

MINUTES OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

January 25, 2022 – 9:30 A. M.

The State Fiscal Accountability Authority (Authority) met at 9:30 a.m. on Tuesday, January 25, 2022, via videoconference. The meeting originated from Room 252 in the Edgar A. Brown Building, with the following members participating in the videoconference:

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

Also participating in the meeting were State Fiscal Accountability Authority Executive Director Grant Gillespie (on-site); Authority General Counsel Keith McCook (on-site); State Auditor George Kennedy (on-site); Governor's Deputy Chief of Staff Mark Plowden (on-site); Treasurer's Chief of Staff Clarissa Adams (on-site); Comptroller General's Chief of Staff Eddie Gunn (on-site); Joint Bond Review Committee Director of Research Rick Harmon (on-site); Ways and Means Chief of Staff Daniel Boan (on-site); Authority Secretary Delbert H. Singleton, Jr. (on-site); 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

Mr. Gillespie advised Governor McMaster that the Department of Commerce requested that regular session item #8(a) be deleted from the agenda and that the Department of Natural Resources (DNR) requested that regular session item #5 be deleted from the agenda.

Mr. Eckstrom asked why regular session item #5 was being deleted from the agenda. Mr. Gillespie said that after DNR had discussions with some Authority members DNR thought it best to withdraw the item given that there were lingering questions some members had. Mr. Eckstrom asked what the questions were to which Mr. Gillespie responded that he did not know what the questions were, but would find out and get the questions to Mr. Eckstrom. Mr. Eckstrom commented that this is a standalone acquisition of property in the Midlands area. He said that he was not aware of the item being pulled from the agenda and that he had gotten

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comfortable with the item. Ken Prosser with the DNR appeared before the Authority. Mr. Eckstrom asked if the agency requested the item to be pulled. Mr. Prosser stated that there was a request for additional information. Mr. Eckstrom asked if the information had been provided. Mr. Prosser stated that there has been verbal communication and that it was okay to consider the item at the next Authority meeting.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority adopted the agenda as amended.

Minutes of Previous Meetings

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved the minutes of the December 21, 2021, State Fiscal Accountability Authority meeting.

State Treasurer’s Office: Bond Counsel Selection (Regular Session Item #1)

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

CONDUIT/OTHER ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer’s Counsel
\$260,000,000; South Carolina Jobs-Economic Development Authority (“SC JEDA”); Hospital Revenue Refunding Bonds, Series 2021/2022; Prisma Health	Prisma Health Conduit: SC JEDA	Haynsworth Sinkler Boyd – Kathy McKinney and Kimberly Witherspoon	Howell Linkous & Nettles – Sam Howell, Alan Linkous
\$14,000,000; SC JEDA; Economic Development Revenue Note, Series 2021 or 2022; Cross Outreach Ministries, Inc. - Cross Schools Inc.	Cross Outreach Ministries, Inc. - Cross Schools, Inc. Conduit: SC JEDA	Haynsworth Sinkler Boyd – Jeremy Cook and Mitchell Johnson	Pope Flynn Group - Joe Lucas
\$73,000,000; SC JEDA; Education Facility Revenue Bonds, Series 2021 or 2022; Furman University	Furman University Conduit: SC JEDA	Parker Poe – Tyler Smith and Emily Zackon	Nexsen Pruet – Laurie Becker
\$10,000,000; Multifamily Housing Revenue Note; Dunean Mill Townhomes; Series 2022 (Greenville Housing Authority)	Dunean Mill Apartments, LLC (Dunean Mill Townhomes Project) Conduit: Greenville Housing Authority	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer’s Counsel to Greenville Housing Authority - Horton Law Firm - Bo Campbell

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\$18,000,000; Multifamily Housing Revenue Bonds; Shannon Park Apartments Project; Series 2022 (SC Regional Housing Authority No. 3)	Standard Shannon Venture, LP (Shannon Park Apartments Project) Conduit: SC Regional Housing Authority No. 3	Parker Poe – Ray Jones, Emily Luther, Emily Zackon	Issuer’s Counsel to SC Housing Authority No. 3 – Horton Law Firm – Bo Campbell
\$22,000,000; Multifamily Housing Revenue Bonds; Magnolia Branch Apartments; Series 2022A and 2022B (SC State Housing Finance and Development Authority - “SCSHFDA”)	Magnolia Branch SC, LLC (Magnolia Branch Apartments) Conduit: SCSHFDA	Howell Linkous & Nettles – Sam Howell, Alan Linkous	Issuer’s Counsel to SC State Housing Authority – Tracey Easton (General Counsel)

Representative Smith commented that he wanted to remind bond counsel about the discussion the Authority has had concerning multifamily housing revenue bonds. He stated that for new projects he wanted to make sure that bond counsel are informing their clients that things have to change before the Authority proceeds with acting on those matters in the future.

Mr. Eckstrom asked if any of the JEDA items will require ceiling allocation. Mr. Gillespie responded that he would find out the answer to Mr. Eckstrom’s question. Mr. Eckstrom said if they do the Authority would be setting in motion the approval of three projects that exceed \$10 million. He noted that would be a violation of the Authority’s policy.

Upon a motion by Mr. Loftis, seconded by Representative Smith, the Authority, in accord with Authority policy, received the State Treasurer’s Office report of bond counsel as information.

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

Office of State Auditor: Auditors’ Communications with Those Charged with Governance – 2021 Statewide Audit (Regular 2)

Auditing standards require that at the conclusion of an audit of financial statement, the auditor communicate certain matters to those charged with governance. Attached to the agenda was a communication addressing all matters required to be communicated related to the audit of statewide financial statements for the year ended June 30, 2021. The financial statements were issued with a report date of November 12, 2021, and are available on the Office of the State Audit website at osa.sc.gov/reports.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, 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.

Dept. of Administration, Executive Budget Office: Permanent Improvement Projects (R#3)

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 2021 Comprehensive Permanent Improvement Plan, Fiscal Years 2021-21 through 2025-26” 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 noted that the statute indicates that the Authority is supposed to vote on the item and not receive it as information. He stated that last year the item was voted on by the Authority. Brian Gaines with the Department of Administration, Executive Budget Office responded that the statute does indicate that the Authority is to approve the CPIP, but that in prior years, except for last year, it was presented and received as information. He stated if the Authority wished to approve the item that could be done.

Mr. Eckstrom asked Mr. Loftis if he was suggesting approval of the item on a project-by-project basis. Mr. Loftis said the statute requires that the Authority receive the CPIP and approve it. Mr. Eckstrom asked if the approval means that the Authority received the CPIP or that they agreed with each project. Mr. Loftis stated that a vote means they agree with the plan,

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not necessarily each project. He said he is concerned about possible litigation for not following the statute.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority received the 2021 Comprehensive Permanent Improvement Plan as information.

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

Dept. of Administration, Executive Budget Office: Permanent Improvement Projects (R#4)

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

- (a) Project: JBRC Item 1: College of Charleston
H15.9676: Central Energy Facility and Piping Infrastructure Upgrades
- Request: Establish Phase I Predesign Budget to repair the building envelope, add a cooling tower, replace the structural steel for two existing cooling towers, and replace the roof.
- Included in CPIP: Yes – 2021 CPIP Priority 1 of 8 in FY23 (estimated at \$7,000,000)
- CHE Approval: 12/2/21

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement Project				475,000	475,000
All Sources				<u>475,000</u>	<u>475,000</u>

Summary of Work: The project will repair the building envelope and replace the roof. Structural steel will be replaced for two existing cooling towers, and a 1,500-ton cooling tower will be added. All carbon steel piping and approximately 15% of polypropylene piping will be replaced. Associated valves, joints, traps, blocks, seals, and sump pumps will also be replaced. Mechanical room and sump pump piping will be replaced as required. Piping will be re-insulated, and walls will be resealed in 19 mechanical vaults. This project will be phased over five years.

Rationale: The expected useful life for carbon steel and polypropylene piping is 40 and 50 years, respectively. Frequent outages are required to repair leaks, pausing dehumidification control, cooling, and domestic hot water for 17 major buildings. Hot water loss affects food service operations and personal hygiene. Chilled water loss has adversely affected temperature-sensitive lab experiments. Outages have disrupted operations and canceled classes.

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Facility Characteristics: The Central Energy Facility (CEF) is a two-level, 9,277 gross square foot structure constructed in 1973 (48 years old), last renovated in 1992 (29 years ago). The campus steam and water distribution systems are networks of underground piping, installed in tandem in the early 1970's (42+ years ago). The steam system delivers heat and dehumidification to twelve buildings via 4,000 linear feet of steam and condensate piping. The chilled water system delivers water to 17 buildings via 8,400 linear feet of piping. The project will benefit the entire College of Charleston community of 10,133 students, 809 faculty, 1,203 staff, clients, visitors, parents, and potential students.

Financial Impact: This project will be funded from Capital Improvement Project Funds (uncommitted balance \$55.3 million at September 8, 2021). Revenues to this fund are generated by the Capital Improvement Fee that exceed current annual debt service related to bonds issued under S.C. Code of Laws Section 59-130 Article 5. The project is expected to result in a decrease of \$18,500 (year 1), \$22,200 (year 2), and \$26,640 (year 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$966 per student per semester, and has increased from \$844 in 2017-2018 to \$966 in 2021-2022. \$483 of the \$966 is currently pledged for debt service. The balance of the fee, \$483 per student, per semester, is used to fund ongoing capital projects and maintenance.

Full Project Estimate: \$19,000,000 (internal) funded by Capital Improvement Fee Funds. The Phase I amount is 2.50% of the total project cost. The College anticipates above-average surveying and schematic design services will be required to scan and map the current infrastructure, undocumented/abandoned infrastructure from demolished buildings, the historic brick-tunnel City drainage system, telecommunications infrastructure, and unknown, to-be-discovered circumstances.

Mr. Eckstrom noted that the CPIP indicates that the project is going to be funded by debt, but that the agenda item indicates otherwise. Paul Patrick, College of Charleston's Chief of Staff, stated that the overall project for Phase II will be funded by excess debt service that the College has on hand. He said this is a Phase I approval for \$475,000 and the total funding for the \$19 million project will be funded with excess debt service. Mr. Eckstrom said the CPIP indicated that the project was going to be supported by debt being issued. Mr. Patrick said that is not the plan and that this will be a cash funded project with excess debt service on hand. He noted that they will correct the CPIP if it says the project is to be funded with debt.

