

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

August 25, 2015, – 1:10 P. M.

The State Fiscal Accountability Authority (Authority) met at 1:10 p.m. on Tuesday, August 25, 2015, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Mr. Richard Eckstrom, Comptroller General, participated in the meeting via telephone.

Also attending were State Fiscal Accountability Authority Interim Director David Avant; Acting 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 Budget Analyst Kara Brurok; 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. Loftis, the Authority adopted the agenda as proposed.

Minutes of Previous Meeting

Upon motion by Mr. Loftis, seconded by Senator Leatherman, the Authority approved the minutes of the June 16, 2015, and the June 29, 2015, Budget and Control Board meetings.

Blue Agenda

Mr. Avant advised the Authority members that blue agenda item #1 concerning the special assignment of bond counsel is only for approval of Nexsen Pruitt as bond counsel and not Haynsworth Sinkler Boyd as indicated in the item.

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

Minutes of State Fiscal Accountability Authority
August 25, 2015 – Page 2

State Treasurer: Bond Counsel Selection (Blue Agenda Item #1)

The Authority approved the following notification of the assignment of bond counsel for conduit issues, other revenue issues, and special assignment for bond counsel for which Authority approval was requested by the State Treasurer:

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

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$24,000,000 SC JEDA	Goodwill Industries of Lower SC, Inc. and Palmetto Goodwill	Haynsworth Sinkler Boyd	Pope Flynn

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
SC State Housing Finance & Development Authority \$16,000,000.00	State Housing Authority Sha7, LLC	Howell Linkous & Nettles
SC State Housing Finance & Development Authority \$26,000,000.00	Waters at Magnolia Bay, LP	Howell Linkous & Nettles

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$30,50,000.00 Higher Ed Rev Bds for the purpose of refunding of currently outstanding Rev Bds (2005A Refunding Bds)	University of South Carolina	Nexsen Pruitt

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

Department of Administration, Division of General Services: Easements (Blue Item #2)

The Authority approved the following easements in accordance with the SC Code of Laws as requested by the Department of Administration, Division of General Services:

- (a) County Location: Aiken
- From: Department of Administration
- To: Ronnie R. Reiselt and Roni Rhodes Reiselt
- Consideration: \$1

- Description/Purpose: To release an existing access easement over land within the Aiken State Park and grant a smaller 30' wide easement across the southern tip of the Park's property for the purpose of providing ingress and egress to the Reiselts' tracts that are on both sides of the lands of the Aiken State Park. The new access easement will reduce the size of the area currently encumbered by the existing access easement. The easement will be of mutual benefit to the Department of Parks, Recreation and Tourism and the Reiselts.
- (b) County Location: Lancaster
From: Department of Administration
To: Comporium, Inc.
Consideration: \$1
Description/Purpose: To grant a 0.01 acre easement for the installation, operation and maintenance of communication lines on property of the Catawba Workforce Area Office in Lancaster. The work is to provide service upgrades and improve system reliability. The easement is being sought by the Department of Employment and Workforce for the benefit of the property.
- (c) County Location: Horry
From: Department of Natural Resources
To: Horry County
Consideration: \$1
Description/Purpose: To grant a 0.13 acre easement over land of the Little Pee Dee Heritage Preserve and Wildlife Management Area for the purpose of performing road improvements to a dirt road known as Church Landing Road and maintaining the road for public use. The road will also serve as safer access to a public boat landing. The easement will be of mutual benefit to the Department of Natural Resources and Horry County.

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

SC Energy Office: \$2.3M Qualified Energy Conservation Bond Volume Cap Allocation Authority to Abundant Power Group, LLC/SC SAVES with the SC Jobs-Economic Development Authority (JEDA) as Conduit Issuer ((Blue Agenda Item #3)

On May 2, 2011, the Budget and Control Board approved \$10M in QECB volume cap allocation to Abundant Power Group, LLC/SC SAVES in connection with the implementation of

qualifying green community programs in Charleston. On August 13, 2013, the Budget and Control approved a scope modification to allow use of the allocation authority statewide. Abundant Power Group, LLC/SC SAVES has now exhausted all but \$2.7M of the original allocation authority and is requesting an additional \$2.3M in QECCB volume cap allocation in connection with the implementation of qualifying green community programs, including an energy performance contract in Sumter County and compressed natural gas (CNG) trucks for Randolph Trucking, LLC, in Dorchester County. The total estimated cost for both projects is \$5M. SC SAVES will utilize \$2.7M of its current allocation authority and the additional \$2.3M requested to fund the projects and is amending its current bond resolution with JEDA to reflect such.

The Sumter County project consists of a performance contract encompassing energy efficiency measures on ten county buildings in the form of HVAC system upgrades and controls, envelope improvements, LED lighting retrofits, and water conservation. The Dorchester County project involves the purchase of four CNG trucks for use by Randolph Trucking, LLC. The application submitted by Abundant Power Group, LLC estimates the creation of approximately 84 direct jobs from the capital investment and approximately 10 indirect jobs based on expected energy savings of 6,000 MWhs annually.

