

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

**January 27, 2015 -- 9:30 A. M.**

The Budget and Control Board (Board) met at 9:30 a.m. on Tuesday, January 27, 2015, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Paul Koch; Division Director Nolan Wiggins; General Counsel David Avant; Governor's Chief of Staff James Burns; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Committee Chief of Staff Beverly Smith; Board Secretary Delbert H. Singleton, Jr., and other Budget and Control Board staff.

[Secretary's Note: The Board met immediately following a meeting of the Tobacco Settlement Revenue Management Authority, the members of which are the Budget and Control Board members, ex officio.]

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

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

### ***Minutes of Previous Meeting***

Upon motion by Representative White, seconded by Mr. Loftis, the Board approved the minutes of the December 8, 2014, Budget and Control Board meeting; acting as the South Carolina Resources Authority, approved the minutes of the December 8, 2014, Authority meeting; and, acting as the State Education Assistance Authority, approved the minutes of the December 8, 2014, Authority meeting.

***Blue Agenda***

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

***Executive Director's Office, Budget and Control Board: Dual Employment (Blue Agenda #1)***

The John de La Howe School Board of Trustees requested approval of dual employment for the President of John de la Howe School, Dr. Danny Webb. The Agency Head Salary Commission considered the request at its meeting on December 9, 2014, and recommended approval.

The Board approved the request of the John de la Howe School Board of Trustees request to approve dual employment for Dr. Danny Webb, President of John de la Howe.

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

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

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

- (a) County Location: Charleston
- From: Budget and Control Board
- To: City of Charleston
- Consideration: \$700
- Description/Purpose: To grant a 0.024 acre easement for the installation, operation and maintenance of stormwater drainage infrastructure in marshlands adjacent to the Ashley River in the Forest Acres/ West Ashley area. The easement is part of a major drainage improvements project throughout the Charleston peninsula. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

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

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

The Board was asked to approve the following real property conveyance as requested:

- (a) **Agency:** Department of Employment and Workforce  
Acreage: 1.03± acres and a 8,340 square foot office building  
Location: 205/207 East Dekalb Street, Camden  
County: Kershaw  
Purpose: To dispose of surplus real property.  
Price/Transferred To: Not less than appraised value/To be determined  
Disposition of Proceeds: To be retained and/or divided accordingly between the Department of Employment and Workforce and the Budget and Control Board based on federally funded real property requirements and pursuant to Proviso 101.23.

Mr. Eckstrom asked that a modification in procedure be made concerning real property conveyances. He noted that the Board approves property to be sold at the appraised price, but the Board does not get to see the appraisal or the item after an agency is authorized to move forward with disposing of the property. He suggested that a modification be made to the process that would allow for the sale to be approved after the appraisal is circulated to the Board members once it is obtained. He said that Board members could be given 10 days to ask questions, if they had any, concerning the appraisal and then the sale could proceed if there were no questions. Ashlie Lancaster with the Division of General Services appeared before the Board and explained the current process. She explained that General Services works with the agencies once they receive a request to dispose of property. She stated that sometimes the agency already has an appraisal, but if not the agency will obtain the appraisal later. She stated that they do not release the appraisal publicly to keep from pushing down the overall price. She said that if the property does not sell within a year they will usually ask for a new appraisal to ensure that the property is being sold for a price that is fair and reasonable.

Mr. Eckstrom stated that he is concerned that the Board is often asked to approve a sale when they do not know anything about the specifics of the sale. Governor Haley asked Ms. Adams if information about the sale is available before a Board meeting. Ms. Adams stated that if General Services has the appraisal it can be shared with each Board member's office. She said the buyer will not be known because the item approves of the sale of the property. Ms. Adams stated that what is currently being done with the real estate consultants could change this process.