- (b) **Project:** JBRC Item 2: SC State University PSA
H24.9656: SC State PSA Midlands Cluster (Cayce Facility) Renovations
- Request:** Establish Phase II Full Construction Budget to begin renovating the building to meet the programmatic and administrative needs of SC State PSA.
- Included in CPIP:** Yes – 2021 CPIP Priority 2 of 3 in FY22 (estimated at \$4,048,000)

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Phase I Approval: February 2021 (estimated at \$3,500,000) (SFAA)
 CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Federal, USDA Evans Allen Program	20,000		20,000	6,658,978	6,678,978
All Sources	<u>20,000</u>		<u>20,000</u>	<u>6,658,978</u>	<u>6,678,978</u>

Summary of Work: The renovations will include upgrading or replacing windows and doors, HVAC, electrical, plumbing, roof, flooring, paint, and up-fitting for research and other scientific space requirements. Additionally, the A&E Firm has included the need for some site work to enhance utilization of the facility. The existing roof is a Modified Bitumen roofing system and the replacement roof to be installed will be a Thermoplastic polyolefin (TPO) roofing system that will come with a minimum 20-year material and workmanship warranty.

Rationale: This project was one of several reviewed, approved and funded by USDA in 2019, but the funds are time sensitive, and the university must demonstrate timely and consistent progress toward completion of each project to ensure the continued availability of the funds.

Facility Characteristics: The building is 43,646 square feet, located on 4 acres of land and was constructed in 1976 (44 years old). The existing roof was installed in 2001 (20 years old) and is a Modified Bitumen roofing system.

The building will house PSA activities of research and extension activities in 4-H and youth development, family, nutrition and health, sustainable agriculture, natural resources, community development, education innovation, and other lifelong learning opportunities. The building will house 25-30 faculty, 15-20 staff and will serve 8,000 to 10,000 clients annually.

Financial Impact: The project will be funded from USDA Evans Allen Funds (uncommitted balance \$8 million awarded). Revenue to this fund is received for agricultural research activities at 1890 Land-Grant Institutions, including Tuskegee University, West Virginia State University and Central State University. The building is being constructed to meet two Green Globes certification standards with an anticipated energy savings of \$311,750 over a 30-year period. The project is expected to result in an increase of \$95,518.50 (year 1), and \$191,037 (years 2 thru 3) in annual operating expenses.

Full Project Estimate: \$6,678,978 (internal) funded by USDA Evans Allen Program Funds. The estimated cost to complete the project has increased due to COVID-related supply delay issues, increases in the cost of equipment and materials, the lead time on receiving construction materials and the shortage of the required skilled craftsman in the construction trade areas.

Mr. Eckstrom stated that he was concerned about the project because of the inflated cost of improving the building. He noted that at the time the building was purchased it was stated that there would be approximately \$1.1 million in renovation costs that would be needed. He said that seven months after the estimate was given the University brought forward a new estimate of \$3.5 million to renovate the building. Mr. Eckstrom further pointed out that the University said the CPIP indicated the project was to be done in FY 2022 at an estimated cost of \$4.05 million. He noted that the project was not in the CPIP. Mr. Eckstrom stated that the Authority is now being told that it is going to cost \$6.7 million to renovate the building. He noted that that is a 600% increase over a year and a half. He said the reason offered by the University is that the supply chain interruption is the cause of the escalation in prices. He commented that that kind of escalation has not been seen on any other project. Mr. Eckstrom said he is concerned that the building was appraised and sold for \$1.4 million and that an additional \$6.7 million was now needed. He stated that the Authority would not have approved the agency acquiring the building had they been aware that those costs would be incurred. He noted that that was only a year and a half ago that the Authority dealt with this matter. He commented that it may be best for the University to find a more suitable building to conduct its PSA program that would not require an additional \$6.7 million in funds to renovate the building. Mr. Eckstrom said that even though these are federal funds, the University has a duty to ensure that the funds are not indiscriminately used without applying a commonsense test. He stated that this does not pass the commonsense test.

Delbert Foster, Associate Administrator for the SCSU PSA, appeared before the Authority on this matter on behalf of the University. Mr. Eckstrom asked why the University is using the funds for a project that is consuming funds at the rate this project appears to be doing. Mr. Foster said that the University had several consultants to evaluate the project taking into consideration community and staff desires. He said the University was not comfortable with the price and as a result they had a charrette for staff and faculty to determine what was needed in the building. Mr. Foster stated that most of the cost is associated with research labs and upfitting the nearly 46,000 square foot building. He noted that a cost analysis was done to determine how much it would cost to build a building that size, and the cost came in at \$11.3 million. He said they discussed the price escalation with the feds and the feds indicated that was what they were

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seeing across the country. He stated that the University did verify the costs with the architect.

- (c) Project: JBRC Item 3: Tri-County Technical College
H59.6182: Pendleton Campus Oconee Hall Renovation
- Request: Establish Phase I Predesign Budget to renovate existing classrooms and student study and collaboration space.
- Included in CPIP: Yes – 2021 CPIP Priority 1 of 2 in FY22 (estimated at \$15,000,000)
- CHE Approval: 12/2/21

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Accumulated Maintenance				240,000	240,000
All Sources				<u>240,000</u>	<u>240,000</u>

Summary of Work: The project will renovate existing classrooms on all three floors and add six new classrooms making the classrooms more efficient, functional, and consistent with the College’s active learning delivery mode. This project also contemplates expansion or replacement of the existing stairwells to meet current building code. The current stairwells are code-compliant due to “grandfathered” provisions; however, the stairwells are narrow and could present a life safety issue if not addressed, per the college. Additional life safety upgrades are necessary, including a fire protection sprinkler system and vertical circulation. The renovation will also evaluate energy efficiency enhancements including LED lighting, new HVAC system, tie into the college existing chiller system and other infrastructure improvements deemed cost effective and appropriate. The project will be designed to meet two Green Globe Certification Standards.

Rationale: The current classrooms do not conform to the most current research-based, instructional methodologies or pedagogy. Additionally, the project will remediate an identified issue with the stairwells, sprinklers, and other life safety and energy efficiency opportunities.

Facility Characteristics: Oconee Hall is 35,890 square feet and was constructed in 1979 (42 years old). The entire facility will be affected by this renovation project and an additional 7,737 square feet will be constructed for a stair tower and 6 classrooms. The building is utilized by all programs, primarily English, Math and Humanities courses which are required for program completion. There are 2,885 students and 108 faculty and staff.

Financial Impact: This project will be funded from Tri-County Technical College Accumulated Maintenance Funds (uncommitted balance \$35.5 million at June 30, 2021). Revenues to this fund are accumulated fund balance transfer to the Plant Fund. The project is expected to result in a decrease of \$89,509 (years 1 thru 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$4.17 per student per semester, and has not increased from 2017-2018 to

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2021-2022.

Full Project Estimate: \$16,000,000 (internal) funded by \$11 million in Tri-County Technical College Accumulated Maintenance and \$5 million in FY22 Appropriated State, Proviso 118.18 Funds.

(d) Project: JBRC Separate Item: Office of the Adjutant General
 E24.9835: Aiken Readiness Center MILCON & Dreamport Center

Request: Establish Phase I Pre-Design Budget to construct a new National Guard Readiness Center and a Dreamport Center on the University of South Carolina Aiken Campus.

Included in CPIP: Yes – 2021 CPIP priority 2 of 23 FY22 (estimated at \$32,356,250)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY22 Proviso 118.18 (69) (a)				149,981	149,981
Federal, MILCON				453,944	453,944
All Sources				<u>603,925</u>	<u>603,925</u>

Summary of Work: The Readiness Center will be constructed on property owned by Aiken County Commission for Higher Education (ACCHE) on the campus of the University of South Carolina Aiken. It will support the training, administrative and logistical requirements for two SCARNG Units. The Dreamport Center will be constructed on property owned by Aiken County Commission for Higher Education on the campus of the University of South Carolina Aiken. It will consist of a collaborative innovation area, classrooms, testing and training rooms. This facility will also include a Secure Room which will allow secure cyber protection activities to be conducted by the SCARNG, USC Aiken, and other Cyber protection entities.

Rationale: The Readiness Center is required to provide a training facility that accommodates modernization and transformation of equipment and performance of their mission to support Strategic Depth of the Army and the unit training in the Army Modular Force configuration.

Facility Characteristics: The National Guard Readiness Center to be constructed will be 42,839 square feet and will house 2 units (1221 Engineer Company & 135th Cyber Protection Company), consisting of 7 authorized full-time employees and 183 M-Day Soldiers that currently do not have a facility. The Dreamport Center to be constructed will be 25,000 square feet and will house the Office of the Adjutant General, University of South Carolina Aiken and other Cyber Security Agencies. There will be approximately 50 transient users per day.

Financial Impact: The Aiken Readiness Center portion of the project will be funded from

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Appropriated State, FY22 Proviso 118.18 (nonrecurring) Funds (uncommitted balance \$5.2 million at December 16, 2021) and Federal, MILCON Funds (uncommitted balance \$10.25 million at December 16, 2021). The agency has submitted a budget request for \$10 million to fund the construction of the Dreamport Center. If this appropriation is received the agency will submit a request to increase the Phase I budget to procure Phase I pre-design activities for the Dreamport Center portion of the project. The project is expected to result in an increase of \$72,000 (year 1), \$76,000 (year 2), and \$80,000 (year 3) in annual operating expenses for the Aiken Readiness Center. The project is expected to result in an increase of \$36,000 (year 1), \$38,000 (year 2), and \$40,000 (year 3) in annual operating expenses for the Dreamport Center.

Full Project Estimate: \$30,950,000 (internal) funded by Appropriated State and Federal MILCON Funds.

(e) Project: JBRC Item 5: Office of the Adjutant General
 E24.9811: Training Sites TT Enlisted Barracks Replacement

Request: Increase the Phase II budget for this annualized project to cover the design and estimated construction of a 32-man barracks (#3511), at McCrady Training Site.

