

# STATE FISCAL ACCOUNTABILITY AUTHORITY

Meeting of Tuesday, December 12, 2017 -- 10:00 A. M.

Room 252, Edgar A. Brown Building

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## AGENDA INDEX

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Item	Agency	Subject
<b>A.</b>		<b>MEETING OF STATE EDUCATIONAL FACILITIES AUTHORITY</b>
<b>B.</b>		<b>MEETING OF STATE FISCAL ACCOUNTABILITY AUTHORITY</b>
<b>C.</b>		<b>ADOPTION OF PROPOSED AGENDA</b>
<b>D.</b>		<b>MINUTES OF PREVIOUS MEETING</b>
<b>E.</b>		<b>BLUE AGENDA</b>
1.	State Treasurer's Office	Bond Counsel Selection
2.	Department of Administration, Facilities Management and Property Services	Easements
3.	Department of Administration, Facilities Management and Property Services	Real Property Conveyances
4.	Division of Procurement Services	Procurement Audit of the South Carolina Department of Revenue
5.	Executive Director	Bank Account Transparency and Accountability
6.	Executive Director	Revenue Bonds
7.	Executive Director	Economic Development – 2017 Ceiling Allocations (2017 Ceiling Allocation and Volume Cap Carry-forward)
8.	Executive Director	Qualified Public Educational Facilities (2017 Volume Cap Carryforward)
9.	Comptroller General	Update on South Carolina State University's FY 2017 Financial Statements
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2.	Office of the State Auditor	2016 Audit - CAFR

# STATE FISCAL ACCOUNTABILITY AUTHORITY

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Room 252, Edgar A. Brown Building

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<u>Item</u>	<u>Agency</u>	<u>Subject</u>
3.	Department of Administration, Capital Budget Office	Permanent Improvement Projects
4.	Department of Commerce, Division of Public Railways d/b/a Palmetto Railways	Camp Hall Rail Project
5.	Department of Administration, Facilities Management and Property Services;	MUSC Lease – 19 Hagood Avenue in Charleston
6.	Division of Procurement Services	Procurement Certification for the College of Charleston
7.	Division of Procurement Services	Waiver to Extend the Maximum Time on a Multi- term Contract for Winthrop University
8.	Division of Procurement Services	Waiver to Extend the Maximum Time on a Multi- term Contract for the State Fiscal Accountability Authority, Division of Procurement Services
9.	Clemson University	Not Exceeding \$6,750,000 General Obligation State Institution Bonds of the State of South Carolina, (Issued on Behalf of Clemson University)
10.	State Fiscal Accountability Authority	Future Meeting
11.	Department of Natural Resources	Existing Road and Dike PIP Process

AGENCY: State Treasurer's Office

SUBJECT: Bond Counsel Selection

The State Treasurer's Office has provided the following notification of the assignment of bond counsel for conduit issues; other revenue issues and special assignment of bond counsel for which Authority approval is requested:

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$25,000,000 Economic Development Revenue Bonds	CR Senior Living - Beaufort Conduit: JEDA	Parker Poe	Nexsen Pruet
\$10,000,000 Economic Development Revenue Bonds	CR Senior Living - Spartanburg Conduit: JEDA	Parker Poe	Nexsen Pruet
\$17,000,000 Economic Development Revenue Bonds	CR Senior Living -- River Park Conduit: JEDA	Parker Poe	Nexsen Pruet
\$1,500,000,000 Hospital Revenue Bonds	SC Health Company Conduit: JEDA	Haynsworth Sinkler Boyd	Howell Linkous & Nettles
\$44,000,000 Educational Facilities Revenue Bond (Charleston Southern University)	Charleston Southern University / Conduit: Educational Facilities Authority	McNair Law Firm	Howell Linkous & Nettles

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$2,000,000 Special Source Revenue Bonds	Dillon County	Haynsworth Sinkler Boyd

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$6,750,000 State Institution Bonds	Clemson University	Pope Flynn, LLC

AUTHORITY ACTION REQUESTED:

Approve the referenced bond counsel assignment as recommended by the State Treasurer's Office.

ATTACHMENTS:

Bond Counsel Selection Approved by the State Treasurer's Office

Items for December 12, 2017 State Fiscal Accountability Authority  
 Bond Counsel and Issuer Counsel Selections by the State Treasurer's Office are as follows:

**CONDUIT ISSUES:**

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel	Date STO Approved
\$25,000,000 Economic Development Revenue Bonds	CR Senior Living - Beaufort Conduit: JEDA	Parker Poe	Nexsen Pruet	11/15/2017
\$10,000,000 Economic Development Revenue Bonds	CR Senior Living - Spartanburg Conduit: JEDA	Parker Poe	Nexsen Pruet	11/15/2017
\$17,000,000 Economic Development Revenue Bonds	CR Senior Living – River Park Conduit: JEDA	Parker Poe	Nexsen Pruet	11/30/2017
\$1,500,000,000 Hospital Revenue Bonds	SC Health Company Conduit: JEDA	Haynsworth Sinkler Boyd	Howell Linkous & Nettles	11/16/2017
\$44,000,000 Educational Facilities Revenue Bond (Charleston Southern University)	Charleston Southern University / Conduit: Educational Facilities Authority	McNair Law Firm	Howell Linkous and Nettles, LLC	11/16/2017

**OTHER REVENUE ISSUES:**

Description of Issue	Agency/Institution	Approved Bond Counsel	Date STO Approved
\$2,000,000 Special Source Revenue Bonds	Dillon County	Haynsworth Sinkler Boyd	10/31/2017

**SPECIAL ASSIGNMENT OF BOND COUNSEL:**

Description of Issue	Agency/Institution	Approved Bond Counsel	Date STO Approved
\$6,750,000 State Institution Bonds	Clemson University	Pope Flynn, LLC	10/30/2017

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AGENCY: Department of Administration, Facilities Management and Property Services

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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: South Carolina Electric and Gas Company  
Consideration: \$700  
Description/Purpose: To grant a 0.46 acre easement for the construction, installation, operation and maintenance of an aerial electric transmission line across marshes and tidal tributary near Clements Ferry Road and Mark Clark Expressway to provide additional capacity and reliability to customers in the Cainhoy and Thomas Island area. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (b) County Location: Charleston  
From: Medical University of South Carolina  
To: South Carolina Electric and Gas Company  
Consideration: \$1  
Description/Purpose: To grant a 0.082 acre permanent easement for the construction, installation, operation and maintenance of a switchgear and associated facilities on property owned by MUSC. The easement is needed to provide service to the 10 Westedge Project in the Horizon District. The easement will contain the State's standard reverter language that if SCE&G discontinues usage of the switchgear and facilities, the easement will terminate. The Division of Facilities Management and Property Services has determined that MUSC has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (c) County Location: Sumter  
From: Department of Administration  
To: Duke Energy Progress, LLC  
Consideration: \$1

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AGENCY: Department of Administration, Facilities Management and Property Services

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SUBJECT: Easements

Description/Purpose: To grant a 0.18 acre permanent easement, together with the right of ingress and egress, for the purpose of constructing, reconstructing, operating, patrolling, maintaining, inspecting, repairing, replacing, relocating, adding, modifying and removing underground electric lines and facilities on property controlled by the Department of Mental Health (DMH) to provide service to the new Santee-Wateree Mental Health Center in Sumter. The easement will contain the State's standard reverter language that if Duke Energy discontinues usage of the electric lines and facilities, the easement will terminate. The easement is being sought by DMH for the benefit of the property. The Division of Facilities Management and Property Services has determined that DMH has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.

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AUTHORITY ACTION REQUESTED:

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

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ATTACHMENTS: Agenda item worksheet and attachments

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: December 12, 2017

Blue Agenda

1. Submitted by:

- (a) Agency: Department of Administration,  
Division of Facilities Management  
and Property Services
- (b) Authorized Official Signature:



Ashlie Lancaster, Director

2. Subject:

EASEMENTS

3. Summary Background Information:

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: South Carolina Electric and Gas Company  
Consideration: \$700  
Description/Purpose: To grant a 0.46 acre easement for the construction, installation, operation and maintenance of an aerial electric transmission line across marshes and tidal tributary near Clements Ferry Road and Mark Clark Expressway to provide additional capacity and reliability to customers in the Cainhoy and Thomas Island area. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (b) County Location: Charleston  
From: Medical University of South Carolina  
To: South Carolina Electric and Gas Company  
Consideration: \$1  
Description/Purpose: To grant a 0.082 acre permanent easement for the construction, installation, operation and maintenance of a switchgear and associated facilities on property owned by MUSC. The easement is needed to provide service to the 10 Westedge Project in the Horizon District. The easement will contain the State's standard reverter language that if SCE&G discontinues usage of the switchgear and facilities, the easement will terminate. The Division of Facilities Management and Property Services has determined that MUSC has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.

- (c) County Location: Sumter  
From: Department of Administration  
To: Duke Energy Progress, LLC  
Consideration: \$1  
Description/Purpose: To grant a 0.18 acre permanent easement, together with the right of ingress and egress, for the purpose of constructing, reconstructing, operating, patrolling, maintaining, inspecting, repairing, replacing, relocating, adding, modifying and removing underground electric lines and facilities on property controlled by the Department of Mental Health (DMH) to provide service to the new Santee-Waterloo Mental Health Center in Sumter. The easement will contain the State's standard reverter language that if Duke Energy discontinues usage of the electric lines and facilities, the easement will terminate. The easement is being sought by DMH for the benefit of the property. The Division of Facilities Management and Property Services has determined that DMH has complied with the requirement of the statute in that 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.

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5. **What is recommendation of the Department of Administration?** Recommend approval of the referenced easements.

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6. **List of Supporting Documents:**

1. SC Code of Laws Sections 1-11-80, 1-11-100 and 10-1-130
2. Exhibits (maps, plats, etc.)
  - (a) South Carolina Electric and Gas Company
  - (b) South Carolina Electric and Gas Company (MUSC)
  - (c) Duke Energy Progress, LLC



## **SOUTH CAROLINA CODE OF LAWS**

### **SECTION 1-11-80. Board 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.

(a)

# "EXHIBIT A" BERKELEY COUNTY CITY of CHARLESTON

LINE TABLE		
LINE	LENGTH	BEARING
L25	19.61	S 89°34'08" W
L26	7.84	S 89°34'08" W
L27	35.26	N 09°44'24" E
L28	10.74	S 88°42'24" W
L29	736.11	N 05°47'24" E
L30	13.27	S 38°27'56" E
L31	15.39	S 38°27'56" E
L32	691.53	S 04°46'21" W
L33	55.14	S 02°25'26" W

NOTE:  
THIS SKETCH (EXHIBIT) IS NOT A BOUNDARY SURVEY BUT IS A GRAPHIC DEPICTION OF THE LEGAL DESCRIPTION SHOWN HEREON, AND OF THE EASEMENT AREA.  
DATUM: COORDINATES SHOWN ON THIS EXHIBIT ARE NAD 83 SOUTH CAROLINA STATE PLANE INTERNATIONAL FEET.

CLEMENTS FERRY ROAD (S-8-33)  
RWV VARIES

EXISTING 25' UTILITY EASEMENT (PLAT CAB/R/G.: L274)

N 384241.70  
E 2328491.15

N 384219.26  
E 2328509.01



PROPERTY OF  
LINDA ANN AVINGER  
GIBSON, et al.  
T.M.S. #271-00-02-029

**SURVEYOR'S STATEMENT:**  
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 (effective June 26, 2009), AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS 'A' SURVEY AS SPECIFIED THEREIN (See Section 49-60 F).

*Karl A. Wilson*  
Karl A. Wilson, PLS, SCPLS No. 17253  
Cornerstone Surveying & Engineering, Inc.  
S.C. C.O.A. 000032  
1240 Becons Bridge Road, Summerville, S.C. 29485  
Phone: (843) 871-8708

SALT MARSH  
PROPERTY OF  
STATE of SOUTH CAROLINA  
CRITICAL AREA

### LEGAL DESCRIPTION OF: EASEMENT AREA

From the POINT OF BEGINNING (POB); Said line having a direction of S 89°34'08" W for a distance of 19.61 feet to a point on a line.  
Thence S 89°34'08" W for a distance of 7.84 feet to a point on a line.  
Thence N 09°44'24" E for a distance of 35.26 feet to a point on a line.  
Thence S 88°42'24" W for a distance of 10.74 feet to a point on a line.  
Thence N 05°47'24" E for a distance of 736.11 feet to a point on a line.  
Thence S 38°27'56" E for a distance of 13.27 feet to a point on a line.  
Thence S 38°27'56" E for a distance of 15.39 feet to a point on a line.  
Thence S 04°46'21" W for a distance of 691.53 feet to a point on a line.  
Thence S 02°25'26" W for a distance of 55.14 feet to the POINT OF BEGINNING.

N 383509.35  
E 2328416.92

N 383509.59  
E 2328427.68

N 383474.83  
E 2328421.69

N 383530.13  
E 2328451.48

N 383474.89  
E 2328429.53

POB  
N 383475.04  
E 2328448.15

- Indicates 19,890 sq. ft. or 0.46 acres

REF. DWG. T09158-12101

## SOUTH CAROLINA ELECTRIC & GAS CO.

FOR: THOMAS ISLAND - JACK PRIMUS 115kV LINE  
DETAIL: CROSSING PROPERTY OF STATE OF SOUTH CAROLINA (SALT MARSH)

DRAWN	DATE
PLH	4-03-2013
APPROVED	DATE
CHT	4-03-2013

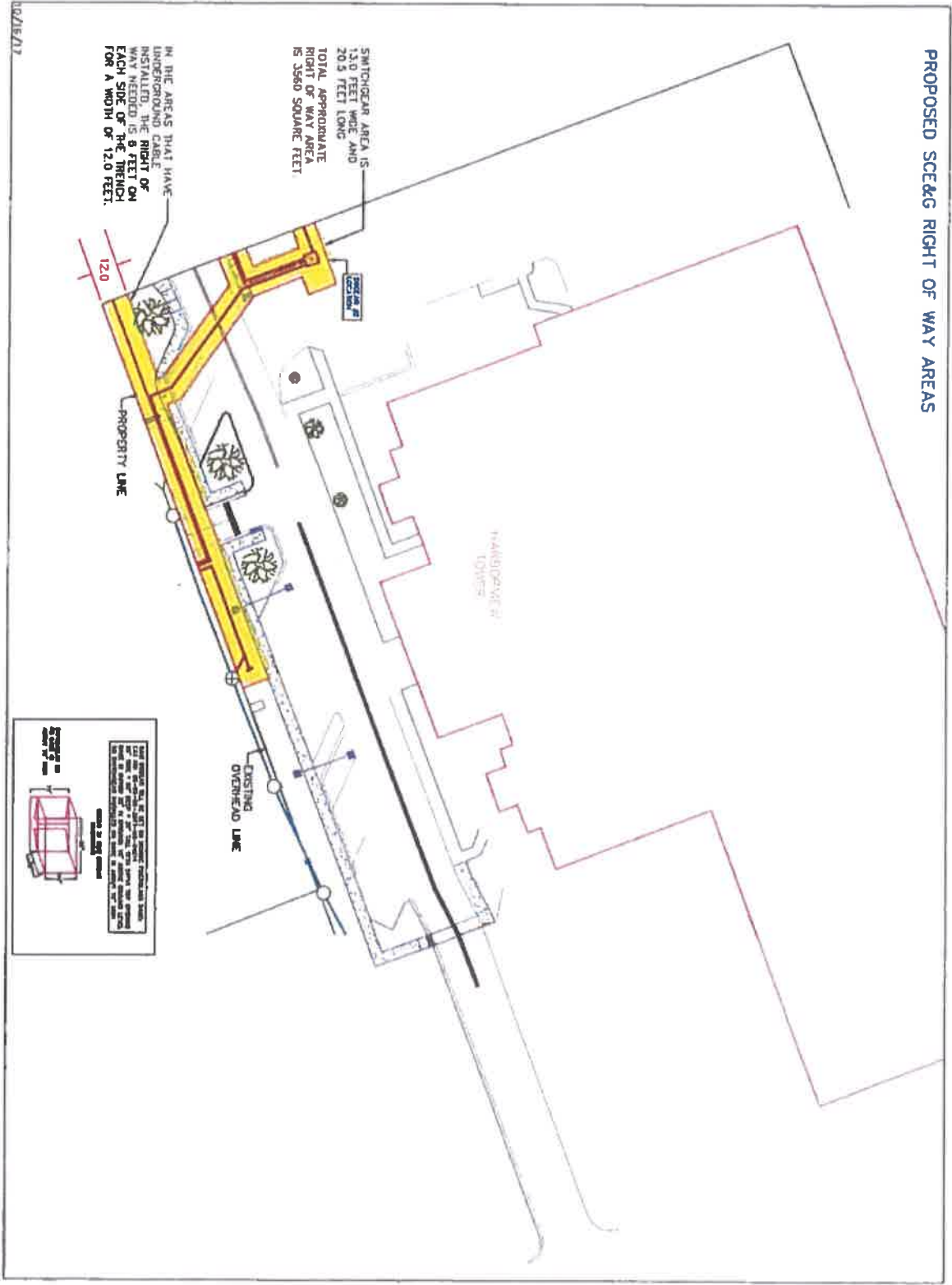
DRAWING NUMBER		
PROJECT	LINE NUMBER	SHEET NUMBER

P - 09158 - 60307	
REVISION DATE	NUMBER
4-03-2013	0

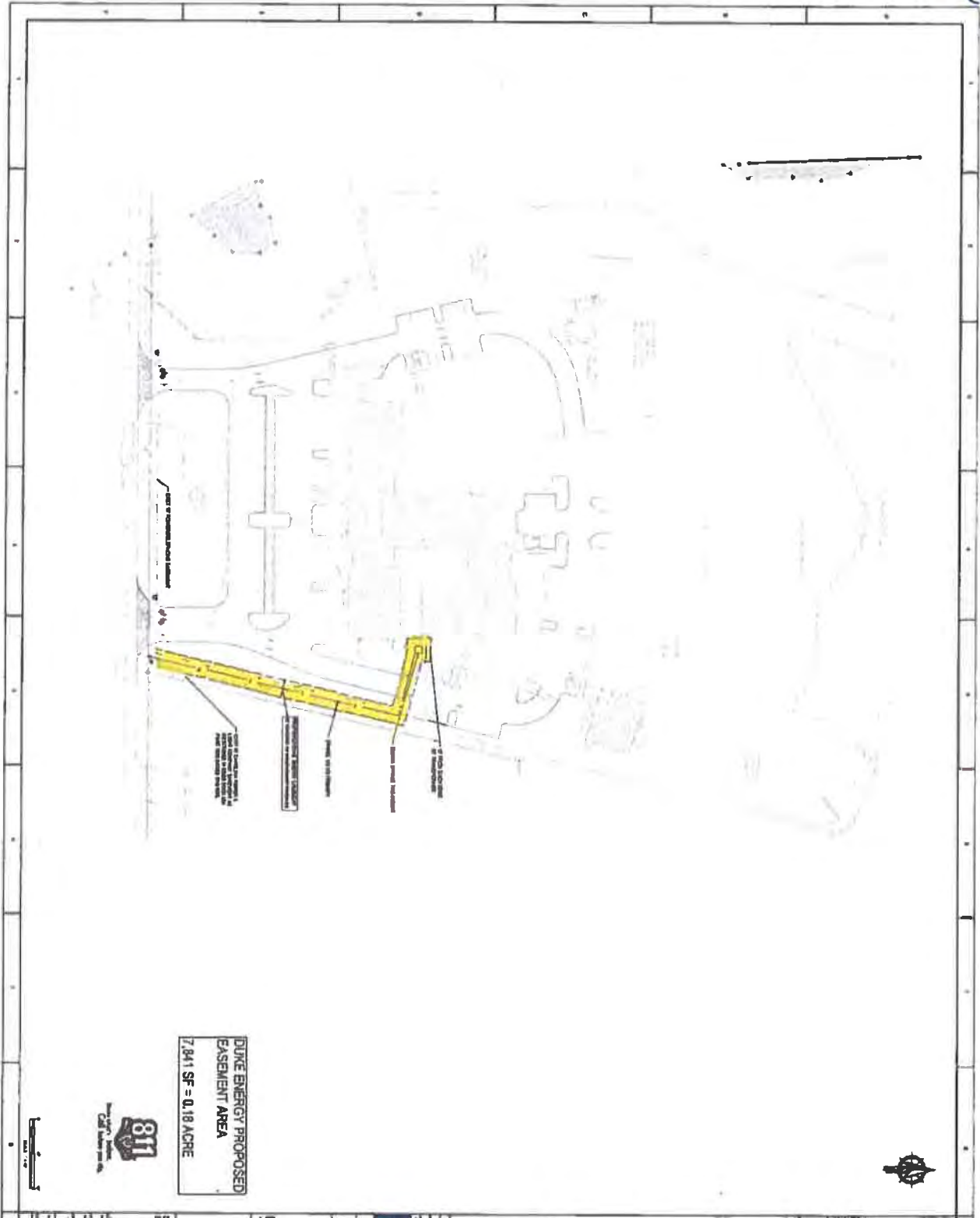
*	SCALE · 1"=100'	W.O.#	CONST 400836	M. F. CODE	SURVEY JOB #
			RW 400831		

(b)

PROPOSED SCE&G RIGHT OF WAY AREAS



(c)



**DUKE ENERGY PROPOSED  
EASEMENT AREA**  
7,941 SF = 0.18 ACRE



**FOR AGENCY  
APPROVAL**

**DAVID R. FLOYD**  
Professional Engineer  
No. 114,308

**DAME**  
SOUTH CHINA GROUP  
ARCHITECTURE  
SANTEE WINTZEL HOSPITAL  
CATH CENTER CONSTRUCTION  
1000 WEST 7TH STREET  
DALLAS, TX 75201

**DR. BEL**  
ARCHITECTS, LLC  
2300 FORT  
WORTH AVENUE  
SUITE 200  
DALLAS, TX 75201

**ROSEMARINE COE**  
ARCHITECTS, LLC  
1000 WEST 7TH STREET  
SUITE 200  
DALLAS, TX 75201

DATE:	01/14/10
SCALE:	AS SHOWN
PROJECT:	811
DESCRIPTION:	PROPOSED EASEMENT AREA
<b>EXHIBIT A</b>	

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**AGENCY:** Department of Administration, Facilities Management and Property Services

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**SUBJECT:** Real Property Conveyances

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- (a) **Controlling Agency:** State Ports Authority  
Acreage: 10.457± acres and improvements  
Location: 838 Morrison Drive, Charleston  
County: Charleston  
Purpose: To dispose of surplus real property.  
Price/Transferred To: Origin Development Partners, LLC/\$9,100,000  
Disposition of Proceeds: To be retained by the State Ports Authority pursuant to Proviso 93.20.  
Additional Information: The proposed sale consists of the following nine (9) parcels:

<b>Acreage</b>	<b>Description</b>
<u>Group 1</u>	2.909 Total Acres / 1.6559 Usable Acres (Includes approx. 1.2531 acres of wetlands)
±2.497	TMS No. 459-02-00-001
±0.412	TMS NO. 459-02-00-015
<u>Group 2</u>	7.548 Total Acres / 5.3843 Usable Acres (Includes approx. 0.9106 acres of wetlands)
±2.007	TMS No. 459-07-00-010 with office building (Building 160)
±0.331	TMS No. 459-07-00-017
±0.363	TMS No. 459-07-00-025
±0.780	TMS No. 459-07-00-009
±0.588	TMS No. 459-07-00-008
±0.213	TMS No. 459-07-00-016
±0.357	TMS No. 459-07-00-024

These properties are not specifically related to port operations and have been deemed surplus. Presently, SCSPA's procurement and receiving departments use Building 160 and an adjacent gravel lot, but will be relocated to other SCSPA facilities in the near future. On July 14, 2017, the SCSPA offered the properties for sale. On October 10, 2017, the SCSPA received the offer from Origin Development Partners, LLC.

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**AUTHORITY ACTION REQUESTED:**

Approve the real property conveyances as recommended by the Department of Administration, Facilities Management and Property Services.

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**ATTACHMENTS:**

Agenda item worksheet and attachments



**STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET**

Meeting Scheduled for: December 12, 2017

Blue Agenda

**1. Submitted by:**

(a) Agency: Department of Administration,  
Division of Facilities Management  
and Property Services



(b) Authorized Official Signature:

Ashlie Lancaster, Director

**2. Subject: REAL PROPERTY CONVEYANCES**

**3. Summary Background Information:**

- (a) **Controlling Agency:** State Ports Authority  
**Acreage:** 10.457± acres and improvements  
**Location:** 838 Morrison Drive, Charleston  
**County:** Charleston  
**Purpose:** To dispose of surplus real property.  
**Price/Transferred To:** Origin Development Partners, LLC/\$9,100,000  
**Disposition of Proceeds:** To be retained by the State Ports Authority pursuant to Proviso 93.20.  
**Additional Information:** The proposed sale consists of the following nine (9) parcels:

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±0.780	TMS No. 459-07-00-009
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±0.213	TMS No. 459-07-00-016
±0.357	TMS No. 459-07-00-024

These properties are not specifically related to port operations and have been deemed surplus. Presently, SCSPA's procurement and receiving departments use Building 160 and an adjacent gravel lot, but will be relocated to other SCSPA facilities in the near future. On July 14, 2017, the SCSPA offered the properties for sale. On October 10, 2017, the SCSPA received the offer from Origin

Development Partners, LLC.

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**4. What is Authority asked to do?** Approve the property conveyances as requested.

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**5. What is recommendation of Department of Administration?** Approve the property conveyances as requested.

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**6. List of Supporting Documents:**

1. SC Code of Laws Section 1-11-65
2. 2017-2018 Appropriations Bill H3720, Part 1B, Proviso 93.20
3. (a) State Ports Authority – Charleston County



## SOUTH CAROLINA CODE OF LAWS

### **SECTION 1-11-65. Approval and recordation of real property transactions involving governmental bodies.**

(A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the Department of Administration for transactions of one million dollars or less. For transactions of more than one million dollars, approval of the State Fiscal Accountability Authority is required in lieu of the department, although the recording will be with the department. Upon approval of the transaction, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the department's and authority's approval of the transaction as required. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The department and authority may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution.

HISTORY: 1985 Act No. 201, Part II, Section 5; 1989 Act No. 26, Section 1; 1997 Act No. 153, Section 2; 2014 Act No. 121 (S.22), Pt V, Section 7.C, eff July 1, 2015.

#### Editor's Note

Except for designation of the paragraphs, this section and former Section 1-11-57 were identical. For consistency, Section 1-11-57 is treated as an amendment to this section.

#### Effect of Amendment

2014 Act No. 121, Section 7.C, rewrote subsection (A).

South Carolina General Assembly  
122nd Session, 2017-2018

H. 3720

General Appropriations Bill for fiscal year 2017-2018  
As Ratified by the General Assembly

PART IB

OPERATION OF STATE GOVERNMENT

SECTION 93 - D50-DEPARTMENT OF ADMINISTRATION

93.20. (DOA: Sale of Surplus Real Property) Up to fifty percent of the proceeds, net of selling expenses, from the sale of surplus real properties shall be retained by the Department of Administration and used for the deferred maintenance of state-owned buildings. The remaining fifty percent of the net proceeds shall be returned to the agency that the property is owned by, under the control of, or assigned to and shall be used by that agency for nonrecurring purposes. This provision applies to all state agencies and departments except: institutions of higher learning; the Public Service Authority; the Ports Authority; the MUSC Hospital Authority; the Myrtle Beach Air Force Redevelopment Authority; the Department of Transportation; the Columbia State Farmers Market; the Department of Agriculture's Columbia Metrology Lab building and property; the Charleston Naval Complex Redevelopment Authority; the Department of Commerce's Division of Public Railways; the Midlands Technical College Enterprise Campus Authority; the Trident Technical College Enterprise Campus Authority; the Commissioners residence at the Department of Corrections and the Educational Television Commission's Key Road property.

The Educational Television Commission shall be authorized to retain the net proceeds from the sale of its property on Key Road, and such proceeds may be used for the renovation of the ETV Telecommunications Center and other maintenance and operating expenses. If it is determined that sufficient net proceeds are not to be derived from the sale of its property on Key Road to cover the cost of all renovations of the Telecommunications Center, the property on Key Road shall not be sold. Any proposed sale hereunder shall, prior to said sale, be submitted to the Department of Administration for approval as being in compliance with the requirements of this subsection.

The Department of Corrections shall be authorized to retain the net proceeds from the sale of the residence provided for the Commissioner of the Department of Corrections and use such proceeds for deferred maintenance needs at the Department of Corrections.

The Forestry Commission shall be authorized to retain the net proceeds from the sale of surplus land for use in firefighting operations and replacement of firefighting equipment.

The Department of Natural Resources shall be authorized to retain the net proceeds from the sale of existing offices originally purchased with a federal grant or with restricted revenue from hunting and fishing license sales for the improvement, consolidation, and/or establishment of regional offices and related facilities.

The Department of Vocational Rehabilitation shall be authorized to retain the net proceeds from the sale of 3.205 acres located at 22861 Highway 76 East in Clinton, South Carolina to be used for capital projects and deferred maintenance.

The Department of Agriculture, the Educational Television Commission, the Department of Corrections, the Department of Natural Resources, the Forestry Commission, and the Department of Vocational Rehabilitation shall annually submit a report, within sixty days after the close of the fiscal year, to the Senate Finance Committee and the House Ways and Means Committee on the status of the sale of the identified property and a detailed accounting on the expenditure of funds resulting from such sale.

This provision is comprehensive and supersedes any conflicting provisions concerning disposition of state-owned real property whether in permanent law, temporary law or by provision elsewhere in this act.

Any unused portion of these funds may be carried forward into succeeding fiscal years and used for the same purposes.

(a) State Ports Authority  
Charleston County

List of Supporting Documents:

1. Letter from Benjamin P. Mustian of Willoughby & Hoefler, P.A. dated November 7, 2017
2. Plat/Map

**WILLOUGHBY & HOEFER, P.A.**  
ATTORNEYS & COUNSELORS AT LAW

MITCHELL M. WILLOUGHBY  
JOHN M. S. HOEFER  
RANDOLPH R. LOWELL\*\*  
TRACEY C. GREEN  
BENJAMIN P. MUSTIAN\*\*  
ELIZABETH ZECK\*  
ELIZABETHANN LOADHOLT CARROLL  
CHAD N. JOHNSTON  
JOHN W. ROBERTS  
ANDREW J. D'ANTONI  
R. WALKER HUMPHREY, II\*\*\*  
  
ELIZABETH S. MABRY  
JAMES PATRICK HUDSON  
OF COUNSEL  
  
JOSEPH H. FARRELL, III  
SPECIAL COUNSEL

OFFICES  
  
COLUMBIA  
930 RICHLAND STREET  
P.O. BOX 8416  
COLUMBIA, SC 29202-8416

AREA CODE 803  
TELEPHONE 252-3300  
TELECOPIER 256-8082

CHARLESTON  
151 MEETING STREET  
SUITE 325  
P.O. BOX 10  
CHARLESTON, SC 29402

AREA CODE 843  
TELEPHONE 619-4426  
TELECOPIER 619-4430

\*ALSO ADMITTED IN TX  
\*\*ALSO ADMITTED IN WASHINGTON, D.C.  
\*\*\*ALSO ADMITTED IN CALIFORNIA

November 7, 2017

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

Mr. Delbert Singleton  
State Fiscal Accountability Authority  
1200 Senate Street  
Columbia, SC 29201

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
1200 Senate Street, Ste. 460  
Columbia, SC 29201

Dear Mr. Singleton and Ms. Lancaster:

The purpose of this letter is to notify you of the intention of the South Carolina State Ports Authority (SCSPA) to seek the approval of the State Fiscal Accountability Authority (SFAA), and/or the Department of Administration (DOA) for the sale of certain real property in the City of Charleston, Charleston County, South Carolina. A Real Property Transaction Submission & Approval Form relating to this request is attached hereto as **Exhibit A**.

By way of a brief background and introduction, the SCSPA has engaged in ongoing efforts to sell property that is not specifically related to Port operations. In furtherance of these efforts, the SCSPA offered for sale nine parcels located on Morrison Drive. As reflected on the plat attached as **Exhibit B**, two of the parcels are located northwest of Johnson Street. These parcels (collectively, "Group 1") are designated in the Charleston County public records as Tax Map Sequence Numbers 459-02-00-001 and 459-02-00-015 and consist of approximately 2.5 acres and 0.4 acres, respectively. As reflected on the plat attached as **Exhibit C**, the remaining seven parcels are located southeast of Johnson Street and include the SCSPA's Building 160 and a gravel lot

(collectively, "Group 2"). These parcels are designated in the Charleston County public records and consist of the approximate acreage as follows:

Tax Map Sequence Number	Approximate Acreage
459-07-00-010	2.0
459-07-00-017	0.33
459-07-00-025	0.36
459-07-00-009	0.78
459-07-00-016	0.21
459-07-00-008	0.50
459-07-00-024	0.36

Copies of the existing deeds and related documents are attached as **Exhibit D**.

Presently, SCSPA's procurement and receiving departments use Building 160 and an adjacent gravel lot, but will be relocated to other SCSPA facilities in the near future. Otherwise, the Group 1 and 2 properties (collectively, the "Property") are not used for port operations. Accordingly, on or about July 14, 2017, the SCSPA offered the Property for sale, specifying that interested parties could offer to purchase either, the Wooded Lot, Building 160 and The Gravel Lot, or all of the Property. On or about October 10, 2017, the SCSPA received from Origin Development Partners, LLC ("Origin") the Offer to Purchase Real Property attached hereto as **Exhibit E**. As reflected therein, Origin offered to buy all of the Property for nine million one hundred thousand and 00/100 dollars (\$9,100,000.00).

In preparing for the potential sale of the Properties, the SCSPA commissioned an appraisal to be performed by The Guerry Group ("Guerry"). As reflected in the report dated March 23, 2017, a copy of which is attached as **Exhibit F**, Guerry initially estimated the value of Group 1 to be \$3,725,000 and of Group 2 to be \$8,400,000. Subsequently, and as reflected in the letter dated November 6, 2017, a copy of which is attached as **Exhibit G**, Guerry recognized that, although the appraisal relied upon the comparison of similar properties, the Property has unique characteristics which differ from the comparable sales used in this appraisal. Guerry also determined that the appraisal was based upon a market adjustment, which may exceed the actual rate of market appreciate, and that the appraisal used a pending sale as a comparable property, which sale ultimately fell through. Finally, Guerry recognized the possibility that a downward adjustment to the appraised price is appropriate to reflect the impact of truck traffic, flooding, and public housing projects. For these reasons and the other reasons stated in the letter, Guerry therefore concluded that the locational factors appear to be more negative than it originally concluded, and, given that the property was offered to the highest bidder, it would have to advise their client to strongly consider the offered purchase price of \$9,100,000.

The SCSPA further notes that the property sale, for which SCSPA is presently seeking approval, will be undertaken with the resources available to SCSPA and will not impact the State's general fund. Accordingly, and as more fully described above, SCSPA respectfully requests that the SFAA and/or the DOA approve the property sale.

November 7, 2017

Page 3 of 3

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Thank you for your assistance with this matter and, if you have any questions or need any additional information, please do not hesitate to contact me.

Sincerely,

**WILLOUGHBY & HOEFER, P.A.**



Benjamin P. Mustian



LOCATION MAP

- NOTES:**
- 1) ALL DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.
  - 2) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 3) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 4) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 5) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 6) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 7) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 8) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 9) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 10) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 11) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 12) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 13) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 14) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 15) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 16) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 17) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 18) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 19) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
  - 20) ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.

**LEGEND:**

1	EXISTING ROAD
2	EXISTING LOT
3	EXISTING LOT
4	EXISTING LOT
5	EXISTING LOT
6	EXISTING LOT
7	EXISTING LOT
8	EXISTING LOT
9	EXISTING LOT
10	EXISTING LOT
11	EXISTING LOT
12	EXISTING LOT
13	EXISTING LOT
14	EXISTING LOT
15	EXISTING LOT
16	EXISTING LOT
17	EXISTING LOT
18	EXISTING LOT
19	EXISTING LOT
20	EXISTING LOT

- REFERENCES:**
- 1) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-10.
  - 2) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-11.
  - 3) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-12.
  - 4) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-13.
  - 5) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-14.
  - 6) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-15.
  - 7) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-16.
  - 8) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-17.
  - 9) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-18.
  - 10) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-19.
  - 11) TOWN OF CHARLESTON, SOUTH CAROLINA, ZONING ORDINANCE, CHAPTER 25, SECTION 25-20.



