

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

**December 15, 2015, – 10:00 A. M.**

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, December 15, 2015, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Also attending were 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; Authority Secretary Delbert H. Singleton, Jr., and other State Fiscal Accountability Authority staff.

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

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority deleted the item for bond counsel selection for conduit issues for blue agenda item #1 and regular session item #7 concerning a State Ports Authority conveyance. [Secretary's Note: Mr. Eckstrom was not present at the start of the meeting.]

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

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

Upon motion by Senator Leatherman, seconded by Mr. Loftis, the Authority approved the minutes of the October 27, 2015, State Fiscal Accountability Authority meeting.

### ***Blue Agenda***

Mr. Loftis informed Governor Haley that he wanted to note that he is voting against blue agenda items #1, #6, and #7. Mr. Loftis abstained from all voting on all other items.

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

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blue agenda items. [Secretary’s Note: Mr. Eckstrom arrived to the meeting after the blue agenda was adopted.]

***Motion to Reconsider***

Mr. Eckstrom asked the Authority to carry over blue agenda item #3 because he needed additional time to review it. Mr. White said that a motion to reconsider the item would be needed before the Authority could consider carrying over the item.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority agreed to reconsider the amended blue agenda.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority voted to carry over blue agenda item #3.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority adopted the amended blue agenda. Mr. Loftis voted against blue agenda items #1, #6, and #7.

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

The Authority approved the following notification of the assignment of bond counsel for special assignment for bond counsel for which Authority approval was requested:

**SPECIAL ASSIGNMENT OF BOND COUNSEL:**

| Description of Issue                    | Agency/Institution          | Approved Bond Counsel   | Date STO Approved |
|---|-----------------------------|-------------------------|-------------------|
| \$ 40,000,000 Limited Obligation Bonds  | Department of Mental Health | Pope Flynn              | 11/17/2015        |
| \$ 6,500,000 State Institution Bonds    | Clemson University          | Pope Flynn              | 11/17/2015        |
| \$ 34,000,000 State Institution Bonds   | MUSC                        | McNair                  | 11/19/2015        |
| \$24,000,000 State Institution Bonds    | SC State University         | Pope Flynn              | 11/17/2015        |
| \$12,600,000 State Institution Bonds    | Midlands Technical College  | Pope Flynn              | 11/17/2015        |
| \$13,000,000 State Institution Bonds    | Coastal Carolina            | Pope Flynn              | 11/17/2015        |
| \$26,000,000 State Institution Bonds    | Winthrop University         | Haynsworth Sinkler Boyd | 11/17/2015        |
| \$53,000,000 Economic Development Bonds | Department of Commerce      | Haynsworth Sinkler Boyd | 11/17/2015        |

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|   |                                 |                         |            |
|---|---------------------------------|-------------------------|------------|
| (Volvo)   |                                 |                         |            |
| \$23,600,000 Cash<br>Defeasance                           | STO                             | Haynsworth Sinkler Boyd | 11/17/2015 |
| \$ 69,000,000 Economic<br>Development Bonds-<br>Refunding | STO                             | Haynsworth Sinkler Boyd | 11/17/2015 |
| \$ 81,000,000 Research<br>University Refunding<br>bonds   | University of<br>South Carolina | McNair                  | 11/17/2015 |

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

***Secretary of State: Notice of Expenditure of Funds (Blue Agenda Item #2)***

Pursuant to S.C. Code Ann. Section 1-11-470, Secretary of State Mark Hammond advised the Authority that he would be expending funds to purchase radio public service announcements time. The radio time will be used for a public awareness campaign on charity and telemarketing fraud. Secretary Hammond expects to expend no more than \$30,000 toward the cost of the radio public service announcements. The funds are from administrative fines issued by the Secretary of State pursuant to the Solicitation of Charitable Funds Act, Code Section 33-56-160. Approval of the request must be by unanimous vote of the Authority.

The Authority received and approved a request from Secretary of State Mark Hammond concerning the expenditure of funds to purchase radio public service announcements not to exceed \$30,000 for a public awareness campaign on charity and telemarketing fraud. The Authority approved the request to use the funds for such purposes by unanimous vote.

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

***Department of Administration, Executive Budget Office: Bank Account Transparency and Accountability (Blue Item #3)***

The Authority carried over blue agenda item #3 concerning the list of agencies which submitted reports in accordance with Proviso 117.84 regarding agencies with composite reservoir accounts.

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

***Department of Administration, Executive Budget Office: Report of FTE Positions Recommended for Deletion in Accordance with Proviso 104.2 of the Fiscal Year 2015-16 Appropriations Act (Blue Agenda Item #4)***

Proviso 104.2 of the FY 2015-16 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, 2015, state agencies had 6,167.93 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 574 positions that could be considered for deletion. The criteria used are the same as used by the former Budget and Control Board for the last eight years.

The following is a summary of FTE information as of September 30, 2015:

|   | <b><u>TOTAL</u></b> |
|---|---------------------|
| FTE Positions Authorized                            | 49,087.74           |
| FTE Positions Currently Vacant                      | 6,167.93            |
| FTE Positions Vacant Over 1 Year                    | 1,160.93            |
| FTE Exemptions Allowing Agencies 5%/10 Minimum      | 101.93              |
| FTE Exemptions for Positions being Filled/Recruited | 508.00              |
| Total Positions Recommended for Deletion            | 551.00              |

The Authority, in accordance with Proviso 104.2, approved the deletion of positions vacant for more than twelve months as outlined in Schedule A – FTE Vacant Positions More than 12 Months Old Recommended for Deletion.

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

*Department of Administration, Division of General Services: Easements (Blue Item #5)*

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: Beaufort  
From: Department of Administration  
To: Hilton Head Public Service District  
Consideration: \$700  
Description/Purpose: To grant a 0.38 acre easement for the relocation, installation, operation and maintenance of a 12” water line beneath Jarvis Creek at the Spanish Wells Road crossing to accommodate SCDOT’s Jarvis Creek Bridge Replacement Project. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
  
- (b) County Location: Charleston  
From: Department of Administration  
To: Kiawah Island Utility, Inc.  
Consideration: \$1,130  
Description/Purpose: To grant a 3.15 acre easement for the installation, operation and maintenance of a 16” redundant water main beneath the Kiawah River between Bryans Dairy Road, Johns Island, and Marsh Island Drive, Kiawah Island, to provide an alternate feed line to Kiawah Island for domestic service and fire protection. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
  
- (c) County Location: Kershaw  
From: Department of Mental Health  
To: Camden Community Properties, LLC  
Consideration: \$16,600  
Description/Purpose: To grant a 0.40 acre easement for the purpose of vehicular and pedestrian ingress, egress and access through, across and over property under the control of the Department of Mental Health. Camden Community Properties will construct and maintain a 30-foot road right-of-way within the easement area and buffers across the rear property of the Santee/Wateree Mental Health Center. The easement is needed to provide an access road and entrance driveway to the planned retirement village to be known as Beechwood Plantation. Consideration is \$500 plus the appraised value.

