MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

Deccember 13, 2016 – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, December 13, 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 Mr. Loftis, seconded by Senator Leatherman, the Authority adopted the agenda as proposed.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority deleted blue agenda item #4a from the agenda.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority amended blue agenda item #7 to correct a clerical error changing the date of expiration for a ceiling allocation from December 22, 2016, to December 31, 2016.

Minutes of Previous Meeting

Mr. Eckstrom pointed out that in the last sentence of the first paragraph on page 14 of the minutes the word "not" was omitted and the sentence should read in part "…that they may *not* view…".

Upon a motion by Mr. Ecstrom, seconded by Senator Leatherman, the Authority approved the amended minutes of the November 7, 2016 Authority meeting.

Blue Agenda

The Authority considered blue agend items #1, #5, and #6 separately.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved blue agenda items #2, #3, #4, #7, #8, #9, and #10 as noted herein.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority approved blue agenda item #1 as noted herein. Senator Leatherman, Mr. Eckstrom, and Mr. Loftis voted for the item. Governor Haley voted against the item. Rep. White abstained from voting on the item.

Upon a motion by Mr. Eckstrom, seconded by Rep. White, the Authority voted to carryover blue agenda item #5.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority approved blue agenda item #6 as noted herein. All Authority members voted for the item with exception of Mr. Loftis. Mr. Loftis abstained from voting on 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
$37,000,000 SC JEDA	B&C Multi-County Business Park Project	McNair Firm	Parker Poe Adams & Bernstein
$ 7,600,000 SC State Housing Authority	Waters at Willow Lake, LP	Parker Poe Adams & Bernstein	Tracey C. Easton, Esq

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
$ 85,000,000 Higher Education Facilities Revenue Bonds	College of Charleston	McNair Law Firm
$ 85,000,000 Academic & Administrative Facilities Revenue Refunding Bonds	College of Charleston	McNair Law Firm
$ 31,000,000 Refunding Revenue Bonds	Medical University of South Carolina	McNair Law Firm

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

Department of Administration, Executive Budget Office: Report of FTE Positions Recommended for Deletion in Accordance with Proviso 104.2 of the Fiscal Year 2016-17 Appropriation Acts (Blue Agenda Item #2)

Proviso 104.2 of the FY 2016-17 Appropriations Act authorizes the State Fiscal Accountability Authority to delete FTE positions that have been vacant for more than twelve months. As of September 30, 2016, state agencies had 5,889.81 vacant positions. Based on the criteria allowing agencies a 5% vacancy rate or 10-position minimum before any positions would be deleted and adjusting for positions that have been filled or are being actively recruited, there are 105.00 positions that could be considered for deletion.

The following is a summary of FTE information as of September 30, 2016:

	TOTAL
FTE Positions Authorized	44,830.31
FTE Positions Currently Vacant	5,889.81
FTE Positions Vacant Over 1 Year	722.53
FTE Exemptions Allowing Agencies 5%/10 Minimum	36.53
FTE Exemptions for Positions being Filled/Recruited	581.00
Total Positions Recommended for Deletion	105.00

In accordance with Proviso 104.2, and as recommended by the Department of Administration, Executive Budget Office, the Authority approved the deletion of positions vacant for more than twelve months as outlined in Schedule A.

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

Department of Administration, Executive Budget Office: Comprehensive Permanent Improvement Plan (CPIP) (Blue Agenda Item #3)

Section 2-47-55 of the South Carolina Code of Laws provides, in part, that all state agencies that are responsible for providing and maintain physical facilities are required to submit a Comprehensive Permanent Improvement Plan to the Joint bond Review Committee and the State Fiscal Accountability Authority. The report as compiled from agency submissions by the Department of Administration, Executive Budget Office was submitted to the Authority as information.

The Authority received the Comprehensive Permanent Improvement Plan as information only.

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

Department of Administration, Real Property Services: Easements (Blue Agenda Item #4)

The Authority approved granting the referenced easements as recommended by the Department of Administration, Real Property Services:

(a)	County Location:	Charleston
	From:	Medical University of South Carolina
	To:	Charleston Horizon Devco, LLC and HPIB Devco, LLC
	Consideration:	$10 and other good and valuable consideration
	Description/Purpose:	To grant non-exclusive perpetual easements of 0.081 acres, 0.402 acres, and 0.034 acres for the construction of a roadway, pedestrian walkway and associated utilities across three parcels owned by MUSC and the MUSC Foundation located within the Horizon District. The grant also includes a temporary easement for construction and development of the road and pedestrian walkway. The easements will be of mutual benefit to MUSC and the City of Charleston. Real Property Services has determined that MUSC has complied with the requirement of the statute in that the easements do not appear to materially impair the utility of the property or damage it.
(b)	County Location:	Horry
	From:	Clemson University
	To:	Time Warner Cable Southeast LLC d/b/a time Warner Cable
	Consideration:	$5

Description/Purpose: To grant a 0.46 acre easement for the construction, installation, operation and maintenance of communication lines and associated facilities upon property of Clemson University to provide service to the new Socastee Middle School, Clemson parcels and future developments on Esso Road. The term of the easement will be ninety-nine (99) years. The easement will be of mutual benefit to Clemson University and Time Warner Cable. Real Property Services has determined that the University 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 4.

State Fiscal Accountability Authority, Office of the Executive Director: Bank Account Transparence and Accountability (Blue Agenda Item #5)

Proviso 117.83 of the Fiscal Year 2016-17 Appropriations Act requires agencies with composite reservoir bank accounts or other accounts which are not included in the South Carolina Enterprise Information System (SCEIS) to prepare a report disclosing transaction information from the prior fiscal year. State institutions of higher learning are exempted from this requirement. The proviso also provides for an agency to petition the State Fiscal Accountability Authority for an exemption from the detailed reporting requirements if release of the information would be detrimental to the state or agency. Agencies exempted from the detailed transaction reporting by action of the former Budget and Control Board must provide the following information for each account: 1) Name of the account; 2) Names and titles of each person responsible for making withdrawals and deposits in the account; 3) Names and titles of each person responsible for reconciling each account; 4) the beginning balance, total deposits, total expenditures and year-end balance of the account.

The SFAA Office of Executive Director requested state agencies to provide the required reports by October 1, 2016. The reports received from the various state agencies have been submitted to the Comptroller General's Office to be posted on its website. Attached is a list which submitted a report in accordance with Proviso 117.83 of the FY 2016-17 Appropriations Act.

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

South Carolina Vocational Rehabilitation Department

The Proviso requires that the meeting to determine whether an exemption should be granted shall be closed. However, the exemption may only be granted upon a majority vote of the State Fiscal Accountability Authority in a public meeting.

The Authority voted to carryover this item as noted above.

Information relating to this matter has been retained in these files and is identified as Exhibit 5.

Division of Procurement Services; Procurement Audits and Certifications (Blue Agenda #6)

The Divison of Procurement Services brought the following matters before the Authority:

a. 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 reports for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

Francis Marion University (for a period of three years): supplies and services, $275,000* per commitment; information technology, $175,000* per commitment; consultant services, $150,000* per commitment; construction services, $175,000 per commitment; construction contract change order, $75,000 per change order; architect/engineer contract amendment, $50,000 per amendment.