Area Calculations Table

Lot No.	Area (Acres)	Area (Sq. Ft.)
1	0.125	5,400
2	0.125	5,400
3	0.125	5,400
4	0.125	5,400
5	0.125	5,400
6	0.125	5,400
7	0.125	5,400
8	0.125	5,400
9	0.125	5,400
10	0.125	5,400
11	0.125	5,400
12	0.125	5,400
13	0.125	5,400
14	0.125	5,400
15	0.125	5,400
16	0.125	5,400
17	0.125	5,400
18	0.125	5,400
19	0.125	5,400
20	0.125	5,400
21	0.125	5,400
22	0.125	5,400
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24	0.125	5,400
25	0.125	5,400
26	0.125	5,400
27	0.125	5,400
28	0.125	5,400
29	0.125	5,400
30	0.125	5,400
31	0.125	5,400
32	0.125	5,400
33	0.125	5,400
34	0.125	5,400
35	0.125	5,400
36	0.125	5,400
37	0.125	5,400
38	0.125	5,400
39	0.125	5,400
40	0.125	5,400
41	0.125	5,400
42	0.125	5,400
43	0.125	5,400
44	0.125	5,400
45	0.125	5,400
46	0.125	5,400
47	0.125	5,400
48	0.125	5,400
49	0.125	5,400
50	0.125	5,400
51	0.125	5,400
52	0.125	5,400
53	0.125	5,400
54	0.125	5,400
55	0.125	5,400
56	0.125	5,400
57	0.125	5,400
58	0.125	5,400
59	0.125	5,400
60	0.125	5,400
61	0.125	5,400
62	0.125	5,400
63	0.125	5,400
64	0.125	5,400
65	0.125	5,400
66	0.125	5,400
67	0.125	5,400
68	0.125	5,400
69	0.125	5,400
70	0.125	5,400
71	0.125	5,400
72	0.125	5,400
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74	0.125	5,400
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77	0.125	5,400
78	0.125	5,400
79	0.125	5,400
80	0.125	5,400
81	0.125	5,400
82	0.125	5,400
83	0.125	5,400
84	0.125	5,400
85	0.125	5,400
86	0.125	5,400
87	0.125	5,400
88	0.125	5,400
89	0.125	5,400
90	0.125	5,400
91	0.125	5,400
92	0.125	5,400
93	0.125	5,400
94	0.125	5,400
95	0.125	5,400
96	0.125	5,400
97	0.125	5,400
98	0.125	5,400
99	0.125	5,400
100	0.125	5,400



**GEORGE A.Z. JOHNSON, JR., INC.**  
 ENGINEERS - PLANNERS - LAND SURVEYORS  
 5177 STEPHENS BOULEVARD  
 ATLANTA, SOUTH CAROLINA 29190  
 PHONE: (803) 881-1021  
 FAX: (803) 881-1021

**PROPERTY LINE ABANDONMENT PLAT**  
 BETWEEN TMS No. 459-02-00-001, A  
 2.497 ACRE PARCEL & TMS No.  
 459-02-00-015, A 0.412 ACRE PARCEL  
 TO CREATE NEW PARCEL J,  
 A 2.909 ACRE TRACT  
 LOCATED IN THE CITY OF CHARLESTON  
 CHARLESTON COUNTY, SOUTH CAROLINA  
 DATE: FEB. 14, 2017  
 SCALE: 1" = 60'



**NOTES:**

- 1) THIS PLAN IS A REVISION OF THE PREVIOUS PLAN FOR THE ABANDONMENT OF THE PROPERTY DESCRIBED IN THE TITLE AND SHALL BE CONSIDERED AS SUCH.
- 2) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.
- 3) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.
- 4) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.
- 5) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.

**LEGEND:**

- 1. 1" = 100' HORIZONTAL SCALE
- 2. 1" = 100' VERTICAL SCALE
- 3. 1" = 100' CURVE RADIUS
- 4. 1" = 100' CURVE OFFSET
- 5. 1" = 100' CURVE CHORD
- 6. 1" = 100' CURVE AREA
- 7. 1" = 100' CURVE PERCENT
- 8. 1" = 100' CURVE LENGTH
- 9. 1" = 100' CURVE CHORD BEARING
- 10. 1" = 100' CURVE CHORD DISTANCE
- 11. 1" = 100' CURVE CHORD BEARING AND DISTANCE
- 12. 1" = 100' CURVE CHORD BEARING AND DISTANCE

**REFERENCES:**

- 1) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.
- 2) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.
- 3) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.
- 4) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.
- 5) THE PROPERTY IS BEING ABANDONED TO THE PUBLIC AND SHALL BE USED FOR PUBLIC PURPOSES.



**LOCATION MAP**

The location map shows the project area in Charleston, South Carolina. It identifies the project location relative to major streets and landmarks.

TMS No.	Area	Acres
459-07-00-010	...	2.007
459-07-00-017	...	0.331
459-07-00-025	...	0.363
459-07-00-029	...	0.700
459-07-00-008	...	0.588
459-07-00-016	...	0.213
459-07-00-024	...	0.357

**PROPERTY LINE ABANDONMENT PLAT**

BETWEEN TMS No. 459-07-00-010, 2.007 ACRES, TMS No. 459-07-00-017, 0.331 ACRES, TMS No. 459-07-00-025, 0.363 ACRES, TMS No. 459-07-00-029, 0.700 ACRES, TMS No. 459-07-00-008, 0.588 ACRES, TMS No. 459-07-00-016, 0.213 ACRES, AND TMS No. 459-07-00-024, 0.357 ACRES TO CREATE NEW PARCEL K, A 4.639 ACRE PARCEL.

LOCATED IN THE CITY OF CHARLESTON CHARLESTON COUNTY, SOUTH CAROLINA

DATE: JUN 2, 2012

SCALE: 1" = 50'

**GEORGE A.Z. JOHNSON, JR., INC.**

ENGINEERS - PLANNERS - LAND SURVEYORS

6171 STRANAP AVE. S.W.  
ALPHARETTA, SOUTH CAROLINA 29010

TEL: (843) 689-4543 FAX: (843) 689-1281





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AGENCY: Division of Procurement Services

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SUBJECT: Procurement Audit of the South Carolina Department of Revenue

In accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services has reviewed the procurement system of the South Carolina Department of Revenue. The South Carolina Department of Revenue has not requested procurement certification. Therefore, the audit report is being submitted as information only.

---

AUTHORITY ACTION REQUESTED:

Receive as information the Procurement Audit of the South Carolina Department of Revenue, as recommended by the Division of Procurement Services.

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ATTACHMENTS:

Agenda item worksheet and attachment

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting scheduled for: December 12, 2017

Blue Agenda

1. Submitted by:

(a) Agency: Division of Procurement Services

(b) Authorized Official Signature:

  
John St. C. White, Materials Management Officer

2. Subject: Procurement Audit of the South Carolina Department of Revenue

3. Summary Background Information:

In accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services has reviewed the procurement system of the South Carolina Department of Revenue. The South Carolina Department of Revenue has not requested procurement certification. Therefore, the audit report is being submitted as information only.

4. What is Authority asked to do?

Receive the audit report as information only.

5. What is recommendation of Authority division involved?

We recommend the report be received as information only.

6. Recommendation of other office (as required)?

(a) Authorized Signature: \_\_\_\_\_

(b) Division/Agency Name: \_\_\_\_\_

7. List of supporting documents:

(a) Section 11-35-1230 of the Consolidated Procurement Code

**§ 11-35-1230. Auditing & Fiscal Reporting**

(1) The designated board office, through consultation with the chief procurement officers, shall develop written plans for the auditing of state procurements.

In procurement audits of governmental bodies thereafter, the auditors from the designated board office shall review the adequacy of the system'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 State Fiscal Accountability Authority. The auditors shall provide in writing proposed corrective action to governmental bodies. Based upon audit recommendations of the designated board office, 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.

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AGENCY: Executive Director

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SUBJECT: Bank Account Transparency and Accountability

Proviso 117.83 of the Fiscal Year 2017-18 Appropriations Act requires agencies with composite reservoir bank accounts or other accounts which are not included in the South Carolina Enterprise Information System (SCEIS) to prepare a report disclosing transaction information from the prior fiscal year. State institutions of higher learning are exempted from this requirement. The proviso also provides for an agency to petition the State Fiscal Accountability Authority for an exemption from the detailed reporting requirements if release of the information would be detrimental to the state or agency. Agencies exempted from the detailed transaction reporting by action of the former Budget and Control Board must provide the following information for each account: 1) Name of the account; 2) Names and titles of each person responsible for making withdrawals and deposits in the account; 3) Names and titles of each person responsible for reconciling each account; 4) the beginning balance, total deposits, total expenditures and year-end balance of the account.

The SFAA Office of Executive Director requested state agencies to provide the required reports by October 1, 2017. The reports received from the various state agencies have been submitted to the Comptroller General's Office to be posted on its website. Attached is a list which submitted a report in accordance with Proviso 117.83 of the FY 2017 -18 Appropriations Act.

One agency has requested an exemption from the reporting requirements of Proviso 117.83:

South Carolina Department of Corrections

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AUTHORITY ACTION REQUESTED:

- a) Receive as information the list of agencies which have submitted reports in accordance with Proviso 117.83, concerning bank account transparency and accountability.
- b) As requested by the South Carolina Department of Corrections, grant approval for the agency request for exemption from the detailed reporting requirements of Proviso 117.83 except for the following information 1) Name of the account; 2) Names and titles of each person responsible for making withdrawals and deposits in the account; 3) Names and titles of each person responsible for reconciling each account; 4) the beginning balance, total deposits, total expenditures and year-end balance of the account.
- c) Request the State Auditor's Office to continue to include a review of agency composite accounts when performing audits of agencies.

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ATTACHMENTS:

Proviso 117.83; Summary of Agency responses; Letter from John Morgan, Director of Budget and Finance, SC Department of Corrections.

**H. 3720**  
**General Appropriations Bill for Fiscal Year 2017-2018**  
**Ratified Version**

**PART IB**  
**SECTION 117 - X900 - GENERAL PROVISIONS**

**117.83.** (GP: Bank Account Transparency and Accountability) Each state agency, except state institutions of higher learning, which has composite reservoir bank accounts or any other accounts containing public funds which are not included in the Comptroller General's South Carolina Enterprise Information System shall prepare a report for each account disclosing every transaction of the account in the prior fiscal year. The report shall be submitted to the State Fiscal Accountability Authority by October first of each fiscal year. The report shall include the name(s) and title(s) of each person authorized to sign checks or make withdrawals from each account, the name and title of each person responsible for reconciling each account, the beginning and year-end balance of funds in each account, and data related to both deposits and expenditures of each account. The report shall include, but not be limited to, the date, amount, and source of each deposit transaction and the date, name of the payee, the transaction amount, and a description of the goods or services purchased for each expenditure transaction. To facilitate review, the State Fiscal Accountability Authority shall prescribe a common format for the report which agencies must use. In order to promote accountability and transparency, a link to the report shall be posted on the Comptroller General's website as well as the agency's homepage.

When the State Auditor conducts or contracts for an audit of a state agency, accounts of the agency subject to this proviso must be included as part of the review.

If an agency determines that the release of the information required in this provision would be detrimental to the state or the agency, the agency may petition the State Fiscal Accountability Authority to grant the agency an exemption from the reporting requirements for the detrimental portion. The meeting to determine whether an exemption should be granted shall be closed. However, the exemption may only be granted upon a majority vote of the State Fiscal Accountability Authority in a public meeting.

FY 2016-2017 AGENCY COMPOSITE BANK ACCOUNTS

AGENCY	EXEMPTION REQUESTED	EXEMPTION GRANTED	REPORT RECEIVED
ADJUTANT GENERAL'S OFFICE	NO		YES
ARTS COMMISSION	NO		YES
DEPARTMENT OF COMMERCE	NO		YES
DEPARTMENT OF CORRECTIONS	Submitted Request		YES
DEPARTMENT OF DISABILITIES & SPECIAL NEEDS	YES	YES	YES
DEPARTMENT OF EMPLOYMENT AND WORKFORCE	NO		YES
DEPARTMENT OF HEALTH & HUMAN SERVICES	NO		YES
DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL	NO		YES
DEPARTMENT OF JUVENILE JUSTICE	YES	YES	YES
DEPARTMENT OF LABOR, LICENSING AND REGULATION	NO		YES
DEPARTMENT OF MOTOR VEHICLES	YES	YES	YES
DEPARTMENT OF NATURAL RESOURCES	YES	YES	YES
DEPARTMENT OF PARKS RECREATION AND TOURISM	NO		YES
DEPARTMENT OF PUBLIC SAFETY	NO		YES
DEPARTMENT OF REVENUE	YES	YES	YES
DEPARTMENT OF SOCIAL SERVICES	YES	YES	YES
DEPARTMENT OF TRANSPORTATION	NO		YES
FORESTRY COMMISSION	NO		YES
GOVERNOR'S MANSION AND GROUNDS	NO		YES
JOBS ECONOMIC DEVELOPMENT AUTHORITY	NO		YES
OFFICE OF ATTORNEY GENERAL	YES	YES	YES
SC LAW ENFORCEMENT DIVISION	YES	YES	YES
SCHOOL FOR THE DEAF AND BLIND	NO		YES
SECRETARY OF STATE	NO		YES
STATE MUSEUM	NO		YES
VOCATIONAL REHABILITATION DEPARTMENT	YES	YES	YES
WIL LOU GRAY OPPORTUNITY SCHOOL	YES	YES	YES



HENRY McMASTER, Governor  
BRYAN P. STIRLING, Director

Monday, October 16, 2017

Mr. Grant Gillespie  
Executive Director  
State Fiscal Accountability Authority  
Wade Hampton Building, Suite 600  
Columbia, SC 29201

Dear Mr. Gillespie,

The South Carolina Department of Corrections is seeking exemption for certain composite reservoir bank accounts from the requirement of Proviso 117.83, Bank Account Transparency and Accountability. Those accounts are:

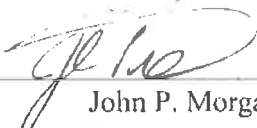
- Inmate EH Cooper cash accounts which represent approximately 20,000 individual inmate accounts. These accounts are established in the name of each individual inmate which they can use to make purchases from SCDC's Canteen or request checks sent out on the behalf of the inmate to cover outstanding debts or other items. These accounts are used similar to an account at a local bank and are confidential. The primary source of these funds are obtained through deposits made by family, friends, and work programs through the agency.
- The PI Private Sector account is used to account for inmate wages received for employment through SCDC's Prison Industry Enhancement (PIE) Program. This account assists SCDC in complying with SC Code of Laws Section 24-3-40, which determines how these wages should be administered. Checks are automatically issued from this account for child support/room and board (whichever is applicable), court ordered victim restitution/state victims fund (whichever is applicable), and transfers to the inmate's EH Cooper account as required by SC State Law.
- The Community Service (Work Release) account is used to account for wages paid to inmates that work in SCDC's Work Release Program. This account also assists SCDC in complying with SC Code of Laws Section 24-3-40, and checks are automatically issued from this account for child support/room and board (whichever is applicable), court ordered victim restitution/state victims fund (whichever is applicable), transportation, and DNA as required by SC State Law. Inmates may request checks from their Community Services account for household needs, family needs, education expenses, legal expenses, employment needs, and other personal needs as approved by the Warden at the institution.
- Special Funds accounts are related to inmates in general, including Inmate Welfare funds, Inmate Representative Committee funds, Inmate Vocational Program funds, as well as other areas. The main Special Fund account is maintained at Wells Fargo. SCDC prints checks from this account and the majority of Special Funds deposits are recorded in this account.

Mr. Grant Gillespie  
October 16, 2017  
Page 2 of 2

The individual activity for these accounts are managed through our Mainframe Legacy system while the daily totals are uploaded to the SCEIS System for disclosure and provide beginning and ending cash balances.

We believe that the release of the required information would be detrimental to the privacy of our individual inmates. The Agency holds a custodial/trust relationship with the inmates and these accounts represent inmate personal banking activity which also includes receipts to and from family member for support and victims' restitution.

I can be reached at (803) 896-2250 or at [morgan.john@doc.sc.gov](mailto:morgan.john@doc.sc.gov) if additional information is needed. Thank you for all your help!

  
\_\_\_\_\_  
John P. Morgan  
Division Director Budget and Finance

JPM/jpm

CC:  
Debra Long



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AGENCY: Executive Director

---

SUBJECT: Revenue Bonds

The required review on the following proposal to issue revenue bonds has been completed with satisfactory results. The project requires approval under State law.

- a. Issuing Authority: Dillon County
- Amount of Issue: Not Exceeding \$2,000,000 Special Source Revenue Bonds, Series 2018
- Allocation Needed: -0-
- Name of Project: Harbor Freight Tools
- Employment Impact: creation of approximately 400 jobs
- Project Description: (1) construction of approximately 4,520 linear feet of new 43 foot roadway to serve the I-95 Gateway Industrial Park, (2) construction of approximately 4,550 linear feet of 12-inch water main and all associated appurtenances, (3) full-depth reclamation and overlay of approximately 2 miles of W. Fairfield Road, and (4) refunding County's outstanding Special Source Revenue Bonds, Series 2014
- Bond Counsel: Benjamin T. Zeigler, Haynsworth Sinkler Boyd, P. A.

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AUTHORITY ACTION REQUESTED:

Adopt the resolution approving the referenced proposal to issue revenue bonds.

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ATTACHMENTS:

Resolution with attachments

## A RESOLUTION

### STATE FISCAL ACCOUNTABILITY AUTHORITY OF SOUTH CAROLINA

**WHEREAS**, heretofore Dillon County, South Carolina (the "Issuer" of the "County"), by and through its County Council (the "County Council"), did, pursuant to the provisions of Title 4, Chapters 1 and 29, of the Code of Laws of South Carolina 1976, as amended (the "Act"), petition the State Fiscal Accountability Authority of South Carolina ("SFAA") seeking the approval of SFAA for an undertaking by the Issuer pursuant to the Act; and

**WHEREAS**, the proposed undertaking (the "Undertaking") consists of defraying the costs of (1) construction of approximately 4,520 linear feet of new 43 foot roadway to serve the I-95 Gateway Industrial Park, (2) construction of approximately 4,550 linear feet of 12-inch water main and all associated appurtenances, (3) and full-depth reclamation and overlay of approximately 2 miles of W. Fairfield Road in the County in connection with a 2,000,000 square foot expansion by Harbor Freight Tools, which represents a \$80,000,000 investment that is expected to create 400 jobs in the County (together, "Projects") and (4) refunding the County's outstanding Special Source Revenue Bond, Series 2014, in the original principal amount of \$900,000, through the issuance of a not exceeding \$2,000,000 Dillon County, South Carolina Special Source Revenue Bond (Harbor Freight Tools Project) (the "Bond"), pursuant to the Act and an ordinance (the "Bond Ordinance") to be enacted by the County Council of the Issuer; and

**WHEREAS**, the Bond will be secured by and payable from revenues which the Issuer is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the South Carolina Constitution, and for the purposes set forth in Section 4-29-68 of the Act; and

**WHEREAS**, in order to finance the Project, the Issuer proposes to provide for the issuance and delivery of the Bond pursuant to the Act and the Bond Ordinance; and

**NOW, THEREFORE, BE IT RESOLVED BY THE STATE FISCAL ACCOUNTABILITY AUTHORITY OF SOUTH CAROLINA IN MEETING DULY ASSEMBLED:**

1. It has been found and determined by SFAA that the Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such purposes.
2. On the basis of the foregoing, the proposed undertaking of the Issuer to finance the cost of the Project through the issuance of a not exceeding \$2,000,000 principal amount of the Bond, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), be and the same are hereby approved.
3. Notice of the action taken by SFAA in giving approval to the Undertaking shall be published in a newspaper of general circulation in the County. Such notice to be published shall be in form substantially as set forth as Exhibit A of this Resolution.

NOTICE PURSUANT TO TITLE 4, CHAPTER 29,  
CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given that following the filing of a Petition by the Dillon County Council, South Carolina (the "County Council"), to the State Fiscal Accountability Authority of South Carolina ("SFAA"), approval has been given by SFAA to the following undertaking (the "Undertaking") (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking): defraying the costs of (1) construction of approximately 4,520 linear feet of new 43 foot roadway to serve the I-95 Gateway Industrial Park, (2) construction of approximately 4,550 linear feet of 12-inch water main and all associated appurtenances, (3) and full-depth reclamation and overlay of approximately 2 miles of W. Fairfield Road in the County in connection with a 2,000,000 square foot expansion by Harbor Freight Tools, which represents a \$80,000,000 investment that is expected to create 400 jobs in the County (together, "Projects") and (4) refunding the County's outstanding Special Source Revenue Bond, Series 2014, in the original principal amount of \$900,000, through the issuance of a not exceeding \$2,000,000 Dillon County, South Carolina Special Source Revenue Bond (Harbor Freight Tools Project) (the "Refunding").

To finance the Projects and the Refunding, the County will issue its not exceeding \$2,000,000 Dillon County, South Carolina, Special Source Revenue Bond (Harbor Freight Tools Project) (the "Bond"), pursuant to Title 4, Chapters 1 and 29, Code of Laws of South Carolina 1976, as amended (the "Act"). The Bond will be payable by the County solely from revenues which the County is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the South Carolina Constitution, and for the purposes set forth in Section 4-29-68 of the Act. The Bond will be issued pursuant to the Act and to an ordinance to be enacted by the County Council.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of SFAA in approving the Undertaking of the County Council by action de novo instituted in the Court of Common Pleas for Dillon County.

STATE FISCAL ACCOUNTABILITY AUTHORITY  
OF SOUTH CAROLINA

By: Delbert Singleton  
Authority Secretary

Dated: December \_\_\_, 2017



# OFFICE OF STATE TREASURER

## New Debt Information Form (NDIF) - Initial Form

SFAA Approval Date: 12/12/17

Final Version Date: 00/00/00

### 1. AGENCY/ISSUER & FINANCING INFORMATION

Agency #: \_\_\_\_\_ Issuer: Dillon County, South Carolina Series: 2018  
 Borrower (if not Issuer): \_\_\_\_\_  
 Bond Caption: Dillon County, South Carolina Special Source Revenue Bond (Harbor Freight Tools Project), Series 2018  
 Bond Resolution Amount: \$2,000,000.00 Est. Production/Par Amt: \$1,700,000.00

(\* Used to calculate initial COI percentages; STO bond issues must use Par Amt \*)

**Submitted By:**

ENTITY: Dillon County, South Carolina  
 BY: Richard D. Gaddy  
 ITS: Finance Director  
 Tel: 843-627-6161  
 Email: richard.d.gaddy@gmail.com

Final Production/Par Amt: \$0.00

**Transaction Type/Method of Sale:**

Public Offering: Competitive: \_\_\_\_\_ Negotiated: \_\_\_\_\_  
 Direct Placement: Competitive: \_\_\_\_\_ Negotiated:   
 Governmental Loan/Governmental Purchaser \_\_\_\_\_  
 Other: \_\_\_\_\_

MSRB (EMMA) Continuing Disclosure Requirement (Y/N): NMSRB (EMMA) Continuing Disclosure Responsible Party: n/a -- Direct Placement

### 2. FINANCING (NEW PORTION)

Project #: 1 Project Name: Gateway Industrial Park  
 Project Address/Location: 224 Harbor Freight Road, Dillon, SC 29536 Amount: \$955,000.00  
 Project Type: Public infrastructure serving industrial park County: Dillon  
 Projected Avg Interest Rate: 2.25% Final Maturity: 04/01/24

### 3. FINANCING (REFUNDED PORTION)

Series to be Refunded	Refunded Maturities	Principal Refunded	IR of Refunded Bds	Est. Yield of Refunding Bds	Est NPV Sygs. (\$)	Est NPV Sygs. (% of Ref. Bds)
2014	2018-2024	\$ 716,000.00	2.37%	2.25%	\$ 15,722.58	2.20%
		\$			\$	
		\$			\$	
Total		\$ 716,000.00	*****	*****	\$ 15,722.58	2.20%

### 4. FINANCING WORKING GROUP

Financial Advisor: none Disclosure Counsel: none  
 Bond Counsel: Haynsworth Sinkler Boyd Issuer's Counsel: Alan L. Berry, Esq.  
 Underwriter: Branch Banking and Trust Company Trustee: \_\_\_\_\_  
 Paying Agent: Dillon County Treasurer Other: \_\_\_\_\_

### 5. FINANCING/PROJECT DESCRIPTION

(Briefly, explain the financing/project, the anticipated costs, &amp; the basis for these cost estimates. Use an attachment if needed)

The proceeds of the Bonds will be used to: (1) construct approximately 4,520 linear feet of new 43 foot roadway to serve the I-95 Gateway Industrial Park, (2) construct approximately 4,550 linear feet of 12-inch water main and all associated appurtenances, (3) initiate/complete full-depth reclamation and overlay of approximately 2 miles of W. Fairfield Road, and (4) refund the County's outstanding Special Source Revenue Bond, Series 2014. The costs consist of a \$20,000 bond counsel fee, a \$5,000 issuer counsel fee, and \$4,000 for advertising and SFAA processing fee.

### 6. FINANCING/PROJECT APPROVAL DATES

Financing Approvals	Notes:
Issuer/Borrower Approval: 11/15/17	County Council
JBRC Approval: 00/00/00	N/A
SFAA Approval: 12/12/17	Proposed

Project Approvals - Phase II (State Entities Only)	Notes:
Issuer/Borrower Approval: 00/00/00	
JBRC Approval: 00/00/00	
SFAA Approval: 00/00/00	

### 7. TAX AND ARBITRAGE MATTERS & SPEND DOWN SCHEDULE

a. Is any portion of the project, once completed, to be managed by a third-party pursuant to a management contract? (if yes, please attach copy)

Yes	No
	X

b. Will any third-party payments (from support organizations, private entities or the federal government) related to the facility, however indirectly, be used to pay debt service on the bonds?

Yes	No
	X

c. If yes to any of the above, please provide a square footage and cost estimate of the portion affected.

Sq. Footage -	N/A
Cost Estimate -	\$0

Est. Expenditures - Through 6 Months  
 Est. Expenditures - Through 12 Months  
 Est. Expenditures - Through 18 Months  
 Est. Expenditures - Through 24 Months  
 Est. Expenditures - Through 36 Months  
 Est. Expenditures - Through 48 Months  
 - Estimated Expenditures: Thru FY:

Bond Proceeds	FYF	Spend Down Schedule Notes
\$ 1,700,000.00	6/30/2018	Refunding, COI, A&E, and Construction
\$	00/00/00	
\$	00/00/00	
\$	00/00/00	
\$	00/00/00	
\$	00/00/00	
\$	00/00/00	
\$ 1,700,000.00		

**8. ESTIMATED/ACTUAL PROJECT SOURCES AND USES**

Sources	Est. Project Budget (Sources)	Est. Project Budget (Uses)	Uses
(1) Bond Proceeds: (a) Par	\$ 1,700,000.00	\$ 3,455,000.00	Project Fund
(b) Premium/Accr. Int.	\$	\$	Capitalized Interest Fund
(2) Issuer/Borrower Contr.	\$	\$	Debt Service Reserve Fund
(3) Debt Service Fund Trans.	\$ 13,434.00	\$ 729,434.00	Redemption Price/Escrow Deposit
(4) Debt Service Reserve Fund Contribution	\$	\$ 29,000.00	Cost of Issuance (Incl. UW Disc.)
(5) Other (Specify) Type - Grants	\$ 2,500,000.00	\$	Accrued Interest
<b>Residual Project Sources</b>		\$	Other
(6) Other		\$	Other
(a) GF -	\$	\$	Other
(a) FF -	\$	\$	Other
(c) OF -	\$	\$	Other
<b>Total Project Sources</b>	<b>\$ 4,213,434.00</b>	<b>\$ 4,213,434.00</b>	<b>Total Project Uses</b>
Surplus/Deficit		\$	-

**9. ESTIMATED/ACTUAL BOND COI EXPENDITURES (\*\* Added COI entities beyond the following need an attached description \*\*)**

COI Entity	Selected COI Vendor	Vendor #	Engagement Date (w/Engagement Ltr Attached)	Est. Fee For Services	Act. Fee For Services	(\$ Δ)
Financial Advisor	N/A			\$	\$	\$
Bond Counsel	Haynsworth Sinkler Boyd			\$ 20,000.00	\$	\$ 20,000.00
Disclosure Counsel	N/A			\$	\$	\$
Issuer's Counsel	Alan L. Berry, Esq.			\$ 5,000.00	\$	\$ 5,000.00
Underwriter's Counsel	N/A			\$	\$	\$
Transaction Counsel	N/A			\$	\$	\$
Legal Expenses				\$	\$	\$
Rating Agency - S&P		200		\$	\$	\$
Rating Agency - Moody's				\$	\$	\$
Rating Agency - Fitch				\$	\$	\$
Underwriter's Compensation				\$	\$	\$
Registrar / Paying Agent	County Treasurer			\$	\$	\$
Escrow Agent				\$	\$	\$
Accountant				\$	\$	\$
Verification Agent				\$	\$	\$
Printing				\$	\$	\$
Publishing				\$	\$	\$
Advertising				\$ 1,000.00	\$	\$ 1,000.00
Other				\$ 3,000.00	\$	\$ 3,000.00
Issuer's Fee	SC JEDA / SC SHFDA			\$	\$	\$
				<b>\$ 29,000.00</b>	<b>\$</b>	<b>\$ 29,000.00</b>

**Est. / Actual COI Fees (% of Transaction):**

Financial Advisor: % of Transaction  
 Bond Counsel: % of Transaction  
 Total Legal Costs: % of Transaction  
 Rating Agencies: % of Transaction

0.00%	#DIV/0!
1.18%	#DIV/0!
1.47%	#DIV/0!
0.00%	#DIV/0!

UW Comp: % of Transaction  
 Other COI: % of Transaction  
 Total COI: % of Transaction

0.00%	#DIV/0!
0.24%	#DIV/0!
1.71%	#DIV/0!

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AGENCY: Executive Director

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SUBJECT: Economic Development - 2017 Ceiling Allocations (2017 Ceiling Allocation and Volume Cap Carry-forward)

- A. The initial balance of the 2017 state ceiling allocation is \$496,111,900. In accord with Code Section 1-11-520, \$198,444,760 (40% of the total) was designated as the state pool and \$297,667,140 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$496,111,900 remaining for 2017. Allocation requests for 2017 totaling \$157,604,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totals \$35,000,000. The Department of Commerce makes the following recommendation for allocation from the local pool:

JEDA CR Senior Living Beaufort (Beaufort County), \$25,000,000; and  
JEDA, Lakewood Senior Living (Spartanburg County), \$10,000,000

If the Authority approves the recommended request, this will leave an unexpended state ceiling balance of \$409,111,900 (state pool - \$198,444,760; local pool - \$210,667,140) to be allocated later in the calendar year.

JEDA is requesting that the allocations for CR Senior Living Beaufort and Lakewood Senior Living be approved for carry-forward allocation. The projects are qualifying projects (i.e., qualified residential facilities) for carry-forward election.

- B. In accord with S.C. Code of Laws Section 1-11-500, et seq., the South Carolina State Housing Finance and Development Authority has requested that any unallocated state ceiling balance remaining at the end of the calendar year be designated to the Authority as carry-forward for use in subsequent years. The Authority is asked to allocate any remaining 2017 state ceiling balance at year-end to the South Carolina State Housing Finance and Development Authority for use in the issuance of bonds to provide housing to the members of State Housing's "beneficiary classes" (i.e., mortgage revenue bonds/mortgage credit certificates, and qualified residential rental bonds) for carry-forward for the next three calendar years and authorize the filing of a carry-forward election with the Internal Revenue Service.

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AGENCY: Executive Director

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SUBJECT: Economic Development - 2017 Ceiling Allocations (2017 Ceiling Allocation and Volume Cap Carryforward)

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AUTHORITY ACTION REQUESTED:

- A. In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, grant the following tentative ceiling allocation from the local pool:

JEDA CR Senior Living Beaufort (Beaufort County), \$25,000,000; and  
JEDA, Lakewood Senior Living (Spartanburg County), \$10,000,000

Designate the allocations for the projects for carry-forward for the next three calendar years and authorize the filing of a carryforward election with the Internal Revenue Service.

- B. Authorize the allocation of any remaining 2017 state ceiling balance at year-end to the South Carolina State Housing Finance and Development Authority for use in the issuance of bonds to provide housing to the members of State Housing's "beneficiary classes" (i.e., mortgage revenue bonds/mortgage credit certificates, and qualified residential rental bonds) for carryforward for the next three calendar years and authorize the filing of a carryforward election with the Internal Revenue Service.

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ATTACHMENTS:

2017 Ceiling Allocations; Young 11/29/17 letter, Easton 10/30/17 letter w/ petition; Luther 11/9/17 letters w/ attachments; Section 1-11-500 et seq.

**2017 South Carolina State Ceiling**  
**Balance remaining as of August 31, 2017, if ceiling allocation granted**

State Pool (40%)	198,444,760
Total State Pool (40%)	<u>198,444,760</u>
Local Pool (60%)	297,667,140
Total Local Pool (60%)	<u>297,667,140</u>
<b>Certified State Ceiling 2017</b>	<b><u>496,111,900</u></b>

<u>Date</u>	<u>Governmental Unit</u>	<u>Name of Project</u>	<u>Pool Total</u>	<u>Amount Allocated</u>	<u>Balance Available</u>	<u>Certified for Issue</u>	<u>Issue Date</u>	<u>Attorney</u>
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01/03/17	STATE POOL		198,444,760					
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**TOTAL, STATE POOL**

<u>198,444,760</u>	<u>0</u>	<u>198,444,760</u>	<u>0</u>
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01/03/17	LOCAL POOL							
01/31/17	Gville Housing Authority	Elements West End	297,667,140	0			expired	Howell
01/31/17	JEDA	HarborChase of Riverwalk		0			expired	Luther
01/31/17	JEDA	River Park Senior Living		0			expired	Luther
05/02/17	Gville Housing Authority	Elements West End		0			expired	Howell
08/31/17	JEDA	HarborChase of Riverwalk		27,000,000				Luther
08/31/17	JEDA	River Park Senior Living		25,000,000				Luther
11/09/17	JEDA	CR Senior Living Beaufort		25,000,000				Luther
11/09/17	JEDA	Lakewood Senior Living		10,000,000				Luther

**TOTAL, LOCAL POOL**

<u>297,667,140</u>	<u>87,000,000</u>	<u>210,667,140</u>	<u>0</u>
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**GRAND TOTAL**

<u>496,111,900</u>	<u>87,000,000</u>	<u>409,111,900</u>	<u>0</u>
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**2017 South Carolina State Ceiling Allocations**

**Summary, CY 2017**

2017 State Ceiling	<b>496,111,900</b>
Initial Allocations	157,604,000
Expired/Relinquished	70,604,000
Actual Allocations	<b>87,000,000</b>
Certified for Issue	<b>0</b>
Carried Forward	<b>0</b>

<b>Balance Available:</b>	<b>409,111,900</b>
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<b>Issuer</b>	<b>Name of Project</b>	<b>Allocation Amount</b>	<b>Expired/ Relinquished</b>	<b>Certified for Issue</b>	<b>Issue Date</b>	<b>Attorney</b>
<b>Allocation: 1/31/17      Expiration: 5/1/17</b>						
Gville Housing Authority	Elements West End	9,302,000	9,302,000		expired	Howell
JEDA	HarborChase of Riverwalk	27,000,000	27,000,000		expired	Luther
JEDA	River Park Senior Living	25,000,000	25,000,000		expired	Luther
<b>Allocation: 5/2/17      Expiration: 7/31/17</b>						
Gville Housing Authority	Elements West End	9,302,000	9,302,000		expired	Howell
<b>Allocation: 8/31/17      Expiration: 11/29/17</b>						
JEDA	HarborChase of Riverwalk	27,000,000				Luther
JEDA	River Park Senior Living	25,000,000				Luther
<b>Allocation: 12/12/17      Expiration: 12/12/17</b>						
JEDA	CR Senior Living Beaufort	25,000,000				Luther
JEDA	Lakewood Senior Living	10,000,000				Luther

2017 Ceiling Allocation Requests

Recd.	Issuing Authority	Project	Request	Cumulative	Bond Counsel	Request		Location	NOTES
						Alloc	SLAW		
1	01/02/17	Gville Housing Authority	9,302,000	9,302,000	Howell			Greenville	
2	01/05/17	JEDA	27,000,000	36,302,000	Emly Luther	x	x	Rock Hill	
3	01/05/17	JEDA	25,000,000	61,302,000	Emly Luther	x		Little River	
4	03/28/17	Gville Housing Authority	9,302,000	70,604,000	Howell	x		Greenville	
5	07/05/17	JEDA	27,000,000	97,604,000	Emly Luther	x		Rock Hill	
6	07/05/17	JEDA	25,000,000	122,604,000	Emly Luther	x		Little River	
7	11/09/17	JEDA	25,000,000	147,604,000	Emly Luther	x		Beaufort	
8	11/09/17	JEDA	10,000,000	157,604,000	Emly Luther	x		Spartanburg	



Henry McMaster  
Governor

**SOUTH CAROLINA**  
DEPARTMENT OF COMMERCE

Robert M. Hitt III  
Secretary

## MEMORANDUM

To: Delbert Singleton

From: Daniel Young *ADY*

Date: November 29, 2017

Re: December 12, 2017 meeting

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At the request of SC State Fiscal Accountability Authority, the South Carolina Department of Commerce evaluates allocation requests that pertain to economic development.