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 4**

---

Governor Haley commended the work the real estate consultants have been doing. She said the consultants are evaluating if the State is making the best use of the resources it has. She said that the process change is something that can be noted to the consultants. Ms. Adams further said that at the time property is sold the Board can be informed of the buyer and the cost. She said the approval at that point has already been granted by action of the Board. Mr. Eckstrom said the point he is making is one of accountability that explains the rationale behind the action the Board took. Governor Haley suggested making note of the change with the consultants for them to account for it in their report.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board approved the following real property conveyance as requested [Secretary's Note: The Board discussed this matter separately from other Blue Agenda items.]:

- (a) **Agency:** **Department of Employment and Workforce**  
**Acreage:** 1.03± acres and a 8,340 square foot office building  
**Location:** 205/207 East Dekalb Street, Camden  
**County:** Kershaw  
**Purpose:** To dispose of surplus real property.  
**Price/Transferred To:** Not less than appraised value/To be determined  
**Disposition of Proceeds:** To be retained and/or divided accordingly between the Department of Employment and Workforce and the Budget and Control Board based on federally funded real property requirements and pursuant to Proviso 101.23.

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

***Executive Director: Revenue Bonds (Blue Agenda Item #4)***

The Board approved the following proposals to issue revenue bonds:

- a. **Issuing Authority:** Jobs-Economic Development Authority  
**Amount of Issue:** Not Exceeding \$3,000,000 Economic Development Revenue Bond  
**Allocation Needed:** -0-  
**Name of Project:** Coker College  
**Employment Impact:** maintain 180 jobs and add 1 job within 24 months  
**Project Description:** constructing and equipping a new residence hall to accommodate enrollment  
**Note:** *private sale*  
**Bond Counsel:** Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P. A.  
(Exhibit 4)

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 5**

- b. Issuing Authority: State Housing Finance and Development Authority  
 Amount of Issue: Not Exceeding \$13,000,000 Multifamily Housing Revenue Bonds  
 Allocation Needed: -0-  
 Name of Project: West Village  
 Employment Impact: N/A  
 Project Description: to finance the acquisition and renovation of a 57-unit apartment development known as The Harbor at West Village, a 66-unit apartment development, known as The Gallery at West Village, a 42-unit apartment development, known as The Haven at West Village  
 Bond Counsel: Sam W. Howell, IV, Howell Linkous & Nettles, LLC  
 (Exhibit 5)

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

The State Treasurer’s Office provided the following notification of the assignment of bond counsel for conduit issues, other revenue issues, and special assignment for bond counsel for which Board approval was requested:

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

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$7,500,000 SC JEDA	Sweet Grass Ventures – Myrtle Beach	Nexsen Pruet	Parker Poe
\$7,500,000 SC JEDA	Sweet Grass Ventures - Summerville	Nexsen Pruet	Parker Poe
\$3,000,000 SC JEDA	Coker College	Haynesworth Sinkler Boyd	Howell Linkous & Nettles
\$5,000,000 SC JEDA	Associated Packaging, Inc. and D&D Investments and Construction	Haynesworth Sinkler Boyd	Nexsen Pruitt
\$339,000,000 SC JEDA	PEG Chester Energy Center	Haynesworth Sinkler Boyd	Parker Poe

**OTHER REVENUE ISSUES:**

Description of Issue	Agency/Institution	Approved Bond Counsel
\$10,492,767 Borrower VRE II, LLC	SC State Housing Finance & Develop Authority	Parker Poe

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 6**

---

**SPECIAL ASSIGNMENT OF BOND COUNSEL:**

Description of Issue	Agency/Institution	Approved Bond Counsel
To advise the Univ. regarding restructuring existing debt and ownership structures related to the Horizon and Discovery garages, including assessing financing alternatives.	University of South Carolina	Pope Zeigler

April Lucas with Nexsen Pruitt appeared before the Board on this matter. Mr. Loftis noted that Ms. Lucas' firm provides a preliminary estimate of cost, but that he would like to receive the hard costs for the transactions. Mr. Loftis asked Ms. Lucas if she would commit to giving his office those costs within 30 days of the closing. Ms. Lucas said that she is not sure that she can do that and that the client has to authorize that being done. She said that she would be willing to provide her firm's fees after the fact.