The University complies with the South Carolina Consolidated Procurement Code, State regulations, and the University'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 Francis Marion University the certification limits noted above.

b. In accordance with Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations, the Division of Procurement Services reviewed the procurement system of the South

Carolina Judicial Department. The audit revealed two areas of non-compliance. One of the audit findings showed the written determinations used to justify and authorize sole source procurements did not have adequate explanations to justify the transactions as sole source procurements, a violation of Section 11-35-1560 and Regulation 19-445.2105. To resolve this issue, the Division of Procurement Services requested that the Judicial Department follow their recommendation regarding the adequacy of sole source determinations in future procurements by including in its written determinations the basis for the proposed sole source procurements, the reason no other vendor will be suitable or acceptable to meet the needs, and sufficient factual grounds and reasoning to provide an informed, objective explanation for the decisions. The other audit finding discovered the Judicial Department inappropriately procured lobbying services as sole source procurements, which violates Section 11-35-1560. It is the Judicial Department's belief that lobbying services are exempt when procured through attorneys. No such exemption exists. The Division of Procurement Services recommendation is for the Judicial Department to procure lobbying services through a competitive bid, but the agency is not willing to accept this recommendation. Because the Judicial Department has not agreed to comply with the Procurement Code, the Division of Procurement Services recommended that the State Fiscal Accountability Authority (SFAA) impose administrative penalties under Section 11-35-1240 by withdrawing the Department's authority to acquire lobbying services except through the Division of Procurement Services until such time that the SFAA is assured the Judicial Department will comply with State procurement laws.

Chief Justice Costa Pleicones appeared before the Authority on this matter. Chief Justice Pleicones stated that this matter was not a procurement matter. He said the issue is the granting of legislative authority by the General Assembly to the Supreme Court to hire attorneys of its own on a fee basis. He said this issue is separate and apart from the ambit of the Procurement Code. He said the position of the Division of Procurement Services is based upon a statement made in a 1982 meeting of the Budget and Control Board and that the legislation granting the

Judicial Branch the authority to hire lawyers on a fee basis was passed in 2008. He said that legislation takes this matter out of the ambit of the Procurement Code. Chief Justice Pleicones asked the Authority to reject the recommendation of the Division of Procurement Services.

Mr. Eckstrom noted that the statute pertaining to the hiring lawyers was for legal services and not lobbying services. Chief Justice Pleicones said that is the position of the Division of Procurement Services, but the clear grant of authority to hire lawyers for whatever purpose is granted by the General Assembly to Judicial Branch. He stated that they demur from the characterization or interpretation placed upon it by the Procurement Services Division. He said there is no limitation.

The Authority took the following action:

a. The Authority granted procurement certification, in accord with Section 11-35-1210, for the following agency within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi- year contracts are used):has audited the following agencies and recommends certification within the parameters described in the audit reports for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

   Francis Marion University (for a period of three years): supplies and services, $275,000* per commitment; information technology, $175,000* per commitment; consultant services, $150,000* per commitment; construction services, $175,000 per commitment; construction contract change order, $75,000 per change order; architect/engineer contract amendment, $50,000 per amendment.

b. The Authority removed the South Carolina Judicial Department's procurement authority under Section 11-35-1240 to acquire lobbying services except through the Division of Procurement Services until such time that the SFAA is assured the Judicial Department will comply with State procurement laws.

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

Executive Director: HarborChase at Riverwalk Volume Cap Ceiling Allocation Reinstatement (Blue Item 7)

On August 23, 2016, the Authority granted a tentative ceiling allocation for the HarborChase of Riverwalk project in the amount of $27,000,000 with an expiration date of November, 21, 2016. The Jobs-Economic Development Authority (JEDA) has advised that the bonds for which the allocation was granted did not close before the November 21, 2016, expiration date. JEDA requested that the allocation be reinstated in the amount of $27,000,000 pursuant to S.C. Code of Laws Section 1-11-560(D) for a period of 31 consecutive calendar days from November 21, 2016. Section 1-11-560(D) provides, in part, that the Authority "may reinstate for a period of not more than thirty one consecutive calendar days in any one calendar year part or all of an allocation approved but not extended previously". If the request to reinstate the allocation is granted by the Authority, the reinstated allocation will expire on Thursday, December 31, 2016, if the bonds are not issued on or before that date.

In accord with Code Section 1-11-560(D), the Authority granted Jobs-Economic Development Authority's request for a 31-day reinstatement of the ceiling allocation to HarborChase at Riverwalk, from November, 21, 2016, through December 31, 2016, in the amount of $27,000,000.

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

Executive Director, Lakewood Senior Living Ceiling Allocation Extension Request (B8)

On September 20, 2016, the State Fiscal Accountability Authority granted a tentative ceiling allocation for the Lakewood Senior Living project in the amount of $14,000,000 with an expiration date of December 19, 2016. The South Carolina Jobs-Economic Development Authority (JEDA) indicated that the borrower, CR Senior Living, LLC, and its affiliates, are not certain that the bonds will be issued prior to the expiration of the ceiling allocation prior to December 19, 2016, as previously anticipated.

In accord with S.C. Code of Laws Section 1-11-560(C), JEDA requested an extension of the volume cap allocation through December 31, 2016, which is not more than 31 consecutive calendar days and which is a total of not more than on 121 days from the date of the allocation.

In accord with Code Section 1-11-560(C), the Authority approved JEDA's request for an extension of the volume cap allocation to Lakewood Senior Living project in the amount of $14,000,000 to December 31, 2016.

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

Executive Director: Economic Development – 2016 Ceiling Allocations (2016 Volume Cap Carryforward) (Blue Item 9)

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) was designated as the state pool and $293,768,760 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of $402,614,600 remaining for 2016. Allocation requests for 2016 totaling $87,000,000 have been received thus far.

In accord with S.C. Code of Laws Section 1-11-500, et seq., the South Carolina State Housing Finance and Development Authority has requested that any unallocated state ceiling balance remaining at the end of the calendar year be designated to the Authority as carryforward for use in subsequent years. The Authority was asked to allocate any remaining 2016 state ceiling balance at year-end to the South Carolina State Housing Finance and Development Authority for use in the issuance of bonds to provide housing to the members of State Housing's "beneficiary classes" (i.e., mortgage revenue bonds/mortgage credit certificates, and qualified residential rental bonds) for carryforward for the next three calendar years and authorize the filing of a carryforward election with the Internal Revenue Service.

The Authority authorized the allocation of any remaining 2016 state ceiling balance at year-end to the South Carolina State Housing Finance and Development Authority for use in the issuance of bonds to provide housing to the members of State Housing's "beneficiary classes" (i.e., mortgage revenue bonds/mortgage credit certificates, and qualified residential rental bonds) for carryforward for the next three calendar years and authorized the filing of a carryforward election with the Internal Revenue Service.