After reviewing information provided by the Parker Poe Adams Bernstein, LLP, regarding two senior housing projects the Department of Commerce recommends approval both at the December 12, 2017, meeting of the State Fiscal Accountability Authority. The companies are committing to create a combined 95 new jobs within 24 months.

Name	Amount	Score	County
Lakewood Senior Living	\$10,000,000	5	Spartanburg
CR Senior Living Center	\$25,000,000	6	Beaufort

Please let me know if you have any questions.

Thank you.



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

*Writer's Direct Numbers*  
*(803) 896-8771*  
*Facsimile (803) 551-4878*  
*E-mail: [Tracey.Easton@schousing.com](mailto:Tracey.Easton@schousing.com)*

October 30, 2017

Delbert H. Singleton, Jr., Esquire  
Secretary  
State Fiscal Accountability Authority  
1200 Senate Street  
Wade Hampton Building, Suite 600  
Columbia, South Carolina 29201

***Re: Request for Carryforward Allocation of 2017 Private Activity Bond Ceiling***

Dear Delbert:

I enclose four originals of a petition requesting an allocation of the remaining 2017 Private Activity Bond Ceiling for the State of South Carolina and four originals of the South Carolina State Housing Finance and Development Authority's Board of Commissioner's Resolution approving such petition that was adopted by the Authority's Board on October 25, 2017. Also enclosed is a memorandum explaining the Authority's need for bond ceiling.

I would greatly appreciate if this matter could be placed on the agenda for the State Fiscal Accountability Authority's meeting in December.

Thank you for your assistance.

Very truly yours,

A handwritten signature in blue ink, appearing to be 'Tracey C. Easton'.

Tracey C. Easton  
General Counsel

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

\_\_\_\_\_  
TO THE SOUTH CAROLINA STATE )  
FISCAL ACCOUNTABILITY AUTHORITY )

P E T I T I O N

This Petition of the South Carolina State Housing Finance and Development Authority (the "Authority") respectfully shows:

1. The Authority is an "issuing authority," as such term is used in Act No. 117 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina of 1987 (the "Allocation Act") establishing a plan for the allocation of the State of South Carolina's volume limitation with respect to private activity bonds (as defined in Section 141 of the Internal Revenue Code of 1986) imposed by the Tax Reform Act of 1986.

2. The Allocation Act authorizes the Authority to submit its request to the State Fiscal Accountability Authority of South Carolina (the "SFAA") that a portion of the State Ceiling established by the Tax Reform Act (the "State Ceiling") be allocated to bonds proposed to be issued by the Authority.

3. The Authority is informed and believes that a portion of the 2017 State Ceiling has not yet been allocated and will, unless allocated on a carryforward basis, be lost to the State at the end of the current calendar year.

4. Based upon the need which it has found to exist, the Authority has determined it may issue one or more series of its revenue bonds or mortgage credit certificates pursuant to the authorizations granted to it under Title 31, Chapter 13, Code of Laws of South Carolina, 1976, as amended, which will be new issues and which will require allocations of the State Ceiling.

5. In order to preserve the unallocated portion of the State's 2017 Private Activity Bond Ceiling, and in order further to lessen the demand for the State's 2018 Private Activity Bond Ceiling, the Authority respectfully requests that it be allocated on a carryforward basis, such of the State's 2017 Private Activity Bond Ceiling as shall remain unallocated at the end of 2017, such ceiling to be apportioned between the issuance of Mortgage Revenue Bonds/Mortgage Credit Certificates and Qualified Residential Rental Bonds in such amounts as shall be requested by the Authority prior to the filing by the SFAA of its IRS Form 8328, "Carryforward Election of Unused Private Activity Bond Volume Cap".

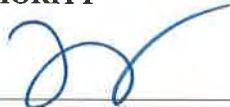
6. This Petition constitutes an "authorized request," within the meaning of Section 4 of the Allocation Act.

Upon the basis of the foregoing, the Authority respectfully prays:

That the SFAA accept the filing of the Petition presented herewith, that it allocate to the Authority on a carryforward basis, such of the State's 2017 Private Activity Bond Ceiling as shall remain unallocated at the end of 2017, such ceiling to be apportioned between the issuance of Mortgage Revenue Bonds/Mortgage Credit Certificates and Qualified Residential Rental Bonds in such amounts as shall be requested by the Authority prior to such allocation.

October 30, 2017.

Respectfully submitted,  
SOUTH CAROLINA STATE HOUSING  
FINANCE AND DEVELOPMENT  
AUTHORITY

By:   
Tracey C. Easton  
General Counsel



Emily S. Luther  
*Counsel*  
Telephone: 803.253.6841  
Direct Fax: 803.255.8017  
emilyluther@parkerpoe.com

Atlanta, GA  
Charleston, SC  
Charlotte, NC  
Columbia, SC  
Greenville, SC  
Raleigh, NC  
Spartanburg, SC

November 9, 2017

**Via Email and Hand Delivery**

Delbert H. Singleton, Jr.,  
Assistant Executive Director and Authority Secretary  
SC State Fiscal Accountability Authority  
1200 Senate Street, Suite 600  
Columbia, South Carolina 29201

**Re: Not Exceeding \$25,000,000  
South Carolina Jobs-Economic Development Authority  
Economic Development Revenue Bonds  
(CR Senior Living Beaufort County Project) Series 2017**

Dear Delbert:

Please find enclosed for the State Fiscal Accountability Authority's ("SFAA") consideration at its December 12, 2017, meeting, the following documents relating to a petition from the South Carolina Jobs-Economic Development Authority ("JEDA") pursuant to Article 3, Chapter 11 of Title 1 of the South Carolina Code of Laws, 1976, as amended ("Act"), for a State ceiling allocation in the amount of \$25,000,000 for the above-referenced bonds ("Bonds"):

- A. a completed transmittal form and Attachment A;
- B. form of JEDA's Petition to the SFAA;
- C. form of JEDA's Inducement Resolution and Inducement Agreement;
- D. form of JEDA's Petition to the South Carolina Coordinating Council for Economic Development ("CCED"); and
- E. form of CCED's Resolution approving the Bonds.

JEDA has also requested in its Petition to the SFAA that the SFAA make a carry-forward election with respect to the State ceiling allocation for the Bonds.

The Bonds will provide funds to finance a portion of the costs of designing, acquiring, constructing, and equipping a senior living community, consisting of independent living, assisted living and memory care facilities in Beaufort County, South Carolina.

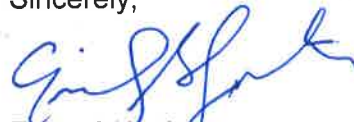
The Bonds are expected to be induced by JEDA at its November 15, 2017, meeting and presented to the CCED for approval at its December 7, 2017. Following each of those respective meetings, the executed versions of the documents described above will be provided as a supplement to this transmission.

Delbert E. Singleton, Jr.  
Assistant Executive Director and Authority Secretary

Page 2

Please do not hesitate to contact me should you have any questions regarding the Bonds, or the information and requests included with this letter. Thank you in advance for your assistance.

Sincerely,



Emily S. Luther

Enclosures: stated

cc: Harry Huntley, Executive Director,  
South Carolina Jobs-Economic Development Authority  
(via email: [hhuntley@scjeda.com](mailto:hhuntley@scjeda.com))

Claudia Miller, Administrative Manager,  
South Carolina Jobs-Economic Development Authority  
(via email: [cmiller@scjeda.com](mailto:cmiller@scjeda.com))

STATE OF SOUTH CAROLINA	)	
	)	
RICHLAND COUNTY	)	
_____	)	
	)	
TO THE STATE FISCAL	)	PETITION OF THE
	)	SOUTH CAROLINA
ACCOUNTABILITY AUTHORITY	)	JOBS-ECONOMIC
	)	DEVELOPMENT AUTHORITY
OF SOUTH CAROLINA	)	

This Petition of the South Carolina Jobs-Economic Development Authority ("*Authority*"), pursuant to Title 1, Chapter 11 of the Code of Laws of South Carolina 1976, as amended ("*Act*"), and specifically Section 1-11-530 thereof, respectfully shows:

1. The Act, among other things, authorizes the State Fiscal Accountability Authority ("*SFAA*") to allocate the State of South Carolina's ("*State*") ceiling on the issuance of private activity bonds in response to authorized requests from issuing authorities.
2. Each State ceiling allocation made by the SFAA, unless eligible and approved for carry-forward election is valid only for the calendar year in which the State ceiling allocation is made.
3. The Authority has agreed to assist CR Senior Living, LLC and one or more of its related or affiliated entities by issuing one or more series of its Economic Development Revenue Bonds ("*Bonds*"), in an amount not to exceed \$10,000,000, to (i) finance a portion of the costs of designing, acquiring, constructing, and equipping a 40-room independent senior living facility ("*Facility*") in Spartanburg County, South Carolina ("*County*"), all of which constitutes property eligible to be financed with economic development revenue bonds, (ii) fund certain accounts and funds related to the Facility and the Bonds, (iii) finance capitalized interest during the construction period of the Facility, and (iv) provide for certain fees and expenses to be incurred in connection with the issuance of the Bonds (collectively, (i), (ii), (iii) and (iv) are the "*Project*"). The Authority has petitioned the South Carolina Coordinating Council for Economic Development for approval of the Bonds at its meeting on December 7, 2017, pursuant to Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended.
4. The Facility is expected to be a qualified residential rental project as described under Section 142 of the Internal Revenue Code ("*Code*").
5. The Bonds to be issued for the Project would require an allocation of \$10,000,000 of the State ceiling. The Bonds constitute all of the private activity bond financing contemplated for the Project as of the date of this Petition.
6. Because the Facility is described in Section 142 of the Code, the State ceiling allocation for the Bonds is eligible for a carry-forward election.



Upon the basis of the foregoing, the Authority respectfully prays that the SFAA (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable, (iii) approve a State ceiling allocation for the Bonds of \$10,000,000, and (iv) make a carry-forward election with respect to the State ceiling allocation for the Bonds.

November \_\_\_\_, 2017

Respectfully submitted,

**SOUTH CAROLINA JOBS-ECONOMIC  
DEVELOPMENT AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Harry A. Huntley, Executive Director



Emily S. Luther  
*Counsel*  
Telephone: 803.253.6841  
Direct Fax: 803.255.8017  
emilyluther@parkerpoe.com

Atlanta, GA  
Charleston, SC  
Charlotte, NC  
Columbia, SC  
Greenville, SC  
Raleigh, NC  
Spartanburg, SC

November 9, 2017

**Via Email and Hand Delivery**

Delbert H. Singleton, Jr.,  
Assistant Executive Director and Authority Secretary  
SC State Fiscal Accountability Authority  
1200 Senate Street, Suite 600  
Columbia, South Carolina 29201

**Re: Not Exceeding \$10,000,000  
South Carolina Jobs-Economic Development Authority  
Economic Development Revenue Bonds  
(Lakewood Senior Living) Series 2017**

Dear Delbert:

Please find enclosed for the State Fiscal Accountability Authority's ("SFAA") consideration at its December 12, 2017, meeting, the following documents relating to a petition from the South Carolina Jobs-Economic Development Authority ("JEDA") pursuant to Article 3, Chapter 11 of Title 1 of the South Carolina Code of Laws, 1976, as amended ("Act"), for a State ceiling allocation in the amount of \$10,000,000 for the above-referenced bonds ("Bonds"):

- A. a completed transmittal form and Attachment A;
- B. form of JEDA's Petition to the SFAA;
- C. form of JEDA's Inducement Resolution and Inducement Agreement;
- D. form of JEDA's Petition to the South Carolina Coordinating Council for Economic Development ("CCED"); and
- E. form of CCED's Resolution approving the Bonds.

JEDA has also requested in its Petition to the SFAA that the SFAA make a carry-forward election with respect to the State ceiling allocation for the Bonds.

The Bonds will provide funds to finance a portion of the costs of designing, acquiring, constructing, and equipping an independent senior living facility located in Spartanburg County, South Carolina.


The Bonds are expected to be induced by JEDA at its November 15, 2017, meeting and presented to the CCED for approval at its December 7, 2017. Following each of those respective meetings, the executed versions of the documents described above will be provided as a supplement to this transmission.

Delbert E. Singleton, Jr.  
Assistant Executive Director and Authority Secretary

Page 2

Please do not hesitate to contact me should you have any questions regarding the Bonds, or the information and requests included with this letter. Thank you in advance for your assistance.

Sincerely,



Emily S. Luther

Enclosures: stated

cc: Harry Huntley, Executive Director,  
South Carolina Jobs-Economic Development Authority  
(via email: [hhuntley@scjeda.com](mailto:hhuntley@scjeda.com))

Claudia Miller, Administrative Manager,  
South Carolina Jobs-Economic Development Authority  
(via email: [cmiller@scjeda.com](mailto:cmiller@scjeda.com))

STATE OF SOUTH CAROLINA	)	
	)	
RICHLAND COUNTY	)	
<hr/>	)	
	)	
TO THE STATE FISCAL	)	PETITION OF THE
	)	SOUTH CAROLINA
ACCOUNTABILITY AUTHORITY	)	JOBS-ECONOMIC
	)	DEVELOPMENT AUTHORITY
OF SOUTH CAROLINA	)	

This Petition of the South Carolina Jobs-Economic Development Authority ("*Authority*"), pursuant to Title 1, Chapter 11 of the Code of Laws of South Carolina 1976, as amended ("*Act*"), and specifically Section 1-11-530 thereof, respectfully shows:

1. The Act, among other things, authorizes the State Fiscal Accountability Authority ("*SFAA*") to allocate the State of South Carolina's ("*State*") ceiling on the issuance of private activity bonds in response to authorized requests from issuing authorities.

2. Each State ceiling allocation made by the SFAA, unless eligible and approved for carry-forward election is valid only for the calendar year in which the State ceiling allocation is made.

3. The Authority has agreed to assist CR Senior Living, LLC and one or more of its related or affiliated entities by issuing one or more series of its Economic Development Revenue Bonds ("*Bonds*"), in an amount not to exceed \$25,000,000, to (i) finance a portion of the costs of designing, acquiring, constructing, and equipping a 100-unit senior living community ("*Facility*") consisting of independent living, assisted living and memory care facilities in Beaufort County, South Carolina, all of which constitutes property eligible to be financed with economic development revenue bonds, (ii) fund certain accounts and funds related to the Facility and the Bonds, (iii) finance capitalized interest during the construction period of the Facility, and (iv) provide for certain fees and expenses to be incurred in connection with the issuance of the Bonds (collectively, (i), (ii), (iii) and (iv) are the "*Project*"). The Authority has petitioned the South Carolina Coordinating Council for Economic Development for approval of the Bonds at its meeting on December 7, 2017, pursuant to Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended.

4. The Facility is expected to be a qualified residential rental project as described under Section 142 of the Internal Revenue Code ("*Code*").

5. The Bonds to be issued for the Project would require an allocation of \$25,000,000 of the State ceiling. The Bonds constitute all of the private activity bond financing contemplated for the Project as of the date of this Petition.

6. Because the Facility is described in Section 142 of the Code, the State ceiling allocation for the Bonds is eligible for a carry-forward election.

Upon the basis of the foregoing, the Authority respectfully prays that the SFAA (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such review as it deems advisable, (iii) approve a State ceiling allocation for the Bonds of \$25,000,000; and (iv) make a carry-forward election with respect to the State ceiling allocation for the Bonds.

November \_\_\_\_, 2017

Respectfully submitted,

**SOUTH CAROLINA JOBS-ECONOMIC  
DEVELOPMENT AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Harry A. Huntley, Executive Director

## ARTICLE 3

### Allocation of State Ceiling on Issuance of Private Activity Bonds

#### **SECTION 1-11-500.** Calculation and certification of state ceiling.

The state ceiling on the issuance of private activity bonds as defined in Section 146 of the Internal Revenue Code of 1986 (the Code) established in the act must be certified annually by the State Fiscal Accountability Authority secretary based upon the provisions of the act. The board secretary shall make this certification as soon as practicable after the estimates of the population of the State of South Carolina to be used in the calculation are published by the United States Bureau of the Census but in no event later than February first of each calendar year.

HISTORY: 1987 Act No. 117, Section 1.

Code Commissioner's Note

At the direction of the Code Commissioner, references in this section to the offices of the former State Budget and Control Board, Office of the Governor, or other agencies, were changed to reflect the transfer of them to the Department of Administration or other entities, pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1), effective July 1, 2015.

#### **SECTION 1-11-510.** Allocation of bond limit amounts.

(A) The private activity bond limit for all issuing authorities must be allocated by the board in response to authorized requests as described in Section 1-11-530 by the issuing authorities.

(B) The aggregate private activity bond limit amount for all South Carolina issuing authorities is allocated initially to the State for further allocation within the limits prescribed herein.

(C) Except as is provided in Section 1-11-540, all allocations must be made by the board on a first-come, first-served basis, to be determined by the date and time sequence in which complete authorized requests are received by the board secretary.

HISTORY: 1987 Act No. 117, Section 2.

#### **SECTION 1-11-520.** Private activity bond limits and pools.

(A) The private activity bond limit for all state government issuing authorities now or hereafter authorized to issue private activity bonds as defined in the act, to be known as the "state government pool", is forty percent of the state ceiling less any amount shifted to the local pool as described in subsection (B) of this section or plus any amount shifted from that pool.

(B) The private activity bond limit for all issuing authorities other than state government agencies, to be known as the "local pool", is sixty percent of the state ceiling plus any amount shifted from the state government pool or less any amount shifted to that pool.

(C) The board, with review and comment by the Joint Bond Review Committee, may shift unallocated amounts from one pool to the other at any time.

HISTORY: 1987 Act No. 117, Section 3.

**SECTION 1-11-530.** Authorized requests for allocation of bond limit amounts.

(A) For private activity bonds proposed for issue by other than state government issuing authorities, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a copy of the Inducement Contract, Inducement Resolution, or other comparable preliminary approval entered into or adopted by the issuing authority, if any, relating to the bonds. The board shall forward promptly to the committee a copy of each petition received.

(B) For private activity bonds proposed for issue by any state government issuing authority, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a bond resolution or comparable action by the issuing authority authorizing the issuance of the bonds. The board shall forward promptly to the committee a copy of each petition received.

(C) Each authorized request must demonstrate that the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project.

HISTORY: 1987 Act No. 117, Section 4.

**SECTION 1-11-540.** Limitations on allocations.

(A) The board, with review and comment by the committee, may disapprove, reduce, or defer any authorized request. If it becomes necessary to exercise this authority, the board and the committee shall take into account the public interest in promoting economic growth and job creation.

(B) Authorized requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board, after review and comment by the committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted.

HISTORY: 1987 Act No. 117, Section 5.

**SECTION 1-11-550.** Certificates by issuing authority and by board.

(A) An allocation of the state ceiling approved by the board is made formal initially by a certificate which allocates tentatively a specific amount of the state ceiling to the bonds for which the allocation is requested. This tentative allocation certificate must specify the state ceiling amount allocated, the issuing authority and the project involved, and the time period during which the tentative allocation is valid. This certificate must remind the issuing authority that the tentative allocation is made final after the issuing authority chairman or other duly authorized official or agent of the issuing authority, before the issue is made, certifies the issue amount and the projected date of issue, as is required by subsection (B) of this section. It also may include other information considered relevant by the board secretary.

(B) The chairman or other authorized official or agent of an issuing authority issuing any private activity bond for which a portion of the state ceiling has been allocated tentatively shall execute and deliver to the board secretary an issue amount certificate setting forth the exact amount of bonds to be issued and the projected bond issue date which date must not be more than ten business days after the date of the issue amount certificate and it must be before the state ceiling allocation involved expires. The issue amount certificate may be an executed copy of the appropriate completed Internal Revenue Service form to be submitted to the Internal Revenue Service on the issue or it may be in the form of a letter which certifies the exact amount of bonds to be issued and the projected date of the issue.

(C) In response to the issuing authority's issue amount certificate required by subsection (B) of this section, the board secretary is authorized to issue and, as may be necessary, to revise a certificate making final the ceiling allocation approved previously by the board on a tentative basis, if the secretary determines that:

(1) the issuing authority's issue amount certificate specifies an amount not in excess of the approved tentative ceiling allocation amount;

(2) the issue amount certificate was received prior to the issue date projected and that the certificate is dated not more than ten days prior to the issue date projected;

(3) the issue date projected is within the time period approved previously for the tentative ceiling allocation; and

(4) the bonds when issued and combined with the total amount of bonds requiring a ceiling allocation included in issue amount certificates submitted previously to the board by issuing authorities do not exceed the state ceiling for the calendar year. Except under extraordinary circumstances, the board secretary shall issue this certificate within two business days following the date the issue amount certificate is received.

(D) In accordance with Section 149(e)(2)(F) of the Code, the secretary of the State Fiscal Accountability Authority is designated as the state official responsible for certifying, if applicable, that certain bonds meet the requirements of Section 146 of the Code relating to the volume cap on private activity bonds.

(E) Any tentative or final state ceiling allocation granted by the board before the effective date of this act remains valid as an allocation of a portion of the volume cap for South Carolina provided under Section 146 of the Code. The allocations expire in accordance with the regulations under which they were granted or extended and their validity may be extended or reinstated in accordance with the provisions of Sections 1-11-500 through 1-11-570.

**HISTORY:** 1987 Act No. 117, Section 6.

**Code Commissioner's Note**

At the direction of the Code Commissioner, references in this section to the offices of the former State Budget and Control Board, Office of the Governor, or other agencies, were changed to reflect the transfer of them to the Department of Administration or other entities, pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1), effective July 1, 2015.

**SECTION 1-11-560.** Time limits on allocations.

(A) Any state ceiling allocation approved by the board is valid only for the calendar year in which it is approved, unless eligible and approved for carry-forward election or unless specified differently in the board certificates required by Section 1-11-550.

(B) Unless eligible and approved for carry-forward election or unless specified differently in board certificates required by Section 1-11-550, each state ceiling allocation expires automatically if the bonds for which the allocation is made are not issued within ninety consecutive calendar days from the date the allocation is approved by the board.

(C) In response to a written request by the chairman or other duly authorized official or agent of an issuing authority, the board, acting during the period an approved allocation is valid, may extend the period in which an allocation is valid in a single calendar year by thirty-one consecutive calendar days to a total of not more than one hundred twenty-one consecutive calendar days.

(D) In response to a written request by the chairman or other authorized official or agent of an issuing authority, the board may reinstate for a period of not more than thirty-one consecutive calendar days in any one calendar year part or all of an allocation approved but not extended previously in accordance with subsection (C) of this section in that same calendar year which has expired. The reinstatement request must certify that the authorized request submitted previously is still true and correct or a new authorized request must be submitted.



(E) A tentative ceiling allocation is canceled automatically if the chairman or other authorized official or agent of the issuing authority involved fails to deliver the issue amount certificate required by Section 1-11-550 to the board secretary before the bonds for which the allocation is made are issued.

(F) The chairman or other authorized official or agent of an issuing authority shall advise the board secretary in writing as soon as is practicable after a decision is made not to issue bonds for which a portion of the state ceiling has been allocated. All notices of relinquishment of ceiling allocations must be entered promptly in the board's records by the board secretary.

(G) Ceiling allocations which are eligible and approved for carry-forward election are not subject to the validity limits of this section. The board shall join with the issuing authorities involved in carry-forward election statements to meet the requirements of the Internal Revenue Service.

HISTORY: 1987 Act No. 117, Section 7.

**SECTION 1-11-570.** Fiscal Accountability Authority to adopt policies and procedures.

The State Fiscal Accountability Authority, after review and comment by the committee, may adopt the policies and procedures it considers necessary for the equitable and effective administration of Sections 1-11-500 through 1-11-570.

HISTORY: 1987 Act No. 117, Section 8.

Code Commissioner's Note

At the direction of the Code Commissioner, references in this section to the offices of the former State Budget and Control Board, Office of the Governor, or other agencies, were changed to reflect the transfer of them to the Department of Administration or other entities, pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1), effective July 1, 2015.

**SECTION 1-11-580.** Fiscal Accountability Authority to make quarterly payments on certain insurance contracts.

The State Fiscal Accountability Authority shall make quarterly payments on insurance contracts where the annual premium exceeds fifty thousand dollars. The board shall undertake necessary negotiations to implement this requirement. Where fees may be incurred for quarterly rather than annual payments, the State Fiscal Accountability Authority shall determine whether the investment income opportunity is greater or less than proposed fees and shall make the decision which best benefits South Carolina.

HISTORY: 1995 Act No. 145, Part II, Section 20.

Code Commissioner's Note

At the direction of the Code Commissioner, references in this section to the offices of the former State Budget and Control Board, Office of the Governor, or other agencies, were changed to reflect the transfer of them to the Department of Administration or other entities, pursuant to the directive of the South Carolina Restructuring Act, 2014 Act No. 121, Section 5(D)(1), effective July 1, 2015.

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AGENCY: Executive Director

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SUBJECT: Qualified Public Educational Facilities (2017 Volume Cap Carryforward)

Internal Revenue Code Section 26 U.S.C. Section 142(k) for qualified public educational facilities and Section 142(a)(13) were added by Section 422(a) and (b) of P.L. 107-16 in 2001. Section 142(k) provides a separate and independent volume cap for qualified public educational facilities to be used for the issuance of bonds for public educational facilities. These bonds are not subject to the general volume limitation under Code Section 146 but are subject to a separate volume limitation set forth in Code Section 142(k). No regulations for this provision have been promulgated.

The volume cap for qualified public educational facilities is governed by Section 142(k)5. That Section provides, in part, the following:

**(B) Allocation rules.**

....

**(ii) Rules for carryforward of unused limitation.** A State may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of Section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13).

The volume cap for calendar year 2017 was \$49,611,190 and has been unused. The Authority is asked to elect to carryforward the entire volume cap for 2016 to be used for the issuance of bonds for qualified public educational facilities as described in Section 142(a)(13) and authorize the filing of a carryforward election with the Internal Revenue Service in connection with such allocation. Pursuant to Section 142(k)(5)(B)(ii) the carryforward will be valid for the next three calendar years.

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AUTHORITY ACTION REQUESTED:

Approve the carryforward of the unused volume cap allocation for qualified public educational facilities for calendar year 2017 to be used for the issuance of bonds of such bonds and authorize the filing of a carryforward election with the Internal Revenue Service in connection with such allocation to be valid for the next three calendar years.

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ATTACHMENTS:

Internal Revenue Code 26 U.S.C. Section 142; Certification of 2017 State Ceiling for Qualified Public Educational Facilities Bonds

**26 U.S.C.**

United States Code, 2011 Edition

Title 26 - INTERNAL REVENUE CODE

Subtitle A - Income Taxes

CHAPTER 1 - NORMAL TAXES AND SURTAXES

Subchapter B - Computation of Taxable Income

PART IV - TAX EXEMPTION REQUIREMENTS FOR STATE AND LOCAL BONDS

Subpart A - Private Activity Bonds

Sec. 142 - Exempt facility bond

From the U.S. Government Printing Office, [www.gpo.gov](http://www.gpo.gov)**§142. Exempt facility bond****(a) General rule**

For purposes of this part, the term “exempt facility bond” means any bond issued as part of an issue 95 percent or more of the net proceeds of which are to be used to provide—

- (1) airports,
- (2) docks and wharves,
- (3) mass commuting facilities,
- (4) facilities for the furnishing of water,
- (5) sewage facilities,
- (6) solid waste disposal facilities,
- (7) qualified residential rental projects,
- (8) facilities for the local furnishing of electric energy or gas,
- (9) local district heating or cooling facilities,
- (10) qualified hazardous waste facilities,
- (11) high-speed intercity rail facilities,
- (12) environmental enhancements of hydroelectric generating facilities,
- (13) qualified public educational facilities,
- (14) qualified green building and sustainable design projects, or
- (15) qualified highway or surface freight transfer facilities.

**(b) Special exempt facility bond rules**

For purposes of subsection (a)—

**(1) Certain facilities must be governmentally owned****(A) In general**

A facility shall be treated as described in paragraph (1), (2), (3), or (12) of subsection (a) only if all of the property to be financed by the net proceeds of the issue is to be owned by a governmental unit.

NIKKI HALEY, CHAIR  
GOVERNOR

CURTIS M. LOFTIS, JR.  
STATE TREASURER

RICHARD ECKSTROM, CPA  
COMPTROLLER GENERAL



HUGH K. LEATHERMAN, SR.  
CHAIRMAN, SENATE FINANCE  
COMMITTEE

W. BRIAN WHITE  
CHAIRMAN, HOUSE WAYS AND MEANS  
COMMITTEE

**OFFICE OF THE EXECUTIVE DIRECTOR**

**Grant Gillespie**  
Executive Director

(803) 734-8018  
GGillespie@sfaa.sc.gov

January 6, 2017

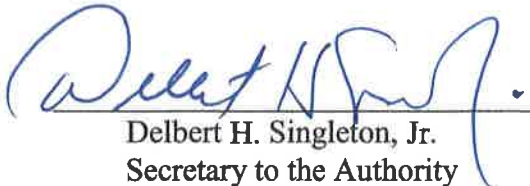
**CERTIFICATION OF  
2017 STATE CEILING ON ISSUANCE OF QUALIFIED PUBLIC EDUCATIONAL  
FACILITIES BONDS ESTABLISHED IN THE ECONOMIC GROWTH AND TAX  
RELIEF RECONCILIATION ACT OF 2001**

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In accord with Code Section 142(k) of the Economic Growth and Tax Relief Reconciliation Act of 2001, I have determined that the most recent census estimate of the resident population of the State of South Carolina published by the Bureau of the Census before the beginning of 2017 is 4,961,119.

That population estimate is included in Census Bureau release CB16-214 dated December 20, 2016.

On that basis, I have calculated and I certify the 2017 state ceiling on the issuance of qualified public educational bonds for the State of South Carolina, as established in Economic Growth and Tax Relief Reconciliation Act of 2001, to be \$49,611,190.

  
Delbert H. Singleton, Jr.  
Secretary to the Authority

STATE FISCAL ACCOUNTABILITY AUTHORITY

BLUE AGENDA

MEETING OF December 12, 2017

ITEM NUMBER 9

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AGENCY: Comptroller General

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SUBJECT: Update on South Carolina State University's FY 2017 Financial Statements

The Comptroller General will update the Authority concerning progress made by South Carolina State University in issuing its audited financial statements.

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AUTHORITY ACTION REQUESTED:

Receive as information only an update on South Carolina State University's submission of its FY 2017 financial statement.

---

ATTACHMENTS:

Eckstrom 12/06/17 letter; Clark 12/6/17 letter



State of South Carolina  
**Office of Comptroller General**

1200 Senate Street  
305 Wade Hampton Office Building  
Columbia, South Carolina 29201

Telephone: (803) 734-2121  
Fax: (803) 734-1765  
E-Mail: [cgooffice@cg.sc.gov](mailto:cgooffice@cg.sc.gov)

**RICHARD ECKSTROM, CPA**  
COMPTROLLER GENERAL

**WILLIAM E. GUNN**  
CHIEF OF STAFF

December 6, 2017

Honorable Henry McMaster  
Governor of South Carolina  
Columbia, South Carolina 29201

Honorable Curtis M. Loftis, Jr.  
State Treasurer  
Columbia, South Carolina 29201

Honorable Hugh K. Leatherman, Sr.  
President Pro Tempore  
South Carolina Senate  
Columbia, South Carolina 29201

Honorable W. Brian White  
Chairman House Ways and Means  
Columbia, South Carolina 29201

To my Fellow Authority Members:

In accordance with Budget Proviso 117.58, I reported to you at the Authority's October 17 meeting that South Carolina State University (SCSU) had not submitted its FY 2017 audited financial statements by the October 1 deadline to be incorporated into the State's Comprehensive Annual Financial Report (CAFR). In a letter of response dated November 6, 2017, SCSU provided a status update indicating it expected that the overdue financial statements would be available by no later than November 22. I did not receive them by November 22 and, in fact, still have not received them.

My office has communicated a number of times with SCSU about the overdue statements, and each time we have been informed they were forthcoming. Now, more than two months after the October 1 deadline has passed, I am increasingly uneasy about what the continued delinquency means going forward both for SCSU and the statewide CAFR. It should not be overlooked that the University has exhibited a pattern of delinquent reporting for many years.

I'm notifying you today in an abundance of caution, especially in light of the University's many years of management challenges; and from genuine concern for SCSU's students and parents, for

Honorable Henry McMaster  
December 6, 2017  
Page 2

its lenders and bondholders, as well as for S.C.'s taxpayers and the general public.

The University's difficulty in providing timely, reliable financial statements can have a number of serious consequences. For example, it hinders the State's ability to finalize the statewide CAFR. This in turn hinders our ability to produce more timely and complete information about State government's overall financial condition, which is essential information we provide policy-makers, members of the Legislature, credit rating agencies, bond investors, and others who seek it.

Failing to meet realistic financial reporting requirements can be a strong indicator of underlying operational problems – such as those that often develop when accounting systems are ineffective and control processes are weak. Unfavorable conditions like these elevate governance and oversight risks.

There are many who are working hard to put SCSU on a stronger financial footing and to restore trust in its administration, and significant amounts of public money and State support have gone toward that effort. Recent progress is evident, yet SCSU and the State must still guard against any relapse to the management issues and related accreditation problems that plagued the University in the past.

I specifically acknowledge the members of SCSU's Board of Trustees as they continue their laudable work to bolster the University's management practices, finances, and academic standing, and I am hoping they will work with the Authority to address this critical problem immediately and rectify it permanently.

I plan to update you at our upcoming SFAA meeting on December 12th about any meaningful progress made by SCSU in issuing its audited financial statements.

Yours very truly,

Richard Eckstrom  
Comptroller General

RE/jds

cc: Charles S. Way, Jr.



# South Carolina State University

POST OFFICE BOX 7008  
300 COLLEGE STREET, NORTHEAST  
ORANGEBURG, SOUTH CAROLINA 29117-0001  
(803) 536-7013

OFFICE OF THE PRESIDENT

FAX: (803) 533-3622

December 7, 2017

The Honorable Richard Eckstrom  
Comptroller General  
1200 Senate Street  
305 Wade Hampton Office Building  
Columbia, South Carolina 29201

Mr. Eckstrom:

Yes, the South Carolina State University 2016 audited Financials are late by 49 business days past the due date as set by the South Carolina Comptroller General. Draft financials were submitted to the Office of the Controller General on September, 27, 2017. But, again, ***the final audited results are late.***

A detailed explanation of factors affecting this delay is captured in a letter from BDO, our auditors, to Chairman Way, dated October 24, 2017. But, please read the following, as it will provide additional insight as to the initial delay as well as an unforeseen matter that caused delays beyond the second commitment date.

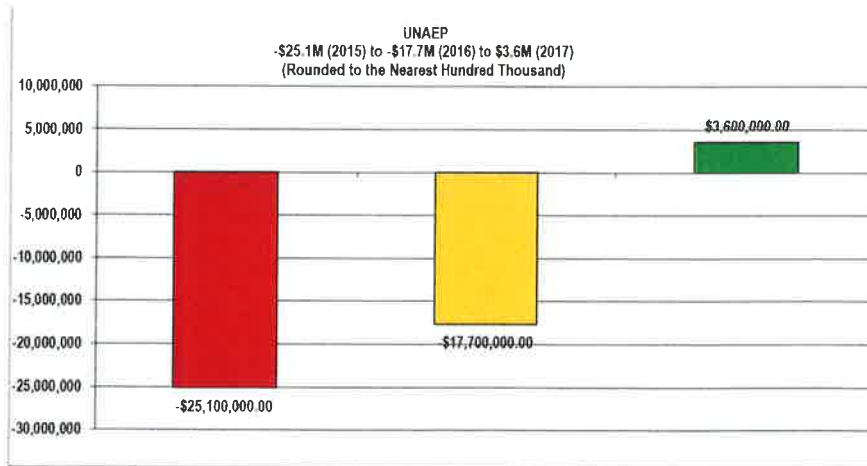
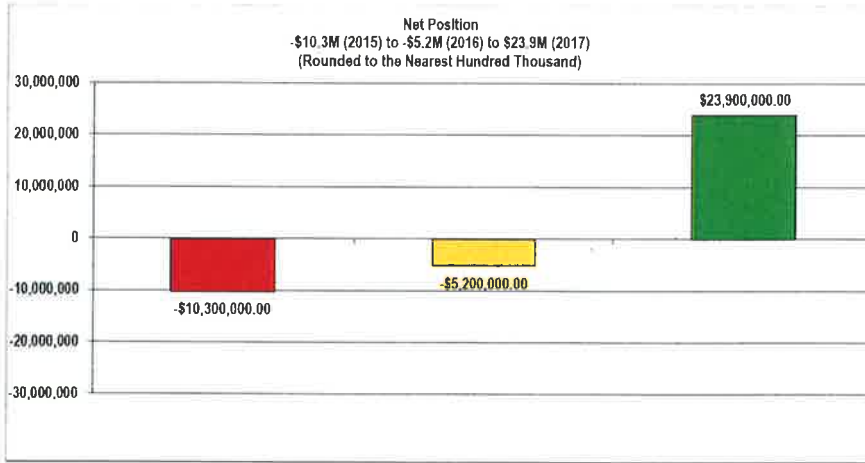
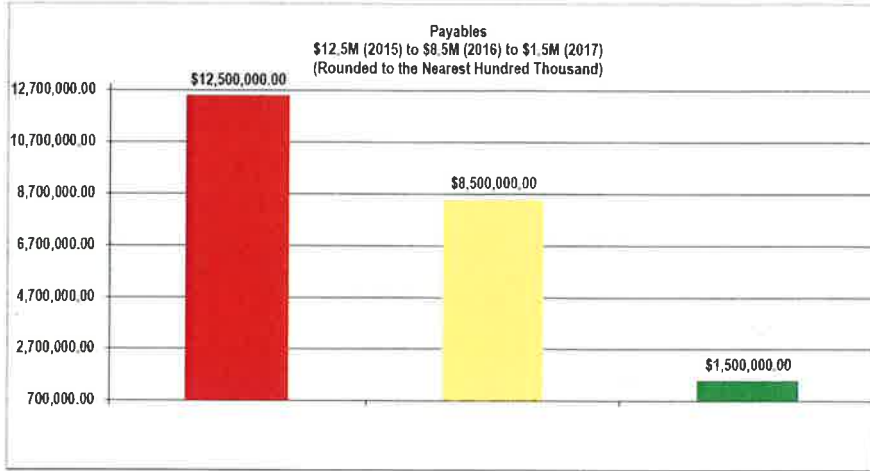
On May of 2015, the SC Legislature appointed seven individuals as the new (temporary) Board of Trustees, assigned with the task of finding a way to "save the university" from loss of accreditation and thereby averting the loss of a venerable 120-year-old institution that was also the state's only publicly supported HBCU. Success at said effort would also avoid a cost to the state of SC estimated to be between \$150-\$200M!

