

## **MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING**

**August 23, 2016 – 10:00 A. M.**

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, August 23, 2016, 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 State Fiscal Accountability Authority Director Grant Gillespie; Authority General Counsel Keith McCook; Governor's Deputy Chief of Staff Austin Smith; 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 Chief of Staff Beverly Smith; Authority Secretary Delbert H. Singleton, Jr., and other State Fiscal Accountability Authority staff.

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

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority adopted the State Fiscal Accountability Authority agenda as proposed.

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

Mr. Loftis stated that he had changes to be made to the minutes. He asked if the changes could be made or should the minutes be carried over to allow for the changes to be made. Senator Leatherman suggested that the minutes be approved contingent upon staff agreement of the changes submitted by Mr. Loftis.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority agreed to carryover the minutes pending Mr. Loftis' amendments to the minutes.

### ***Blue Agenda***

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority

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unanimously approved blue agenda items #1, #2, #3, #4, and #6 as noted herein.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved blue agenda items #5.a, #5.c, #5.d, and #5.f as noted herein. Governor Haley, Senator Leatherman, and Mr. Eckstrom voted for the items. Mr. Loftis and Mr. White abstained from voting on the items.

Upon a motion by Mr. Loftis, seconded by Mr. White, the Authority voted to carryover blue agenda item #5.b. as noted herein. Governor Haley, Mr. Loftis, Mr. Eckstrom, and Mr. White voted for the motion. Senator Leatherman voted against the motion.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority voted to approve blue agenda item #5.e. as noted herein. Governor Haley, Mr. Loftis, Mr. Eckstrom, and Senator Leatherman voted for the item. Mr. White voted against the item.

***State Treasurer's Office: Bond Counsel Selection (Blue Agenda Item #1)***

The Authority approved the referenced bond counsel assignment as recommended by the State Treasurer's Office:

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

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$ 130,000,000 SC JEDA	Carealliance Health Services dba Roper St. Francis Healthcare	Haynsworth Sinkler Boyd	Howell, Linkous & Nettles
\$ 27,000,000 SC JEDA	Harborchase of Riverwalk	Parker Poe Adams & Bernstein	Haynsworth Sinkler Boyd
\$ 75,000,000 SC JEDA	Presbyterian Communities of South Carolina	Haynsworth Sinkler Boyd	McNair Law Firm
\$17,500,000 SC JEDA	The Citadel Real Estate Foundation	Haynsworth Sinkler Boyd	Nexsen Pruet
\$30,000,000 SC JEDA	Wesley Commons	Haynsworth Sinkler Boyd	Pope Zeigler, LLC

**OTHER REVENUE ISSUES:**

Description of Issue	Agency/Institution	Approved Bond Counsel
\$22,900,000 Coastal Carolina University	Coastal Carolina University	Pope Flynn
\$51,000,000 Clemson University	Clemson University	Pope Flynn

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\$63,000,000	Clemson University	Clemson University	Pope Flynn
\$10,000,000	Lander University	Lander University	Pope Flynn

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

***Department of Administration, Executive Budget Office: Attorney General FTE Change in Source of Funding (Blue Agenda Item #2)***

The Attorney General's Office received a \$2.5 million general fund increase in the FY 2016-17 Appropriation Act which was offset by a decrease in Other Fund authorization. The Appropriation Act, however, did not include a change in the source of funding for FTEs impacted by the change in funding for the Attorney General's Office. As a result, a change in the source of funds from Other Funds to General Funds for 33.00 FTEs was requested by the Attorney General's Office. This action will not result in an increase in the total number of FTEs for the Attorney General's Office.

The Department of Administration, Executive Budget Office pursuant to Proviso 117.14(1) of the FY 2016-17 Appropriation Act which states "[t]hat no state agency exceed the total authorized number of full-time equivalent positions and those funded from state sources as provided in each section of this act except by majority vote of the State Fiscal Accountability Authority" requested a source in fund change for 33.00 Other Funded positions to General Funded positions for the Attorney General's Office.

As recommended by the Department of Administration, Executive Budget Office, the Authority approved the request to change the source of funding for 33.00 FTEs from Other Funds to General Funds for the Attorney General's Office.

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

***Department of Administration, Real Property Services: Easement (Blue Agenda Item #3)***

The Authority approved granting the referenced easement as recommended by the Department of Administration, Division of General Services:

- (a) County Location: Richland  
From: Department of Mental Health

- To: City of Columbia  
Consideration: \$1  
Description/Purpose: To grant a 8.141 acre easement for the purpose of maintaining, operating and reconstructing existing roadways (Faison Drive, Beckman Road and Jessamine Street) located on the grounds of the Department of Mental Health's Crafts Farrow State Hospital, Bryan Psychiatric Hospital and Morris Village. Road improvements are one of the services the City is providing to the State pursuant to the City of Columbia Annexation Ordinance No. 2006-062 approved by the Budget and Control Board at its March 21, 2006 meeting. The easement is being sought by the Department of Mental Health for the benefit of the property. Real 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.
- (b) County Location: Richland  
From: Department of Mental Health  
To: Central Midlands Regional Transit Authority (COMET)  
Consideration: \$1  
Description/Purpose: To grant a 10'x10' easement for the purpose of constructing, installing, maintaining, operating, repairing, altering and replacing a public transportation system stop, including a bus shelter, bench, bike rack, garbage can and any other improvements reasonably related to the operation of a public transportation system stop. COMET will erect a handicapped accessible shelter for the Bull Street bus stop. The easement is being sought by the Department of Mental Health for the benefit of the property. Real Property Services has determined that the Department 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: Richland  
From: Midlands Technical College  
To: City of Columbia  
Consideration: \$1  
Description/Purpose: To transfer title to water lines together with a 0.03 acre easement for the purpose of ingress, egress, operation and maintenance of said lines serving the new Midlands Technical College's Beltline Campus Library and Classroom/Building. The easement is being sought by the College for the benefit of the property. Real Property Services has determined that the College 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.

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

***Division of Procurement Services: Procurement Audits and Certifications (Blue Item #4)***

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

- a. South Carolina Arts Commission (for a period of three years): supplies and services, \$100,000\* per commitment; information technology, \$100,000\* per commitment; printing and design – included under information technology.

The South Carolina Arts Commission requested to remain at its current certification levels minus printing and design. Printing and design certification is covered under Information Technology. The Commission complies with the South Carolina Consolidated Procurement Code, State regulations, and the Commission's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. Procurement Services recommends the State Fiscal Accountability Authority grant the South Carolina Arts Commission the certification limits noted above.

- b. SC Department of Motor Vehicles (for a period of three years): supplies and services, \$350,000\* per commitment; consultant services, \$350,000\* per commitment; information technology, \$150,000\* per commitment.

The South Carolina Department of Motor Vehicles requested an increase in its certification levels. The Department complies with the South Carolina Consolidated Procurement Code, State regulations, and the Department's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. Procurement Services recommends the State Fiscal Accountability Authority grant the South Carolina Department of Motor Vehicles the certification limits noted above.

The Authority granted procurement certifications, in accord with Section 11-35-1210, for the following agencies within the parameters described in the audit report for the following limits

(total potential purchase commitment whether single-or multi- year contracts are used):

- a. South Carolina Arts Commission (for a period of three years): supplies and services, \$100,000\* per commitment; information technology, \$100,000\* per commitment; printing and design – included under information technology.

The South Carolina Arts Commission requested to remain at its current certification levels minus printing and design. Printing and design certification is covered under Information Technology. The Commission complies with the South Carolina Consolidated Procurement Code, State regulations, and the Commission's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. Procurement Services recommends the State Fiscal Accountability Authority grant the South Carolina Arts Commission the certification limits noted above.

- b. SC Department of Motor Vehicles (for a period of three years): supplies and services, \$350,000\* per commitment; consultant services, \$350,000\* per commitment; information technology, \$150,000\* per commitment.

The South Carolina Department of Motor Vehicles requested an increase in its certification levels. The Department complies with the South Carolina Consolidated Procurement Code, State regulations, and the Department's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. Procurement Services recommends the State Fiscal Accountability Authority grant the South Carolina Department of Motor Vehicles the certification limits noted above.

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

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

The Authority adopted resolutions approving the referenced proposals to issue revenue bonds as noted herein: The projects require approval under State law. Ceiling allocation requests were approved in a separate item.