Mr. Loftis stated that he is concerned about JEDA's cost for these transactions and that he has been trying to get the costs for two years and he has not received those costs. He stated that this is a tax subsidized plan to allow businesses and others to save money for reinvestment to create jobs. He stated that he does not understand why the costs of the transactions cannot be provided. Mr. Eckstrom asked Mr. Loftis if he was speaking of the costs for issuer's or borrower's counsel. Mr. Loftis said he was speaking of both. He said the Treasurer's Office has spent significant time trying to find out the costs of the transactions. He commented that no one knows what the costs are for JEDA financing. Mr. Eckstrom stated that the cost comes out of the bond proceeds and it is the borrower that pays the costs and not the State. Mr. Loftis said the transactions are tax subsidized transactions that are paid by the taxpayers. He said that the State puts out tens or hundreds of millions of dollars in tax subsidized debt and it is not known what the costs of doing so are.

Ms. Lucas commented that the bond lawyers are not trying to hide anything. She said from a standpoint of client confidentiality the bond lawyers have some ethical rules as lawyers with which they must comply. She commented that the costs of the transactions are based on a market driven rate and that the borrowers are sophisticated consumers who are able to select bond counsel, underwriters, and other service providers after they have done their own due diligence about rates and fees. In response, Mr. Loftis stated that a lot of the consumers are not

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 7**

---

sophisticated who are in the debt business.

Harry Huntley, JEDA's Executive Director, also appeared before the Board. He stated that the bonds JEDA issues are not tax subsidized bonds. He said it is important to understand that there is no subsidy from the State of South Carolina for these bonds. He said JEDA's bonds are tax exempt. He noted that very sophisticated bondholders buy JEDA's bonds. He commented that buyers from out-of-state buy JEDA bonds that are federally tax exempt. He said if a bondholder is in South Carolina that bondholder is also exempt from State income tax. He stated that the bonds are not subsidized by the State and JEDA does not receive state funding. Mr. Loftis commented that the bonds are subsidized by the federal government and that everyone pays that tax. He said because there is no tax on municipal financing everyone subsidizes it. He said there is a movement to change the federal subsidized bonds and he wants to know the costs of the transactions to prevent changes to the program. Mr. Loftis said that he is concerned that the subsidies will be taken away if it is seen that the states are not protecting the costs. He said that it is an embarrassing situation not to know how much the issuances cost.

Mr. Huntley stated there is an IRS Form 8038 that is filed after every transaction is completed. He said the Form 8038 has an issuance cost line on it. He said he has reviewed all of JEDA's Form 8038 for the last four years. He stated there is a maximum limit of 2% that can come from the bond proceeds for the issuance cost. He noted that only five transactions in the last four years have had 2%. He said the borrowers involved in these transactions are sophisticated and are not start up entities.

In further discussion, Mr. White commented that his concern with JEDA issues is the job creation aspect. He asked if there is any way to determine the number of jobs that actually come about as a result of the bond issuances. Mr. Huntley said that JEDA does track that information. He noted that transactions involving hospitals tend to create the largest number of jobs. He stated that non-profit organizations are among the largest job producers as a result of these transactions. Mr. White said that he wanted to see the information that JEDA is tracking relating to job creation.

Ms. Lucas commented that she has done a lot of bond work in other states and that JEDA has a good reputation among the underwriting community. She said that is because JEDA has a very good process and she asked the Board to be mindful not to overregulate the process.

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 8**

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board approved the referenced bond counsel assignments.

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

***Division of General Services: SC Office of Regulatory Staff Lease (Regular Session Item #2)***

The SC Office of Regulatory Staff (ORS) requested approval to lease 30,700 rentable square feet located at 1401 Main Street in Columbia from MS Joint Venture/EM&L. The agency currently leases 25,859 RSF at the same location and is seeking the additional square footage to accommodate space for South Carolina Energy Office staff moving to ORS as part of the Restructuring Act.

A solicitation was conducted and two (2) responses were received, of which the selected location was the only responsive bid. The lease term will be five (5) years beginning September 1, 2015, at a rate of \$14.70 per square foot for the first year. Thereafter, basic rent increases annually as shown in the chart below.

