the need for the services does not permit the delay necessary to conduct a regular procurement, or when a court orders one or more of the agencies to secure services by a provider identified by name in a court order.

SCDMH periodically becomes involved in serving persons with a Neurodevelopmental Disorder, such as ASD, when the individual has a serious co-occurring psychiatric disorder. In such cases, SCDMH and DDSN will typically have both evaluated and jointly staffed the individual and determined that a specialty treatment provider with the expertise to meet the person's needs is required.

Please advise of any further information that you may need from the SCDMH in order to bring this exemption request before the SFAA.

As always, thank you for your assistance.

Sincerely,



Robert Bank, M.D.
Acting State Director

cc: Delbert Singleton, Authority Secretary
State Fiscal Accountability Authority

Current Contracted Services

Existing contracts for placement and services to children and adults with Diagnostic and Statistical Manual of Mental Disorders (DSM-5) (neurodevelopmental), Head Injury, Spinal Cord Injury and/or other medically related developmental disorders.

Contracts established under solicitation 5400013556 - Group Care for Children

Establishes qualified group care facilities throughout the state of South Carolina for children/youth who have been victims of abuse and neglect and who are in the custody of the SCDSS. Group Care is not intended to be used for respite care. Residential services are targeted to children/youth who have clinical, mental, or behavioral service needs that cannot be adequately or safely met in a regular or therapeutic foster home. Services to be provided are Group Care Level 1, Group Care Level 2 and Group Care Level 3.

- **Contracts established under solicitation 540002374 - APS Emergency Placement Beds for Vulnerable Adults**

Contracts for secure temporary emergency stabilization beds services. Provides Nursing Facilities for adults 55 years and older (or who meet the Nursing Home level of care) and/or licensed Community Residential Care Facility (CRCF)/Assisted Living Facility for adults 18 years and older who are vulnerable and are in the care or custody of the SCDSS APS System.

- **Contracts established under solicitation 5400020443 - Fixed Price Bid Medicaid Rehabilitative Behavioral Services (Multiple Agencies)**

Establishes multiple sources for the purchase of Medicaid Rehabilitative Behavioral Health Services for children under the age of 21 for the agencies listed herein. Allow Using Governmental Units to purchase services for Medicaid and Non-Medicaid eligible children at the rates established by the South Carolina Department of Health and Human Services (DHHS) for their Medicaid program.

- **Contracts established under solicitation 5400019950 - Homemaker and Emergency Temporary Personal Care Assistant Services**

Establishes qualified providers of homemaker services to adults, ages eighteen (18) years and older who are frail, elderly, developmentally, physical, or mentally impaired, and/or emergency temporary personal care services for vulnerable adults, eighteen (18) years and older, who are receiving Adult Protective Services (APS) and need twenty-four (24) hour supervision in their home, place of residence, or current location to monitor and protect their health and safety through home support and/or medical monitoring.

- **Contracts established under solicitation 5400018636 - Transportation Services- Multi Agency**

Establishes providers of non-medical transportation for children who are emotionally and/or behaviorally challenged (at times this could include transporting the child's family/guardian as well) complying with the enclosed specifications.

- **Contracts established under solicitation 5400013725 – Residential Services to Children- Multi-Agency**

Establish providers for the following residential services for Children:

- Group Care Independent Living Services
- Group Care Intermediate Services
- Group Care Intensive Services

- Group Care Intensive Services – sex offenders specific treatment
- Therapeutic Foster Care
- Temporary De-escalation Care

AGENCY: Division of Procurement Services

SUBJECT: Waiver to extend the maximum time on a multi-term contract for Clemson University

Section 11-35-2030(5), of the SC Consolidated Procurement Code limits the maximum potential duration for any contract to seven years unless the Authority approves a longer maximum potential duration. Clemson University seeks Authority approval to solicit two contracts, each with a maximum potential duration of up to ten years. One contract is for a Licensing Agent and the other is for a Licensing and Campus Apparel Retail contract. The University believes that soliciting these two contracts at the same time with the same end date will allow both vendors to work closely together during the term of the contracts to maximize the revenue they generate and the return to the University.

The Licensing Agent contract will include management of a primary model apparel program. University officials have conducted market research and believe a ten-year term will result in better proposals with appropriate up-front investment in a primary apparel program and higher and more consistent revenue share than under the current five-year model the University has been using. The University has also determined that a ten-year term is consistent with its peer institution for this type of contract.