- a. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$11,000,000 Education Facilities Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Oceanside Collegiate Academy  
Employment Impact: direct employment of 35 people within 12 months and the indirect employment for those engaged in construction of OCA, which employees will be from the town and adjacent areas

Project Description: charter school authorized by the South Carolina Public Charter School District with a mission to serve grades high school students to be located in Mt. Pleasant, SC

*Note:* *public sale*

Bond Counsel: Emily S. Luther, Parker Poe Adams & Bernstein, LLP  
(Exhibit 5)

b. Issuing Authority: Jobs-Economic Development Authority—**CARRIED OVER**

Amount of Issue: \$75,000,000 Economic Development Revenue Bonds

Allocation Needed: -0-

Name of Project: Presbyterian Home of South Carolina (d/b/a Presbyterian Communities of South Carolina)

Employment Impact: 500 (create – temporary construction); (create – permanent); 729 (maintain)

Project Description: The (a) acquisition, construction, furnishing, and equipping of (i) an approximately 88-bed skilled nursing care health center at its existing continuing care retirement community located at 201 West 9<sup>th</sup> Street, in Summerville, (ii) approximately eighteen additional independent living apartments and related amenities at The Village at Summerville, and (iii) approximately twelve additional independent living apartments and related amenities at its existing continuing care retirement community located at 205 Bud Nalley Drive in Easley; and (b) refinancing of certain indebtedness incurred to finance the acquisition, construction, furnishing, and equipping of certain capital projects at The Village at Summerville, at the Foothills Community, at its existing continuing care retirement communities located at 700 DaVega Drive in Lexington, at 801 Musgrove Street in Clinton, and at 2350 West Lucas Street in Florence.

*Note:* *negotiated private sale*

Bond Counsel: F. Mitchell Johnson, Jr., Haynsworth Sinkler Boyd, P. A.  
(Exhibit 6)

Mr. Loftis motioned to carry over blue agenda item #5.b to the next meeting. Mr. White seconded the motion.

Mr. Loftis said his office received a tremendous amount of information on this item at the last minute. He stated that they asked for clarification on the item and the clarification that was received made the situation worse. He said the transaction should be carried over because it would not be one that is befitting of the State. Senator Leatherman asked Mr. Loftis when he received the information to which Mr. Loftis replied that he received the last letter around 4:00 p.m. the day before the Authority meeting.

Mr. Loftis noted that this is a \$75 million transaction and the financial advisor fee is \$860,000. He said the fee would normally be \$75,000. He said that as he was researching the matter he saw that there was some type of financial relationship between the financial advisor and the underwriter and a sub-underwriter. He said they have not been able to put clarity to that relationship and until that is done the deal should not move forward. He said letters should be submitted to the Authority stating there that there are no conflicts of interest. Mr. Loftis noted that it was said that there is no relationship between the parties. He stated that his research showed that the state of Washington's approved financial advisors' list shows that the email address for Cross Point Capital is the same for Hamlin Capital Management.

Mitchell Johnson, bond counsel, Kathy Ligon, CEO for Presbyterian Home of South Carolina, and Mike Armstrong, Hamlin Capital Advisors' Compliance Officer, appeared before the Authority on this matter on behalf of Presbyterian Home. Mr. Johnson said there has been no denial that there is a relationship between Hamlin Capital Advisors and Hamlin Capital Management. Mr. Loftis asked what the relationship is between Hamlin and Cross Point. Mr. Armstrong said there is no relationship between the two and that they are independent entities. Mr. Armstrong said Cross Point is a minority broker dealer based in Charlotte, North Carolina. He said the email Mr. Loftis had is in error and that the email he sent to Mr. Loftis says "Cross Point Capital". Mr. Loftis asked if this transaction is similar to the one in Florida or Maryland where Cross Point has a prearranged agreement to resell bonds back to Hamlin Capital Advisors when Hamlin Capital Management is the underwriter. Mr. Armstrong said Hamlin Capital Management is not an underwriter, but a bond purchaser and an investment manager for their clients. He said Hamlin Capital Advisors is a financial advisor.

Mr. Loftis said that on its website, Cross Point prides itself on the anonymity of its transactions. Mr. Armstrong said these are public issues with a disclosure document that is posted on the MSRB (Municipal Securities Rulemaking Board) website. Mr. Loftis said that was not in the documents he had. Mr. Loftis further asked Mr. Armstrong for clarification of the \$860,000 financial advisor's fee. Mr. Armstrong said that in a normal, traditional bond issuance an underwriter earns the preponderance of the fees and the financial advisor provides more of an oversight role. He said that a different financial structure has been done for the Presbyterian Homes project. He said they have developed a customized bond issue with a pre-negotiation of



all the key terms of the transaction before the bonds are sold so that the borrower knows up front what their covenants and terms are. He said that way there is no risk of that changing based on market conditions at the time of the sale.

Mr. Eckstrom asked if this is a negotiated sale. Mr. Armstrong said that it is a pre-negotiated sale which is different and that it is customized. He said that some things are most important to the borrower and they are able to pre-negotiate their most important items up front.

Mr. Loftis noted that during his time as State Treasurer he has not seen a financial advisor fee like this one. He said it is six to eight times higher than he has ever seen. He said he does not know what is going on at JEDA but he would not sign onto this deal. He asked Mr. Johnson to put in writing that there is no conflict of interest.

Mr. Eckstrom asked how carrying the item over to the next meeting would affect the project. Ms. Ligon stated that the bond issuance is critical to them moving forward. She said they have been working on the projects for two years. She stated that they are using a healthcare center for skilled nursing care in Summerville that is over 40 years old that is full. She said the facility needs to be replaced. She noted that they have been in business for 58 years, have 850 residents counting on them, and employ 750 employees. Ms. Ligon said they are aware their fees are more expensive upfront, but they expect to save \$42 million over 30 years. Mr. Eckstrom also asked if the borrower was bearing the costs to which Ms. Ligon replied that is correct. Mr. Eckstrom noted that Presbyterian Home is a nonprofit organization.

In further discussion, Mr. Loftis asked Ms. Ligon how often Presbyterian Home goes to market. Ms. Ligon said this is the first time they have gone to market in about 25 years. Mr. Loftis said that a lot of money can be made by moving paper. He noted that the price of the fees attached to the JEDA projects are increasing every month. Mr. White also commented that he had concerns about JEDA. He explained that Authority members do need time to have questions answered.

Senator Leatherman commented that he understood the timing issue on the project. He said that if Presbyterian Home is not able to award the contract they will have to go back out and reprice the project.

After the vote on the item, Governor Haley asked that questions concerning the project be given to Presbyterian Home as soon as possible. She also said that if necessary she could call a

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meeting to take up the matter once Mr. Loftis' and Mr. White's questions were answered.

The Authority voted to carryover the item as noted above.

- c. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$27,000,000 Economic Development Revenue Bonds  
Allocation Needed: \$27,000,000  
Name of Project: HarborChase of Riverwalk  
Employment Impact: 90 (direct); 493 (indirect) within 24 months  
Project Description: a special purpose entity created for the sole purpose of constructing, owning and operating an assisted living facility with memory care in the City of Rock Hill, SC. The project will consist of 88 units (63 assisted living and 25 memory care units) and will be located in the planned Riverwalk Community, a 1000 acres, mixed-use development in the City of Rock Hill
- Note:* *public sale*  
Bond Counsel: Elizabeth S. Luther, Parker Poe Adams & Bernstein LLP  
(Exhibit 7)
- d. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: \$130,000,000 Economic Development Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Roper St. Francis Healthcare  
Employment Impact: 5,600  
Project Description: (i) financing the costs of acquiring, construction and equipping a new 50-bed hospital in Berkeley County; (ii) financing the costs of acquiring, constructing and equipping other capital projects throughout RSFS's health care system, and (iii) paying certain fees and expenses incurred in connection with the issuance of the bonds
- Note:* *negotiated sale*  
Bond Counsel: Jeremy L. Cook, Haynsworth Sinkler Boyd, PA  
(Exhibit 8)
- e. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$17,500,000 Economic Development Revenue Bonds  
Allocation Needed: -0-  
Name of Project: The Citadel Real Estate Foundation  
Employment Impact: maintain 51 jobs  
Project Description: defray the cost, including the payment of financing costs, construction, acquisition, and equipping of an approximately 43,950 square foot building to house the School of Business for The Citadel
- Note:* *private sale*  
Bond Counsel: Benjamin T. Zeigler, Haynsworth Sinkler Boyd, P. A.

(Exhibit 9)

Mr. White noted he voted against item 5(e) at JBRC and would abstain from voting on it. He said he does not agree with what The Citadel is doing and how the school is doing it. He noted that a pattern is developing where foundations are taking on the debt and leasing back to the university so that the debt is not on the university's books, but on the foundation's books. He said he is not supporting the project because he thinks this a bad precedent and a bad way to do business. Mr. Eckstrom noted that what is being done is currently permitted under state law and should be addressed statutorily. Mr. White commented that he is looking into the matter.