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

Executive Director: Revenue Bonds (Blue Agenda Item #10)

The Authority adopted resolutions approving the referenced proposals to issue revenue bonds as noted herein. The projects require approval under State law.

a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding $37,000,000 Revenue Bonds ($37,000,000 refunding involved)
Allocation Needed: -0-
Name of Project: B&C Multi-County Business Park
Employment Impact: maintaining employment for approximately 8,229 people
Project Description: refinance all of the outstanding $19,210,000 original principal amount SC JEDA Senior Lien Revenue Bonds (Burroughs & Chapin Multi-County Business Park Project), Series 2007A (the prior 2007A bonds), and SCJEDA $27,250,000 original principal amount Junior Lien Revenue Bonds (Burroughs & Chapin Multi-County Business Park Project), Series 2007B
Note: *private sale*
Bond Counsel: Michael Seezen, McNair Law Firm, P.A.
(Exhibit 10)

b. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: Not Exceeding $10,000,000 Multifamily Housing Governmental
Allocation Needed: $10,000,000 (carryforward will be used)
Name of Project: Waters at Willow Lake
Employment Impact: n/a
Project Description: acquisition, construction, rehabilitation and equipping of a 144 unit multifamily affordable housing apartment complex in Columbia, Richland County
Bond Counsel: Ray E. Jones, Parker Poe Adams and Bernstein LLP
(Exhibit 11)

Public Employee Benefit Authority ("PEBA"): Approval of PEBA Policy Determination for the South Carolina Retirement System ("SCRS") (Regular Session Item #1)

Pursuant to Section 9-1-1085 of the South Carolina Code of Laws, the PEBA Board of Directors is authorized to adopt employer and employee contribution rates for the South Carolina Retirement System ("SCRS") based upon the annual actuarial valuation of the system performed by the system's actuary. Under that section, the PEBA Board is required to increase the SCRS employer and employee contribution rates in equal amounts as necessary to maintain a thirty-year amortization period for the system's unfunded actuarial accrued liabilities. S.C. Code Ann. § 9-1-1085(C). And, if any such required increase is less than one-half of one percent, the PEBA Board may additionally increase the employer and employee contribution rates, up to a maximum of one-half of one percent per year, in order to improve the funded status of the system. S.C. Code Ann. § 9-1-1085(B).

At the meeting of the PEBA Board on November 30, 2016, the system's actuary, Gabriel Roeder Smith ("GRS"), presented the actuarial valuation for SCRS as of July 1, 2016, and informed the Board that the minimum contribution rate increase necessary to maintain a thirty-year amortization period for the system was an increase of 0.43% in both employer and employee contribution rates effective July 1, 2018. GRS further advised that, in light of $3.3 billion in deferred investment losses that have yet to be recognized in the system's assets, the Board may wish to increase contribution rates beyond the minimum requirements to the full extent allowed by statute and to make the increase effective July 1, 2017, in order to improve the financial security of the system. The PEBA Board accepted the valuation as information, and, based upon the advice of the actuary, adopted an increase in SCRS employer and employee contribution rates in the amount of one-half of one percent each, effective July 1, 2017.

Mr. Eckstrom noted that the assumed rate of return is a rate that states around the country are struggling with. He said bond rating agencies are looking closely at what states are doing with the rate. He said the assumed rate of return is perhaps the biggest driver to problems the State is having. He stated that the State has understated its liability which does not allow it to set up a proper repayment schedule. He said he hopes the State will begin to work toward a more realistic rate of return.

Mr. Eckstrom asked if the actuarial profession is going to be willing to take more of a lead than they have in the past or acquiesce to states not taking their advice. He noted also that he recently saw a schedule that showed the unfunded liability growing for several more years before tapering off. Danny White with Gabriel Roeder Smith & Company, actuaries for the Retirement Systems, appeared before the Authority. Mr. White said one of the challenges for the State is who has control of changing the assumed rate of return which is given in State statute. He noted that there are a lot of opinions on what that should be. Mr. Eckstrom asked what Mr.

White's recommendation is for the assumed rate of return. Mr. White said their recommendation for the assumed rate of return is at least 7.25% and to consider 7%. Mr. White noted that there is increased pressure on the actuarial profession to be more direct in working with retirement systems clients regarding the assumed rate of return. He stated a huge driver of this is that they have seen more change in terms of return expectation in the last two to three years than they have seen in the last 20 years. He said looking forward there is a lot more uncertainty with investment professionals. He said that there will be increased discussion on risk and quantifying the risk of meeting certain metrics.

Mr. Eckstrom further asked if asset experience was taken out of the role forward of the unfunded liability each year what the impact would be regarding the estimates. Mr. White said if the assets are taken out the overall results would be middle of the road. He said on the liability side with a very large system and large population there are certain types of benefit changes or political events that may drive behavior. Mr. Eckstrom asked if TERI was an example of that and Mr. White responded that is correct. Mr. White said that on the liability side, where they reconcile the change in the unfunded liability, demographics is a small part of the equation and that economic volatility is the concern. He said the demographics are always a little above or below, but not by much.

In further discussion, Mr. Eckstrom asked if the recommendation to decrease the assumed rate of return to 7% had been followed what impact would that have had on the unfunded liability. Mr. White said that for SCRS a 0.25 basis point decrease in the assumed rate of return from 7.50% to 7.25% was about $1.3 billion and increased the unfunded liability about $1.3 billion. He said going from 7.5% to 7.0% is going to be a little more than twice that amount. Mr. Eckstrom also asked how far out would the projections go before the unfunded liability decreases and the unfunded amortization declines. Mr. White said that is a policy decision. He stated that the key metric is that when a 20-year funding period is reached there will be a point where the dollar amount of the unfunded liability will start to go down, assuming no other gains or losses. He said having a mechanism to get to the 20-year funding period quicker will allow one to start to see the change in the dollar amount going down.

Senator Leatherman commented that the General Assembly recognizes that there is a real issue concerning this matter. He said that is why the Joint Committee was formed and it is working hard. He said they are committed to making the Retirement System whole and that it is going to take time and it will be painful.

Mr. Loftis noted that the 7.5% is a tremendous hurdle that is artificially high and should have been changed years ago. He said the biggest problem is the 30-year annual resetting of the funding schedule which allows hiding of almost anything. He said until the funding period is stopped and made a closed funding period such that it does not reset every year it will not be fixed. In further discussion, Mr. Loftis commented that the rates as presented do not fix the problems with the Retirement System. He also commented that the numbers before them do not take into account that they have not realized $3.2 billion in losses.

After further discussion, Mr. Eckstrom asked Mr. White if the unfunded liability is at $18.6 billion where will it be once the unfunded liability begins to decline in five to six years. Mr. White said a driver to consider is investment performance. He noted that there are $3.3 billion in deferred investment loses which will get offset by future investment gain or get recognized.

Governor Haley asked Ms. Boykin if there was a way the Authority could increase the one-half percent. Ms. Boykin replied that there was not. Ms. Boykin said that by statute the Authority can either adopt the PEBA Board's recommendation or reject it.

Mr. Eckstrom noted that from a budgeting point to amortize the unfunded liability over 30 years will be nearly a billion dollars that has to be budgeted. He said that is a demand placed on the State budget that is not being handled now. He said funding to the plan will need to be increased to nearly a billion dollars.

Rep. White stated that the PEBA Board has made the maximum recommendation they could make. He noted that locals will have to generate revenues as well to handle the increase. He said they have to be careful about what is done because this does not just involve State entities. He said he agrees that 7.5% is too high, but that this is not just a South Carolina problem it is a national problem. He said resolving the problem is not going to be quick and easy, but is going to be long term.