In July 2012, the Internal Revenue Service guidelines for the use of QECCBs broadened the range of programs which qualify under the green community programs designation to ‘promote energy conservation, energy efficiency or environmental conservation initiatives relating to energy consumption, broadly construed’ and ‘programs must involve property that is available for general public use or involve a loan or grant program that is broadly available to members of the general public’. Eligible initiatives under this expanded interpretation include [a] retrofitting initiatives for heating, cooling, lighting, water-saving, storm-water reducing or other efficiency measures; [b] distributed generation initiatives; [c] transportation initiatives that conserve energy and/or support alternative fuel infrastructure; [d] improvements to public infrastructure that enhance proximity and connectivity between community assets and public transit to reduce motor vehicle use; and [e] public street lighting upgrades.

Based on the application submitted, the proposed projects appear to meet the definition of a green community program and the associated bond resolution includes bond counsel opinion

confirming project eligibility.

The QECCB allocation authority request was approved by the SC ARRA Volume CAP Advisory Committee on May 12, 2015, with the stipulation that if the bonds are not issued by June 30, 2016, this allocation expires and reverts to the pool.

The Authority was asked to approve the proposed additional \$2.3M QECCB volume cap allocation authority to Abundant Power Group, LLC/SC SAVES with JEDA as conduit issuer, with the stipulation that if the bonds are not issued by June 30, 2016, this allocation expires and reverts to the pool.

Mr. Loftis asked that blue agenda item #3 be pulled from the agenda. He said he did not want to discuss the item, but wanted to vote against it. He stated that this item is one of those complicated things that government sets up. He stated that this is a fee machine. He said the Energy Office and others need to do more work on the item.

Senator Leatherman moved to adopt the item. Mr. White seconded the motion to adopt. Mr. Eckstrom asked what the objection was to the item. Mr. Loftis said that the information he has read about the item indicates that it is detached from actual reality. He said that the savings and job creations have not been substantiated. Mr. White said that his issue with the item is that he has questions he has asked of JEDA and he has not heard back from JEDA.

Mr. Eckstrom asked for the item to be carried over in order to receive additional information. Governor Haley asked for a motion to carry the item over. Mr. Eckstrom moved to carry the item over to the Authority's next meeting. The motion was seconded by Mr. Loftis. The Authority unanimously approved carrying the item over to the next meeting.

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 Agenda #4)

The Division of Procurement Services, in accord with Section 11-35-1210, audited the following agencies and recommended 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. Department of Education (for a period of three years): supplies and services, \$100,000* per commitment; school bus maintenance, \$250,000* per commitment; information technology, \$100,000* per commitment; consultant services, \$100,000* per commitment.

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

The Department of Education requested to remain at its current certification levels. The Department complies with the South Carolina Consolidated Procurement Code, State regulation, 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. The Division recommended the Authority grant the Department of Education the certifications limits noted above.

- b. Department of Labor, Licensing and Regulation (for a period of three years): supplies and services, \$100,000* per commitment; consultant services, \$100,000* per commitment.

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

The Department of Labor, Licensing and Regulation requested to remain at its current certification levels. The Department complies with the South Carolina Consolidated Procurement Code, State regulation, 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. The Division recommended the Authority grant the Department of Labor, Licensing and Regulation the certifications limits noted above.

- c. Greenville Technical College (for a period of three years): supplies and services, \$250,000* per commitment; information technology, \$150,000* per commitment; consultant services, \$250,000* per commitment; construction contract award, \$100,000 per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$25,000 per amendment.

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

Greenville Technical College complies with the South Carolina Consolidated

Procurement Code, State regulations, and the College's procurement policies and procedures in all material respect and the internal procurement operating procedures are adequate to properly handle procurement transactions. The Division recommended the Authority grant Greenville Technical College the certification limits noted above.

- d. Trident Technical College (for a period of three years): supplies and services, \$500,000* per commitment; consultant services, \$500,000* per commitment; information technology, \$250,000* per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$10,000 per amendment.

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

Trident Technical College complies with the South Carolina Consolidated Procurement Code, State regulations, and the College's procurement policies and procedures in all material respect and the internal procurement operating procedures are adequate to properly handle procurement transactions. The Division recommended the Authority grant Trident Technical College the certification limits noted above.

In accord with Section 11-35-1210, the Authority granted procurement certifications 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. Department of Education (for a period of three years): supplies and services, \$100,000* per commitment; school bus maintenance, \$250,000* per commitment; information technology, \$100,000* per commitment; consultant services, \$100,000* per commitment.

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

- b. Department of Labor, Licensing and Regulation (for a period of three years): supplies and services, \$100,000* per commitment; consultant services, \$100,000* per commitment.

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

- c. Greenville Technical College (for a period of three years): supplies and services, \$250,000* per commitment; information technology, \$150,000* per commitment;

consultant services, \$250,000* per commitment; construction contract award, \$100,000 per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$25,000 per amendment.

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

- d. Trident Technical College (for a period of three years): supplies and services, \$500,000* per commitment; consultant services, \$500,000* per commitment; information technology, \$250,000* per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$10,000 per amendment.