Included in CPIP: Yes – 2021 CPIP Priority 7 of 23 in FY22 (estimated at \$1,320,750)

Phase I Approval: May 2018 (estimated at \$1,404,000) (SFAA)

Phase II Approval: March 2019 (estimated at \$1,414,416) (SFAA)

Phase II Increase

Approval: June 2020 (estimated at \$2,077,624) (SFAA)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Federal, National Guard Bureau	88,000	1,989,624	2,077,624	423,108	2,500,732
All Sources	<u>88,000</u>	<u>1,989,624</u>	<u>2,077,624</u>	<u>423,108</u>	<u>2,500,732</u>

Summary of Work: This annualized project will demolish existing WWII Era barracks and construct replacement Transient Training Enlisted, (TT ENL) Barracks at two Army National Guard Training Sites; McCrady Training Center (MTC) and Clarks Hill Training Site (CHTS). At this time the construction phase of this project will be annualized with one barrack from McCrady Training Center (#3511), and one barrack from Clarks Hill Training Site (#4422) being demolished and replaced, on alternating years. The Clarks Hill Training Site will include five (5) new 16-man barracks, and the McCrady Training site will include five (5) new 32-man barracks. The Clarks Hill barrack (#4422) has been designed and bids have also been received. This request will design and construct the McCrady barrack (#3511). Each barracks building will be of permanent construction with a finished interior, including mechanical, electrical, and plumbing, (MEP) systems, a latrine with showers, urinals, toilets, sinks and washer/dryer connections. A sloped roof system is proposed for the barracks design, as the attic area will be utilized to house the air handler and duct work associated with HVAC system. A

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standing seam metal roof system will be installed as it follows the design standard of the SC Army National Guard utilized in the construction of new barracks. This project has been submitted to the Office of State Engineer for review, and they have approved the design selection of the standing seam metal roof. The roof will come with a minimum 20-year material and workmanship warranty. Installation of utilities and the extensions of utilities to the nearest service lines are also included.

Rationale: The barracks to be replaced are no longer sufficient for the housing of soldiers; the structures are not insulated properly; the roofs are cost prohibitive to repair; no latrine; single pane windows; and old/energy inefficient light fixtures. Due to their age and condition, the existing barracks no longer support the SCARNG's mission and need to be replaced to current codes and standards.

Facility Characteristics: Each of the five (5) new 32-man barracks buildings at McCrady Training Center will be approximately 2,400 to 4,600 square feet. Each of the five (5) new 16-man barracks buildings at Clarks Hill Training Site will be approximately 2,400 square feet. Approximately 300 Army National Guard soldiers use these facilities.

Financial Impact: The project will be funded from National Guard Bureau Funds (uncommitted balance \$8 million at November 30, 2021). Revenue to this fund is 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. The project is expected to result in a decrease of \$7,000 (years 1 thru 3) in annual operating expenses.

Full Project Estimate: \$2,500,732 (internal) funded by National Guard Bureau Funds. Contract execution is expected in May 2022 with construction completion in September 2022. The total estimated cost to construct the five (5) 16-man barracks and the five (5) 32-man barracks is \$12,251,830.

Other: The current McCrady Training Center includes five (5) buildings that total 14,805 square feet and the current Clarks Hill Training Site includes five (5) buildings that total is 3,840 square feet.

(f) **Project:** JBRC Item 6: Office of the Adjutant General
E24.9812: Statewide Readiness Center Female Latrines

Request: Increase Phase II Construction Budget for the design of Batesburg and Seneca, and the construction of Walterboro and West Columbia.

Included in CPIP: Yes – 2022 CPIP Priority 5 of 23 in FY22
(this portion estimated at \$600,000 & estimated at \$4,556,800 for all 12 facilities)

Phase I Approval: August 2018 (estimated at \$2,233,435 for all 12 facilities) (SFAA)

Phase II Approval: April 2019 (estimated at \$2,450,000 for all 12 facilities) (SFAA)

Phase II Increase Approval: February 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

Phase II Increase Approval: December 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

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Phase II Increase

Approval: March 2021 (estimated at \$3,850,000 for all 12 facilities) (SFAA)

Phase II Increase

Approval: October 2021 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State	12,500	499,010	511,510	129,056	640,566
Federal, National Guard Bureau	37,500	1,058,420	1,095,920	387,169	1,483,089
All Sources	<u>50,000</u>	<u>1,557,430</u>	<u>1,607,430</u>	<u>516,225</u>	<u>2,123,655</u>

Summary of Work: The project was established to renovate and expand existing female latrines in various readiness centers across the state. The initial group of readiness centers include North Charleston, Walterboro, Wellford, Abbeville, Hartsville, Saluda, Newberry, Batesburg, Kingstree, Seneca, West Columbia, and Rock Hill. The North Charleston, Edgefield, Rock Hill, Saluda, Newberry, and Saluda facilities have been completed, and the Kingstree facility is under construction. The Wellford, Hartsville, and Abbeville facilities are under design. The funds in this request will be used for the design of Batesburg and Seneca, and the construction of Walterboro and West Columbia. 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.

Rationale: Due to the rising number of female soldiers 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.

Facility Characteristics: Each female latrine is 72 square feet to 339 square feet and was constructed from 1958 to 1989 (32 years to 63 years old).

Financial Impact: The project will be funded with Appropriated State Funds (uncommitted balance \$1.5 million at November 9, 2021) and Federal, National Guard Bureau Funds (uncommitted balance \$16 million at November 9, 2021). Revenue to this fund is received from the Construction and Facilities Management Office's Master Cooperative Agreement funds. The project is expected to result in an increase of \$3,000 (years 1 thru 3) in annual operating expenses.

Full Project Estimate: \$2,172,349 (internal) (for all 12 facilities) funded by Appropriated State and National Guard Bureau Funds. Design completion for Batesburg and Seneca is expected in April 2022. Construction completion for Kingstree is expected in February 2022, and Walterboro and West Columbia are expected in August 2022.

(g) **Project:** JBRC Item 8: Department of Health & Environmental Control
 J04.9540: DHEC Public Health and Environmental Lab Building

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Request: Establish Phase I Predesign Budget to construct a larger building to replace the existing Public Health and Hayne Environmental Testing Lab.

Included in CPIP: Yes – 2021 1 of 1 in FY25 (estimated at \$80,000,000)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY21 Carryforward				2,088,000	2,088,000
All Sources				<u>2,088,000</u>	<u>2,088,000</u>

Summary of Work: The project will construct a building that will be used for the operations of the lab (Labs, Offices, Conference rooms, training and building common areas) and building operations (HVAC, electrical, plumbing, vent fans, and related). The Phase I process will determine that type of construction, but it is expected to be possibly metal framing with stand-up walls or metal framing with brick-and-mortar exterior walls. Also, as part of this project, the existing Hayne Lab will be evaluated for suggested future use. Once a suitable use is determined, a separate project will be established for that use.

Rationale: A feasibility study was performed, and it was determined that the existing building does not have sufficient space nor is the infrastructure sufficient for a renovation as it would not be able to adhere to current laboratory building codes. The architect recommended that a larger building be constructed and be prepared for future expansion and testing requirements.

Facility Characteristics: The existing Hayne Lab is 88,020 square feet and the Lab Annex is 2,480 square feet and they were constructed in 1979 (42 years old). The new building to be constructed will be approximately 140,000 square feet and will adhere to new regulatory and accreditation standards, along with the ability for labs to expand for future testing and equipment needs. This building will house the Public Health and Environmental Labs, which include critical testing, such as newborn genetic screening, bioterrorism detection, rabies, tuberculosis, air quality, foodborne diseases, water safety, and emerging infectious diseases such as COVID, etc. Currently, there are 218 employees at the Hayne Lab. This space is not open to the public but serves all the constituents of South Carolina.

Financial Impact: This phase of the project will be funded from Appropriated State, FY21 Carryforward Funds (uncommitted balance \$2.7 million at November 5, 2021). The project is expected to result in an increase of \$1,425,000 (years 1 thru 3), in annual operating expenses.

Full Project Estimate: \$104,400,000 (internal) funded by Appropriated State, FY21 Carryforward, and Federal, American Rescue Plans Act (ARPA) Funds being requested in the FY23 Budget Request process. There is no other funding available to construct this project.

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(h) Project: JBRC Item 10: Department of Mental Health
 J12.9814: State Veterans' Nursing Home Construction

Request: Establish Phase I Predesign Budget to construct a 104 bed veterans nursing home in Orangeburg County.

Included in CPIP: No – The JBRC asked that DMH provide a recommendation for the next Home after the submission of the 2021 CPIP.

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement & Maintenance				1,309,500	1,309,500
All Sources				<u>1,309,500</u>	<u>1,309,500</u>

Summary of Work: The design of the new 104 bed nursing home will be based on the Sumter County prototype.

Rationale: The construction of this nursing home will address high populations of veterans that have reached or will attain retirement age in the next two decades, with consideration given to locations of existing veterans homes, geographic characteristics including considerations for the potential impact of locations within evacuation zones, accessibility for veterans and their families, and availability of an adequate healthcare workforce to staff the facility.

Facility Characteristics: The State Veterans' Nursing Home to be constructed will be approximately 125,000 square feet. The facility will house 104 patients and approximately 100 staff.

Financial Impact: This phase of the project will be funded from Capital Improvement & Maintenance Funds (uncommitted balance \$14.6 million at October 18, 2021). Revenue to this fund is authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. A Veterans Administration (VA) State Home Construction grant application will be submitted prior to April 15, 2022. Based on the history of past congressional appropriations for the VA State Home Construction Grant Program, the Department projects that federal funding could become available by federal fiscal year 2031 for an additional home, if included in the federal fiscal year 2023 VA priority list. The project is expected to result in an increase of \$16,604,384 (year 1), \$17,102,515 (year 2), and \$17,615,591 (year 3) in annual operating expenses.

Full Project Estimate: \$87,300,000 (internal) funded by Capital Improvement & Maintenance Funds and Federal, VA State Home Construction Grant Funds. For Phase II, a Veterans Administration (VA) State Home Construction grant application will be submitted and the agency projects that federal funding of \$56.7 million could become available by federal fiscal year 2031 if included in the federal fiscal year 2023 VA priority list. It is anticipated that the construction will be matched with

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\$30.6 in Appropriated State Funds that will be requested as part of SCDMH's FY22-23 capital budget request.