Since the installation of the new Board (2 ½ years ago) and installation of that Board's vice-chairman as current president (1 ½ years ago), much has been achieved. The University is very proud to report significant improvements in three *major* financial areas:

- ***Payables improved from \$12.5M (2015) to \$8.5M (2016) to \$1.5M (2017);***
- ***Change in Net Position improved from -\$11.6M (2015) to -\$5.2M (2016) to \$23.9M (2017) and;***
- ***UNAEP improved from -\$25.1M (2015) to -\$17.7M (2016) to \$3.6M (2017)!***

(UNAEP being negative was the single most threat to the University retaining accreditation. SACSCOC required a viable plan be in place to achieve a positive UNAEP for the 2016-17 fiscal year, the numbers reflect the plan was successfully executed. It had to be worked back to a positive number)





***This progress represents one of the most, if not the most, significant turnarounds of any distressed educational institution in the country.***

Another financial milestone for the University, was the Bond refinancing of Huginn Suites residence hall. The \$34M refinancing produces a total savings of \$11M over the period of the bond, yielding approximately \$500K annually.

Furthermore, enrollment increased for the first time in nine years in Fall 2016 and increased again in Fall 2017.

Every required report was turned on or before its due date, *except the final audited financials.* (See charts below).

Report	Due Date	Submission Date	
Legislative Quarterly Report	October 31, 2016	October 24, 2016	
Governor's Budget	September 30, 2016	September 30, 2016	
H240 Expenditure and Revenue Annual Report	October 31, 2016	October 31, 2016	
Executive Order 2016-16	November 1, 2016	November 1, 2016	
Hidden Earmarks Transparency Survey FY 2015-2016 Appropriations	November 1, 2016	November 1, 2016	
H240 SC – FY '17 Other Funds	November 1, 2016	November 1, 2016	
11.16 Debt Service Schedule	October 31, 2016	October 28, 2016	
CPIP 2016	October 27, 2016	October 27, 2016	

Report	Due Date	Submission Date	
Clery Act	March 6, 2017	March 4, 2017	
SACSCOC Fifth-Year Report	March 15, 2017	March 15, 2017	
Single Audit	March 31, 2017	March 31, 2017	
SC FY 16 Annual Report of Accomplishments and Results (SC State/Clemson 1890)	April 3, 2017	March 31, 2017	
Deficit Monitoring Report	April 14, 2017	April 11, 2017	
Legislative Quarterly Report #3	April 15, 2017	April 6, 2017	

Even though severely constrained and understaffed, our team of hard working, dedicated professionals achieved all of this and more while forced to use an antiquated IT infrastructure.

But *this year's financial audit, again, is indeed late*. Based on earlier audit delays, it was determined that two items were critical to a successful and timely audit – significant funding to address a crumbling IT infrastructure and the addition of high quality finance professionals.

In the prior year budget request, SCSU had as it's #1 priority, a request of \$5M to update an IT infrastructure that had gone through many technological iterations without update, and with minimal maintenance. Due to limited state funds, the request was not fulfilled. While University administration made adjustments in spending priorities to allow enough of an investment to address some absolutely critical IT components to enable certain systems to at least function, overall the system continues to operate slowly and at times, not at all.

In the prior year the goal was set to find and hire appropriately skilled finance professionals, but this too was thwarted. Every employee at SCSU was under a 20-day furlough until September 1, 2017. This meant that the best quality individuals could NOT be convinced to join SCSU prior to then. They felt that the risk of leaving a job that was currently viewed as more stable to come to SCSU, no matter how much the pay, simply was not worth it.

Thus the team had to toil on with limited human resources. As a result, many of the Finance team worked 12-14 hours daily in an effort to make sure that this year's audit would be completed on time. Driving this effort was a new-found sense of pride, as well as the "on time or ahead of time" mantra of the new administration.

The letter to Chairman Way, dated October 24, 2017 communicated that the University was working towards a goal of a November 22, 2017 submission, and subsequent email communication to various State of South Carolina staffers reiterated the submission goal, but also noted that it could be as late as November 30, 2017 due to business days lost to the Thanksgiving holiday. The November submission was missed primarily due to a required debt covenant on the Hugine Suites notes payable, the refinancing of which saved \$11M over the remaining period of the loan.

During the refinancing the reporting covenants reduced the submission of audited financial statements from 180 days to 120 days. Unfortunately, the change in covenant requirements was overlooked during the transition of various key personnel; however, caught by the University's external auditors, BDO, during their final review. *We would have made our second due date were it not for this newfound requirement.*

The University is required to obtain the debt covenant waiver from the note issuer, Rice Capital Financing Company who is required to receive approval from the Department of Education. Failure to secure the waiver letter would result in BDO being unable to issue a "clean" audit, which would negatively impact the University as well as the State of South Carolina CAFR. The University has requested the debt covenant waiver and are currently awaiting receipt; unfortunately, a solid delivery date cannot be provided due to the required approval from the Department of Education.

As of the writing of this letter, the audit work has been completed, the audit report has prepared and reviewed, and BDO is prepared to issue the 2016-17 audit with a “clean” opinion upon receipt of the waiver letter.

In closing, at your convenience, I would love to stop by your office and share with you more of the significant progress this institution has made.

Sincerely,

James E. Clark  
President

Cc: Chairman Charles S. Way, SCSU Board of Trustees

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AGENCY: Public Employee Benefit Authority (PEBA)

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SUBJECT: Approval of PEBA's Designation of Actuary for Retirement Systems

Under Section 9-1-240 of the Code of Laws, the PEBA Board shall designate the actuary for the retirement systems, subject to the approval of the State Fiscal Accountability Authority (SFAA). The current GRS contract to provide actuarial services for PEBA's retirement systems ends on June 30, 2018. At its meeting on October 18, 2017, the PEBA Board designated GRS to serve as actuary for the retirement systems for the period July 1, 2018 through June 30, 2023.

A contract for actuarial services is exempt from the State Procurement Code and may be entered without a Request for Proposal, bid or other procurement process if that is in the best interest of the retirement systems, retirement systems' members and beneficiaries, and the State.

PEBA notes: 1) GRS has performed admirably as the actuary, demonstrating mastery of the nuances of the retirement systems and the ability to clearly articulate difficult actuarial concepts to decision makers; 2) GRS has provided crucial information to the General Assembly for the 2012 and 2017 pension reform legislation and the ongoing evaluation by the Joint Committee on Pension Systems Review; 3) GRS was instrumental in the implementation of GASB accounting standards; and 4) a fiduciary audit by Segal found that GRS's work and assumptions were reasonable, consistent and accurate. Furthermore, the Joint Committee on Pension Systems Review has begun its Phase II analysis of whether it would be appropriate to restructure the State's retirement systems. Given GRS's extensive institutional knowledge regarding the retirement systems, it is in the best interest of the retirement systems, retirement systems' members and beneficiaries, and the State for GRS to continue as the actuary for the retirement systems at this critical stage of the Joint Committee's deliberations.

Therefore, PEBA requests that SFAA approve PEBA's designation of GRS as the actuary for the retirement systems for the period July 1, 2018 through June 30, 2023.

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AUTHORITY ACTION REQUESTED:

Approve PEBA's designation of GRS to serve as the actuary for the retirement systems for the period July 1, 2018, through June 30, 2023.

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ATTACHMENTS:

Agenda item worksheet; Act 13 of 2017, Section 6, Section 9-1-240 of the Code of Laws

# STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

For meeting scheduled for:

Regular Session

December 12, 2017

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**1. Submitted by:**

(a) **Agency:** Public Employee Benefit Authority ("PEBA")

(b) **Authorized Official Signature:**

*Peggy G. Boykin by Stephen M. Carls*  
Peggy G. Boykin, CPA, Executive Director

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**2. Subject:** Approval of PEBA's Designation of Actuary for Retirement Systems

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**3. Summary Background Information:** Under Section 9-1-240 of the Code of Laws, the PEBA Board shall designate the actuary for the retirement systems, subject to the approval of the State Fiscal Accountability Authority (SFAA). The current GRS contract to provide actuarial services for PEBA's retirement systems ends on June 30, 2018. At its meeting on October 18, 2017, the PEBA Board designated GRS to serve as actuary for the retirement systems for the period July 1, 2018 through June 30, 2023.

A contract for actuarial services is exempt from the State Procurement Code and may be entered without a Request for Proposal, bid or other procurement process if that is in the best interest of the retirement systems, retirement systems' members and beneficiaries, and the State.

PEBA notes: 1) GRS has performed admirably as the actuary, demonstrating mastery of the nuances of the retirement systems and the ability to clearly articulate difficult actuarial concepts to decision makers; 2) GRS has provided crucial information to the General Assembly for the 2012 and 2017 pension reform legislation and the ongoing evaluation by the Joint Committee on Pension Systems Review; 3) GRS was instrumental in the implementation of GASB accounting standards; and 4) a fiduciary audit by Segal found that GRS's work and assumptions were reasonable, consistent and accurate. Furthermore, the Joint Committee on Pension Systems Review has begun its Phase II analysis of whether it would be appropriate to restructure the State's retirement systems. Given GRS's extensive institutional knowledge regarding the retirement systems, it is in the best interest of the retirement systems, retirement systems' members and beneficiaries, and the State for GRS to continue as the actuary for the retirement systems at this critical stage of the Joint Committee's deliberations.

Therefore, PEBA requests that SFAA approve PEBA's designation of GRS as the actuary for the retirement systems for the period July 1, 2018 through June 30, 2023.

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**4. What is the Authority asked to do?**

Approve PEBA's designation of GRS to serve as the actuary for the retirement systems for the period July 1, 2018 through June 30, 2023.

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**5. What is recommendation of the Authority division involved? N/A.**

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**6. Recommendation of other office (as required)?** N/A.

**Office Name** \_\_\_\_\_ **Authorized**  
**Signature** \_\_\_\_\_

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**7. Supporting Documents:**

**List those attached:**

Attached: (a) Act 13 of 2017, Section 6, Section 9-1-240 of the  
Code of Laws

**List those not attached but  
available:**

### **Fiduciary audit of PEBA**

SECTION 5. Section 9-4-40 of the 1976 Code, as last amended by Act 278 of 2012, is further amended to read:

"Section 9-4-40. Every four years the State Auditor shall employ a private audit firm to perform a fiduciary audit on the South Carolina Public Employee Benefit Authority. The audit firm must be selected by the State Auditor. A report from the private audit firm must be completed by January 15, 2019, and every four years after that time. Upon completion, the report must be submitted to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee."

### **Actuary for PEBA board**

SECTION 6. Section 9-1-240 of the 1976 Code is amended to read:

"Section 9-1-240. The board shall designate an actuary, subject to the approval of the State Fiscal Accountability Authority or its successor, who is the technical advisor of the board on matters regarding the operation of the system and shall perform such other duties as are required in / connection therewith, provided, however, that the Retirement System Investment Commission is a third-party beneficiary of the contract with the actuary, with full rights to all actuarial valuations prepared by the actuary. The board shall provide to the State Fiscal Accountability Authority or its successor actuarial valuations and reports requested."

## **Part III**

### **Retirement System Investment Commission**

#### **Definition**

SECTION 7. Section 9-16-10(4) of the 1976 Code, as last amended by Act 153 of 2005, is further amended by adding an appropriately lettered subitem to read:

"( ) is the commission's chief executive officer."

#### **Shareholder proxy votes**

SECTION 8. Section 9-16-30 of the 1976 Code, as last amended by Act 153 of 2005, is further amended by adding an appropriately lettered subsection to read:

"( ) The commission shall cast shareholder proxy votes that are in keeping with its fiduciary duties that are consistent with the best interest of the trust fund and most likely to maximize shareholder value."

#### **Investment reports**

SECTION 9. Section 9-16-90(B) of the 1976 Code, as last amended by Act 153 of 2005, is further amended to read:



STATE FISCAL ACCOUNTABILITY AUTHORITY  
MEETING OF December 12, 2017

REGULAR SESSION  
ITEM NUMBER 2

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AGENCY: Office of the State Auditor

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SUBJECT: 2016 Audit - CAFR

The State Auditor will report to the Authority on the results of 2016 CAFR Audit.

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AUTHORITY ACTION REQUESTED:

Receive the State Auditor's report on the 2016 CAFR Audit as information only.

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ATTACHMENTS:

Overview; Audit Report



## **Overview of the 2017 Financial Statement Audit State of South Carolina**

Presentation to the State Fiscal Accountability Authority  
December 12, 2017

George Kennedy, CPA – State Auditor  
Bill Early, CPA – Partner at CliftonLarsonAllen

1. Overview of the audited financial statements for the year ended June 30, 2017
  - a. Comprehensive Annual Financial Report (CAFR) issued November 17, 2017
  - b. Joint auditors' opinion expressed an unmodified or "clean" opinion
  - c. CAFR provides a comprehensive view of the State's financial position at June 30, 2017 and how it performed financial for the year then ended
  
2. Auditors' Communication with Those Charged with Governance (SAS 114 letter)
  - a. Significant audit findings
  - b. Audits of group financial statements
  - c. Other information in documents containing audited financial statements
  
3. Communication of Internal Control Matters (SAS 115 report)
  - a. We evaluated internal controls but express no opinion on their effectiveness
  - c. We identified deficiencies in internal control and included in this report items we consider to be material weaknesses or significant deficiencies
  - d. Our audit tests disclosed no instances of noncompliance
  - e. Management's responses to our findings are included in this report

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

State Fiscal Accountability Authority approval is requested for the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

**Establish Project for A&E Design**

- (a) Summary 3-2018: JBRC Item 1. (H12) Clemson University Project: 9936, Softball Complex Construction  
Included in Annual CPIP: Yes – CPIP Priority 4 of 7 in FY18  
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 11/2/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Athletic Gifts and Donations	0.00	0.00	0.00	300,000.00	300,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>300,000.00</u>	<u>300,000.00</u>

Funding Source: \$300,000 Other, Athletic Gifts and Donations, which are amounts received from individuals, corporations and other entities that are to be expended in support of the Athletic Department.

Request: Establish project and budget for \$300,000 (Other, Athletic Gifts and Donation Funds) to begin pre-design work to construct a softball complex at Clemson University, which will support the newly announced softball program that will begin play in January 2020. The Phase I pre-design budget is requested at 2.3% of the estimated project cost and the additional amount will allow the University to provide for the costs of an alternative construction delivery method (Construction Manager at Risk), the LEED/Green Globes certification, and the required LEED/Green Globes cost benefit analysis. The complex will include an NCAA-standard playing field, stadium stands with capacity of approximately 1,000, a working press box and ACC Network support

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AGENCY: Department of Administration, Capital Budget Office

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SUBJECT: Permanent Improvement Projects

functions, concessions, restrooms, a ticket booth and parking. It will also include an approximately 10,000 square foot player operations facility with dugouts, locker rooms, and lounge and meeting spaces for team practice and game functions. The substitution of softball for diving, which has been eliminated, helps to better align Clemson's sports offerings to serve the residents of South Carolina, as softball has wide participation in the state's middle and high schools. In addition, the ability to compete for championships on the conference and national levels is enhanced with the addition of softball. This project is essential for Clemson to continue fulfilling its Title IX obligations and provide equal accessibility to male and female athletes. It allows the university to provide a Clemson education to South Carolina student athletes who wish to play varsity softball and provides a suitable venue for practice and competition. Having appropriate facilities at program inception will assist with recruiting and developing student athletes and generate revenue for the Athletic Department. Various locations on campus were considered, with the best location contiguous to the Doug Kingsmore baseball stadium. This co-location will create common entry and plaza spaces for both the softball and baseball facilities, along with adjacent programmable practice areas. Annually, the facility will be used by 20 team members, 10 coaches and staff, and will be open to all Clemson students free of charge. Additionally, 15,000 non-student fans are expected to attend games annually and approximately 1,000 summer league team members and fans will use the complex. The agency estimates that the completed project will cost approximately \$13,000,000. (See attachment 1 for additional annual operating costs.)

- (b) Summary 3-2018: JBRC Item 2. (H12) Clemson University  
Project: 9937, Center for Manufacturing Innovation Building Renovation  
Included in Annual CPIP: Yes – CPIP Priority 7 of 7 in FY18  
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 11/2/17

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Maintenance and Stewardship	0.00	0.00	0.00	75,000.00	75,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>75,000.00</u>	<u>75,000.00</u>

Funding Source: \$75,000 Other, Maintenance and Stewardship, which are 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 transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use.

Request: Establish project and budget for \$75,000 (Other, Maintenance and Stewardship Funds) to begin pre-design work to renovate approximately 10,000 square feet in the Center for Manufacturing Innovation Building (CMI) at CU-ICAR for the Clemson Composites Center (CCC). The Phase I pre-design budget is requested at 1.8% of the estimated project cost and the additional amount will allow the University to provide for the costs of design for specialized equipment for research in the automotive manufacturing industry that must be installed in the space to be renovated. This equipment has a heavy utility and infrastructure demand which will require the design team to do additional work for the schematic design package. The CMI is a joint venture between Clemson University and Greenville Technical College (GTC) with support from the SC Department of Commerce and major private corporations, such as BMW, to provide an educated workforce to growing automotive and advanced manufacturing industries in SC. The CMI building was approved by CHE, JBRC and SFAA in 2014 and was constructed by Greenville Technical College at the CU-ICAR campus. This project represents Clemson's contribution to the joint venture. The Clemson Composites Center will provide a certificate program in Advanced Manufacturing for Clemson undergraduates, as well as new programs that will be offered by GTC. The space currently has finished

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AGENCY: Department of Administration, Capital Budget Office

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SUBJECT: Permanent Improvement Projects

walls, concrete floors, lighting, fire protection, alarm systems and HVAC. The renovation will provide the infrastructure to support the CCC's equipment to be installed in the facility. The work will include demolishing floors and providing new foundations, constructing a structural mezzanine for equipment and storage, constructing a chemical lab for the center, making HVAC, electrical, plumbing and related upgrades to accommodate the renovations, and constructing an exterior loading area for heavy truck traffic. In addition to providing a certificate program for Clemson students, the CCC will provide an advanced research facility for Clemson Automotive Engineering with state-of-the-art instruments and equipment. It will be available for research and industry trials that will contribute to the success of composite material suppliers in SC and make the region more attractive for those contemplating a move. It will allow researchers, working closely with companies, to speedily translate the results of their research into products and companies to test their ideas before entering the marketplace. The renovated space will be used by approximately 35 graduate and undergraduate students, 3 faculty members and 4 staff. Additionally, engineers working for industry clients of the center will also use the facility. The agency estimates that the completed project will cost approximately \$4,000,000. (See attachment 2 for additional annual operating costs.)

- (c) Summary 3-2018: JBRC Item 3. (H17) Coastal Carolina University  
Project: 9614, Williams Brice Renovation and Repair  
Included in Annual CPIP: Yes – CPIP Priority 1 of 1 in FY18  
JBRC/SFAA Phase I Approval: N/A  
  
CHE Recommended Approval: 10/5/17

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Renovation Reserve/Plant Expansion	0.00	0.00	0.00	37,500.00	37,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>37,500.00</u>

Funding Source: \$37,500 Other, Renovation Reserve/Plant Expansion, which are funds used for renovations, repairs, and additions to existing facilities and for acquisitions for plant expansion. This is in compliance with section 59-136-130(10) of the SC Code of Laws. \$150 per full-time student per semester is charged as part of the Tuition and Required fees. This fee has been in place since fiscal year 2007 at the same amount.

Request: Establish project and budget for \$37,500 (Other, Renovation Reserve/Plant Expansion Funds) to renovate the HVAC system and life safety system at the Williams Brice Physical Education Center. A new chilled water/hot water 4-pipe system and VAV air handling system will enhance the building's dehumidification and the occupant's comfort levels. Additional renovations include removing the existing ceiling and replacing it with a suspended ceiling and associated lighting and installation of a new mass notification system. The existing HVAC system has expired its anticipated life expectancy. The 46 year old, 33,968 square foot Williams Brice Building was built in 1971, and has since had changes to the original design. This has resulted in equipment locations being difficult to access for maintenance, and the system not dehumidifying properly. The hot water heating boiler is inefficient and starting to require frequent repairs. The existing alarm system does not include a mass notification function. The planned renovation will address these issues. Williams-Brice houses approximately 260 students and contains 23 administrative offices housing 38 employees of the university. The agency estimates that the completed project will cost approximately \$2,500,000.

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

- (d) Summary 3-2018: JBRC Item 4. (H27) University of South Carolina - Columbia  
 Project: 6122, Speech and Hearing Upfit for the Dept. of Communication Sciences &  
 Disorders  
 Included in Annual CPIP: Yes – CPIP Priority 4 of 9 in FY18  
 JBRC/SFAA Phase I Approval: N/A  
 CHE Recommended Approval: 11/2/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Gifts	0.00	0.00	0.00	30,000.00	30,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>30,000.00</u>	<u>30,000.00</u>

Funding Source: \$30,000 Other, Gifts, which are funds received from a private donor. In this case, they are reserved specifically for this project.

Request: Establish project and budget for \$30,000 (Other, Gift Funds) to renovate and upfit up to 20,000 square feet of available space in the Close-Hipp academic building to accommodate the Speech and Hearing Department of Communication Science and Disorders. The Speech and Hearing Department currently resides in private lease space on Lady Street in the City of Columbia and their lease term ends in the summer of 2019. The renovation and upfit will create academic space, computer labs, clinical exam rooms, faculty offices and allow for needed growth in the program. The project will enable the Speech and Hearing Department to avoid future lease payments and improve connectivity with the campus benefiting the students and faculty in the academic program. The Close Building was built in 1973 and the Hipp Building was built in 1983. The total square footage of the Close-Hipp Building is 341,000 square feet. Approximately 80 students will use the space with an additional 135 students involved through distance education. 25 faculty members will also use the space. Clients who visit the clinic will make an



AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

estimated 6,000 visits annually based on previous data. The agency estimates that the completed project will cost approximately \$2,000,000. (See attachment 3 for additional annual operating costs.)

- (e) Summary 3-2018: JBRC Item 5. (D50) Department of Administration  
 Project: 9997, Dennis Building and Blatt Building – Elevator Modernization  
 Included in Annual CPIP: Yes – CPIP Priority 1 & 8 of 11 in FY18  
 JBRC/SFAA Phase I Approval: N/A  
 CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Depreciation Reserve	0.00	0.00	0.00	42,375.00	42,375.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>42,375.00</u>	<u>42,375.00</u>

Funding Source: \$42,375 Other, Depreciation Reserve, which is derived from the rent account which receives rent charged to agencies.

Request: Establish project and budget for \$42,375 (Other, Depreciation Reserve Funds) to obtain the preliminary design and cost estimate for the modernization of 4 traction passenger elevators and 1 traction freight elevator in the Rembert Dennis Building and 4 passenger elevators at the Blatt Building. The Dennis elevators service approximately 750 building staff from the office of the Attorney General, Revenue and Fiscal Affairs Office, the Department of Natural Resources and the Legislative Council of the General Assembly. The Blatt elevators service 345 employees, staff and visitors to the building annually. The Dennis Building elevators are 39 years old and the Blatt elevators are 40 years old. There has been an increase in the number of elevator issues including entrapments over the last few years and it is difficult to

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

maintain both elevators due to their age as parts are not readily available. The agency estimates that the completed project will cost approximately \$2,825,000.

- (f) Summary 3-2018: JBRC Item 8. (E24) Office of the Adjutant General  
 Project: 9809, McEntire Secure Area Facility  
 Included in Annual CPIP: Yes – CPIP Priority 2 of 21 in FY18  
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Federal, National Guard Bureau	0.00	0.00	0.00	83,250.00	83,250.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>83,250.00</u>	<u>83,250.00</u>

Funding Source: \$83,250 Federal, National Guard Bureau, which is funding identified as part of the Construction and Facilities Management Office’s Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau.

Request: Establish project and budget for \$83,250 (Federal, Federal Bureau of Investigation Funds) to construct a new approximately 5,000 square foot Secure Area Facility for housing the SCARNG’s new Cyber Protection Battalion, which has 95 soldiers. The Phase I pre-design budget is requested at 4% of the estimated project cost and the additional amount will be used for very complex pre-design that is needed with the IT capabilities. The Secure Area Facility is required for the SCARNG to comply with National Guard Bureau Directive, which has stringent security requirements that necessitate its construction on McEntire Joint National Guard Base. This facility will also meet the requirements for stationing the Cyber Protection Battalion. The agency estimates that the completed project will cost approximately

AGENCY: Department of Administration, Capital Budget Office

SUBJECT: Permanent Improvement Projects

\$1,936,749.44. (See attachment 4 for additional annual operating costs.)

- (g) Summary 3-2018: JBRC Item 14. (N12) Department of Juvenile Justice  
 Project: 9606, Coastal Regional Center  
 Included in Annual CPIP: No  
 JBRC/SFAA Phase I Approval: N/A  
 CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State, FY17 Carryforward	0.00	0.00	0.00	142,500.00	142,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>142,500.00</u>	<u>142,500.00</u>

Funding Source: \$142,500 Appropriated State, FY17 Carryforward Funds.

Request: Establish project and budget for \$142,500 (Appropriated State, FY17

Carryforward Funds) to implement regionalization across the state. The Phase I pre-design budget is requested at 3.8% of the estimated project cost and the additional amount will provide for utility and environmental studies, surveying (topography), soil testing, programming, space allocation, construction management and travel for A&E vendor to/from location. This project will address the needs at the Coastal Regional Center located in Ridgeville, which will accommodate the programs needed for juveniles in the coastal area of SC. Regionalization represents a fundamental shift in how committed youth will be served by the juvenile justice system. It will allow youth to be housed closer to their home communities instead of committing them to distant state facilities. Regionalization brings neighboring counties together to share resources and services to better serve youth close to their homes. Other advantages of regionalization include increased family engagement, transitional programming and contact with other providers, community resources, and parole and

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probation proficiency. A smaller population of youth in each center may also reduce gang issues and behavior issues. This project will include the construction of a multi-purpose building for clinical, program and security staff, vocational classrooms for the juveniles; security upgrades to include the expansion/new construction of perimeter fencing; and expanding the footprint of the property by creating new recreational space. Even though this project request is for the Coastal Center, all 3 current evaluation centers will eventually be included in this reorganization as separate projects. The new regional center building to be constructed will be an 11,000 square foot pre-engineered building, and will accommodate 175 juveniles. This building will have a masonry base and metal wall panels with a standing-seam sloped metal roof. The recreation space will include indoor and outdoor space to include a soccer field with running track and basketball courts. There is an existing Coastal Evaluation Center, constructed in 2002, located on the 11 acre property that will also continue to be used as part of the Coastal Regional Center but it will not be renovated in this project. The agency estimates that the completed project will cost approximately \$3,676,286.25.

- (h) Summary 3-2018: JBRC Item 15. (N12) Department of Juvenile Justice  
 Project: 9607, Upstate Regional Center  
 Included in Annual CPIP: No  
 JBRC/SFAA Phase I Approval: N/A  
 CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State, FY17 Carryforward	0.00	0.00	0.00	142,500.00	142,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>142,500.00</u>	<u>142,500.00</u>

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AGENCY: Department of Administration, Capital Budget Office

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Funding Source: \$142,500 Appropriated State, FY17 Carryforward Funds.

Request: Establish project and budget for \$142,500 (Appropriated State, FY17 Carryforward Funds) to implement regionalization across the state. The Phase I pre-design budget is requested at 3.8% of the estimated project cost and the additional amount will provide for utility and environmental studies, surveying (topography), soil testing, programming, space allocation, construction management and travel for A&E vendor to/from location. This project will address the needs at the Upstate Regional Center located in Union, which will accommodate the programs needed for juveniles in the upstate area of SC. Regionalization represents a fundamental shift in how committed youth will be served by the juvenile justice system. It will allow youth to be housed closer to their home communities instead of committing them to distant state facilities. Regionalization brings neighboring counties together to share resources and services to better serve youth close to their homes. Other advantages of regionalization include increased family engagement, transitional programming and contact with other providers, community resources, and parole and probation proficiency. A smaller population of youth in each center may also reduce gang issues and behavior issues. This project will include the construction of a multi-purpose building for clinical, program and security staff, vocational classrooms for the juveniles; security upgrades to include the expansion/new construction of perimeter fencing; and expanding the footprint of the property by creating new recreational space. Even though this project request is for the Upstate Center, all 3 current evaluation centers will eventually be included in this reorganization as separate projects. The new regional center building to be constructed will be an 11,000 square foot pre-engineered building, and will accommodate 190 juveniles. This building will have a masonry base and metal wall panels with a standing-seam sloped metal roof. The recreation space will include indoor and outdoor space to include a soccer field with running track and basketball courts. There is an existing Upstate Evaluation Center, constructed in 1997, located on the 17 acre property that will also continue to be used as part of the Upstate Regional Center but it will not be renovated in this project. The agency estimates that the completed project will cost approximately \$3,676,286.25.

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SUBJECT: Permanent Improvement Projects

**Establish Construction Budget**

- (i) Summary 3-2018: JBRC Separate Item. (H12) Clemson University Project: 9935, Outdoor Fitness and Wellness Center Construction  
 Included in Annual CPIP: Yes – CPIP Priority 1 of 7 in FY18  
 JBRC/SFAA Phase I Approval: December 2016

CHE Recommended Approval: 11/2/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Institution Bonds	0.00	0.00	0.00	6,250,000.00	6,250,000.00
Other, Maintenance & Stewardship	0.00	0.00	0.00	4,250,000.00	4,250,000.00
Other, Gifts & Donations	312,500.00	0.00	312,500.00	1,687,500.00	2,000,000.00
All Sources	<u>312,500.00</u>	<u>0.00</u>	<u>312,500.00</u>	<u>12,187,500.00</u>	<u>12,500,000.00</u>

Funding Source: \$6,250,000 Institution Bonds, which are long-term debt instruments issued by the State Treasurer’s Office in the name of the University and are pledged to be repaid with tuition fees. \$4,250,000 Other, Maintenance & Stewardship Funds, which are 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. \$2,000,000 Other, Gifts and Grants, which are amounts received from individuals, corporations, and other entities that are to be expended for their restricted purposes.

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AGENCY: Department of Administration, Capital Budget Office

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SUBJECT: Permanent Improvement Projects

Request: Increase budget to \$12,500,000 (add \$6,250,000 Institution Bonds, \$4,250,000 Other, Maintenance & Stewardship and \$2,000,000 Other, Gifts & Donation Funds) to construct an outdoor fitness and wellness center to address the academic and recreational needs of Clemson students. The facility will be constructed on a currently under-utilized, 32-acre property on Lake Hartwell. This project will be constructed to meet Green Globe 3 Certification standards with anticipated operating cost savings of \$373,760 over a 30 year period. The Outdoor Fitness and Wellness Center project will include constructing an approximately 16,000 square foot building to accommodate academic programming and replace a 60-year old hog barn, and will provide support spaces for the site. The building will include classrooms, offices for the Parks, Recreation & Tourism Management (PRTM) programs and Student Affairs, and public restroom, shower and concession facilities for access to and from the lake's beach. The project will also include three soccer-field sized, artificial turf fields and a new entrance road. PRTM programs using this space serve more than 4,900 students in 6,700 course enrollments a year. Academic facilities for this and other programs using the site are inadequate. Classes are weather dependent and frequently held in an un-renovated, unconditioned 60-year old hog barn which lacks functional restrooms. The new building will include approximately 6,400 square feet of classroom space. Clemson's current fields create significant safety hazards for students due to their weekend use for football parking and damage from poor weather. The poor condition of the rutted fields results in a disproportionate number of injuries. Visiting teams often refuse to play on Clemson's fields, forcing clubs to rent off-campus space at costs to students averaging \$1,700 to \$3,000 a game, depending on club size. Clemson lags behind peer institutions in the state and nationally in inside square footage space for these programs. Clemson has 6.6 square feet per student compared with an average of 13.1 square feet per student among peers. To achieve parity with this average for indoor recreation space would require 147,000 square feet and cost \$60 million. Rather than construct expensive indoor space, this project allows an additional 156,000 square feet of space to be constructed at an average cost of \$80 per square foot by combining inside and outside elements. The agency estimates that the completed project will cost approximately \$12,500,000. The agency also reports the projects date for execution of the construction contract is March 2018 and for completion of construction is April 2019. (See attachment 5 for additional annual operating costs.)

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(j) Summary 3-2018: JBRC Item 17. (H17) Coastal Carolina University

Project: 9613, Ingle Residence Hall Renovation

Included in Annual CPIP: Yes – CPIP Priority 1 of 3 in FY17

JBRC/SFAA Phase I Approval: March 2017

CHE Recommended Approval: 10/5/17 with contingency

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since</u>		<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
		<u>Original Budget</u>	<u>Current Budget</u>		
Other, Student Housing Revenue Funds	57,000.00	0.00	57,000.00	3,743,000.00	3,800,000.00
All Sources	<u>57,000.00</u>	<u>0.00</u>	<u>57,000.00</u>	<u>3,743,000.00</u>	<u>3,800,000.00</u>

Funding Source: \$3,800,000 Other, Student Housing Revenue, which is generated through housing rates charged to students who are living in campus halls. The student rate is based on the number of bedrooms per suite or apartment, and location of the residence hall, which is approved each year by the Board of Trustees. The university did not increase housing rates on any level in FY17 of FY18.

Request: Increase budget to \$3,800,000 (add \$3,743,000 Other, Student Housing Revenue Funds) to move forward with the renovation of the HVAC system in the Ingle Residence Hall. The plan is to convert the HVAC currently in the building from a 2-pipe to a 4-pipe system which will result in balanced airflow in rooms and common areas throughout the year. Additionally, IT, fire sprinkler and mass notification systems will be enhanced to provide full coverage of the building and upgrade each system to current codes. The existing HVAC system is inadequate in its operation to provide year round cooling and heating to the occupants of the building. The existing fire alarm system does not include a mass notification function. Adding this functionality will improve communication between fire and life safety and the resident students in emergency situations. The building was constructed in 2000, is 80,536 square feet, houses approximately 400 students and contains four



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administrative offices. There is one professional staff apartment as well. Due to normal wear and tear, the University Repair and Maintenance schedule dictates that these structural repairs are needed to assure that this building maintains a safe and healthy living environment for students and working environment for staff. The agency estimates that the completed project will cost approximately \$3,800,000. The agency also reports the projects date for execution of the construction contract is May 2018 and for completion of construction is July 2019.

- (k) Summary 3-2018: JBRC Item 18. (D50) Department of Mental Health  
 Project: 9755, Upgrade of Lodges A, B, F, G and H to Eliminate Safety Risks  
 Included in Annual CPIP: Yes – CPIP Priority 4 of 5 in FY18  
 JBRC/SFAA Phase I Approval: June 2017

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Capital Improvement & Maintenance	11,250.00	0.00	11,250.00	453,285.00	464,535.00
All Sources	<u>11,250.00</u>	<u>0.00</u>	<u>11,250.00</u>	<u>453,285.00</u>	<u>464,535.00</u>

Funding Source: \$464,535 Other, Capital Improvement & Maintenance Fund, which is authorized by Proviso 35.7 to allow an interest bearing fund with the State Treasurer to deposit funds appropriated for deferred maintenance and other one-time funds from any source. After receiving any required approvals, the department is authorized to expend these funds for the purpose of deferred maintenance, capital projects, and ordinary repair and maintenance.