Mr. Eckstrom asked why the real estate foundation was a party and not the main foundation. Appearing on behalf of The Citadel were Jay Dowd, The Citadel Foundation CEO, Colonel Joseph Garcia, Vice-President for Finance and Business, and Colonel Ben Wham, Vice-President for Facilities and Engineering. Mr. Dowd stated that when their education foundation board met to consider the transaction they decided to create the real estate foundation to do projects like this without encumbering the liabilities with the education foundation's assets. Governor Haley commented that the Authority is beginning to see very complex transactions with the schools and the foundations involving leases and lease backs. She said this is a way that the higher education institutions are going around the process. She said that the Authority has to be concerned about tuition and fiscal stability and making sure everything is handled correctly. She stated the transactions are confusing and should be made simpler.

Mr. Eckstrom asked what the purpose was of the education foundation. Mr. Dowd said the purpose is to manage assets and raise money on behalf of The Citadel. Mr. Eckstrom asked what the reluctance was of the education foundation to place its assets at risk on behalf of The Citadel. Mr. Dowd said it is a wall to put between the two foundations if the project failed. Mr. Eckstrom asked who the liability would be placed upon if the project failed. Mr. Dowd said the liability would be placed on the bank based on the way the debt is structured and the financing is setup. He said under the transaction structure The Citadel will not lose (fee) simple title to the property and the education and the real estate foundations will not have to pay the obligation and The Citadel will not have to relinquish the business school if the project fails. Mr. Eckstrom asked if The Citadel was paying a higher rate for this transaction. Mr. Dowd said that they do not think so and that they think it is an effective deal for them.

Walter Goldsmith, The Citadel's financial advisor, spoke to the Authority and noted that because the foundation is a component part of The Citadel the debt is on The Citadel's books. He said this is not an end run to get around having the debt become The Citadel's debt. He said The Citadel looked at the three ways to finance projects for higher education institutions and because the debt is going to be repaid through donations the financial mechanism in question fits the best for The Citadel. He noted that this financing mechanism involves prepayment of the debt so that it does not impact tuition.

The Authority voted to approve the item as noted above.

- f. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$55,000,000 Health Facilities Revenue and Refunding Bonds (\$35,195,000 previously approved)  
Allocation Needed: -0-  
Name of Project: Wesley Commons  
Employment Impact: maintain 272 jobs  
Project Description: previously approved by SFAA on October 27, 2015, for the not exceeding amount of \$25,000,000 for the cost of demolishing and constructing buildings, improvement, fixtures, furnishing and equipment to constitute the following expansion and/or improvements to the borrower's existing elder care facilities located in Greenwood County; which will include the demolition of an existing building and addition of a new skilled nursing building, enhancing and/or adding new public spaces on the campus and the expansion of the Assisted living and Special Care facility, including new parking lots landscaping, roads to connect the new skilled nursing building to the existing campus, a retention wall, signage and lighting. The project is being amended to increase amount to \$55,000,000 and to include the current refunding of the \$35,195,000 original principal amount SC Jobs-Economic Development Authority First Mortgage health Facilities Refunding Revenue Bonds (Wesley Commons Project) Series 2006 which will result in an interest rate savings.  
*Note: private sale or public sale*  
Bond Counsel: Kathleen C. McKinney, Haynsworth Sinkler Boyd, P.A.  
(Exhibit 10)

***Executive Director: Economic Development (2016 Ceiling Allocations) (Blue #6)***

The initial balance of the 2016 state ceiling allocation is \$489,614,600. In accord with Code Section 1-11-520, \$195,845,840 (40% of the total) is designated as the state pool and

\$293,768,760 (60% of the total) is designated as the local pool. There is presently a state ceiling balance of \$489,614,600 remaining for 2016. Allocation requests for 2016 totaling \$27,000,000 have been received thus far.

Relating to requests for calendar year 2016 ceiling allocations, the Authority was asked to authorize shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$27,000,000. The Department of Commerce made the following recommendation for allocation from the local pool:

JEDA, HarborChase of Riverwalk (York County), \$27,000,000.

Approval of the recommended request, will leave an unexpended state ceiling balance of \$462,614,600 (state pool - \$195,845,840; local pool - \$266,768,760) to be allocated later in the calendar year.

The Authority:

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

JEDA, HarborChase of Riverwalk (York County), \$27,000,000; and

2) Authorized shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

Mr. Eckstrom asked why does one of the private activity bond issues requires ceiling allocation and none of the others do. Harry Huntley, JEDA's Executive Director, and Emily Luther, bond counsel, appeared before the Authority. Mr. Huntley explained that the project is a low income senior housing deal and it qualifies for ceiling allocation under IRS regulation 142(d). He said the State Housing Authority was not able to do this transaction because of the parameters placed on it and that the State Housing Authority agreed that JEDA could do the transaction. Mr. Huntley noted that all of the State Housing Authority's transactions require allocation and that this project requires allocation for it. Mr. Eckstrom asked why the other issuances do not require allocation. Mr. Huntley said that 501(c)(3) transactions do not require

ceiling allocation. He noted that all of the other revenue bond projects on the agenda are 501(c)(3) entities.

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

***Office of the Executive Director: Consulting Actuary Update (Regular Session Item #1)***

At their June 22, 2016, meeting, State Fiscal Accountability Authority members asked the Executive Director to research the availability of a consulting actuary to provide actuarial services related the Retirement Systems for the Authority as co-trustees. The Authority asked that research of other states be done to see what their experiences have been and what the cost of such services might be. This was reflected in the June 22, 2016, Authority meeting minutes submitted for approval on this agenda and a dictated version of the dialogue was previously provided to each member.

To assist with this research the Division of Procurement Services issued a RFI (request for information) to solicit information from actuarial firms relative to their experience representing a co-trustee of a public pension system. Responses to the RFI were due on August 26, 2016. The Division also queried other states to see what their experience has been with a governance structure such as South Carolina's and the cost associated with providing such services.

A working draft of an RFP (request for proposal) was developed which includes various scopes of work for the Authority to consider. This document was to be used as a starting point in the Authority's effort to come to a decision for a final RFP, if a majority of the members so chose to proceed with such a procurement. The Division also had researched actuarial services outside of the scope of work in the working draft that are used by other public pensions. The Authority members received information on these services. The Authority was informed that some of these service categories may overlap.

The price associated with such services was to be determined by the type and extent of services acquired. The cost for GRS's services was provided to the members.

Mr. Eckstrom commented that the direction the RFP appears to be headed is a much broader scope than what he had in mind. He said his interest was seeing that the Authority

acquire the services of a consulting actuary to assist the Authority as it considers if the Retirement Systems' plan is structured in a way that facilitates the State's ability to liquidate the unfunded liability. Governor Haley said it would be helpful to know what Mr. Loftis and Mr. Eckstrom need that they are not getting because she wanted to prevent duplication of services. Mr. Eckstrom said the actuarial firm that PEBA uses focuses on looking at the plan on an annual basis to see if contributions should be adjusted. He said the Authority needs to think more strategically by looking much broader than a year. Senator Leatherman said that he shares Governor Haley's concerns about duplication of services and that he will not support this item.

Mr. Loftis noted that the State will incur \$3.5 million every day in unfunded liability. He said it is difficult to argue against spending a couple of hundred thousand dollars for the services given the debt that is accruing. He said he trusts GRS to do their job, but that the right questions are not being asked. He said the Authority having its own consulting actuaries will assist the Authority in getting its questions answered. Senator Leatherman noted that it would be up to the General Assembly to resolve the issues concerning the unfunded liability. Mr. White stated that his concern is having two "sets" of actuaries which could be a bigger problem than what there already is. He said as co-trustees of the plan the Authority will need to have conversation with GRS to let them know that the Authority needs to be at the table having discussions with them. Governor Haley said her concern is potentially getting two sets of numbers and deciding which to use. Mr. Loftis said his point is that he needs a consultant for 20 to 30 hours a year to consult when he has questions about the plan. Mr. White stated that Ms. Boykin will get him the hours he needs and if not to let the Authority members know.

A motion was made by Senator Leatherman, seconded by Mr. Loftis, to authorize the Executive Director to work with the five members to reach a decision on the scope of work for a final RFP and to proceed with the procurement for services of an actuary that would report to the Authority. The motion failed. Mr. Loftis and Mr. Eckstrom voted for the motion. Governor Haley, Senator Leatherman, and Mr. White voted against the motion.

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

***Public Employee Benefit Authority, Employee Insurance Program: State Health Plan Benefits and Contribution Rates Effective January 1, 2017 (Regular Session Item #2)***

As part of the General Appropriations Act of Fiscal Year 2016/2017, the General Assembly enacted Proviso 108.6 setting out the premium increases for the 2017 State Health Plan and setting parameters for possible changes to other provisions of the Plan:

108.6. (PEBA: State Health Plan) Of the funds authorized for the State Health Plan pursuant to Section 1-11-710(A)(2) of the 1976 Code, an employer premium increase of 0.8 percent and a subscriber premium increase of zero percent for each tier (subscriber, subscriber/spouse, subscriber/children, full family) will result for the standard State Health Plan. Co-payments for participants of the State Health Plan in Plan Year 2017 shall not be increased. Notwithstanding the foregoing, pursuant to Section 1-11-710(A)(3), the Public Employee Benefit Authority may adjust the plan, benefits, or contributions of the State Health Plan during Plan Year 2017 to ensure the fiscal stability of the Plan.