The Licensing and Campus Apparel Retail contract is for the retail of exclusively licensed products at Clemson University. The University believes that a contract for a ten-year term will allow the vendor to amortize its upfront investment over a longer term, reduce year to year revenue fluctuations and create a more stable licensing and retail program, all while increasing total revenue.

AUTHORITY ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-2030(5), approve Clemson's request for multi-term contracts for both a Licensing Agent contract and a Licensing and Campus Apparel Retail contract and authorize the solicitation of proposals and award of contracts with a maximum potential duration of ten years for each.

ATTACHMENTS:

Agenda item worksheet and attachment

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: 3/28/2023

Regular Agenda

1. Submitted by:

- (a) Agency: Division of Procurement Services
(b) Authorized Official Signature:


John St. C. White, Materials Management Officer

2. Subject: Other-Specify

Waiver to extend the maximum time on a multi-term contract for Clemson University.

3. Summary and Background Information:

Section 11-35-2030(5), of the SC Consolidated Procurement Code limits the maximum potential duration for any contract to seven years unless the Authority approves a longer maximum potential duration. Clemson University seeks Authority approval to solicit two contracts, each with a maximum potential duration of up to ten years. One contract is for a Licensing Agent and the other is for a Licensing and Campus Apparel Retail contract. The University believes that soliciting these two contracts at the same time with the same end date will allow both vendors to work closely together during the term of the contracts to maximize the revenue they generate and the return to the University.

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- 4. What is the Authority asked to do?** Under authority of SC Consolidated Procurement Code Section 11-35-2030(5), approve Clemson's request for multi-term contracts for both a Licensing Agent contract and a Licensing and Campus Apparel Retail contract and authorize the solicitation of proposals and award of contracts with a maximum potential duration of ten years.

- 5. What is recommendation of the submitting agency involved?** Approve the request as stated above.

6. Private Participant Disclosure – Check one:

- ☒ No private participants will be known at the time the Authority considers this agenda item.
☐ A Private Participant Disclosure form has been attached for each private participant.
As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

- (a) Authorized Signature: _____
(b) Office Name: _____
-

8. List of Supporting Documents:

- A - Request and Memorandum in Support of an Eleven-Year Performance Term
B - Section 11-35-2030 of the SC Consolidated Procurement Code
C – Extended terms previously approved by the Authority
-

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.

Exhibit A



February 23, 2023

Via Electronic Mail

Delbert Singleton
Director, Procurement Service Division and Authority Secretary
South Carolina State Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201

Re: Retail of Exclusively Licensed Product at Clemson University Contract Term

Dear Mr. Singleton,

Please find the attached request for waiver of the state contract multi-term contract length requirements. In conjunction with the request we are also submitting for a 10-year contract for our Licensing Agent contract, Clemson University is seeking approval to solicit and award a 10-year performance term contract for our Retail of Exclusively Licensed Product at Clemson University contract. This has historically been bid as multiple, five-year contracts, but we believe the current market environment, and a change in scope of our related Licensing Agent contract, would significantly benefit Clemson if we were able to bid this Retail Product contract as a 10-year contract, coterminous with the Licensing Agent contract.

As they currently operate, Clemson has separate contracts for eCommerce and In-Venue retail operations. As the market evolves and potential offerors begin working in new verticals within their industry, Clemson views this as an opportunity to establish a single contract that will allow the awarded vendor the ability to make proper investments and be flexible to changes in the industry. They will be able to drive a single vision for the sale of exclusively licensed merchandise at Clemson while having the opportunity to evolve strategically as it relates to these products on campus, in eCommerce and in the ever-changing world of Name, Image and Likeness related offerings. A 10-year term would encourage and allow the awardee to make the proper investments to bring this vision forward as a true industry leading marketing approach.

CLEMSON UNIVERSITY PROCUREMENT

391 College Ave Suite 203, Clemson, S.C. 29634-5106

P 864-656-2390 | F 864-656-2394 | www.clemson.edu/procurement



It is also critical that the awardee work closely with the Licensing Agent and primary apparel model program contract holders to maximize the revenue they generate and return to the University. While they these will be two different vendors, the work they perform goes hand-in-hand. Therefore, we plan to make this contract coterminous with our Licensing Agent and Primary Apparel Model program contract, allowing the two areas to work in conjunction with each other to truly maximize revenue back to the University. See the attached overview for details on how the different segments are structured and related, as well as current financials associated with each area (Attachment 1). This contract would not impact local vendors that operate off-campus in the State.