<b>Initial Term</b>	<b>Period (From-To)</b>	<b>Annual Rent</b>	<b>Monthly Rent</b>	<b>Rent per SF</b>	<b>Max Potential Excess Operating Costs</b>
YEAR 1	09-01-2015 to 08-31-2016	\$451,290	\$37,607.50	\$ 14.70	\$0.00
YEAR 2	09-01-2016 to 08-31-2017	\$458,351	\$38,195.92	\$ 14.93	\$11,666.00
YEAR 3	09-01-2017 to 08-31-2018	\$465,105	\$38,758.75	\$ 15.15	\$23,946.00
YEAR 4	09-01-2018 to 08-31-2019	\$472,166	\$39,347.17	\$ 15.38	\$36,840.00
YEAR 5	09-01-2019 to 08-31-2020	\$478,920	\$39,910.00	\$ 15.60	\$50,348.00
Total		2,325,832.00			\$122,800.00



**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 9**

The agency will pay any pro-rata operating cost escalations up to a cap of five (5) percent over the preceding year. The lease includes up to 92 spaces of Landlord subsidized parking, with employees responsible for \$10 per space per month. The following table represents comparable lease rates of similar business space in the Columbia area:

<b>Agency</b>	<b>Address</b>	<b>Lease Term</b>	<b>Initial Rate/SF</b>	<b>Final Rate/SF</b>	<b>Max Potential Excess Operating Costs</b>
Workers Compensation Commission	1333 Main Street	6/1/09-4/30/16	\$13.25	\$15.75	\$50,974.88 Over 7 years
Department of Insurance	1201 Main Street	3/1/14-2/28/21	\$15.50	\$17.46	0.00
Health and Human Services	1801 Main Street	7/1/13-6/30/23	\$14.15	\$16.18	\$306,037.27 Over 10 years

Additionally, there are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the Agency. The lease was approved by JBRC at its January 21, 2015 meeting.

Mr. Eckstrom asked why the lease is coming to the Board before the property study is available. Ms. Adams stated that ORS is one of the agencies that will be affected by the restructuring act. Ms. Lancaster said that the report will look at property the State owns that may be ready for disposition. She said the larger effort by the real estate consultant will go through next October and at that time the State will receive a comprehensive strategic plan that will provide recommendations on the leasing process. She stated that General Services asked the consultant to review this leasing contract and the consultant concurs with the proposed leasing term. Ms. Adams added that one of the things the consultant is reviewing is whether it makes sense to continue to invest in space that the State currently owns or will it be more efficient to lease and sell the space.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the proposed 5 year lease and extended 5 year term for the Office of Regulatory Staff at 1401 Main Street in Columbia. Mr. Eckstrom abstained from voting on the item.

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

***Executive Budget Office: Permanent Improvement Projects (Regular Session Item #3)***

The Board was asked to approve permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee.

With regard to item 3(j) Mr. Loftis stated that his recollection was that all of the data centers were to be moved to one location to aggregate costs among everyone. Governor Haley said that there are questions concerning item 3(j) and asked that it be carried over.

Mr. Loftis further asked with regard to item 3(g) concerning Coastal Carolina University if the item was an \$18 million cash transaction. Stacey Bowie , Vice-president for Finance and Administration for Coastal Carolina University, stated that this is a cash transaction.

Mr. Eckstrom said that item 3(l) is another example of whether the real estate consultant's report will be considered before giving approval to the item. Ms. Adams said the consultant's final report will look at the usage of land and strategies and recommendations for the usage of land, but that will be in October. She stated that she is not aware of any other parameters concerning this item that would delay a decision. Mr. Eckstrom stated that the study could point out that there is other property available in the Sumter area that the Department of Mental may not be aware is available. He inquired if the Department of Mental should first consider the report once it is finished before approval is given for the Department to look into acquiring property. Ms. Adams responded the strategies will be set in October for how best to use those resources that have been identified. Mr. Eckstrom asked if the inventory of property will be available next month to which Ms. Adams responded that is correct.

Mr. Eckstrom further asked if time is of the essence concerning item 3(l). Mark Binkley with the Department of Mental Health appeared before the Board on this matter. He stated that if one were to ask the staff in the current location if timing is critical the answer would be "yes". He acknowledged that the Department has been working on this matter for many months. Mr.