At its meeting on July 21, 2016, pursuant to Section 1-11-710(A)(2) of the South Carolina Code of Laws, the PEBA Board of Directors approved the State Health Plan for 2017 in compliance with Proviso 108.6. Accordingly, the PEBA Board approved an employer contribution rate increase of 0.8 percent with no increase for subscribers for each tier of the Plan as set out in Attachment 2. Furthermore, as set out in Attachment 3 (of this agenda item), the PEBA Board approved no increases in co-pays or deductibles. The increase in employer premiums is necessary to offset increases in health expenditure growth.

Under S.C. Code Ann. Section 9-4-45, coverage changes and contribution determinations of the Public Employee Benefit Authority for the State Health Plan are subject to approval by the State Fiscal Accountability Authority. The State Fiscal Accountability Authority is asked to approve the 2017 contribution rates in Attachment 2 (of this agenda item) and the program changes in Attachment 1 (of this agenda item).

Mr. Loftis commented that the numbers that are seen for this item are funded by the state general fund and goes into the State Health Plan for the healthcare increase. He asked Peggy Boykin, PEBA Director, for the amount of the increase for all non-state funded insureds. Ms. Boykin deferred the question to Rob Tester, PEBA's Director of Health Policy. Mr. Tester stated that state appropriated funds constitute about 50.9% of the employer funds. He said the



\$25.7 million in state appropriated funds constitutes the annualization of the 2016 employer increase and the first half of the 2017 employer increase. He stated that total funds are \$50.55 million which is \$25.7 in state appropriated funds and \$24.8 million in non-state appropriated funds (including federal, local, and other funds).

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the contribution rates and plan changes presented on Attachments 1, “Proposed State Health Plan Program Changes Effective January 1, 2017;” and 2, “State Health Plan Monthly Contribution Rates by Level of Coverage Effective January 1, 2017.”

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

***Public Employee Benefit Authority: Reconsideration of 2016 Actuarial Experience Study of the South Carolina Retirement System (Regular Session Item #3)***

At its June 22, 2016, meeting, the State Fiscal Accountability Authority approved Regular Session Item #6—2016 Actuarial Experience Study of the South Carolina Retirement System. The State Treasurer requested discussion and reconsideration of the adoption of the Public Employee Benefit Authority 2016 Actuarial Experience Study of the South Carolina Retirement System. The State Treasurer also requested that the Authority rescind approval of the actuarial assumption and methodologies adopted at the June 22, 2016, Authority meeting.

Mr. Loftis asked that regular session item #3 be deleted from the agenda.

Mr. Eckstrom commented that the Authority owes the tax payers an explanation on how the Authority, as trustees, of the Retirement Systems is managing that system. He said that they are allowing the unfunded liability to continue to grow and to continually push the 30-year amortization wall. He said each year they are told that it will take “X” number of years for this to go down and never goes down. Governor Haley stated that one can play with the numbers all day long, but the unfunded liability is so high that they have to stop fighting about how much the unfunded liability is and start finding permanent solutions for the problem. She said the solution is going to hurt, but it has to be done for the good of everybody that comes after them and for the taxpayers. Mr. Loftis said that the amortization period is really 30 years with 10 years left at the end of the amortization period. He said that at the end of 30 years if future unfunded

contributions are not imputed there will be \$18.8 billion of unfunded liability in the year 2043. He said as long as the debt can be stretched out and definitions be made up, payment will not have to be made.

Upon a motion by Mr. Loftis, seconded by Mr. White, the Authority unanimously agreed to withdraw the item.

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

***Dept. of Administration, Executive Budget Office: Permanent Improvement Projects (R4)***

The Authority was asked to approve permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office. All items had been reviewed favorable by the Joint Bond Review Committee.

Upon a motion by Mr. White, seconded by Mr. Eckstrom, the Authority approved regular session items #4(a), #4(b), #4(c), #4(g), #4(h), #4(i), and #4(j) as noted herein.

Upon a motion by Mr. White, seconded by Mr. Loftis, the Authority approved regular session item #4(d) as noted herein. All members voted for the motion with exception of Mr. White. Mr. White voted against the motion.

Upon a motion by Senator Leather, seconded by Mr. Loftis, the Authority approved regular session item #4(e) as noted herein. All members voted for the motion with exception of Mr. White. Mr. White voted against the motion.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved regular session item #4(f). Mr. Eckstrom, Senator Leatherman, and Mr. White voted for the motion. Governor Haley and Mr. Loftis voted against the motion.

**Establish Project for A&E Design**

- (a) Summary 1-2017: JBRC Item 5. The Citadel  
Project: 9616, Duckett Hall HVAC Replacement

CHE Approval: 06/02/16  
JBRC Approval: 08/02/16

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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>
Other, Institutional Capital Project Fund	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, Institutional Capital Project Funds, which are accumulated student tuition and registration fees collected on an annual basis in excess of the college's E&G debt service requirements.

Request: Establish project and budget for \$30,000 (Other, Institutional Capital Project Funds) to begin design work to replace the HVAC system at Duckett Hall at The Citadel. The 23,900 square foot facility was constructed in 1969 making the facility/systems approximately 47 years old. There are four mechanical rooms in the building, one on each floor and one on the roof. The current HVAC systems are in extremely poor condition and they are unable to adequately keep the facility at proper temperatures and humidity levels, especially at peak demands. The air handlers, piping, pumps, control valves and the controls are antiquated and beyond repair. The duct work and duct insulation is in very poor condition and coming apart in sections. In addition, asbestos insulation is used to insulate the chilled water and hot water pipes throughout the facility and needs to be abated. System failures would preclude the use of educational areas of the building. No alternative is a viable option. This project is imperative to provide proper heating and air-conditioning on all three floors of Duckett Hall. Approximately 100 students and 12 faculty and staff use this facility. The agency estimates that the completed project will cost approximately \$2,500,000. (See attachment 1 for this agenda item for additional annual operating cost savings.)

- (b) Summary 1-2017: JBRC Item 6. The Citadel  
Project: 9617, Boat Center Redevelopment

CHE Approval: 06/02/16

JBRC Approval: 08/02/16

<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	45,000.00	45,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>45,000.00</u>	<u>45,000.00</u>

Funding Source: \$45,000 Other, Gifts, which are contributions raised by The Citadel

Foundation through its current capital campaign.

Request: Establish project and budget for \$45,000 (Other, Gift Funds) to begin design work to replace the waterfront facilities at The Citadel with new code compliant, energy efficient construction. The 7,759 square foot facility was constructed in 1920. The facility has outlived its useful life expectancy and numerous improvements are required to meet the college's intended purpose and use. The structure has termite damage and the interior finishes have not been updated since the 1970s. The deteriorated condition of the existing facility has a negative impact on the facility's use. Furthermore, the existing marina channel is un-navigable during periods of low tide and cannot support activities such as boating and sailing. Renovation of the existing facility was considered but deemed cost prohibitive to meet flood requirements. The relocation of the marina to another location was also considered but did not provide the same access and amenities required. The proposed facility will be comprised of approximately 10,000 gross square feet and will include staff offices, classroom, boat storage, and floating docks. The agency estimates that the completed project will cost approximately \$3,000,000.

- (c) Summary 1-2017: JBRC Item 18. Office of the Adjutant General  
Project: 9785, McCrady Multi-Purpose Machine Gun Range

CHE Approval: N/A

JBRC Approval: 08/02/16

<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	92,942.00	0.00	92,942.00	272,694.31	365,636.31
All Sources	<u>92,942.00</u>	<u>0.00</u>	<u>92,942.00</u>	<u>272,694.31</u>	<u>365,636.31</u>

Funding Source: \$365,636.31 Federal, which are National Guard Bureau (NGB) Military Construction Funds (MIL CON).