Request: Increase budget to \$464,535 (add \$453,285 Other, Capital Improvement & Maintenance Funds) for the Phase II design and construction for renovations in two (Lodges G & H), of the five lodges cited in the December 2015 Joint Commission for Hospital Accreditation as having multiple ligature risks in the

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bathrooms. In this report Bryan Psychiatric Hospital was cited for multiple ligature risks in the bathrooms in Lodges A, B, F, G and H. The Lodges are all occupied and will require work to be completed utilizing a phased approach. In order to eliminate these risks it will require the change out of hinges, lights, locks, sinks and other potential attachment points. A prototype bathroom has been approved by Hospital Risk Management staff. Each lodge includes an average of 33 patient beds with 25 patient bathrooms and is approximately 13,000 square feet. The total average patient bathroom square footage is 1,034 square foot per lodge. The current population for the 5 lodges includes 166 clients and up to 90 staff per shift. The lodges are approximately 40 years old and the proposed renovations have never been addressed in previous renovations. In the Phase I request it was estimated that the 5 lodge renovations would cost approximately \$150,000 each. Subsequent to the Phase I approval, Lodge E, which has been used as swing space for recent renovation work to other Lodges, has been occupied by the Forensics Program. All work will now occur in occupied spaces, restricting the number of bathrooms that can be worked on at one time (3 vs. 9). Recent upgrades on a smaller scale using an IDC contractor in a then occupied Lodge E indicates that the costs of completing the upgrades in fully occupied spaces will be higher than forecasted. As a result, it is now estimated that the cost to complete the renovations for each of the 5 lodges, will be approximately \$232,267 each. The agency estimates that completion of the work for Lodges G & H will cost approximately \$464,535 with the future completion of all 5 lodges estimated at approximately \$1,161,000. The agency also reports the projects date for execution of the construction contract is May 2018 and for completion of construction is September 2018. (See attachment 6 for additional annual operating costs.)

### **Final Land Acquisition**

- (1) Summary 3-2018: JBRC Item 23. (P28) Department of Parks, Recreation & Tourism  
Project: 9768, St. Phillips Island Acquisition  
Included in Annual CIP: No  
JBRC/SFAA Phase I Approval: N/A  
  
CHE Recommended Approval: N/A

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<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State, FY17 Carryforward	0.00	0.00	0.00	1,435,548.00	1,435,548.00
Appropriated State, PARD nonrecurring	0.00	0.00	0.00	700,000.00	700,000.00
Other, Recreation Land Trust	0.00	0.00	0.00	2,864,452.00	2,864,452.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,000,000.00</u>	<u>5,000,000.00</u>

Funding Source: \$1,435,548 Appropriated State, FY17 Carryforward. \$700,000 Appropriated State, PARD nonrecurring. \$2,864,452 Other, Recreation Land Trust Funds, which are state funds appropriated for recreational land acquisitions and improvements.

Request: Establish a combined Phase I preliminary land acquisition and Phase II final acquisition project and budget for \$5,000,000 (Appropriated State, FY17 Carryforward & PARD nonrecurring and Other, Recreation Land Trust Funds) to allow for the acquisition of a 4,680 acre barrier island near Hunting Island State Park in Beaufort County, SC. This land is needed to address conservation Phase II are being combined together as one request because the closing must occur prior to December 31, 2017 for the seller to take advantage of charitable contribution income tax deduction by making a charitable contribution in the form of a bargain sale, as defined in Sections 170 and 1011(b) of the Internal Revenue Code (“IRC”) and Treasury regulation Section 1.170A-4 which will allow PRT to secure this property at a price far below the appraised value. This property is currently offered to PRT by Robert Edward Turner III for the

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purchase price of \$4,900,000.00. Due to the need to close on this transaction by December 31, 2017, the seller agreed to obtain an appraisal, phase I environmental study and building condition assessment for the subject property at his cost and risk, which will be reimbursed by the Department of Parks, Recreation and Tourism through this project at closing if the project is approved by JBRC and SFAA. If the project is not approved by JBRC and/or SFAA, there is no obligation of the PRT or the State to make reimbursement or incur any costs. An appraisal was completed for the property on November 15, 2017 by Charleston Appraisal Service and the final opinion of market value for the property which is subject to a conservation easement was determined to be \$15,000,000. Additionally, a Phase I Environmental Site Assessment was completed and revealed no evidence of RECs, HRECs, or CRECs and no further assessment was recommended. This property includes two residences and a shop on site, which are 34 years old. These buildings have been maintained in good condition and require no renovation at this time. This property, after purchase, will be used for public access and education. The number of visitors to the property is underdetermined at this time and will depend on the final operational plan after acquisition. Initial estimates for the first year of operation are approximately 1,000 visitors annually. The nearby Hunting Island State Park receives over 1 million visitors per year. The agency estimates that the land acquisition will cost approximately \$5,000,000 with additional annual operating costs of \$250,000 in year 1 and \$300,000 in years 2 and 3. The agency reports the estimated date to complete the land acquisition is December 2017. (See attachment 7 for additional annual operating costs.)

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AUTHORITY ACTION REQUESTED:

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

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ATTACHMENTS:

Agenda item worksheet and attachments

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY  
Code H12 Name Clemson University

2. PROJECT  
Project # 9936 Name Softball Complex Construction

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

XX  COSTS                       SAVINGS                       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2019-20	\$	\$	\$115,000	\$115,000
2) 2020-21	\$	\$	\$118,450	\$118,450
3) 2021-22	\$	\$	\$122,003	\$122,003

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

Athletic Operating Funds

6. Will the additional costs be absorbed into your existing budget?                      XX  YES                       NO  
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Utilities</u>	<u>\$57,500</u>
2. <u>Maintenance</u>	<u>\$57,500</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$115,000</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved

9. Submitted By:  9/27/17  
Signature of Authorized Official and Title                      Date

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY  
Code H12 Name Clemson University

2. PROJECT  
Project # 9937 Name Center for Manufacturing Innovation Building Renovation

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

XX  COSTS                       SAVINGS                       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) FY 19-20	\$	\$	\$32,500.00	\$32,500.00 *
2) FY 20-21	\$	\$	\$66,950.00	\$66,950.00
3) FY 21-22	\$	\$	\$68,958.00	\$68,958.00

\* Partial Year

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

Self-generated revenues

6. Will the additional costs be absorbed into your existing budget?  
If no, how will additional funds be provided?                      XX  YES                       NO

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Utilities</u>	<u>\$16,250.00</u>
2. <u>Maintenance</u>	<u>\$16,250.00</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$32,500.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved.

9. Submitted By:                       9/27/17  
Signature of Authorized Official and Title                      Date

**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY  
Code H27 Name University of South Carolina

2. PROJECT  
Project # 6122 Name Speech and Hearing Upfit

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

COSTS                       SAVINGS                       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2020*	\$256,277	\$	\$	\$ 0.00
2) 2021*	\$256,277	\$	\$	\$ 0.00
3) 2022*	\$256,277	\$	\$	\$ 0.00


5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget?  
If no, how will additional funds be provided?                       YES                       NO

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Lease Cost</u>	<u>202,705</u>
2. <u>Waste Management</u>	<u>29,522</u>
3. <u>Utilities</u>	<u>24,050</u>
4. _____	_____
5. _____	_____
6. _____	_____
<u>*FY 2019 lease cost is used for FY 20 through FY22.</u>	_____
<u>but in reality a new lease is expected to be a higher cost.</u>	_____
TOTAL	<u>256,277</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. \_\_\_\_\_

9. Submitted By:  Director, Planning and Programming                      11/20/17  
Signature of Authorized Official and Title                      Date

**ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY Code E24 Name Office of the Adjutant General

2. PROJECT Project # 9809 Name McEntire Secure Area Facility

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

COSTS                       SAVINGS                       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2018	\$ 0.00	\$ 30,000.00	\$ 0.00	\$ 30,000.00
2) 2019	\$ 0.00	\$ 30,000.00	\$ 0.00	\$ 30,000.00
3) 2020	\$ 0.00	\$ 30,000.00	\$ 0.00	\$ 30,000.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).  
N/A

6. Will the additional costs be absorbed into your existing budget?  YES  NO  
If no, how will additional funds be provided?  
No additional federal funds will be requested to support this new facility.

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Utilities</u>	<u>\$20,000.00</u>
2. <u>Maintenance and Repairs</u>	<u>10,000.00</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$30,000.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. N/A

9. Submitted By: Michael J Young Michael J Young, State Contracting Officer 24 Oct 2017  
Signature of Authorized Official and Title Date



**ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY  
Code H12 Name Clemson University

2. PROJECT  
Project # 9935 Name Outdoor Fitness and Wellness Center Construction

3. ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS. (Check whether reporting costs or savings.)

XX  COSTS       SAVINGS       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS/SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) FY 18-19	\$	\$	\$210,000.00	\$210,000.00
2) FY 19-20	\$	\$	\$216,300.00	\$216,300.00
3) FY 20-21	\$	\$	\$222,789.00	\$222,789.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

University operating revenues

6. Will the additional costs be absorbed into your existing budget?      XX  YES       NO  
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Utilities</u>	<u>\$55,000.00</u>
2. <u>Maintenance</u>	<u>\$55,000.00</u>
3. <u>Personal Services</u>	<u>\$100,000.00</u>
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$210,000.00</u>

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved.      2

9. Submitted By: Brett A. Daulton      9/27/17  
Signature of Authorized Official and Title      Date

**ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY Code J12 Name South Carolina Department of Mental Health

2. PROJECT Project # 9755 Name Upgrade of Lodges A, B, F, G and H to Eliminate Safety Risks

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

COSTS                       SAVINGS                       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2018	\$ 4,000.00	\$	\$	\$ 4,000.00
2) 2019	\$ 4,000.00	\$	\$	\$ 4,000.00
3) 2020	\$ 4,000.00	\$	\$	\$ 4,000.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget?  YES                       NO  
If no, how will additional funds be provided?

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. <u>Increased costs for replacement of damaged fixtures</u>	<u>\$4,000.00</u>
2. <u>(~2 bathrooms/year)</u>	
3. _____	
4. _____	
5. _____	
6. _____	
7. _____	
8. _____	
TOTAL	\$4,000.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved.

9. Submitted By:  Director of Physical Plant Services                      10/10/2017  
Signature of Authorized Official and Title                      Date

**ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY Code P28 Name South Carolina Department of Parks, Recreation & Tourism

2. PROJECT Project # 9768 Name St Phillips Island Acquisition

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

COSTS       SAVINGS       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2017	\$	\$	\$	\$ 0.00
2) 2018	\$	\$	\$ 250,000.00	\$ 250,000.00
3) 2019	\$	\$	\$ 300,000.00	\$ 300,000.00


5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).  
Park Revenue

6. Will the additional costs be absorbed into your existing budget?  YES  NO  
If no, how will additional funds be provided?  
Revenue from this new facility

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

	<u>COST FACTORS</u>	<u>AMOUNT</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
	TOTAL	\$0.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved.

9. Submitted By:  \_\_\_\_\_  
Signature of Authorized Official and Title

8/25 /2017  
Date

**Additional Information on Funding Sources for  
Higher Education Permanent Improvement Projects**

**Item (a) – Clemson University – Softball Complex Construction**

The source of funds for pre-design is Other, Athletic Gifts and Donations, which are amounts received from individuals, corporations and other entities that are to be expended in support of the Athletic Department.

The source of funds for construction is anticipated to be Athletic Facilities Revenue Bonds and Athletic Gifts and Donation Funds.

The University reports that no increase in any student fee or tuition will be required for this project.

**Item (b) – Clemson University – Center for Manufacturing Innovation Building  
Renovation**

The source of funds for pre-design is Other, Maintenance and Stewardship, which are 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 transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use.

The source of funds for construction is anticipated to be Other, Maintenance and Stewardship Funds.

The University reports that no increase in any student fee or tuition will be required for this project.

**Item (c) – Coastal Carolina University – Williams Brice Renovation and Repair**

The source of funds for pre-design is Other, Renovation Reserve/Plant Expansion, which are funds used for renovations, repairs, and additions to existing facilities and for acquisitions for plant expansion. This is in compliance with section 59-136-130(10) of the SC Code of Laws. \$150 per full-time student per semester is charged as part of the Tuition and Required fees. This fee has been in place since fiscal year 2007 at the same amount.

The source of funds for construction is anticipated to be Other, Renovation Reserve/Plant Expansion Funds.

The University reports that no increase in any student fee or tuition will be required for this project.

**Item (d) – University of South Carolina-Columbia – Speech and Hearing Upfit for the Department of Communication Sciences & Disorders**

The source of funds for pre-design is Other, Gifts, which are funds received from a private donor. In this case, they are reserved specifically for this project.

The source of funds for construction is anticipated to be Other, Gifts and Institutional Funds.

The University reports that no increase in any student fee or tuition will be required for this project.

**Item (i) – Clemson University – Outdoor Fitness and Wellness Center Construction**

The source of funds for construction is Institution Bonds, which are long-term debt instruments issued by the State Treasurer's Office in the name of the University and are pledged to be repaid with tuition fees. Other, Maintenance & Stewardship Funds, which are 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. Other, Gifts and Grants, which are amounts received from individuals, corporations, and other entities that are to be expended for their restricted purposes.

The University reports that no increase in any student fee or tuition will be required for this project.

**Item (j) – Coastal Carolina University – Ingle Residence Hall Renovation**

The source of funds for construction is Other, Student Housing Revenue, which is generated through housing rates charged to students who are living in campus halls. The student rate is based on the number of bedrooms per suite or apartment, and location of the residence hall, which is approved each year by the Board of Trustees. The university did not increase housing rates on any level in FY17 or FY18.

The University reports that no increase in any student fee or tuition will be required for this project.

## Permanent Improvement Project Information for December 12, 2017 SFAA Meeting

Agency/ Project No.	Agency/Project Name	Original		Date of		Phase I Amount	Included in CPIP	Total Projected Project Cost
		Approved Budget		Original Approval	Phase I Approval			
H12-9936	Softball Complex Construction	N/A	N/A	N/A	N/A	\$300,000.00	Yes	\$13,000,000.00
H12-9937	Center for Manufacturing Innovation Building Renovation	N/A	N/A	N/A	N/A	\$75,000.00	Yes	\$4,000,000.00
H17-9614	Williams Brice Renovation and Repair	N/A	N/A	N/A	N/A	\$37,500.00	Yes	\$2,500,000.00
H27-6122	Speech and Hearing Upfit for the Department of Communication	N/A	N/A	N/A	N/A	\$30,000.00	Yes	\$2,000,000.00
D50-9997	Dennis Building and Blatt Building - Elevator Modernization	N/A	N/A	N/A	N/A	\$42,375.00	Yes	\$2,825,000.00
E24-9809	McEntire Secure Area Facility	N/A	N/A	N/A	N/A	\$83,250.00	Yes	\$1,936,749.44
N12-9606	Coastal Regional Center	N/A	N/A	N/A	N/A	\$142,500.00	No	\$3,676,286.25
N12-9607	Upstate Regional Center	N/A	N/A	N/A	N/A	\$142,500.00	No	\$3,676,286.25
H12-9935	Outdoor Fitness and Wellness Center Construction	\$312,500.00	12/14/16	12/14/16	12/14/16	\$312,500.00	Yes	\$12,500,000.00
H17-9613	Ingle Residence Hall Renovation	\$57,000.00	3/10/17	3/10/17	3/10/17	\$57,000.00	Yes	\$3,800,000.00
J12-9755	Upgrade of Lodges A, B, F, G and H to Eliminate Safety Risks	\$11,250.00	6/9/17	6/9/17	6/9/17	\$11,250.00	Yes	\$464,535.00
P28-9768	St. Phillips Island Acquisition	N/A	N/A	N/A	4/26/17	\$15,350.00	No	\$5,000,000.00

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AGENCY: Department of Commerce, Division of Public Railways d/b/a/Palmetto Railways

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SUBJECT: Camp Hall Rail Project

**A. Camp Hall Right of Way Purchases**

The South Carolina Department of Commerce has requested establishment of a combined Phase I preliminary and Phase II final land acquisition project and budget for \$5,500,000 (Other, Agency Resource Funds) to permit the acquisition of 45 specific right of way parcels that are approximately 22.7 miles by 100 feet (varying in areas), corridor wide. Such acquisition may be by purchase, condemnation, or settlement of condemnation provided such acquisitions are within fair market value as reflected in an agreed upon appraisal. This project will connect the Camp Hall Commerce Park and the Volvo Cars manufacturing facility to existing railroad right of way and the CSX Transportation mainline located near the Santee Cooper Cross Generating Station. 42 parcels totaling 339.6 acres are referred to as the Camp Hall Lead Tract, stretching from the Cross Generating Station to the Volvo Cars Phase II property line. These parcels are owned by 19 separate owners, the acquisition of some of which may require condemnation. 3 additional parcels totaling 23.679 acres are referred to as the Volvo Lead Track stretching from the Volvo Phase II property line to the Volvo Phase I property line where the Volvo manufacturing facility is located. These parcels are owned by 2 property owners, with the majority of the right of way acreage owned by the SC Public Service Authority ("Santee Cooper"). A Phase I Environmental Site Assessment was completed and, with the exception of two parcels located on the site of the Santee Cooper Cross Generation Station, found no potential recognized environmental conditions. The Santee Cooper Generating Station is considered a recognized environmental condition because the operations performed at the facility represent a potential source for soil and groundwater contamination on and under an area of the property. This site has experienced confirmed or has the potential to release hazardous substances and/or petroleum products that might also represent a vapor encroachment condition by vapor migration through the subsurface. The environmental assessment notes an understanding that no plans exist to develop inhabited building structures on the subject property that would represent a potential for exposure to vapors in an enclosed space. (Palmetto Railways does not expect to take title to the two Cross Generating Station parcels because of federal regulatory requirements.) The agency estimates land acquisition (including easements) costs at approximately \$5,500,000 and reports the estimated date to complete the acquisitions during December 2018.

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AGENCY: Department of Commerce; Division of Public Railways d/b/a/Palmetto Railways

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SUBJECT: Camp Hall Rail Project

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**B. Approval of Extension of Division's Operations pursuant to Code Section 13-1-1350**

The Department of Commerce and Palmetto Railways requests that the Authority take the following additional actions:

Pursuant to Section 13-1-1350 of the Code, approve extension of the division's operations through the acquisition by purchase, condemnation, and or donation of properties needed for the construction of additional connecting railroads that are desirable in the public interest to promote and foster economic growth and development; provided, however, that any financing of such extension will require subsequent approval pursuant to Sections 13-1-1350 and 13-1-1460 of the Code. (*See Exhibit 5* attached to Manning letter dated 12/04/17 (11/2/17 Certificate of Director)).

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AUTHORITY ACTION REQUESTED:

- A. Approve establishment of the requested project and budget in accordance with the plan as described.
- B. Approve the requested extension of the division's operations through the acquisition by purchase, condemnation, and or donation of properties needed for the construction of additional connecting railroads that are desirable in the public interest to promote and foster economic growth and development; provided, however, that any financing of such extension will require subsequent approval pursuant to Sections 13-1-1350 and 13-1-1460 of the Code.

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ATTACHMENTS:

Commerce agenda item worksheet with attachments; Manning 12/04/17 letter: Sections 13-1-1350 and 13-1-1460



# STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

Meeting Scheduled for: December 12, 2017

Regular Agenda

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**1. Submitted by:**

- (a) Agency: Department of Commerce  
Div. of Public Railways d/b/a Palmetto Railways:
- (b) Authorized Official Signature:

*RH*

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**2. Subject:**

Camp Hall Right of Way Purchases

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**3. Summary of Background Information:**

The South Carolina Department of Commerce has requested establishment of a combined Phase I preliminary and Phase II final land acquisition project and budget for \$5,500,000 (Other, Agency Resource Funds) to permit the acquisition of 45 specific right of way parcels that are approximately 22.7 miles by 100 feet (varying in areas), corridor wide. Such acquisition may be by purchase, condemnation, or settlement of condemnation provided such acquisitions are within fair market value as reflected in an agreed upon appraisal. This project will connect the Camp Hall Commerce Park and the Volvo Cars manufacturing facility to existing railroad right of way and the CSX Transportation mainline located near the Santee Cooper Cross Generating Station. 42 parcels totaling 339.6 acres are referred to as the Camp Hall Lead Tract, stretching from the Cross Generating Station to the Volvo Cars Phase II property line. These parcels are owned by 19 separate owners, the acquisition of some of which may require condemnation. 3 additional parcels totaling 23.679 acres are referred to as the Volvo Lead Track stretching from the Volvo Phase II property line to the Volvo Phase I property line where the Volvo manufacturing facility is located. These parcels are owned by 2 property owners, with the majority of the right of way acreage owned by the SC Public Service Authority ("Santee Cooper"). A Phase I Environmental Site Assessment was completed and, with the exception of two parcels located on the site of the Santee Cooper Cross Generation Station, found no potential recognized environmental conditions. The Santee Cooper Generating Station is considered a recognized environmental condition because the operations performed at the facility represent a potential source for soil and groundwater contamination on and under an area of the property. This site has experienced confirmed or has the potential to release hazardous substances and/or petroleum products that might also represent a vapor encroachment condition by vapor migration through the subsurface. The environmental assessment notes an understanding that no plans exist to develop inhabited building structures on the subject property that would represent a potential for exposure to vapors in an enclosed space. Palmetto Railways does not expect to take title to the two Cross Generating Station parcels because of federal regulatory requirements and is also seeking approval to acquire easements on Santee Cooper owned property. The agency estimates land acquisition costs at approximately \$5,500,000 and reports the estimated date to complete the acquisitions (including easements), during December 2018.

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**4. What is the Authority asked to do?**

Approve establishment of the project and budget in accordance with the plan as described.

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

Item is complete and ready for the Authority's consideration.

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**6. List of Supporting Documents:**

1. SC Department of Commerce request for approval
2. Letter to JBRC and SFAA
3. Map of Palmetto Railways Proposed Route
4. Row Acquisition and/or Easements
5. Executive Summary – Camp Hall Right of Way Purchases

FOR DEPARTMENT USE ONLY	
CHE	_____
JBRC	_____
SFAA	_____
JBRC Staff	_____
ADMIN Staff	_____
A-1 Form Mailed	_____
SPIRS Date	_____
Summary	_____

RECEIVED NOV 07 2017  
*KG*

(For Department Use Only)
3-2018(A)
SUMMARY NUMBER
FORM NUMBER

**PERMANENT IMPROVEMENT PROJECT REQUEST**

1. AGENCY Code Y08 Name SC Department of Commerce Division of Public Railways d/b/a Palmetto Railways  
 Contact Person Sheri Cooper Phone 843-727-2067

2. PROJECT Project # 9506 Name Camp Hall Right of Way Purchases  
 Facility # \_\_\_\_\_ Facility Name \_\_\_\_\_

County Code	08 - Berkeley
New/Revised Budget	\$5,500,000.00

Project Type	1 - Purchase Land/Buildings
Facility Type	9 - Land Purchase

3. CPIP PROJECT APPROVAL FOR CURRENT FISCAL YEAR  
 CPIP priority number \_\_\_\_\_ of \_\_\_\_\_ for FY \_\_\_\_\_

4. PROJECT ACTION PROPOSED (Indicate all requested actions by checking the appropriate boxes.)

Establish Project	<input checked="" type="checkbox"/>	Decrease Budget	<input type="checkbox"/>	Close Project	<input type="checkbox"/>
Establish Project - CPIP	<input type="checkbox"/>	Change Source of Funds	<input type="checkbox"/>	Change Project Name	<input type="checkbox"/>
Increase Budget	<input type="checkbox"/>	Revise Scope	<input type="checkbox"/>	Cancel Project	<input type="checkbox"/>

5. PROJECT DESCRIPTION AND JUSTIFICATION  
 (Explain and justify the project or revision, including what it is, why it is needed, and any alternatives considered. Attach supporting documentation/maps to fully convey the need for the request.)

Palmetto Railways is purchasing right of way (ROW) to construct rail infrastructure to connect the CSX Transportation rail network near the Santee Cooper Cross Generating Station to the Camp Hall Commerce Park in Berkeley County. The connection will be approximately 22.7 miles by 100-ft (varying in areas) corridor wide. Recent development at Camp Hall Commerce Park has increased the demand for rail service to better serve the transportation, distribution and logistical needs of current and future tenants. Tenants at the Park currently include Volvo Cars, which is a significant driver of the increased need for rail service. Additionally, anticipated supporting industries that may locate near Volvo Cars in the future would likely benefit from rail transportation options.

6. OPERATING COSTS IMPLICATIONS  
 Attach Form A-49 if any additional operating costs or savings will result from this request. This includes costs to be absorbed with current funding.

7. ESTIMATED PROJECT SCHEDULE AND EXPENDITURES  
 Estimated Start Date: 1/1/2018 Estimated Completion Date: 12/31/2018  
 Estimated Expenditures: Thru Current FY: \$2,500,000.00 After Current FY: \$3,000,000.00

8. ESTIMATES OF NEW/REVISED PROJECT COSTS

<b>PROJECT #</b>	<b>9506</b>
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- 1. 4,950,000.00 Land Purchase ---->
- 2. \_\_\_\_\_ Building Purchase ---->
- 3. 550,000.00 Professional Services Fees
- 4. \_\_\_\_\_ Equipment and/or Materials ---->
- 5. \_\_\_\_\_ Site Development
- 6. \_\_\_\_\_ New Construction ---->
- 7. \_\_\_\_\_ Renovations - Building Interior ---->
- 8. \_\_\_\_\_ Renovations - Utilities
- 9. \_\_\_\_\_ Roofing - \_\_\_\_\_ Roof Age
- 10. \_\_\_\_\_ Renovations - Building Exterior
- 11. \_\_\_\_\_ Other Permanent Improvements
- 12. \_\_\_\_\_ Landscaping
- 13. \_\_\_\_\_ Builders Risk Insurance
- 14. \_\_\_\_\_ Other Capital Outlay
- 15. \_\_\_\_\_ Labor Costs
- 16. \_\_\_\_\_ Bond Issue Costs
- 17. \_\_\_\_\_ Other: \_\_\_\_\_
- 18. \_\_\_\_\_ Contingency

Land: 363.00 Acres  
 Floor Space: \_\_\_\_\_ Gross Square Feet  
 Information Technology \_\_\_\_\_  
 Floor Space: \_\_\_\_\_ Gross Square Feet  
 Floor Space: \_\_\_\_\_ Gross Square Feet


\$5,500,000.00 TOTAL PROJECT BUDGET

ENVIRONMENTAL HAZARDS	
Identify all types of significant environmental hazards (including asbestos, PCB's, etc.,) present in the project and the financial impact they will have on the project. Type: <u>none found</u>	
<b>Cost Breakdown</b>	
Design Services	\$ _____
Monitoring	\$ _____
Abate/Remed	\$ _____
<b>Total Costs</b>	<b>\$ 0.00</b>

9. PROPOSED SOURCE OF FUNDING

Source	Previously Approved Amount	Increase/Decrease	Original/Revised Budget	Transfer to/from Proj. #	Rev Object Code	Treasurer's ID Number	Rev Sub Fund	Exp Sub Fund
(0) CIB, Group			0.00 0.00		8115		3043	3043
(1) Dept. CIB, Group			0.00 0.00		8115		3143	3143
(2) Institution Bonds			0.00 0.00					3235
(3) Revenue Bonds			0.00 0.00					3393
(4) Excess Debt Service			0.00 0.00					3497
(5) Capital Reserve Fund			0.00 0.00		8895		3603	3603
(6) Appropriated State			0.00 0.00		8895	68800100	1001	3600
(7) Federal			0.00 0.00			78800100		5787
(8) Athletic			0.00 0.00			88800100		3807
(9) Other (Specify) Agency Resources		5,500,000.00	5,500,000.00 0.00 0.00		7263	98800100		3907
<b>TOTAL BUDGET</b>	<b>\$0.00</b>	<b>\$5,500,000.00</b>	<b>\$5,500,000.00</b>					

10. SUBMITTED BY:

  
 \_\_\_\_\_  
 Chief Financial Officer  
 Signature of Authorized Official and Title

November 6, 2017

Date

11. APPROVED BY:

(For Department Use Only)

\_\_\_\_\_  
 Authorized Signature and Title

Date

**ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS  
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY Code Y08 Name SC Department of Commerce Division of Public Railways - Palmetto Railways

2. PROJECT Project # 9506 Name Camp Hall Right of Way Purchases

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

COSTS                       SAVINGS                       NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1)	\$	\$	\$	\$ 0.00
2)	\$	\$	\$	\$ 0.00
3)	\$	\$	\$	\$ 0.00

5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).  
Operating cost related to the acquisition of this property will be minimal until construction of the rail line and will come from Palmetto Railways accounts.

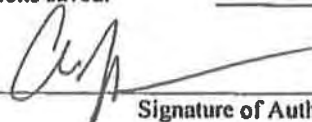
6. Will the additional costs be absorbed into your existing budget?  YES                       NO  
If no, how will additional funds be provided?

NOTE: PALMETTO RAILWAYS IS AN ENTERPRISE AGENCY AND NOT INCLUDED IN THE STATE APPROPRIATIONS ACT.

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

	<u>COST FACTORS</u>	<u>AMOUNT</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
	TOTAL	\$0.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. \_\_\_\_\_

9. Submitted By:  Chris Huffman, CFO                      11/6/2017  
Signature of Authorized Official and Title                      Date

**PERMANENT IMPROVEMENT PROJECT INFORMATION FORMAT  
FOR PRELIMINARY LAND ACQUISITION / INVESTIGATIVE STUDIES PROJECTS**

1. What is the internal projected cost of the project, including acquisition cost?

**\$5,500,000**

2. What is/are the source(s) of funds to be used for investigative studies for the acquisition?

**Palmetto Railways Resources**

3. What is your agency/institution's definition of the source(s) of funds to be used for the investigative land studies? (Please be specific for each source and if there is a statutory authority authorizing the use of the funds for capital projects/acquisitions, please cite the code section. If a source includes any type of fee, what is the fee called, what is the fee amount and when was it put in place?)

**Resources of Palmetto Railways which includes agency funds and contributions from stakeholders.**

4. What is the current fund balance of uncommitted funds in the source of funds for investigative land studies?

**\$4,000,000**

5. What is the source(s) of funds to be used for the acquisition?

**Same as above**

6. What is your agency/institution's definition of the source(s) of funds to be used for acquisition? (Please be specific for each if different from those in 3 above. If there is statutory authority authorizing the use of the funds for acquisition, please cite the code section and if a source includes a fee, what is the fee called, what is the fee amount and when was it put in place?)

**Same as above**

7. What is the current fund balance of uncommitted funds in each source to be used for the acquisition?

**Same as above**

8. Will the use of any funds for the acquisition require an increase in any student fee or tuition? If so, please explain.

**N/A**

9. If the use of any funds for acquisition will require any student fee or tuition increase, please explain and include the amount of the fees annually or by semester, what the fee is called and when it was put in place.

**N/A**

10. What is the total acreage and/or square footage of the land and/or building to be acquired?

**363 Acres**

11. If a building is involved in the acquisition, will it have to be renovated and what is the projected cost?  
Please explain.

N/A

12. What program(s) will use the land/building to be acquired?

Palmetto Railways

13. What is the current age of the building to be acquired, if applicable?

N/A

14. Please provide demand/usage data to support the need for the acquisition.

Recent development at Camp Hall Commerce Park has increased the demand for rail service to better serve the transportation, distribution and logistical needs of current and future tenants. Tenants at the Park currently include Volvo Cars, which is a significant driver of the increased need for rail service. Additionally, anticipated supporting industries that may locate near Volvo Cars in the future would likely benefit from rail transportation options.

15. What are the estimated numbers of students, faculty, staff and/or clients that are expected to use the property to be acquired? (Answer for as many as are applicable.)

N/A

16. Has the acquisition project been included in a previous year's CPIP? If so, what was the last year the project was included and for which year, 1-5?

N/A

17. What are the economic impacts of the project, including job creation and retention? If there are none, please explain.

Recent development at Camp Hall Commerce Park has increased the demand for rail service to better serve the transportation, distribution and logistical needs of current and future tenants. Tenants at the Park currently include Volvo Cars, which is a significant driver of the increased need for rail service. Additionally, anticipated supporting industries that may locate near Volvo Cars in the future would likely benefit from rail transportation options.

**DEPARTMENT OF ADMINISTRATION  
EXECUTIVE BUDGET OFFICE  
APPROVAL OF PROJECT INVOLVING LAND ACQUISITION  
FOR LIMITED PURPOSES ONLY**

AGENCY: SC Department of Commerce Division of Public Railways - Palmetto Railways

PROJECT NAME: Camp Hall Right of Way Purchases

PROJECT NUMBER: \_\_\_\_\_ DATE SUBMITTED: 11/8/2017



The approval of this project, which involves the acquisition of land, is for establishment only for the limited purposes of securing: (1) any appraisals which may be required; (2) any land surveying services which may be required; (3) a Phase One Building Condition Assessment on any structures included in the acquisition which may be required; (4) an asbestos survey on any structures included in the acquisition; (5) a Level One Environmental Study for detection of hazardous materials; and (6) any other information desired by the Joint Bond Review Committee or the State Fiscal Accountability Authority which describes further the land proposed to be acquired and the purposes it would serve if acquired.

The agency should forward originals of the appraisal, environmental study and building condition assessment reports to the Executive Budget Office, Capital Budgeting Unit, 1205 Pendleton Street, Suite 529, Columbia, South Carolina 29201. We will ensure that the building condition assessment is forwarded and reviewed by the Office of State Engineer.

No authority is given by this approval to acquire any land or to enter into any agreement to acquire land until the required studies have been reviewed by staff and an A-1 form which fully details the project has been reviewed by the Joint Bond Review Committee and approved by the State Fiscal Accountability Authority.

Submission of the A-1 form to finalize the land acquisition, information supplied on the attached format and a letter requesting approval of the acquisition, stating the date by which this approval is required, should be submitted to the Capital Budgeting Unit as noted above.



## PROPERTY ACQUISITION INFORMATION FORMAT

### PART I

1. Project Number:
2. County: Berkeley
3. Description of Property:  
Palmetto Railways is purchasing right of way (ROW) to construct rail infrastructure to connect the CSX Transportation rail network near the Santee Cooper Cross Generating Station to the Camp Hall Commerce Park in Berkeley County. The connection will be approximately 22.7 miles by 100-ft (varying in areas) corridor wide.
4. Grantor(s) Name and Address: Various
5. Grantee(s) Name and Address: Various
6. County Location: Various
7. Acreage: Approximately 363 acres with some being easements
8. Purpose for Acquisition:  
Recent development at Camp Hall Commerce Park has increased the demand for rail service to better serve the transportation, distribution and logistical needs of current and future tenants. Tenants at the Park currently include Volvo Cars, which is a significant driver of the increased need for rail service. Additionally, anticipated supporting industries that may locate near Volvo Cars in the future would likely benefit from rail transportation options.
9. Demonstrate the need to acquire the property:  
Property needed for construction of rail line.
10. Purchase Price: \$ 5,500,000
11. Current Year Property Tax Amount: \$ unknown

### PART II

1. How many sites were evaluated? Numerous
2. Please list the selection criteria used to evaluate sites.  
Numerous routes were evaluated to determine to least impact on the environment, the local community, property owners, and business conditions.
3. How was the final selection of the site made?  
The current proposed route dealt with most of these impacts and was the preferred route.

4. Why was this specific site selected?

The current proposed route dealt with most of these impacts and was the preferred route.

5. What are the estimated costs of any construction or renovations to be done on the property and the anticipated source of funds for such work?

It is anticipated that construction of the line will be approximately \$100 million and be funded with a combination of contributions from stakeholders, bonds, grants and agency resources.

6. What are the estimated additional annual operating costs which will result from acquisition of the property and the anticipated source of funds? Explain the factors that determine the cost. If no costs, explain why not.

Minimal cost until the line is completed.

7. What are the estimated additional annual operating costs which will result from construction/renovation on the property and the anticipated source of funds? Explain the factors that determine the costs. If no costs, explain why not.

Operating Cost will depend on rail volume.