Loftis asked if the Department has checked for other state owned buildings. Mr. Binkley said this project is to build a new mental health center. He stated the Department has worked with the City of Sumter and the local legislative delegation to find an existing adequate location, but the chances of doing so are slim.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the following permanent improvement project establishment requests and budget revisions except as otherwise noted herein. Mr. White abstained from voting on item 3(h).

Upon a motion by Mr. Loftis, seconded by Mr. White, the Board voted to carryover item 3(j). Senator Leatherman abstained from voting on the motion.

### **Establish Project for A&E Design**

- (a) Summary 4-2015: JBRC Item 3. College of Charleston  
Project: 9659, 11 Glebe Street Renovation  
Funding Source: \$16,500 Other, Capital Improvement Project Funds, which are generated by proceeds of the \$781 per semester Capital Improvement Fee that are in excess of the amount needed to pay the current debt service on bonds.  
Request: Establish project and budget for \$16,500 (Other, Capital Improvement Project Funds) to begin design work to renovate the historic house at 11 Glebe Street at the College of Charleston. The renovation will convert the 3,230 square foot building from housing to academic support offices in an effort to better preserve the historic building and address E&G space shortages. Built in 1854, the building has significant structural and asbestos issues. The building is not currently on the College's IT network or fire alarm system, therefore network cabling and a fire sprinkler installation will need to be installed to support this building's use as an E&G facility. The renovation will slightly modify the interior layout to make it more functional as office space and to make the building ADA accessible. Building systems will also be replaced. The renovated facility will house the School of Language, Culture, and World Affairs Dean and six staff members. The Dean's Office serves as the central office to address the needs of students and faculty within the school.
- (b) Summary 4-2015: JBRC Item 4. College of Charleston  
Project: 9660, Lesesne House Renovation  
Funding Source: \$42,000 Other, Capital Improvement Project Funds, which are generated by proceeds of the \$781 per semester Capital Improvement Fee that are in excess of the amount needed to pay the current debt service on bonds.  
Request: Establish project and budget for \$42,000 (Other, Capital Improvement Project Funds) to begin design work to renovate the historic houses at 14 Green Way. The renovation will convert the buildings from student housing to academic

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 12**

---

support offices in an effort to better preserve these prominent historic buildings, as well as address E&G space shortages. Built in 1846, the Knox Lesesne House and the Knox Lesesne Carriage House have significant structural and asbestos issues and have not received a major renovation in over 40 years. The renovation will slightly modify the interior to make it more functional as office space and make the building ADA accessible. The project will also include the replacement of building systems and the installation of a fire sprinkler system. The renovated buildings will house the Office of Sustainability and the Office of Economic Development.

(c) Summary 4-2015: JBRC Item 5. State Board for Technical and Comprehensive Education

Project: 6099, Horry-Georgetown - Advanced Manufacturing Center Construction

Funding Source: \$90,000 Other, College Funds, which are excess revenues from a variety of sources acquired over time to address capital improvements and maintenance needs.

Request: Establish project and budget for \$90,000 (Other, College Funds) to begin design work to construct a 30,000 square-foot, commercial, prefabricated metal building in the business park across from the Horry-Georgetown Technical College's Conway Campus. The land for the proposed construction is being donated to the College by Horry County. The building will be used to house the College's Advanced Manufacturing Programs, which includes the CNC/Machine Tool, Welding, Robotics and Mechatronics programs. The College has outgrown its existing academic space for these programs, and needs additional instructional space to support increased industry demands.

(d) Summary 4-2015: JBRC Item 6. State Board for Technical and Comprehensive Education

Project: 6100, Piedmont - Building "B" Renovation

Funding Source: \$30,000 Other, College funds, which are a combination of a dedicated \$150 per semester capital improvement fee included in tuition and residual balance transfers approved by the college's Area Commission.

Request: Establish project and budget for \$30,000 (Other, College Funds) to begin design work to renovate 8,400 square feet and add 3,150 square feet to the "B" Building at Piedmont Technical College. The facility is occupied by student support, academics and continuing education, which includes financial aid, admissions, classrooms and training. The current space design does not accommodate the current demands. The 19,830 square foot "B" Building was built in three phases in the years 1982, 1985 and 1989. Other than routine maintenance and restroom renovations, no major renovations have taken place since the building was built. In order to provide and accommodate the required space for student services, it is necessary to renovate the existing layout and offer a "one-stop-shop" environment by providing new and returning students the essential resources in one building. The renovation process will address building and energy codes.