Request: Increase budget to \$365,636 (add 272,694 Federal Funds) to provide additional funding for the Multi-purpose Gun Range's planning and design. This project was established in October 2014 for pre-design work, which is still being completed. The National Guard Bureau (NGB) initially awarded 25% of the total cost of the design to begin the project. After Phase I was approved, NGB decided they were only funding the design amount and delaying the construction until FY20 or FY21. NGB has directed that they can get the project completely designed and ready for bidding, and they have only provided the design funds of \$365,636.31 for the site investigation and design services. This new facility will be a Multi-Purpose Machine Gun Range. The facilities will consist of 6 firing points with automated target system. The

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supporting facilities include the range control tower (256 sq. ft.), operations/storage building (800 sq. ft.), latrines (200 sq. ft.), range operation and maintenance building (1,902 sq. ft.), covered mess (800 sq. ft.), ammo breakdown building (240 sq. ft.), covered bleachers (725 sq. ft.), classroom (800 sq. ft.) and utilities. The range will train the individual on the skills necessary to identify, engage, and hit stationary infantry targets. The agency estimates that the completed project will cost approximately \$6,196,120. (See attachment 2 for this agenda item for additional annual operating costs.)

**Establish Construction Budget**

- (d) Summary 1-2017: JBRC Item N/A. The Citadel  
Project: 9612, Bastin Hall - School of Business

CHE Approval: 04/26/16

JBRC Approval: 08/02/16

<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, Gift Funds	250,000.00	0.00	250,000.00	19,950,000.00	20,200,000.00
All Sources	<u>250,000.00</u>	<u>0.00</u>	<u>250,000.00</u>	<u>19,950,000.00</u>	<u>20,200,000.00</u>

Funding Source: \$20,200,000 Other, Gifts, which are contributions from The Citadel Foundation.

Request: Increase budget to \$20,200,000 (add \$19,950,000 Other, Gift Funds) to begin construction of Bastin Hall at The Citadel, which will house the School of Business and its associated programs in five pathways of concentration. This project was established in October 2014 for pre-design work, which is now complete. The facility will be a three-story steel frame building constructed on The Citadel's property along Hagood Avenue. The work will involve construction of approximately 43,950 square feet and will include five flat classrooms, four tiered classrooms, nine group study rooms, financial services computer lab, innovation technology lab, administration and faculty offices, and a large common area to support collaboration among students, faculty, and visitors. The common area is the first large collaborative space planned for The Citadel Campus and directly supports the change to a more team-centric approach to education. The building is the first completely new academic facility to be constructed on the campus since 1974 and will comply with all standards for a 21st century academic facility and will meet Silver Level LEED Certification. The School of Business houses the largest undergraduate major and a graduate program with an approximate 668 day and 69 evening undergraduate students, 210 MBA students, and 40 faculty and staff. Current projections show a continued growth in the programs to justify the need for the

new facility. The project will be funded by \$3,000,000 in donations received by the Citadel Foundation from approximately \$8,000,000 in pledges that have already been obtained for the project, and the remaining portion will be financed by a not exceeding \$17,500,000 Economic Development Revenue Bond (the “Bond”) to be issued by the SC Jobs Economic Development Authority (JEDA) on behalf of The Citadel Real Estate Foundation (the “Real Estate Foundation”). Debt service on the Bond will be secured by a pledge of the lease payments under a Facilities Lease Agreement between The Citadel Real Estate Foundation (the “Real Estate Foundation”) as lessor and The Citadel as lessee (the “Facilities Lease”). The Citadel is fully liable for annual lease payments under the Facilities lease, subject to annual appropriation by The Citadel. The Citadel Foundation has committed through a Lease Payment Support Agreement between The Citadel Foundation, the Real Estate Foundation, and The Citadel to provide at least \$15 million to offset The Citadel’s payment obligations under the Facilities Lease, which payments will be applied to the Real Estate Foundation’s debt service obligations on the JEDA bonds. To date, The Citadel Foundation has received more than \$3 million in donations from approximately \$8 million in non-guaranteed pledges already obtained for the Project. If The Citadel Foundation does not receive sufficient donations to fulfill its \$15 million commitment, The Citadel Foundation will provide the balance of its commitment from The Citadel Foundation’s other available funds. If The Citadel Foundation raises more than the \$15 million it has committed to the Project, such excess will be used to further reduce The Citadel’s lease payment obligations. Additionally, The Citadel can elect to apply a portion of its annual grant funds from The Citadel Foundation to reduce or eliminate its annual lease payment obligations under the Facilities Lease. The Citadel and the Real Estate Foundation will also enter into a Base Lease and Conveyance Agreement pursuant to which The Citadel will lease Bastin Hall to the Real Estate Foundation, under which the Real Estate Foundation will pay annual rent of \$1 per year. The term of the Base Lease and Conveyance Agreement will extend 5 years beyond the maturity date but will automatically terminate on final repayment of the Bond, at which time title to Bastin Hall will revert to The Citadel. The Citadel will hold title to the Project under the Facilities Lease and also has underlying title to the Project, subject only to the rights of TCREF under the Base Lease. If the Facilities Lease terminates prior to termination of Base Lease, then TCREF will have a leasehold interest in the Project for the remainder of the term of the Base Lease. The agency reports the total projected cost of this project is \$20,200,000.00 with additional operating costs of \$135,520.00 in year one, \$150,870.00 in year two, and \$170,000.00 in year three. The agency also reports the projects date for execution of the construction contract is March 2017 and for completion of construction is July 2018. (See attachment 3 for this agenda item for additional annual operating costs.)

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Mr. Eckstrom asked if the items were on the permanent improvement project list. He said the Authority has not seen that list in some time. Colonel Wham said that the project was part of their permanent improvement plan for this year. Mr. Eckstrom asked who receives the plan. Colonel Wham said their plan goes to the Commission on Higher Education (CHE) and on up from that point. Mr. Eckstrom noted that the Authority (the former Budget and Control Board) used to see the permanent improvement plan annually and asked the reason why that does not happen anymore. Mr. Gillespie said that Authority staff will work with the Department of Administration and CHE to get the information to the Authority.

- (e) Summary 1-2017: JBRC Item 8. Clemson University  
Project: 9923, Electrical Distribution System Upgrades and Replacements

CHE Approval: 04/21/16

JBRC Approval: 08/02/16

<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	50,000,000.00	50,000,000.00
Other, Maintenance and Stewardship Funds	1,125,000.00	0.00	1,125,000.00	23,875,000.00	25,000,000.00
All Sources	<u>1,125,000.00</u>	<u>0.00</u>	<u>1,125,000.00</u>	<u>73,875,000.00</u>	<u>75,000,000.00</u>

Funding Source: \$50,000,000 State 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. \$25,000,000 Other, Maintenance and 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.

Request: Increase budget to \$75,000,000 (add \$73,875,000 - \$50,000,000 Institution Bonds and \$23,875,000 Other, Maintenance and Stewardship Funds) to begin construction upgrading the University's main campus electrical system. This project was established in April 2015 for pre-design work, which is now complete. The work will be a multi-year project to replace vulnerable sections of the electrical infrastructure and will include the replacement of the aging electrical distribution infrastructure, a redundant loop feed system which will prevent system failure possibilities, integration of a utility provider substation

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and infrastructure for heat and power generation, adding communication and distribution capability to all switches to reduce outage durations, and the development of a central operations location for monitoring and control of the Distribution Automation System. This phase will also include converting overhead electrical to underground while adding metering and controls to the equipment in campus buildings. The existing electrical system was constructed during the late 1950's through mid-1960's. More than 70% of the main substation gear and manual switching, transformation, system protection, and electrical conductors are more than 50 years old. This system upgrade will improve the reliability of the overall system but especially in those areas with a higher probability of failure which would impact major academic, research, and student life activities which includes approximately 22,700 students, 1,400 faculty, and 3,600 staff. The agency reports the total projected cost of this project is \$75,000,000 and no additional annual operating costs will result from the project. The agency also reports the projects date for execution of the construction contract is June 2017 and for completion of construction is January 2020.

- (f) Summary 1-2017: JBRC Item N/A. Coastal Carolina University  
Project: 9610, Brooks Stadium Additions

CHE Approval: See Proviso 118.16

JBRC Approval: 08/02/16

<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>
Revenue Bonds	0.00	0.00	0.00	22,900,000.00	22,900,000.00
Appropriated State	0.00	0.00	0.00	100,000.00	100,000.00
Other, Institutional Capital Project Fund	0.00	0.00	0.00	4,900,000.00	4,900,000.00
Other, Gift CAF	0.00	0.00	0.00	3,900,000.00	3,900,000.00
Other, Renovation Reserve/Plant Expansion	285,000.00	0.00	285,000.00	(285,000.00)	0.00
All Sources	<u>285,000.00</u>	<u>0.00</u>	<u>285,000.00</u>	<u>31,515,000.00</u>	<u>31,800,000.00</u>

Funding Source: \$22,900,000 Revenue Bonds, which are funded in accordance with enabling legislation and as approved by the State Treasurer's Office. \$100,000 Appropriated State FY16-17 (Proviso 118.16, nonrecurring funds). \$4,900,000 Other, Institutional Capital Project Funds, which are accumulated student tuition and registration fees collected on an annual basis in excess of the college's E&G debt service requirements. \$3,900,000 Other, Gifts, which are



contributions from the Chanticleer Athletic Foundation. There has also been a promise from CAF of \$12,500,000 paid over the 25 year life of the bond in annual installments of \$500,000 to the University.