With this request, we are seeking approval to solicit and award a 10-year contract for the Retail of Exclusively Licensed Product at Clemson University contract (scope detailed as Contract #2 in Attachment 1). A contract term of 10-years will allow the awardee to make proper marketing investments while working in conjunction with our Licensing Agent and Primary Apparel Model program provider to both maximize and stabilize revenue for the University during the term of the contract.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael Nebesky".

Michael Nebesky
Procurement and Business Services, Director

c: Graham Neff, Director of Athletics
Rick Petillo, Chief Financial Officer



A comprehensive gameplan for the licensing and retail efforts for Clemson Athletics 10-year partnership

Contract #1		Contract #1	Contract #2	Contract #2	Contract #2	Contract #2	Contract #2	Outcome
Licensing Agent	Nike Partnership	Primary Apparel Model	Official Clemson Online Store	Official In-venue Retail Shops	Official Game-used memorabilia store	NIL program	Other	
<p>The program monetizes the use of Clemson federally protected marks by granting rights to companies who wish to use those marks on products to the sold in the retail market-place. Agent collects those royalties and submits payments to Clem-son on a quarterly basis. The products produced fall un-der two categories, apparel and non-apparel. Currently this program generates over \$ 5,000,000 annual in gross royalties, with over 60% coming from the apparel category.</p>	<p>Remains intact</p> <p>In 2018, Clemson Athletics and Nike announced an agreement for a 10-year, \$58 million extension to their all-sport partnership.</p> <p>The agreement more than doubled the annual value of the previous agreement between Clemson and Nike, including a cash increase from \$115,000 to \$400,000 annually.</p> <p>The new agreement extends the Clemson-Nike footwear, apparel and equipment partnership through 2027-28. Clemson & Nike have been partners dating back to 2002.</p> <p>SEPARATE CONTRACT NOT PART OF CURRENT REQUEST FOR 10-YEAR CONTRACT APPROVAL</p>	<p>Throughout the years, including the two most recent Football National Championships, royalties generated have fluctuated due to two major contributing factors; 1) athletic success and 2) the strength of the economy. With the assistance of the licensing agency, we have developed a long-term primary apparel model program that once in place will set a minimum royalty guarantee. The minimum guarantee will reduce year to year fluctuations and create a more stable program, while increasing apparel royalties an estimated 20-40% annually. Given the apparel industry's parameters, the time needed for a program of this nature to cover up front investments made the primary apparel model partner, we are seeking approval to solicit and aware a new licensing agency contract with a maximum term not to exceed 10 years.</p>	<p>Currently, the Clemson University Athletic Department is contracting with a national e-commerce company to assist and provide a “on-line store” to sell officially licensed Clemson product.</p> <p>Average \$2.1M in annual sales.</p> <p>Average \$500K annually in commissions</p>	<p>Currently, the Clemson University Athletic Department is contracting with a national athletic department in-venue company to assist and provide a to sell officially licensed Clemson product at all athletic venues.</p> <p>Average \$750K in annual sales.</p> <p>Average \$150K annually in commissions</p>	<p>Currently, the Clemson University Athletic Department is contracting with a national athletic department memorabilia company to assist and provide a to sell officially licensed memorabilia online.</p> <p>Average \$200K in annual sales.</p> <p>Average \$80K annually in commissions</p>	<p>Trading Cards via Topps</p> <p>OneTeam Partners</p> <ul style="list-style-type: none">• Nike Football Jerseys• Player Jerseys x 4M 6 4W Sports ProSphere Jerseys x SM 6 4W Sports• Future Trading Cards Programs <p>Vendor to maintain re-sponsibility for signing any Clemson student-athletes to direct deals for active rights (e.g., autographs, appearances, and endorse-ments) and passive rights for jerseys 6 shirseys via group licensing I opt-ins via OneTeam Partners' Compass platform.</p> <p>Clemson S-A's to be compensated directly for active rights and via OneTeam for passive rights royalties.</p>	<p>Opportunities may arise over the course of the contract to allow partner to enter new retail locations on campus and in athletic district.</p>	<p>Increased signing bonus</p> <p>+</p> <p>Increased guaranteed revenue</p> <p>+</p> <p>Increased Brand Exposure</p>

Why?