- (e) Summary 4-2015: JBRC Item 1. Mental Health Department  
Project: 9737, State Veterans Nursing Home Construction  
Funding Source: \$500,000 Other, Capital Improvement and Maintenance Funds which are funds authorized pursuant to Proviso 35.14 of FY 2014 and may include Medicaid fee-for service earned revenue, legal settlements and other one-time funding sources.  
Request: Establish project and budget for \$500,000 (Other, Capital Improvement and Maintenance Funds) to begin design work to construct a 220 bed veterans nursing home on the campus of the Tucker Nursing Care Center in Richland County. The new facility will have all private rooms and will include a kitchen, dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The FY 2014-15 General Appropriations Bill, per Proviso 35.13, directed the Department of Mental Health, in conjunction with the Governor's Office Division of Veterans Affairs, to conduct a feasibility study to determine whether there is a need for additional veterans nursing homes in the state. The study has revealed a need for additional beds specifically for veterans.
- (f) Summary 4-2015: JBRC Item 7. Department of Motor Vehicles  
Project: 9609, Orangeburg DMV Renovations  
Funding Source: \$4,875 Other, DMV Miscellaneous Revenue Funds, which are DMV operating revenues that have been set aside for capital improvements.  
Request: Establish project and budget for \$4,875 (Other, DMV Miscellaneous Revenue funds) to begin design work to renovate the Orangeburg office of the Department of Motor Vehicles. The project will renovate the entire 2,500 square foot facility and will include data, telephone, and building renovations along with asbestos abatement. The renovations will increase the flow of customers through the office by increasing the number of customer service counters by 25% and creating a dedicated enclosed testing area for knowledge testing. The renovation will also address ADA deficiencies in the office area, create two new offices, replace the HVAC system and duct work, and upgrade the building electrical system. The current facility was built in 1975 and has not undergone significant renovation since that time.

### **Establish Construction Budget**

- (g) Summary 4-2015: JBRC Item 8. Coastal Carolina University  
Project: 9602, Academic Classroom/Office Building II Construction  
Funding Source: \$18,000,000 Other, One Cent Sales Tax funds, which are funds from a local option sales tax which was implemented in March 2009 and is in effect for 15 years. These funds are dedicated for construction, land acquisition and to offset debt service.  
Request: Establish construction budget for \$18,000,000 (add \$17,730,000 Other, One Cent Sales Tax Funds) to construct an approximately 52,000 square foot office

and classroom facility at Coastal Carolina. The project was approved for pre-design in January 2014, which is now complete. The facility will house approximately 100 faculty and staff offices and 15 to 18 general purpose classrooms ranging in size to provide approximately 500 to 600 additional classroom seats. The facility is needed to support faculty growth and the expanding student population, which is growing each year toward 12,500 students in 2020. Office space has been carved out of every academic building on campus and many faculty members are sharing offices, which hinders student counseling and advisement. The facility will be constructed to LEED Silver certification and will include energy, water-sewer and other measures. The LEED cost-benefit analysis shows a positive cost benefit of \$660,078 over 30 years. The agency reports the total projected cost of this project is \$18,000,000 with additional annual operating costs of \$200,000 in the first three years after project completion. The agency also reports the projected date for the execution of the construction contract is January 2016 with completion of construction in May 2017. (See attachment 1 for this agenda item for additional annual operating costs.)

(h) Summary 4-2015: JBRC Item 9. State Board for Technical and Comprehensive Education

Project: 6101, Tri-County - Veterinary Technology Animal Care Facility Construction  
Funding Source: \$1,750,000 Other, County Capital Appropriation funds, which are funds appropriated to the college by county government for renovations and capital improvements.