Henry McMaster  
Governor

**SOUTH CAROLINA**  
DEPARTMENT OF COMMERCE

Robert M. Hitt III  
Secretary

December 4, 2017

Mr. Delbert Singleton  
State Fiscal Accountability Authority  
1200 Senate Street  
Columbia, SC 29201

Dear Delbert:

Please accept this letter as an amendment to my letters dated November 2, 2017 and November 20, 2017. Collectively, the amendments correct (1) the number of parcels and acreage amounts owned by Santee Cooper, (2) the total number of property owners and (3) remove the request to approve easements. The purpose, however, remains to notify you of the intention of the South Carolina Department of Commerce ("Commerce") and its Division of Public Railways ("Palmetto Railways") to seek approval by the State Fiscal Accountability Authority (SFAA) of a Permanent Improvement Project<sup>1</sup> involving the extension of Palmetto Railways' operations by acquiring right-of-way (ROW) necessary to establish and construct the Camp Hall Rail Project, an approximate 22 mile industrial rail line to serve the Camp Hall Commerce Park in Berkeley County (the "Project").

The Project will connect the Camp Hall Commerce Park and the Volvo Cars manufacturing facility to existing railroad ROW and the CSX Transportation (CSXT) mainline located near the Santee Cooper Cross Generating Station. *See Exhibit 1* (Figure A, Palmetto Railways Proposed Route). Palmetto Railways will construct, own, and operate the rail line to serve existing and future development within the Commerce Park and along the new rail corridor. The anchor tenant of the Commerce Park and the initial industrial user is Volvo Car's first American factory. Volvo has announced intended investment of over \$1.1 billion and the creation of almost 4,000 new jobs by year-end 2023. Upon reaching full production, the company expects to produce 150,000 cars annually and is expected to be a catalyst for further economic development in the surrounding area much like BMW's impact in the Upstate.

For over a year, Palmetto Railways has been conducting environmental studies in the project area to meet regulatory requirements and is currently working with the US Army Corps of Engineers (USACE) and the Surface Transportation Board (STB) as joint lead federal agencies for the Project to ensure compliance with the National Environmental Policy Act or NEPA. At present and based on recent interactions with USACE and STB, Palmetto Railways expects that the agencies will only require an environmental assessment rather than an environmental impact statement for the Project. Palmetto Railways will continue to work in collaboration with the federal agencies and the community to mitigate any impacts of the Project.

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<sup>1</sup> JBRC will take up the Permanent Improvement Project pursuant to my November 20 letter at its December 5 meeting.

For additional information regarding the Camp Hall Rail Project, please visit Palmetto Railways website for the Project, which can be located via the following link: <http://palmettorailwayscamphallrail.com>.

### ROW ACQUISITION AND/OR EASEMENTS

In order to keep the Project on schedule for completion a year after Volvo Cars begins production in 2018, Palmetto Railways is moving forward (or preparing to move forward) various components of the Project on a parallel track, including undertaking the fee simple acquisitions (and obtaining easements) for the ROW necessary for the Project.

The ROW required to implement the approximate 22 miles of rail line is approximately 100 feet wide, though certain portions of the ROW have been widened to avoid leaving uneconomic remainders of property or narrowed to slightly less than 100 feet where that also made sense based on property lines. There are approximately 45 parcels total with 19 different property owners. While Palmetto Railways does not currently have appraisals for the ROW parcels,<sup>2</sup> based on available information, Palmetto Railways estimates that all ROW parcels (363 total acres), including soft costs, can be acquired with a budget not to exceed \$5.5 million. Palmetto Railways anticipates acquiring up to approximately 96 of the 363 acres (as many as six parcels) via easement rather than fee simple acquisitions.<sup>3</sup>

#### 1. Camp Hall Lead Track ROW (*42 parcels; 339.600 acres*)

There are 42 parcels totaling 339.600 acres in the ROW corridor needed for the Camp Hall lead track that stretches from the Cross Generating Station to the Volvo Cars Phase II property line.<sup>4</sup> *See Exhibit 2* (10/23/2017 Camp Hall Property Acquisition & 30% Design Plans). The parcels are owned by 19 separate owners, including two parcels held by heirs, which may require condemnation.

#### 2. Volvo Lead Track ROW (*3 parcels; 23.679 acres*)

Three additional parcels totaling 23.679 acres in the ROW corridor connect the Camp Hall lead track to the Volvo lead track stretching approximately from the Volvo Phase II property line to the Volvo Phase I property line where the Volvo manufacturing facility is located. *See Exhibit 3* (10/23/2017 Volvo Lead Property Acquisition & 30% Design Plans). These three parcels are owned by two property owners, with

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<sup>2</sup> Palmetto Railways will obtain fair market appraisals prior to undertaking any acquisitions.

<sup>3</sup> Approximately 96 of the 363 acres (6 parcels) needed for the ROW are owned by Santee Cooper, including acreage used for the Cross Generating Plant that is subject to Federal Energy Regulatory Commission (FERC) requirements. To the extent Santee Cooper property is subject to FERC requirements, Palmetto Railways will need to acquire the rail ROW via easement. The acreage owned by Santee Cooper that is located in the Camp Hall Commerce Park and on Volvo's Phase II manufacturing site is not subject to FERC requirements, and where feasible and otherwise acceptable, Palmetto Railways prefers to acquire the ROW in fee simple. *See Exhibit 4* (Santee Cooper Owned Property Map). For easements over (or fee simple acquisitions of) Santee Cooper property, Palmetto Railways and Santee Cooper will work together to minimize cost and expense to each state party. To that end, Palmetto Railways expects that Santee Cooper will make the ROW property available at the lowest cost possible, taking into account applicable legal or other constraints because enabling the Camp Hall Commerce Park property to be rail-served significantly enhances the value of that asset to Santee Cooper or to a third party purchaser.

<sup>4</sup> Palmetto Railways will require access to an additional 8.932 acres via an encroachment or construction permit granted by private property owners who agree to the relocation of logging roads and a private driveway that are affected by the ROW acquisition. Such relocation of these private roads and driveway will be on property to which Palmetto Railways will not take title.

15.225 of the 23.679 acres owned by the SC Public Service Authority (“Santee Cooper”), which holds title to Volvo’s Phase II site.

3. Easement Over County-Owned Property; Not Subject to SFAA Approval

The Project includes rail infrastructure on the Volvo Phase I Property, which is owned by Berkeley County and long-term leased to Volvo for nominal consideration. Volvo will fund the construction by Palmetto Railways of an on-site rail processing yard on County-owned land adjacent to its manufacturing facility, which Palmetto Railways will own and operate and which is included in the overall Project. The County has granted (or will grant) Palmetto Railways a no-cost easement over the Phase I Property for the purpose of constructing the portion of the Volvo lead track that will extend from the Volvo factory across the Phase I and Phase II Property to connect with the Camp Hall lead track.

**FUNDING**

Palmetto Railways has funds available from the sale of surplus properties for the acquisition of the 363 acres needed for ROW and will have additional funds from existing resources and contributions from stakeholders to offset costs associated with construction and implementation of the Project. Palmetto Railways is also in the process of applying for an Infrastructure for Rebuilding America (INFRA) grant, which if received would offset up to 50 percent of the Project cost. At a later date, if needed, Palmetto Railways may seek approval of revenue bond and/or other financing for the Project, subject to requisite approvals.

**LOCAL BENEFIT & SUPPORT**

The Volvo Cars manufacturing and office projects will be catalysts for further economic development in and around the Camp Hall Commerce Park. The Project, which will serve Volvo Cars as its initial industrial user, will create jobs during construction and enable increased taxable investment and job creation by creating rail-served industrial sites in an area that is very rural with few opportunities for economic development. Additionally, Palmetto Railways has been working closely with Berkeley County and the Cross community regarding the Project and how best to mitigate any impacts to the local area. In light of economic development benefits and the benefits created by planned mitigation projects, the Project has solid local support. Palmetto Railways has or will received letters of support from Berkeley County and the Berkeley County School district.

**REQUEST FOR APPROVAL**

Subject to receipt of appraisals, the Department of Commerce and Palmetto Railways respectfully request that SFAA take the following actions:

1. Pursuant to Chapter 47 of Title 2 of the Code, approve Phase I and II of a Permanent Improvement Project for acquisition of up to 45<sup>5</sup> specific ROW parcels, otherwise referenced herein and in the attached exhibits, for not more than a total estimated fair market value of \$5.5 million, including costs. Such acquisition may be by purchase or condemnation (including condemnation settlement solely for monetary consideration);<sup>6</sup> provided such acquisitions are within fair market value as reflected in an agreed upon appraisal, except that any Santee Cooper owned property shall be acquired at the lowest possible cost, not to

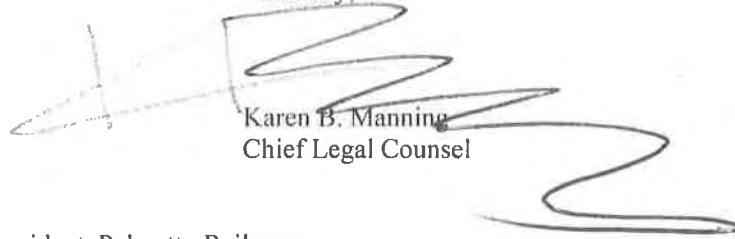
<sup>5</sup> Palmetto Railways expects to acquire a minimum of the two Cross Generating Station parcels via easement.

<sup>6</sup> Condemnation will be used as a last resort and is not likely to be necessary except with regard to two parcels held by heirs.

exceed fair market value, taking into account applicable legal or other constraints and recognizing the value added to state owned property in the Camp Hall Commerce Park as a result of the rail infrastructure, which will benefit Santee Cooper or a third party purchaser, all for the purpose of minimizing the cost and expense to each state party.

2. Pursuant to Section 13-1-1350 of the Code, approve extension of the division's operations through the acquisition by purchase, condemnation, and/or donation of properties needed for the construction of additional connecting railroads that are desirable in the public interest to promote and foster economic growth and development; provided, however, that any financing of such extension will require subsequent approval pursuant to Sections 13-1-1350 and 13-1-1460 of the Code. *See Exhibit 5* (11/2/17 Certificate of Director).

Sincerely,



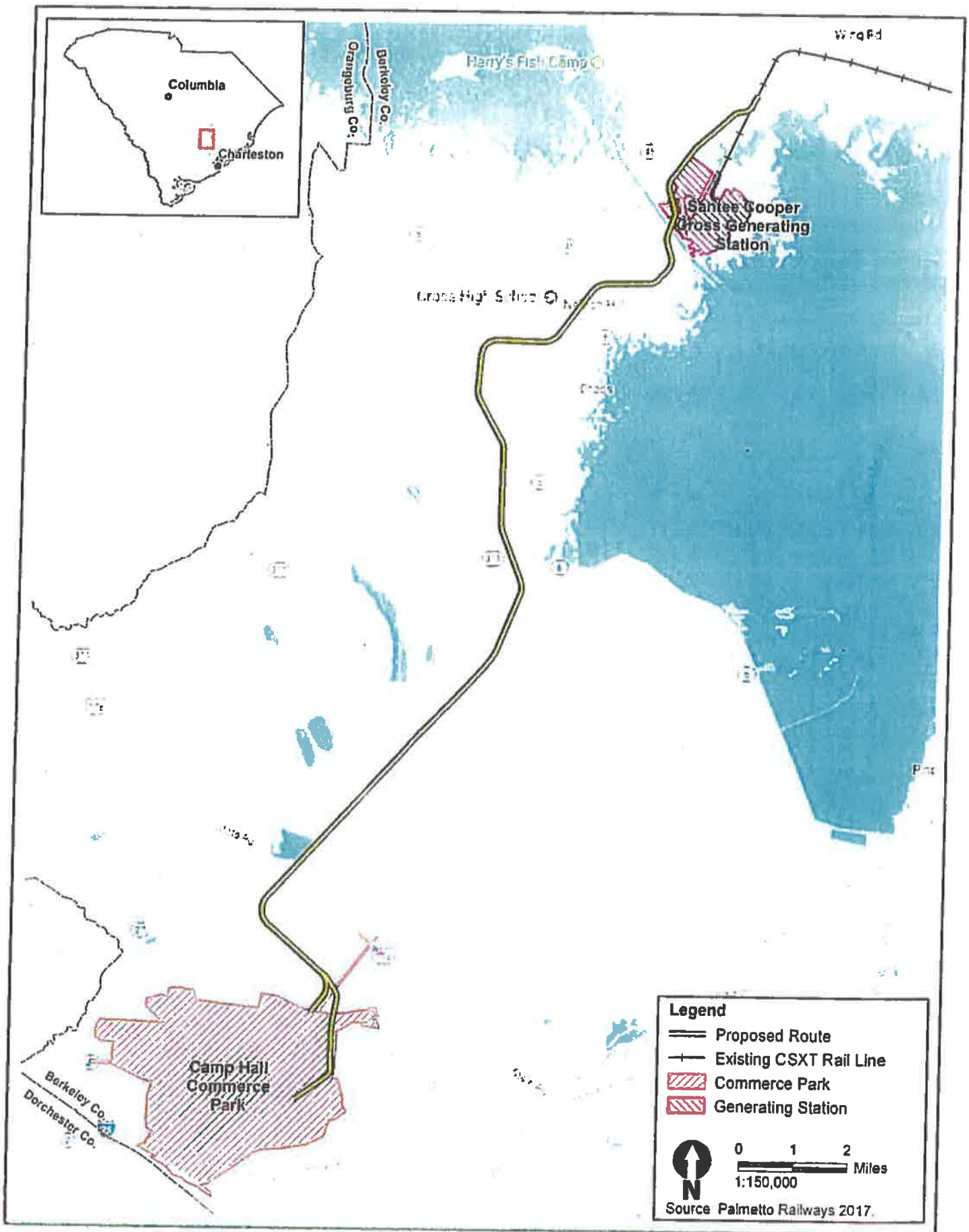
Karen B. Manning  
Chief Legal Counsel

cc: Robert M. Hitt III  
Jeff McWhorter, President, Palmetto Railways  
Chris Huffman, Chief Financial Officer  
Ashlie Lancaster, SC Department of Administration

KBM  
Attachments

***Exhibit 1***

***(Figure A: Palmetto Railways Proposed Route)***



**Figure A**  
**Palmetto Railways Proposed Route**



***Exhibit 2***

***(10/23/17 Camp Hall Property Acquisition & 30% Design Plans)***

10/23/2017 Camp Hall Property Acquisition

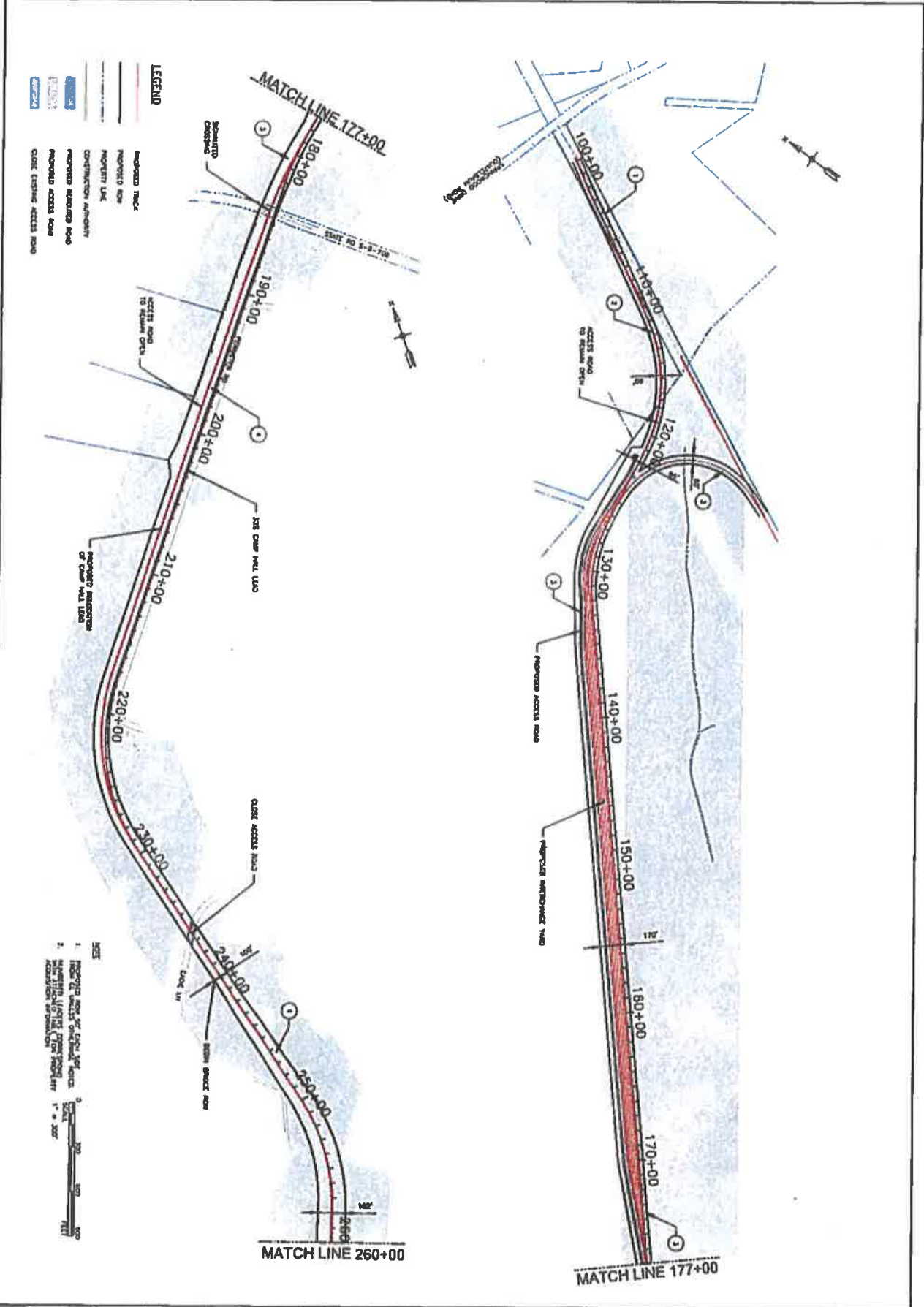
No.	Parcel ID	Property Owner	Start Station	End Station	100' ROW Acquisition Area [SF]	100' ROW Acquisition Area [AC]	100' ROW Construction Authority [SF]	100' ROW Construction Authority [AC]
1	UNKNOWN	SCPSA Santee Cooper	100+00.00	112+49.49	48,965	1.124		
2	022-00-03-093	Clarke Robert L Jr Etal	102+58.41	118+29.70	57,425	1.318		
3	032-00-03-048	Cross Generating Plant	117+19.27	183+85.24	1,049,496	24.093		
4	032-00-03-048	Cross Generating Plant	184+49.41	265+79.24	1,001,802	22.998		
5	UNKNOWN	SCPSA Santee Cooper	269+38.64	347+33.60	922,369	21.175		
6	042-00-03-125	Johnson Michael E	308+73.17	309+59.13	3,948	0.091		
7*	042-00-03-040	Pinckney St Julian	347+27.26	347+78.90	48,905	1.123		
8*	042-00-03-041	Helrs of Pinckney Joseph	348+28.87	349+91.14	24,679	0.567		
9	042-00-03-040	Pinckney St Julian	349+90.79	370+66.32	261,793	6.010		
10	042-00-04-073	Austin Mack O and Ann W	370+40.18	379+53.87	116,806	2.681		
11	042-00-04-020	Giesick Pamela Jean	379+28.94	380+77.32	6,947	0.159		
12	042-00-02-041	Rollerson Ronnie Lee	378+22.29	381+49.74	13,871	0.318		
13	042-00-02-045	Mack Joseph D Etal	381+15.90	403+24.14	567,461	13.027		
14*	042-00-02-046	Helrs of Mack Robert	388+29.31	390+48.89	57,060	1.310		
15	042-00-01-035	Cohen Phylliss	403+24.52	418+72.45	165,880	3.808	51,162	1.175
16	042-00-01-036	Johnson Lawrence K Etal	418+19.35	432+86.94	162,409	3.728		
17	053-00-02-041	Kernodle Trent M	427+45.16	436+50.21	20,388	0.468		
18	052-00-00-026	Santee River LLC	432+58.78	499+63.97	659,532	15.141	25,322	0.581
19	052-00-00-026	Santee River LLC	500+09.87	559+18.53	875,554	20.100		
20	051-00-00-037	Tall Corn Forestry LLC	560+00.81	655+21.96	953,346	21.886		
21	051-00-00-037	Tall Corn Forestry LLC	655+62.05	678+25.37	261,316	5.999		
22	051-00-00-037	Tall Corn Forestry LLC	678+61.53	701+51.76	378,070	8.679		
23	080-00-02-047	Cross Wilbur Wayne Jr & Laura R Life Estate	701+36.65	703+11.90	8,747	0.201		
24	081-00-00-037	Santee River LLC	701+22.97	722+45.35	201,065	4.616	2,319	0.053
25	080-00-02-001	Kunkle Terry L	722+02.07	724+08.61	6,108	0.140	7,003	0.161
26	081-00-00-034	Timberlands III LLC	722+45.35	732+17.59	91,047	2.090	7,953	0.183
27	081-00-00-034	Timberlands III LLC	732+59.75	741+34.64	83,054	1.907		
28	081-00-00-017	Taylor John C Etal	740+74.43	741+17.29	215	0.005		
29	081-00-00-034	Timberlands III LLC	741+83.35	752+58.33	98,968	2.272	40,494	0.930
30	081-00-00-034	Timberlands III LLC	752+60.77	780+46.54	273,861	6.287		
31	081-00-00-034	Timberlands III LLC	780+85.19	852+49.81	715,616	16.428		
32	081-00-00-034	Timberlands III LLC	852+95.39	906+60.42	535,953	12.304	73,902	1.697
33	117-00-00-050	Timberlands III LLC	907+04.23	1012+81.92	1,057,060	24.267	62,039	1.424
34	137-00-00-022	Timberlands III LLC	1013+24.30	1049+99.91	365,443	8.389		
35	137-00-00-022	Timberlands III LLC	1050+18.21	1074+85.64	242,777	5.573		
36	137-00-00-022	Timberlands III LLC	1074+95.72	1117+02.01	418,205	9.601		
37	137-00-00-022	Timberlands III LLC	1117+98.36	1169+77.68	517,418	11.878		
38	137-00-00-022	Timberlands III LLC	1170+21.71	1177+42.04	165,143	3.791	67,254	1.544
39	137-00-00-022	Timberlands III LLC	1176+99.38	1191+37.20	182,325	4.186	51,640	1.185
40	137-00-00-022	Timberlands III LLC	1194+60.78	1229+86.18	848,511	19.479		
41	137-00-00-022	Timberlands III LLC	1230+12.77	1289+65.08	822,100	18.873		
42	157-00-00-003	SC Public Service Authority	1290+03.64	1390+43.70	501,319	11.509		

\* Full Parcel Acquisition

1 Acre = 43560

Σ = 339.600 Acres

Σ = 8.932 Acres



REVISIONS	
NO.	DATE

**CAMP HALL**  
BERKELEY COUNTY, SOUTH CAROLINA



**PROGRESS RAILWAYS**  
KEEPING BUSINESS ON TRACK

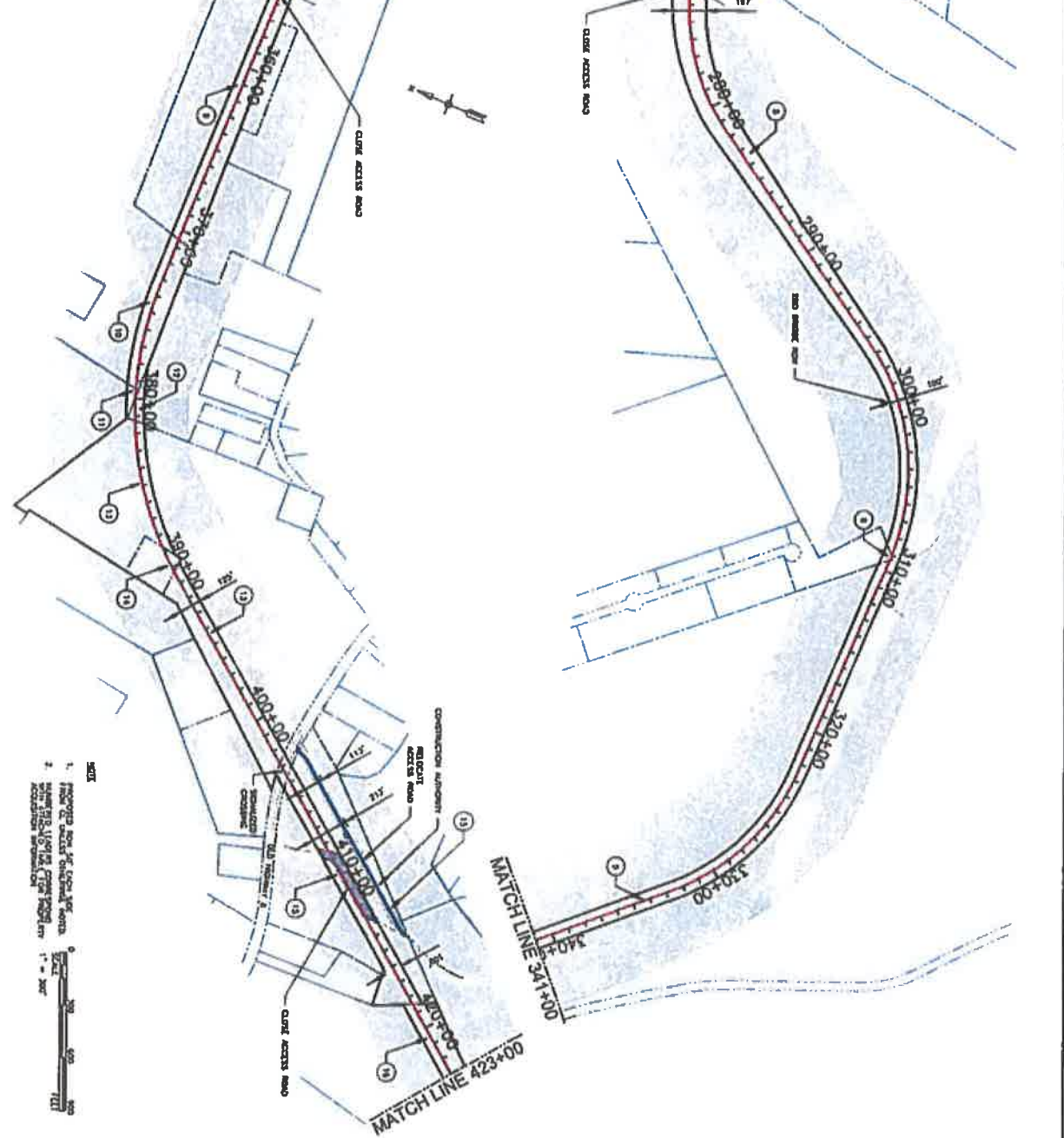
**30% DESIGN PLANS**

DOCUMENT IS FOR PRELIMINARY REVIEW AND NOT INTENDED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES



4800 LEEB AVE.  
SUITE 400  
NORTH CHARLESTON, SC 29405  
PHONE: (843) 268-8588

- LEGEND**
- Proposed track
  - Proposed spur
  - Property line
  - Property line
  - Construction alignment
  - Proposed easement road
  - Proposed access road
  - Clearing access road



**SHEET**

1. PROPOSED ROW OF 50'00" W/ 10' BUFFER ZONE ON EITHER SIDE OF TRACKS  
 2. WATER MAIN LOCATED FROM THE ROW PER 1" = 400'

0 100 200 300 400 500 600 700 800

1" = 400'

REVISIONS		
NO.	DATE	DESCRIPTION

**CAMP HALL**  
BERKELEY COUNTY, SOUTH CAROLINA

Palmetto RAILWAYS  
KEEPING BUSINESS ON TRACK

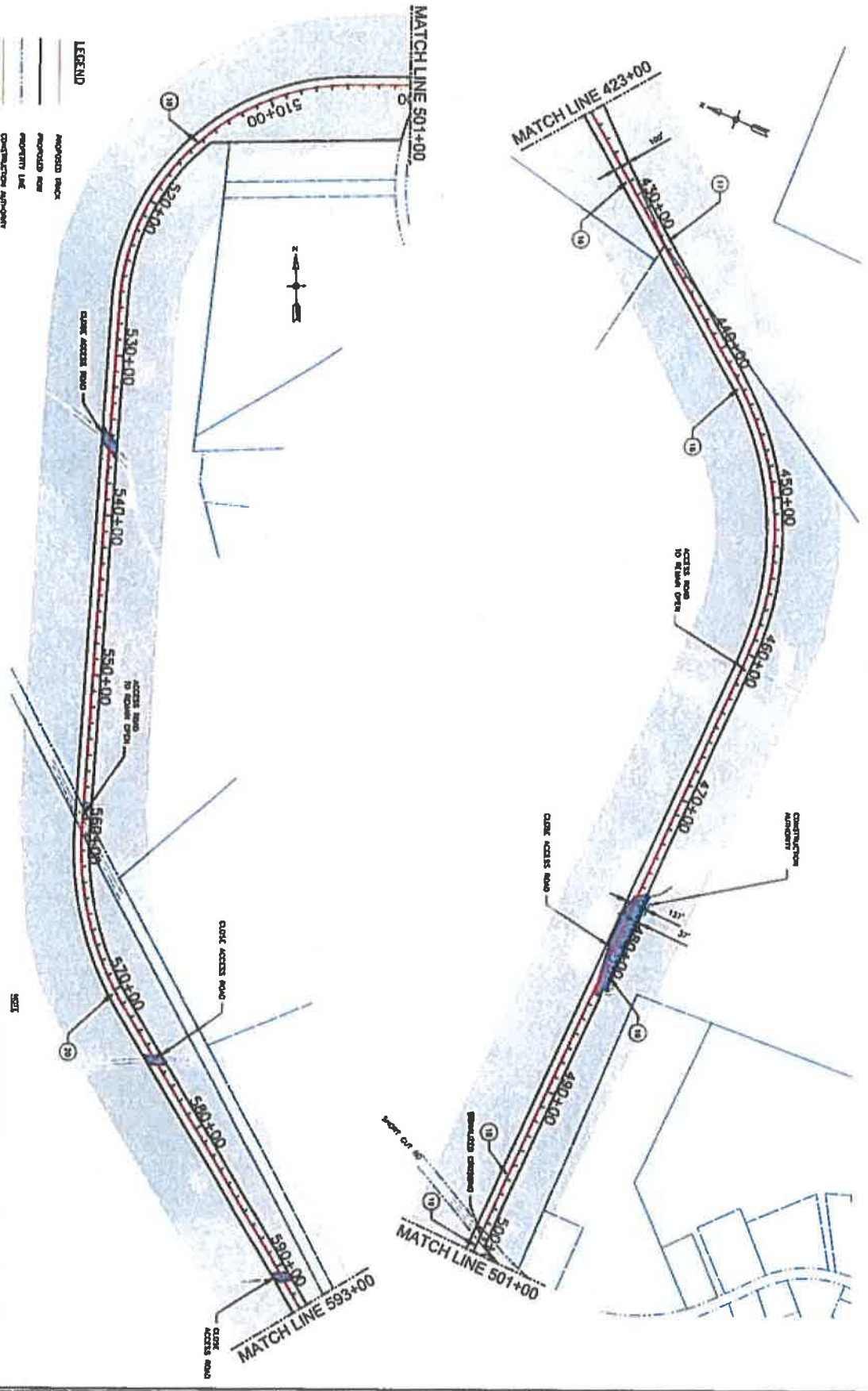
**30% DESIGN PLANS**  
DOCUMENT IS FOR INTERNAL REVIEW AND NOT INTENDED FOR CONSTRUCTION BIDDING, OR PERMIT PURPOSES

6490 LEEZES AVE.  
SUITE 430  
NORTH CHARLESTON, SC 29405  
PHONE: (843) 295-0200

**LEGEND**

	PROPOSED TRACK
	PROPOSED ROAD
	PROPERTY LINE
	CONSTRUCTION ADVISORY
	PROPOSED RETAINED ROAD
	PROPOSED ACCESS ROAD
	CREEK EXISTING ACCESS ROAD

- NOTES**
1. REVIEW FOR THE DESIGNER'S REVIEW.
  2. THE DESIGNER SHALL BE RESPONSIBLE FOR THE DESIGN OF THE TRACK AND ROADWAY.



NO.	DATE	DESCRIPTION

**CAMP HALL**  
BERKELEY COUNTY, SOUTH CAROLINA

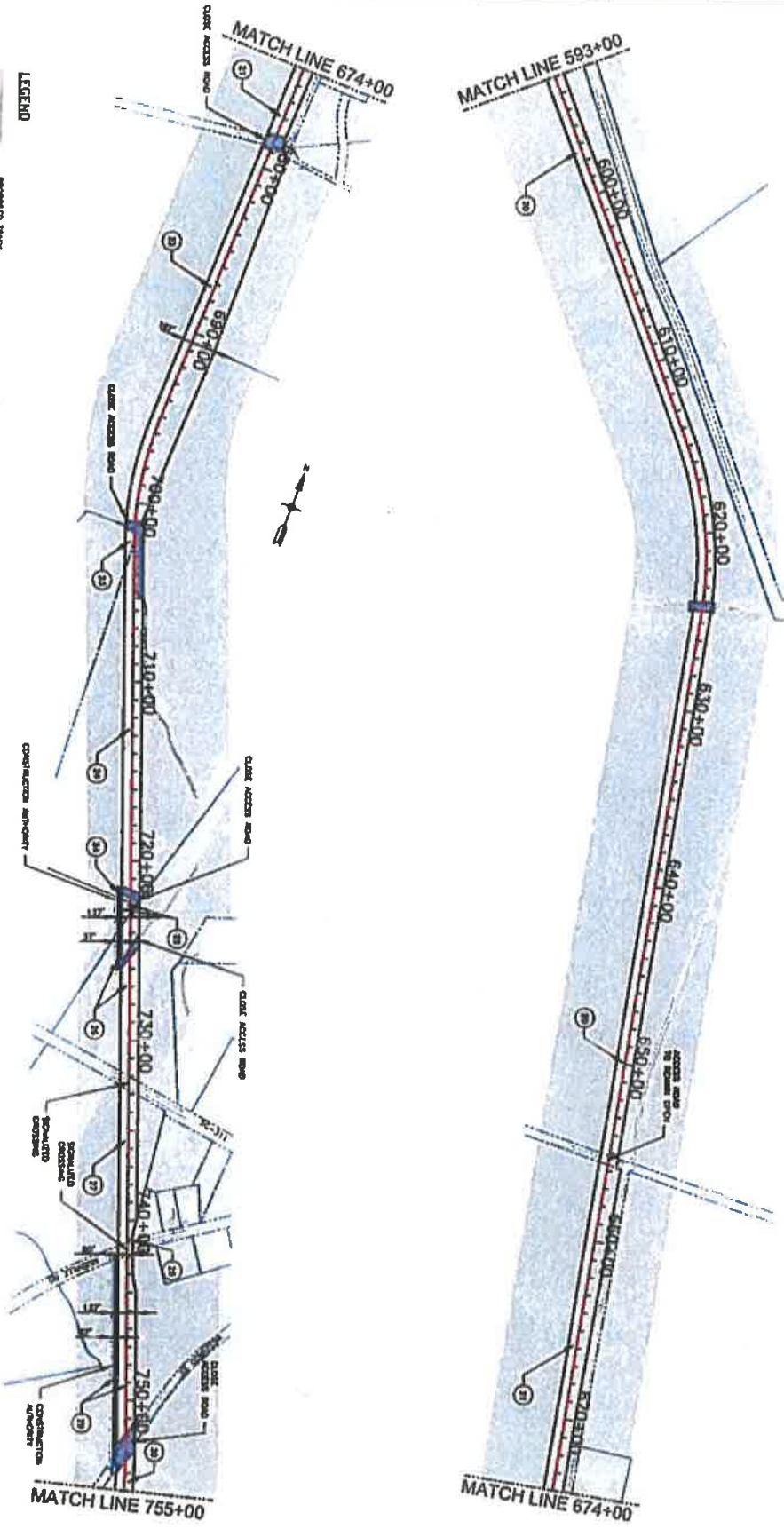
Palmetto  
RAILWAYS  
KEEPING BUSINESS ON TRACK

**30% DESIGN PLANS**

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PERMIT PURPOSES

4888 LEEDS AVE.  
SUITE 400  
NORTH CHARLESTON, SC 29405  
PHONE: (843) 566-8888

- LEGEND**
- PROPOSED TRACK
  - PROPOSED ROAD
  - PROPERTY LINE
  - CONSTRUCTION ALIGNMENT
  - PROPOSED EASEMENT ROAD
  - PROPOSED ACCESS ROAD
  - CLEAR EXISTING ACCESS ROAD



- NOTES**
1. PROPOSED NEW 1/2" CLEARANCE
  2. CLEAR EXISTING ACCESS ROAD



NO.	DATE	DESCRIPTION

REVISIONS

SHEET NO. 4

PROJECT: ACQUISITION EXHIBITS

**CAMP HALL**  
 BERKELEY COUNTY, SOUTH CAROLINA

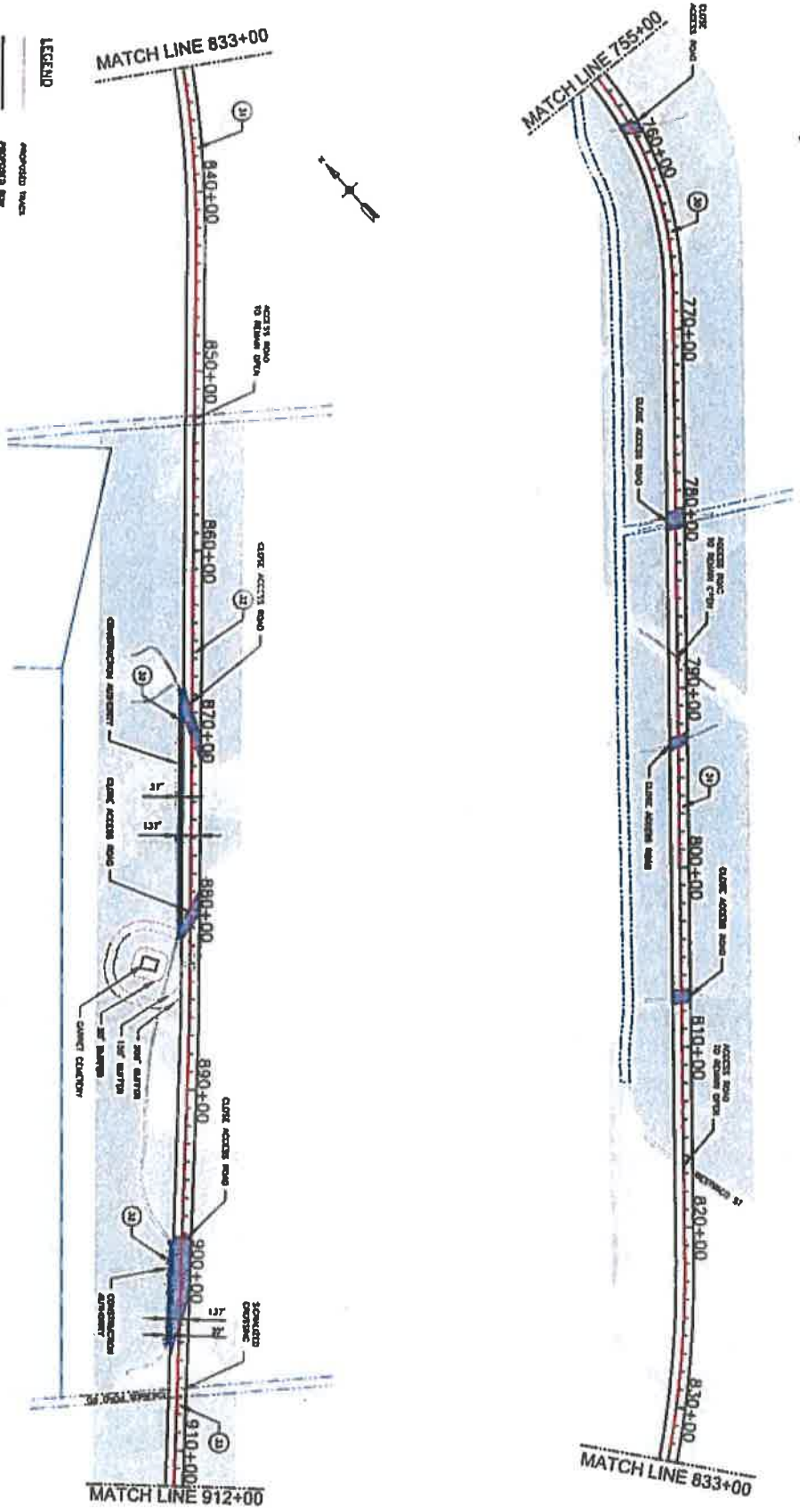
Palmetto RAILWAYS  
 KEEPING BUSINESS ON TRACK

**30% DESIGN PLANS**

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 PERMIT PURPOSES

4800 LEXING AVE.  
 SUITE 400  
 NORTH CHARLOTTE, NC 28205  
 PHONE: (843) 885-8888

- LEGEND**
- PROPOSED TRACK
  - PROPOSED ROW
  - PROPERTY LINE
  - CONSTRUCTION ALIGNMENT
  - PROPOSED ACCESS ROAD
  - EXISTING ACCESS ROAD



- NOTE**
1. PROPOSED ROW OF CLARK ROAD TO BE 20' WIDER THAN EXISTING ROW.
  2. THE PROPOSED ROW OF CLARK ROAD TO BE 15' WIDER THAN EXISTING ROW.