CUAD firmly believes a contract term of up to ten years will allow the apparel partner to cover its up front investments, reduce year to year revenue fluctuations and creative a more stable licensing and retail program while increasing total revenue. Long-term coterminous agreements across all verticals shall provide Clemson Athletics with maximized negotiation leverage to maximize financial ROI across each of these areas, which are currently being managed independently.

University Name	Current Term of Licensing Agreement
University of South Carolina	10
University of Virginia	11
Georgia Tech	11
University of North Carolina	10
University of Alabama	10
University of Louisville	10
University of Michigan	10
University of Tennessee	12
Louisiana State University	10
Texas A&M University	11
University of Kentucky	14

Exhibit B

SECTION 11-35-2030. Multiterm contracts.

(1) Specified Period. Unless otherwise provided by law, a contract for supplies, services, or information technology must not be entered into for any a period of more than one year unless approved in a manner prescribed by regulation of the board. The term of the contract and conditions of renewal or extension must be included in the solicitation and funds must be available for the first fiscal period at the time of contracting. Payment and performance obligations for succeeding fiscal periods must be subject to the availability and appropriation of funds for them.

(2) Determination Prior to Use. Before the utilization of a multiterm contract, it must be determined in writing by the appropriate governmental body that:

(a) estimated requirements cover the period of the contract and are reasonably firm and continuing; and

(b) such a contract serves the interest of the State by encouraging effective competition or otherwise promoting economies in state procurement.

(3) Cancellation Due to Unavailability of Funds in Succeeding Fiscal Periods. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract must be canceled.

(4) Maximum Duration. The maximum potential duration for a contract is five years. A maximum potential duration of up to seven years may be approved by the appropriate chief procurement officer.

(5) Authority Approval. Every type of contract with a maximum potential duration exceeding seven years must be approved by the board. For competitive procurements, approval of the maximum potential duration must be granted before solicitation.

Exhibit C

State Fiscal Accountability Authority Approved Contract Durations Greater Than Seven Years Since 2015			
Date of Approval	Agency	Item	Maximum Potential Duration
4/28/2015	University of South Carolina	Sports Marketing & Media Rights	10 years
3/8/2016	SC Educational Lottery	Central Gaming System	10 year performance term
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12/17/2020	University of South Carolina	Rental Management, premium catering, and operation of dining facility at Williams Brice Stadium	10 years
5/18/2021	Trident Technical College	Enterprise Resource Planning System	11 year performance term
6/29/2021	University of South Carolina	Health Sciences Campus	> 7 Years - Final Duration to be approved at later date
10/12/2021	Medical University of South Carolina	Student Information System	11 years
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1/31/2023	Department of Mental Health	Psychiatric Residential Treatment Facility for juveniles	7 years after substantial completion of construction

AGENCY: Division of Procurement Services

SUBJECT: Waiver to extend the maximum time on a multi-term contract for the Department of Social Services

Section 11-35-2030(5), of the SC Consolidated Procurement Code limits the maximum potential duration for any contract to seven years unless the Authority approves a longer maximum potential duration. The Department of Social Services (DSS) seeks Authority approval to solicit a contract with a potential term of 12 years for the Design, Development, Implementation and Maintenance and Operations of an Economic Services System Application Modernization (ESSAM) System.

This proposed system is the core application needed for the eligibility determination and administration of the Supplemental Nutrition Assistance Program (SNAP) (formerly known as Food Stamps program) and Temporary Assistance for Needy Families (TANF) Program for the State of South Carolina. Together, the two programs serve approximately 630,000 South Carolina citizens. DSS proposes to implement a solution that may include Software as a Service (SaaS) or some version of a commercially available product that may include Vendor Application Hosting.

The proposed SNAP and TANF System includes functionality for Citizen Self-Service, Eligibility and Enrollment Determination, Integrated Case Management, and Reporting with Analytics. DSS currently manages the SNAP and TANF Programs using seven disparate systems and the core Eligibility back-end system is a 34-year-old outdated mainframe system.