- (i) **Project:** JBRC Item 12: Department of Mental Health
 J12.9783: Bryan/Morris Village Cooling Tower Piping Replacement
- Request:** Increase the Phase II budget to add \$100k to contingency to cover higher bid costs to replace the underground piping from the chillers to the 2 cooling towers located at the Bryan/Morris Village Energy Facility.
- Included in CPIP:** No – This project was not included in the 2020 CPIP because the project was not bid until after the submission of the CPIP and the agency did not anticipate requesting additional funding to complete the project.
- Phase I Approval:** December 2019 (estimated at \$475,000) (JBRC)
Phase II Approval: June 2020 (estimated at \$635,000) (JBRC)
Phase II Increase & Revise Scope: March 2021 (estimated at \$1,515,700) (SFAA)
CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement & Maintenance	7,125	1,508,575	1,515,700	100,000	1,615,700
All Sources	<u>7,125</u>	<u>1,508,575</u>	<u>1,515,700</u>	<u>100,000</u>	<u>1,615,700</u>

Summary of Work: The project will replace four 12” underground supply and return underground condenser water piping with overhead piping from 2 chillers to 2 cooling towers and replacing a tower with valves, etc. at the Bryan/Morris Village Energy Facility. The new piping will be able to control what tower is being used independent from what chiller is operating. Currently each chiller uses a specific cooling tower.

Rationale: The project was bid a second time with the revised scope, and the bids still came in over budget. The agency negotiated the contract with the low bidder but left the project with only \$980 in contingency funds. This increase will add additional contingency to the project. The underground piping is in poor shape and is in a bad location under a loading dock and drive. Abandoning the pipe and running the pipe above ground is the best way to resolve this problem. Debris and flakes of the metal pipe interior accumulate in the strainers reducing flow and the efficiency of the equipment. The chillers are only 5 years old, and this debris could shorten the life of the equipment. When the bids came in, they were \$200K over the budget estimate. Because the second tower is 18 years old and the water treatment throughout the life of the tower was not kept up with the tower has suffered some damage. Although the damage can be repaired, it would be a 1/3 of the cost of a new tower so it was determined to add the replacement of the tower to the project so ensure that it is reliable.

Facility Characteristics: The Energy Facility is 6,919 square feet and was built in 1975 (46 years old). It

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supports buildings mostly constructed from 1975-1977. The Bryan Psychiatric Hospital has over 200 patients and 519 staff. The Morris Village has 100 patients and 120 staff.

Financial Impact: The project will be funded from Capital Improvement & Maintenance Funds (uncommitted balance \$14.6 million at October 18, 2021). Revenue to this fund is authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. The project is expected to result in a decrease of \$2,000 (year 1), and \$4,000 (years 2 thru 3), in annual operating expenses.

Full Project Estimate: \$1,615,700 (internal) funded by Capital Improvement & Maintenance Funds. Construction completion is anticipated in May 2022.

(j) **Project:** JBRC Item 13: Department of Mental Health
 J12.9788: COVID-19 Renovation of Fewell Pavilion

Request: Increase Phase II Full Construction Budget and Revise Scope as a result of a funding offer from the Veteran’s Administration to renovate the Fewell Pavilion, part of the E. Roy Stone Veterans Nursing Homes in Columbia.

Included in CPIP: Yes – 2020 CPIP Priority 3 of 17 in FY22 (estimated at \$14,928,105)
Phase I Approval: July 2020 (estimated at \$10,500,000) (SFAA)
Phase II Approval: February 2021 (estimated at \$14,928,105) (SFAA)
CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, COVID-19 Response Reserve Account	157,500	4,748,450	4,905,950		4,905,950
Federal, CARES Act		9,022,155	9,022,155	4,994,845	14,017,000
Other, Capital Improvement & Maintenance		1,000,000	1,000,000	(1,000,000)	
All Sources	<u>157,500</u>	<u>14,770,605</u>	<u>14,928,105</u>	<u>3,994,845</u>	<u>18,922,950</u>

Summary of Work: The renovation will renew the aging mechanical, electrical and plumbing systems which were last renovated 27 years ago and are well past their service life, create isolation (up to 18 residents) and quarantine areas for residents exposed to COVID-19 (up to 27 residents), provide an area to store medical supplies related to controlling the spread of COVID-19, and provide an administrative support area. The existing shingle roof, supporting wooden decking, flashings and accessories and center EPDM section on the facility is anticipated to be replaced with architectural shingles with modified bitumen for the limited areas of low slope. The total capacity of the isolation and quarantine areas will increase from 34 to 45 residents.

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Rationale: A total of eight bids were received for the construction contract on December 2, 2021 with the low apparent bidder offering a price of \$15,379,000 (base bid without alternates). As part of the previously approved Phase II approval, the agency was authorized to change the source of funds to replace the \$1 million in agency funds which were added to the project, with federal funds once the federal grant funding was received. In addition, as a result of changes to the federal legislative language, federal funding is now being offered for 100% of the approved grant application total of \$14,017,000.

Facility Characteristics: Fewell Pavilion is a single-story structure totaling approximately 45,000 gross square feet and was constructed in 1970 (51 years old). The roof area is approximately 60,000 square feet and is approximately 31 years old. The facility is licensed for a total of 132 residents (nursing beds) but is currently vacant. The renovated facility will be utilized for residents affected by current or future infectious disease outbreaks with a maximum capacity of 45 residents, along with approximately 20 staff.

Financial Impact: The project will be funded from Federal, CARES Act Funds (uncommitted balance \$14,017,000 at December 6, 2021). The project is expected to result in a decrease of \$5,000 (years 1 thru 3), in annual operating expenses.

Full Project Estimate: \$18,922,950 (internal) funded by Federal, VA Grant CARES Act, and State Appropriation COVID-19 Response Reserve Account Funds. Contract execution is expected in February 2022 with construction completion in June 2023.

(k) Project: JBRC Item 18: Department of Juvenile Justice
 N12.9619: Laurel Unit Safety Modifications

Request: Establish Phase II Full Construction Budget as an emergency project to replace the door locking systems in the Laurel Unit on the Broad River Road Campus in Columbia.

Included in CPIP: Yes – 2021 CPIP Priority 6 of 9 in FY22 (estimated at \$850,000)
CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State, FY21 Carryforward				1,759,868	1,759,868
All Sources				<u>1,759,868</u>	<u>1,759,868</u>

Summary of Work: The project is already in progress as an emergency project for which notification was provided to JBRC on November 19, 2021. The project includes two youth pods with 12 beds each (24 total). The scope includes new doors with electric locking mechanisms which will prevent the doors from opening automatically in a power outage. The scope also includes the installation of a raised drywall and metal ceiling in the youth pods and replacement of the acoustical ceiling tile in the housing control areas, anti-ligature lighting, replacement of the tile in the showers with flowrock, secure shower doors, and associated electrical and

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mechanical work including fire sprinkler head adjustments, plumbing and HVAC.

Rationale: Several juveniles got out of the pods within the unit the week of November 15, 2021 and the State Law Enforcement Division was called in to assist. The door locking systems in the facility were compromised and had to be replaced immediately to ensure the safety of juveniles and staff. Additionally, the existing ceiling and lights were significantly damaged by the juveniles and, because of the damage, pieces of the ceiling and lights could potentially be used as weapons, as could damaged and chipping tile in the showers.

Facility Characteristics: The Laurel Unit is 28,765 square feet and was constructed in 1976 (45 years old). Approximately 10,000 square feet of this building will be renovated as part of this project. The Laurel Unit is a secure confinement space utilized by youth who require additional supports for behavior management. Youth are supervised by staff within the Division of Institutional Services, the division responsible for the care, custody and control of youth in facilities. Approximately 22 youth and 27 staff utilize the associated space in the building monthly.

Financial Impact: The project will be funded from Appropriated State, FY21 Carryforward Funds (uncommitted balance \$3 million at November 19, 2021). The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,759,868 (internal) funded by FY21 Carryforward Funds. Construction completion is anticipated in February 2022. The estimated cost of the project has increased from the CPIP due to increased cost of the doors from the original projection due to the location of a sprinkler chase that must be relocated to accommodate the new doors and the associated electrical and duct work.

Additionally, the ceiling will be raised and the sprinkler heads will be located above the ceiling so youth cannot access, and secure shower doors and flowrock for the showers as opposed to tile were added to the initial scope.

(I) **Project:** JBRC Item 19: Department of Natural Resources
P24.6054: Georgetown - Santee Island Land Acquisition (OSI - TNC)

Request: Establish Preliminary Land Acquisition for the purpose of investigating the purchase of approximately 1,861 acres of land in Georgetown County.

Included in CPIP: Yes – 2021 CPIP Priority 7 of 32 in FY22 (estimated at \$1,820,000)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Fish & Wildlife Protection (Alligator)				20,000	20,000
All Sources				<u>20,000</u>	<u>20,000</u>

Rationale: The acquisition of the property will protect an island and its associated wildlife and plant species and provide recreational outdoor opportunities to the public. If

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it is acquired the property will be incorporated into SCDNR’s Wildlife Management Area Program.

Characteristics: The property is located two miles west of US Highway 17 in Georgetown County and eight miles northwest of McClellanville. The property is comprised of a bottomland hardwood forest, a cypress-tupelo swamp, depressional wetlands, historic rice fields, creeks, and approximately 5.5 miles of frontage along the North and South Santee Rivers. The Francis Marion National Forest adjoins the property to the south. SCDNR biologists have identified 117 priority species that likely utilize the area, including 21 species that are either federally or state listed.

Financial Impact: The property is offered by Open Space Institute Land Trust, Inc. of New York, NY and The Nature Conservancy of Mt. Pleasant SC for \$2,000,000. The due diligence activities will be funded from Other, Fish & Wildlife Protection (Alligator) Funds (uncommitted balance \$355K at November 9, 2021). Revenue to this fund is derived from the sale of tags to harvest alligators and provides for the revenue to be placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for the protection, promotion, propagation, and management of freshwater fisheries and wildlife, the enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary. The project is expected to result in an increase of \$1,000 (year 1), \$500 (years 2 thru 3), in annual operating expenses.