Request: Establish project and budget for \$1,750,000 (Other, County Capital Appropriation funds) to construct an approximately 5,500 square foot veterinary technology animal care facility at Tri-County Technical College. This project will replace the current Care Facility at Halbert Hall which is over 30 years old and allow the Veterinary Technology program to maintain accreditation by the American Veterinary Medical Association. Tri-County's Veterinary Technology program is one of only two programs in the state, with a 90% placement rate for its graduates. In addition to meeting accreditation requirements, this project will allow Tri-County Technical College to expand enrollment in this program. Upon completion, 80 students will utilize the facility (up from the current 50), with a maximum capacity of 112 students. This project was originally initiated as a college project under \$1,000,000, however after the initial design was completed and the project was bid all bids exceeded the initial estimates. The primary reason for the increased cost is the more sophisticated HVAC system required to meet new hygiene standards. The HVAC system must be capable of drying spaces that are washed three times per day and must be non-recirculating to prevent the spread of infectious airborne diseases. This requires additional tonnage and ducting of the system. The agency reports that the total projected cost of this project is \$1,750,000. There may be some additional annual operating costs due to the HVAC load but these cannot be quantified at this time. The agency also reports the

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 15**

---

projected date for execution of the construction contract is March 2015 with completion of construction in October 2015.

- (i) Summary 4-2015: JBRC Item 10. Office of the Adjutant General  
Project: 9788, 2014-15 Statewide Repairs  
Funding Source: \$5,332,500, which includes \$1,332,500 Capital Reserve Funds which were appropriated for this purpose, \$1,000,000 State Appropriated funds which were appropriated for this purpose via Proviso 118.16 and \$3,000,000 Federal funds, which are National Guard Bureau Armory Maintenance Funds awarded as matching funds for these projects.  
Request: Establish construction budget for \$5,332,500 (add \$3,000,000 Federal funds) to repair National Guard armories statewide. The project was established for pre-design in October 2014 with appropriated funds legislatively authorized for armory maintenance and repairs and requires no pre-design work. This will add the federal matching funds to the project. The project will include work in at least 22 readiness centers and armories and will include replacing roofs, windows, doors and an HVAC system, as well as repairing parking, renovating latrines and performing other maintenance projects. Energy savings and conservation measures will include the installation of energy efficient roofs, windows and lighting. The agency reports the total projected cost of this project is \$5,332,500 and no additional operating costs will result from the project. The agency also reports the projected date for execution of the construction contracts is June 2015 with completion of construction is November 2015. (See attachment 2 for this agenda item for additional annual operating costs.)
- \*(j) Summary 4-2015: JBRC Item 2. Budget and Control Board (**\*This item was carried over**)  
Project: 9933, Gressette-Collins Building - PEBA New Generator  
Funding Source: \$272,650 Other, PEBA fund which are funds made available to SCRS and EIP from their respective trust funds for the administration of the agency.  
Request: Establish project and budget for \$272,650 (Other, PEBA funds) to install a 250 kW diesel generator for the SC Public Employee Benefit Authority's (PEBA's) data center, located at the Gressette-Collins Building in Richland County. The project was established for pre-design in April 2014, which is now complete. The generator is necessary to provide backup power to PEBA's data center, including air conditioning units, lights and all computer equipment. The data center currently receives backup power via an Uninterruptible Power Supply (UPS) that only provides a very short window of power allowing them to shut down systems in the event of a power failure. The new generator will provide 48 hours of backup power to existing UPS equipment and air conditioning units in the second floor server room. The agency reports the total projected cost of this project is \$272,650 and that no additional operating costs are anticipated in the three years following project completion. The agency plans to execute the construction contract in February 2015 with completion of

construction in May 2015.