Request: Increase budget to \$31,800,000 (add \$31,515,000 - \$22,900,000 Revenue Bonds, \$4,900,000 Other, Institutional Capital Project Funds, \$100,000 Appropriated State FY16-17 (Proviso 118.16, nonrecurring funds), \$3,900,000 Other, Gift CAE and (\$285,000) Other, Renovation Reserve/Plant Expansion Funds) to begin construction for expansion of Brooks Stadium at Coastal Carolina University. This project was established in October 2015 for pre-design work, which is now complete. The work will involve construction of approximately 12,000 square feet which will be comprised of a new hospitality suite, restrooms, concessions, and bleachers. Less than 5,000 of the square footage will be conditioned. The majority of the additions will take place on the west stands as the University plans to increase seating capacity to 20,700 by adding 11,486 to the existing 9,214 seats. To meet the overall increase of spectators, there will be an addition to fan-related amenities throughout the stadium that include restrooms, concessions, and ADA improvements to ensure compliance standards. Renovations to the existing stadium include improvements to entrance plazas and fan circulation methods. These additions are needed since the University recently accepted an offer to participate as an active member in the Sun Belt Conference. For football, an increase to seating capacity is needed to meet NCAA Football Bowl Subdivision requirements. The agency reports the total projected cost of this project is \$31,800,000 with additional operating costs of \$90,500 per year in years one through three. The agency also reports the projected date for execution of the construction contract is January 2017 and for completion of construction is August 2019. (See attachment 4 for this agenda item for additional annual operating costs.)

Governor Haley said this item has given her a lot of concern. She said that she has watched higher education blow up. She said from 1978 to 2012 the cost of higher education has gone up 1120%. She noted that higher education is a \$4.5 billion a year industry in South Carolina. She stated that higher education continues to raise tuition and that the cost of higher education has outpaced the cost of living tremendously. She said the State's average in-state tuition has increased over the past five years by 13%. She commented that South Carolina has the eighth highest average tuition and fees in the nation. She said the net cost of attendance at a 4-year university is \$15,700 per year. Governor Haley noted that is the highest in the south and that it is \$3,400 over the southern average. She said that is not something of which to be proud.

Governor Haley stated that what she has been focusing on is how to control over spending without hurting the schools. She said CHE is now working, in accord with legislative

directives, to hold universities accountable to make sure they do not get into debt that is unsustainable. She noted that CHE has looked at this project four times and told Coastal Carolina that they cannot do the project because it is too expensive. She commented that the legislature, the students, and, eventually, the taxpayers are going to pay for the project. Governor Haley said that the Authority is about to set a precedent where CHE is trying to do their job. She stated that CHE has said that Coastal Carolina will not be able to afford the project the way they are planning to do it. She said that also adds to the unfunded liability of the State. She further stated that CHE is finally doing its job and if it is overridden then why have it. She said the five-member Authority is responsible for making sure that the process is followed.

Senator Leatherman commented that he concurred with Governor Haley with regard to her comments about CHE. With regard to the tuition issue raised by Governor Haley, Senator Leatherman said that during the Sanford administration universities were out of control concerning tuition. He said that he came before the Budget and Control Board and asked that no higher education construction project be approved until tuition came under control. He said that each year he writes a letter to all of the university presidents and board chairmen to remind them about the Higher Education Price Index (HEPI) for that year. He said only two or three universities in the past seven to nine years have exceeded the HEPI. He said the increase that Governor Haley speaks of, since getting tuition increase under control, is in keeping with the rate of inflation according to HEPI. Senator Leatherman asked Governor Haley if she was suggesting approving the inflation rate for the universities. Governor Haley said she was not, but that there is a real problem when the State's tuition is the highest in the south and the eighth highest in the country. Senator Leatherman said that came about during the time when universities were raising tuition from 5% to as much as 14%. He said since the time the Budget and Control Board took control of the issue tuition has not increased like that. Governor Haley acknowledged that was the beginning of universities being conscious about their tuition increases. She said, however, that her concern is that this project is to build a stadium versus providing classrooms and books. She stated that the situation is very different. She said she does not think Coastal Carolina will be able to sustain and afford the stadium. She indicated that the proof of that is that the school wants to move to a higher conference which is going to cost them much more money than staying where they are. Governor Haley said to allow Coastal to

override everyone else then every school will want to do the same thing. She said CHE is being handcuffed from looking out for the school's best interest. Senator Leatherman said in response that he expects CHE to do what it did in this case. He further stated that the General Assembly passed a proviso to allow the project to proceed in this manner. Governor Haley said there is a problem when the General Assembly does not listen to the CHE when it is in charge of protecting the student and their families and the taxpayers.

Governor Haley asked Tim Hofferth, Director of CHE, to speak to the Authority on this matter. Mr. Hofferth noted that one of the presidents for one of the research institutions said that when the national trends in higher education become fully realized in South Carolina the State will lose one-third of its institutions. He said that comment should cause one to pause when looking at the trends in the industry. He stated that there is over \$1.3 trillion in student debt and it is growing over \$100 billion a year which is unsustainable. He said that as long as CHE is in place they will be vetting projects and that there will be other denials in the future. He said before the current group of CHE commissioners was put together they cannot find an example of CHE saying "no" to a project. He commented that a 14-month review of projects approved by CHE showed that CHE rubber-stamped \$500 million worth of capital projects with virtually no vetting. He said that is not acceptable and does not serve the will of the people of South Carolina. In further discussion, Mr. Hofferth said that this is an ancillary project that is primarily on the backs of the students. He said that this is different from indoor football facilities approved for USC and Clemson because the revenue is different for the power five conferences. He stated those conferences pay their member institutions from \$26 million to \$35 million per year per institution. He said the revenues are not the same for the Sun Belt conference that Coastal Carolina is in, but that the expenses are relatively the same. He said CHE had concerns about that and asked Coastal Carolina to provide the economic impact of a new football stadium and what it looked like on the operating side. He said they also asked for the master plan to see what it would cost the school to transition into the new conference. He said that he has worked with the University of Louisville and other institutions as they were moving up from the USA Conference to the Big East Conference and the ACC. Mr. Hofferth stated that schools similar to Coastal Carolina transferring to a conference similar to the Sun Belt Conference experienced transition costs of \$6.3 million a year in additional expenses. He said that he is not saying that

Coastal Carolina will have additional expenses of \$6.3 million, but the transition cost will not be expense neutral as stated in their hearing. He said that based on the information that CHE commission members have they cannot support the project.

Senator Leatherman said he appreciates what CHE is doing. Mr. White said the legislature has spoken on this issue. He said that JBRC has vetted the project as well. He said the project initially came to JBRC at a cost of \$39 million and was withdrawn and eventually was approved at \$31 million. He said that Mr. Hofferth indicated that Coastal Carolina needed more private funding since it was a smaller school. He said that JBRC approved the project with more private money put into the project. He said that CHE's work has not gone in vain because their concerns were taken into consideration. Governor Haley responded that there is a strong disconnect if the response is only that the legislature has spoken considering that CHE has said the project should not go forward. She said if the Authority approves the item they are giving every university the ability to circumvent CHE by getting the legislature's approval.

Mr. Eckstrom said that the Authority is not considering an unfunded liability in this instance. He said the unfunded liabilities have to be settled, but it is speculation that this project could turn into an unfunded liability. Governor Haley asked Mr. Hofferth if there would be an increase for Coastal Carolina to change conferences. Mr. Hofferth said they made the request to get the packet of information to show what the costs were. He said they were provided with net neutral information. He stated the cost is not zero and that at a similar institution the cost is in the millions of dollars. He said CHE was looking for money in the bank for the school to be able to show it could support the project and that is what they based their decision.

- (g) Summary 1-2017: JBRC Item 9. University of South Carolina  
Project: 6112, North Energy Plant Expansion and Chilled Water Loop Extension

CHE Approval: 05/20/16

JBRC Approval: 08/02/16

<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, Institutional Funds	177,750.00	0.00	177,750.00	12,132,250.00	12,310,000.00
All Sources	<u>177,750.00</u>	<u>0.00</u>	<u>177,750.00</u>	<u>12,132,250.00</u>	<u>12,310,000.00</u>

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Funding Source: \$12,310,000 Other, Institutional Funds, which are funds available to the University from a variety of sources including tuition and fees, sales and services activities, and other miscellaneous sources. There is no specific statutory authority other than the general authority to charge fees as necessary for operations (59-117-40(9)).