Full Project Estimate: \$2,023,000 (internal) funded by \$1,000,000 in Federal National Coastal Wetlands Grant, \$850,000 in SC Conservation Bank Grant, \$150,000 in Fish & Wildlife Protection (Alligator), and \$3,000 in TNC and TCF In Kind Match Funds.

(m) Project: JBRC Item 21: Department of Motor Vehicles
R40.9618: Myrtle Beach Common Site Improvement

Request: Establish Phase II Full Construction Budget to add a new parking lot addition to the Myrtle Beach Market Common site.

Included in CPIP: Yes - 2021 CPIP Priority 1 of 7 in FY22 (estimated at \$1,015,000)

Phase I Approval: October 2021 (estimated at \$1,000,000) (SFAA)

CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, SCDMV Earmarked Carryforward	15,000		15,000	1,000,000	1,015,000
All Sources	<u>15,000</u>		<u>15,000</u>	<u>1,000,000</u>	<u>1,015,000</u>

Summary of Work: This project will utilize existing sidewalks and create a paved parking area for employees and customers to safely access the facility. The proposed new parking lot addition will allow new parking spots and more accessible parking for the handicap. This project will also add a solution to the drainage issues in the

current grass field by adding a retention pond.

Rationale: In order meet the growing population needs of Horry County, this Branch Office transitioned into a full-service site in October 2018. This site provides residents two CDL, motorcycle and parallel parking courses for opportunities to practice and test. Over the last few years employees and customers have been parking in a grassy field due to overflow parking issues. The current parking lot only allows 18 vehicles to park on the asphalt.

Facility Characteristics: The existing parking lot has 18 parking spaces and was constructed in 1984 (37 years old). There are 11 employees currently working at the Myrtle Beach Common DMV. This branch serves approximately 326 customers a day performing 526 transactions.

Financial Impact: The project will be funded from SCDMV Earmarked Carryforward Funds (uncommitted balance \$7.8 million at September 30, 2021). This revenue is cash reserves not designated for REAL ID and/or Phoenix III and authorized by Proviso 82.6 to be used for expenditures as needed. The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: \$1,015,000 (internal) funded by SCDMV Earmarked Carryforward Funds.

Upon a motion by Senator Peeler, seconded by Mr. Loftis, the Authority approved the permanent improvement project establishment requests and budget revisions 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 4.

Dept. of Administration, Executive Budget Office: South Carolina Department of Natural Resources – Lexington – Congaree Creek Heritage Preserve Land Acquisition (R#5)

[Secretary’s Note: This item was carried over with the adoption of the agenda.]

Project: JBRC Item 22: Department of Natural Resources
P24.6056: Lexington - Congaree Creek Heritage Preserve Land Acquisition (OSI-Taylor Tract)

Request: Establish Preliminary Land Acquisition for the purpose of investigating the purchase of approximately 127 acres of land in eastern Lexington County.

Included in CPIP: Yes – 2021 CPIP Priority 2 of 11 in FY24 (estimated at \$7,020,000)
CHE Approval: N/A

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Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Heritage Land Trust				20,000	20,000
All Sources				<u>20,000</u>	<u>20,000</u>

Rationale: The acquisition of the property will protect additional significant cultural resources adjoining SCDNR’s Congaree Creek Heritage Preserve. Acquisition of this property would expand Congaree Creek Heritage Preserve from 641 acres to 768 acres and allow for greater public access in the form of walking trails and canoeing opportunities. After the land is acquired, it will be managed as part of the Congaree Creek Heritage Preserve.

Characteristics: The property is located on the east side of Charleston Highway (Hwy 321) between Six Mile Creek and Congaree Creek and adjoins DNR’s Congaree Creek Heritage Preserve on the west and northeast sides. The land contains hardwood bottom wetlands and an upland sandhill long leaf pine ecosystem. The property also contains both prehistoric and historic period archaeological sites significant to the midlands. The unique proximity to a population center will provide the public with an opportunity to observe and participate in the archaeological work on the property.

Financial Impact: The property is offered by Open Space Institute Land Trust, Inc. of New York, NY for \$3,500,000. The due diligence activities will be funded from Other, Heritage Land Trust Funds (uncommitted balance \$14.7 million at October 31, 2021). Revenue to this fund is authorized by SC Code 51-17-115 and provides for the department to use Heritage Land Trust Funds to acquire in fee simple or lesser interest in priority areas, legal fees, appraisals, surveys, or other costs involved in the acquisition of priority areas, and for the development of minimal facilities and management necessary for the protection of priority areas. The project is expected to result in an increase of \$2,000 (year 1), in annual operating expenses.

Full Project Estimate: \$3,520,000 (internal) funded by Heritage Land Trust Funds.

Special Note: Section 51-17-115 provides that no money from the Heritage Land Trust Fund may be expended “to acquire interests in property without a recommendation of the Heritage Trust Advisory Board and the approval of

the State Fiscal Accountability Authority” The Heritage Trust Advisory Board recommended this expenditure at its meeting on February 27, 2020. The Authority is asked to approve the expenditure of \$20,000 from the Heritage Land Trust Fund pursuant to Section 51-17-115.

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

State Fiscal Accountability Authority, Executive Director: Department of Natural Resources – Dike Renovation Projects (Regular Session Item #6)

The Department of Administration, Executive Budget Office reported that it has reviewed the submissions made by the South Carolina Department of Natural Resources concerning the (1) Santee Delta WMA East & West Dike renovation in Georgetown County and the (2) Murphy Island Dike Rehabilitation -Boggy Unit in Charleston County and determined the submissions are complete and has received confirmation of favorable review by staff of the Joint Bond Review Committee. Pursuant to the policy adopted by the State Fiscal Accountability Authority on December 12, 2017, the Authority’s Executive Director has approved the PIP. The Authority’s Executive Director has communicated his approval to the Department of Administration. The Authority was asked to receive the report as information in accordance with the SFAA policy adopted December 12, 2017.

Mr. Loftis noted that the policy which delegated approval authority was passed in 2017 to aid DNR in working through the backlog of work and timely performing renovations related to storm damage. He stated that if the policy is going to continue it may need to be changed or it may need to end given that there no longer is a backlog of projects to be done. Mr. Gillespie stated that there is no sunset for the policy and it could be changed. Mr. Loftis asked Mr. Gillespie to review the matter for him to which Mr. Gillespie responded that he would.

Upon a motion by Representative Smith, seconded by Senator Peeler, the Authority received the report as information concerning the Santee Delta WMA East & West Dike renovation and the report concerning the Murphy Island Dike Rehabilitation in accordance with the SFAA policy adopted December 12, 2017.

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: Easements
(Regular Session #7)***

The Department of Administration requested approval of the following easements in accordance with SC Code of Laws:

- a. County Location: York
From: Department of Administration on behalf of South Carolina Forestry Commission
To: York Electric Cooperative, Inc.
Consideration: \$1
Description/Purpose: To grant a 0.240± acre easement to construct, operate, maintain, relocate and replace an electric distribution system on property of the Sharon Fire Tower Site which is managed and operated by the South Carolina Forestry Commission. York Electric is rebuilding the electric lines in its service area. The new easement will benefit the Forestry Commission by removing the current lines, which adversely affect the property, so that they no longer traverse the property. The easement will contain the State's standard termination language that if the easement holder abandons the easement, is in breach, or ceases to use the easement for its intended purpose, it will terminate. The term of the easement will be fifty (50) years. The easement will be of mutual benefit to the South Carolina Forestry Commission and York Electric. There are no exceptions requested with regard to the 2003 easement policy. The South Carolina Forestry Commission has determined that, in accordance with the requirement of the statute, the easement does not appear to materially impair the utility of the property or damage it.

- b. County Location: Beaufort
From: Department of Administration on behalf of South Carolina Department of Parks, Recreation and Tourism
To: Fripp Island Public Service District
Consideration: \$1
Description/Purpose: To grant a 0.01± acre easement to construct, operate and maintain a new prefabricated pump station on property of the Hunting Island State Park which is managed and operated by the South Carolina Department of Parks, Recreation and Tourism which will replace the existing boost pump station currently serving the property. The easement will contain the State's standard termination

language that if the easement holder abandons the easement, is in breach, or ceases to use the easement for its intended purpose, it will terminate. The term of the easement will be fifty (50) years. The easement will be of mutual benefit to SCPRT and Fripp Island Public Service District. There are no exceptions requested with regard to the 2003 easement policy. SCPRT has determined that, in accordance with the requirement of the statute, the easement does not appear to materially impair the utility of the property or damage it.

- c. County Location: Dorchester
From: Department of Administration on behalf of South Carolina Department of Mental Health
To: Town of Summerville
Consideration: \$1
Description/Purpose: To grant a 1.41± acre easement, together with the right of ingress and egress, for the construction, installation, operation and maintenance of a detention pond and drainage facilities on property controlled by the South Carolina Department of Mental Health (SCDMH). The easement will contain the State's standard reverter language that if the easement holder ceases to use the easement for its intended purpose, it will terminate. The term of the easement will be fifty (50) years. The easement is being sought by SCDMH for the benefit of the property. SCDMH has determined that, in accordance with the requirement of the statute, the easement does not appear to materially impair the utility of the property or damage it.

Mr. Eckstrom asked how is it possible that the value of the property would not be impacted given that the construction of a retention pond would put the property under water. He also noted that the easement policy allows for fair market value to be paid for the property in those cases where the property value is impaired. Ashlie Lancaster with the Department of Administration, Facilities Management and Property Services appeared before the Authority on this matter. Ms. Lancaster stated that her understanding is that the retention pond would improve the property because there is not sufficient drainage on the property. Mr. Eckstrom asked if SCDMH would concur with that assessment. Mark Binkley with SCDMH stated that he would have to get more information on Mr. Eckstrom's question and respond back to the Authority.