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

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 approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$24,000,000 Economic Development Revenue Refunding (\$24,000,000 refunding involved)
Allocation Needed: -0-
Name of Project: Goodwill Project
Employment Impact: maintain employment for 234 people
Project Description: Refinancing certain indebtedness of Goodwill Industries of Lower South Carolina, Inc., the proceeds of which were used to finance or refinance land and various facilities located thereon, owned by Goodwill Industries of Lower South Carolina, Inc., and used as retail stores and electronic sales and services facilities, providing recycling, technology training and other job training services
- Note:*
private sale
Bond Counsel: E. Tyler Smith, Haynsworth Sinkler Boyd, P. A.
(Exhibit 5)
- b. Issuing Authority: SC State Housing Finance and Development Authority
Amount of Issue: N/E \$17,000,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: Spartanburg 7 Project
Employment Impact: N/A

Project Description: to finance the acquisition and renovation of seven apartment complexes, consisting of 338 affordable housing units, in the City of Spartanburg, known as the Spartanburg 7 Project

Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 6)

- c. Issuing Authority: SC State Housing Finance and Development Authority
Amount of Issue: N/E \$23,000,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: Waters at Magnolia Bay
Employment Impact: N/A
Project Description: to finance the acquisition and renovation of a 300-unit apartment development located in the City of Lincolnton, Charleston County, known as the Waters at Magnolia Bay.
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 7)

Public Employee Benefit Authority, Employee Insurance Program: State Health Plan Benefits and Contribution Rates Effective January 1, 2016 (Regular Session Item #1)

As part of the Appropriation Act of 2015, the General Assembly enacted Proviso 108 setting out the premium increases for the 2016 State Health Plan and setting parameters for possible changes to other provision of the Plan:

“108.6 (PEBA:FY 2016 State Health Plan) Of the funds authorized for the State Health Plan in Plan Year 2016 pursuant to Section 1-11-710(A)(2) of the 1976 Code, an employer premium increase of 4.5 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 in Plan Year 2016. Co-payments for participants of the State Health Plan in Plan year 2016 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 2016 to ensure the fiscal stability of the Plan.”

At its meeting on July 15, 2015, 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 2016 in compliance with Proviso 108.6. Accordingly, the PEBA Board approved an employer contribution rate increase of 4.5 percent with no increase for subscribers for each tier of the Plan as set out in Attachment 2 for this item. Furthermore, as set out in Attachment 3 for this 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 Authority. The Authority was asked to approve the 2016 contribution rates in Attachment 2 and the program changes in Attachment 1 for this item.

Ms. Peggy Boykin, PEBA Director, appeared before the Authority on this matter. Mr. Loftis asked for an update on the existing healthcare management firm. Ms. Boykin stated that through the procurement process a request for proposals (RFP) was issued for the pharmacy benefits manager (PBM) contract that ends December 31. She said that Express Scripts was selected as a result of the procurement process and that they are in the transition period. She stated that Express Scripts will take over the contract on January 1, 2016. Mr. Loftis asked Ms. Boykin if she expected savings as a result of the change. Ms. Boykin said that they are in the process of evaluating the savings noting that each of the respondents to the RFP priced information differently and that there may be savings through the rebate portion of the PBM. She said they have also seen an increase in claims cost per prescription. She stated that it is not known at this time whether those two items will cancel each other out.

Mr. Loftis asked what the cost was of the health plan. Ms. Boykin said the total cost of the health plan is about \$2 billion and the pharmacy portion is about \$650 million. Mr. Loftis asked how the accounts are “settled up” when transitioning to a new firm. Ms. Boykin stated that she did not understand what Mr. Loftis meant by settling up, but that members participate in the plan and file claims for their prescription cost. She said those claims are processed and paid through the PBM in accordance with the contract. She said PEBA monitors the contract with the provider and holds weekly compliance meetings with the provider to make sure the contract is being followed. She noted that the current provider is Catamaran and the contract with Catamaran expires December 31st. She said the “true-up” is the filing of claims and the payment of those claims. Rob Tester with PEBA stated that because there is a Medicare Part D group plan, PEBA will continue to work with Catamaran for as long as two years after the close of the contract to make sure subsidy dollars flow as they are supposed to.

Mr. Eckstrom asked if the 4.5% increase in employer contributions is an indication that

the overall plan cost for the year has increased 4.5%. Ms. Boykin said that is the amount they expect total net claims cost to increase. Mr. Eckstrom asked if there would be a deductible change. Ms. Boykin replied that in accordance with Proviso 108.6 there is an increase in the employer contribution rate and no increase in the employee contribution rate and no change to copays and deductibles.

Mr. Eckstrom further asked how the 4.5% increase compares to the increase in Medicaid costs. Ms. Boykin said that she would have to get back to Mr. Eckstrom on that issue.

Mr. Loftis asked when the Authority would get an update on the Retirement System. Ms. Boykin said the 2014 valuations did not require an increase in contributions and that copies of the valuations have been provided to the Authority members. She said there will not be an agenda item to come before the Authority because no increase is required. She said for the June 30, 2015, fiscal year the valuation should be completed by the actuaries in December and that she expects the valuations to be presented to the PEBA Board in December. She said she is not certain that the valuations will be ready to come to the Authority at its December meeting. She noted that an experience study will be conducted as statutorily required after the valuations are done. She said the expected time for having the experience study done is in January 2016 so that it will be done in time for the legislative session.