DSS, with the aid of Gartner Consulting, expects the implementation of the functionality needed for the ESSAM solution to be 2-4 years. DSS requests approval to solicit and award a contract with a potential duration of 12 years.

DSS's research has shown that a 12-year contract would have the following benefits:

1. Realization of cost savings by amortizing the initial investment over a longer time period
2. Alignment of the contract with the expected life of the solution
3. An improved ability to negotiate contract terms more favorable to DSS.
4. Incentivize the vendor to meet quality and service-level agreements
5. Reduce the disruption of day-to-day business activities of both the DSS and the vendor involved during "steady state" maintenance and operations of the solution.

AGENCY: Division of Procurement Services

SUBJECT: Waiver to extend the maximum time on a multi-term contract for the Department of Social Services

AUTHORITY ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-2030(5), approve the Department of Social Services' request for a multi-term contract for an Economic Services System Application Modernization (ESSAM) System with a maximum potential duration of 12 years.

ATTACHMENTS:

Agenda item worksheet and attachment

**STATE FISCAL ACCOUNTABILITY AUTHORITY
AGENDA ITEM WORKSHEET**

Meeting Scheduled for: 3/28/2023

Regular Agenda

1. Submitted by:

- (a) Agency: Division of Procurement Services
- (b) Authorized Official Signature:


John St. C. White, Materials Management Officer

2. Subject: Other-Specify

Waiver to extend the maximum time on a multi-term contract for the Department of Social Services.

3. Summary and Background Information:

Section 11-35-2030(5), of the SC Consolidated Procurement Code limits the maximum potential duration for any contract to seven years unless the Authority approves a longer maximum potential duration. The Department of Social Services (DSS) seeks Authority approval to solicit a contract with a potential term of 12 years for the Design, Development, Implementation and Maintenance and Operations of an Economic Services System Application Modernization (ESSAM) System.

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1. Realization of cost savings by amortizing the initial investment over a longer time period
2. Alignment of the contract with the expected life of the solution
3. An improved ability to negotiate contract terms more favorable to DSS.
4. Incentivize the vendor to meet quality and service-level agreements
5. Reduce the disruption of day-to-day business activities of both the DSS and the vendor involved during "steady state" maintenance and operations of the solution.

4. What is the Authority asked to do? Under authority of SC Consolidated Procurement Code Section 11-35-2030(5), approve DSS's request for a multi-term contract for an ESSAM system with a maximum potential duration of 12 years.

5. What is recommendation of the submitting agency involved? Approve the request as stated above.

6. Private Participant Disclosure – Check one:

☒ No private participants will be known at the time the Authority considers this agenda item.

☐ A Private Participant Disclosure form has been attached for each private participant.

As referenced on the Disclosure forms, a private participant is a natural person or non-governmental legal entity which may directly benefit from, and is participating in or directly associated with, the requested approval.

7. Recommendation of other office (as required)?

(a) Authorized Signature: _____

(b) Office Name: _____

8. List of Supporting Documents:

A- Request and Memorandum in Support of a contract with a potential duration of 12 years

B- Section 11-35-2030(4) of the SC Consolidated Procurement Code

C- Extended terms previously approved by the Authority

9. Upload Agenda Item Worksheet and supporting documentation in PDF and native format to the SFAA Authority File Drop.



HENRY McMASTER, GOVERNOR
MICHAEL LEACH, STATE DIRECTOR



February 13, 2023

Mr. Delbert Singleton
Director, Division of Procurement Services and Authority Secretary
South Carolina State Fiscal Accountability Authority
1201 Main Street, Suite 600
Columbia, SC 29201

Re: Request for Contract in Excess of 7 Years

Dear Mr. Singleton,

Please find the enclosed request for an authorization to enter into a contract exceeding seven years pursuant Section [11-35-2030\(5\)](#) of the SC Consolidated Procurement Code. This request is for a 12-year contract for the Design, Development, Implementation, and Maintenance and Operations of the Economic Services System Application Modernization (ESSAM) Solution for the South Carolina Department of Social Services (DSS).

The ESSAM Solution will provide the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) programs with the key components essential for screening, application, eligibility determination, enrollment, and related benefit payment capabilities. The ESSAM system will distribute over \$1.4 billion dollars annually to 310,000 South Carolina households and over 630,000 citizens in those households.

