

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

February 4, 2020 – 9:30 A. M.

The State Fiscal Accountability Authority (Authority) met at 9:30 a.m. on Tuesday, February 4, 2020, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

Governor Henry McMaster, Chair;
Mr. Curtis M. Loftis, Jr., State Treasurer;
Mr. Richard Eckstrom, Comptroller General;
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee and
Representative G. Murrell Smith, Chairman, Ways and Means Committee.

Also attending were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; State Auditor George Kennedy; Governor's Deputy Chief of Staff Mark Plowden; 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 Daniel Boan; Authority Secretary Delbert H. Singleton, Jr., and other State Fiscal Accountability Authority staff.

[Secretary's Note: The Authority met immediately following a meeting of the Tobacco Settlement Revenue Management Authority, the members of which are the State Fiscal Accountability Authority members, ex officio.]

Adoption of Agenda for State Fiscal Accountability Authority

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

Minutes of Previous Meetings

Upon a motion by Mr. Eckstrom, seconded by Representative Smith, the Authority approved the minutes of the December 10, 2019, and December 30, 2019, Authority meetings.

South Carolina State University: Request to Remove Procurement Limitation (Regular Session Item #1)

On April 30, 2014, the Budget and Control Board (now the State Fiscal Accountability Authority) adopted a resolution approving an interagency loan agreement dated May 22, 2014, to

South Carolina State University (SCSU) to assist in meeting its financial obligations. (The resolution and loan agreement were attached as part of the agenda item.) The resolution and loan agreement placed several requirements upon SCSU that included obtaining prior approval of the Division of Procurement Services before posting a solicitation for or execute, amend, renew, or otherwise extend a contract greater than \$2500.00. By way of a letter (attached and incorporated in the agenda item) dated January 16, 2020, SCSU requested that the Authority remove or revise the procurement limitation placed upon it by the resolution and loan agreement.

Mr. Eckstrom stated that he intended to support the item noting that the procurement restrictions were put in place over concerns that the Authority had about SCSU. He asked if the Authority would have the procurement auditors conduct a procurement audit of SCSU in a year to look at SCSU's procurement practices. Senator Leatherman commented that his understanding is that the auditors will review SCSU's procurement practices for compliance with the Procurement Code. Mr. Gillespie commented that the intent is to go back to SCSU in a year and conduct a procurement audit. John White, Materials Management Officer, appeared before the Authority on this matter. He stated that Procurement Services has already made plans to audit the University in a year if the Authority approves the item. Mr. Eckstrom commented that an audit is in the State's and SCSU's best interest.

Upon a motion by Senator Leatherman, seconded by Representative Smith, the Authority approved South Carolina State University's request to remove the procurement limitation placed upon it by the April 30, 2014, Budget and Control Board resolution and May 22, 2014, loan agreement. The Authority also required that the Division of Procurement Services, Audit and Certification audit SCSU for compliance with the Procurement Code.

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

Office of the State Auditor: Auditors' Communications with Those Charged with Governance - 2019 Statewide Audit (Regular Session Item #2)

Auditing standards require that at the conclusion of an audit of financial statement, the auditor communicate certain matters to those charged with governance. A communication was provided with this agenda item that addressed all matters required to be communicated related to

the audit of statewide financial statements for the year ended June 30, 2019. The financial statements were issued with a report date of November 14, 2019, and are available on the Office of the State Audit website at osa.sc.gov/reports.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority received the communication from the Office of the State Auditor related to the audit of the State with financial statements as information.

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

State Treasurer's Office: Bond Counsel Selection (Regular Session Item #3)

Representative Smith noted that there are LLCs listed on the agenda item that are issuing bonds through SC JEDA (South Carolina Jobs-Economic Development Authority). He stated he is concerned as to who the principals are for the LLCs. He said not knowing who they are raises questions if any of the Authority members may unknowingly have a conflict of interest. He noted that going forward he wants to know who the individual members of the LLCs are for them to address any conflict of interests that might exist.

Senator Leatherman said that for liability purposes the Authority needs to know who is involved with the LLCs and their background. He said the Authority does not want to approve the issuance of bonds and later find there is no one liable. Representative Smith agreed, and said they need to know who is responsible if there is a default on the bonds. He said that information is needed for them to make an informed decision on approving bonds.

Mr. Eckstrom said the statutes concerning bonds for conduit issues protect the State from potential liability. He said the assignment of issuer's counsel is additional protection of the State's interest. He said he agrees that information on the project owners should be provided before the Authority votes on approval of bond issuance.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority received the State Treasurer's Office report on the assignment of bond counsel as information in accord with Authority policy.

CONDUIT ISSUES:

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 4

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel
\$30,000,000; Economic Development Revenue Bonds; Presbyterian Communities of South Carolina; Series 2020 (South Carolina Jobs-Economic Development Authority – “SC JEDA”)	Presbyterian Communities of South Carolina Conduit: SC JEDA	Parker Poe – Ray Jones, Emily Luther	Burr Forman McNair – Michael Seezen
\$18,000,000; Economic Development Revenue Bonds; AHP of Columbia, LLC; Series 2020 (SC JEDA)	AHP of Columbia, LLC Conduit: SC JEDA	Burr Forman McNair – Michael Seezen / ICE Miller – Phillip Genetos	Haynsworth Sinkler Boyd – Kathy McKinney, Kimberly Witherspoon
\$20,000,000; Education Facilities Revenue Bonds; Cherokee County Charter School dba Cherokee Charter Academy; Series 2020 (SC JEDA)	Cherokee County Charter School dba Cherokee Charter Academy Conduit: SC JEDA	Howell Linkous Nettles – Sam Howell, Alan Linkous	Parker Poe – Ray Jones, Emily Luther
\$10,000,000; Multifamily Housing Revenue Bonds; Northside Apartments Project; Series 2020 (SC State Housing Finance and Development Authority - “SCSHFDA”)	Partans, LLC (Northside Apartments Project) Conduit: SCSHFDA	Howell Linkous Nettles – Sam Howell	Tracey Easton, General Counsel

GENERAL OBLIGATION / REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$120,000,000; Mortgage Revenue Bonds; Series 2020A	SC State Housing Finance and Development Authority	Burr Forman McNair – Rion Foley

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

Department of Administration, Executive Budget Office: 2019 Comprehensive Permanent Improvement Plan (Regular Session Item #4)

Section 2-47-55 of the 1976 South Carolina Code of Laws provides that all state agencies responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan to the Joint Bond Review Committee and the State

Fiscal Accountability Authority. The Comprehensive Permanent Improvement Plan is a planning tool that informs decisionmakers of the permanent improvement projects state agencies and institutions of higher education plan to undertake during the next five fiscal years. Each project included in the plan must subsequently be brought forward for consideration individually. The Executive Budget Office of the South Carolina Department of Administration has 1) compiled a statewide report entitled “State of South Carolina 2019 Comprehensive Permanent Improvement Plan, Fiscal Years 2019-20 through 2023-24” from agency submissions; 2) provided the information to the Joint Bond Review Committee and the State Fiscal Accountability Authority pursuant to the statute; and 3) made accessible complete and full details of agency submissions on the Department’s website at: <https://www.admin.sc.gov/budget/cpip>.

Mr. Loftis said the statute requires that the Authority approve the CPIP and asked if the Authority had to vote to approve the CPIP. Governor McMaster said the Authority is to receive the item as information. Mr. Eckstrom said he was going to ask the same question because the statute requires that the CPIP be presented to the Authority and the Authority approve it after it has been submitted. Brian Gaines, Director, Executive Budget Office, appeared before the Authority. He stated that the item is presented to the Authority as information and is not formally adopted. He said each individual project is subsequently brought before the Authority for approval and that the Authority does not adopt the entire plan. Mr. Eckstrom again noted that the statutory language says the plan is approved after submittal to the Authority.

Upon a motion by Senator Leatherman, seconded by Representative Smith, the Authority received the 2019 Comprehensive Permanent Improvement Plan as information.

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

Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#5)

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

Establish Project for A&E Design

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 6

- (a) Summary 4-2020: JBRC Item 1. (H15) College of Charleston
 Project: 9669, Addlestone Library Envelope Repairs & Interior Modifications
 Included in Annual CPIP: Yes – 2019 CPIP Priority 8 of 10 in FY20 (estimated at \$4,000,000)
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: 12/5/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Capital Project Institutional	-	-	-	80,000	80,000
All Sources	=	=	=	<u>80,000</u>	<u>80,000</u>

Request Amount: \$80,000. The Phase I request is 2.00% of the estimated cost to complete the project and the additional funds will be used to cover the costs of destructive sampling/testing of the roof membrane and exterior stucco, plus consultant fees for exhibit design/curation for the Rivers Communication Museum.

Fund Source (Phase I): Other, Capital Project Institutional Funds, which are revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. Currently, \$395 of the \$878 per semester fee is available to fund the CPIF. (Balance: \$8.4 million uncommitted)

Fund Source (Phase II): Proposed; Other, Capital Project Institutional Funds. Other, Excess College of Charleston Libraries Operational Funds. Other, Gifted Private Funds.

Request: Establish project and budget for exterior and 1st floor interior improvements to the Addlestone Library. The Addlestone Library is a 151,306 gross square foot three-level facility built in 2004. Moisture intrusion has damaged furniture and collections. The building envelope requires repairs to address water intrusion from the roof, windows and exterior wall failures. Interior work will modernize two 1st floor computer labs. One will be converted to a Digital Media Lab for movie/video editing and post production. The other will contain flexible furnishings to function as a classroom as well as a lab. Student study areas on 1st and 2nd floors will be expanded, adding electrical power, internet access and new seating. The circulation and reference desk functions will be centralized to release current staff space to relocate the John M. Rivers Communications Museum from its (temporarily closed) location at 58 George Street to an ADA accessible facility. The museum's existing collection highlights transformative technological broadcasting and communication innovations up to the dawn of the 21st century that transformed how we communicate today. The last significant renovation was in 2011 and included the 2nd and 3rd floors, leaving the 1st floor unaffected.

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 7

Affected: 10,130 students / 2,200 faculty & staff
 Total Cost: \$4,000,000
 Savings: \$7,500 (year 1), \$7,800 (year 2), \$8,110 (year 3)

Mr. Eckstrom asked if the repairs that are needed are due to a defect in design or to workmanship quality. He said he recognizes that any statute of limitations concerning the University’s ability to go against the contractor has probably tolled, but wanted to know if the University has looked into the matter. He said he is interested in knowing if a cause can be identified so the need for costly repairs can be avoided. Senator Leatherman noted that one of the questions asked during JBRC meetings is did the architect, engineer, or contractor cause the issue. He said JBRC has worked to ensure that state agencies recover costs for design and construction defects.

- (b) Summary 4-2020: JBRC Item 2. (H15) College of Charleston
 Project: 9670, Multicultural Center Renovation
 Included in Annual CPIP: Yes – 2019 CPIP Priority 4 of 10 in FY20 (estimated at \$2,500,000)
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: 12/5/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Capital Project Institutional	-	-	-	62,500	62,500
All Sources	=	=	=	<u>62,500</u>	<u>62,500</u>

Request Amount: \$62,500. The Phase I request is 2.50% of the estimated cost to complete the project and the additional funds will be used to cover the costs of hazardous material sampling/analysis, destructive testing/sampling of exterior stucco, plus consultant fees for a Construction Manager At-Risk, pending OSE approval.

Fund Source (Phase I): Other, Capital Project Institutional Funds, which are revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. Currently, \$395 of the \$878 per semester fee is available to fund the CPIP. (Balance: \$8.4 million uncommitted)

Fund Source (Phase II): Proposed; Other, Capital Project Institutional Funds.

Request: Establish project and budget to address envelope issues, exterior repairs/renovations, structural repairs, infrastructure modernization, landscaping and a refresh of the interiors. The Multicultural Center

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 8

(Richard Brenan House) is a four-level, 8,287 gross square foot prominent historic building at the western gateway of campus, constructed in 1817 and acquired in 2002. The building has significant structural issues on the two-level piazza, decayed structural/aesthetic wood elements (columns, windows, railings and trim), stucco cracks, minor roof leaks and noncompliant wheelchair access. The current wheelchair access (built in-house) does not meet ADA requirements and only allows access to the porch, not the building’s interior. Certain parts of the porch are blocked for structural issues. A structural condition assessment was commissioned in May 2011 with an update currently in progress that will determine if temporary shoring/bracing is required. Since the initial assessment was completed, the fire escape was stabilized and repainted, replacing only the 2ft of support columns. Other conditions have worsened since the report was issued. The roof was replaced in 2007 but needs minor repairs. The stucco and structural elements are believed to be original with various small repairs occurring over the years. Most, if not all windows and shutters are believed to be original. The project will attempt to restore as many components as possible in accordance with the State Historic Preservation Office and national historic preservation best practices. Visible components will be replaced only if they cannot be restored.

Affected: 10,000+ students / 11 full-time staff / 5 student assistants
 Total Cost: \$2,500,000
 Savings: \$9,780 (year 1), \$10,170 (year 2), \$10,580 (year 3)

- (c) Summary 4-2020: JBRC Item 3. (H15) College of Charleston
 Project: 9671, Silcox PE & Health Center Envelope Repair & First Floor Renovation
 Included in Annual CPIP: Yes – 2019 CPIP Priority 5 of 10 in FY20 (estimated at \$5,500,000)
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: 12/5/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Capital Project Institutional	-	-	-	137,500	137,500
All Sources	=	=	=	<u>137,500</u>	<u>137,500</u>

Request Amount: \$137,500. The Phase I request is 2.50% of the estimated cost to complete the project and the additional funds will be used to cover the costs of hazardous material sampling/analysis, destructive testing/sampling of exterior stucco, plus consultant fees for a Construction Manager At-Risk, pending OSE approval.

Fund Source (Phase I): Other, Capital Project Institutional Funds, which are revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds. This fee is that portion of the student bill

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 9

earmarked for debt service and renewal of the physical infrastructure. Currently, \$395 of the \$878 per semester fee is available to fund the CPIF. (Balance: \$8.4 million uncommitted)

Fund Source (Phase II): Proposed; Other, Capital Project Institutional Funds.

Request: Establish project and budget for exterior renovations to correct envelope deficiencies and an interior renovation of the 1st floor (18,059 gross square feet) to upgrade restrooms to ADA compliance, replace classroom technology and furnishings, improve emergency egress and better utilize existing space. The Silcox Physical Education & Health Center is a 48,904 gross square foot four-level facility built in 1939 and houses a mix of classrooms, one indoor sports space and health science labs and academic offices for the Department of Health and Human Performance. No significant exterior renovations have occurred since construction. The roof decking shows deflection and signs of water infiltration. Moisture intrusion is creating indoor air quality issues, requiring the college to find alternate spaces for some classes and student activities. The original slate roof and windows (previously repaired), require complete replacement. Stucco is failing at rusting lintels and displays stains and cracks and therefore will require partial replacement. The doors are about 50 years old and require complete replacement.

Affected: 10,000+ students / 23 faculty / 2 staff
Total Cost: \$5,500,000
Savings: \$9,780 (year 1), \$10,170 (year 2), \$10,580 (year 3)

- (d) Summary 4-2020: JBRC Item 4. (H15) College of Charleston
 Project: 9672, Wentworth Parking Garage Renovation
 Included in Annual CPIP: Yes – 2019 CPIP Priority 3 of 10 in FY20 (estimated at \$2,500,000)
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: 12/5/19

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Auxiliary Parking Revenues	-	-	-	62,500	62,500
All Sources	=	=	=	<u>62,500</u>	<u>62,500</u>

Request Amount: \$62,500. The Phase I request is 2.50% of the estimated cost to complete the project and the additional funds will be used to cover the costs of destructive testing, as well as the feasibility study to determine if additional floors or demolition/replacement are viable in the future.

Fund Source (Phase I): Other, Auxiliary Parking Revenue Funds, which are revenues generated through parking fees paid by individuals who apply for and receive parking. The parking fee varies based on classification (student or faculty/staff) and parking lot or garage location. The revenues are used

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 10

solely for the operation, maintenance, renovation, repair, and debt service of this specific auxiliary enterprise. (Balance: \$6.5 million uncommitted)

Fund Source (Phase II): Proposed; Other, Auxiliary Parking Revenue Funds.

Request: Establish project and budget to address structural deficiencies, elevator modernization, restriping of parking spaces and travel lanes, and replace access control equipment and software. Wentworth Parking Garage is a 210,600 gross square foot five-level 515-space facility built in 1984 on City of Charleston Property. The college owns the garage and has a joint operating agreement with the city allowing parking for both entities. The exterior stairwell’s foundation appears to have settled, causing the stairwell structure to pull away from the garage structure. A breezeway beam corbel has cracked in half. Breezeway slabs have separated from the garage by 1-2”. Exposed rusting reinforcement bars in concrete beams, columns, slabs and stairwells are leading to cracking, spalling and water intrusion. A large masonry crack has appeared in the elevator shaft. Vehicular barriers are non-existent. Metal guardrails and handrails between levels are inadequate, ADA noncompliant and rusting. The machine room roof and façade of the elevator are severely damaged with part of the metal siding missing. The access control equipment is approximately 20 years old, experiencing routine failures and beyond its useful life. The technology used to operate the equipment is outdated and does not allow for automation. A feasibility study is being independently conducted to explore opportunities for additional levels or demolition/replacement in later years.

Affected: 515 parking spaces; 70 student / 300 faculty and staff / 145 public parking
Total Cost: \$2,500,000
Savings: \$10,500 (year 1), \$10,920 (year 2), \$11,360 (year 3)

- (e) Summary 4-2020: JBRC Item 5. (H21) Lander University
 Project: 9541, Field House II Development
 Included in Annual CPIP: No – Construction cost was unknown but anticipated to be below the permanent improvement project threshold at the time of the 2019 CPIP submission.
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: 12/5/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Lander Foundation	-	-	-	23,850	23,850
All Sources	=	=	=	<u>23,850</u>	<u>23,850</u>

Request Amount: \$23,850. The Phase I request is 1.50% of the estimated cost to complete the project.

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 11

Fund Source (Phase I): Other, Lander Foundation RWS (Recreation, Wellness & Sports) Properties, LLC Funds, which was established for the purposes of financing the athletic complex for Lander University. (Balance: \$380K uncommitted)

Fund Source (Phase II): Proposed; Other, Lander Foundation Funds. JEDA Bonds, Series 2020A with a lease by the university securing the transaction.

Request: Establish project and budget to renovate the interior of a vacant 17,800 square foot warehouse building, constructed in the 1960's, located on the Lander Athletic Complex and owned by the Lander Foundation RWS, LLC. The building was once a public gym. The renovation will convert the interior into a field house for the wrestling team, the men's and women's lacrosse teams, coach's offices, weight room, the training area for the wrestling team, locker rooms, restroom/shower facilities, while reserving three spaces for team meeting rooms or locker rooms. The above-mentioned sports currently do not have team facilities and are operating in previously reserved student recreation areas and out of portable sheds. The renovation will consist of an HVAC upgrade, plumbing upgrades to include restroom expansions, lighting upgrades, fire alarm system, fire protection sprinkler system modifications, floor space division, interior wall finishing, flooring, and ceilings. Utility upgrades will target energy reduction and energy conservation initiatives. This permanent improvement project was referenced in the University's lease request approved by the State Fiscal Accountability Authority at its October 15, 2019 meeting.

Affected: 46 Wrestling / 30 Women's Lacrosse / 35 Men's Lacrosse / 5 Coaches / 1 Strength Coach / 1 Training

Total Cost: \$1,590,000

Costs: \$11,520 (year 1), \$25,206 (year 2), \$26,300 (year 3)

(f) Summary 4-2020: JBRC 6. (H21) Lander University

Project: 9542, Intramural Field Renovation

Included in Annual CPIP: No – At the time of the 2019 CPIP submission it was unknown that the project would exceed \$1 million.

JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 12/5/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Lander Foundation	-	-	-	18,750	18,750
All Sources	=	=	=	<u>18,750</u>	<u>18,750</u>

Request Amount: \$18,750. The Phase I request is 1.50% of the estimated cost to complete the project.

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 12

Fund Source (Phase I): Other, Lander Foundation RWS (Recreation, Wellness & Sports) Properties, LLC Funds, which was established for the purposes of financing the athletic complex for Lander University. (Balance: \$380K uncommitted)

Fund Source (Phase II): Proposed; Other, Lander Foundation Funds. JEDA Bonds, Series 2020A with a lease by the university securing the transaction.

Request: Establish project and budget to renovate the existing campus intramural field to allow for increased usage of the field by intramural sports, club sports, academic classes, collegiate athletics practice for Men’s and Women’s Lacrosse and an occasional competition. The student intramural program will utilize this field throughout the year. The construction of the newest student-housing complex used this field for a lay-down area disturbing the field surface and irrigation. The former lighting system is inoperative with half of the fixtures removed to allow for the construction. The field renovation will include a synthetic re-surfacing, drainage system, new lighting system, scoreboard system and limited perimeter fencing. Currently the surface is natural grass and will be transitioned to artificial turf. Because the natural turf field cannot handle the water and wear and tear needed on a daily basis, a synthetic turf field is the best option. The improved field will allow for increased usage during all weather conditions and during expanded hours, which will improve the utilization of the field by the students. This permanent improvement project was referenced in the University’s lease request approved by the State Fiscal Accountability Authority at its October 15, 2019 meeting.

Affected: 780 students
 Total Cost: \$1,250,000
 Costs: \$4,750 (year 1), \$12,300 (year 2), \$17,400 (year 3)

(g) Summary 4-2020: JBRC Item 7. (H27) University of South Carolina - Columbia
 Project: 6134, West Campus Parking Development
 Included in Annual CPIP: Yes – 2019 CPIP Priority 10 of 14 in FY20 (estimated at \$6,500,000)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 01/09/20

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Greek Village Student Fees	-	-	-	50,000	50,000

Request Amount: \$50,000. The Phase I request is .0769% of the estimated cost to complete the project.

Fund Source (Phase I): Other, Greek Village Student Fee Funds, which are from a fee imposed on all Greek Village students beginning in FY17 for \$125 per semester. The fee is currently \$375 per semester and was discontinued in December 2019. (Balance: \$6.2 million uncommitted)

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 13

Fund Source (Phase II): Proposed; Other, Greek Village Student Fee Funds.

Request: Establish project and budget to develop on-grade asphalt-paved parking to serve Greek Village residents and non-resident fraternity and sorority members on and near the 700 block of Devine Street covering approximately 6 acres. A large number of students who participate in the Greek program return to the Village for meals and it is difficult for them to secure parking. This scope of work supplants a previous concept to construct a multi-story parking garage on the site. This project will provide less parking but be a significantly more economical alternative to a parking structure. This project will provide approximately 300 permanent spaces on land south of Devine Street. A separate internal project will provide gravel on an existing recreation field north of Devine Street which will enable the relocation of 500 non-Greek commuters who currently park on an existing lot across the street from this proposed gravel lot. The existing 500-space lot will be reassigned to Greek students to provide the total of 800 spaces described in the CPIP. Surface parking is considered to be prudent due to the lower cost and in light of the changing paradigm of campus parking which indicates fewer students will use personal vehicles on campus in the future. The project will also explore options to park under the Blossom Street bridge. The number of cars that can ultimately be accommodated on the site will be dependent on an accurate survey, a storm drainage strategy, and landscaping requirements that must be confirmed with the City of Columbia during Phase I design. Spaces under the bridge, if provided, will hopefully be in addition to the 300 spaces on-site. The project will bear the cost of relocating the occupants in the 718 Devine Street building to the 707 Catawba Street building (owned by USC Development Foundation and currently leased by the university), by renovating the 707 Catawba Street building to accommodate School of Visual Art and Design student studios and a Theatre. The project will demolish the 718 Devine Street and 730 Devine Street buildings to clear the site for the parking lot.

Affected:	6,500 students
Total Cost:	\$3,735,000
Savings:	\$165,000 (years 1 thru 3)

Mr. Eckstrom noted that there is an inconsistency listed in the item concerning the cost of the project. He asked what the cost is. Craig Parks, Director of Governmental Relations for the University of South Carolina, appeared before the Authority on this matter. Mr. Parks stated that the project was reported on the CPIP initially as being a \$6.5 million project. He said since that submission and developing the item for Phase I approval, they have reimagined the project and believe they can do the project and a second one for approximately \$3.7 million.

Mr. Loftis asked if there would be an interim year of equity. He said certain students are

paying for parking they will never use. He said for other capital assets borrowing is done over longer terms and is spread out over different groups. Mr. Parks said the \$375 per Greek student organization fee has been eliminated. He said this is a legacy project that has left Greek students with the understanding that some of them would not get the benefit of the fruit of that fee. He said the project has been vetted with the students and 80% of them supported the project. He said the money that the students have paid will stay in a fund to support the ongoing needs of that community.

Mr. Eckstrom further asked how many parking spaces can fit under the Blossom Street Bridge. Mr. Parks said they do not know but that parking would be limited.

- (h) Summary 4-2020: JBRC Item 8. (H59) Greenville Technical College
 Project: 6160, Greenville – Parking Lot R Construction – Barton Campus
 Included in Annual CPIP: Yes – 2019 CPIP Priority 1 of 3 in FY21 (estimated at \$1,320,000)
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: 01/09/20

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, College Plant Maintenance	-	-	-	40,675	40,675
All Sources	=	=	=	<u>40,675</u>	<u>40,675</u>

Request Amount: \$40,675. The Phase I request is 1.50% of the estimated cost to complete the project.

Fund Source (Phase I): Other, College Plant Maintenance Funds, which are an accumulation of appropriated funds from Greenville County and used to perform maintenance and renovations to physical facilities of Greenville Technical College. (Balance: \$22.5 million uncommitted)

Fund Source (Phase II): Proposed; Other, College Plant Maintenance Funds.

Request: Establish project and budget to construct a new parking lot (Parking Lot R), for students and visitors in a vacant area adjacent to Building 102, Student Success Center, which is currently being renovated. The scope will include site development, storm water systems, sidewalks, new LED lighting and a new asphalt parking lot. The project will also rehab Parking Lot O and bring it up to relevant ADA and local code. This lot is adjacent to the new Parking Lot R. This lot is in need of repairs and repaving. This parking lot serves Building 106, Industrial Complex and Building 112, Dental Technology. Local ordinances require an existing parking lot to be brought up to comply with new ordinances when repairs are made to the pavement and or additions to the parking lot. Since a new parking area will

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 15

be developed adjacent to this lot, some overlap is anticipated. Costs to provide the new drainage system for Parking Lot R will impact Parking Lot O which is why the decision was made to rehabilitate Parking Lot O at the same time. Parking Lot R will add approximately 428 spaces and Parking Lot O currently has 180 spaces. The estimated cost to complete the project reflected in the 2019 CPIP did not include the rehabilitation of Parking Lot O. At the time of the CPIP submission it was anticipated that the property where parking lot O is located would be used for the construction of a future planned building. In the fall of 2019 that plan was dismissed.

Affected: 12,000+ students and visitors / 94 staff
 Total Cost: \$2,711,663
 Costs: \$13,300 (years 1 thru 3)

- (i) Summary 4-2020: JBRC Item 9. (D50) Department of Administration
 Project: 6046, Adjutant General Office Building – HVAC Systems Replacement
 Included in Annual CPIP: Yes – 2019 CPIP Priority 3 of 31 in FY20 (estimated at \$1,150,000)
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Depreciation Reserve	-	-	-	18,570	18,570
All Sources	=	=	=	<u>18,570</u>	<u>18,570</u>

Request Amount: \$18,570 The Phase I request is 1.58% of the estimated cost to complete the project and the additional funds will be used to cover the costs of asbestos testing.

Fund Source (Phase I): Other, Depreciation Reserve Funds, which is derived from the rent account which receives rent charged to agencies.
 (Balance: \$1.7 million uncommitted)

Fund Source (Phase II): Proposed; Other, Depreciation Reserve Funds.
 Request: Establish project and budget for the replacement of HVAC systems including VAV boxes and associated ductwork on all levels of the 53,817 gross square foot Adjutant General Office Building located at 1 National Guard Road in Columbia. The building was constructed in 1985, making it 34 years old. The HVAC systems are original to the building and are past their useful life, leading to system inefficiency, periodic failure and disruption of service.

Affected: 1,500 staff and visitors
 Total Cost: \$1,171,356
 Savings: Have not yet been determined.

Establish Construction Budget

- (j) Summary 4-2020: JBRC Staff 13. (D50) Department of Administration
 Project: 6023, Blatt Building – Replace Windows
 Included in Annual CPIP: Yes – 2019 CPIP Priority 21 of 31 in FY20 (estimated at \$890,000)
 JBRC/SFAA Phase I Approval: October 2019 (estimated at \$1,329,091)
 CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State	64,051	-	64,051	1,444,785	1,508,836
All Sources	<u>64,051</u>	=	<u>64,051</u>	<u>1,444,785</u>	<u>1,508,836</u>

Request Amount: \$1,444,785
 Fund Source (Phase I): Appropriated State Funds.
 Fund Source (Phase II): Appropriated State Funds. (Balance: \$3 million uncommitted)

Request: Establish Phase II and increase the budget for the replacement of the windows in the Solomon Blatt building located at the SC State Capitol Complex. The windows are original to the 41-year-old building constructed in 1978, past their useful life, and leaking in multiple areas. The current windows are single pane and the new windows will be double pane, tinted, insulated, and have a low-e coating. As such, the energy loss through the windows will be reduced by as much as 50%. The building is 155,162 gross square feet and is utilized by the SC House of Representatives for offices, conference and meeting room space. The estimated cost to complete the project has increased from the Phase I estimate due to a higher estimated contractor markup due to current climate of the construction industry. The agency anticipates execution of the construction contract in June 2020 and completion of construction in December 2020.

Affected: 80-100 daily / 330 from January to July
 Total Cost: \$1,508,836
 Costs/Savings: None

- (k) Summary 4-2020: JBRC Item 14. (D50) Department of Administration
 Project: 6024, Blatt Building - Replace VAV Terminal Reheat
 Included in Annual CPIP: Yes – 2019 CPIP Priority 4 of 31 in FY20 (estimated at \$705,000)
 JBRC/SFAA Phase I Approval: October 2019 (estimated at \$926,432)
 CHE Recommended Approval: N/A

<u>Source of Funding</u>	<u>Original Budget</u>	<u>Cumulative Changes Since</u>	<u>Current Budget Adjustment</u>	<u>Total Budget After Current</u>
--------------------------	------------------------	-------------------------------------	--------------------------------------	---------------------------------------

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 17

<u>Detail</u>	<u>Amount</u>	<u>Original Budget</u>	<u>Current Budget</u>	<u>Requested</u>	<u>Adjustment</u>
Other, Depreciation Reserve	49,356	-	49,356	993,131	1,042,487
All Sources	<u>49,356</u>	=	<u>49,356</u>	<u>993,131</u>	<u>1,042,487</u>

Request Amount: \$993,131

Fund Source (Phase I): Other, Depreciation Reserve Funds.

Fund Source (Phase II): Other, Depreciation Reserve Funds, which is derived from the rent account which receives rent charged to agencies (Balance: \$1.7 million uncommitted)

Request: Establish Phase II and increase the budget to replace the terminal hot water reheat VAV boxes and associated ductwork on the 5th floor of the 41-year-old Solomon Blatt Building, which was constructed in 1978. The equipment and ductwork is original to the building and is past its useful life, leading to periodic failures and disruption of service. The scope will involve replacing 54 terminal hot water reheat VAV mechanical units to include associated duct work. The majority of this work will be performed above the ceiling on the 5th floor. The square footage of the 5th floor is 27,795 square feet. The building is utilized by the SC House of Representatives for offices, conference and meeting room space. The estimated cost to complete the project has increased from the Phase I estimate due to higher estimated contractor markup due to the current climate of the construction industry. The agency anticipates execution of the construction contract in June 2020 and completion of construction in December 2020.

Affected: 80-100 daily / 330 from January to July

Total Cost: \$1,042,487

Costs/Savings: \$46,560 (years 1 thru 3)

- (1) Summary 4-2020: JBRC Item 15. (D50) Department of Administration
 Project: 6030, Marion Gressette Building – Replace Windows
 Included in Annual CPIP: Yes – 2019 CPIP Priority 20 of 31 in FY20 (estimated at \$862,137)
 JBRC/SFAA Phase I Approval: October 2019 (estimated at \$1,641,522)
 CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State	68,050	-	68,050	1,573,114	1,641,164
Other, Depreciation Reserve	-	-	-	279,986	279,986
All Sources	<u>68,050</u>	=	<u>68,050</u>	<u>1,853,100</u>	<u>1,921,150</u>

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 18

Request Amount: \$1,853,100

Fund Source (Phase I): Appropriated State Funds.

Fund Source (Phase II): Appropriated State Funds. (Balance: \$3 million uncommitted)

Other, Depreciation Reserve Funds, which is derived from the rent account which receives rent charged to agencies (Balance: \$1.7 million uncommitted)

Request: Establish Phase II and increase the budget for the replacement of the windows in the Marion Gressette Building located at the SC State Capitol Complex. The windows are original to the 43-year-old building constructed in 1976, past their useful life, and leaking in multiple areas. The current windows are single pane and the new windows will be double pane, tinted, insulated, and have a low-e coating. As such, the energy loss through the windows will be reduced by as much as 50%. The building is 81,737 gross square feet and is utilized by the SC State Senate for offices, conference and meeting room space. The estimated cost to complete the project has increased from the Phase I estimate due to a higher estimated contractor markup due to current climate of the construction industry. The agency anticipates execution of the construction contract in June 2020 and completion of construction in December 2020.

Affected: 166 employees plus visitors

Total Cost: \$1,921,150

Costs/Savings: \$46,560 (years 1 thru 3)

- (m) Summary 4-2020: JBRC Item 22. (P28) Department of Parks, Recreation & Tourism
 Project: 9773, Hunting Island Road Repairs
 Included in Annual CPIP: Yes – 2019 CPIP Priority 4 of 9 in FY20 (estimated at \$2,000,000)
 Admin. Phase I Approval: January 2019 (estimated at \$1,000,000)
 CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
FY19 Capital Reserve	15,000	-	15,000	1,785,000	1,800,000
Other, FY20 Proviso 49.18	-	-	-	400,000	400,000
Other, Park Revenue	-	-	-	555,000	555,000
All Sources	<u>15,000</u>	=	<u>15,000</u>	<u>2,740,000</u>	<u>2,755,000</u>

Request Amount: \$2,740,000

Fund Source (Phase I): FY19 Capital Reserve Funds.

Fund Source (Phase II): FY19 Capital Reserve Funds. (Balance \$7.8 million uncommitted)

Other, FY20 Proviso 49.18, which authorizes PRT to use previously appropriated nonrecurring funds for state parks maintenance. (Balance: \$500K uncommitted)

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 19

Other, Park Revenue Funds, which is revenue generated by the State Park System. The fund collects fees for admission, camping, lodging and other fees charged for the use of recreational facilities and programs. (Balance \$3 million uncommitted)

Request: Establish Phase II and increase the budget for repairs and paving of the approximately 8 miles of roads at Hunting Island State Park. The roads are in need of repairs and resurfacing after several years of natural disasters compiled with decades of vehicular traffic. Per the agency, this park has been one of the most visited parks year after year. A FEMA grant will be received for \$555,000 to reimburse the Park Revenue fund source due to damages that occurred during hurricanes Matthew and Irma. The estimated cost to complete the project has increased from Phase I and the 2019 CPIP estimate because the FEMA reimbursement and an additional \$200,000 in Capital Reserve Funds were not included in the previous estimates. The agency anticipates execution of the construction contract in March 2020 and completion of construction in November 2020.

Affected: 800,000 visitors
Total Cost: \$2,755,000
Costs/Savings: None

Phase II Increase

- (n) **Summary 4-2020:** JBRC Item 23. (E24) Office of the Adjutant General
Project: 9812, Statewide Readiness Center Female Latrines
Included in Annual CPIP: Yes – 2019 CPIP Priority 4 of 18 in FY20
 (this portion estimated at \$600,000 & estimated at \$2,650,000 for all 12 facilities)
JBRC/SFAA Phase I Approval: August 2018 (estimated at \$2,233,435 for all 12 facilities)
JBRC/SFAA Phase II Approval: April 2019 (estimated at \$2,450,000 for all 12 facilities)
CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State	12,500	200,000	212,500	109,500	322,000
Federal, National Guard Bureau	37,500	-	37,500	328,500	366,000
All Sources	<u>50,000</u>	<u>200,000</u>	<u>250,000</u>	<u>438,000</u>	<u>688,000</u>

Request Amount: \$438,000
Fund Source (Phase I): Appropriated State Funds.
 Federal, National Guard Bureau Funds.
Fund Source (Phase II): Appropriated State Funds. (Balance \$1.55 million uncommitted)
 Federal, National Guard Bureau Funds, which is funding identified as part of the Construction and Facilities Management Office’s Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau. (Balance: \$16 million uncommitted)

Request: Increase the Phase II budget to renovate and expand existing female latrines in various readiness centers across the state. The initial group of readiness centers include North Charleston, Walterboro, Edgefield, Mt. Pleasant, Marion, Saluda, Mullins, Batesburg, Dillon, Seneca, Conway and Rock Hill. The Edgefield facility was completed in the Edgefield Renovation project and therefore has been removed. The North Charleston facility was completed in this project in October. The funds in this request will be used for the construction of the Saluda and Rock Hill facilities. The scope of work includes renovating existing female latrine and constructing additional authorized space to include new utilities and fixtures, along with any required mechanical, electrical and plumbing work. Due to the rising number of female soldier's adequate latrine space is needed. Per NG Pam 415-12, the assigned unit(s) are authorized 2,000 square feet of latrine space. This project will allow the female soldiers to have the required number of facilities (toilets, showers, changing areas) they need to conduct training. The facilities range in age from 31 years to 62 years old and vary in size from 72 square feet to 339 square feet. The agency estimates total project costs at \$200,000 per facility for a total of \$2,450,000 for all 11 facilities. The agency anticipates execution of the construction contract in February and completion of construction in March 2021.

Affected: 50 female soldiers in each of the 11 armories (550 female soldiers)
Total Cost: \$688,000
Costs: \$3,000 (years 1 thru 3)

Upon a motion by Representative Smith, seconded by Senator Leatherman, the Authority approved the permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office as noted herein.

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

Dept. of Administration, Facilities Management and Property Services: Easement (R#6)

The Authority was to approve granting the following easement as recommended by the Department of Administration, Facilities Management and Property Services.

County Location: Greenville
From: Department of Administration
To: Circle K Stores, Inc.
Consideration: Other good and valuable consideration including: (i) the expansion and restriping of the existing overflow parking located on SCDMV property, (ii) the construction of a connecting sidewalk and (iii) the granting of an access easement containing approximately 0.176± acre over and

Description/Purpose:	across Circle K property to Bryson Drive. To grant a 0.113± acre access easement for the purpose of ingress and egress over and across property of SCDMV's Fountain Inn office to the adjoining Circle K property. The grant also includes a 0.582± acre temporary construction easement necessary for the completion of improvements that will be of mutual benefit. The term of the easement will be fifty (50) years. The Division of Facilities Management and Property Services has determined that SCDMV 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.
Additional Information:	On March 5, 2019, the State Fiscal Accountability Authority approved the grant of a 0.061 acre access easement to Circle K Stores, Inc. The requested easement area has since expanded to accommodate construction, and as such, requires additional approval.

Mr. Eckstrom asked for an explanation of what is being given and received and by whom with the easement. Ashlie Lancaster, Director, Division of Facilities Management and Property Services, appeared before the Authority on this matter. Ms. Lancaster said the land value of the easement is \$4,265 and the value of the improvements to the DMV is \$79,500. She said the improvements include the Circle K providing new space for parallel parking for DMV that will be displaced by granting the easement. Mr. Eckstrom also asked if the Circle K was granting an easement as well. Ms. Lancaster said that the Circle K was providing an easement for an exit.

Upon a motion by Senator Leatherman, seconded by Representative Smith, the Authority approved granting the referenced easement as recommended by the Department of Administration, Facilities Management and Property Services.

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

Department of Administration, Facilities Management and Property Services: South Carolina Department of Revenue Lease of 1350 Farrow Parkway, Myrtle Beach (Regular #7)

The South Carolina Department of Revenue (DOR) requested approval to lease approximately 10,428 rentable square feet located at 1350 Farrow Parkway, Myrtle Beach, SC from Loudon Hall Farm, LLC (Landlord).

DOR has been leasing 7,530 square feet from Landlord at 1350 Farrow Parkway since January 26, 2015. The current lease is not set to expire until February 2022, however, DOR has advised that their existing Taxpayer Assistance area is not large enough to implement the full functionality of their high level of security for their taxpayers, Protective Services Agents, and employees to effectively conduct business.

State agencies were contacted to verify that no adequate state space was available. A solicitation was conducted, and the selected Landlord was the only respondent. DOR conducted a site visit and determined that the additional available space proposed by Landlord would be sufficient to build DOR's lobby service area to their current security standards.

DOR's security program requires an on-site security officer in each office lobby, security cameras, metal detectors, and other security equipment to screen potential visitors of DOR to ensure that taxpayers and DOR employees are protected and safe. In addition, DOR protects both State and Federal Taxpayer Information with a highly sophisticated badge access and camera surveillance system, an Intruder Detection System, and other specific security technology. These security enhancements are required to ensure privacy and adequate protection against loss of data. As such, DOR requires site modification and will reimburse Landlord for the costs of the upfit which are expected to cost approximately \$318,000.

The lease term will be ten years and is expected to commence upon completion of the upfit. DOR will continue to lease space under the current lease until the upfit is completed. The square footage rental rate of the new lease will be in line with the current lease rent schedule and will begin at the rate of \$24.32 per square foot and the rate will not increase over the current square footage rental. The rental escalation will remain the same at 2.5% per year.

The monthly rental rate for the first year will be \$21,134.08 per month, resulting in an annual rent amount of \$253,608.96. The total basic rent to be paid over the 10-year term is \$2,842,409.49. The rent includes full access and free use of the surrounding parking lot which has adequate parking for staff and visitors and for which there is no additional cost. The lease meets the state space standards.

The basic rent, with annual escalations, over the term of the lease is as follows:

<u>TERM</u>	<u>ANNUAL</u> <u>RENT</u>	<u>MONTHLY</u> <u>RENT</u> <u>ROUNDED</u>	<u>RENT</u> <u>PER SF</u> <u>ROUNDED</u>
-------------	------------------------------	---	--

Minutes of State Fiscal Accountability Authority
February 4, 2020 – Page 23

YEAR 1	\$ 253,608.96	\$ 21,134.08	\$24.32
YEAR 2	\$ 259,970.04	\$ 21,664.17	\$24.93
YEAR 3	\$ 266,435.40	\$ 22,202.95	\$25.55
YEAR 4	\$ 273,109.32	\$ 22,759.11	\$26.19
YEAR 5	\$ 279,937.05	\$ 23,328.09	\$26.85
YEAR 6	\$ 286,978.56	\$ 23,914.88	\$27.52
YEAR 7	\$ 294,903.84	\$ 24,575.32	\$28.21
YEAR 8	\$ 301,577.76	\$ 25,131.48	\$28.92
YEAR 9	\$ 309,085.92	\$ 25,757.16	\$29.64
YEAR 10	\$ 316,802.64	\$ 26,400.22	\$30.38

DOR's pro rata share of business operating costs for calendar year 2020 are included in the basic rent and DOR shall pay as additional rent its pro rata share of increases in Building Operating Cost, which shall not exceed 103% of their pro rata share of building operating cost in the immediately preceding calendar year.

As evidenced by the lack of responses to the solicitation, there is limited comparable office space available in the Myrtle Beach area. One location at 2002 North Oak Street leases beginning at \$24 per square foot but does not have adequate square footage available. The primary spaces available are retail and range from \$28-36 per square foot.

DOR has adequate funds for the lease according to a Budget Approval Form submitted January 3, 2020 which also includes a multi-year plan. Lease payments will be made from state appropriations. No option to purchase the property is included in the lease. Joint Bond Review Committee approved this lease at its meeting of January 29, 2020.

Mr. Eckstrom asked who the owners of the Loudon Hall Farm, LLC, are. Ms. Lancaster said they have sent an email asking that question. She said in the future they will provide that type of information to the Authority. Mr. Eckstrom asked if the item needed to be adopted at this meeting. Ms. Lancaster said the importance of DOR going forward with the lease will allow them to implement critical security protocols necessary to protect taxpayer information, customers, and employees. Mr. Eckstrom asked what would happen if the item is carried over until the next meeting. Hartley Powell, DOR Director, appeared before the Authority on this matter. Mr. Powell informed the Authority that they do not have adequate cyber and physical security at the location. Representative Smith asked if conditional approval could be given. He

said he has the same concern as Mr. Eckstrom concerning the Loudon Hall Farm, LLC. Mr. Powell said the group is their current landlord and they have the opportunity to lease the entire second floor and enlarge their area from a security standpoint. Representative Smith asked that information on the members of the LLC be given to the Authority as quickly as possible.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority, as recommended by the Department of Administration, Facilities Management and Property Services, approved the Department of Revenue's lease of approximately 10,428 rentable square feet located at 1350 Farrow Parkway, Myrtle Beach, SC from Loudon Hall Farm, LLC for a period of ten years.

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

Department of Administration, Facilities Management and Property Services: University of South Carolina Tennis Facility Lease (Regular #8)

The University of South Carolina was requested approval to enter into a Lease Agreement with the University of South Carolina Development Foundation for a facility constructed to meet SEC Conference requirements for men's and women's tennis practices, competitions and other events.

The University currently does not have an indoor tennis facility and must rent facilities elsewhere, currently in Charlotte, to meet this conference requirement.

Under the proposal, a private contractor will construct the building to University specification on property to be acquired by the Foundation located at 523 Superior Street in Columbia, which is off campus but in close proximity to the Athletic Village.

Under the Lease Agreement, USC will have use of the building, parking lot and common areas for approximately 60 hours per week, solely for the activities of its tennis teams. The lease has a 10-year term beginning upon completion of the facility but may be terminated by USC at any time with 60 days' notice to the Foundation.

The Foundation will pay all expenses of ownership and operation of the facility, including property taxes, property and liability insurance, maintenance and repair, and HVAC and other operating expenses.

While the University will pay no lease or other usage fees to the Foundation, the University is responsible for providing supplies, equipment and staffing for practices and competitions. Additionally, the University is responsible for utility and janitorial expenses, and repair and replacement of the University's personal property (e.g., tennis nets) to the extent they are fairly chargeable based on the degree of the University's use. Moreover, the facility is leased "as is", and the University must utilize its general liability insurance policy through the Insurance Reserve Fund to cover its risks. The University is entitled to use of furniture and fixtures of the facility but is responsible for any damages from such use, ordinary wear and tear excluded.

The University's payment obligations under the use agreement will not meet the thresholds requiring review of leases by the Joint Bond Review Committee and approval by the Fiscal Accountability Authority pursuant to SC Code Section 1-11-56(A)(7), since payments are not anticipated to exceed \$200 thousand annually or more than \$1 million over a 5-year period. However, Committee policy adopted September 13, 2016, "Permanent Improvement Projects Financed Through Arrangements with Third Parties," requires agencies contemplating entering into leases or agreements in connection with permanent improvement projects for facilities funded and constructed by third parties, including foundations, to submit a single item for committee review, with each action required by the committee clearly identified. As such, the Lease Agreement is being brought to the Committee because the facility is being constructed for the University's specific and generally exclusive use.

JBRC approved the Lease Agreement at its January 29, 2020, meeting.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority, as requested by the University of South Carolina through the Department of Administration, Facilities Management and Property Services, approved the University's request to enter into a Lease Agreement with the University of South Carolina Development Foundation for a facility constructed to meet SEC Conference requirements for men's and women's tennis practices, competitions and other events at 523 Superior Street in Columbia.

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

Executive Director: Revenue Bonds Request (Regular #9)

Upon a motion by Representative Smith, seconded by Senator Leatherman, the Authority approved the following requests to issue revenue bonds.

- a. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: Not Exceeding \$120,000,000 Mortgage Revenue Bonds
Allocation Needed: -0-
Name of Project: Mortgage Revenue Bonds, Series 2020A
Employment Impact: N/A
Project Description: mortgage revenue bonds, Series 2020A
Bond Counsel: Rion Foley, Burr Forman McNair LLP,

- b. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: Not Exceeding \$10,000,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: Northside Apartments
Employment Impact: N/A
Project Description: to provide construction and permanent financing for the acquisition and construction of the multifamily rental housing facilities, consisting of approximately 90 rental units, to be located in the City of Spartanburg
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC

Mr. Eckstrom noted that the cost of issuance was high and was driven by the Housing Authority's fee. He asked if the fee is authorized by statute or has it become a matter of practice. Tracey Easton, counsel for the Housing Authority, appeared before the Authority on this matter. Ms. Easton stated that the specific fee is not authorized by statute, but that the statute does provide that the Housing Authority may charge fees. She said they have done research on what other states charge and they are very low in comparison. Mr. Eckstrom asked what percentage is being charged for this issuance. Ms. Easton said for new issuances 75 basis points are charged and for refundings 50 basis points are charged.

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

Executive Director: 2020 Ceiling Allocations (Regular #10)

The initial balance of the 2020 state ceiling allocation is \$540,614,970. In accord with Code Section 1-11-520, \$216,245,988 (40% of the total) is designated as the state pool and \$324,368,982 (60% of the total) is designated as the local pool. There is presently a state ceiling balance of \$540,614,970 remaining for 2020. Allocation requests for 2020 totaling \$60,000,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totals \$60,000,000. The Department of Commerce makes the following recommendation for allocation from the local pool:

JEDA, The Heritage at Forest Acres Properties, LLC, (Richland County) \$60,000,000 (Financing includes (i) costs of acquiring, developing and constructing 40 rental independent living cottage 88 assisted living units and 42 memory care units for a senior housing community; (ii) working capital; (iii) a capitalized interest fund; (iv) a liquidity support fund; and (v) other costs of issuance);

Given that the allocation request is for more than \$10 million, bond counsel for the project has indicated that the project should be granted ceiling allocation prior to July 1, because the project “is of such significance that approval of the allocation is warranted” prior to July 1. Bond counsel’s memo supporting the allocation is attached. (See also SC Code Section 1-11-54).

Authority approval of the recommended request will leave an unexpended state ceiling balance of \$480,614,970 (state pool - \$216,245,988; local pool - \$264,368,982) to be allocated later in the calendar year.

Further, relating to requests for calendar year 2020 ceiling allocations, the Authority was also asked to authorize shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

Senator Leatherman noted that the Department of Commerce recommended the item. He asked if anyone looks at that before it comes to the Authority besides the Department of Commerce. John Van Duys, bond counsel for the project appeared before the Authority on this matter. Mr. Van Duys said that Commerce ranks the projects for allocation consideration. He said JEDA, the issuer, determines if it wants to issue bonds for the project. JEDA Director Harry

Huntley also appeared before the Authority. He stated these bonds are revenue bonds and there is no liability to the State. He further said the repayment of the bonds are solely the borrower's responsibility. He said that after JEDA gets the bond inducement the bond issuance is also reviewed by the Coordinating Council. Mr. Huntley said the project then comes back to JEDA to seek volume cap allocation from the Authority. He noted that the Authority has previously approved the project for volume cap allocation. He said the previous allocation expired before the bonds could be issued.

Representative Smith asked how was this project chosen over others to be recommended for volume cap allocation. Mr. Huntley said this is an intown location for a senior living facility for which there has been a high demand since the recession. He said the project creates about 85 permanent jobs and there is a feasibility study showing the need for the project. Representative Smith said there is a need over the State for this type of housing. He asked how does JEDA and Commerce determine the need is most acute in a particular area. Mr. Van Duys said that JEDA does not allocate money for projects and is a passive entity. Mr. Huntley explained that JEDA works with several senior living projects around the State that do not need allocation. He said that some of the projects do need allocation. He said the allocation is a federal allocation that is available to the State each year. He noted that the volume cap at one time was depleted quickly. Mr. Eckstrom commented that when volume cap began to be allocated there was great demand for it. He said that in the last few years volume cap has not been used much at all.

In further discussion Senator Leatherman asked who are the project owners. Mr. Huntley said the project owner is a group out of Florida called Tuscan Gardens. Senator Leatherman asked if this is an LLC to which Mr. Van Duys responded yes. Senator Leatherman said he wanted to know who the members of the LLC are. Governor McMaster asked Mr. Huntley if he had the names of the people who form the LLC. Mr. Huntley said the project owner is Tuscan Garden Group that was formed in 2014. He said it is beneficially owned by Lawrence J. Pino, Janet Hardeth Pino, and various Pino family trusts. He said their business is operating senior living facilities.

Senator Leatherman asked for the item to be carried over for more information to be provided to the Authority on the project owners. Mr. Loftis seconded the motion. Mr. Eckstrom asked how will the project be affected if the item was carried over. Mr. Van Duys said the

owners have already bought the real estate and are ready to close. The motion to carry the item over was approved.¹

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

State Fiscal Accountability Authority: Future Meeting (Regular Session Item #11)

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority agreed to meet at 9:30 a.m. on Tuesday, March 24, 2020, in Room 252, Edgar A. Brown Building.

Executive Session

Governor McMaster stated that pursuant to SC Code Section 30-4-70(a)(1), the Authority previously published notice that it would convene in executive session to receive legal advice concerning easements.

A motion to convene in executive session was made by Representative Smith, seconded by Mr. Eckstrom. The motion to convene in executive session was approved.

Regular Session

Upon reconvening in regular session, Governor McMaster announced that no action was taken while in executive session and that no action by the Authority was required.

Adjournment

The meeting adjourned at 10:15 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 11:30 a.m. on Friday, January 31, 2020.]

¹ On March 3, 2020, the Authority met to consider approval of and approved the requested allocation. See the minutes of the March 3, 2020, Authority meeting for details.