NO.	DATE	DESCRIPTION

**PROJECT TITLE:** PROPOSED RAILROAD ACQUISITION EXHIBITS  
**SHEET NO:** 5  
**TOTAL SHEETS:** 8

**CAMP HALL**  
BERKELEY COUNTY, SOUTH CAROLINA

**RAILWAYS**  
KEEPING BUSINESS ON TRACK

**30% DESIGN PLANS**

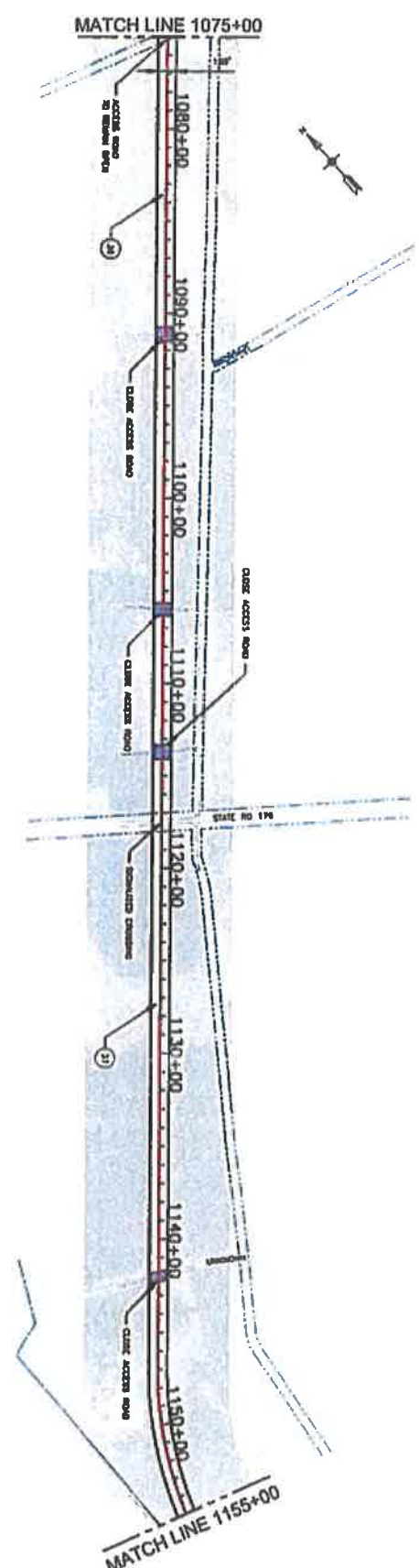
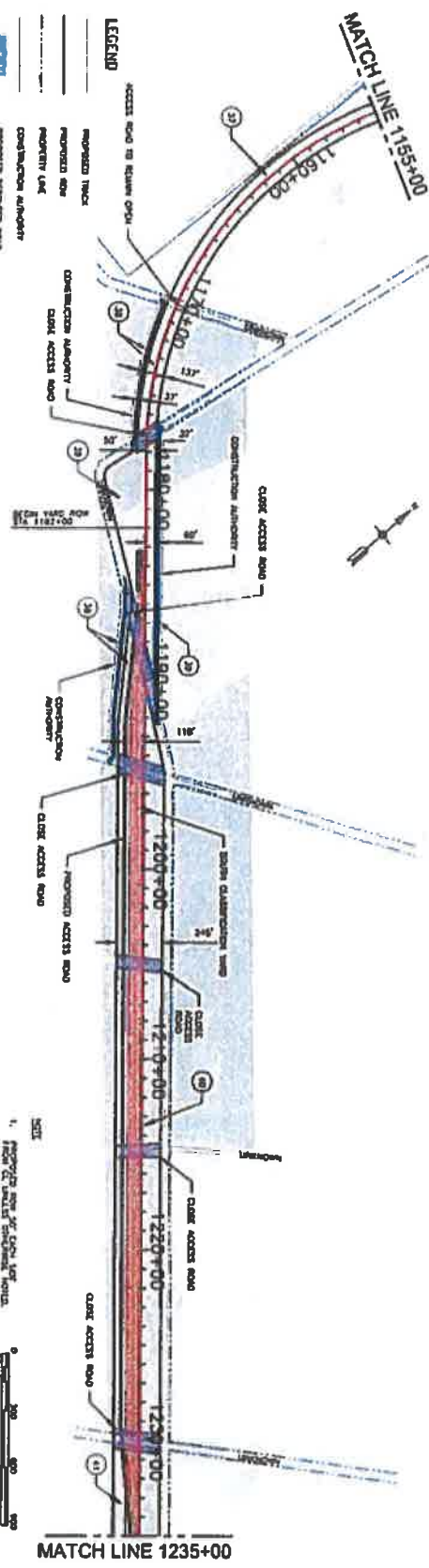
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INTENDED FOR CONSTRUCTION BIDDING, OR  
PERMIT PURPOSES

4409 LEECH AVE.  
 SUITE 428  
 NORTH CHARLESTON, SC 29405  
 PHONE: (843) 799-9300





- LEGEND**
- PROPOSED TRACK
  - PROPOSED ROW
  - PROPERTY LINE
  - CONSTRUCTION ALTERNATE
  - PROPOSED RIGHT-OF-WAY
  - PROPOSED ACCESS ROAD
  - EXISTING ACCESS ROAD



REVISIONS	DATE	DESCRIPTION

**CAMP HALL**  
BERKELEY COUNTY, SOUTH CAROLINA

Palmetto  
RAILWAYS  
KEEPING BUSINESS ON TRACK

**30% DESIGN PLANS**

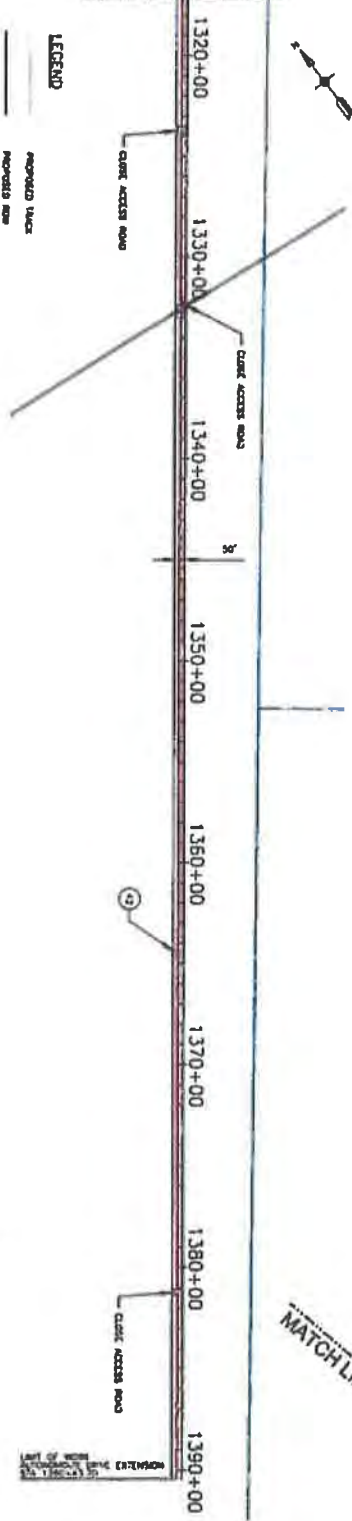
DOCUMENT IS FOR INTERIM REVIEW AND NOT  
INTENDED FOR CONSTRUCTION, BIDDING, OR  
PERMIT PURPOSES.

4450 LEGG AVE.  
SUITE 400  
NORTH CHARLOTTE, NC 28046  
PHONE: (813) 295-6389

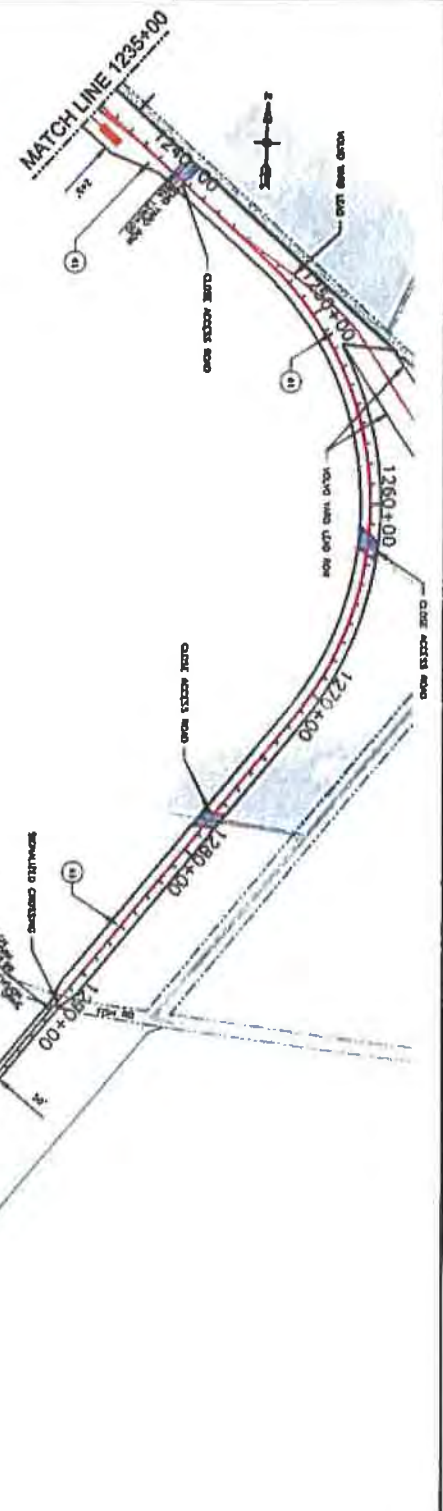
SHEET NO.	7
PROJECT NO.	
DATE	
DESIGNER	
CHECKER	
DATE	
PROJECT NO.	
PROJECT NAME	
PROJECT LOCATION	
PROJECT STATUS	
PROJECT OWNER	
PROJECT CONTACT	
PROJECT PHONE	
PROJECT FAX	
PROJECT E-MAIL	
PROJECT WEBSITE	
PROJECT ADDRESS	
PROJECT CITY	
PROJECT STATE	
PROJECT ZIP	
PROJECT COUNTY	
PROJECT DISTRICT	
PROJECT REGION	
PROJECT COUNTRY	
PROJECT LANGUAGE	
PROJECT CURRENCY	
PROJECT UNIT	
PROJECT SCALE	
PROJECT DRAWING	
PROJECT SHEET	
PROJECT TOTAL	
PROJECT PART	
PROJECT TOTAL	

MATCH LINE 1317+00

- LEGEND**
- PROPOSED TRACK
  - PROPOSED ROW
  - PROPOSED LANE
  - CONSTRUCTION ALIGNMENT
  - PROPOSED RETAINING WALL
  - PROPOSED ACCESS ROAD
  - EXISTING ACCESS ROAD



- NOTES**
1. PROJECT AREA OF LOCALITY
  2. SHEET NO. 1 OF 10 SHEETS



NO.	DATE	DESCRIPTION

**CAMP HALL**  
BERKELEY COUNTY, SOUTH CAROLINA



KEEPING BUSINESS ON TRACK

**30% DESIGN PLANS**

DOCUMENT IS FOR INTERIM REVIEW AND NOT  
INTENDED FOR CONSTRUCTION, BIDDING, OR  
PERMIT PURPOSES



4000 LEECH AVE.  
SUITE 400  
NORTH CHARLESTON, SC 29405  
PHONE: (843) 285-8800

***Exhibit 3***

***(10/23/17 Volvo Lead Property Acquisition & 30% Design Plans)***

10/23/2017 Volvo Lead Property Acquisition						
No.	Parcel ID	Property Owner	Start Station	End Station	100' ROW Acquisition Area [SF]	100' ROW Acquisition Area [AC]
V1	137-00-00-022	Timberlands III LLC	VL 108+73.20	VL 122+60.12	134,559	3.089
V2	158-00-00-005	Timberlands III LLC	VL 123+64.93	VL 147+01.79	233,680	5.365
V3	176-00-01-002	SC Public Service Facility	VL 147+70.74	VL 236+59.32	663,221	15.225

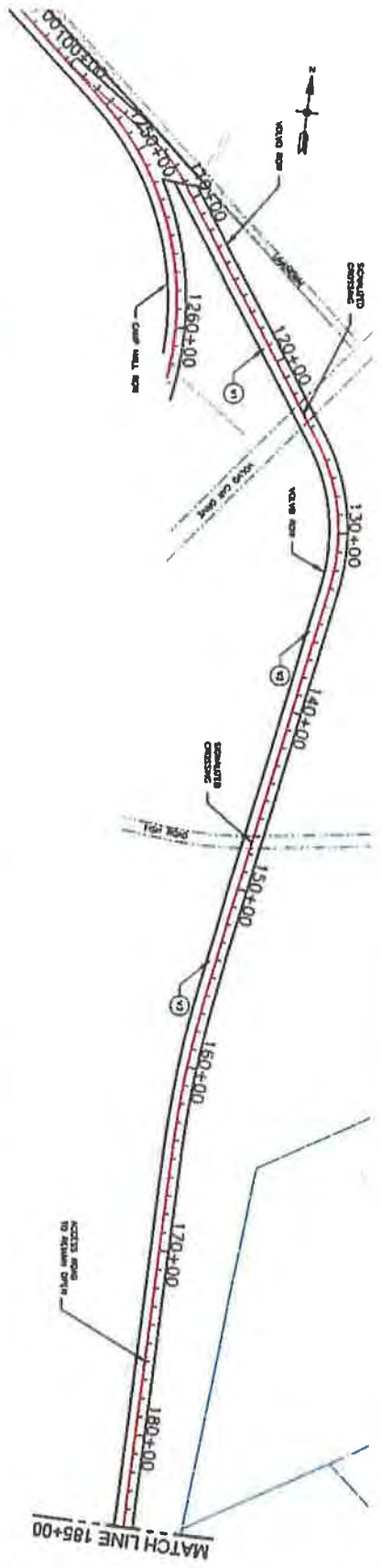
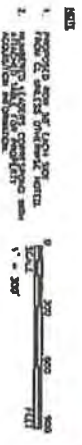
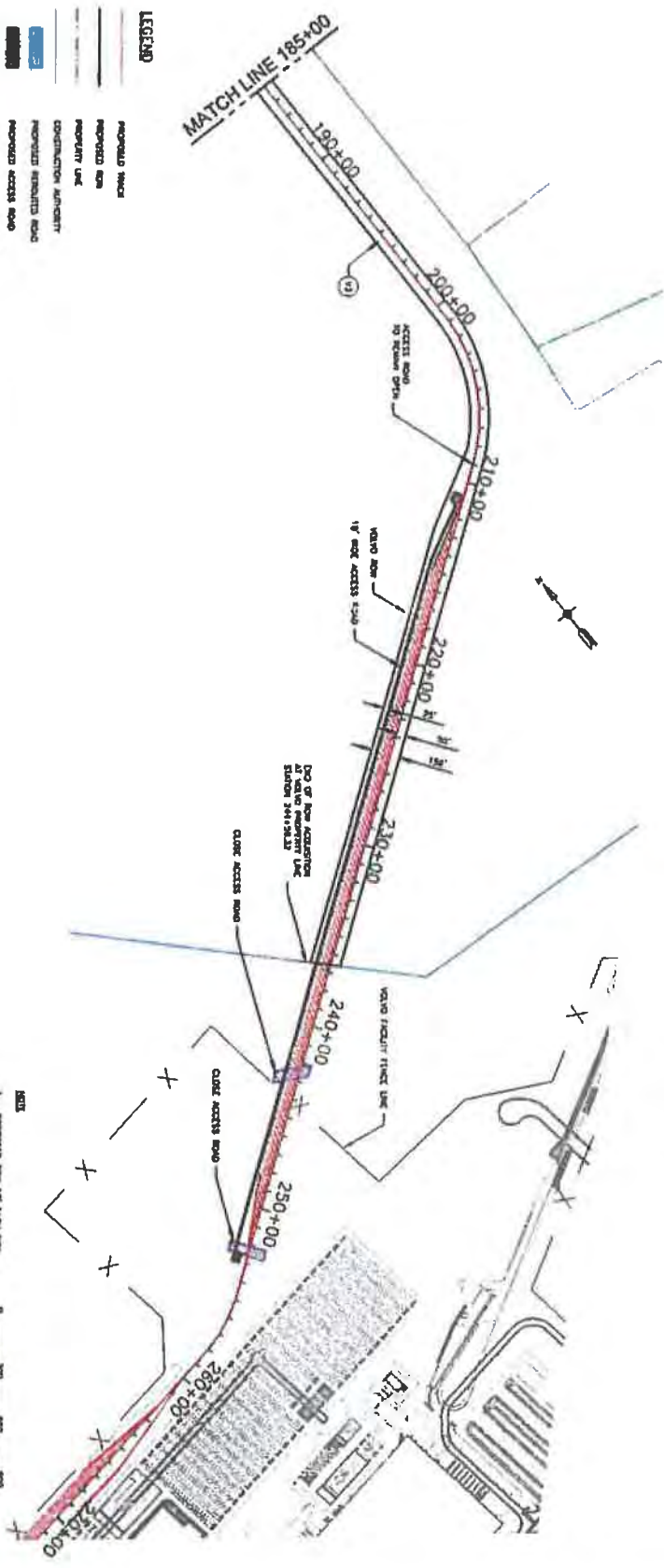
1 Acre =	43560
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Σ =	23.679
	Acres

**NOTE:**

The table above includes all property takes required for the establishment of the 100' Volvo Lead ROW beginning after the turnout off of the Camp Hall Lead and ending at the Volvo Facility Property Line.

- LEGEND**
- PROPOSED TRACK
  - PROPOSED SPA
  - PROPERTY LINE
  - CONSTRUCTION ALIGNMENT
  - PROPOSED RIGHT-OF-WAY
  - PROPOSED ACCESS ROAD
  - EXISTING ACCESS ROAD



NO.	REVISIONS	DATE	DESCRIPTION

**PROJECT:** VOLVO LEAD  
**PROJECT NUMBER:** 11-11-11  
**PROJECT TITLE:** VOLVO LEAD  
**PROJECT LOCATION:** EXHIBIT  
**SHEET NO.:** 1  
**TOTAL SHEETS:** 1

BERKELEY COUNTY, SOUTH CAROLINA

**Palmetto RAILWAYS**  
KEEPING BUSINESS ON TRACK

**30% DESIGN PLANS**

DOCUMENT IS FOR INTERNAL REVIEW AND NOT INTENDED FOR CONSTRUCTION BIDDING OR PERMIT PURPOSES




4445 LESSEE AVE.  
SUITE 400  
NORTH CHARLESTON, SC 29405  
PHONE: (843) 555-6200

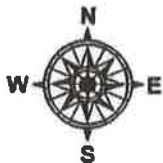
***Exhibit 4***

***(Santee Cooper Owned Property)***



**Legend**

-  PROPOSED CAMP HALL
-  ALIGNMENT INSIDE SANTEE COOPER
-  SANTEE COOPER PROPERTY



***Exhibit 5***

*(Certificate of the Director)*



**CERTIFICATE OF THE DIRECTOR  
OF  
THE SOUTH CAROLINA DIVISION OF PUBLIC RAILWAYS D/B/A PALMETTO RAILWAYS,  
A DIVISION OF THE SOUTH CAROLINA DEPARTMENT OF COMMERCE**

I, the undersigned, Jeffrey M. McWhorter, do hereby certify as follows:

I am, as of this date, the duly qualified and acting sole Director and President of the South Carolina Division of Public Railways d/b/a Palmetto Railways ("*Palmetto*"), a division of the South Carolina Department of Commerce. I am authorized to execute this certificate on behalf of Palmetto, and I am knowledgeable with respect to the matters set forth herein.

Pursuant to the authority and requirements of Sections 13-1-1330(2), 13-1-1330(4), 13-1-1330(8), 13-1-1350, and 13-1-1390 of the Code of Laws of South Carolina, 1976, as amended, I hereby find and certify as follows:

1. The acquisition of right of way for the purpose of establishing a rail line of approximate length of 22 miles between the unincorporated community of Cross and the Camp Hall Commerce Park in Berkeley County and the construction of the rail line (the "*Project*") by Palmetto and the extension of Palmetto's operations thereby are desirable in the public interest to promote and foster economic growth and development.
2. Such acquisition and construction for the purpose of extending Palmetto's operations do not involve the extension of mainline trackage.
3. The acquisition of right of way, estimated not to exceed \$5.5 million, and the construction of the Project, will give rise to no pecuniary liability of Palmetto or a charge against its general credit or a charge against the full faith and credit or taxing power of the State of South Carolina or any political subdivision thereof.
4. Palmetto has funds available for the acquisition of right of way required to commence the Project and does not intend to issue revenue bonds to finance such acquisition.
5. To the extent that Palmetto determines at any time that the issuance of revenue bonds or other financing is necessary and in the public interest to offset costs of the Project's construction, such financing shall be subject to requisite approvals and all requirements related to financing and record-keeping associated with the extension of operations set forth in Section 13-1-1310, et seq.
6. The estimated cost of maintaining the Project, once constructed, is estimated not to exceed \$200,000 annually, such costs to be paid from revenues earned by Palmetto from the Project and/or shall be absorbed as general operating costs of Palmetto.

IN WITNESS WHEREOF, I have set my hand 2<sup>nd</sup> day of November, 2017.

SOUTH CAROLINA DIVISION OF PUBLIC RAILWAYS  
D/B/A PALMETTO RAILWAYS, A DIVISION OF THE  
SOUTH CAROLINA DEPARTMENT OF COMMERCE

By:  *STERI COOPER FOR JEFFREY McWhorter*  
Jeffrey M. McWhorter, Director and President

**Phase I Environmental Site Assessment  
Camp Hall Build-In  
Berkeley County, South Carolina  
S&ME Project No. 1413-16-118**



Prepared for:  
**TranSystems**  
Three Coliseum Centre  
2550 West Tyvola Road, Suite 140  
Charlotte, North Carolina 28217

Prepared by:  
**S&ME, Inc.**  
620 Wando Park Boulevard  
Mount Pleasant, SC 29464

**June 16, 2017**



June 16, 2017

TranSystems  
Three Coliseum Centre  
2550 West Tyvola Road, Suite 140  
Charlotte, North Carolina 28217

Attention: Mr. Robert J. Burnett, P.E.  
[RJBurnett@transystems.com](mailto:RJBurnett@transystems.com)

Reference: **Phase I Environmental Site Assessment**  
Camp Hall Build-In  
Berkeley County, South Carolina  
S&ME Project No. 1413-16-118

Dear Mr. Burnett:

S&ME, Inc. has completed a Phase I Environmental Site Assessment for the referenced project. The attached report presents the findings of S&ME's Phase I Environmental Site Assessment which was performed in general accordance with ASTM E 1527-13 and S&ME Proposal No. 14-1600323 dated June 20, 2016. The submitted report includes the results of our review of the public record for the subject property, our observations of site conditions, and a summary of environmental conditions based on this information and these observations.

S&ME appreciates the opportunity to provide this Phase I Environmental Site Assessment for this project. Please contact us at your convenience if there are questions regarding the information contained in this report.

Sincerely,

**S&ME, Inc.**

Norvin C. Duncan  
Environmental Professional  
[nduncan@smeinc.com](mailto:nduncan@smeinc.com)

Chuck Black, P.E.  
Senior Environmental Engineer/V.P.  
[cblack@smeinc.com](mailto:cblack@smeinc.com)



## Executive Summary

S&ME, Inc. has completed a Phase I Environmental Site Assessment (ESA), in general accordance with ASTM E 1527-13 for the site described herein as Camp Hall Build-In, or the subject property. Our services were authorized by TranSystems. This summary is intended as an overview of the Phase I ESA, for the convenience of the reader. The complete report must be reviewed in its entirety prior to making decisions regarding this site.

The subject property is an approximately twenty-five (25) mile proposed industrial railroad corridor that will connect to an existing CSX rail network just north of the Santee Cooper Cross Generating Station in Cross, South Carolina and travel south and southwest to the Camp Hall Commerce Park site near Summerville, South Carolina. The right-of-way (width) of the corridor is approximately 200 feet. The proposed rail line may also include a 9,000-foot siding at the north end of the site and a spur to a rail yard at the Volvo Car plant that is currently under construction at the Camp Hall area. We understand that the proposed railroad will be owned and operated by Palmetto Railways.

S&ME contracted Environmental Data Resources, Inc. (EDR) to conduct an environmental database search of the subject property and the surrounding area. One facility, Santee Cooper Cross Generating Station (a coal-fired power generating facility), was identified on the State Hazardous Waste Sites (SHWS), Underground Storage Tank (UST), Leaking Underground Storage Tank (LUST), Solid Waste Facility/Landfill (SWF/LF), and AIRS (air emissions) databases. The subject property routes along the western portion of the generating station near one of the facility's landfill areas and continues to the north to an existing railroad system that delivers coal to the power facility. No other facilities of concern within the specified search distances were identified on the environmental databases reviewed.

We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-13 for the Camp Hall Build-In, the subject property. Any exceptions to, or deletions from this practice are described in Section 10 of this report. This Phase I ESA has revealed no evidence of recognized environmental conditions in connection with the subject property, except for the following:

- The Santee Cooper Cross Generating Station is considered a recognized environmental condition because the operations performed at the facility represent a potential source for soil and groundwater contamination on and under an area of the subject property.



## 9.0 Conclusions

We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM E 1527-13 for the subject property identified as the Camp Hall Build-In located in Berkeley County, South Carolina. Any exceptions to, or deletions from, this practice are described in Section 1.4 of this report. This assessment has revealed no evidence of *recognized environmental conditions* in connection with the subject property, except for the following:

- ◆ The Santee Cooper Cross Generating Station is considered a recognized environmental condition because the operations performed at the facility represent a potential source for soil and groundwater contamination on and under an area of the subject property.

## 10.0 Deviations

S&ME has endeavored to perform this Phase I ESA in substantial conformance with the scope and limitations of ASTM Standard Practice E1527-13 without significant deviation. Because of the limited availability of data, the operational history of the subject property was not documented at intervals of approximately 5 years or prior to development, and environmental lien or activity and use limitations information was not provided by the user. In addition, contact information for interviews with past and current property owners was not provided by the user. No other deviations to ASTM Practice E 1527-13 were made in the completion of this Environmental Site Assessment.

## 11.0 Additional Services

S&ME has also prepared a preliminary geotechnical engineering report for the subject property. This report is being submitted under separate cover.

**SECTION 13-1-1350.** Power of director to extend division's operations.

In addition to the powers and duties of the director as specified by Section 13-1-1330, when it shall appear that the acquisition, by purchase, construction, condemnation or donation, and operation of additional connecting, switching, terminal or other railroads are desirable in the public interest to promote and foster economic growth and development, the director may, with the approval of the State Fiscal Accountability Authority, extend the division's operations, provided, that if such extension includes extension of mainline trackage, the common carrier railroads operating in the State shall have declined to agree to provide such facilities within six months after having been requested to do so by the division and the State Fiscal Accountability Authority and provided the financing for such extensions is approved by the State Fiscal Accountability Authority pursuant to the provisions of this article.

HISTORY: 1993 Act No. 181, Section 247, eff July 1, 1993.

**SECTION 13-1-1460.** Approval of State Fiscal Accountability Authority as prerequisite to issuance of bonds; procedure.

No bonds shall be issued pursuant to the provisions of this article until the proposal of the director to issue the bonds shall receive the approval of the State Fiscal Accountability Authority. Whenever the director shall propose to issue bonds pursuant to the provisions of this article, he shall file a petition with the State Budget and Control Board setting forth:

(a) a brief description of the railroad and necessary equipment proposed to be acquired and its anticipated effect upon the economy of the area in which the railroad is to be located and of the areas adjacent thereto;

(b) a reasonable estimate of the cost of the acquisition of the railroad and necessary equipment; and

(c) a general summary of the terms and conditions of the trust indenture.

Upon the filing of the petition the State Fiscal Accountability Authority shall, as soon as practicable, make such independent investigation as it deems advisable, and if it finds that the acquisition of the railroad and necessary equipment is intended to promote the purposes of this article and is reasonably anticipated to effect such result, it shall be authorized to approve the acquisition of the railroad and necessary equipment and at any time following such approval, the director may proceed with the acquisition and financing of the railroad and necessary equipment. Notice of the approval of the acquisition of the railroad and necessary equipment by the State Fiscal Accountability Authority shall be published at least once a week for three consecutive weeks by the State Fiscal Accountability Authority in a newspaper having general circulation in the State and the county where the railroad is to be located.

Any interested party may, within twenty days after the date of the publication of such notice, but not afterwards, challenge the validity of such approval by action de novo in the court of common pleas in any county where the railroad is to be located.

HISTORY: 1993 Act No. 181, Section 247, eff July 1, 1993.

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AGENCY: Department of Administration, Facilities Management and Property Services

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SUBJECT: MUSC Lease - 19 Hagood Avenue in Charleston

On March 9, 2017, the State Fiscal Accountability Authority (SFAA) approved the disposition of 3.27 ± acres and a 180,449 square foot 10-story office building with a 641 space structured parking garage and surrounding parking lots consisting of approximately 88 spaces located at 19 Hagood Avenue (commonly known as the Harborview Office Tower property) by the Medical University of South Carolina ("MUSC"). The property was subsequently marketed through CBRE as the broker for the SC Department of Administration and is now under contract for sale at not less than appraised value. As part of the contract for sale, MUSC will lease back the office building at a rate of \$1/year for up to one year while MUSC staff is relocated.

During the relocation of staff, MUSC will have a need to retain certain rights to parking in the parking garage and surrounding parking lots. MUSC will need a total of 730 parking spaces for up to one year beginning upon the closing of the sale, which is anticipated to be on or before February 28, 2018. Following the relocation of staff, MUSC will still have a need for 400 parking spaces in the same general area for other staff and visitors currently parking at the Harborview Office Tower property for a period of up to ten (10) years beginning in approximately December of 2018.

The details of each transaction are as follows.

**(a) One Year Parking Lease:**

A solicitation was conducted for 730 parking spaces in close proximity to MUSC or within the MUSC Transit System and two (2) proposals were received. The selected location at 19 Hagood Avenue was the lowest bid. The lease term will be for one year at a rate of \$68.49/space for a total of \$600,000. During this time, MUSC will continue to maintain the parking facilities under lease, which costs when combined with the lease rate, are estimated to total \$125/space/month.

**(b) Ten Year Parking Lease:**

A solicitation was conducted for 400 parking spaces in close proximity to MUSC or within the MUSC Transit System and two (2) proposals were received. One proposal was eliminated due to location, leaving the selected location at 19 Hagood Avenue. The lease term will be for ten (10) years following the move of MUSC staff from the Harborview Office Tower which is anticipated to be in December of 2018. The rate for the first year of the term will be \$125/space/month. Thereafter, the rate will increase by the lesser of the annual CPI increase or three (3) percent. MUSC will not be responsible for any maintenance or operations costs. As such, the maximum amount MUSC could pay over the term is \$6,787,352 as shown in the chart below:

---

**AGENCY:** Department of Administration, Facilities Management and Property Services

---

**SUBJECT:** MUSC Lease - 19 Hagood Avenue in Charleston

---

Year	Maximum Rate/Space	Total Maximum Annual Payment
1	\$125.00	\$600,000
2	\$128.75	\$618,000
3	\$132.61	\$636,528
4	\$136.59	\$655,632
5	\$140.69	\$675,312
6	\$144.91	\$695,568
7	\$149.26	\$716,448
8	\$153.73	\$737,904
9	\$158.35	\$760,080
10	\$163.10	\$782,880

The following charts represent comparable lease rates of similar space near the MUSC Campus:

Location	Rate/Space/Month
194 East Bay Street	\$225.00
159 Rutledge Avenue	\$165.00
69 Wentworth Street	\$175.00
62 Gadsden Street	\$150.00

Lease payments will be funded from parking revenues. MUSC has indicated that no student fee increase will be associated with the leases, and there are adequate funds for the leases according to Budget Approval Forms submitted by MUSC.

The leases were approved by the MUSC Board of Trustees on August 11, 2017, by the Commission on Higher Education on November 2, 2017, and by JBRC on December 5, 2017.

---

**AUTHORITY ACTION REQUESTED:**

Approve the proposed leases for the Medical University of South Carolina at 19 Hagood Avenue in Charleston as recommended by the Department of Administration, Facilities Management and Property Services.