Pursuant to Section 9-4-45(A) of the South Carolina Code of Laws, policy determinations made by the PEBA Board are subject to approval by the State Fiscal Accountability Authority, as evidenced by a majority vote of the Authority. Adjustments in employer and employee contribution rates are policy determinations subject to approval by the Authority. S.C. Code Ann. § 9-4-45(B).

Upon a motion by Senator Leatherman, seconded by Rep. White, pursuant to Section 9-4-45, the Authority approved the following adjustments in employer and employee contributions adopted by the PEBA Board for the South Carolina Retirement System ("SCRS") for the fiscal year beginning July 1, 2017. :

1. Increase SCRS employee contribution rate from 8.66% to 9.16% and the SCRS employer contribution rate from 11.56% to 12.06%.

Governor Haley, Senator Leatherman, and Rep. White voted for the motion. Mr. Loftis and Mr. Eckstrom 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 ("PEBA"): Approval of PEBA Policy Determination for South Carolina Police Officers' Retirement System ("PORS") (Regular Session Item #2)

Pursuant to Section 9-11-225 of the South Carolina Code of Laws, the PEBA Board of Directors is authorized to adopt employer and employee contribution rates for the South Carolina Police Officers' Retirement System ("PORS") based upon the annual actuarial valuation of the system performed by the system's actuary. Under that section, the PEBA Board is required to increase the PORS employer and employee contribution rates in equal amounts as necessary to maintain a thirty-year amortization period for the system's unfunded actuarial accrued liabilities. S.C. Code Ann. § 9-11-225(C). And, if any such required increase is less than one-half of one percent, the PEBA Board may additionally increase the employer and employee contribution rates, up to a maximum of one-half of one percent per year, in order to improve the funded status of the system. S.C. Code Ann. § 9-11-225(B).

At the meeting of the PEBA Board on November 30, 2016, the system's actuary, Gabriel Roeder Smith ("GRS"), presented the actuarial valuation for PORS as of July 1, 2016, and informed the Board that the minimum contribution rate increase necessary to maintain a thirty-year amortization period for the system was an increase of 0.04% in both employer and employee contribution rates effective July 1, 2018. GRS further advised that, in light of $0.5

billion in deferred investment losses that have yet to be recognized in the system's assets, the Board may wish to increase contribution rates beyond the minimum requirements to the full extent allowed by statute and to make the increase effective July 1, 2017, in order to improve the financial security of the system. The PEBA Board accepted the valuation as information, and, based upon the advice of the actuary, adopted an increase in PORS employer and employee contribution rates in the amount of one-half of one percent each, effective July 1, 2017.

Pursuant to Section 9-4-45(A) of the South Carolina Code of Laws, policy determinations made by the PEBA Board are subject to approval by the State Fiscal Accountability Authority, as evidenced by a majority vote of the Authority. Adjustments in employer and employee contribution rates are policy determinations subject to approval by the Authority. S.C. Code Ann. § 9-4-45(B).

Upon a motion by Senator Leatherman, seconded by Rep. White, pursuant to Section 9-4-45, the Authority approved the following adjustments in employer and employee contributions adopted by the PEBA Board for the South Carolina Police Officers' Retirement System ("PORS") for the fiscal year beginning July 1, 2017:

1. Increase PORS employee contribution rate from 9.24% to 9.74% and the PORS employer contribution rate from 14.24% to 14.74%.

Governor Haley, Senator Leatherman, and Rep. White voted for the motion. Mr. Loftis and Mr. Eckstrom voted against the motion.

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

Public Employee Benefit Authority ("PEBA"): Approval of PEBA Policy Determination for Judges and Solicitors ("JSRS") (Regular Session Item #3)

Pursuant to Sections 9-8-130 and 9-8-140 of the South Carolina Code of Laws, the employee contribution rate for the Retirement System for Judges and Solicitors ("JSRS") is fixed by statute, and the PEBA Board is required to annually certify the amount of contributions required from the State as an employer contribution to the system based upon the actuarial valuation of the system. S.C. Code Ann. §§ 9-8-130, 9-8-140.

At the meeting of the PEBA Board of Directors on November 30, 2016, the PEBA Board accepted as information the valuation prepared by the system's actuary, Gabriel Roeder Smith ("GRS"), for JSRS as of July 1, 2016, and adopted the increase in the employer contribution rate to 49.42% recommended therein, to be effective July 1, 2017.

Pursuant to Section 9-4-45(A) of the South Carolina Code of Laws, policy determinations made by the PEBA Board are subject to approval by the State Fiscal Accountability Authority, as evidenced by a majority vote of the Authority. Adjustments in employer and employee contribution rates are policy determinations subject to approval by the Authority. S.C. Code Ann. § 9-4-45(B).

Upon a motion by Rep. White, seconded by Senator Leatherman, pursuant to Section 9-4-45, the State Fiscal Accountability Authority is asked to approve the following adjustment in employer contributions adopted by the PEBA Board for the Retirement System for Judges and Solicitors ("JSRS") for the fiscal year beginning July 1, 2017:

1. Increase JSRS employer contribution rate from 47.97% to 49.42%.

Governor Haley, Senator Leatherman, and Rep. White voted for the motion. Mr. Loftis and Mr. Eckstrom voted against the motion.

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

Public Employee Benefit Authority ("PEBA"): Approval of PEBA Policy Determination for the Retirement System for Members of the General Assembly ("GARS") (Regular Item #4)

Pursuant to Sections 9-9-120 and 9-9-130 of the South Carolina Code of Laws, the employee contribution rate for the Retirement System for Members of the General Assembly ("GARS") is fixed by statute, and the PEBA Board is required to annually certify the amount of contributions required from the State as an employer contribution to the system based upon the actuarial valuation of the system. S.C. Code Ann. §§ 9-9-120, 9-9-130.

At the meeting of the PEBA Board of Directors on November 30, 2016, the PEBA Board accepted as information the valuation prepared by the system's actuary, Gabriel Roeder Smith ("GRS"), for GARS as of July 1, 2016, and adopted the employer contribution of $5.428 million recommend therein, to be effective July 1, 2017. This employer contribution is shown as a lump-sum payment because, as a single-employer system with a highly predicable salary base, the contribution is made as a lump-sum rather than as a percentage of covered payroll, like SCRS or PORS. If this GARS employer contribution were reflected as a percentage of covered GARS payroll, the employer contribution would be approximately 234.37% of covered payroll.

Pursuant to Section 9-4-45(A) of the South Carolina Code of Laws, policy determinations made by the PEBA Board are subject to approval by the State Fiscal Accountability Authority, as evidenced by a majority vote of the Authority. Adjustments in employer and employee contribution rates are policy determinations subject to approval by the Authority. S.C. Code Ann. § 9-4-45(B).

Upon a motion by Rep. White, seconded by Senator Leathermen, pursuant to Section 9-4-45, the State Fiscal Accountability Authority approved the following adjustment in employer contributions adopted by the PEBA Board for the Retirement System for Members of the General Assembly ("GARS") for the fiscal year beginning July 1, 2017:

1. Increase GARS employer contribution from $4.777 million to $5.428 million.

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

Public Employee Benefit Authority ("PEBA"): Approval of PEBA Policy Determination for the National Guard Retirement System ("SCNG") (Regular Session Item #5)

Pursuant to Section 9-10-60(D) of the South Carolina Code of Laws, the PEBA Board is required to annually certify the amount of the appropriation required from the State to maintain the National Guard Retirement System ("SCNG Plan") on a sound actuarial basis as determined by the annual actuarial valuation of the system. The SCNG Plan does not require employee contributions.