Request: Increase budget to \$12,310,000 (add \$12,132,250 Other, Institutional Funds) to begin construction to increase the chilled water capacity for the western portion of the campus at USC Columbia by adding a 3,000 ton chiller and cooling tower to the existing 7,762 GSF North Energy Plant. This project was established in September 2015 for pre-design work, which is now complete. The plant will be expanded by 5,076 GSF to accommodate the new equipment and include space and electrical/piping infrastructure for a second 3,000 ton chiller/cooling tower to support construction in the West Campus District. Also included in this project is site work for the installation of new underground chilled water piping to allow the North Energy Plant to provide emergency backup cooling to the West Energy Plant chilled water loop and also backup portions of the East Energy Plant chilled water loop. The expansion will provide additional capacity and backup cooling for facilities in the west area of the campus and provides a critical emergency backup cooling source for the core campus and portions of the east campus. The chilled water line extension will provide emergency backup for campus buildings served by the West Energy Plant, especially in summer months, and increase system efficiency in the winter months by allowing the West Energy Plant to shut down. The agency reports the total projected cost of this project is \$12,310,000 with additional operating costs of \$191,439 in year one, \$183,939 in year two, and \$183,939 in year three. The agency also reports the projected date for execution of the construction contract is March 2017 and for completion of construction is March 2019. (See attachment 5 for this agenda item for additional annual operating costs.)

- (h) Summary 1-2017: JBRC Item 10. York Technical College  
Project: 6056, Library Expansion and Learning Commons Construction

CHE Approval: 06/2/16  
JBRC Approval: 08/02/16

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, College Capital Reserve Fund	149,590.00	0.00	149,590.00	9,823,335.00	9,972,925.00
All Sources	<u>149,590.00</u>	<u>0.00</u>	<u>149,590.00</u>	<u>9,823,335.00</u>	<u>9,972,925.00</u>

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Funding Source: \$9,972,925 Other, College Capital Reserve Funds, which are excess revenues generated from a variety of sources acquired over time to address capital improvements and maintenance needs.

Request: Increase budget to \$9,972,925 (add \$9,823,335 Other, College Capital Reserve Funds) to begin construction for the Library Expansion and Learning Commons Construction project at York Technical College. This project was established in October 2012 for pre-design work, which is now complete. The existing Library will be renovated and an addition will be added to the East and South ends of the current building. Approximately 20,480 SF of the existing building will be renovated and 14,130 SF will be added to allow additional space for student/group work areas as well as café/dining seating. Total project square footage is estimated at 34,610. The renovation and expansion of the library has a twofold purpose: First, the Library/Learning Commons will essentially serve as the hub of student campus life and will provide library resources, private study areas, group collaboration areas, bookstore and food service operations. Secondly, other programs/services will be brought to this building to support student retention and job placement. Some of these programs include Academic Coaching & Tutoring, Career Resources, Information Services Help Desk, Work-Based Learning, and Instruction Development. The purpose of the Library/Learning Commons concept is to create an atmosphere of community and a place for students and faculty to gather and collaborate. The agency reports the total projected cost of this project is \$9,972,925 with additional operating costs of \$38,992 in year one, \$40,162 in year two, and \$41,367 in year three. The agency also reports the projected date for execution of the construction contract is May 2017 and for completion of construction is August 2018. (See attachment 6 for this agenda item for additional annual operating costs.)

- (i) Summary 1-2017: JBRC Item 11. Orangeburg-Calhoun Tech  
Project: 6109, Buildings A - J and Connecting Corridors Roofing Project

CHE Approval: 06/2/16

JBRC Approval: 08/02/16

<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, College Local Funds	50,000.00	0.00	50,000.00	2,704,068.00	2,754,068.00
All Sources	<u>50,000.00</u>	<u>0.00</u>	<u>50,000.00</u>	<u>2,704,068.00</u>	<u>2,754,068.00</u>

Funding Source: \$2,754,068 Other, College Local Funds, which are excess operating revenues over expenses. Each year the college transfers excess funds to the

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capital projects account to be used for projects. It is excess tuition revenues. No state funds are included in the transfer, as all state appropriations are used for salaries and benefits each year.

Request: Increase budget to \$2,754,068 (add \$2,704,068 Other, College Local Funds) to begin construction for the roof replacement for Buildings A thru J (and connecting corridors) at Orangeburg Calhoun Technical College. This project was established in June 2015 for pre-design work, which is now complete. The 10 buildings being re-roofed contain the following: offices for 85 faculty and/or staff, 20 classrooms with an average capacity of 21 each, 15 labs with an average capacity of 21, one large computer lab with a capacity of 90, one large lecture room with a capacity of 180, and the college's library. The scope includes all components of roof replacement to include addressing any secondary drainage. The institution initially had plans to do the work as multiple projects over several years but decided to lump them together in hoping to save in construction costs. The current roofs are over 25 years old and recent assessments have confirmed the need to expedite their replacement. The agency reports the total projected cost of this project is \$2,754,068 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is August 2016 and for completion of construction is October 2017.

- (j) Summary 1-2017: JBRC Item 17. Trident Technical College  
Project: 6096, Trident-SC Aeronautical Center

CHE Approval: 07/21/16

JBRC Approval: 08/02/16

<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>
Capital Reserve Fund	10,000,000.00	855,000.00	10,855,000.00	35,445,000.00	46,300,000.00
Appropriated State, FY16-17 Proviso 118.16	0.00	0.00	0.00	700,000.00	700,000.00
Federal	0.00	2,000,000.00	2,000,000.00	0.00	2,000,000.00
Other, Local	0.00	0.00	0.00	20,750,000.00	20,750,000.00
All Sources	<u>10,000,000.00</u>	<u>2,855,000.00</u>	<u>12,855,000.00</u>	<u>56,895,000.00</u>	<u>69,750,000.00</u>

Funding Source: \$46,300,000 Capital Reserve Fund, \$700,000 Appropriated State FY16-17 (Proviso 118.16, nonrecurring funds), \$2,000,000 Federal EDA Grant and \$20,750,000 Other, Local, which are contributions from Charleston County,

City of North Charleston and a private contribution.

Request: Increase budget to \$69,750,000 (add \$56,895,000 - \$35,445,000 Capital Reserve, \$700,000 Appropriated State, FY16-17 Proviso 118.16 and \$20,50,000 Other, Local Funds) to provide additional funding to proceed with final design and construction of the SC Aeronautical Center. This project was established in November 2014 for pre-design work, which is now complete. This new facility will be approximately 164,432 SF and will be located on a portion of an approximately 67 acre tract of property at Trident Technical College's main campus in North Charleston. The SC Aeronautical Training Center will be a center for aeronautical studies and will have areas for advanced manufacturing training. Spaces in the building will include, but are not limited to, high bay training areas, shops and labs, classrooms, office and administration, conferencing and other public areas, support and services. The project will be constructed to meet two Green Building Initiative's Green Globes standards which will yield a cost savings of \$3,276,390 over a 30 year period. The agency estimates that the completed project will cost approximately \$69,750,000 with additional operating costs of \$1,162,535 in year one, \$1,197,410 in year two, and \$1,233,333 in year three. The agency also reports the projected date for execution of the construction contract is October 2016 (site work) and July 2017 (building) and for completion of construction is July 2019. (See attachment 7 for this agenda item for additional annual operating costs.)

Mr. Eckstrom said he found \$35.5 million from two capital reserve fund appropriations but did not see the remaining \$11 million that is identified in the item. He asked where the \$11 million was. Dr. Mary Thornley, Trident Technical College President, and Scott Poelker, Trident Technical College Vice President for Finance and Administration, appeared before the Authority on this matter. Dr. Thornley said that the school has a total of \$48.41 million from the Capital Reserve Fund. She said that they have the entire \$79 (sic) million.

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

***Department of Administration, Real Property Services: Leases Associated with The Citadel's Request for Phase Two Approval for Full Design and Construction of a New 43,950 square foot facility known as Bastin Hall to Support the School of Business (Regular #5)***

The Citadel requested Phase Two approval for full design and construction of a new 43,950 square foot facility known as Bastin Hall to support the School of Business includes two lease transactions requiring approval by the Joint Bond Review Committee and the State Fiscal



Accountability Authority. The Department of Administration has reviewed the leases for legal compliance with the State's statutes and regulations governing leases (1-11-55 and 1-11-56).