---

**ATTACHMENTS:**

Agenda item worksheet; SC Code of Laws Section 1-11-55 and 1-11-56; MUSC Letter Dated October 31, 2017



## STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

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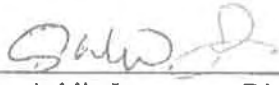
Meeting Scheduled for: December 12, 2017

Regular Agenda

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**1. Submitted by:**

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

  
Ashlie Lancaster, Director  
Facilities Management and Property Services

**2. Subject: MUSC Leases- 19 Hagood Avenue in Charleston**

---

**3. Summary Background Information:**

On March 9, 2017, the State Fiscal Accountability Authority (SFAA) approved the disposition of 3.27 ± acres and a 180,449 square foot 10-story office building with a 641 space structured parking garage and surrounding parking lots consisting of approximately 88 spaces located at 19 Hagood Avenue (commonly known as the Harborview Office Tower property) by the Medical University of South Carolina ("MUSC"). The property was subsequently marketed through CBRE as the broker for the SC Department of Administration and is now under contract for sale at not less than appraised value. As part of the contract for sale, MUSC will lease back the office building at a rate of \$1/year for up to one year while MUSC staff is relocated.

During the relocation of staff, MUSC will have a need to retain certain rights to parking in the parking garage and surrounding parking lots. MUSC will need a total of 730 parking spaces for up to one year beginning upon the closing of the sale, which is anticipated to be on or before February 28, 2018. Following the relocation of staff, MUSC will still have a need for 400 parking spaces in the same general area for other staff and visitors currently parking at the Harborview Office Tower property for a period of up to ten (10) years beginning in approximately December of 2018.

The details of each transaction are as follows.

**(a) One Year Parking Lease:**

A solicitation was conducted for 730 parking spaces in close proximity to MUSC or within the MUSC Transit System and two (2) proposals were received. The selected location at 19 Hagood Avenue was the lowest bid. The lease term will be for one year at a rate of \$68.49/space for a total of \$600,000. During this time, MUSC will continue to maintain the parking facilities under lease, which costs when combined with the lease rate, are estimated to total \$125/space/month.

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A solicitation was conducted for 400 parking spaces in close proximity to MUSC or within the MUSC Transit System and two (2) proposals were received. One proposal was eliminated due to location, leaving the selected location at 19 Hagood Avenue. The lease term will be for ten (10) years following the move of MUSC staff from the Harborview Office Tower which is anticipated to be in December of 2018. The rate for the first year of the term will be \$125/space/month. Thereafter, the rate will increase by the lesser of the annual CPI increase or three (3) percent.

MUSC will not be responsible for any maintenance or operations costs. As such, the maximum amount MUSC could pay over the term is \$6,787,352 as shown in the chart below:

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The leases were approved by the MUSC Board of Trustees on August 11, 2017, by the Commission on Higher Education on November 2, 2017, and by JBRC on December 5, 2017.

---

**4. What is the Authority asked to do?** Approve the proposed leases for the Medical University of South Carolina at 19 Hagood Avenue in Charleston.

---

**5. What is recommendation of the Department of Administration?** Approve the proposed leases for the Medical University of South Carolina at 19 Hagood Avenue in Charleston.

---

**6. List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- MUSC Letter Dated October 31, 2017

**SECTION 1-11-55. Leasing of real property for governmental bodies.**

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

HISTORY: 1997 Act No. 153, Section 2; 2002 Act No. 333, Section 1; 2002 Act No. 356, Section 1, Pt VI.P(1); 2011 Act No. 74, Pt VI, Section 13, eff August 1, 2011; 2013 Act No. 31, Section 1, eff May 21, 2013; 2014 Act No. 121 (S.22), Pt V, Section 7.A, eff July 1, 2015.

Code Commissioner's Note

The last sentence in subsection (2), which was added by 2011 Act No. 74, was inadvertently omitted from 2014 Act No. 121 due to a scrivener's error. At the direction of the Code Commissioner, this sentence has been retained in subsection (2).

#### Effect of Amendment

The 2011 amendment, in subsection (2), added the third sentence relating to technical colleges.

The 2013 amendment, in subsection (1), substituted "Legislative Services Agency" for "Office of Legislative Printing, Information and Technology Systems".

2014 Act No. 121, Section 7.A, in subsection (1), substituted "agency, government corporation, or other establishment or official of the executive branch" for "legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches"; in subsection (2), substituted "Division of General Services of the Department of Administration" for "Budget and Control Board"; in subsection (3) substituted "division" for "office" in three instances, and substituted "department" for "board"; in subsection (4), substituted "department" for "board"; and in subsection (5), substituted "Division of General Services of the Department of Administration" for "Office of General Services".

#### **SECTION 1-11-56. Program to manage leasing; procedures.**

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

- (1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;
- (2) establishing standards for the quality and quantity of space to be leased by a requesting agency;
- (3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:
  - (a) a nonappropriation for the renting agency;
  - (b) a dissolution of the agency; and

- (c) the availability of public space in substitution for private space being leased by the agency;
  - (4) rejecting an agency's request for additional space or space at a specific location, or both;
  - (5) directing agencies to be located in public space, when available, before private space can be leased;
  - (6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and
  - (7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.
- (B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.
- (C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

HISTORY: 1997 Act No. 153, Section 2; 2014 Act No. 121 (S.22), Pt V, Section 7.B, eff July 1, 2015.

#### Effect of Amendment

2014 Act No. 121, Section 7.B, added subsection designator (A); in subsection (A), substituted "Division of General Services of the Department of Administration" for "State Budget and Control Board", substituted "a governmental body" for "state agencies", and added the second sentence relating to regulations; in subsection (A)(6), substituted "department" for "board's budget office", and deleted text relating to prior review by the Joint Bond Review Committee; rewrote subsection (A)(7); and added subsections (B) and (C) .

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AGENCY: Division of Procurement Services

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SUBJECT: Procurement Certification for the College of Charleston

The Division of Procurement Services, in accord with Section 11-35-1210, has audited the following agency and recommends certification within the parameters described in the audit reports for the following limits (total potential purchase commitment whether single-or multi-year contracts are used):

College of Charleston (for a period of three years): supplies and services, \$250,000\* per commitment; information technology, \$100,000\* per commitment; printing services, \$250,000\* per commitment; consultant services, \$250,000\* per commitment; construction contract award, \$50,000 per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$15,000 per amendment.

Because of the significance of the exceptions noted in the report as it relates in particular to the College of Charleston's procurement practices of office supplies and indefinite delivery contracts, the Division recommends reduction in procurement certification limits as noted above. (Current certification levels are noted on the agenda item worksheet.) The College requested and the Division has agreed to perform another audit in 2018.

Under authority described in Section 11-35-1210 of the South Carolina Consolidated Procurement Code, approve a reduction in procurement certification at the College of Charleston for a period of three years.

---

AUTHORITY ACTION REQUESTED:

Under authority described in Section 11-35-1210 of the South Carolina Consolidated Procurement Code, approve a reduction in procurement certification at the College of Charleston for a period of three years for the following limits (total potential purchase commitment whether single- or multi- year contracts are used):

College of Charleston (for a period of three years): supplies and services, \$250,000\* per commitment; information technology, \$100,000\* per commitment; printing services, \$250,000\* per commitment; consultant services, \$250,000\* per commitment; construction contract award, \$50,000 per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$15,000 per amendment.

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ATTACHMENTS:

Agenda item worksheets and attachments

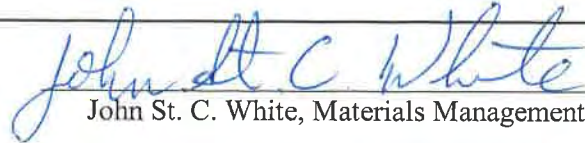
**STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET**

Meeting scheduled for: December 12, 2017

Green Agenda

**1. Submitted by:**

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

  
 John St. C. White, Materials Management Officer

**2. Subject:** Procurement Certification for the College of Charleston

**3. Summary Background Information:**

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services has reviewed the procurement system of the College of Charleston and recommends its certification within the parameters described in the audit report for the following limits for a period of three years.

	<u>Current Certification</u>	<u>Certification Recommended</u>
I. Supplies and Services	*\$ 500,000 Per Commitment	*\$ 250,000 Per Commitment
II. Information Technology	*\$ 200,000 Per Commitment	*\$ 100,000 Per Commitment
III. Printing Services	*\$ 500,000 Per Commitment	*\$ 250,000 Per Commitment
IV. Consultant Services	*\$ 500,000 Per Commitment	*\$ 250,000 Per Commitment
V. Construction Contract Award	\$ 100,000 Per Commitment	\$ 50,000 Per Commitment
VI. Construction Contract Change Order	\$ 100,000 Per Change Order	\$ 50,000 Per Change Order
VII. Architect/Engineer Contract Amendment	\$ 15,000 Per Amendment	\$ 15,000 Per Amendment

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

Because of the significance of the exceptions noted in the report as it relates in particular to the College of Charleston's procurement practices of office supplies and indefinite delivery contracts, we are recommending a reduction in procurement certification limits as noted above. The College requested and we have agreed to perform another audit in 2018.

**4. What is Authority asked to do?**

Under authority described in Section 11-35-1210 of the South Carolina Consolidated Procurement Code, approve a reduction in procurement certification at the College of Charleston for a period of three years.

**5. What is recommendation of Authority division involved?** Approve reduced procurement certification as stated above.

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

- (a) Authorized Signature: \_\_\_\_\_  
 (b) Division/Agency Name: \_\_\_\_\_

**7. List of supporting documents:**

- (a) Section 11-35-1210 of the Consolidated Procurement Code

**§ 11-35-1210. Certification**

(1) Authority. The board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The designated board office 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.

(2) Policy. Authorizations granted by the board 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 of 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.



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AGENCY: Division of Procurement Services

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SUBJECT: Waiver to Extend the Maximum Time on a Multi-term Contract for Winthrop University

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Authority. Winthrop University has asked the Division of Procurement Services to assist in seeking Authority approval to authorize the University to solicit a contract for up to ten (10) years for Food Services. University officials believe a contract term for up to ten years will attract more potential vendor partners to the bidding process, lower vendor production cost and lower the cost and burden of contract solicitation, award, and administration.

---

AUTHORITY ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), approve Winthrop University's request for a multi-term contract for Food Services and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

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ATTACHMENTS:

Agenda item worksheet; Letter of request from Winthrop University; Section 11-35-2030(4) of the SC Consolidated Procurement Code

STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET

For meeting scheduled for: December 12, 2017

Regular Session

1. Submitted by:

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

  
John St. C. White  
Materials Management Officer

2. Subject:

Waiver to extend the maximum time on a multi-term contract for Winthrop University

3. Summary Background Information:

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Authority. Winthrop University has asked the Division of Procurement Services to assist in seeking Authority approval to authorize the University to solicit a contract for up to ten (10) years for Food Services. University officials believe a contract term for up to ten years will attract more potential vendor partners to the bidding process, lower vendor production cost and lower the cost and burden of contract solicitation, award, and administration.

4. What is Authority asked to do?

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), approve Winthrop University's request for a multi-term contract for Food Services and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

5. What is recommendation of Authority division involved?

Consider Winthrop University's request as stated above.

6. Recommendation of other office (as required)?

- (a) Authorized Signature: \_\_\_\_\_
- (b) Division/Agency Name: \_\_\_\_\_

7. Supporting Documents:

- A-Letter of request from Winthrop University
- B- Section 11-35-2030(4) of the SC Consolidated Procurement Code



# WINTHROP

U N I V E R S I T Y

Office of the President

November 8, 2017

John White, P.E.  
Director Procurement Services Division  
Materials Management Office  
1201 Main Street, Suite 600  
Columbia, South Carolina 29201

Dear Director White,

The current food services contract for Winthrop University is set to expire June 30, 2018. Winthrop has begun the process to draft a new RFP for these services. In accordance with S.C. Code of Law Ann. 1976 §11-35-2030 and the SC Consolidated Procurement Regulations § 19-445.2135, Winthrop University is requesting approval to extend the standard five-year term of a multi-year contract to a seven-year term with three additional optional one-year expansions for our upcoming contract regarding the management and operation of food services.

Our current contract is for a single ten-year term. For this iteration, Winthrop University is requesting to issue a RFP that would cover a seven-year term with three optional one-year renewals.

This seven-year term with three optional one-year renewals reflects a balance between providing a sufficient period for the successful vendor to amortize substantial initial costs and immediately holding the vendor accountable for metrics that reflect the university's priorities.

The initial investment of the successful vendor is substantial in providing capital investments, upgrading facilities, installing new equipment and hiring/training personnel. A change in one food court vendor here on campus this summer has caused a space shut down for months along with the cost of construction for the new vendor due to open in the next thirty days. Training employees on new equipment and operation protocols are additional costs for the vendor. Winthrop wants to acknowledge that investment and maximize return for both parties by allowing a slightly longer term to the contract with the successful vendor. The University is hopeful that this term would work to promote workforce stability which is reflected in quality of product and customer service to our students.

Winthrop has created a campus-wide representative committee to draft the RFP and ensure the needs of all university constituencies are met. A seven-year term with three optional one-year renewals will allow their work to have a prolonged impact and hold the vendor accountable.

We believe the shorter term with the renewal options will better serve the dynamic nature of the Winthrop Campus and help attract more potential vendor partners to the bidding process as we work to redefine our campus under our multi-year strategic plan. Our goal for food services is to:

- Create a varied and dynamic dining experience for students and employees,
- Partner with the University to be a draw for potential students and increase enrollment,
- Build out robust catering opportunities for internal and external events on campus, and
- Reinvigorate athletic concessions to enhance the spectator experience.

We look forward to working with MMO as we build out this new proposal for food services throughout the next few months. I have attached the MMO form 106 as well for your review.

Please let me know if you have any questions, or concerns with this approval request.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Mahony', with a long horizontal flourish extending to the right.

Daniel F. Mahony, Ph.D.  
President

**DETERMINATION PRIOR TO USE  
OF A MULTI-TERM CONTRACT**

Based upon the following determination, the proposed multi-term contract described below is being entered into pursuant to the authority of Section 11-35-2030.(2) of the South Carolina Consolidated Procurement Code and Regulations 19-445.2135.D.(1) (2).

- Estimated requirements cover the period of the contract and are reasonably firm and continuing.
- Special production of definite quantities or the furnishing of long-term services is required to meet state needs.
- A multi-term contract will serve the best interests of the state by encouraging effective competition or otherwise promoting economies in state procurement.
- Firms which are not willing or able to compete because of high start-up cost or capital investment in facility expansion will be encouraged to participate in the competition when they are assured of recouping such costs during the period of contract performance.
- Lower production cost because of larger quantity or service requirements and substantial continuity of production or performance over a longer period of time can be expected to result in lower unit prices.
- Stabilization of the contractor's work force over a longer period of time may promote economy and consistent quality.
- The cost and burden of contract solicitation, award, and administration of the procurement may be reduced.

Explain why this determination applies to this contract:


**Our current contract is for a single ten-year term. For this iteration, Winthrop University is requesting to issue a RFP that would cover a seven-year term with three optional one-year renewals.**

**We believe the shorter term with the renewal options will better serve the dynamic nature of the Winthrop Campus and help attract more potential vendor partners to the bidding process as we work to redefine our campus under our multi-year strategic plan. Our goal for food services is to:**

- **Create a varied and dynamic dining experience for students and employees,**
- **Partner with the University to be a draw for potential students and increase enrollment,**
- **Build out robust catering opportunities for internal and external events on campus, and**
- **Reinvigorate athletic concessions to enhance the spectator experience.**

7-25-17  
DATE

Winthrop University  
GOVERNMENTAL BODY

  
SIGNATURE

\_\_\_\_\_  
SOLICITATION NUMBER

\_\_\_\_\_  
President  
TITLE

Distribution: Original copy retained in contract file. Carbon copy furnished to nonresponsible bidder or offeror.

**White, John**

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**From:** Overcash, Caroline Craig [<mailto:overcashc@winthrop.edu>]  
**Sent:** Friday, September 15, 2017 10:41 AM  
**To:** White, John  
**Subject:** RE: Winthrop University's Food Services RFP-Draft

The current food services contract for Winthrop University is for a single ten-year term. Winthrop is requesting a seven-year term with three optional one-year renewals. The requested term is based on the need to create a dynamic dining experience for students and employees to increase participation and revenue for both the University and the vendor partner.

1. Winthrop University hopes to encouraging effective competition and gain more potential vendor participation in the selection process by offering a shorter-term than the last contract period. There is investment in both time and cost by a vendor in the campus at the beginning of a contract term. However, by allowing the three optional one-year renewals, the University has the opportunity to continue a relationship with a successful vendor who successfully increases student use of the program at the University.
2. By granting the requested term, the goal is to gain greater market share from the available population. The successful vendor will need some time to implement a marketing strategy. The University will also need some time to assess whether the vendor is successful by measuring progress against predetermined benchmarks. The greater market share the successful vendor is able to obtain, the greater flexibility both parties have to reduce costs or increase value of product to students.
3. The initial investment of the successful vendor is substantial in installing new equipment and hiring/training of personnel. A change in one food court vendor here on campus this summer has caused a space shut down for months along with the cost of construction for the new vendor due to open in the next thirty days. This also creates a disruption for students who are on campus all year. Training employees on new equipment and operation protocols are additional costs for the vendor. Winthrop wants to acknowledge that investment and maximize return for both parties by allowing a slightly longer term to the contract with the successful vendor. The University is hopeful that this term would work to promote workforce stability which is reflected in quality of product and customer service to our students.
4. Under this iteration of the food services contract, Winthrop has created a campus-wide representative committee to draft the RFP. The University is spending considerable time and effort to gain input from students, faculty, and staff in this draft. While this type of endeavor is greatly beneficial to garner the best interest of the University, as a whole, it also repurposes employees away from their primary duties for an extended time. The term requested would both allow the impact of a periodic deep review, but also be lenient enough to prevent overly taxing agency resources.

If you have any questions, or need anything further, please do not hesitate to contact me.  
Caroline

*Caroline Overcash*

**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 multi-term 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 best interests 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) The maximum time for a multiterm contract is five years. Contract terms of up to seven years may be approved by the designated board officer. Contracts exceeding seven years must be approved by the board.

HISTORY: 1981 Act No. 148, Section 1; 1997 Act No. 153, Section 1; 2006 Act No. 376, Section 34.

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AGENCY: Division of Procurement Services

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SUBJECT: Waiver to Extend the Maximum Time on a Multi-term Contract for State Fiscal Accountability Authority, Division of Procurement Services

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Authority. The Division of Procurement Services (Division) seeks Authority approval to solicit a contract with a performance term of ten (10) years after implementation for a computerized system (eCatalog System).

DPS proposes to implement an eCatalog System to include (1) improving the process for ordering supplies, services, and information technology off statewide contracts for both state agencies and local government, (2) supporting strategic sourcing by enabling the capture of detailed spend data, (3) providing contract administration tools to improve the tracking of key milestones. The Division believes a contract performance term of ten years after implementation will:

- (a) Substantially lower the State's costs associated with its upfront investment by amortizing these costs over a longer period of time;
- (b) Promote competition among and increase innovation by competing vendors who can bring more comprehensive offerings to the table as a result of a longer time period in which to recoup their investment and startup costs;
- (c) Increase the use of the eCatalog System throughout the State; and
- (d) Reduce the impact and disruption costs to state agencies, institutions of higher education, political subdivisions, and statewide contract vendors.

---

AUTHORITY ACTION REQUESTED:

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), approve The Division of Procurement Services' request for a multi-term contract for an eCatalog System and authorize the solicitation of proposals and award of a contract with a performance term of ten (10) years after implementation.

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ATTACHMENTS:

Agenda item worksheet; Memorandum in Support of a Ten-Year Performance Term; Section 11-35-2030(4) of the SC Consolidated Procurement Code



**STATE FISCAL ACCOUNTABILITY AUTHORITY AGENDA ITEM WORKSHEET**

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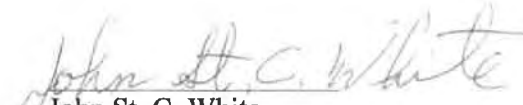
**For meeting scheduled for: December 12, 2017**

**Regular Session**

---

**1. Submitted by:**

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

  
John St. C. White  
Materials Management Officer

---

**2. Subject:**

Waiver to extend the maximum time on a multi-term contract for State Fiscal Accountability Authority, Division of Procurement Services

---

**3. Summary Background Information:**

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Authority. The Division of Procurement Services (Division) seeks Authority approval to solicit a contract with a performance term of ten (10) years after implementation for a computerized system (eCatalog System).

DPS proposes to implement an eCatalog System to include (1) improving the process for ordering supplies, services, and information technology off statewide contracts for both state agencies and local government, (2) supporting strategic sourcing by enabling the capture of detailed spend data, (3) providing contract administration tools to improve the tracking of key milestones. The Division believes a contract performance term of ten years after implementation will:

- (a) Substantially lower the State's costs associated with its upfront investment by amortizing these costs over a longer period of time;
- (b) Promote competition among and increase innovation by competing vendors who can bring more comprehensive offerings to the table as a result of a longer time period in which to recoup their investment and startup costs;
- (c) Increase the use of the eCatalog System throughout the State; and
- (d) Reduce the impact and disruption costs to state agencies, institutions of higher education, political subdivisions, and statewide contract vendors.

---

**4. What is Authority asked to do?**

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), approve The Division of Procurement Services' request for a multi-term contract for an eCatalog System and authorize the solicitation of proposals and award of a contract with a performance term of ten (10) years after implementation.

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**5. What is recommendation of Authority division involved?**

Approve the request as stated above.

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

- (a) Authorized Signature: \_\_\_\_\_
- (b) Division/Agency Name: \_\_\_\_\_

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**7. Supporting Documents:**

- A-Memorandum in Support of a Ten-Year Performance Term
  - B- Section 11-35-2030(4) of the SC Consolidated Procurement Code
-

HENRY MCMASTER, CHAIR  
GOVERNOR  
CURTIS M. LOFTIS, JR.  
STATE TREASURER  
RICHARD ECKSTROM, CPA  
COMPTROLLER GENERAL



THE DIVISION OF PROCUREMENT SERVICES

DELBERT H. SINGLETON, JR.  
DIVISION DIRECTOR  
(803) 734-8018

JOHN ST. C. WHITE  
MATERIALS MANAGEMENT OFFICE  
(803) 737-0600  
FAX: (803) 737-0639

HUGH K. LEATHERMAN, SR.  
CHAIRMAN, SENATE FINANCE COMMITTEE

W. BRIAN WHITE  
CHAIRMAN, HOUSE WAYS AND MEANS COMMITTEE

GRANT GILLESPIE  
EXECUTIVE DIRECTOR

**MEMORANDUM IN SUPPORT OF A TEN-YEAR PERFORMANCE TERM  
FOR CONTRACT FOR ELECTRONIC CATALOGUE SOLUTION**

To: Grant Gillespie  
From: John St. C. White and Delbert H. Singleton, Jr.  
Date: 9/19/2017

Re: Request and Justification for a Ten-Year Performance Term for a Contract for an Electronic Catalogue Solution

The Division of Procurement Services ("DPS") of the State Fiscal Accountability Authority is seeking a vendor (the "Vendor") to provide an electronic catalog solution to allow State agencies, including institutions of higher education, and political subdivisions (towns, cities, counties, school districts, etc.), to shop for and order goods and services supplied under numerous statewide contracts (the "eCatalog System"). In addition to improving the process for ordering supplies, services and information technology, the eCatalog System will provide better tools to track and administer key contract milestones, help enforce contract price compliance and enable the capture of spend data which can be used to improve subsequent decisions about what to buy as well as increase the State's leverage in future pricing negotiations. For the reasons set forth in more detail below, we are seeking approval to solicit this contract for a ten year performance term in order to: (a) substantially lower the State's costs associated with its upfront investment by amortizing these costs over a longer period of time; (b) promote competition among and increase innovation by competing vendors who can bring more comprehensive offerings to the table as a result of a longer time period in which to recoup their investment and startup costs; (c) increase the use of the eCatalog System throughout the State; and (d) reduce the impact and disruption costs to state agencies, institutions of higher education, political subdivisions, and statewide contract vendors. We believe a longer-term contract is in the best interest of the State in this instance and will promote achievement of the aforementioned goals.

To understand better the complexities of this system and the necessary investments in time and money by all parties to ensure successful implementation, it will be beneficial to describe briefly the scope of the project. Currently, there are approximately 1400 statewide contracts with approximately 1100 vendors generating annual sales of roughly \$601,280,000. Each statewide contract is classified under one of over 200 contract categories currently in effect for a variety of goods, services, and information technology. Some categories may include only one type of product/service listed while others may have a dozen or more. Adding to the complexity, price files change frequently, in some cases, and can be very large. One vendor's price file, for example, contains nearly 27,000 separate items. The Vendor must work with the statewide contract vendors to migrate all of their data (product, pricing, and contract data) into the eCatalog System so that it is available in an organized, consistent, and searchable format.

In addition to the large data migration efforts, there are a number of systems the eCatalog System may need to interface with as part of the implementation. While most state agencies utilize the South Carolina Enterprise Information System (SCEIS), an SAP-based ERP system, for procurement and finance activities, institutions of higher education and political subdivisions utilize a variety of other systems for their procurement and finance activities (e.g. Ellucian, PeopleSoft, Oracle, CSI Accounting Plus, etc.). Some of these systems would benefit from being interfaced with the eCatalog System to facilitate further the ordering, tracking, auditing, and management of such entities' procurement activities. Selecting which of these systems to interface the eCatalog System with and partnering with the individual entities to create the interfaces will take time and effort.

Finally, implementation of the new system will require: (i) a comprehensive training program as a result of the number of end users of the system who are located at various state agencies, institutions of higher education, and political subdivisions; and (ii) outreach/marketing efforts directed to institutions of higher education and political subdivisions to insure their adoption of the new system. Such initiatives will take significant time to implement across the State.

Due to the lengthy and complex implementation, a seven year contract term will give the State less than five full years of use of the system (and only three or four years of full use before DPS would have to initiate a new procurement so that a replacement system, if selected, would be fully implemented by year seven). Such a short use period impacts the State in several ways. First, most of the costs incurred by the State to implement the eCatalog System will not vary regardless of whether the contract is a seven or ten year performance term. Therefore, a ten-year performance term contract will enable the State to amortize the implementation costs over a longer period reducing in half such monthly costs to the State. Similarly, a short-term contract will also negatively impact the vendors' ability to amortize their startup costs. Increasing the term of the contract should both further incentivize, and better enable, the competing vendors to offer the State more comprehensive solutions by allowing them to amortize their startup costs over a greater period of time.

Consuming a significant portion of the contract term implementing a solution and potentially having to incur those same costs again just a few years later (if a new vendor is awarded the contract at that time) does not promote procurement efficiencies. In addition, changing vendors after a relatively short period of time would be costly and disruptive for all governmental entities using the system as well as the statewide contract vendors who would have to learn, and get their contract data migrated into, a new system. Further, some institutions of higher education or political subdivisions that are not obligated to use the system may become reluctant to fully adopt it due to the possibility of having to switch to a new system relatively soon after completion of implementation.

A longer term contract will allow the State to realize substantial cost savings, reduce the disruption costs associated with re-bidding this project within a few years of it going live, lower the impact to the using agencies and statewide contractors, incentivize increased adoption of the solution by institutions of higher education and political subdivisions, and promote both increased competition by the bidding vendors and the use of more innovative solutions.

For the reasons above, we respectfully request approval to seek the State Fiscal Accountability's approval to solicit this procurement with a ten-year performance term.

**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 multi-term 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 best interests 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) The maximum time for a multiterm contract is five years. Contract terms of up to seven years may be approved by the designated board officer. Contracts exceeding seven years must be approved by the board.

HISTORY: 1981 Act No. 148, Section 1; 1997 Act No. 153, Section 1; 2006 Act No. 376, Section 34.

STATE FISCAL ACCOUNTABILITY AUTHORITY  
MEETING OF December 12, 2017

REGULAR SESSION  
ITEM NUMBER 9

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AGENCY: Clemson University

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SUBJECT: Not Exceeding \$6,750,000 General Obligation State Institution Bonds of the State of South Carolina Issued on Behalf of Clemson University

The Authority is asked to adopt a resolution making provision for the issuance and sale of not exceeding \$6,750,000 General Obligation State Institution Bonds of the State of South Carolina issued on behalf of Clemson University.

The proceeds of the bonds will be used to construct and equip an outdoor fitness and wellness center to include indoor and outdoor facilities and fields to service academic and recreational programs and purposes, and replacement of certain existing facilities.

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AUTHORITY ACTION REQUESTED:

Adopt a resolution making provision for the issuance and sale of not exceeding \$6,750,000 General Obligation State Institution Bonds of the State of South Carolina issued on behalf of Clemson University.

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ATTACHMENTS:

Pope 10/31/17 letter; Resolution; NDIF



**POPE FLYNN**  
GROUP

**Pope Flynn, LLC**  
1411 Gervais Street, Suite 300  
Post Office Box 11509 (29211)  
Columbia, SC 29201  
MAIN 803.354.4900  
FAX 803.354.4899  
www.popeflynn.com

October 31, 2017

Mr. Delbert H. Singleton, Jr.  
Assistant Executive Director and Authority Secretary  
South Carolina State Fiscal Accountability Authority  
1200 Senate Street, Suite 600  
Columbia, South Carolina 29201

Re Not Exceeding \$6,750,000 of General Obligation State Institution Bonds (Issued on Behalf of Clemson University) of the State of South Carolina (the "Bonds")

Dear Delbert:

On behalf of Clemson University, in connection with the authorization of the Bonds, and in anticipation of the South Carolina State Fiscal Accountability Authority (the "Authority") meeting scheduled for December 12, 2017, we respectfully enclose the following for consideration by the Authority:

1. A copy of a resolution adopted by the Board of Trustees of Clemson University on October 6, 2017, making application to the Authority in connection with the Bonds;
2. A proposed form of opinion of Bond Counsel;
3. A proposed form of Bond Resolution of the Authority (an electronic copy is being provided contemporaneously with this letter); and
4. An opinion of Pope Flynn, LLC regarding the sufficiency of the application.

We have provided the Office of State Treasurer with copies of the Bond Counsel Selection Form, the New Debt Information Form (NDIF) – Initial Form, and a copy of this submission package. Please let us know should you require anything further or if you have any questions regarding the enclosed.

Best regards,

Gary T. Pope, Jr.

c: Kevin Kibler, Senior Assistant State Treasurer, Office of State Treasurer  
Rick Petillo, Director of Debt and Capital Financing, Clemson University

Enclosures

STATE FISCAL ACCOUNTABILITY AUTHORITY  
MEETING OF December 12, 2017

REGULAR SESSION  
ITEM NUMBER 10

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AGENCY: State Fiscal Accountability Authority

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SUBJECT: Future Meeting

The next regular meeting of the State Fiscal Accountability Authority will be held at 9:30 a.m. on Tuesday, Tuesday, January 30, 2018, in Room 252, Edgar A. Brown Building.

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AUTHORITY ACTION REQUESTED:

Agree to meet at 9:30 a.m. on Tuesday, January 30, 2018, in Room 252, Edgar A. Brown Building.

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ATTACHMENTS:

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AGENCY: Department of Natural Resources

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SUBJECT: Existing Road and Dike PIP Process

The Department of Natural Resources (DNR) advises that numerous state properties under DNR's management suffered damages to their roads and dikes during the 2015 Flood, 2016 Hurricane Matthew, and 2017 Hurricane Irma. These damages curtailed or severely restricted the use of those properties by sportsmen and women. DNR indicates that time constraints for obtaining required approvals has delayed much needed repairs and, in several cases erosion has continued to spread, ultimately causing more damage and increasing costs for the repairs.

---

AUTHORITY ACTION REQUESTED:

For a permanent improvement project for maintenance or repair/replacement of existing roads and dikes on any DNR-owned land or DNR-controlled state lands, approval authority is delegated to the Authority's Executive Director. DNR will submit the paperwork necessary to establish the permanent improvement project. Projects will be reported at the next regularly-scheduled Authority meeting.

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ATTACHMENTS:

1. DNR's initial request dated 11/29/2017
2. JBRC's recommendation letter dated 12/6/2017
3. DNR's revised request dated 12/8/2017



# South Carolina Department of Natural Resources

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Alvin A. Taylor  
Director

## MEMORANDUM

**DATE:** November 29, 2017  
**TO:** State Fiscal Accountability Authority  
**FROM:** Director Alvin A. Taylor

A handwritten signature in black ink, appearing to read "Alvin A. Taylor", is written over the printed name in the "FROM:" field.

During the 2015 Flood, 2016 Hurricane Matthew and 2017 Hurricane Irma numerous state properties under DNR's management suffered damages to their roads and dikes. These damages curtailed or severely restricted the use of those properties by our sportsmen and women.

Because of the existing structure of the JBRC and SFAA, the needed repairs for dikes and roads were subject to their approval. The time constraints for obtaining those required approvals delayed the much needed repairs and, in several cases the erosion continued to spread, ultimately causing more damage and increasing costs for the repairs.

While there are steps in the SC Procurement Code to allow for emergency procurements to minimize the continued erosion and damage to these roads and dikes, there is not an avenue for emergency approvals from JBRC or SFAA.

These repairs are for existing roads and dikes with the intent to put back to pre-disaster condition. We are just repairing what was already there and not actually constructing anything new.

Therefore, we are requesting, as allowed under S.C. Code Ann. 2-47-50(A) and 10-1-180, that the Joint Bond Review Committee and State Fiscal Accountability Authority determine and declare the following shall not be deemed a permanent improvement project subject to JBRC and SFAA review and approval: The design, materials, and construction associated with maintenance or repair/replacement of existing roads and dikes on any DNR-owned lands or State lands under DNR control. DNR must still follow applicable procurement requirements for individual projects.

\*See Attachment for Examples

**Capital Improvements  
Joint Bond Review Committee**

**HUGH K. LEATHERMAN, SR.**  
SENATE  
CHAIRMAN

**SENATE MEMBERS**  
HUGH K. LEATHERMAN, SR.  
HARVEY S. PEELER, JR.  
THOMAS C. ALEXANDER  
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**HOUSE MEMBERS**  
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GILDA COBB-HUNTER  
G. MURRELL SMITH  
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**W. BRIAN WHITE**  
HOUSE OF REPRESENTATIVES  
VICE CHAIRMAN

**DIANNE C. CARRAWAY**  
DIRECTOR OF RESEARCH  
SFAA LIAISON  
803-212-6688

**EVELYN SEXTON**  
ADMINISTRATIVE ASSISTANT  
803-212-6677  
FAX: 803-212-6690

December 6, 2017

Ms. Jennifer LoPresti, Capital Budgeting Manager  
Executive Budget Office  
Suite 529, Brown Building  
Columbia, SC 29201

Dear Ms. LoPresti:

At the Joint Bond Review Committee meeting yesterday, the Committee reviewed and recommended approval of the following:

- a) Clemson University's request for construction of an outdoor fitness and wellness center partially funded with General Obligation State Institution Bonds.
- b) The Department of Natural Resources request for exemption of the maintenance or repair/replacement of existing roads and dikes on any DNR-owned land or DNR-controlled state lands from the usual permanent improvement process. Instead, DNR will submit the paperwork necessary to establish the permanent improvement project for review by JBRC staff; the projects will be reported to JBRC at the next meeting.
- c) The 23 permanent improvement projects presented in Summary 3-2018. For the St. Phillips Island acquisition requested by the Department of Parks, Recreation and Tourism, information regarding any compensation and/or tax benefits associated with the conservation easement was requested.

Thank you for your assistance in this matter.

Very truly yours,

Hugh K. Leatherman, Sr.  
Chairman

# South Carolina Department of Natural Resources

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**DNR**

Alvin A. Taylor  
Director

## MEMORANDUM

**DATE:** December 8, 2017  
**TO:** State Fiscal Accountability Authority  
**FROM:** Director Alvin A. Taylor

A handwritten signature in blue ink, appearing to read "AAT", is written over the "FROM:" line.

DNR would like to amend its request of November 29, 2017, with the new language as follows in paragraph 5. During the 2015 Flood, 2016 Hurricane Matthew and 2017 Hurricane Irma numerous state properties under DNR's management suffered damages to their roads and dikes. These damages curtailed or severely restricted the use of those properties by our sportsmen and women.

Because of the existing structure of the JBRC and SFAA, the needed repairs for dikes and roads were subject to their approval. The time constraints for obtaining those required approvals delayed the much needed repairs and, in several cases the erosion continued to spread, ultimately causing more damage and increasing costs for the repairs.

While there are steps in the SC Procurement Code to allow for emergency procurements to minimize the continued erosion and damage to these roads and dikes, there is not an avenue for emergency approvals from JBRC or SFAA.

These repairs are for existing roads and dikes with the intent to put back to pre-disaster condition. We are just repairing what was already there and not actually constructing anything new.

Therefore, we are requesting the Authority approve the following: "For a permanent improvement project for maintenance or repair/replacement of existing roads and dikes on any DNR-owned land or DNR-controlled state lands, approval authority is delegated to the Authority's Executive Director. DNR will submit the paperwork necessary to establish the permanent improvement project. Projects will be reported at the next regularly-scheduled Authority meeting."