At the meeting of the PEBA Board of Directors on November 30, 2016, the PEBA Board accepted as information the valuation prepared by the system's actuary, Gabriel Roeder Smith ("GRS"), for the SCNG Plan as of July 1, 2016, and adopted the employer contribution of $4.814 million recommended therein, to be effective July 1, 2017. This employer contribution is shown as a lump-sum payment, rather than as a percentage of covered payroll, because the benefits payable under the SCNG Plan are not connected to payroll, but instead consist of a set stipend based upon years of service alone. PEBA does not collect payroll information on National Guard members, and would not be able to reflect the State employer contribution to the SCNG plan as a percentage of covered payroll.

Mr. Eckstrom asked how the unfunded liability grew by one million dollars and the employer contribution increased to $300,000. He asked what the drivers were behind the increase and noted there was a large assumption increase. Mr. White said the biggest assumption change was mortality. He said this group is modeled after the police officer's mortality which had a bigger change. He said the other driver was retirement rates. Mr. White stated that this is a supplemental plan that provides a $100 monthly maximum benefit starting at age 62. He noted that it has been a number of years since the last experience study was performed.

Pursuant to Section 9-4-45(A) of the South Carolina Code of Laws, policy determinations made by the PEBA Board are subject to approval by the State Fiscal Accountability Authority, as evidenced by a majority vote of the Authority. Adjustments in employer and employee contribution rates are policy determinations subject to approval by the Authority. S.C. Code Ann. § 9-4-45(B).

Upon a motion by Rep. White, seconded by Senator Leatherman, and accordingly, pursuant to Section 9-4-45, the State Fiscal Accountability Authority approved the following adjustment in employer contributions adopted by the PEBA Board for the National Guard Retirement System ("SCNG Plan") for the fiscal year beginning July 1, 2017:

1. Increase the SCNG Plan employer contribution from $4.509 million to $4.814 million.

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

Dept. of Administration, Executive Budget Office: Permanent Improvement Projects (R#6)

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 Rep.White, seconded by Senator Leatherman, the Authority approved the following permanent improvement project establishment requests and budget revisions. All Authority members with exception of Mr. Loftis voted for the motion. Mr. Loftis abstained from voting on the motion.

Establish Project for A&E Design

(a) Summary 4-2017: JBRC Item 1. (H12) Clemson University
Project: 9935, Outdoor Fitness and Wellness Center Construction
Included in Annual CPIP: Yes – CPIP Priority 3 of 6 in FY17
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 11/9/16

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, Gifts and Grants	0.00	0.00	0.00	312,500.00	312,500.00
All Sources	0.00	0.00	0.00	312,500.00	312,500.00

Funding Source: $312,500 Other, Gifts and Grants, which are amounts received from individuals, corporations, and other entities that are to be expended for their restricted purposes.

Request: Establish project and budget for $312,500 (Other, Gifts and Grants) to begin pre-design work to construct an outdoor fitness and wellness center to address the academic and recreational needs of Clemson students. The Phase I pre-design budget is requested at 2.50% of the estimated project cost and the additional amount will allow the University to provide for additional geotechnical investigations, surveys of the site, and the required LEED cost benefit analysis. The facility will be constructed on a currently under-utilized, 32-acre property on Lake Hartwell. The Outdoor Fitness and Wellness Center project will include constructing an approximately 16,000 square foot building to accommodate academic programming and replace a 60-year old hog barn, and will provide support spaces for the site. The building will include classrooms, offices for the Outdoor Recreation Department, and public restrooms, shower and concession facilities for access to and from the lake's beach. The project will also include constructing three soccer-field sized, artificial turf fields and a new entrance road to the property. The leisure skills program serves more than 4,900 students in 6,700 course enrollments a year. Academic facilities for this and other programs utilizing the site are inadequate. Classes are weather dependent and frequently held in an un-renovated, unconditioned 60-year old hog barn which lacks functional restrooms. The new building will include approximately 6,400 square feet of classroom space to accommodate approximately 2,560 student credit hours per year. Clemson's current fields create significant safety hazards for students due to their weekend use for football parking and their susceptibility to damage from poor weather. The poor condition of the rutted fields results in a disproportionate number of injuries. 70% of reported sport club injuries occurred at club fields during 2012-13, while only 30% occurred offsite. Visiting teams often refuse to play on Clemson's fields, forcing clubs to rent off-campus space at costs to students averaging $1,700 to $3,000 a game, depending on club size. Further, last fall, approximately 25 requested intramural events were not held, turning away more than 5,000 students. Clemson lags behind peer institutions in the state and nationally in inside square footage space for intramural and club activities. Clemson has 6.6 square feet per student compared with an average of 13.1 square feet per student among peers. To achieve parity with this average for indoor recreation space would require 147,000 square feet and cost $60 million. Rather than expensive space, this project allows an additional 156,000 square feet of space to be constructed at an average cost of $80 per square foot by combining inside and outside elements. The agency estimates that the completed project will cost approximately $12,500,000. (See attachment 1 for this agenda item for additional annual operating costs.)

Mr. Eckstrom inquired if priorities 1 and 2 have been met. Rick Harmon with the Department of Administration, Executive Budget Office, indicated that they have not been completed, but are being addressed. Mr. Eckstrom asked why the Authority was being asked to act on a priority 3 item when priorities 1 and 2 have not been acted upon. Rick Petillo, Clemson University's Director of Debt and Capital Financing, said the projects for priorities 1 and 2 are already under design. Mr. Petillo said they have received Phase I approval for those projects and they are underway. He commented that with regard to the existing facility that it is an unrenovated hog barn and that classes often cannot be held due to inclement weather because the hog barn is unconditioned. He said there are no restrooms in the building and this will provide restrooms in the building.

Mr. Eckstrom asked if funding was in place for the projects. Mr. Petillo said that for the priority 1 project and for this project state appropriated funds are anticipated for one of them and funds from state institution bonds on the other and that has not happened yet. He said for Phase I they did receive a capital appropriation for part of the project in FY16 which did not fully fund the project. He said that for this project the plan is to use $2 million of gift funds and then use

$10.5 million of state institution bonds. Mr. Petillo noted that they have received gift pledges in excess of the $2 million. Mr. Eckstrom asked where the University stood with maximum debt limit for state institution bonds. Mr. Petillo said he could not recall, but that the pro forma was well within the debt limit. Mr. Eckstrom further asked if one of the other two projects was going to draw on state institution bonds. Mr. Petillo responded yes. Mr. Eckstrom asked Mr. Petillo to let him know where the University stands with its debt limit.

Mr. Loftis asked if any thought has been given to selling 34 acres of property on the lake and buying less expensive property to free the hog barn for intramural football. Mr. Petillo said that he is not aware of thoughts or plans of selling the property. Mr. Loftis asked if the intramural fields will be indoors to which Mr. Petillo said no.

(b) Summary 4-2017: JBRC Item 2. (H73) Vocational Rehabilitation Department
Project: 9613, Holmesview Center
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Federal, State Vocational Rehabilitation Services Grant	0.00	0.00	0.00	25,000.00	25,000.00
All Sources	0.00	0.00	0.00	25,000.00	25,000.00

Funding Source: $25,000 Federal, State Vocational Rehabilitation Services Grant.
Request: Establish project and budget for $25,000 (Federal, State Vocational Rehabilitation Services Grant) to begin design work for the reconstruction of the Holmesview Center in Greenville. A fire destroyed the existing 37,000 square foot facility on 11/13/16. Detail investigations and site analysis are now necessary to determine if a similar facility can be reconstructed on the existing site. Subsurface investigations will be required along with environmental studies and the assessment and determination of all applicable codes and ordinances. The center is a voluntary treatment center for clients needing inpatient therapy for the chronic abuse of alcohol and/or other drugs. The center provides a full range of personal, social, vocational and family services for people whose employment is prevented or jeopardized by substance abuse or dependence problems. The facility destroyed by fire has 48 beds and had a

91% occupancy for last year. The center served 559 clients last state fiscal year. The design for the facility to be rebuilt will come from the current Vocational Rehabilitation project in Florence which is currently under construction. The plans from the Palmetto Center in Florence has 60 beds, 8 of which are in flexible rooms near the nursing station that can house youth (16-18) which the agency was not equipped to handle before. The agency estimates that the completed project will cost approximately $8,500,000.

Mr. Eckstrom asked if the loses the Vocational Rehabilitation Department sustained were insured and if they received any insurance proceeds. Rick Elam, Assistant Commissioner for the Department, said they are in the process of having demolition done and that any expenses involved in the demolition will be deducted from the insurance proceeds. He said the proceeds will not be enough to replace, but that the balance of funds will come from federal funds.

Establish Construction Budget

(c) Summary 4-2017: JBRC Item 6. (H59) Midlands Technical College
Project: 6127, Midlands – Industrial Technology Building Expansion and Welding Lab Upgrade
Included in Annual CPIP: Yes – CPIP Priority 1 of 3 in FY18
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 11/10/16

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Capital Reserve Fund, FY16-17	0.00	0.00	0.00	3,500,000.00	3,500,000.00
Other, Richland County	0.00	0.00	0.00	594,400.00	594,400.00
Other, Lexington County	0.00	0.00	0.00	405,600.00	405,600.00
All Sources	0.00	0.00	0.00	4,500,000.00	4,500,000.00

Funding Source: $3,500,000 FY15-16 Capital Reserve Fund. $594,400 Other, Richland County. $405,600 Other, Lexington County.

Request: Establish project and budget for $4,500,000 (Capital Reserve and Other, Richland and Lexington Counties) to begin design and construction for the renovation and expansion of the 48 year old Industrial Technology building on the Airport campus to meet the growing workforce needs of this essential job market sector. The work is consistent with the college's Master Facilities Plan. This project request is being requested at Phase II because the funding is legislatively authorized. The facility will house 55+ welding teaching stations, 2 classrooms and support spaces for the programs. An exterior covered section will be built for the purpose of instructing students in grinding, metal working, pipefitting and related large scale industrial projects. 6,549 square feet of the 11,549 square foot facility will be renovated. The facility will support both credit and continuing education, MTC Quickjobs programs, and bridge the gap between current capacity and job-growth demands. The additional space will facilitate expansion of the program and additional course offerings such as advanced pipe welding, fabrication, automated and robotic welding. Renovations and additions to the Industrial Building allow an expanded capacity of 30% over existing number of welding booth spaces with a corresponding increase in number of students taught per year. Annually, the renovated facility may serve 260 students, and employ 3 full time faculty, 2 full time adjunct instructors, 4 part time adjunct instructors/lab assistants, and multiple part time work-study students. The college considered alternate means of providing space for the ever growing welding programs. Because of the inherent noise, soot and fumes associated with the programs it was decided that this existing facility provided the best isolation and could accommodate both programs in one facility. The agency reports that the total projected cost of this project is $4,500,000. The agency also reports the projected date for execution of the construction contract is August 2018 and for completion of construction is July 2019. (See attachment 2 for this agenda item for additional annual operating costs.)

(d) Summary 4-2017: JBRC Item 8. (N04) Department of Corrections
Project: 9732, Cell Phone Interdiction System
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: September 2016

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, FY 2017 Proviso 65.25	20,490.00	0.00	20,490.00	1,345,510.00	1,366,000.00
All Sources	20,490.00	0.00	20,490.00	1,345,510.00	1,366,000.00

Funding Source: $1,366,000 Other, FY16-17 Proviso 65.25 which grants the right to add a surcharge to all inmate pay phone calls to offset the cost of equipment and operations of cell phone interdiction measurers.

Request: Increase budget to $1,366,000 (add $1,345,510 Other, FY 2017 Proviso 65.25 funds) to begin construction to furnish and install a Cell Phone Interdiction System (CPIS) at Broad River (BRCI), Lee Lieber (LCI) and McCormick (MCI) Correctional Institutions. This project was established in September 2016 for Phase I, which is now complete. The CPIS will be installed in the one (1) Restrictive Housing Unit (RHU) at BRCI, in two (2) RHUs at Lee, in the one (1) RHU and in one (1) Death Row unit at LCI, and in the one (1) RHU at MCI. The system will provide real-time coverage to detect the use of unauthorized cell phones anywhere within the specified housing units and will enable facility personnel to locate the contraband cellular phone(s) being utilized by the inmate(s). The CPIS is self-monitoring and customizable to each correctional institution's housing unit. The ability to customize the interdiction system within the individual housing units will enable the system to detect multiple cellular devices by minimizing spillover from the range of one cellular device into the range of another cellular device within the housing unit(s). In addition, the system can be configured for instantaneous notification and automatic reporting of system activity to authorized SCDC personnel. The buildings range in age from 23 year to 30 years. The square footage and users of the facilities affected are as follows: 19,185 sq. ft. @ BRCI with 59 inmates and approximately 20 staff, 46,114 sq. ft. @ Lee with 307 inmates and approximately 20 staff, 47,328 sq. ft. @ LCI with 295 inmates and approximately 20 staff and 16,948 sq. ft. @ MCI with 76 inmates and approximately 20 staff. The agency reports the total project cost of this project is $1,366,000. The agency also reports the projects date for execution of the construction contract is February 2017 and for completion of construction is April 2018. (See attachment 3 for this agenda item for additional annual operating costs.)

Preliminary Land Acquisition

(e) Summary 4-2017: JBRC Item 12. (P24) Department of Natural Resources
Project: 9959, Colleton – South Fenwick Island Land Acquisition
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Federal, North American Wetlands Conservation Act grant	0.00	0.00	0.00	15,000.00	15,000.00
All Sources	0.00	0.00	0.00	15,000.00	15,000.00

Funding Source: $15,000 Federal, North American Wetlands Conservation Act grant, which is a program administered by the U.S. Fish & Wildlife Service. Enacted in 1989, it provides federal cost sharing to eligible entities to implement the North American Waterfowl Management plan, an international agreement for the long-term protection of wetlands and associated uplands needed by waterfowl.