Mr. Eckstrom asked what the impact would be if the item was carried over until the next meeting. Mr. Binkley said that he did not think it would be a problem. Representative Smith asked Mr. Binkley if SCDMH was in favor of the easement and if they are asking the Authority to approve the easement to which Mr. Binkley responded yes. Pete Creighton with SCDMH responded that the area of the proposed easement is prone to flooding because of recent development around the property. He said that the retention pond will help to ease the flooding in the area and that nothing can be built on the property because it is located in wetlands. Mr. Eckstrom asked if the Corp of Engineers would have to sign off on the easement because of the disturbance to the ecosystem. Mr. Creighton said that he would have to consult the city and follow up with Mr. Eckstrom on his question. Mr. Eckstrom noted that the easement is for the benefit of the city and the city is the one that has allowed the development to occur causing the flooding. Mr. Creighton said the property cannot be developed and there is nothing SCDMH can do with it.

- d. County Location: Richland
From: Department of Administration on behalf of South Carolina
Department of Mental Health
To: Dominion Energy South Carolina, Inc.
Consideration: \$1
Description/Purpose: To grant a variable width easement, together with the right of ingress and egress, for the purpose of constructing, extending, replacing, relocating, maintaining, and operating electric lines and facilities on property controlled by the South Carolina Department of Mental Health (SCDMH). The easement will contain the State's standard reverter language that if the easement holder ceases to use the easement for its intended purpose, it will terminate. The term of the easement will be fifty (50) years. The easement is being sought by SCDMH for the benefit of the property. SCDMH has determined that, in accordance with the requirement of the statute, the easement does not appear to materially impair the utility of the property or damage it

Mr. Eckstrom noted that markings on the property map showing the easement were not discernable. He asked what the size of the easement is. Mr. Creighton said there are two projects that SCDMH is allowing Dominion Energy to take over their existing primary electrical grid. He said the map shows the campus upon which Dominion Energy will have easement

rights. He said the overhead and underground lines cannot be easily delineated. Mr. Eckstrom asked what amount of property is involved in the easement. Mr. Creighton said he did not have the specific amount, but that four campuses were involved, and all feed off a single switch. He said the reason for the easement is for Dominion to take over a 40-year-old electrical grid system. Mr. Eckstrom further asked where the property is located. Mr. Creighton said the property is located at the Crafts Farrow State Hospital campus and includes Morris Village, Bryan Psychiatric Hospital, and the McClendon Building.

Upon a motion by Representative Smith, seconded by Senator Peeler, the Authority approved granting the referenced easements 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 7.

Department of Administration, Facilities Management and Property Services: Real Property Conveyances (Regular Session Item #8)

[Secretary’s note: As noted herein above, item 8(a) was carried over.]

- (a) **Controlling Agency:** Department of Commerce, Division of Public Railways
Acreage: 30.49± acres and improvements
Location: Former Navy Base, North Charleston
County: Charleston
Purpose: To dispose of surplus real property.
Price/Transferred To: To be determined/Not less than appraised value*
Disposition of Proceeds: To be retained by Palmetto Railways pursuant to Proviso 93.8.
Additional Information: The proposed sale consists of the following eight (8) properties:

Acreage	Description
±3.39	St. Johns Ave. / TMS 400-00-00-045G
±1.08	St. Johns Ave. / TMS 400-00-00-45H
±3.28	McMillan Ave. / TMS 400-00-00-042, 049, 127
±11.64	Noisette Blvd. / TMS 400-00-00-048
±4.93	Noisette Blvd. / TMS 400-00-00-229 (includes ±1.15 acres of roadway)
±2.38	Herbert St. / TMS 464-02-00-043
±2.59	Noisette Blvd. Roadway Segments / TMS 400-00-00-048, 062
±1.20	N. Hobson Ave. Roadway Segment / TMS 400-00-00-117

The properties will be offered for sale through a competitive bid process. Potential buyers will be allowed to bid individually or collectively on the properties. *Roadways could not be appraised due to potential prescriptive easement issues which would require legal resolution as noted in the attached letter from Appraisal Services of South Carolina, Inc. Accordingly, Palmetto Railways is requesting that these roadways be approved for sale at market value.

- (b) **Controlling Agency:** **South Carolina Forestry Commission**
Acreage: 10± acres (Pritchardville Tower)
Location: 76 May River Road, Bluffton
County: Beaufort
Purpose: To dispose of surplus real property.
Price/Transferred To: To be determined/Not less than appraised value
Disposition of Proceeds: To be retained by the Forestry Commission pursuant to Proviso 93.8.
Additional Information: On November 19, 2019, the Department of Administration approved the disposal in accordance with §1-11-65. The proposed sale now exceeds the Department’s authorization threshold.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, and as requested by the South Carolina Forestry Commission through the Department of Administration, the Authority approved the real property conveyance as requested for regular session item 8(b).

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

Department of Administration, Facilities Management and Property Services: Asset Transfers from Division of Public Railways d/b/a Palmetto Railways to the South Carolina Ports Authority in connection with Intermodal Facility Project (Regular Session Item #9)

The South Carolina Ports Authority (“Ports Authority”) is working to construct and implement the Navy Base Intermodal Facility (“NBIF”) project which includes container transfer infrastructure, waterborne cargo infrastructure and related infrastructure in support thereof, at or in the vicinity of the Port of Charleston facility (the “Project”). The Ports Authority requires a southern connection to the NBIF located on the former Charleston Naval Complex to enable the Class I carriers to access the NBIF. The South Carolina Department of Commerce (“Commerce”) and its Division of Public Railways (“Palmetto Railways”) have five (5) parcels

of real property totaling 3.43 acres that are currently available to transfer toward the southern connection with more to come in the future. Palmetto Railways acquired these five properties with its own funds for a total of \$6.5 million and now desires to transfer these five parcels to the Ports Authority at no cost to accomplish the purposes for which the assets were originally acquired.

The parcels to be transferred are:

Tract	TMS#	Address	Approximate Acreage
255	464-02-00-043	1790 Meeting St. (Parcel B)	1.14
265	464-02-00-099	Milford St.	.5
275	464-02-00-092	1932 Milford St.	.46
295	464-02-00-105	Milford St. (Parcel A)	.64
305	464-02-00-020	1890 Milford St.	.69

This transfer was approved by JBRC at its meeting on January 19, 2022.

Upon a motion by Representative Smith, seconded by Mr. Eckstrom, as recommended by the Department of Administration, Facilities Management and Property Services, the Authority approved the transfer of the five identified parcels of real property totaling 3.43+/- acres in the City of Charleston from Palmetto Railways to the Ports Authority without consideration.

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

Department of Administration, Facilities Management and Property Services: Office of the Adjutant General for South Carolina Lease of approximately 18.02± acres and Sublease of certain administration and classroom space and shared space to the University of South Carolina Aiken (Regular Session Item #10)

The Office of the Adjutant General for South Carolina (“OTAG”) requested approval to enter into a ground lease (the “Ground Lease”) for approximately 18.02 +/- acres of real property on the University of South Carolina (“University”) Aiken campus in Aiken, SC from Aiken County Commission for Higher Education, a political subdivision of the state that controls University of South Carolina Aiken property, to allow for the availability of space for OTAG to construct a multipurpose National Guard Readiness Center that will function as both an Army National Guard Readiness Center and a multipurpose University campus facility, a Motor Pool, Cyber DreamPort facility and other supporting facilities.

The Ground Lease term will be fifty years with automatic renewals for additional twenty (20) year terms, unless otherwise terminated. In lieu of payment of rent, OTAG will, subject to approval by appropriate governmental authorities and applicable appropriations from the South Carolina General Assembly and the United States Congress, construct a National Guard Readiness Center, a Motor Pool facility, a DreamPort facility and other supporting facilities, including parking, sidewalks, roads, landscaping, utilities and any other improvements for joint use by OTAG and the University and, with respect to administration and classroom space in the Cyber DreamPort, the sole use by the University. Accordingly, the University will enter into a sublease (the "Sublease") with OTAG for a term concurrent with the Ground Lease to sublease the Demised Premises consisting of Exclusive use of administration and classroom space in the Cyber DreamPort; shared use of spaces in the Readiness Center and Cyber Dream Port as more specifically agreed to by OTAG and the University in the Sublease following completion of the design and prior to occupancy.

OTAG will seek appropriate approvals for construction. The parties have advised that they understand and agree that approval of the Ground Lease and Sublease documents neither constitute nor guarantee approval of any permanent improvement projects described or contemplated by the Ground Lease and/or Sublease and they all agree to terminate or otherwise reform the lease documents as appropriate and subject to all requisite approvals.

No option to purchase the property is included in the Ground Lease or the Sublease. The Ground Lease and Sublease were approved by JBRC on January 19, 2022.

Upon a motion by Representation Smith, seconded by Mr. Eckstrom, as recommended by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed fifty-year Ground Lease and automatic twenty-year renewals for 18.02 +/- acres of real property on the University Aiken campus in Aiken, SC from Aiken County Commission for Higher Education to the Office of the Adjutant General and the related Sublease between the University and OTAG with a concurrent term.

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

Department of Administration, Facilities Management and Property Services: South Carolina Retirement System Investment Commission Lease of 1201 Main Street, Columbia (Reg #11)

The South Carolina Retirement System Investment Commission (Commission) requested approval to lease 19,700 rentable square feet of office space at 1201 Main Street, Suite 1510, Columbia, SC from Hamilton Capitol Center, LLC. Commission has leased space at this location since September 2010. The current lease will expire on August 31, 2022.

After contacting state agencies to verify no adequate State space was available, the Department of Administration conducted a solicitation for commercial space for a 1, 3, or 5-year term. Proposals were received for four locations. The selected location represents the least expensive option for the Agency. The space will meet the state standard of 210 SF/person with a density of 207 SF/person.

The lease term will be three years. The rental rate for the first year of the term will be \$17.00 per square foot. Rent will increase annually by 3%. The total rent to be paid over the 3-year term will be \$1,035,142.41, as more specifically set forth in the chart below. This is a full gross lease and includes all operating expenses.

	Rent per SF	Total Rent for Period	Monthly Rent
Year 1	\$17.00	\$334,900.00	\$27,908.33
Year 2	\$17.51	\$344,947.00	\$28,745.58
Year 3	\$18.03	\$355,295.41	\$29,607.95

The lease provides parking availability in the adjacent garage, with agency paying the City of Columbia separately. Agency’s parking costs are estimated to be approximately \$42,660.00 annually.