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

***SC Jobs-Economic Development Authority: \$3,420,000 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 #6)***

South Carolina SAVES, Inc. (“SCS”) requested a re-allocation of \$3.42 million in Qualified Energy Conservation Bonds (“QECCBs”) for use by the South Carolina SAVES Green Community Program for funding the Energy Savings Performance Contract being performed by Trane at nine buildings that belong to Sumter County (the “Sumter County ESPC Project”). SCS originally received an initial re-allocation of \$10 million in QECCBs (the “Original Re-Allocation”) out of which it has funded to date three projects for a total of \$8.158 million leaving a balance of \$1.842 million available for use in the Sumter County ESPC Project. The total cost of the Sumter County ESPC Project is \$5.262 million. Thus, the request for the additional re-allocation of \$3.42 million is being made to provide the funding that the Sumter County ESPC Project is seeking. Trane and Sumter County are desirous of closing on the funding for this project by the end of 2015.

SC SAVES also requested the rescission of the former the SC Budget and Control Board’s earlier re-allocation of \$3 million in QECCBs for the Ascend Performance Materials (“Ascend”) granted at the Board’s March 18, 2015, meeting. The request is due to the decision by Ascend not to proceed with its project. This allocation which was good through December 31, 2015 is being returned to the State’s pool of QECCB allocations available for future re-allocations, including the request that is the subject of this reallocation request.

On November 17, 2015, the SC ARRA Volume CAP Advisory Committee unanimously recommended approval of the request of South Carolina SAVES, c/o Abundant Power Group to increase its original request of \$10 million in Qualified Energy Conservation Bond (QECCB) volume cap allocation authority to \$13.42 million for the Sumter County Energy Performance contract with the stipulation that if the allocation is not used by June 30, 2016, it will revert back to the State pool.

The Authority rescinded the SC Budget and Control Board’s March 18, 2015, re-allocation of \$3,000,000 in Qualified Energy Conservation Bonds (“QECCBs”) for the Ascend

Performance Materials and approved the proposed additional \$3,420,000 QECBs 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.

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

***Executive Director: Revenue Bonds (Blue Agenda Item #7)***

The Authority approved the following proposals to issue revenue bonds.

- a. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: Not Exceeding \$13,420,000 Qualified Energy Conservation Bonds (previously approved \$10M on 5/2/11)  
Allocation Needed: \$3,420,000 Qualified Energy Conservation Bond Reallocation  
Name of Project: South Carolina SAVES, Inc. and Abundant Power Group, LLC and the South Carolina SAVES Green Community Program  
Employment Impact: estimated 10-20 direct jobs during construction  
Project Description: make low interest loans for the financing of energy efficiency and conservation projects sponsored by governmental, institutional and select commercial/industrial entities in municipalities and counties located within South Carolina

*Note:* negotiated private sale

Bond Counsel: Douglas Lamb, McGuireWoods LLP  
(Exhibit 7)

- b. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: Not Exceeding \$70,000,000 Mortgage Revenue Bonds  
Allocation Needed: -0-  
Name of Project: Mortgage Revenue Bonds, Series 2016A  
Employment Impact: n/a  
Project Description: Mortgage Revenue Bonds, Series 2016A  
Bond Counsel: Rion D. Foley, McNair Law Firm, P. A.  
(Exhibit 8)

***Executive Director: Economic Development – 2015 Ceiling Allocations (2015 Volume Cap Carryforward): (Blue Agenda Item #8)***

The initial balance of the 2015 state ceiling allocation was \$483,248,200. In accord with Code Section 1-11-520, \$193,299,280 (40% of the total) was designated as the state pool and \$289,948,920 (60% of the total) was designated as the local pool. There is presently a state

ceiling balance of \$476,248,200 remaining for 2015. Allocation requests for 2015 totaling \$17,500,000 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 is asked to allocate any remaining 2015 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.

The Authority authorized the allocation of any remaining 2015 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.

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

***Department of Administration, Executive Budget Office: Permanent Improvement Projects (Regular Session Item #1)***

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 were reviewed favorably by the Joint Bond Review Committee (JBRC).

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved the following permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office. As noted above, all items were reviewed favorably by JBRC.

- (a) Summary 3-2016: JBRC Item 4. College of Charleston  
Project: 9655, 176 Lockwood Drive Renovation



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| <u>Source of Funding<br/>Detail</u>              | <u>Original Budget<br/>Amount</u> | <u>Cumulative<br/>Changes Since<br/>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget<br/>Adjustment<br/>Requested</u> | <u>Total Budget<br/>After Current<br/>Adjustment</u> |
|--|-----------------------------------|---|-----------------------|--|--|
| Other, Capital<br>Institutional Project<br>Funds | <u>79,500.00</u>                  | <u>0.00</u>   | <u>79,500.00</u>      | <u>5,320,500.00</u>                                | <u>5,400,000.00</u>                                  |
| All Sources                                      | <u>79,500.00</u>                  | <u>0.00</u>   | <u>79,500.00</u>      | <u>5,320,500.00</u>                                | <u>5,400,000.00</u>                                  |

Funding Source: \$5,400,000 Other, Capital Institutional Project Funds, which are those revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds issued under Section 59-130-410 through 59-130-510 of the S.C. Code of Laws. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The College has had this fee in place since it became a public institution in 1970. The Academic Year 2014-15 per semester fee is \$781.

Request: Increase budget to \$5,400,000 (add \$5,320,500 Other, Capital Institutional Project Funds) to perform renovations on the building at 176 Lockwood Drive at the College of Charleston. This project was established for design work in October 2014, which is now complete. The building, which is 25 years old, requires renovation to meet college security, safety, and technological infrastructure standards as well as current building and ADA codes. Building systems will be repaired and/or replaced to improve the health and efficiency of the facility. The space will be reconfigured to house three of the College's administrative functions, thus freeing space up in the core campus that can be repurposed as instructional space. The agency reports total projected cost of this project is \$5.4 million, and additional operating costs between \$6,988 and \$7,519 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 October 2016.

(b) Summary 3-2016: JBRC Item 5. Coastal Carolina University  
Project: 9606, University Place Dining Hall Construction

| <u>Source of Funding<br/>Detail</u>         | <u>Original Budget<br/>Amount</u> | <u>Cumulative<br/>Changes Since<br/>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget<br/>Adjustment<br/>Requested</u> | <u>Total Budget<br/>After Current<br/>Adjustment</u> |
|---|-----------------------------------|---|-----------------------|--|--|
| Other, Gift – Student<br>Housing Foundation | <u>70,500.00</u>                  | <u>0.00</u>   | <u>70,500.00</u>      | <u>4,629,500.00</u>                                | <u>4,700,000.00</u>                                  |
| All Sources                                 | <u>70,500.00</u>                  | <u>0.00</u>   | <u>70,500.00</u>      | <u>4,629,500.00</u>                                | <u>4,700,000.00</u>                                  |

Funding Source: \$4,700,000 Other, Gift – Student Housing Foundation, which are gift funds from the foundation.

Request: Increase budget to \$4,700,000 (add \$4,629,500 Other, Gift – Student Housing Foundation Funds) to demolish and build a University Place Dining Hall at

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Coastal Carolina University. This project was established for design work in December 2014, which is now complete. After consulting with architects, the University has decided to demolish the aged building that currently sits on this parcel since renovating this facility would not fulfill all the needs for dine-in food service. At this location, the University will construct a new 9,418-square-foot dining hall that will accommodate seating for 200 students. This new facility will provide students the option to dine-in as well as increased food selections. Currently, there is only a small take-out food service available for students which causes food limitation. This building will not be LEED certified. The agency reports total projected cost of this project is \$4.7 million, and no additional operating costs are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is May 2016, and the projected date for completion of construction is March 2017.

- (c) Summary 3-2016: JBRC Item 6. Medical University of South Carolina  
 Project: 9829, Clinical Sciences Building Roof Replacement

| <u>Source of Funding</u><br><u>Detail</u> | <u>Original Budget</u><br><u>Amount</u> | <u>Cumulative</u><br><u>Changes Since</u><br><u>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget</u><br><u>Adjustment</u><br><u>Requested</u> | <u>Total Budget</u><br><u>After Current</u><br><u>Adjustment</u> |
|---|---|---|-----------------------|--|--|
| Other, Indirect Cost<br>Recovery          | 0.00                                    | 0.00  | 0.00                  | 1,400,000.00   | 1,400,000.00   |
| All Sources                               | 0.00                                    | 0.00  | 0.00                  | 1,400,000.00   | 1,400,000.00   |

Funding Source: \$1,400,000 Other, Indirect Cost Recovery, which are indirect cost recovery from extramural grants and contracts.

Request: Establish project and budget for \$1,400,000 (add \$1,400,000 Other, Indirect Cost Recovery Funds) to replace the roof on the Clinical Sciences Building at the Medical University of South Carolina. This project was not established for design work because the project was initiated in fiscal year 2015 as a non-PIP based on a cost estimate from the University's waterproofing consultant. This project was designed and has now been bid twice. It is now clear that this project is over the non-PIP threshold. This request is for approval to proceed with construction. This roof is over twenty years old, beyond its useful life, and in poor condition. The University's waterproofing consultant has recommended immediate replacement. The agency reports total projected cost of this project is \$1.4 million, and no additional operating costs 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 June 2016.

- (d) Summary 3-2016: JBRC Item 7. Department of Administration  
 Project: 9950, North Towers/DSS Building Window and Roof Replacement

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| <u>Source of Funding<br/>Detail</u> | <u>Original Budget<br/>Amount</u> | <u>Cumulative<br/>Changes Since<br/>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget<br/>Adjustment<br/>Requested</u> | <u>Total Budget<br/>After Current<br/>Adjustment</u> |
|-------------------------------------|-----------------------------------|---|-----------------------|--|--|
| Other, Depreciation Reserve         | 22,275.00                         | 0.00  | 22,275.00             | 1,538,761.00                                       | 1,561,036.00   |
| All Sources                         | 22,275.00                         | 0.00  | 22,275.00             | 1,538,761.00                                       | 1,561,036.00   |

Funding Source: \$1,561,036 Other, Depreciation Reserve, which are funds derived from the rent account, which receives rent charged to agencies statutorily authorized from SC Code of Laws 1-11-67 and 1-11-180.

Request: Increase budget to \$1,561,036 (add \$1,538,761 Other, Depreciation Reserve) to replace the windows and roof for the North Towers / DSS Building in Columbia. The project was established for design work in April 2015, which is now complete. The Division of General Services is requesting Phase II approval to replace the existing roof built in the 1970s that has had continuous leaks for many years. The windows would also be replaced per recommendation of the Building Envelope Consultant. The original windows were installed in the 1970s and frequently have reoccurring leaks on various levels and sides of the building. The 139,139-square-foot building has 567 employees and approximately 20 visitors daily. The agency reports that the total projected cost of this project is \$1,561,036, and no additional operating costs are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is April 2016, and the projected date for completion of construction is December 2016.

**Increase Budget**

- (e) Summary 3-2016: JBRC Item 9. The Citadel  
 Project: 9613, FY 2014-15 Maintenance Needs

| <u>Source of Funding<br/>Detail</u>        | <u>Original Budget<br/>Amount</u> | <u>Cumulative<br/>Changes Since<br/>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget<br/>Adjustment<br/>Requested</u> | <u>Total Budget<br/>After Current<br/>Adjustment</u> |
|--|-----------------------------------|---|-----------------------|--|--|
| Other, FY 2014-15 Lottery Funds            | 112,541.00                        | 0.00  | 112,541.00            | 0.00   | 112,541.00   |
| Other, Institutional Capital Projects Fund | 687,459.00                        | 0.00  | 687,459.00            | 500,000.00   | 1,187,459.00   |
| All Sources                                | 800,000.00                        | 0.00  | 800,000.00            | 500,000.00   | 1,300,000.00   |

Funding Source: \$1,187,459 Other, Institutional Capital Project Fund, which is accumulated tuition collected in excess of required debt service on outstanding state institution bonds, and \$112,541 Other, FY 2014-15 Lottery Fund, which are funds appropriated by the General Assembly for maintenance needs.

Request: Increase budget to \$1,300,000 (add \$500,000 Other, Institutional Capital

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Projects Fund) to increase the construction budget to perform renovations on Jenkins Hall at The Citadel. This project was established for design work in October 2014, which is now complete. With an estimated construction cost of \$700,000 provided by the University’s consultants, this project was bid on May 19, 2015. Seven bids were received and the low bid was \$958,878. The average bid was \$1,168,265. The increase is due to higher than expected exterior waterproofing costs and a significant increase in construction costs over the past year. Jenkins Hall will undergo exterior envelope repair work. This project includes selective demolition, exterior cleaning, exterior stucco, waterproofing and coatings, cast stone repair, complete sealant replacement, insulated windows, aluminum storefront entrances, exterior doors, glazing, hardware, and ancillary work to complete this project. The agency reports total projected cost of this project is \$1.3 million, and additional operating costs of between \$3,920 and \$4,275 are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is January 2016, and the projected date for completion of construction is May 2016.

- (f) Summary 3-2016: JBRC Item 10. State Board for Technical and Comprehensive Education  
Project: 6083, Greenville – Enterprise Campus Development

| <u>Source of Funding<br/>Detail</u>                | <u>Original Budget<br/>Amount</u> | <u>Cumulative<br/>Changes Since<br/>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget<br/>Adjustment<br/>Requested</u> | <u>Total Budget<br/>After Current<br/>Adjustment</u> |
|--|-----------------------------------|---|-----------------------|--|--|
| Capital Reserve Fund,<br>2012-13                   | 435,750.00                        | (20,000.00)   | 415,750.00            | 0.00   | 415,750.00   |
| Appropriated State,<br>2015-16 - Proviso<br>118.14 | 0.00                              | 0.00  | 0.00                  | 500,000.00   | 500,000.00   |
| Other, Greenville<br>County GO Bonds               | 0.00                              | 22,548,929.00   | 22,548,929.00         | 0.00   | 22,548,929.00  |
| Other, Local – Private<br>Donation                 | 0.00                              | 0.00  | 0.00                  | 1,000,000.00                                       | 1,000,000.00   |
| Other, Plant Fund                                  | <u>0.00</u>                       | <u>0.00</u>   | <u>0.00</u>           | <u>106,000.00</u>                                  | <u>106,000.00</u>                                    |
| All Sources  | <u>435,750.00</u>                 | <u>22,528,929.00</u>                                    | <u>22,964,679.00</u>  | <u>1,606,000.00</u>                                | <u>24,570,679.00</u>                                 |

Funding Source: \$415,750 Capital Reserve Fund, which were appropriated for this purpose; \$22,548,929 Other, Greenville County Bond, which are funds from General Obligation Bonds issued by Greenville County in support of this project; \$1,000,000 Other, Local Private Donation, which is a donation from individuals for the purpose of this project; \$106,000 Other, Plant Fund, which are funds provided to the College by Greenville County from property taxes for the maintenance of the plant, and \$500,000 Appropriated State Funds, which

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are funds appropriated by the General Assembly for this project.

**Request:** Increase budget to \$24,570,679 (add \$500,000 Appropriated State, \$1,000,000 Other, Local – Private Donation, and \$106,000 Other, Plant Fund) to increase the construction budget to construct an alternative entrance/exit for the Enterprise Campus at the Greenville Technical College. This project was established for design work in October 2013, which is now complete. The new entrance/exit will consist of a small pond restoration to its natural waterway and associated site development. An earth bridge component will span the wetlands and connect into the driveway adjacent to the service entrance of the building from Millennium Blvd. A single entrance/exit was initially planned for this campus from Illumination Way. There is a steep grade of approximately 6%. Further evaluation, considering potential inclement weather conditions, e.g., likelihood of icing in winter, and the possibility of a campus emergency, a need for a second entrance/exit has evolved. Emergency vehicles entering the campus could impede students exiting the campus in their vehicles. Expansion of the campus with additional buildings will also result in the need for the second entrance/exit to handle the anticipated traffic load. No other alternatives were considered. The agency reports that the total projected cost of this project is \$24.5 million, and no additional operating costs are anticipated in association with this project. The agency also reports that the date for execution of the construction contract was October 2014, and the projected date for completion of construction is August 2016.

(g) Summary 3-2016: JBRC Item 11. Department of Administration

**Project:** 9807, SLED HQ Perimeter Security Fence Installation/Water Drainage Resolution

| <u>Source of Funding</u><br><u>Detail</u>  | <u>Original Budget</u><br><u>Amount</u> | <u>Cumulative</u><br><u>Changes Since</u><br><u>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget</u><br><u>Adjustment</u><br><u>Requested</u> | <u>Total Budget</u><br><u>After Current</u><br><u>Adjustment</u> |
|--|---|---|-----------------------|--|--|
| Other, Criminal<br>Record Check Funds      | 1,491,675.00                            | 0.00  | 1,491,675.00          | 0.00   | 1,491,675.00   |
| Other, Reimbursement<br>of Closed Projects | <u>0.00</u>                             | <u>0.00</u>   | <u>0.00</u>           | <u>2,277,104.00</u>  | <u>2,277,104.00</u>  |
| All Sources                                | <u>1,491,675.00</u>                     | <u>0.00</u>   | <u>1,491,675.00</u>   | <u>2,277,104.00</u>  | <u>3,768,779.00</u>  |

**Funding Source:** \$2,277,104 Other, Reimbursement, which are reimbursements of closed projects that does not include any appropriated funds, and \$1,491,675 Other, Criminal Record Check Fund, which is the twenty-five dollar fee the State Law Enforcement Division charges and collects for each criminal record search conducted pursuant to Reg. 73-20 through 73-28.

**Request:** Increase budget to \$3,768,779 (add \$2,277,104 Other, Reimbursement) to increase the construction budget for a project to design and install a perimeter security fence around SLED's headquarters complex and to address a series of other site issues. The project was originally established for pre-design and

construction in April 2006 for \$1,491,675. The project includes the resolution of water drainage issues, repaving parking lots, removal of tree obstructions, and increasing parking by 20%. Additional improvements of the site will include operable dual vehicular access gates, replacing sidewalks, providing code compliant handicap ramps, enhanced site lighting, installation of additional fiber cabling, additional cameras, associated security upgrades and rerouting of utility service. The SLED Headquarters campus houses the Forensics Laboratory, administrative, aviation, tactical, regulatory, Criminal Justice Information System and IT operations for SLED. The site houses millions of dollars in aviation, tactical and other specialized equipment within a site that cannot be secured from public access. SLED would not be able to meet its required site increased security status in the event of increased national threat levels. The project is for site-work so maintenance will be minimal and addressed through the current operating budget. The agency reports that the total projected cost of this project is \$3,768,779, and no additional operating costs are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is February 2016, and the projected date for completion of construction is December 2016.

**Establish Project for Preliminary Land Studies**

- (h) Summary 3-2016: JBRC Item 12. College of Charleston  
Project: 9661, The Inn at 32 George Street Acquisition

| <u>Source of Funding<br/>Detail</u> | <u>Original Budget<br/>Amount</u> | <u>Cumulative<br/>Changes Since<br/>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget<br/>Adjustment<br/>Requested</u> | <u>Total Budget<br/>After Current<br/>Adjustment</u> |
|-------------------------------------|-----------------------------------|---|-----------------------|--|--|
| Other, Capital Project              |                                   |   |                       |  |  |
| Institutional Funds                 | 0.00                              | 0.00  | 0.00                  | 20,000.00  | 20,000.00  |
| All Sources                         | 0.00                              | 0.00  | 0.00                  | 20,000.00  | 20,000.00  |

Funding Source: \$20,000 Other, Capital Institutional Project Fund, which are those revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds issued under Section 59-130-410 through 59-130-510 of the S.C. Code of Laws. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The College has had this fee in place since it became a public institution in 1970. The Academic Year 2014-15 per semester fee is \$781.

Request: Establish project and budget for \$20,000 (Other, Capital Institutional Project Fund) to procure the investigative studies required to adequately evaluate property prior to purchase. College of Charleston is considering the acquisition of the property at 32 George Street in Charleston, SC, which is currently operating as the King George IV Inn. The Inn would be used to consolidate the College's guest services, which would allow several facilities in the core of campus to be repurposed and more efficiently used. The College's guest

services program consists of several historic buildings in the core of campus and serves the institution’s guest lecturers, speakers, and researchers as well as the Board of Trustees and other distinguished guests. The acquisition of the Inn would allow guest services to be consolidated in a single facility already designed, furnished and equipped to serve as guest housing. Consolidating guest services into one facility would be a much more efficient and cost-effective use of space, which is particularly valuable on the College’s land locked urban campus. The Inn is located along the eastern perimeter of the campus, contiguous to several College facilities, zoned for use, and was approved by the Commission on Higher Education as part of the 2012 Master Land Acquisition. The College’s current guest housing facilities would be repurposed as faculty and administrative offices. This would be a more appropriate and effective use of these facilities, given their location in the core of campus.

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

***Department of Administration, Executive Budget Office: Real Property Acquisition (R#2)***

The Department of Administration recommended approval of the following real property acquisition:

| <u>Source of Funding</u><br><u>Detail</u> | <u>Original Budget</u><br><u>Amount</u> | <u>Cumulative</u><br><u>Changes Since</u><br><u>Original Budget</u> | <u>Current Budget</u> | <u>Current Budget</u><br><u>Adjustment</u><br><u>Requested</u> | <u>Total Budget</u><br><u>After Current</u><br><u>Adjustment</u> |
|---|---|---|-----------------------|--|--|
| Other, Self-Generated Revenues            | 25,000.00                               | 0.00  | 25,000.00             | 1,675,000.00   | 1,700,000.00   |
| All Sources                               | 25,000.00                               | 0.00  | 25,000.00             | 1,675,000.00   | 1,700,000.00   |

|                      |   |
|----------------------|---|
| Agency:              | H12 – Clemson University  |
| Acreage:             | ±6.94 acres   |
| Location:            | 103 Clemson Research Boulevard in Anderson, Anderson County, South Carolina |
| County:              | Anderson  |
| Purpose:             | Off-campus storage  |
| Appraised Value:     | \$2,170,000   |
| Price/Seller:        | \$1,658,194 Clemson University Research Foundation                          |
| Source of Funds:     | Other, Self-Generated Revenues  |
| Project Number:      | H12-9927  |
| Environmental Study: | Approved  |
| Building Condition   | Approved  |
| Assessment:          |   |
| Additional Annual Op | Lease Savings of \$90,000 annually for the entire property                  |

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Cost/SOF:  
 Current Year Property Tax: N/A  
 Approved By: JBRC on 12/8/2015

Clemson University entered into a lease for this property with the Clemson University Research Foundation on November 2013, with a beginning lease date of December 1, 2013, at an annual aggregate lease amount of \$90,000. Subsequently, the lease was renewed for a twelve month term beginning December 1, 2014, and again on December 1, 2015, with a term ending date of November 30, 2016.

| Historical Ownership Information       |             |              |
|--|-------------|--------------|
| <u>Owner/Purchaser</u>                 | <u>Date</u> | <u>Price</u> |
| Clemson University Research Foundation | 8/21/2009   | 1,985,000.00 |
| Sycamore Holdings LLC                  | 11/8/2004   | 2,550,000.00 |
| Mikron Corp Anderson                   | 11/4/2004   | 1.00         |
| Anderson County                        | 12/13/2000  | 1.00         |
| Mikron Corp                            | 6/9/1995    | Not Listed   |
| South Carolina Research Authority      | 11/26/1984  | Not Listed   |
| Clemson University                     | Not Listed  | Not Listed   |

Upon a motion by Mr. White, seconded by Senator Leatherman, the Authority approved the real property acquisition as requested by the Department of Administration, Executive Budget Office.

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

***Department of Administration, Division of General Services: Clemson University Lease for Space at 701 Easy Bay Street, Suite 200, Charleston (Regular Session Item #3)***

Clemson University (“Clemson”) requested approval to lease 29,528 rentable square feet (RSF) at 701 East Bay Street, Suite 200, Charleston, SC from ROI-TAN Enterprises, LLC located at 1 Cool Blow Street, Suite 200, Charleston, SC 29403. The lease will allow Clemson to consolidate the Clemson Design Center’s office, lab, classroom and shop space. The Design Center is currently housed in four separate locations in Charleston (one owned space and three commercial spaces) which have become inadequate in size and functionality. Combining the programs in one location will also allow for collaboration, synergy and student engagement



between programs not currently possible due to the separation of the programs at different locations.

A solicitation was conducted and two (2) responses were received, of which the selected location represents the least costly bid over the term. The term of the Lease will be five (5) years beginning on July 1, 2016. Rent for the first year will be charged at a rate of \$34.59 per rentable square foot for a total of \$1,021,373.50 in year one with an annual escalation. Below is a chart of the rental costs of the lease over the full term.

| <b>TERM</b> | <b>PERIOD: FROM-TO</b> | <b>ANNUAL RENT</b> | <b>MONTHLY RENT</b> | <b>RENT/RSF</b> |
|-------------|------------------------|--------------------|---------------------|-----------------|
| YEAR 1      | 7/01/2016-6/30/2017    | \$1,021,373.50     | \$85,114.46         | \$34.59         |
| YEAR 2      | 7/01/2017-6/30/2018    | \$1,047,653.40     | \$87,304.45         | \$35.48         |
| YEAR 3      | 7/01/2018-6/30/2019    | \$1,074,523.90     | \$89,543.66         | \$36.39         |
| YEAR 4      | 7/01/2019-6/30/2020    | \$1,102,280.20     | \$91,856.68         | \$37.33         |
| YEAR 5      | 7/01/2020-6/30/2021    | \$1,130,627.10     | \$94,218.93         | \$38.29         |

This is a modified gross lease. Clemson will pay as additional rent its pro rata share of increases in building operating costs with the first increase calculated at the conclusion of calendar year 2017, however, Clemson shall not be liable for or obligated to pay any portion of the building operating cost increases which exceed 103% of their pro rata share of building operating cost in the immediately preceding year. The Landlord will make renovations to the premises in accordance with construction drawings as agreed to by Clemson. The renovations will include certain furniture, fixtures and equipment necessary for Clemson's use of the premises not to exceed \$700,000.00. There are no expected moving costs.

Lease payments will be funded with revenue generated from architecture, design and related programs and associated activities. Clemson has indicated that no fee increase will be associated with this Lease. Below are tables representing rates paid by some state agencies in the Charleston area as well as a table representing comparable lease rates of similar business space in the Charleston area. Additionally, the Colliers International 2015 Third Quarter Market Report indicates an average commercial lease rate per square foot of \$31.75 in the downtown Charleston market area.

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| Agency                   | Address         | Lease Term        | Blended Rate/SF |
|--------------------------|-----------------|-------------------|-----------------|
| Medical University of SC | 125 Doughty St. | 6/25/08 - 6/24/16 | \$28.17         |
| College of Charleston    | 360 Concord St. | 7/1/13- 6/30/18   | 31.50           |
| Medical University of SC | 55 Bee St.      | 4/1/09 - 3/31/39  | \$35.39         |

| Location     | Rental Rate/SF | Available SF |
|--------------|----------------|--------------|
| 22 WestEdge  | \$37           | 152,926      |
| 550 King St. | \$35-36        | 19,606       |
| 205 King St. | 35             | 1,123        |

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

This lease was approved by the Clemson University Board of Trustees on July 17, 2015; by the Commission on Higher Education (CHE) on December 3, 2015; and by JBRC on December 8, 2015.

Mr. Eckstrom asked Clemson of its intent to continue the Design Center program in Charleston. Angie Liedenger and Bret Dalton with Clemson appeared before the Authority. Mr. Dalton said the program is increasing in enrollment and Clemson intends to continue the growth of the program as part of its strategic plan. Mr. Eckstrom asked if this was one of the programs that Clemson and the College of Charleston were joining together in their architectural design program. Mr. Dalton said that a lot of different programs are operating in Charleston and this is one of those programs. He noted that this lease is a short to mid-term solution that came about as a result of the planned project not being approved.

Senator Leatherman noted that this lease was reviewed and approved by the Joint Bond Review Committee (JBRC). He said approval of the lease by the JBRC complies with the requirement that any lease over one million dollars be approved by the JBRC.

Governor Haley abstained from voting on regular session item #3.

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

the proposed 5 year lease at 701 East Bay Street, Suite 200, Charleston, SC to Clemson University as requested by the Department of Administration, Division of General Services. Governor Haley abstained from voting on this item.

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

***Department of Administration, Division of General Services: Clemson University Lease for Space at 1 Research Drive, Greenville (Regular Session Agenda Item #4)***

Clemson University (“Clemson”) requested approval to lease 24,000 rentable square feet (RSF) at 1 Research Drive, Greenville, SC from LICAR, LLC (whose sole member is Clemson University Land Stewardship Foundation, Inc., a South Carolina nonprofit corporation formed to support Clemson) located at 5 Research Drive, Greenville, SC 29607. The lease will allow Clemson Computing and Information Technology (“CCIT”) staff to accommodate growth of its Medicaid IT Services staff by providing office cubicle, meeting and training space in Greenville. This staff provides support for applications programming for university systems and for contracts with the SC Department of Health and Human Services relating to Medicaid. The Medicaid IT Services staff is currently housed in 3 Research Drive, Greenville, SC which has become inadequate in size and functionality.

A solicitation was conducted and one response was received. The term of the Lease will be three (3) years beginning on the date that the Landlord completes construction of the Demised Premises (estimated to be not later than July 1, 2016). Rent for the first year will be charged at a rate of \$16.50 per rentable square foot for a total of \$396,000.00 in year one with an annual escalation of 2%. Below is a chart of the rental costs of the lease over the full term.

| <b>TERM</b> | <b>PERIOD: FROM-TO</b> | <b>ANNUAL RENT</b> | <b>MONTHLY RENT</b> | <b>RENT/RSF</b> |
|-------------|------------------------|--------------------|---------------------|-----------------|
| YEAR 1      | 7/01/2016-6/30/2017    | \$396,000.00       | \$33,000.00         | \$16.50         |
| YEAR 2      | 7/01/2017-6/30/2018    | \$403,920.00       | \$33,660.00         | \$16.83         |
| YEAR 3      | 7/01/2018-6/30/2019    | \$412,080.00       | \$34,340.00         | \$17.17         |

This is a modified gross lease. Clemson will pay as additional rent the estimated Operating Costs for the first year at \$6.50 per rentable square foot for a total of \$156,000.00 in

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year one. At the conclusion of year 2, (and each year thereafter) the Landlord shall compute the increase or decrease, if any, in the Operating Cost over the first year Operating Cost and if there is an increase, Clemson shall pay its pro rata share within thirty days of request for payment.

The Landlord will deliver the Premises to Clemson with the Building completed pursuant to Clemson’s plans and specifications for the Building and with the Tenant Improvements completed. The Landlord will pay a tenant improvement allowance at a rate of \$30.00 per rentable square foot for a maximum of \$720,000.00. There are no expected moving costs.

Lease payments will be funded with revenue generated from Clemson’s contract with the SC Department of Health and Human Services. Clemson has indicated that no fee increase will be associated with this Lease. Below are tables representing rates paid by some state agencies in the Greenville area as well as a table representing comparable lease rates of similar business space in the Greenville area. Additionally, the Colliers International 2015 Third Quarter Market Report indicates an average commercial lease rate per square foot of \$20.75 in the Central Business district and \$17.32 in the suburban market area and the average rental rates for new construction are \$28.00 per square foot full service with a \$40.00 tenant improvement allowance.

| Agency                                  | Address                  | Lease Term            | Rate/SF |
|---|--------------------------|-----------------------|---------|
| SC Vocational Rehabilitation Department | 301 North Main Street    | 1/1/2014 – 12/31/2018 | \$15.45 |
| Department of Motor Vehicles            | 300 University Ridge     | 7/1/13 - 6/30/18      | \$15.20 |
| Department of Administration            | 37 Villa Road, Suite 300 | 9/1/11- 8/31/16       | \$15.75 |

| Location                  | Rental Rate/SF | Available SF |
|---------------------------|----------------|--------------|
| 1 N. Main St.             | \$31           | 20,000       |
| 110 East Court St.        | \$28           | 55,000       |
| 201 Riverplace, Suite 500 | \$26.95        | 17,985       |
| 935 South Main St.        | \$23.50        | 15,000       |

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

This lease was approved by the Clemson University Board of Trustees on August 26, 2015; by the Commission on Higher Education (CHE) on December 3, 2015; and by JBRC December 8, 2015.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the proposed 3 year lease at 1 Research Drive, Greenville, to Clemson University 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 13.

***Department of Administration, Division of General Services: State Housing Finance and Development Authority Market Pointe Centre Lease at 300 Outlet Pointe Boulevard (R#5)***

The State Housing Finance and Development Authority (“Agency”) requested approval to continue leasing 28,000 rentable square feet (RSF) at 300 C Outlet Pointe from Market Place Development, LLC, located at PO Box 5764, Columbia, SC. This space is currently leased by the Agency thus eliminating any downtime or relocation costs.

A solicitation was conducted and two (2) responses were received, of which the selected location represents the lowest bid. The term of the Lease will be seven (7) years beginning on November 1, 2016. Rent for each year will be charged at a rate of \$11.75 per rentable square foot for a total of \$329,000 in year one with an escalation of 2.5% annually. This represents a savings from the previous lease which currently has a rental rate of \$12.60 per rentable square foot. Below is a chart of the rental costs of the lease over the full term.

| TERM   | PERIOD: FROM-TO       | ANNUAL RENT  | MONTHLY RENT | RENT/RSF |
|--------|-----------------------|--------------|--------------|----------|
| YEAR 1 | 11/01/2016-10/31/2017 | \$329,000.00 | \$27,416.67  | \$11.75  |
| YEAR 2 | 11/01/2017-10/31/2018 | \$337,225.00 | \$28,102.08  | \$12.04  |
| YEAR 3 | 11/01/2018-10/31/2019 | \$345,655.63 | \$28,804.64  | \$12.34  |
| YEAR 4 | 11/01/2019-10/31/2020 | \$354,297.02 | \$29,524.75  | \$12.65  |
| YEAR 5 | 11/01/2020-10/31/2021 | \$363,154.44 | \$30,262.87  | \$12.97  |
| YEAR 6 | 11/01/2021-10/31/2022 | \$372,233.30 | \$31,019.44  | \$13.29  |
| YEAR 7 | 11/01/2022-10/31/2023 | \$381,539.13 | \$31,794.93  | \$13.63  |

This is a modified gross lease. The Agency will be responsible for its own electricity

and its pro rata share of increases in property taxes above the base year 2016. The pro rata share of property tax increases will be capped at 5% increase per year over the previous year. The Agency will not be responsible for any other operating expenses and the lease includes free surface lot parking sufficient for staff and customers. The Landlord is providing new carpet and paint throughout the suite and renovating the restrooms 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 Second Quarter Market Report indicates an average commercial lease rate per square foot of \$15.04 in the St. Andrews market area and \$14.76 in the suburban market 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           | 300 Outlet Pointe Blvd.    | 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.

This lease was approved by JBRC on December 8, 2015.

Mr. Eckstrom noted that the rates looked like very attractive rates for the State. He said as the need for lease space comes about that landlords will be willing to lease space favorably to the State.

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

approved the proposed 7 year lease at Market Pointe Centre at 300 C Outlet Pointe Blvd., Columbia, SC to the State Housing Finance and Development Authority as requested by the Department of Administration, Department of General Services.

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

***Department of Administration, Division of General Services: Workers Compensation Commission Lease for Space at 1333 Main Street, Columbia (Regular Session Item #6)***

The Workers Compensation Commission (“WCC”) requested approval to continue to lease space at 1333 Main Street, Columbia, SC from Vista Investments, LLC located at 1333 Main Street and represented by CB Richard Ellis. The WCC will lease 22,719 rentable square feet (RSF), which is a reduction of 6,244 RSF from their previous lease. Continuing to lease this space will eliminate any downtime or relocation costs.

A solicitation was conducted and two (2) responses were received, of which the selected location represents the least costly bid over the term. The term of the lease will be slightly more than six (6) years beginning on the date approved by the State Fiscal Accountability Authority, which allows the WCC to begin receiving the benefit of the savings from reducing its square footage prior to the end of the term of the current lease. This reduction in square footage for this partial year represents a savings of approximately \$43,180.63 for the remainder of the previous lease term and over the entire term of the new lease represents a savings of \$689,430.63 compared to the previous lease. Rent for the partial year will be charged at a rate of \$15.75 per rentable square foot with an annual escalation of base rent of approximately \$.40 per RSF. This is a gross lease. The WCC will pay as additional rent its pro rata share of increases in building operating cost above the base year ending March 31, 2018. The pro rata share of building operating cost increases will be capped at 3% per year over the previous year, a savings compared to the previous lease, which was capped at 4% per year. Assuming operating expense increases at three percent per year, the maximum rent over the term of the lease is as follows:

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| <b>TERM</b>     | <b>PERIOD:<br/>FROM-TO</b> | <b>RENT/RSF</b> | <b>ANNUAL<br/>RENT</b> | <b>MONTHLY<br/>RENT</b> | <b>MAXIMUM<br/>OPERATING<br/>COST</b> |
|-----------------|----------------------------|-----------------|------------------------|-------------------------|---------------------------------------|
| Partial<br>Year | 12/15/2015 -<br>3/31/2016  | \$15.75         | \$104,365.42           | \$29,818.69             | 0                                     |
| YEAR 1          | 4/1/2016 -<br>3/31/2017    | \$16.25         | \$369,183.72           | \$30,765.31             | 0                                     |
| YEAR 2          | 4/1/2017 –<br>3/31/2018    | \$16.65         | \$378,271.32           | \$31,522.61             | 0                                     |
| YEAR 3          | 4/1/2018 –<br>3/31/2019    | \$17.05         | \$387,358.92           | \$32,279.91             | \$4,600.60                            |
| YEAR 4          | 4/1/2019 –<br>3/31/2020    | \$17.45         | \$396,446.52           | \$33,037.21             | \$4,738.62                            |
| YEAR 5          | 4/1/2020 –<br>3/31/2021    | \$17.85         | \$405,534.12           | \$33,794.51             | \$4,880.78                            |
| YEAR 6          | 4/1/2021 –<br>3/31/2022    | \$18.25         | \$414,621.72           | \$34,551.81             | \$5,027.20                            |

Below are tables representing rates paid by some state agencies in the Columbia area. Additionally, the Colliers International 2015 Third Quarter Market Report indicates an average commercial lease rate per square foot of \$19.58 in the Columbia central business district and \$14.82 in the suburban market area.

| <b>Agency</b>                   | <b>Address</b>                  | <b>Lease<br/>Term</b>   | <b>Rate/SF</b> |
|---------------------------------|---------------------------------|-------------------------|----------------|
| Education Lottery               | 1333 Main St. Suite 400         | 8/1/2014 –<br>7/31/2021 | \$15.95        |
| Lieutenant Governor's<br>Office | 1301 Gervais St. Suite<br>350   | 7/1/2015 –<br>6/30/2020 | \$14.95        |
| Department of Insurance         | 1201 Main Street, Suite<br>1000 | 3/1/2014 –<br>2/28/2021 | \$15.50        |

Landlord is offering 55 requested parking spaces (46 garage and 9 surface) at a cost to the WCC of \$25 per parking space per month. The normal rate for the offered parking spaces is between \$45-65 for garage parking spaces and \$105 per for surface parking spaces. Lease payments will be made from revenue primarily from fines and hearing fees. At Landlord's cost, Landlord will make renovations to the premises in accordance with construction drawings as



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

The lease was approved by Gary M. Cannon, Executive Director of WCC. This lease was approved by JBRC on December 8, 2015.

Mr. Loftis noted that there is a hefty premium being paid by state agencies to be downtown. He also commented that the location for WCC is not convenient for those who come to hearings at the Commission. He said he does not understand why the State is paying a premium for the space.

Governor Haley stated that there is now a report that has a list of property owned by the State. She said that with the help of the agencies and under the leadership of Ms. Marcia Adams, Director of the Department of Administration, a report shows that the State has 7,800 pieces of property. She said that it is ridiculous for a state the size of South Carolina to have that many pieces of property. Governor Haley said they are in the process of looking at the property for opportunities to get out of the real estate business. She noted that there are eight pieces of property to dispose of that were initially identified. She said that the Department of Education, the Department of Probation, Parole and Pardon Services, and the Department of Health and Environmental Control are properties that were among the eight identified and that the agency directors are happy to dispose of those properties because it is costing more to maintain the property than to occupy the property. She stated the State needs to be smart about its real estate and look at cost and quality of the facilities in which public servants are housed. Governor Haley commented that the State has to be smart about the space it uses.

Governor Haley asked Ms. Adams to brief the Authority on this issue. Addressing Mr. Loftis' question, Ms. Adams said that agencies are making decisions about the space they need in "silos". She said the plan that has been developed is a strategy for moving forward, will be ever evolving, and will need to be revisited. She stated that one of the things that will make the plan work is the idea of centralization. She said centralization will save money and it will help to efficiently serve the public. She stated that they now have partners through CBRE who can help them with models for disposition, location, and size of facility. Ms. Adams continued by saying that whether an agency needs to be downtown will be determined by who the agency is, its stakeholders, where the agency should be located, and what is the best value, to lease or own.

Ms. Adams further stated that when centralization takes place \$35 million in savings in maintenance cost can be achieved.

Governor Haley asked Ms. Adams to tell the Authority members how much the average agency is spending on leasing. Ms. Adams stated that for buildings that are managed through the Department of Administration the average operating cost (which includes general maintenance), as benchmarked by CBRE, is \$7.66 per square foot. She said there are savings to be achieved with that number because the national number is just over \$4.00 per square foot. She said that the average operating expenses for buildings maintained independently by agencies is \$13.16 per square foot. Governor Haley noted that centralization is almost half of the cost of what agencies pay independently. Ms. Adams also noted how SCEIS will help to benchmark the State performance and start to tie into accountability and performance metrics. Governor Haley said that this process will help fine tune how the State buys property.

In further discussion, Mr. Eckstrom asked if the agency should be bound in a seven-year lease given the plan that is being implemented. Shawn DeJames, Assistant Director for General Services, said that a solicitation was done for the lease and that there were two responses. She said the proposal is the lowest overall response. She noted that the WCC is reducing its square footage and will have cost savings of approximately \$43,000 over the years as compared to what they would have had under the old lease. Governor Haley said that she wants to take the information from the CBRE report and incorporate it into the Authority's decisions on items like this one. Ms. Adams said that CBRE will be able to help the Department of Administration make decisions with regard to leases.

Mr. Eckstrom asked if the parking costs are included in the lease. Ms. DeJames said the parking costs were not included and is an additional cost. Mr. Eckstrom asked what percentage of the cost will the employee bear. Ms. DeJames said the employees will pay \$10 per month for parking. She said the parking rate is \$25 per month and the normal rate for parking is between \$45 and \$105 per month.

Mr. Loftis asked what does a solicitation entail. Ms. DeJames said they first work with the agency to determine its space requirements. She stated they have a process to compile a list of those who are interested in leasing space to the State and they solicit from that list when space is needed. She said proposals are then received and evaluated and the lowest overall price to the

State is chosen. Mr. Loftis asked how many entities are on the list and does General Services have listings on the internet. Scott Capell with General Services said there are about 400 listings and General Services does list leasing needs on the internet.

Governor Haley asked Ms. Adams if CBRE has looked at the lease and if General Services is comfortable with the lease. Ms. Adams said she did not think that CBRE has looked at the lease. She said General Services can take the lease back to CBRE to be reviewed. She said CBRE will help them find more potential people from which to lease. Governor Haley said she would have no objection if one of the members wanted to carry this item over for CBRE to take a look at it.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority voted to carry over the proposed multi year lease at 1333 Main Street Columbia, to Workers Compensation Commission 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 15.

***Department of Administration, Division of General Services: State Ports Authority  
Conveyance of up to 317.51± Acres in Port Royal to Palmetto Alliance Property Group, LLC  
(Regular Session Item #7)***

The Authority deleted from the agenda a request by the State Ports Authority for the sale of land.

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

***Midlands Technical College: Not Exceeding \$10,975,000 General Obligation State Institution Refunding Bonds (Issued on Behalf of Midlands Technical College), Series 2016, of the State of South Carolina (Regular Session Item #8)***

The Authority was asked to adopt a resolution making provision for the issuance and sale Not Exceeding \$10,975,000 General Obligation State Institution Refunding Bonds (Issued on Behalf of Midlands Technical College), Series 2016 of the State of South Carolina.

The proceeds of the bonds will be used to: (i) effect a refunding of the maturities of (1) the originally issued \$5,000,000 General Obligation State Institution Bonds (Issued on Behalf of Midlands Technical College), Series 1998A maturing in the years 2017 through 2018, currently outstanding in the principal amount of \$765,000 (the “1998 Refunded Bonds”), (2) the originally issued \$5,250,000 General Obligation State Institution Bonds (Issued on Behalf of Midlands Technical College), Series 2002C maturing in the years 2016 through 2021, currently outstanding in the principal amount of \$2,230,000 (the “2002 Refunded Bonds”), and (3) the originally issued \$10,000,000 General Obligation State Institution Bonds (Issued on Behalf of Midlands Technical College), Series 2007A maturing in the years 2018 through 2027, currently outstanding in the principal amount of \$8,630,000 (the “2007 Refunded Bonds,” and collectively with the 1998 Refunded Bonds and the 2007 Refunded Bonds, the “Refunded Bonds”); and (ii) pay for expenses related to the issuance of such State Institution Bonds.

Mr. Eckstrom stated that the refunding typically results in lower coupon rates. He asked why the new coupon rates for this bond issuance exceeds the old coupon rates. Kevin Kibler with the State Treasurer’s Office stated that the coupons were bundled together and achieved a 9.43% net present value savings of about one million dollars. Mr. Eckstrom said the bundled old coupon rate was 4.32% and the bundled new coupon rate is 4.85%. Gary Pope, bond counsel, said the financial advisor for the transaction said this is the average coupon rate, irrespective of the yields at which the bonds will be sold. He stated the interest rate at which the bonds will be sold is 1.29%. He said regardless of how the bonds are couponed the yield offered on the bonds would be 1.29%. Mr. Eckstrom noted that the rates are higher than the original coupons for the \$11.6 million issue. Mr. Pope said the bundled coupon for the original \$11.6 million issue is 4.32% and the expected yield for the new coupon is 1.29%. Mr. Eckstrom asked how the yield gets below the coupon rate. Mr. Pope said a premium is offered in which the coupon is higher than the yield on the new bonds.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$10,975,000 General Obligation State Institution Refunding Bonds (Issued on Behalf of Midlands Technical College), Series 2016, of the State of South Carolina.

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

***Medical University of South Carolina: Not Exceeding \$34,000,000 General Obligation State Institution Refunding Bonds (Issued on Behalf of The Medical University of South Carolina) Series 2016 (Regular #9)***

The Authority was asked to adopt a resolution making provision for the issuance and sale Not Exceeding \$34,000,000 General Obligation State Institution Refunding Bonds (Issued on Behalf of The Medical University of South Carolina), Series 2016.

The proceeds of the bonds will be to (1) refund State Institution Bonds and notes issued in anticipation of the issuance of State Institution Bonds heretofore issued for the University and outstanding, and (2) pay, including reimbursement to the University, for expenses related to the issuance of such State Institution Refunding bonds.

Mr. Eckstrom asked how the low estimated cost for the rating agency fee achieved. Mr. Kibler said the fees for this issuance are bundled and that economies of scale are being achieved. Bill Musser, bond counsel, said that this transaction involves an allocation between the BAN financing and the advanced refunding component.

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 \$34,000,000 General Obligation State Institution Refunding Bonds (Issued on Behalf of The Medical University of South Carolina), Series 2016.

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

***State of South Carolina: Not Exceeding \$69,000,000 General Obligation State Economic Development Refunding Bonds (Regular #10)***

The Authority was asked to adopt a resolution making provision for the issuance and sale Not Exceeding \$69,000,000 General Obligation State Economic Development Refunding Bonds, in one or more series.

Mr. Eckstrom asked why the taxable rate is lower than the tax exempt rate as compared to other issues. Theodore DuBose, bond counsel, said this reflects the difference in the market

for these two kinds of securities. He also noted that the way the premium is bid affects the rate.

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 \$69,000,000 General Obligation State Economic Development Refunding Bonds of the State of South Carolina, in one or more series.

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

***State of South Carolina: Not Exceeding \$81,000,000 State General Obligation Research University Infrastructure Refunding Bonds, Series 2016A (Regular Session Item #11)***

The Authority was asked to adopt a resolution making provision for the issuance and sale Not Exceeding \$81,000,000 State General Obligation Research University Infrastructure Refunding Bonds, Series 2016A.

The proceeds of the bonds will be used to (a) refund a portion of the outstanding Series 2005A, 2005B, and 2009A Research University Infrastructure Bonds, and (b) pay the costs of issuance of such Research University Infrastructure Refunding Bonds, Series 2016A.

Mr. Eckstrom asked why the rating agency fee is much higher for this issue than on the other bond issuances. Wayne Corley, bond counsel, said there are three series being refunded. Mr. Eckstrom noted that the rating agencies are looking at the new bonds. Mr. Corley said the rating agencies are also looking at the rating on the old bonds to make sure it is taken into account for the refundings that are going to take place. Mr. Eckstrom asked why the work on this bond issue is more labor intensive and requires more analysis than the one in regular session item #10 which had four series being refunded. Mr. Musser said that the rating agencies have a fixed fee schedule and that they have minimum charges for particular deals. He said the rating agency fees are not negotiable and that the fee schedule may have been applied differently. Mr. Kibler noted that cost is an estimate and that the fee will not be known until the bonds are actually sold. He said the actual costs could be brought back to the Authority once the transaction is completed.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority adopted a resolution making provision for the issuance and sale not exceeding \$81,000,000 State General

Obligation Research University Infrastructure Refunding Bonds, Series 2016A.

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

***Winthrop University: Not Exceeding \$26,000,000 General Obligation State Institution Refunding Bonds, Issued on behalf of Winthrop University (Regular Session Item #12)***

The Authority was asked to adopt a resolution making provision for the issuance and sale of Not Exceeding \$26,000,000 General Obligation State Institution Refunding Bonds, Issued on behalf of Winthrop University.

The proceeds of the bonds will be used to (1) refund State Institution Bonds heretofore issued for the University and outstanding, and (2) pay for expenses related to the issuance of such State Institution Refunding Bonds.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority adopted a resolution making provision for the issuance and sale of Not Exceeding \$26,000,000 General Obligation State Institution Refunding Bonds, Issued on behalf of Winthrop University.

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

***Future Meeting***

Upon a motion by Mr. White, seconded by Senator Leatherman the Authority agreed to meet at 9:30 a.m. on Tuesday, January 26, 2016, in Room 252, Edgar A Brown Building.

***Executive Session***

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority, pursuant to SC Code Section 30-4-70(a)(1), agreed to meet in executive session to consider executive session item #1 concerning personnel matters for the Authority.

After executive session, the Authority reconvened in regular session. Mr. Avant stated that the Authority had been in executive session to discuss the item on the published agenda.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority unanimously voted to hire Stephen Grant Gillespie as the Executive Director for the Authority. The Authority directed that an offer letter be extended to Mr. Gillespie offering him the position.

*Adjournment*

The meeting adjourned at 11:00 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 3:45 p.m. on Friday, December 11, 2015.]