Request: Establish project and budget for $15,000 (Federal, North American Wetlands Conservation Act grant) to procure investigative studies required to adequately evaluate property prior to purchase. The agency is considering the acquisition of +/- 405 acres of land in southeastern Colleton County. The land is offered to DNR by The Nature Conservancy of Mount Pleasant, SC, at a proposed purchase price of $2,876,000. An appraisal conducted in July 2014 and re-certified May 2016 valued the tract at $2,876,000. The island is located within the ACE Basin Focus Area. It is bordered by rivers on two sides and contains wildlife openings, fields, forested areas, freshwater ponds, and tidal creeks. The property functions as an important breeding, nesting and foraging site for waterfowl, wading birds, bats, songbirds, reptiles, marine and anadromous fish, crayfish and other species. The island provides habitat for 57 terrestrial species and 43 aquatic species. These species, as noted in DNR's State Wildlife Action Plan, include endangered species such as the West Indian manatee, Atlantic and shortnose sturgeon, wood stork, bald eagle and swallow-tailed kite. Game and furbearer species on the island include white-tailed deer, Eastern wild turkey, river other and mink. The island also contains Revolutionary and Civil War cultural resource sites. Once acquired the island will be protected in perpetuity as part of the National Estuarine Research Reserve. The property will be open to the public for outdoor recreational and educational activities. The agency estimates that the completed project will cost approximately $2,891,000. (See attachment 4 for this agenda item for additional annual operating costs.)

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

Department of Administration, Real Property Services: Department of Social Services Lease at 1628 Browning Road in Columbia (Regular Session Item #7)

The SC Department of Social Services (SCDSS) requested approval to lease 31,544 square feet (SF) of office and training space located at 1628 Browning Road in Columbia from Browning Office Investments, LLC. The space will replace two expiring commercial leases, totaling 17,342 SF. It will also alleviate overcrowding in the North Towers and Harden Street buildings, while providing for the consolidation of certain functions under the new Office of the

Inspector General within SCDSS. A total of one-hundred and eight (108) employees will utilize the new space. Additionally, the space will accommodate approximately 240 employees from around the state for trainings in the areas of economic services, child welfare, SNAP, adult protective services, and other core agency functions. The new location as well as North Towers and the Harden Street building will all meet or exceed the space standards of 210 SF/person. The new location will have a densification of 180 SF/person, and following relocation of fifty-eight (58) employees to Browning Road, North Towers will have 200 SF/person and the Harden Street Building 208 SF/person.

A solicitation was conducted and four proposals were received. During the site visits, one location was deemed non-responsive due to insufficient parking and one due to insufficient square footage. Of the two remaining proposals, the selected location represents the lowest bid, including moving costs.

The Landlord has agreed to provide $140,000 in tenant upfits. The term of the lease will be five (5) years beginning upon completion of the renovations (estimated to be March 15, 2017). Rent for the first year of the term will be at a rate of $12.50/SF and will increase annually as follows:

TERM	ANNUAL RENT ROUNDED	MONTHLY RENT ROUNDED	RENT PER SF ROUNDED
YEAR 1	$ 394,299.96	$ 32,858.33	$ 12.50
YEAR 2	$ 402,186.00	$ 33,515.50	$ 12.75
YEAR 3	$ 410,387.40	$ 34,198.95	$ 13.01
YEAR 4	$ 418,588.92	$ 34,882.41	$ 13.27
YEAR 5	$ 426,790.32	$ 35,565.86	$ 13.53
TOTAL	**$ 2,052,252.60**		

All building operating costs are included in the rent and the agency will not be responsible for any operating cost increases. SCDSS shall have full access to and free use of the surface lot surrounding the building, which has ample parking for employees and trainees.

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

Location	Tenant	Rent Rate/SF
111 Stonemark Lane	Vacant	$ 14.00*
107 Westpark Boulevard	Vacant	$ 16.00*
1628 Browning Road	Office of Adjutant General	$ 13.75
111 Executive Center Drive	Office of the Inspector General	$ 13.75

*Above rates are subject to base rent and/or operating expense escalations over the term.

Additionally, the Colliers 2016 Q3 Research & Forecast Report indicates a current average asking rate of $14.75/SF in Northwest Columbia, and the CBRE Marketview Columbia Office, Q3 2016 Report shows an average rate of $14.77/SF in the St. Andrews area and $20.88/SF in the overall Columbia area.

There are adequate funds for the lease according to a Budget Approval Form submitted by SCDSS. The lease was approved by JBRC on December 8, 2016.

Mr. Eckstrom asked if the space that is being given up in two locations is just over 17,000 square feet and the space being acquired is just over 31,000 square feet. He also noted that the space included a training room and asked if the State has considered providing a centrally owned training facility. Governor Haley said that there is constant training that is ongoing with DSS's case workers. Ashley Lancaster with the Department of Administration stated that there are a variety of training spaces throughout the State and the Columbia area. She said they are utilized by different agencies and a fee may or may not be involved. She said that agencies that are not using their training facilities on a daily basis are trying to maximize their use by sharing the space with other agencies. Barbara Derrick with DSS stated at their current location they had 43 multiple day trainings that trained over 1000 people. She said they offered a total of 707 days of training sessions last year that trained 2300 employees. She noted that there are six training rooms in the space.

Upon a motion by Rep. White, seconded by Senator Leatherman, the Authority approved the proposed lease for SCDSS at 1628 Browning Road in Columbia, as recommended by the Department of Administration, Real Property Services.

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

Department of Administration, Real Property Services: MUSC Lease-out to the US Department of Veteran Affairs at 112-116 Doughty Street in Charleston (Regular Item #8)

The Medical University of South Carolina (MUSC) requested approval to continue leasing 46,857 square feet (SF) of hospital and medical office space located at 112-116 Doughty Street in the Strom Thurmond Building in Charleston to the US Department of Veterans Affairs (VA) through a one year Standstill Agreement beginning January 15, 2017, and ending January 14, 2018. The US Department of Veterans Affairs (VA) has leased this space from MUSC since January 14, 1997, and their current lease will expire on January 14, 2017. While both parties would prefer and will likely seek approval of a more long-term agreement in the future, the VA has requested to continue leasing the space until the 2016 federal budget is approved and a new lease can potentially be negotiated.

MUSC and the VA jointly occupy the 150,000 SF facility and have a long history of collaboration. Most of the VA attending physicians are MUSC faculty and all of the doctors-in-training are MUSC residents. The two organizations also share extensive research information.

Rent for the term will be at a rate of $33.55/SF for a total of $1,572,154.44 (rounded) for the one (1) year term. The VA will also pay $227,014.92 in additional operating costs for infectious waste removal, housekeeping, and radiation safety, representing their share of actual costs incurred for these services.

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

Location	Tenant	Rent Rate/SF
176 Croghan Spur Road	Vacant	$ 32.00
205 King Street	Vacant	$ 37.50
180 Wingo Way, Mt. Pleasant	Vacant	$ 27.44
2910 Tricom Street, N. Charleston	Vacant	$ 24.00

Above rates are subject to base rent and/or operating expense escalations over the term.

The lease was approved by the MUSC Board of Trustees on August 12, 2016, and JBRC on December 8, 2016.