The proposed 12-year contract will include:

- 4 years of Design, Development, and Statewide Implementation (DDI)
- 2-year initial term after statewide implementation and system stabilization
- 3 optional 2-year terms (maximum 6 years) of Maintenance and Operations

The current system is a 34-year-old, legacy mainframe system. Due to the age of the system, DSS no longer can make system changes and provide appropriate enhancements to improve client experience, benefit timeliness, program integrity and operational efficiency or effectiveness, all which pose major risks to the State. The challenge of hiring individuals with the knowledge required to keep the system running is becoming more and more difficult.

DSS's research has shown that that a contract with total potential term of 12 years will:

- Lower the State's cost associated by amortizing these costs over a longer period of time;
- Provide leverage to negotiate contract terms;
- Reduce impact and disruption to the DSS and vendors associated with implementing a new system; and
- Increase vendor performance alignment.

If you have any questions regarding this waiver request or the supporting information, please do not hesitate to reach out.

Sincerely,

Mike Leach
Digitally signed by Mike
Leach
Date: 2023.02.13
17:23:03 -05'00'

Michael Leach
DSS State Director

ec: John St. C. White, Materials Management Officer
Don Grant, DSS Deputy Director of Administration
Susan Roben, DSS Chief Financial Officer
Shaneka Oliver, DSS Procurement Director
Jose Encarnacion, DSS IT Director

Attachment A: Benefits of a 12-Year or more term contract for Economic Services System Application Modernization

Background: A Shift Away from Building and Maintaining Systems

The trend in the Information Technology industry is moving away from traditional procurements and IT solutions where agencies pay a vendor to build/develop a system that the agency subsequently owns, operates, supports, and maintains on-premises or in the State's data center. Rather, modern solution offerings are more service based, which means that the agency does not buy, own and maintain a system. The agency buys a license for the use of the system as a service. These solutions typically are hosted by the IT vendor and are operated, supported, and maintained by the vendor, thereby reducing the technical overhead needed for the operations by State agencies.

Problem Statement

DSS, in collaboration with Gartner Consulting, anticipates vendors to reply to the ESSAM RFP with a Commercial off the Shelf (COTS) solution OR a Software as a Service (SaaS) platform type solution. In a standard 7-year contract term with an anticipated 2-4 years development and implementation phase (development or customization), only 3 years of operation would be available for maintenance and operations as part of the 7-Year contract. Given the long lead times associated with South Carolina's Request for Proposal (RFP) process and the shift in the IT industry to these service-based offerings a longer contract term (more than our standard 7-year term) is needed.

Benefits of a 12-year contract

With the assistance of Gartner Consulting and based on much research of the various system solution alternatives, DSS believes the 12-year contract will have the following benefits:

1. **Cost Savings:** Significant cost savings can be achieved if the contract commits DSS for a longer period as the selected vendor can amortize any upfront costs over time rather than recouping them over a shorter time frame. Additionally, the possibility of incurring costs again when the contract is resolicited is delayed by several years resulting in further savings.
2. **Contract Supports System Solution Life span:** Aligns the contract with the expected life of the solution. DSS expects this solution to be viable for 10-15 years post statewide implementation. With the continued evolution of technology an extended contracting time period will allow the full adoption and deployment of the solution to take full advantage of the economies of scale associated with the technology evolution curve.
3. **Better Contract Terms:** With the extended time frame, DSS anticipates an improved ability to negotiate contract terms more favorable to the agency. With the increased value of the contract terms, vendors are often more willing to accept a customer's terms based on the risk to benefit ratio.
4. **Vendor Performance Alignment** – With an initial Maintenance and Operations 2-year period followed by 3 optional terms of 2 years for Maintenance and Operations, this will incentivize the vendor to meet quality and service-level agreements to ensure the State renews the additional optional terms. Vendor and DSS are aligned in a "Win-Win" scenario resulting in optimal customer service.
5. **Reduced Business Disruption** - Extending the term(s) as proposed will increase the period in which the solution can be used. This in turn will reduce the disruption of day-to-day business

activities of both the DSS and the vendor involved during “steady state” maintenance and operations of the solution.

The following are Research Articles supporting the request for a longer contract period given the current market direction and trends:

Identify and Mitigate SaaS Switching Costs

15 November 2022 | Organizations will encounter costs when making a switch from one SaaS solution to another. IT SPVM leaders may not be the primary driver of a SaaS switch, nor the primary decision maker regarding the necessity of a switch. However, they must consider how best to factor in switching costs throughout the course of the negotiation process, from start to finish.