**Base Lease (the "Base Lease") between The Citadel (the "College") and The Citadel Real Estate Foundation (the "Foundation"):**

The College will lease the Real Property (the "Land"), comprised of 1.64 acres located in the City of Charleston as shown on the attached survey, to the Foundation to allow for the Foundation to secure and provide a portion of the funds for the construction of Bastin Hall (the "Building") through the proceeds of the not exceeding \$17,500,000 South Carolina Jobs-Economic Development Authority Educational Facilities Revenue Bonds (Citadel Real Estate Foundation Project) Series 2016 (the "Bond" or "Bonds"). The Base Lease Commencement Date shall be the date on which the Base Lease is approved by the State Fiscal Accountability Authority (SFAA). Rent shall be \$1/year, prepaid for the entire lease term in whole on the Commencement Date. The term of the Base Lease will be thirty (30) years, unless the College exercises one of the options to terminate as provided in Section 2(b) of the Lease and satisfies the conditions thereof, then this Base Lease shall be considered terminated upon completion of such termination including repayment in full of the Bond or of any refinancing thereof, in which case unencumbered title to Bastin Hall will revert to the College.

**Facilities Lease Agreement (the "Lease") between the Foundation and the College:**

The Foundation will lease the Land, together with any and all improvements located on or to be constructed on the Land (collectively, "Improvements"), including approximately 43,950 aggregate rentable square feet as contained in a single structure (the "Building") (together the "Premises") to the College. The Occupancy Term of the Lease shall be twenty-five (25) years commencing on the date on which the Lease is approved by the State Fiscal Accountability Authority (SFAA) and ending August 1, 2041. Base rent shall be due on or before May 1 of each calendar beginning on May 1, 2019 and shall be equal to the annual amounts necessary to pay the debt service on the Bonds estimated as follows:

Date	Lease Payment
5/1/2017	\$0.00
5/1/2018	\$0.00
5/1/2019	\$2,905,549.89
5/1/2020	\$2,545,595.13

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5/1/2021	\$2,544,986.67
5/1/2022	\$2,544,363.06
5/1/2023	\$2,543,723.92
5/1/2024	\$404,375.72
5/1/2025	\$404,375.72
5/1/2026	\$404,375.72
5/1/2027	\$404,375.72
5/1/2028	\$404,375.71
5/1/2029	\$404,375.72
5/1/2030	\$404,375.73
5/1/2031	\$404,375.72
5/1/2032	\$404,375.71
5/1/2033	\$404,375.71
5/1/2034	\$404,375.71
5/1/2035	\$404,375.71
5/1/2036	\$404,375.71
5/1/2037	\$404,375.72
5/1/2038	\$404,375.72
5/1/2039	\$404,375.71
5/1/2040	\$404,375.71
5/1/2041	\$404,375.72
TOTAL	\$20,362,981.56

While the College is responsible for the payment of Base Rent, all Base Rent due shall be reduced by amounts raised by The Citadel Foundation (TCF). TCF has committed to provide at least \$15,000,000 from non-guaranteed private donations toward the Base Rent. At election of the College, the College may use its Annual Grant funds from TCF to offset any difference in the Base Rent due and the amounts provided through TCF contributions. Additionally, if the College cannot make a lease payment in a given year from the funds previously identified, it can identify and appropriate other funds available to it for such purposes and appropriate from that source. In the event the College fails to appropriate sufficient funds from another source, the Lease terminates and the holder of the Bonds, as assignee of the Base Lease, is entitled to occupy and utilize the Premises for the remainder of the Base Lease term.

The lease payments have been structured in years 2019 through 2023 to account for the contributions TCF will make to fulfill the balance of its \$15,000,000 commitment to the Project. TCF will meet its obligation through capital campaign receipts designated for Bastin Hall, which TCF expects to finish collecting by the lease payment date in 2023. As noted above, the

College's ultimate payment obligation is reduced by contributions made by TCF. When TCF's expected contributions are backed out of the amortization schedule in years 2019-2023, the College's remaining lease payment obligation is identical to its annual obligation in each year after 2023. The College and the Foundation have structured the amortization in this manner in order to leverage the private donations earmarked for the Project to reduce the average life of the financing, which significantly lowers the overall financing costs.

The College is also responsible for all maintenance and operations expenses associated with the Premises, estimated at \$135,520, \$150,870, and \$170,000 in years 1-3 respectively, to be funded through the College's existing Deferred Maintenance Fund. Upon expiration of the Lease, title to the Premises automatically reverts unencumbered to the College. If the College wishes to acquire Bastin Hall prior to expiration of the Lease, the College can exercise one of the options to terminate as provided in Section 2(b) of the Lease and upon satisfaction of the conditions thereof, including repayment in full of the Bond or of any refinancing thereof, unencumbered title to the Premises will revert to the College.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, as recommended by the Department of Administration, Real Property Services, the Authority approved the proposed lease transactions associated with The Citadel's request for Phase Two approval for full design and construction of a new 43,950 square foot facility known as Bastin Hall to support the School of Business. Governor Haley, Mr. Loftis, and Senator Leatherman voted for the motion. Mr. Eckstrom and Mr. White voted against the motion.

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

***Clemson University: Not Exceeding \$51,000,000 General Obligation State Institution Bonds, Series 2016, of Clemson University (Regular Session Item #6)***

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$51,000,000 General Obligation State Institution Bonds, Series 2016, of Clemson University.

The proceeds of the bonds will be used to design, construct, and equip upgrades and replacements to the main campus electrical system, including but not limited to replacing aging

electrical distribution infrastructure, creating a redundant loop feed system, adding communication and distribution automation capability to all switches to reduce outage duration, developing a central operations location to monitor and control a distribution automation system, converting remaining exposed overhead electrical facilities to underground, adding metering and controls to equip in campus building to allow for “smart grid” enhancements, updating electrical facilities in campus buildings with aging utility transformers and main gear, making modifications to the campus electrical system to allow for increased use of on-campus power generation and alternative energy, addressing related electrical safety issues, and other related infrastructure; (ii) reimburse the University for expenses incurred in anticipation of the issuance of such State Institution Bonds; and (iii) pay for expenses related to the issuance of such State Institution Bonds.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$51,000,000 General Obligation State Institution Bonds, Series 2016 of Clemson University. Mr. White voted against the item. All other members voted for the motion.

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

***Clemson University: Not Exceeding \$63,000,000 General Obligation State Institution Refunding Bonds, Series 2016, of Clemson University (Regular Session Item #7)***

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$63,000,000 General Obligation State Institution Refunding Bonds, Series 2016, of Clemson University.

The proceeds of the bonds will be used to: (i) effect a refunding of all or a portion of the maturities of the of (1) the originally issued \$14,000,000 General Obligation State Institution Bonds (Issued on Behalf of Clemson University), Series 2007B, and (2) the originally issued \$62,370,000 General Obligation State Institution Bonds (Issued on Behalf of Clemson University), Series 2011B (collectively, the “Refunded Bonds”); and (ii) to pay for expenses related to the issuance of such State Institution Refunding Bonds.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority adopted a

resolution making provision for the issuance and sale of not exceeding \$63,000,000 General Obligation State Institution Refunding Bonds, Series 2016 of Clemson University.

Information relating to this matter has been retained in these files and is identified as Exhibit 18.

***Coastal Carolina University: Not Exceeding \$22,900,000 Revenue Bonds, Series 2016, of Coastal Carolina University (Regular Session Item #8)***

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$22,900,000 Revenue Bonds, Series 2016, of Coastal Carolina University.

The proceeds of the bonds will be used to enlarge and renovate Brooks Stadium on the campus of the University. This expansion is necessary in order to be in compliance with the requirements, as set forth in the agreement, entered into between the Sun Belt Conference and Coastal Carolina University.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$22,900,000 Revenue Bonds, Series 2016 of Coastal Carolina University. Governor Haley voted against the motion. All other members voted for the motion.

Information relating to this matter has been retained in these files and is identified as Exhibit 19.

***Lander University: Not Exceeding \$10,000,000 General Obligation State Institution Refunding Bonds, Series 2016, of Lander (Regular Session Item #9)***

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$10,000,000 General Obligation State Institution Refunding Bonds, Series 2016, of Lander University.

The proceeds of the bonds will be used to (i) effect a refunding of all or a portion of the maturities of (1) the originally issued \$10,000,000 General Obligation State Institution Bonds (Issued on Behalf of Lander University), Series 2004B, and (2) originally issued \$8,000,000 General Obligation State Institution Bonds (Issued on Behalf of Lander University), Series 2005D; and (ii) pay for expenses related to the issuance of such State Institution Refunding Bonds.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$10,000,000 General Obligation State Institution Refunding Bonds, Series 2016 of Lander University.

Information relating to this matter has been retained in these files and is identified as Exhibit 20.

### ***Future Meeting***

Upon a motion by Mr. White seconded Mr. Loftis, the Authority agreed to meet at 10:00 a.m. on Tuesday, September 20, 2016, in Room 252, Edgar A Brown Building.

### ***Adjournment***

Mr. Eckstrom asked that the Authority be provided with the permanent improvement project plan from CHE and the CPIP for state agencies.

The meeting adjourned at noon.

[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 Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 3:15 p.m. on Friday, August 21, 2015.]