- (k) Summary 4-2015: JBRC Item 11. Department of Motor Vehicles  
Project: 9608, Anderson DMV Renovation  
Funding Source: \$350,000 Other, DMV Miscellaneous Revenue funds, which are DMV operating revenues that have been set aside for capital improvements.  
Request: Establish construction budget for \$350,000 (add \$344,750 Other, DMV Miscellaneous Revenue funds) to renovate the Department of Motor Vehicles facility in Anderson County. The project was approved for pre-design in June 2014, which is now complete. The scope of the project will include building renovations, data and telephone infrastructure and asbestos abatement for the 4,800 square foot facility. The Department of Motor Vehicles currently shares this facility with the Department of Public Safety, however the Department of Public Safety is moving out of this location and into a larger space. This will allow the Department of Motor Vehicles to expand into the remaining portion of the facility, adding customer workstations, renovating restrooms and replacing the current flooring with slip-resistant flooring. The facility is 42 years old and, other than HVAC and lighting systems, all equipment is original to the building. The renovations will help to improve wait times at the facility, which is one of the 15 busiest offices in the state and currently has high customer wait times compared to similar facilities. The agency reports the total projected cost of this project is \$350,000 with additional annual operating costs of \$7,000 in the first three years after completion of construction. The agency also reports the projected date for execution of the construction contract is September 2015 with completion of construction in December 2015.

**Establish Project for Preliminary Land Studies**

- (l) Summary 4-2015: JBRC Item 12. Department of Mental Health  
Project: 9738, Santee Wateree Mental Health Center Land Acquisition  
Funding Source: \$20,000 Other, Capital Improvement and Maintenance funds, which are funds authorized pursuant to Proviso 35.14 of FY 2014 and may include Medicaid fee-for service earned revenue, legal settlements and other one-time funding sources.  
Request: Establish project and budget for \$20,000 (Other, Capital Improvement and Maintenance Funds) to procure the investigative studies required to adequately evaluate the property prior to purchase. The Department of Mental Health is considering the purchase of approximately six acres of land in Sumter for the construction of a new Santee Wateree Mental Health Center. The existing 13,318 square foot center, located on a two acre tract of land, is 43 years old and is too small to accommodate current programmatic offerings and community needs. The construction of a new mental health center in the area would allow the Department to consolidate various programs currently in leased space under one roof and provide more efficient services to the community. The new proposed facility would be approximately 40,000 square feet.



**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 17**

---

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

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

The Executive Budget Office recommended approval of real property acquisitions as noted herein.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the following real property acquisitions as requested by the Executive Budget Office.

- |     |                                |  |
|-----|--------------------------------|--|
| (a) | Agency:                        | Horry-Georgetown Technical College                         |
|     | Acreage:                       | Approximately 3.5 Acres                                    |
|     | Location:                      | Atlantic Center Business Park                              |
|     | County:                        | Horry  |
|     | Purpose:                       | To construct an Advanced Manufacturing Center              |
|     | Appraised Value:               | N/A  |
|     | Price/Seller:                  | Donation/Horry County                                      |
|     | Source of Funds:               | N/A  |
|     | Project Number:                | 9094   |
|     | Environmental Study:           | Approved   |
|     | Building Condition Assessment: | N/A  |
|     | Additional Annual Op Cost/SOF: | N/A  |
|     | Current Year Property Tax:     | N/A  |
|     | Approved By:                   | JBRC Staff 1/21/2015                                       |
|     |                                |  |
| (b) | Agency:                        | Technical College of the Lowcountry                        |
|     | Acreage:                       | Approximately 0.54 Acres                                   |
|     | Location:                      | 114 Elliot Street  |
|     | County:                        | Beaufort   |
|     | Purpose:                       | To allow for future expansion                              |
|     | Appraised Value:               | \$240,000  |
|     | Price/Seller:                  | \$240,000/Stephanie Edwards                                |
|     | Source of Funds:               | Other, Local Capital Funds                                 |
|     | Project Number:                | 6095   |
|     | Environmental Study:           | Approved   |
|     | Building Condition Assessment: | Approved   |
|     | Additional Annual Op Cost/SOF: | Net income from rental activity until needed for expansion |
|     | Current Year Property Tax:     | \$3,347.47   |
|     | Approved By:                   | JBRC Staff 1/21/2015                                       |

**Minutes of Budget and Control Board Meeting**  
**January 27, 2015 – Page 18**

---

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

***Future Meeting***

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board agreed to meet at 9:30 a.m. on Tuesday, March 3, 2015, in Room 252, Edgar A Brown Building.

***Adjournment***

The meeting adjourned at 10:20 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 4:30 p.m. on Friday, January 23, 2015.]