Mr. Loftis said that an update should be given whether statutorily required or not. He noted that the net pension liability is over \$21 billion. He said that this is going to consume State government and that every year the contributions are delayed the liability is financed at 7.5%. Governor Haley said that her office has sent a letter to the Retirement Investment Commission and asked for an update at the next Authority meeting. Mr. Eckstrom commented that going forward the Authority should be provided with an update annually even if there is no increase. Governor Haley stated that the Authority is to receive an update from both the Retirement System and the Retirement System Investment Commission.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved the contribution rates and plan changes presented on Attachments 1(Proposed program changes effective January 1, 2016) and 2 (State Health Plan monthly contribution rates by level of coverage effective January 1, 2016) as recommended by the Public Employee Benefit Authority.

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

Department of Administration, Division of General Services – College of Charleston Lease Amendment – Harbor Walk (formerly Fountain Walk) (Regular Session Item #2)

The College requested approval to amend an existing lease to lease an additional 3,104 rentable square feet (RSF) at Harbor Walk, formerly Fountain Walk, located at 360 Concord Street, Charleston, from R.E.R. Investments, Limited Company. The College currently leases 41,000 RSF for office, classroom and lab space and is seeking additional space, totaling 44,104 RSF to accommodate new faculty research grants in the Department of Computer Science. This space will directly benefit students as they work closely with the faculty on these grants.

The original lease granted Tenant an option to lease additional space as it became available on the same terms. The Lease will be amended effective the date the College occupies the space which will be upon final lease approval for suite 106 and approximately November 1, 2015 for suite 105. The termination date of the Lease will remain the same with the initial term ending on December 31, 2020, with on renewal period of five additional years. As the CPI-U for April was -0.2, the cost per rentable square foot will remain at \$31.50 per square foot during the remainder of the first fiscal year of this Amendment. The quarterly instalments are to be paid in advance on or before the tenth (10th) day of each consecutive quarter subject to an annual increase as of July 1 of each year for any change in the U. S. Consumer Price Index for all Urban Consumers (CPI-U) based on the percent change in the monthly index for April of each year, subject, however, to a 3% cap on annual increases over the immediate preceding year, regardless of whether the percent change in the CPI-U is higher than said cap. Additionally, the landlord has agreed to provide \$30/SF in up fit costs to the additional space for a total of \$93,120.00. Up fit work will be done during class breaks and scheduled at the convenience of the College.

Lease payments will be funded with College fees. The College has indicated that no fee increase will be associated with this lease amendment. Based on the NTE (Not to Exceed) data, the total estimated lease cost, as the lease is amended, over the remaining term is \$7,996,026.78.

Minutes of State Fiscal Accountability Authority
August 25, 2015 – Page 13

Year	Basic Rent PSF (Rounded)	Maximum Basic Semi-Annual Rent for	Maximum Basic Semi-Annual Rent for	Maximum Basic Semi-Annual Rent Total Leased Space as	Basic Rent PSF Previously Approved (Rounded)	Maximum Basic Semi-Annual Rent Previously Approved
8/15/15-	\$31.50	\$25,060.28	\$484,312.5	\$509,372.78	\$32.45	\$498,936.75
1/1/16-	\$31.50	\$48,888.00	\$645,750.0	\$694,638.00	\$32.45	\$665,225.00
7/1/16-	\$32.45	\$50,362.40	\$665,225.0	\$715,587.40	\$33.42	\$685,110.00
1/1/17-	\$32.45	\$50,362.40	\$665,225.0	\$715,587.40	\$33.42	\$685,110.00
7/1/17-	\$33.42	\$51,867.84	\$685,110.0	\$736,977.84	\$34.42	\$705,610.00
1/1/18-	\$33.42	\$51,867.84	\$685,110.0	\$736,977.84	\$34.42	\$705,610.00
7/1/18-	\$34.42	\$53,419.84	\$705,610.0	\$759,029.84	\$35.45	\$726,725.00
1/1/19-6/30/19	\$34.42	\$53,419.84	\$705,610.0	\$759,029.84	\$35.45	\$726,725.00
7/1/19-12/31/19	\$35.45	\$55,018.40	\$726,725.0	\$781,743.40	\$36.52	\$748,660.00
1/1/20-6/30/20	\$35.45	\$55,018.40	\$726,725.0	\$781,743.40	\$36.52	\$748,660.00
7/1/20-12/31/20	\$36.52	\$56,679.04	\$748,660.0	\$805,339.04	\$37.61	\$771,005.00
Total		\$551,964.28	\$7,444,062.50	\$7,996,026.78		\$7,667,376.75
Average	\$33.73				\$34.74	

The College has adequate funds for the lease, as amended, according to a Budget Approval Form, which also includes a multi-year plan.

The lease amendment was approved by the staff of the Commission on Higher Education (CHE) April 24, 2015.

The lease amendment was approved by JBRC on July 28, 2015.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved the proposed amendment to the lease for the College of Charleston at Harbor Walk (formerly Fountain Walk) in Charleston as requested by the Department of Administration, Division of General Services.

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

Department of Administration, Division of General Services: SC Department of Social Services Lease – Columbia (Regular Session Agenda Item #3)

The SC Department of Social Services (DSS) requested approval to lease 38,500 rentable square feet (RSF) located on the first floor at 1628 Browning Road in Columbia from Browning Office Investment, LLC, a South Carolina based company. The agency currently leases 38,500 RSF for their Information Technology Services division, Child Support Systems Development and Cybersecurity personnel. This space is currently leased by DSS thus eliminating any downtime or relocation costs.

A solicitation was conducted and four (4) responses were received, of which the selected location represents the lowest bid. The term of the Lease will be five (5) years beginning on November 1, 2015. Rent for each year will be charged at a rate of \$13.75 per rentable square foot for a total of \$529,375 per year.

The agency will not be responsible for any operating expenses and the lease includes free surface lot parking sufficient for staff and customers. The Landlord is providing improvements as specified in construction drawings as agreed to by Tenant.

The following table represents comparable lease rates of similar business space in the Columbia area. Additionally, the Colliers International 2015 First Quarter Market Report indicates an average lease rate per square foot of \$16.20 in the Columbia area.

Agency	Address	Lease Term	Initial Rate/SF	Final Rate/SF	Max Potential Excess Operating Costs	Other
University of South Carolina	220 Stoneridge Drive	7/11/11-6/30/16	\$14.50	\$16.10	\$13,264 Over 5 years	
Office of the Inspector General	111 Executive Center Drive	10/1/13-9/30/18	\$13.75	\$13.75	\$0.00	
Department of Revenue Boulevard	300 Outlet Pointe	11/1/13-12/31/22	\$11.82	\$13.86	0.00	\$282,136.61*

*DOR pays annual utilities annually adding approximately \$1.77/SF to the rate each year. Dollar

amount here represents 2014 utility cost.

There are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the Agency.

The lease was approved by JBRC on July 28, 2015.

Mr. Loftis noted that the leases are in buildings owned by LLCs and that the Authority does not know who those persons are. He asked if there is a conflict of interest if the Authority members vote to approve the item and it is later determined that a family member is a member of the LLC. Ms. Shawn DeJames, Assistant Director with the Division of General Services, appeared before the Board on this matter. Ms. DeJames stated that they have not looked into who the members of the LLC are. She said that an LLC is an independent organization and there should be a level of protection for the State entering into an agreement with the LLC. Mr. Loftis asked if someone would look into the issue for him. Governor Haley asked Mr. Loftis if he was asking that members of an LLC be looked into prior to executing a contract with the State. Mr. Loftis said that is what he thinks should be done. Governor Haley asked Mr. Avant how he would like to proceed on the item. Mr. Avant noted that a vote needed to be taken on the item. Mr. Loftis said that information on LLC for these transactions could be given in the future. Mr. Avant added that there is no per se conflict involved.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the proposed 5 year lease for the Department of Social Services at 1628 Browning Road in Columbia as requested by the Department of Administration, Division of General Services.

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

Department of Administration, Executive Budget Office: Permanent Improvement Projects (Regular Session Agenda Item #4)

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the following permanent improvement project establishment requests and budget revisions except as otherwise noted herein.

Establish Project for A&E Design

- (a) Summary 7-1-2016: JBRC Item 2. Clemson University
Project: 9926, East Campus Water Tower Construction
Funding Source: \$70,000 Other, Maintenance and Stewardship funds, which are comprised of tuition, matriculation and other debt retirements and plant transfer revenues that are restricted to support capital investments and that are not formally obligated to fund debt service in the current period.
Request: Establish project and budget for \$70,000 (Other, Maintenance and Stewardship Funds) to begin design work to construct the East Campus Water Tower at Clemson University. The scope would include constructing a new water tower on the east campus. The new water tower will be a one million gallon elevated storage tank that will replace the existing Kite Hill water tank and provide for the growth needs of the University's water distribution system. The new water tower will be constructed on the site of the Kite Hill tank on the east campus, which will be demolished when the new tower is completed. The University's water distribution system is a state licensed water system serving the entire campus population with drinking water and fire protection. The Kite Hill water tank is more than 56 years old and does not meet the needs of the east campus. Campus population and facility growth on this system will require water storage capacity improvements by 2018 to meet state regulations for storage reserve required for peak hour water usage and fire protection. Replacing this aging tank will increase the overall usable water storage needed to satisfy the University's water storage requirements beyond 2030. It will also provide a long-term solution to back-up pressurization and capacity requirements for the licensed water distribution system and meet current and future needs.
- (b) Summary 1-2016: JBRC Item 3. University of South Carolina
Project: 6112, North Energy Plant Expansion and Chilled Water Loop Extension
Funding Source: \$177,750 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.
Request: Establish project and budget for \$177,750 (Other, Institutional Funds) to begin design work to renovate and construct the North Energy Plant expansion and chilled water loop extension at the University of South Carolina. The scope would include increasing the chilled water capacity for the western portion of the campus by adding a 3,000 ton chiller and cooling tower to the North Energy Plant. The plant will be expanded 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 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.

- (c) Summary 1-2016: JBRC Item 4. University of South Carolina
Project: 6113, Emergency Generators for Critical Research
Funding Source: \$22,500 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.
Request: Establish project and budget for \$22,500 (Other, Institutional Funds) to begin design work to renovate research facilities at the University of South Carolina. The scope would include installation of emergency generators at three critical research facilities. An existing 800KW generator at the Coker Life Sciences building will be relocated to the Swearingen Engineering building. A new, larger 1000KW generator will be installed at the Coker Life Sciences building, and a new 500KW generator will be installed at the Earth and Water Sciences building. The project will integrate the generators with the buildings' electrical systems and include automatic transfer switches for immediate power transfer switching. The generators will be sized to supply power to the entire building electrical system to allow uninterrupted operation of research, mechanical, ventilation, lighting, teaching and administrative activities. The generators will provide 100% automatic backup power with automatic switching. The generator will also serve a life safety function by maintaining negative pressurization at hoods within labs during a power loss while also preventing the potential loss of expensive and critical research data.
- (d) Summary 1-201: JBRC Item 6. Department of Mental Health
Project: 9746, Santee Wateree Mental Health Center Construction
Funding Source: \$150,000 Other, Capital Improvement and Maintenance Funds, which are which are funds authorized pursuant to Proviso 35.14 of FY 2014 and may include Medicaid fee-for service earned revenue, legal settlements and other one-time funding sources.
Request: Establish project and budget for \$150,000 (Other, Capital Improvement and Maintenance Funds) to begin design work construct a 40,000 square foot mental health center, in the Sumter area, in order to provide comprehensive mental health services to clients in Sumter County. This request is related to DMH's goal to provide sufficient mental health services, in communities, to minimize consumers' need for hospitalization by having greater access to treatment services. The current Santee Wateree Mental Health Center facility, constructed in 1972, is 13,318 square feet and is located on a two acre tract of land. It is no longer suitable for current client volume and treatment programs and is currently in need of substantial maintenance, including a new roof and HVAC system. The Department of Mental Health is purchasing land to allow

for the construction of this new facility. The new facility, which will house 85 staff and serve approximately 2,670 clients annually, will be able to house both the existing Mental Health Center programs, as well as two additional Department of Mental Health offices currently occupying 11,682 square feet of leased space. This consolidation will eliminate the need for leased space for one of these office locations. The new facility and consolidation will allow for a more seamless transition between various programs for clients and provide greater security and safety. The new facility will provide the following services: Adult Outpatient Services, Assertive Community Treatment, Elder Services, Crisis Services, Child/Adolescent and Family Services, Rehabilitation Psychosocial Services, Employment Services, Day Treatment, Administration, and Training and Facility Support. Construction would also include parking for 140 vehicles and landscaping improvements.

Establish Construction Budget

- (e) Summary 1-2016: JBRC Item 9. Clemson University
Project: 9917, Student Activities Center Renovation
Funding Source: \$3,000,000 which includes \$1,911,000 Other, Dining Improvement funds, which are funds resulting from bond-covenant required transfers from Dining Operations to allow for the maintenance and replacement of capital assets funded by bond issues, and \$1,089,000 Other, private gift funds, which are amounts received from individuals, corporations and other entities that are to be expended for their restricted purpose.
Request: Increase budget to \$3,000,000 (add \$2,900,000 - \$1,911,000 Other, Dining Improvement and \$989,000 Other, Private Gift Funds) to perform renovations on the Sheep Barn facility for use as a student-centered activity center at Clemson University. This project was established for design work in April 2014, which is now complete. The facility is a 7,000 square foot vacated central campus agriculture building that is currently used for material storage. Due to its open floor plan, the renovated facility will include large meeting and lecture rooms and spaces for student and academic-related functions. The renovation will include making structural improvements to the facility, adding mechanical and electrical systems, and upgrading the building envelope to provide a comfortable, energy-efficient environment. Care will be taken to preserve the character of the facility and maintain its status on the National Register of Historic Places. The 7,000 square foot building is centrally located adjacent to numerous large housing facilities on the east campus and offers a unique and highly accessible venue for hosting variety of student activities, entertainment, food options, informal social interactions, and other programs that foster student engagement. The facility will provide a new alternative, especially for students who live or commute on the east side of the campus, to connect with the campus and enrich their Clemson experience, enhancing Clemson's ability to retain the best and brightest students. The agency reports

total projected cost of this project is \$3 million, and additional annual operating costs between \$157,210 and \$166,784 are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is December 2015 and the projected date for completion of construction is December 2016. (See attachment 1 for this agenda item for additional annual operating costs.)

(f) Summary 1-2016: JBRC Item 10. State Board for Technical and Comprehensive Education

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

Funding Source: \$6,333,732 Other, College funds, which are excess revenues from a variety of sources acquired over time to address capital improvements and maintenance needs.

Request: Increase budget to \$6,333,732 (add \$6,243,732 Other, College Funds) to construct a 25,000 square foot commercial prefabricated metal building in the business park across from the Horry Georgetown Technical College's Conway campus. This project was established for design work in January 2015, which is now complete. The land for the proposed construction has been donated to the College by Horry County. The building will be used to house the College's Advanced Manufacturing Programs which includes the CNC/Machine Tool, Welding, Robotics and Mechatronics programs. The College has outgrown its existing academic space for these programs, and desperately needs additional instructional space to support growing these programs to meet increased industry demands. With the construction of this facility, the College intends to increase Welding and Machine Tool enrollment from 50 to more than 175 students. Graduates from these programs have starting salaries well in advance of local averages and are marketable throughout the state and in a variety of industries. The agency reports total projected cost of this project is \$6,333,732, and additional annual operating costs of \$60,000 are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is March 2016 and the projected date for completion of construction is December 2016. (See attachment 2 for this agenda for additional annual operating costs.)

(g) Summary 7-2015: JBRC Item 11. Department of Administration

Project: 9951, PEBA - HVAC Modifications

Funding Source: \$2,381,948 Other, PEBA funds which are funds that PEBA is allowed to use for the administration of the agency from the SC Retirement System and Employee Insurance Program trust funds.

Request: Increase budget to \$2,381,948 (add \$2,347,698 Other, PEBA funds) to renovate the HVAC system at the Gressette Collins Building in Columbia, which houses the Public Employee Benefits Authority (PEBA). The project was established for pre-design in April 2015, which is now complete. The 62,500 square foot facility serves 203 staff with 79 water source HVAC units

located in the building above the ceilings. These units are original to the building, which is 27 years old, and are in need of replacement. As these systems are all reaching the end of their useful life, General Services and the agency are looking at a comprehensive overhaul of the system to make it more efficient and to eliminate problems with the flow of water throughout the system and contaminants in the cooling water. These contaminants have impacted both the water source units and the two cooling towers installed in 2008. The scope of the project will involve modifications to the ceilings and ceiling lighting, as well as the installation of new piping and duct work throughout the building. The project will also include the installation of a new heat exchanger and related tower pumps. The agency reports the total projected cost of this project is \$2,381,948.40, and operating savings of \$28,000 per year are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is September 2015 and the projected date for completion of construction is September 2016. (See attachment 3 for this agenda item for additional annual operating cost savings.)

Establish Project for Preliminary Land Studies

- (h) Summary 1-2016: JBRC Item 14. Clemson University
Project: 9927, Emerging Technology Center Building Acquisition
Funding Source: \$25,000 Other, Self-Generated Revenue funds, which are revenues derived from fees and amounts derived from routine operations of a land-grant research university, including grants and contracts revenues, sales and services of educational activities, investment income and other operating revenues which do not include student fees or state appropriations.
Request: Establish project and budget for \$25,000 (Other, Self-Generated Revenue funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Clemson University is considering acquiring a 49,380 square foot office warehouse facility on 6.94 acres of land at the Clemson Research Park in Anderson. The property is owned by the Clemson University Research Foundation (CURF) and will be acquired for continued use as an off-campus storage site for the Clemson libraries, for other Clemson units needing permanent storage space for records and materials, and for offices for staff associated with the monitoring and access of the space. The Phase I budget will fund procurement of an appraisal a Phase I environmental survey and a Phase I building condition assessment. Clemson currently leases this facility from the CURF for off campus storage and related offices. The facility is used for the University's Library Depot, which houses the University Records Center, libraries' off-site shelving, technical services, collection management unit, and digital imaging labs. CURF is focusing more on its research initiatives and is eliminating its real estate activities. As a result, CURF wants to sell the facility. Clemson currently leases the building and by

acquiring the facility would save on the lease payments it currently pays to CURF and still meeting its library storage and related needs.

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

Department of Administration, Executive Budget Office: Department of Disabilities and Special Needs – Excess Debt Service Funds)(Regular Session Agenda Item #5)

The Department of Disabilities and Special Needs (DDSN) sought approval to use \$4.8 million of excess debt service funds to meet various improvement needs of the agency. Section 44-20-1170 of the South Carolina Code of Laws establishes a debt service fund for DDSN that is funded with revenue from the agency. Monies from the special fund must be applied by the State Treasurer to the payment of principal and interest on outstanding state capital improvement bonds. Currently all outstanding bonds dependent on the fund have been repaid and the balance in the debt service fund as of August 11, 2015 is \$6,644,881.45. DDSN will submit a report to the Authority by August 1, 2016 listing the projects and amounts on which the funds have been expended.

Mr. Eckstrom asked if this is the agency's funds. Governor Haley said that is her understanding. Mr. Eckstrom further asked if the agency has entered into any projects that would require borrowing. Governor Haley said agency representatives are present and are indicating that no borrowing is required. Mr. Eckstrom said that is commendable.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved DDSN's request to use up to \$4.8 million of excess revenue in the debt service subfund for improvement needs of the agency and required DDSN to submit a report due August 1, 2016, detailing, by project, how the funds have been expended.

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

University of South Carolina: Not Exceeding \$30,500,000 Aggregate Principal Amount Higher Education Refunding Revenue Bonds of the University of South Carolina (Reg. #6)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$30,500,000 Aggregate Principal Amount Higher Education Refunding Revenue Bonds of the University of South Carolina in one or more Series of the State of South

Carolina.

The proceeds of the bonds will be used to (i) pay the costs of refunding all or a portion of the University's Higher Education Facilities Revenue Bonds, 2005 Refunding Series A, outstanding in the aggregate principal amount of \$29,420,000; (ii) provide for the Series 2015A Reserve Requirement, if any; (iii) pay certain costs and expenses related to the issuance of the Series 2015A Bonds, and (iv) provide for credit enhancement with respect to the Series 2015A Bonds, if any.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$30,500,000 Aggregate Principal Amount Higher Education Refunding Revenue Bonds (Issued on Behalf of the University of South Carolina.)

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

Clemson University: Not Exceeding \$8,000,000 Higher Education Revenue Bonds, Series 2015A, of Clemson University (Regular Session Item #7)

The Authority was asked to adopt a resolution making provision for the issuance and sale Not Exceeding \$8,000,000 Higher Education Revenue Bonds, Series 2015A, of Clemson University.

The proceeds of the bonds will be used to plan, develop, construct and equip additional student housing facilities on the campus of Clemson University, as well as dining, bookstores, retail, and other auxiliary facilities and services related to the Douthit Hill project.

Senator Leatherman said that regular session items #7 and #8 are shifting money from one bond issue to another. He said the Joint Bond Review Committee (JBRC) has not had the chance to look at these items. He said that in the future JBRC will review these type matters and will make a recommendation to the Authority. He said he does not want to start the practice of agencies getting bond approval to use bond proceeds and then shifting the proceeds to other sources of revenue. He said that is particularly so if shifting is from bond proceeds to student fees or tuition for debt service and that JBRC needs to review and make a recommendation to the Authority. Governor Haley asked whether items #7 and #8 should be held up. Senator

Leatherman and Mr. White said the items should not be held up. Mr. White noted that they were concerned that the items had previously gone before JBRC for project increase, but did not come back to JBRC for review.

Mr. Eckstrom asked if the issue with item #7 is that the request is to amend a previous issue for Higher Education Revenue Bonds by adding \$8 million. He said on item #8 the University is asking to reduce prior authorization of State Institution Bonds. He asked Senator Leatherman if that is the shift he was referring to which Senator Leatherman said it was. Senator Leatherman said that he has no problem with these items increasing authorization on one and reducing authorization on another. He said his concern is agencies not being able to shift one funding source to another funding source without that being reviewed to make sure they are not shifting to revenue bonds that would be debt serviced from tuition. Mr. Loftis said that his office can start checking for this.

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 not exceeding \$8,000,000 Higher Education Revenue Bonds, Series 2015 of Clemson University.

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

Clemson University: Request to Reduce Existing Authorization to Issue General Obligation State Institution bonds to be issued on behalf of Clemson University from \$13,000,000 to \$6,500,000 (Regular Session #8)

On August 12, 2014, the State Budget and Control Board adopted a resolution to provide for the issuance and sale of Not Exceeding \$13,000,000 Principal Amount of General Obligation State Institution Bonds (issued on behalf of Clemson University), Series 2014 of the State of South Carolina and Notes in anticipation of the issuance thereof; to prescribe the purposes for which the proceeds shall be expended; to provide for the payment thereof; and other matters relating thereto” authorizing the bonds for the purposes described in the requesting resolution.

The Board of Trustees of Clemson University determined that given available resources, certain costs of permanent improvement to the University should be financed with revenue bonds of the University. In the judgement of the Board of Trustees a reduction in the amount of bonds necessary for the project is appropriate.

The Authority was asked to reduce existing authorization to issue General Obligation State Institution Bonds to be issued on behalf of Clemson University from \$13,000,000 to \$6,500,000.

Senator Leatherman said the comments he made concerning item #7 apply to item #8.

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority adopted a resolution to reduce existing authorization of the resolution adopted on August 12, 2014, by the Budget and Control Board to issue General Obligation State Institution Bonds to be issued on behalf of Clemson University from \$13,000,000 to \$6,500,000.

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

Clemson University: Request to Rescind Authorization for Not Exceeding \$23,700,000 of General Obligation State Institution Bonds (to have been issued on behalf of Clemson University) (Regular Session #9)

The Authority was asked to rescind authorization for a resolution adopted by the Budget and Control Board on October 31, 2013, for Not Exceeding \$23,700,000 of General Obligation State Institution Bonds to have been issued on behalf of Clemson University.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority adopted a resolution to rescind authorization for a resolution adopted by the Budget and Control Board on October 31, 2013, for Not Exceeding \$23,700,000 of General Obligation State Institution Bonds to have been issued on behalf of Clemson University.

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

Future Meeting

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board agreed to meet at 10:00 a.m. on Tuesday, October 27, 2015, in Room 252, Edgar A Brown Building.

Executive Session

Pursuant to SC Code Section 30-4-70(a)(1), the Authority met in executive session to consider and discuss personnel matters concerning the qualifications and suitability of various

individuals for potential offer(s) of employment for position(s) of responsibility within the Authority.

After executive session, the Authority reconvened in regular session. Governor Haley stated that the Authority had been in executive session to discuss the item on the published agenda and that no action had taken place in executive session.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority agreed to offer the position of State Auditor to Mr. George Kennedy.

Adjournment

The meeting adjourned at 2:30 p.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 3:15 p.m. on Friday, August 21, 2015.]