The following chart represents comparable lease rates of similar space:

Tenant	Location	Rate /SF
Vacant	1441 Main Street	\$23.50
Vacant	607 Bush River Road	\$18.95
Commission on Higher Education	1122 Lady Street	\$18.00

Above rates subject to additional operating expenses and base rent escalations.

The agency has adequate funds for the lease according to a Budget Approval Form dated November 18, 2021, which also includes a multi-year plan. Lease payments will be funded with Commission operating revenues. No option to purchase the property is included in the lease. The

lease was approved by JBRC on January 19, 2022.

Mr. Eckstrom asked how many parking spaces are provided under the lease. Michael Hitchcock, CEO for the Commission, appeared before the Authority on this matter. He stated that there are about 50 parking spaces in the lease. Mr. Eckstrom also asked how many employees does the agency have. Mr. Hitchcock said they have 42 positions and are currently recruiting for four positions.

Upon a motion by Mr. Eckstrom, seconded by Representative Smith, as recommended by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed three-year lease for 19,700 rentable square feet of office space for the South Carolina Retirement System Investment Commission at 1201 Main Street, Suite 1510, Columbia, SC from Hamilton Capitol Center, LLC.

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

Department of Administration, Facilities Management and Property Services: SC Vocational Rehabilitation Department Lease of 1244 Boston Avenue, Cayce (Regular Session Item #12)

SC Vocational Rehabilitation Department (Voc. Rehab.) requested approval to lease 51,788 rentable square feet of office space at 1244 Boston Avenue, Cayce, SC from Efron Family, LLC, a South Carolina limited liability company. Voc. Rehab. has leased space at this location since October 1986. The current lease will expire on June 30, 2022.

After contacting state agencies to verify no adequate State space was available, the Department of Administration conducted a solicitation for commercial space for 3, 5, and 7-year terms for which 1 proposal was received. The current landlord submitted the only bid in response to the solicitation.

The space will meet the state standard of 210 SF/person with a density of 183 SF/person. The lease also provides for free parking and has a total of 280 parking spaces available.

The lease term will be five (5) years. The rental rate for the first year of the term will be \$14.75 per square foot (which is the same as their current rate per square foot). Rent will increase annually by 2.5 percent. The total rent to be paid over the 5-year term will be \$4,015,123.64, as

more specifically set forth in the chart below. This is a full gross lease and includes all operating expenses.

	Rent per SF	Annual Rent	Monthly Rent
Year 1	\$14.75	\$763,873.00	\$63,656.08
Year 2	\$15.12	\$783,034.56	\$65,252.88
Year 3	\$15.50	\$802,714.00	\$66,892.83
Year 4	\$15.88	\$822,393.44	\$68,532.79
Year 5	\$16.28	\$843,108.64	\$70,259.05

The following chart represents comparable lease rates of similar space:

Tenant	Location	Rate /SF
Vacant	10301 Wilson Blvd, Blythewood (Richland County)	\$16.00
Vacant	8911 Farrow Road (Richland County)	\$16.00
Vacant	7909 Parkland Road (Richland County)	\$19.00
Department of Labor, Licensing and Regulation	121 Executive Center Dr., Columbia (Lexington County)	\$16.50

Above rates subject to operating expenses and base rent escalations.

The agency has adequate funds for the lease according to a Budget Approval Form submitted November 18, 2021, which also includes a multi-year plan. Lease payments will be funded through Federal funding. No option to purchase the property is included in the lease. The lease was approved by JBRC on January 19, 2022

Upon a motion by Mr. Loftis, seconded by Senator Peeler, as recommended by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed five-year lease for 51,788 rentable square feet of office space for the SC Vocational Rehabilitation Department at 1244 Boston Avenue, Cayce, SC from Efron Family, LLC, a South Carolina limited liability company.

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

Executive Director: 2022 Ceiling Allocations (Regular Session Item #13)

The initial balance of the 2022 state ceiling allocation is \$570,977,550. In accord with Code Section 1-11-520, \$228,391,020 (40% of the total) is designated as the state pool and \$342,586,530 (60% of the total) is designated as the local pool. There is presently a state ceiling balance of \$570,977,550 remaining for 2022. Allocation requests for 2022 totaling \$38,000,000 have been received thus far.

Local housing authorities made the following requests for allocation from the local pool:

A. Housing Authority of the City of Florence—Dillon Graded School Senior Apartments (City of Dillon) \$10,000,000—to provide construction and permanent financing for a portion of the costs of acquisition and renovating of a 37-unit multifamily apartment development to be known as Dillon Graded School Senior, in the City of Dillon.

B. South Carolina Regional Housing Authority No. 3—Shannon Park Apartments (City of Goose Creek) \$18,000,000—to provide a portion of the financing needed for the acquisition and rehabilitation of an approximately 96-unit affordable housing development located in Goose Creek.

For a project requesting more than \$10 million, the Authority must determine if the project “is of such significance that approval of the allocation is warranted” prior to July 1. (See SC Code Section 1-11-540). A description of the positive impact of the Shannon Park Apartments project is included with the request for allocation.

C. Housing Authority of the City of Greenville—Dunean Mill Townhomes (Greenville) \$10,000,000—to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Dunean Mill Townhomes, in Greenville, South Carolina.

Approval of the recommended requests would have left an unexpended state ceiling balance of \$532,977,550 (state pool - \$228,391,020; local pool - \$304,586,530) to be allocated later in the calendar year.

Representative Smith asked that the item be carried over. He stated that discussion was had at the Authority’s last meeting concerning how to move forward with ceiling allocation requests. He said that he and Senator Peeler are working on bills to fast track so that there can be finality and certainty about how to move forward. He noted that he had asked where are the

rural housing projects and that the Dillon Graded School project is one such project that is very important to the community in Dillon County. He further noted that he received calls about the project. Representative Smith stated that he thinks this is a project that needs to be done, but that they are quickly working toward a legislative solution to move forward with the projects.

Governor McMaster first called for a motion to adopt the item. Representative Smith moved to adopt the item. Mr. Loftis seconded the motion.

Mr. Loftis noted that the average cost per rental unit for these projects is \$350,000.

Governor McMaster noted that in prior discussions they discussed not stopping projects that were already in progress. He asked Representative Smith if what he was proposing is consistent with that discussion. Representative Smith said it is consistent with that and these projects were on a prior agenda. He said there are projects coming that were on the agenda in December and were carried over. He said the Authority made it clear at two meetings that they were not going to approve new requests. He said if the Authority does not adhere to that there will be a lot of projects to adopt. Representative Smith further stated that there will be a moratorium at some point. He stated that affordable housing is something that is needed in South Carolina, but that a balance must be struck. He said there cannot be an unfettered system like the one that is now in place. He said a balance must be struck in terms of how much the state is willing to invest in affordable housing projects. He stated that when the state housing tax credit was passed that was not debated because the General Assembly received erroneous information about the cost of the tax credit from the State Housing Authority.

In further discussion, Representative Smith said there needs to be a means to rank the projects because first come, first served is not fair to all of South Carolina. Senator Peeler asked if the item was being carried over pending legislative action. Governor McMaster said that is correct.

Mr. Loftis seconded the earlier motion to carry the item over. The Authority approved the motion to carry the item over.

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

Executive Director: Revenue Bonds (Local Housing Authorities) (Regular Session Item #14)

The required reviews on the following proposals to issue revenue bonds were completed with satisfactory results. The projects require approval under State law.

- a. Issuing Authority: Housing Authority of the City of Florence
Amount of Issue: N/E \$10,000,000 Multifamily Housing Revenue Bonds, Series 2022
Allocation Needed: \$10,000,000
Name of Project: Dillon Graded School Senior Apartments
Employment Impact: n/a
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and renovating of multifamily housing for 37 affordable residential units for elderly persons to be known as Dillon Graded School Senior, in the City of Dillon.
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC

- b. Issuing Authority: Housing Authority of the City of Greenville
Amount of Issue: N/E \$10,000,000 Multifamily Housing Revenue Note, Series 2022
Allocation Needed: \$10,000,000
Name of Project: Dunean Mill Townhomes f/d/a Dunean Mill Apartments
Employment Impact: n/a
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing of approximately 60 apartments to be known as Dunean Mill Townhomes, in Greenville.
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC

- c. Issuing Authority: South Carolina Regional Housing Authority No. 3
Amount of Issue: N/E \$18,000,000 Multifamily Housing Revenue Bonds, Series 2022
Allocation Needed: \$18,000,000
Name of Project: Shannon Park Apartments
Employment Impact: n/a
Project Description: to provide a [portion of the financing needed for the acquisition and rehabilitation of an approximately 96-unit affordable housing development located in Goose Creek, Berkeley County.
Bond Counsel: Emily Zackon, Parker Poe Adams & Bernstein LLP

Representative Smith moved to adopt the item. The motion was seconded by Mr. Loftis. Representative Smith then moved to carry the item over for reasons previously discussed. Mr.

Eckstrom seconded the motion.

Mr. Eckstrom asked who the South Carolina Regional Housing Authority No. 3 is. Ray Jones, bond counsel for the Shannon Park Apartments project, stated that there are several regional housing authorities in the state. He said Regional Housing Authority No. 3 has jurisdiction over Goose Creek (Berkeley County) and other counties in the State that are authorized to issue bonds. Mr. Eckstrom asked where Regional Housing Authority No. 3 resides. Mr. Jones said it resides in Barnwell.

Upon the motion by Representative Smith to carry the item over, and a second of the motion by Mr. Eckstrom, the Authority approved the motion.

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

Executive Director: Revenue Bonds (State Housing Finance and Development Authority and Housing Authority of the City of Charleston) (Regular Session Item #15)

The required reviews on the following proposals to issue revenue bonds were completed with satisfactory results. The projects require approval under State law.

- a. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$14,000,000 Multifamily Housing Revenue Bonds, Series 2021
Allocation Needed: -0-
Name of Project: 573 Meeting Street
Employment Impact: n/a
Project Description: to finance the acquisition, construction, furnishing and equipping of 573 Meeting Street Apartments, a 70-unit affordable rental housing facility to be constructed on an approximately 0.5 acre site located at 573 Meeting Street, Charleston.
Bond Counsel: John Van Duys, Haynsworth Sinkler Boyd, P.A.
Note: This item first appeared on the Authority's meeting agenda for the August 24, 2021, meeting that was canceled. The item was last carried over at the December 21, 2021, Authority meeting.

- b. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$2,250,000 Multifamily Housing Revenue Bonds, Series 2021C
Allocation Needed: -0-

- Name of Project: James Lewis, Jr. Eastside Apartments
Employment Impact: n/a
Project Description: to provide construction financing for a portion of the costs of acquisition, construction, and rehabilitation of affordable multifamily rental housing facilities and related facilities located consisting of a 64-unit apartment development in the City of Charleston.
- Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC
Note: **This item first appeared on the Authority’s meeting agenda for the October 12, 2021, but was carried over. The item was last carried over at the December 21, 2021, Authority meeting.**
- c. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$5,000,000 Multifamily Housing Revenue Bonds, Series 2021
Allocation Needed: -0-
Name of Project: Broad River Village
Employment Impact: n/a
Project Description: to provide for the acquisition, construction and rehabilitation of an approximately 160-unit new multifamily housing development and ancillary facilities, including but not limited to a clubhouse, office, playground and other recreational areas located in Beaufort County.
Bond Counsel: Michael J. Seezen, Burr & Forman, LLP
Note: **This item was carried over at the December 21, 2021, Authority meeting.**
- d. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$22,000,000 Multifamily Housing Revenue Bonds, Series 2021
Allocation Needed: -0-
Name of Project: Magnolia Branch Apartments
Employment Impact: n/a
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Magnolia Branch Apartments, in the City of North Charleston
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC
- e. Issuing Authority: Housing Authority of the City of Charleston
Amount of Issue: N/E \$23,000,000 Multifamily Housing Revenue Note, Series 2021
Allocation Needed: -0-
Name of Project: Archer School Senior Apartments

Employment Impact:	n/a
Project Description:	to provide for the design, acquisition, construction, and equipping, and furnishing multifamily housing to be known as Archer School Senior Apartments, located at the corner of Nassau Street and Jackson Street in the City of Charleston consisting of approximately 83 apartments.
Bond Counsel:	Samuel W. Howell, Howell Linkous & Nettles
Note:	This item first appeared on the Authority’s meeting agenda for the October 12, 2021, but was carried over. The item was last carried over at the December 21, 2021, Authority meeting.

Representative Smith noted that this is the first time that item 15(d) has appeared on an Authority agenda. He said to be consistent with what the Authority previously did, he would move to carry over the item. Upon the motion to carry over item 15(d) by Representative Smith, seconded by Senator Peeler, the Authority approved the motion.

Mr. Eckstrom commented that he did not recall items 15(b) and 15(e) previously being on the agenda. He asked why the projects were carried over previously. Sam Howell, bond counsel for the projects, stated that the projects appeared on the October 2021 and December 2021 agendas along with several of the other items under agenda item 15. He said those items were deferred to this meeting. Mr. Eckstrom asked why these two projects were singled out. Mr. Howell said he did not know what the rationale was for the Authority deferring the items.

Upon a motion by Representative Smith, seconded by Mr. Loftis, the Authority adopted resolutions for regular session items 15(a), (b), (c), and (e) approving the referenced proposals to issue revenue bonds for the State Housing Finance and Development Authority and the Housing Authority of the City of Charleston as noted in the item.

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

State Fiscal Accountability Authority, Executive Director: Allocation and Management of Volume Cap; Approval for Issuance of Bonds for Multi-Family Housing Projects (R#16)

The Workforce and Senior Affordable Housing Act (Act No. 137 of 2020) allowed for a tax credit to encourage the development of low-income multi-family housing. As a result, demand for volume cap in connection with the issuance of multi-family housing revenue bonds

has been exceptionally strong. The volume of interest in the Low-Income Housing Tax Credit program and the substantial impact on the State's general fund were both unexpected. The State Fiscal Accountability Authority anticipates the General Assembly will enact legislation to address the issues that have surfaced. Accordingly, the State Fiscal Accountability Authority intends to defer any forthcoming request from a state or local housing authority that seeks approval to issue multi-family housing bonds pursuant to §31-13-90 or §31-13-220, or an allocation of state ceiling pursuant to Article 3 of Title 1, Chapter 11. The Authority also intends to provide prospective guidance for the allocation and management of volume cap, as well as for approval for the issuance of bonds for multi-family housing projects.

Representative Smith asked if the policy would preclude projects that have previously received ceiling allocation from coming back for additional allocation because of cost overruns. Mr. Gillespie said that if a project has already received allocation, the project would be precluded from coming back and would be put in the moratorium. Representative Smith said that there are projects that are almost completed and would not be completed because of the rising cost of construction. He said he is concerned that the proposed policy uses a sledgehammer when what is needed is a fly swatter. He stated he wanted to make sure that those who have done their due diligence and have been hit by supply chain issues and rising inflation are not precluded from completing a project. He said that is his only concern about the policy. He further stated that he is for a moratorium for anyone who has not yet started a project. He stated he did not want to hold up projects that have already started and residents not be able to move into affordable housing. Mr. Gillespie said that the proposed policy could be amended to reflect that if that is the will of the body.

Mr. Eckstrom commented that it is not that a project could not be completed, but that additional ceiling allocation is needed to qualify for the low-income housing tax credit. Representative Smith said that is correct and that would deny them the full tax credit to which they are entitled. He stated that is the point where the Authority should allow them to come back. He said he is concerned because the rules shift with a moratorium being put in place and people could have received allocation in December, but the projects were carried over by the Authority.

Mr. Gillespie suggested that Tracey Easton, General Counsel for the State Housing

Finance and Development Authority, address the difference between starting a project and construction in a project. Ms. Easton stated that there are some projects already in progress. She noted that one project that was removed from the agenda needed more allocation, but Housing's board had only approved the project for an issuance of \$2 million. She stated that they were going to come back to ask for additional allocation prior to July 1. She said that without the allocation the deal cannot access the tax credits to get the 50% of eligible expenses. She said if they do not access the tax credits the deal will collapse. She said in that case the bonds that have been issued and allocated are effectively a waste of product. She asked that the Authority allow those projects that are already in progress to come back before July 1 to request additional allocation to the extent completion bonds are needed. She said that would apply to local issuers as well.

Governor McMaster asked if the Authority members wanted to amend the policy to that affect. Representative Smith said he wanted to amend the policy to grant staff leave to amend the policy to allow projects that have begun construction and are near completion and need additional ceiling allocation to come back and make the request. He said he does not want to collapse the projects. Ms. Easton suggested that the language could state that those projects that have already received approval from the Authority and have come back for additional bonds for the same project would be exempted from the policy.

Mr. Loftis motioned to amend the item. The motion was seconded by Representative Smith. The Authority approved the motion to amend the policy as proposed.

Regarding the Broad River Village Apartments project in Port Royal, Mr. Eckstrom noted that the project originally came before the Authority in May 2020. He asked if the project qualified for state tax credits in May 2020. Ms. Easton said that was the expectation at the time, but due to supply chain issues and rising lumber costs, prices have increased on that project and additional ceiling was needed to complete the project. Mr. Eckstrom asked if the project qualified for state low-income housing tax credit. Ms. Easton said the project would have qualified for the tax credit. She noted that because of the way the state tax credit legislation was written the tax credit is based on projects that are placed in service after a certain date. She said that was one of the odd parts in working through the legislation because, for example, a project that received an award in 2018 could receive state tax credit even though it was placed into

service two years later. She further stated the Broad River Village project would be eligible for the state tax credit because it has not been placed in service. She said under their definition “placed in service” means having a certificate of occupancy, the housing is ready to rent out, and people are ready to move in the housing.

In further discussion, Michael Seezen, bond counsel for the Broad River Village project, stated that when the bonds were issued in December 2020 the equity investors had not been identified and the tax credits had not yet been sold. He noted that the market was in flux and the developers were trying to identify which equity investors would work best for the project. He stated the developers signed a contract with US Bank three days before the Authority’s December 2021 meeting. He noted that the project was deferred at that time. Answering Mr. Eckstrom’s question, Mr. Seezen said that the project did qualify for the tax credit in May 2020. He stated the project had received the 42M letter for the federal tax credit as well as the preliminary determination letter from State Housing for the state tax credit.

Upon a motion by Representative Smith, seconded by Mr. Loftis, the Authority adopted the following policy:

(a) Any request from a state or local housing authority that seeks approval to issue multi-family housing bonds pursuant to §31-13-90 or §31-13-220, or an allocation of state ceiling pursuant to Article 3 of Title 1, Chapter 11, is deferred until either new legislation is enacted or July 1, 2022, whichever comes first; provided; however, that the foregoing automatic deferral does not apply if the request regards a project for which issuance-approval by SFAA has already been granted, construction of the facilities has already commenced, and the increase sought will not result in a change to the scope of the facilities to be constructed. Accordingly, such requests should not be placed on the agenda.

Independent of the foregoing:

(b) The Authority's Secretary is directed not to shift volume cap between the state and local pools to accommodate the approval of a specific project for ceiling allocation absent specific instructions from the Authority.

(c) The Authority will exercise conservative discretion in addressing any request to (i) reinstate or extend the validity of previously allocated volume cap, (ii) allocate volume cap to a project if previously allocated volume cap was allowed to expire, (iii) allocate additional volume

cap to a project, (iv) approve single-project allocations for carry-forward election, or (v) approve carry-forward elections prior to the fourth quarter of the calendar year to which the volume cap applies.

(d) Any request from a state or local housing authority that seeks approval to issue multi-family housing bonds pursuant to §31-13-90 or §31-13-220, or an allocation of state ceiling pursuant to Article 3 of Title 1, Chapter 11, is deferred until the project has received both a Certificate of Allocating Agency Letter and a State Tax Credit Letter. Accordingly, such requests should not be placed on the agenda.

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

State Fiscal Accountability Authority: Future Meeting (Regular Session Item #17)

Upon a motion by Mr. Loftis, seconded by Representative Smith, the Authority agreed to meet at 9:30 a.m. on Tuesday, March 1, 2022, in Room 252, Edgar A. Brown Building.¹

Adjournment

The meeting was adjourned at 10:40 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 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 9:15 a.m. on Monday, January 24, 2022.]

¹ The March 1, 2022, meeting of the State Fiscal Accountability Authority was cancelled.