Mr. Eckstrom asked if any thoughts have been given to exploring the space needs of the College of Charleston. He said the College of Charleston seems to constantly look for more space. He said he was curious to know if that option was explored. Rachel James with MUSC stated that they currently have an agreement with the College of Charleston in their pharmacy building. She said they work closely with the College to provide them space. Mr. Eckstrom asked if the College would have been approached to see if it could have used the space instead of turning to a federal agency. Ms. James said this agreement was done 20 years ago and she is not sure of what the College's needs were then. She stated that going into this renewal process they are doing a standstill agreement until the federal government decides if it wants to go forward with a renewal. She said when they reach that point they can check with the College to see if it has a need.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority approved the proposed lease-out from Medical University of South Carolina to the US Department of Veteran Affairs, as recommended by the Department of Administration, Real Property Services.

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

Department of Administration, Real Property Services: University of South Carolina (USC) Student Housing Lease at Park Place in Columbia (Regular Session Item #9)

USC requested approval to lease 424 student housing beds in 152 units located at 506 Huger Street in Park Place from Park 7 Group to meet their current demand and future projections for University provided student housing for the Columbia campus. USC is currently projecting a shortage of between 1,900-4,200 beds between now and 2020. While the private student housing market is addressing much of the need for upperclassmen, USC must provide housing for all freshmen, foreign exchange students and critical programs such as the Honor's College, Capstone Scholars, and Preston College which have living/learning programs that are part of their educational missions. USC is planning a new major student housing project but its anticipated completion is not until 2024, and this lease will help bridge the student housing gap in the interim.

A solicitation was conducted and four (4) responsive proposals were received, of which the selected proposal represents the lowest bid. The term of the lease will be three (3) years, beginning on August 1, 2017 and ending on July 31, 2020, with four (4) optional one (1) year renewals (Extended Terms) and an option to add up to 216 additional beds depending on need. Basic Rent for the first year of the Initial Term shall be as follows:

Unit size	Number of Units	Price per bed per month
Studio	13	$950.00
1 Bedroom	17	$1,120.00
2 Bedroom	41	$740.00
3 Bedroom	15	$715.00
4 Bedroom	63	$649.00
5 Bedroom	3	$649.00

The Basic Rent for the Initial Term and for the Extended Terms shall increase annually by three percent (3%) beginning in year 2, which will be payable in the amounts set forth here:

INITIAL TERM	PERIOD: FROM - TO	ANNUAL RENT	BI-ANNUAL RENT
YEAR 1	August 1, 2017 – July 31, 2018	$3,570,336.00	$1,785,168.00
YEAR 2	August 1, 2018 – July 31, 2019	$3,677,446.08	$1,838,723.04
YEAR 3	August 1, 2019 – July 31, 2020	$3,787,769.46	$1,893,884.73
TOTAL		**$11,035,551.54**	
EXTENDED TERMS	**PERIOD: FROM-TO**	**ANNUAL RENT**	**BI-ANNUAL RENT**
YEAR 4	August 1, 2020 – July 31, 2021	$3,901,402.55	$1,950,701.27
YEAR 5	August 1, 2021 – July 31, 2022	$4,018,444.62	$2,009,222.31
YEAR 6	August 1, 2022 – July 31, 2023	$4,138,997.96	$2,069,498.98
YEAR 7	August 1, 2023 – July 31, 2024	$4,263,167.90	$2,131,583.95
TOTAL		**$16,322,013.03**	

USC will also annually pay a maximum of $381,600 in electricity costs and $48,000 in building security, representing an average of approximately $85/month/bed. As such, the total maximum amount USC could pay over the Initial and Extended Terms is $30,364,764.57. All charges will be passed on to the students occupying the units. Additionally, if a student moves out during the year, there is a waiting list from which USC will fill the vacated bed.

The rates for the Park Place beds represent an average rate of $786.15/month. The following chart represents comparable lease rates of similar space in the downtown Columbia area:

Location	Address	Avg Rent Rate/bed
The Station	2025 Gervais Street	$865.00
Aspyre	1000 Whaley Street	$902.00
650 Lincoln	650 Lincoln Street	$1,000.00

Above rates are subject to base rent and operating expense escalations over the term.

USC currently charges students a rate of $921.00/bed/month for comparable University student housing and will charge $921/bed/month for the beds at Park Place for the first year of the lease. Thereafter, that rate will increase by three (3) percent.

There are adequate funds for the lease according to the Budget Approval Form submitted. The lease was approved by the USC Board of Trustees on October 14, 2016, the Commission on Higher Education on December 1, 2016, and JBRC on December 8, 2016.

Mr. Loftis asked if this is the entire project. Rick Kelly with the University of South Carolina stated that this represents about two-thirds of the project.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the proposed student housing lease for USC at Park Place in Columbia, as recommended by the Department of Administration, Real Property Services.

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

Division of Procurement Services: Waiver to Extend the Maximum Time on a Multi-term Contract for the University of South Carolina (Regular Session Item #10)

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Authority. The University of South Carolina asked the Division of Procurement Services to assist in seeking Authority approval to authorize the University to solicit a contract for up to ten (10) years for concessions, catering, and non-athletic event merchandise sales for all athletic venues. University officials believe a contract term of ten years will maximize revenue and its ability to attract proposals for improving its athletics concession facilities.

Under authority of SC Consolidated Procurement Code Section 11-35-2030(4), upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved the University of South Carolina's request for a multi-term contract for concessions, catering, and non-athletic event merchandise sales for all athletic venues and authorize the solicitation of proposals and award of a contract for up to ten (10) years.

Information relating to this matter has been retained in these files and is identified as Exhibit 21.

College of Charleston: Not Exceeding $85,000,000 Higher Education Facilities Revenue Bonds, Series 2017A, and Academic and Administrative Facilities Revenue Bonds, Series 2017B,of the College of Charleston (Regular Session Item #11)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding $85,000,000 Higher Education Facilities Revenue Bonds, Series 2017A, and Academic and Administrative Facilities Revenue Bonds, Series 2017B, of the College of Charleston.

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 $85,000,000 Higher Education Facilities Revenue Bonds, Series 2017A, and Academic and Administrative Facilities Revenue Bonds, Series 2017B, of the College of Charleston.

Information relating to this matter has been retained in these files and is identified as Exhibit 22.

Medical University of South Carolina: Not Exceeding $31,000,000 Medical University of South Carolina Refunding Revenue Bonds, Series 2017 (Regular Session Item #12)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding $31,000,000 Medical University of South Carolina Refunding Revenue Bonds, Series 2017.

The proceeds of the bonds will be used to (i) provide the amount necessary, together with other available funds of MUSC, to defray the cost of refunding the $38,000,00 original principal amount revenue bonds, Series 2006; (ii) providing money to fund the Series 2017 Debt Service Reserve Fund, if any, or to purchase a debt serve reserve fund substitute in lieu f such funding, if any, as provided in Articles V and VI of the Series Resolution; (iii) paying a portion of the interest accruing on the Series 207 Bonds, and (iv) paying certain costs and expenses related to the issuance of the Series 2017 Bonds.

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 $31,000,000 Medical University of South Carolina Refunding Revenue Bonds, Series 2017.

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 Senator Leatherman, the Authority agreed to meet at 9:30 a.m. on Tuesday, January 31, 2017, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 11:20 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the 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 3:30 p.m. on Friday, December 9, 2016.]