Gartner IT Sourcing Procurement and Vendor Management Research Team

Practical Guide to Cloud Service Agreements

April 2015 | Renewals are an opportunity to bargain for better rates or services levels or relocate to another provider if necessary. Providers may write in their contracts an automatic renewal clause that kick in in the absence of a 90-day cancellation notice before the contract’s anniversary date. It is common for customers to overlook this deadline and be obligated to renew the contract without having had a chance to negotiate changes or even cancel the service.

Cloud Standards Customer Council

Negotiate Support, Sandboxes and Other Key Variables in SaaS Contracts to Minimize Unforeseen Costs

7 April 2022 | Failing to negotiate the right level of support upfront can mean paying a premium price for enhanced support later in the contract. Gartner believes that fees for premium support are typically negotiable if the negotiation occurs before contract signature.

Gartner Analyst(s): Monica Baranwal | Jo Liversidge | Dawn Hubbard

Best Practice Guide for Cloud and As-A-Service Procurements

2016 | Traditional procurement practices that prevent these new service models from fairly competing deprive governments and their taxpayers of modern, effective tools for managing their increasing digital demands.

Center for Digital Government

3 Reasons Why SaaS Vendors Are Raising Prices and What You Can Do About It

26 August 2022 | ...contracts with no renewal price cap protections are particularly vulnerable, as are those tied to an inflationary index such as the consumer price index (CPI) or the Harmonised Index of Consumer Prices (HICP).

Gartner Analyst(s): Hannah Decker | Quintin Casper | Melanie Alexander | Dawn Hubbard | Gunjan Gupta | Stephen White

Top 10 SaaS Terms to Negotiate to Avoid Putting Your Budget and Business at Risk

21 November 2022 | Through 2025, customers relying solely on good faith negotiations rather than explicit price caps will pay at least 20% more in SaaS fees at contract renewals.

SaaS subscriptions typically have high levels of lock-in and may leave clients exposed to significant price increases on renewal, if not negotiated.

Gartner Analyst(s): Ishan Anand | Jo Liversidge

Reduce SaaS Lock-In Risk by Negotiating Data Extraction and Transition Rights

13 September 2021 | The fact is that the vendor can terminate a SaaS agreement without cause when a subscription is coming up for renewal. While in some instances it may be a benefit to the buyer that they have as short a period of termination as possible, a short notice of termination period for the vendor is a major risk for the customer.

Gartner Analyst(s): Roberto Sacco | Jo Liversidge

Predicts 2022: SaaS Dominates Software Contracting by 2026 — and So Do Risks

2 December 2021 | ... as SaaS gains momentum, power shifts away from customers toward providers because of SaaS's "stickiness," which ensures customers renew or lose all access to the service.

Gartner Analyst(s): Michael Silver | Mike Tucciarone | James Smith | Marie Sienkowski | Hannah Decker
| Jo Liversidge | Roberto Sacco | Eugene Quillen

Best Practices for Effective Cloud Computing Services Procurement within the Federal Government - Basic Steps for Public Sector Organizations

January 2016 | To fully realize the economic benefits of cloud services, customers can expect costs to vary over time since they only pay for cloud IT services actually consumed and needed. This sometimes presents unique challenges for public entities based on established budgeting processes. Financial monitoring of these variable costs will need to be planned.

General Services Administration | Federal Acquisition Services | Office of Integrated Technology Services
| Cloud Computing Services Program Management Office (GSA FAS ITS CCS PMO)

Exhibit B

SECTION 11-35-2030. Multiterm contracts.

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STATE FISCAL ACCOUNTABILITY AUTHORITY

REGULAR SESSION

MEETING OF March 28, 2023

ITEM NUMBER 19

AGENCY: State Fiscal Accountability Authority

SUBJECT: Future Meeting

The next regular meeting of the State Fiscal Accountability Authority will be held at 10:00 a.m. on Tuesday, May 23, 2023, in Room 252, Edgar A. Brown Building.

AUTHORITY ACTION REQUESTED:

Agree to meet at 10:00 a.m. on Tuesday, May 23, 2023, in Room 252, Edgar A. Brown Building.

ATTACHMENTS: