

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

June 13, 2017 – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, June 13, 2017, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

Governor Henry McMaster, Chair;
Mr. Curtis M. Loftis, Jr., State Treasurer; and
Mr. Richard Eckstrom, Comptroller General;

Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and Representative W. Brian White, Chairman, Ways and Means Committee were not present at the meeting.

Also attending were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; Governor's Chief of Staff Trey Walker; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Chief of Staff Beverly Smith; Authority Secretary Delbert H. Singleton, Jr., and other State Fiscal Accountability Authority staff.

Adoption of Agenda for State Fiscal Accountability Authority

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

Minutes of Previous Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved the minutes of the May 2, 2017, State Fiscal Accountability Authority meeting.

Blue Agenda

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved blue agenda items #1, #2, and #3, as noted herein.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved blue agenda item #4, as noted herein.

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

The Authority approved the referenced bond counsel assignment as recommended by the State Treasurer’s Office for conduit issues and special assignment of bond counsel:

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$48,000,000 Economic Development Bonds	Georgetown Hospital System Conduit: JEDA	Haynsworth Sinkler Boyd	Nexsen Pruet
\$30,000,000 Multifamily Housing Revenue Bonds	Greystone/Boyd Management Conduit: SC State Housing Finance & Development Authority	Parker Poe	Tracey Easton
\$300,000 Special Source Revenue Bonds	Liberty Property Limited Partnership Conduit: Spartanburg County	Haynsworth Sinkler Boyd	John Harris (Spartanburg County)

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$45,000,000 State Institution Bonds	University of South Carolina	Pope Flynn
\$40,500,000 GO Economic Development Bonds	State of South Carolina – Project Pillar	Haynsworth Sinkler Boyd

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

Department of Administration, Facilities Management and Property Services: Easements (Blue Agenda Item #2)

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

- (a) County Location: Greenwood and Newberry
- From: Department of Administration
- To: Dominion Carolina Gas Transmission, LLC
- Consideration: \$700
- Description/Purpose: To grant a 0.287 acre easement for the construction, installation, operation and maintenance of a 12-inch natural gas transmission line beneath the Saluda River. The easement is part of the Moore to Chappells Pipeline for Dominion Carolina’s Transco

to Charleston Project to meet the increasing demand for natural gas for local commercial, industrial and power generation customers. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

- (b) County Location: Spartanburg
From: Department of Administration
To: Dominion Carolina Gas Transmission, LLC
Consideration: \$700
Description/Purpose: To grant a 0.139 acre easement for the construction, installation, operation and maintenance of a 12-inch natural gas transmission line beneath the South Tyger River. The easement is part of the Moore to Chappells Pipeline for Dominion Carolina's Transco to Charleston Project to meet the increasing demand for natural gas for local commercial, industrial and power generation customers. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (c) County Location: Sumter
From: Department of Administration
To: City of Sumter
Consideration: \$1
Description/Purpose: To grant a 0.40 acre permanent easement for the purpose of constructing, locating, improving and maintaining a sanitary sewer pipeline and facilities on property of the Department of Mental Health. The easement is needed to extend the existing pipeline to provide sewer service to the new Santee Wateree Mental Health Center. The easement is being sought by the Department of Mental Health for the benefit of the property. The Division of Facilities Management and Property Services has determined that SCDMH has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (d) County Location: Charleston
From: Department of Administration
To: Mount Pleasant Waterworks
Consideration: \$700
Description/Purpose: To grant a 0.29 acre easement for the installation, operation and maintenance of a 10-inch water main beneath Rathall Creek. The easement will expand the service area to serve the Etiwan Pointe and Grassy Creek communities and the surrounding

areas. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

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

Division of Procurement Services: Procurement Audit of Orangeburg-Calhoun Technical College (Blue Agenda Item #3)

In accordance with Section 11-35-1230 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services reviewed the procurement system of Orangeburg-Calhoun Technical College. As Orangeburg-Calhoun Technical College did not request procurement certification, the audit report was submitted as information only to the Authority.

As recommended by the Division of Procurement Services, and in accord with Section 11-35-1230, the Authority received the audit report of Orangeburg-Calhoun Technical College as information only.

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

Executive Director: Revenue Bonds (Blue Agenda Item #4)

The Authority approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Spartanburg County
Amount of Issue: \$300,000 Special Source Revenue Bonds
Allocation Needed: -0-
Name of Project: Liberty Property Limited Partnership
Employment Impact: to be determined
Project Description: expansion of corporate office park
Bond Counsel: Jeremy L. Cook, Haynsworth Sinkler Boys, P. A.
(Exhibit 4)

Mr. Eckstrom asked why this transaction was being handled as a bond issue. Will Johnson, bond counsel, appeared before the Authority on this matter. He stated it is being treated as a bond because the deal is between a landlord and tenant and the property taxes will pass through to the tenant. He said the landlord/developer is incurring the expenses for the

infrastructure of the property and the bond will facilitate the infrastructure cost. Mr. Eckstrom asked who the developer is. Mr. Johnson said the developer is Liberty Property Limited Partnership.

- b. Issuing Authority: State Housing Finance and Development Authority
- Amount of Issue: Not Exceeding \$30,000,000 Multifamily Housing Revenue Bonds
- Allocation Needed: \$30,000,000 (carryforward will be used)
- Name of Project: Various Rural Housing Apartments
- Employment Impact: 100+ (retained)
- Project Description: acquisition and rehabilitation of affordable housing complexes located throughout South Carolina
- Bond Counsel: Ray E. Jones, Parker Poe Adams & Bernstein (Exhibit 5)

Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#1)

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

Establish Project for A&E Design

- (a) Summary 8-2017: JBRC Item 1. (H51) Medical University of South Carolina Project: 9836, Basic Science Building 7th Floor Biorepository & Histology Lab Renovations
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: Pending CHE Board approval on June 1st.

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, College of Medicine Clinical Revenue	0.00	0.00	0.00	22,500.00	22,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>22,500.00</u>	<u>22,500.00</u>

Funding Source: \$22,500 Other, College of Medicine Clinical Revenue Funds, which is revenue generated from patient care.

Request: Establish project and budget for \$22,500 (Other, COM Clinical Revenue Fund) to establish a project to begin the Phase I schematic design for the renovation

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of approximately 4,000 square feet of vacant, partially demolished lab space on the 7th floor of the Basic Science Building to enable the co-location of the following labs: Histology & Immunohistochemistry Lab, Hollings Center Biorepository and Tissue Analysis Lab, Brain Bank Lab, and the Electron Microscopy and Histology Labs. The goal is to realize research efficiencies by co-locating the labs to provide enhanced quality of operations within and between each laboratory. The newly renovated labs will represent MUSC’s progressive development in tissue and biorepository research and facilitate future development of the program. The 47 year old facility was constructed in 1970 and is 335,643 square feet. Approximately 10 faculty and staff will use the facility. The agency estimates that the completed project will cost approximately \$1,500,000.

- (b) Summary 8-2017: JBRC Item 2. (H51) Medical University of South Carolina Project: 9837, Clinical Sciences Building Cooling Towers Replacement
 Included in Annual CPIP: No
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/1/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Institutional Deferred Maintenance	0.00	0.00	0.00	27,000.00	27,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>27,000.00</u>	<u>27,000.00</u>

Funding Source: \$27,000 Other, Institutional Deferred Maintenance, which is funded by Indirect Cost Recovery Funds.

Request: Establish project and budget for \$27,000 (Other, Institutional Deferred Maintenance Fund) to establish a project to begin the Phase I schematic design for the replacement of three (3) cooling towers at the Clinical Sciences Building. These cooling towers are at the end of their useful life and in need of replacement. The existing structural steel support system is severely deteriorated and must be replaced. Temporary, wood supports have been installed under the towers as a safety measure until the towers can be replaced. Replacement of the steel would require removal of the cooling towers. Replacement of the towers at the same time as replacement of the steel provides the most economical solution. The 42 year old facility was constructed in 1975 and is 273,899 square feet. The agency estimates that the completed project will cost approximately \$1,800,000.

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- (c) Summary 8-2017: JBRC Item 3. (H51) Medical University of South Carolina Project: 9838, Clinical Sciences Building 8th Floor Northwest Side Renovation
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/1/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, College of Medicine Clinical Revenue	0.00	0.00	0.00	21,000.00	21,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>21,000.00</u>	<u>21,000.00</u>

Funding Source: \$21,000 Other, College of Medicine Clinical Revenue Funds, which is revenue generated from patient care.

Request: Establish project and budget for \$21,000 (Other, COM Clinical Revenue Fund) to establish a project to begin the Phase I schematic design for the renovation of approximately 7,000 square feet of existing lab and office space on the northwest side of the 8th floor of the Clinical Sciences Building. The goal of the renovation is to increase the operational efficiency and collaboration of the various work groups within the Department of Medicine. Renovations will create open, contemporary, functional, interchangeable, and translational office and open work areas to accommodate the department's residency and medical teaching programs, as well as the department clinical trials programs. The existing space is original to the building and difficult to efficiently use for the departments teaching and research programs. This renovation will compliment adjacent renovations on the south end of this same floor. The 42 year old facility was constructed in 1975 and is 273,899 square feet. Approximately 100 Internal Medicine Residents, 28 Medical Students, 48 Department of Medicine staff, 10 Department of Medicine faculty will use the facility. The agency estimates that the completed project will cost approximately \$1,400,000.

- (d) Summary 8-2017: JBRC Item 4. (H51) Medical University of South Carolina Project: 9839, Thurmond Gazes Building 6th Floor Alcohol Research Center Renovations
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/1/17

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<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, College of Medicine Clinical Revenue	0.00	0.00	0.00	34,500.00	34,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>34,500.00</u>	<u>34,500.00</u>

Funding Source: \$34,500 Other, College of Medicine Clinical Revenue Funds, which is revenue generated from patient care.

Request: Establish project and budget for \$34,500 (Other, COM Clinical Revenue Fund) to establish a project to begin the Phase I schematic design for the renovation of approximately 8,500 square feet along the north side and a portion of the central core of the 6th floor of the Thurmond Gazes Building for the Alcohol Research Center (ARC). The 6th floor labs are currently unoccupied and partially demolished. The project will provide for behavioral research. The renovation will create three new animal housing spaces and require the addition of an HVAC system to meet Association for Assessment and Accreditation of Laboratory Animal Care requirements. Existing lab casework, etc. will be reused where practical. The 21 year old facility was constructed in 1996 and is 200,339 square feet. Approximately 25-30 faculty and staff will use the facility. The agency estimates that the completed project will cost approximately \$2,300,000.

- (e) Summary 8-2017: JBRC Item 6. (J16) Department of Disabilities & Special Needs
 Project: 9913, Midland Center – Electrical Power Grid Conversion
 Included in Annual CPIP: No
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Excess Debt Service	0.00	0.00	0.00	19,500.00	19,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>19,500.00</u>	<u>19,500.00</u>

Funding Source: \$19,500.00 Excess Debt Service Funds, which are funds invested and held by the State Treasurer’s Office on behalf of SCDDSN and are comprised of revenues of the commission that exceeds the payment due or to become due during the then current fiscal year and an additional sum equal to the maximum annual debt service requirement of the obligations for a succeeding fiscal year.

Request: Establish project and budget for \$19,500.00 (Excess Debt Service Funds) to

establish Phase I for the high voltage electrical distribution grid conversion at Midlands Center. The system needs major upgrade in order to avert catastrophic failure and to turn over of ownership to South Carolina Electric and Gas. SCE&G will rebuild the overhead facilities and replace the underground primary and all three phase transformers currently feeding the facility. DDSN's existing 8 KV system will be converted to 23 KV, requiring the current 15 KV underground cable to be upgraded to 25 KV cable. All transformers will be converted to dual wound transformers to accommodate the new voltage. When work is complete all primary facilities will meet SCE&G specifications at 23 KV system voltage, standard. DDSN currently owns the Midland Center campus wide electrical power distribution grid. However, DDSN has no staff with required expertise to maintain the high voltage system. The overhead facilities and underground cable are beyond useful life expectancy. Several partial failures on underground cable have occurred, as well as downed overhead lines due to storms in recent years. DDSN recognizes the safety and reliability needs for SCE&G to take ownership of the Midlands Center electrical distribution grid. The Midlands Center property was deeded to DDSN from DMH in 1971, and the power grid was existing. The last major upgrade of the system was in 1974, when SCE&G added the substation, and the department added switch gear, pad mounted transformers, duct banks, switches, and overhead primaries; however, this was not a complete new system. Since 1974 only minor maintenance has been done, with cleaning of transformers, painting of equipment, added new labels, and minor component replacements. This work was performed in 2007. Underground failures have occurred on several occasions in recent years requiring emergency response to replace underground cables. More failures are anticipated, as the system is well beyond life expectancy. Approximately 150 residents plus 380 staff for the Midlands Center utilize this system. The agency estimates that the completed project will cost approximately \$1,300,000.

Mr. Eckstrom asked when DDSN makes improvements and transfers ownership of its electrical grid to SCE&G what impact would that have on the cost of electrical services to DDSN. No one from DDSN was present to answer the question. Mr. Gillespie stated that he would follow up with DDSN for an answer to Mr. Eckstrom's question.

Phase I Increase (for A&E Design)

- (f) Summary 8-2017: JBRC Item 7. (H15) College of Charleston
Project: 9665, McAlister Residence Hall Renovation
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: November 2016

CHE Recommended Approval: 4/26/17

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<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Housing Revenue	88,980.00	0.00	88,980.00	159,480.00	248,460.00
All Sources	<u>88,980.00</u>	<u>0.00</u>	<u>88,980.00</u>	<u>159,480.00</u>	<u>248,460.00</u>

Funding Source: \$159,480 Other, Housing Revenue, which is a self-supporting auxiliary enterprise generated primarily through the Student Housing Fee paid only by students who reside in on-campus housing. The Student Housing Fee is on a sliding scale based on the amenities, number of beds per room, and location of the residence hall or historic home.

Request: Increase budget to \$248,460 (add \$159,480 Other, Housing Revenue Fund) increase the Phase I budget to continue the Phase I pre-design work for renovations to McAlister Residence Hall at the College of Charleston. It has become evident that the building envelope/structural conditions have greatly deteriorated over the past few years. The additional fee request, which is above the normal 1.50% of the total projected cost of the project, will provide building envelope/structural destructive testing at 30 locations to determine the root cause of building envelope/structural deficiencies (large cracks), and the appropriate method for repairs. The 152,142 square foot building and system(s) to be renovated are 14 years old. This project will address HVAC issues and structural deficiencies, as well as, refresh the residence hall's exterior and interior paint, flooring, furniture and plumbing fixtures. The elevator's electronic controls will also be upgraded. A concentration of the facility's HVAC units are discharging hot air into corridors requiring the constant use of large noisy centrifugal box fans during warm weather. This will be remedied by installing a new HVAC system on the roof for this section of the building. There will also be select replacement of failing individual suite HVAC units throughout the rest of the facility. Building envelope failures are allowing water intrusion. Visible damage can be seen at window openings and corrosion is suspected on the wall framing meter components. The building envelope will be repaired then waterproofed. The facility provides housing for approximately 535 co-ed underclassman students. The agency estimates that the completed project will cost approximately \$5,932,000.

Establish Construction Budget

- (g) Summary 8-2017: JBRC Item 8. (H59) Piedmont Technical College Project: 9886, Piedmont Upstate Center for Manufacturing Excellence Included in Annual CPIP: Yes – CPIP Priority 1 of 1 in FY18 JBRC/SFAA Phase I Approval: June 2004

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CHE Recommended Approval: 6/1/17

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY16-17 Proviso 118.16	0.00	3,750,000.00	3,750,000.00	0.00	3,750,000.00
Other, PTC Local Funds	250,000.00	(18,695.00)	231,305.00	4,718,999.00	4,950,304.00
Other, Greenwood Local Sales Tax	0.00	0.00	0.00	6,099,696.00	6,099,696.00
All Sources	<u>250,000.00</u>	<u>3,731,305.00</u>	<u>3,981,305.00</u>	<u>10,818,695.00</u>	<u>14,800,000.00</u>

Funding Source: \$3,750,000 Appropriated State, FY16-17 Proviso 118.16 (nonrecurring).
 \$4,950,304 Other, PTC Local Funds, which are a combination of a dedicated capital fee (\$150 per fulltime student) included in their tuition, and residual balance transfers that have been approved by their Area Commission.
 \$6,099,696 Other, Greenwood Local Option Sales Tax, which are funds to be received quarterly starting in January 2018 from the 2016 Greenwood County local option sales tax appropriation.

Request: Increase budget to \$14,800,000 (add \$10,818,695 Other, PTC Local and Greenwood Local Sales Tax) to establish the Phase II budget for the construction of a new facility that will be used to house several industrial programs at the college such as CNC Technology, Welding and Mechatronics. A section of the building will also allow for specialized training programs. The current facilities used by the programs are undersized and outdated. The 45 year old labs and classrooms continue to be a safety, code and deferred maintenance concern. Existing space requirements needed for an ideal teaching environment is inadequate. The new 45,500 square foot Industrial Training Center will be constructed on an 8 acre property located adjacent to the Greenwood Campus as described in the College Vision 2020 plan. The facility will include new classrooms, machine tool and CNC labs, a welding lab with 45 stations, administrative offices and 5,000 square foot of flexible lab space for Ready SC Industrial Training. It will also provide the programs with updated safety equipment to better support new and evolving local, state, and federal requirements. The new facility will meet the two Green Globes sustainability design process and construction requirement with a potential \$121,100 in operating costs savings over a 30 year period. The college expects to serve approximately 441 students, instructors, and administrative personnel throughout the day, afternoon, and evening classes. The Economic Development Division trains 750 students in customized training programs a year that are located off campus due to the lack of current facility space on campus. These students, plus additional students will be able to use this

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centralized space for training. The agency estimates that the completed project will cost approximately \$14,800,000. The agency also reports the projects date for execution of the construction contract is February 2018 and for completion of construction is February 2019. (See attachment 1 for this agenda item for additional annual operating costs.)

- (h) Summary 8-2017: JBRC Item 11. (N04) Department of Corrections
 Project: 9731, Deferred Maintenance and Renovations
 Included in Annual CPIP: Yes - CPIP Priority 1 of 1 in FY17
 JBRC/SFAA Phase I Approval: September 2016

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY16 Carryforward	49,800.00	0.00	49,800.00	3,270,200.00	3,320,000.00
All Sources	<u>49,800.00</u>	<u>0.00</u>	<u>49,800.00</u>	<u>3,270,200.00</u>	<u>3,320,000.00</u>

Funding Source: \$3,320,000 Appropriated State, FY16 Carryforward funds, which are from the remaining FY16 Personnel Services funds.

Request: Increase budget to \$3,320,000 (add \$3,270,200 FY16 Carryforward Funds) to begin Phase II for the most critical maintenance repairs, renovations, and system and equipment replacement for the Agency's 26 institutions and support service buildings located statewide which is more than 6.5 million square feet of building space. The Division of Facilities Management performs a yearly detailed assessment report of the Agency's facilities to determine the physical defects that must be corrected to maintain the buildings operationally. None of the building deficiencies are merely due to the failure to maintain the systems, equipment or structures. The project will address life cycle replacement issues for fire/life safety, accessibility, energy conservation, HVAC and electrical/electronic and environmental health, including asbestos and indoor air quality. The buildings age range from 23 years to over 44 years with an average of 144,230 square feet. The specific systems to be replaced in this project include the following: 1) Evans Correctional Institution Chiller # 2 (Central Energy Plant), for \$360,000. 2) Camille Graham Correctional Institution Fire Alarm System (less the Dana Dorm) for \$750,000. 3) Broad River Correctional Institution Underground emergency power cabling system for \$300,000. 4) MacDougall Correctional Institution Chiller for Kitchen/Dining Building for \$250,000. 5) Lieber Correctional Institution Cooling Tower (Central Energy Plant) for \$375,000. 6) Evans Correctional Institution Cooling Tower (Central Energy Plant) for \$375,000. 7) Trenton Correctional Institution Chillers (total of six) for \$910,000. The agency estimates that the completed project will cost approximately \$3,320,000. The

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agency also reports the projects date for execution of the construction contract is December 2017 and for completion of construction is July 2020.

- (i) Summary 8-2017: JBRC Item 12. (P28) Department of Parks, Recreation & Tourism
 Project: 9754, Hunting Island State Park Beach Restoration
 Included in Annual CPIP: Yes – CPIP Priority 1 of 3 in FY14
 JBRC/SFAA Phase I Approval: April 2015

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
FY16-17 Appropriated State, Proviso 118.16 nonrecurring	0.00	0.00	0.00	10,703,486.00	10,706,486.00
Other, Park Revenue	105,000.00	0.00	105,000.00	0.00	105,000.00
Other, Motion Picture Incentive	0.00	0.00	0.00	1,247,418.00	1,247,418.00
All Sources	<u>105,000.00</u>	<u>0.00</u>	<u>105,000.00</u>	<u>11,950,904.00</u>	<u>12,055,904.00</u>

Funding Source: \$10,706,486 Appropriated State, FY16-17 Proviso 118.16 (nonrecurring). \$105,000 Other, Park Revenue, which is funds generated through admissions, camping, retail sales, etc. \$1,247,418 Other, Motion Picture Incentive, which are funds provided by Proviso 49.9 from FY14, and can be used by the department for capital improvements to the state’s Welcome Centers, for deferred maintenance and capital projects at state parks, and for marketing/advertising.

Request: Increase budget to \$12,055,904 (add \$11,950,904 FY16-17 Appropriated State, Proviso 118.16 (nonrecurring) and Other, Motion Picture Incentive Funds.) to establish the Phase II construction budget for the renourishment of the beach and construction of 2 additional groins at Hunting Island State Park. The beach was last nourished in 2007 and six groins were constructed in 2008. The project has performed as designed and slowed erosion significantly. Additional groins and nourishment are needed to maintain a safe high tide beach for park visitors. When brought for Phase I, the estimate for the total projected cost of the project was \$7,000,000. Additional erosion has occurred since the Phase I submission for this project due to Hurricane Joaquin in October 2015 and Hurricane Matthew in October 2016. It is anticipated that \$1,247,418 will be reimbursed by FEMA. The agency estimates that the completed project will cost approximately \$12,055,904. The agency also reports the projects date for execution of the construction contract is October 2017 and for completion of construction is May 2018.

Phase II Increase

- (j) Summary 8-2017: JBRC Separate Item. (H27) University of South Carolina - Columbia
 Project: 6118, Classroom/Laboratory Redevelopment
 Included in Annual CPIP: Yes – CPIP Priority 2 of 8 in FY17
 JBRC/SFAA Phase II Approval: February 2016

CHE Recommended Approval: 5/11/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Institution Bonds	0.00	0.00	0.00	43,495,000.00	43,495,000.00
FY16 Capital Reserve	3,500,000.00	0.00	3,500,000.00	0.00	3,500,000.00
All Sources	<u>3,500,000.00</u>	<u>0.00</u>	<u>3,500,000.00</u>	<u>43,495,000.00</u>	<u>46,995,000.00</u>

Funding Source: \$43,495,000 Institution Bonds, which are backed by the full faith and credit of the State of South Carolina and are issued under the state’s AAA credit rating. The debt service for State Institution Bonds is the student tuition fees collected each semester. \$3,500,000 FY16 Capital Reserve Funds.

Request: Increase budget to \$46,995,000 (Institution Bonds & FY16 Capital Reserve Funds) to establish the construction budget for the renovation of the former Law Center for the adaptive reuse of the facility to provide additional classrooms and laboratory space. The renovation will include the complete abatement of asbestos-containing materials and the removal of lead-based paint. A significant portion of the project will address maintenance needs and enhance energy efficiency since much of the original mechanical, electrical and plumbing are at the end of their serviceable life and will be replaced. Associated site work will include underground utilities, parking and pedestrian hardscape and replacing existing parking with green space. Three floors in the west tower will be upfitted for 17 instructional science labs, classrooms, office and student study spaces. A portion of the 193,973 gross square foot building will be retained as shell space for the future upfit of classrooms and faculty offices. The upgrades and replacements in this project will address maintenance needs within the existing 44 year old facility that was constructed in 1973. The renovation will also address academic programming needs and laboratory shortages resulting from increases in enrollment. The facility will be utilized by the College of Arts and Sciences to conduct science teaching labs, specifically various levels of chemistry. The facility will be renovated to meet LEED Silver certification standards with an estimated cost savings of \$7,099,412 over a 30 year period. The agency estimates that the completed project will cost approximately \$46,995,000. The agency also reports the projects date for execution of the construction contract is January 2018 and for

completion of construction is August 2019. (See attachment 2 for this agenda item for additional annual operating cost savings.)

Final Land Acquisition & Change Project Name

- (k) Summary 8-2017: JBRC Item 16. (H27) University of South Carolina - Columbia Project: 6120, 1800 Gervais Street Property Acquisition Project
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: December 2016

CHE Recommended Approval: 5/11/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Institution Capital Project	20,000.00	0.00	20,000.00	839,703.84	859,703.84
All Sources	<u>20,000.00</u>	<u>0.00</u>	<u>20,000.00</u>	<u>839,703.84</u>	<u>859,703.84</u>

Funding Source: \$839,703.84 Other, Institution Capital Project Funds, which are generated from the portion of tuition and fees designated for Bond and Renovation Reserve. These funds pay debt service first and the remainder is used for capital improvements.

Request: Increase budget to \$839,703.84 (Other, Institution Capital Project Funds) to exercise a lease option to acquire a two-story 19,575 gross square foot structure on .7 acres of land at the southeast corner of the Barnwell and Gervais Street intersection. The building is owned by the State of South Carolina and has been leased to the University of South Carolina since May 2012. The building is occupied for research by the Institute for Mind and Brain and is also occupied by Psychology faculty, both affiliated with the College of Arts and Sciences. The facility is used by approximately 15 Psychology Department faculty actively involved in cognitive neuroscience research, 28 IMB affiliated faculty who may attend meetings in the facility and use the research labs and data labs, 1 administrative staff member, approximately 20 graduate students conducting facets of research projects along with 20 undergraduates serving in independent study or lab staff positions. The “clients” who serve as participants in the laboratory tests and experiments include approximately 50-150 undergraduate students per week and 10-20 members of families who have been recruited for various grant funded research (infants, special needs children, etc.). Altogether, the property serves to support vital cognitive neuroscience research taking place at the University of South Carolina. Upon initial occupancy in 2012, the College of Arts and Sciences renovated the building to accommodate specialized research and the university desires to maintain occupancy of this building to support research and academic

programs. Suitable space does not exist on campus to relocate these programs. Subject to the approval of any required governmental entities, the current lease grants to the tenant the option to purchase all of the landlord’s right, title, and interest in the demised premises at any time during the lease, at a price equal to the appraised value of the demised premises within two months of the time the option is exercised less the total of basic rent payments made by the tenant during the original lease term from May of 212 to June 30th of 2016. The property appraised at a value of \$1,625,000. Base rent of \$785,296.16 has accrued towards the purchase cost (to be equal to the appraised value). The difference is the requested amount to be increased. The agency reports the total projected cost of this project is \$859,703.84. The agency also reports the projects date for completion is June 2017. (See attachment 3 for this agenda item for additional annual operating costs.)

Mr. Loftis asked how many rent-to-own leases are in existence. He asked if they all allowed for the base rent to be applied to the purchase price. David Avant, General Counsel for the Department of Administration, stated that he was not aware of any other projects like this one. Mr. Loftis stated that this is like a subsidy and the Authority should know about it when they are transacted. Mr. Avant said they will try to make the accommodation. Mr. Eckstrom commented that he does not think this is a standard practice for the State to allow lease payments to be applied against the eventual purchase, but that the intent was for the University of South Carolina to acquire the property.

Final Land Acquisition

- (1) Summary 8-2017: JBRC Item 17. (P24) Department of Natural Resources
Project: 9959, Colleton – South Fenwick Island Land Acquisition
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: December 2016

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Federal, North American Wetlands Conservation Act Grant	15,000.00	0.00	15,000.00	525,500.00	540,500.00
Federal, National Coastal Wetlands Conservation Grant	0.00	0.00	0.00	1,850,700.00	1,850,700.00

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Other, SC Conservation Bank	0.00	0.00	0.00	500,000.00	500,000.00
All Sources	<u>15,000.00</u>	<u>0.00</u>	<u>15,000.00</u>	<u>2,876,200.00</u>	<u>2,891,200.00</u>

Funding Source: \$540,500 Federal, North American Wetlands Conservation Act grant, which is a program administered by the U.S. Fish & Wildlife Service. Enacted in 1989, it provides federal cost sharing to eligible entities to implement the North American Waterfowl Management plan, an international agreement for the long-term protection of wetlands and associated uplands needed by waterfowl. \$1,850,700 Federal, National Coastal Wetlands Conservation grant, which is a program administered by the U.S. Fish & Wildlife Service. Enacted in 1991, it provides matching grants to eligible entities to coastal states for the acquisition, restoration, enhancement, management and preservation of coastal wetlands. \$500,000 Other, SC Conservation Bank, which was created by Act 200 of 2002. The Bank’s mission is to improve the quality of life in SC through conservation of significant natural resource lands, wetlands, historical properties, and archaeological sites. Eligible entities may apply for and receive trust grants.

Request: Increase budget to \$2,891,200 (add \$2,876,200 Federal, North American Wetlands Conservation Act grant, Federal, National Coastal Wetlands Conservation grant, and Other, SC Conservation Bank funds), for the acquisition of +/- 405 acres of land in southeastern Colleton County. The land is offered to DNR by The Nature Conservancy of Mount Pleasant, SC, at a purchase price of \$2,876,200. An appraisal conducted in July 2014 and re-certified February 2017 valued the tract at \$2,876,200. The island is located within the ACE Basin Focus Area. It is bordered by rivers on two sides and contains wildlife openings, fields, forested areas, freshwater ponds, and tidal creeks. The property functions as an important breeding, nesting and foraging site for waterfowl, wading birds, bats, songbirds, reptiles, marine and anadromous fish, crayfish and other species. The island provides habitat for 57 terrestrial species and 43 aquatic species. These species, as noted in DNR’s State Wildlife Action Plan, include endangered species such as the West Indian manatee, Atlantic and short nose sturgeon, wood stork, bald eagle and swallow-tailed kite. Game and furbearer species on the island include white-tailed deer, Eastern wild turkey, river otter and mink. The island also contains Revolutionary and Civil War cultural resource sites. Once acquired the island will be protected in perpetuity as part of the National Estuarine Research Reserve. The property will be open to the public for outdoor recreational and educational activities. The agency reports the total projected cost of this project is \$2,891,200. The agency also reports the projects date for completion is August 2017. (See attachment 4 for this agenda item for additional annual operating costs.)

Mr. Eckstrom asked how long DNR has owned the property. Ken Prosser with DNR appeared before the Authority. He said the property was bought in December 2014. He said they applied for federal grants to acquire the property. Mr. Loftis asked if any Conservation Bank money was used to purchase the property or if it came about due to wetlands mitigation. He said the purchase was initially established using a loan from the Donnelley Foundation and DNR has applied for a grant from the Conservation Bank which is being applied toward the purchase.

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: Medical University of South Carolina Lease – 176 Croghan Spur Road in Charleston (Regular #2)

The Medical University of South Carolina (MUSC) requested approval to continue leasing 7,267 square feet (SF) located at 176 Croghan Spur Road in Charleston from R-WINN ALBEMARLE LLC, R-WINN III ALBEMARLE LLC, and ROSS ALBEMARLE, LLC (collectively the “Landlord”) for MUSC’s Psychiatry Family Services Research Department.

A solicitation was conducted and the selected location was the only response received.

MUSC will exercise the Renewal Term contained in the current lease which shall be for five (5) years beginning on August 28, 2017. Basic rent for the first year of the Renewal Term shall be \$28.40/SF; which includes an allocation of \$10.73/SF for operating expenses. Thereafter, basic rent shall increase annually as detailed in the table below. After the first year of the Renewal Term, MUSC will also be responsible for any operating costs exceeding the initial year allocation, subject to a cap of three (3) percent. As such, the maximum amount the agency could pay over the term is \$1,067,740.30.

	<u>PERIOD</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>	<u>MAX OPERATING COST</u>	<u>TOTAL</u>
YR 1	08/28/2017 to 08/27/2018	\$206,382.84	\$17,198.57	\$ 28.40 rounded	\$0.00	\$206,382.80

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YR 2	08/28/2018 to 08/27/2019	\$208,926.24	\$17,410.52	\$ 28.75 rounded	\$2,325.44	\$211,251.68
YR 3	08/28/2019 to 08/27/2020	\$211,542.36	\$17,628.53	\$ 29.11 rounded	\$2,398.11	\$213,940.47
YR 4	08/28/2020 to 08/27/2021	\$214,231.20	\$17,852.60	\$ 29.48 rounded	\$2,470.78	\$216,701.98
YR 5	08/28/2021 to 08/27/2022	\$216,919.92	\$18,076.66	\$ 29.85 rounded	\$2,543.45	\$219,463.37
Total						\$1,067,740.30

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

Tenant	Location	Rate
Clemson University	701 East Bay Street	\$34.59/SF
Vacant	550 King Street	\$34.00/SF
Vacant	205 King Street	\$39.00/SF

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

The lease contains sufficient free surface parking surrounding the building.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by the MUSC Board of Trustees on February 10, 2012 (original lease and renewal), the Commission on Higher Education on June 1, 2017, and JBRC on June 6, 2017.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority, as recommended by the Department of Administration, Facilities Management and Property Services, approved the proposed lease for the Medical University of South Carolina at 176 Croghan Spur Road in Charleston.

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: State Ethics Commission Lease – 201 Executive Center Drive in Columbia (Regular Session Item #3)

The State Ethics Commission requested approval to lease 7,919 square feet (SF) located at 201 Executive Center Drive in Columbia from SNH Medical Office Properties Trust (the “Landlord”).

The agency has been in its current space for twenty-nine years but must move due to sale of the building. A solicitation was conducted and two responses were received. The selected location does not represent the lowest bid; however, the other bid received was eliminated due to inadequate parking and security concerns.

The space will accommodate current staff and provide additional square footage for a large public hearing room and future growth. The term of the lease shall be for ten (10) years beginning upon completion of renovations by the Landlord, which is anticipated to be August 1, 2017. Basic rent for the first year shall be \$15.00/SF, which is \$0.65/SF less than their current location. Thereafter, basic rent shall increase annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER RSF</u>
YEAR 1	\$ 118,785.00	\$ 9,898.75	\$ 15.00
YEAR 2	\$ 122,645.52	\$ 10,220.46	\$ 15.49 Rounded
YEAR 3	\$ 126,631.44	\$ 10,552.62	\$ 15.99 Rounded
YEAR 4	\$ 130,746.96	\$ 10,895.58	\$ 16.51 Rounded
YEAR 5	\$ 134,996.28	\$ 11,249.69	\$ 17.05 Rounded
YEAR 6	\$ 139,383.72	\$ 11,615.31	\$ 17.60 Rounded
YEAR 7	\$ 143,913.60	\$ 11,992.80	\$ 18.17 Rounded
YEAR 8	\$ 148,590.84	\$ 12,382.57	\$ 18.76 Rounded
YEAR 9	\$ 153,420.00	\$ 12,785.00	\$ 19.37 Rounded
YEAR 10	\$ 158,406.24	\$ 13,200.52	\$ 20.00 Rounded

All operating costs are included in the rent. As such, the maximum amount the State Ethics Commission could pay over the term is \$1,377,519.60.

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

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Tenant	Location	Rate
Vacant	121 Executive Center Drive	\$16.00/SF
Vacant	107 Westpark Boulevard	\$17.00/SF
Vacant	140 Stoneridge Drive	\$16.50/SF
Vacant	2000 Center Point Road	\$18.50/SF

Above rates are subject to escalations over the term.

The CBRE MarketView Columbia Office Q1 2017 report indicates an average rate of \$22.72/SF in the Columbia Business District and \$16.48/SF in the greater Columbia area.

The Landlord is providing a tenant improvement allowance of \$36.00/SF. The lease also contains sufficient free surface parking surrounding the building. Additionally, the landlord for the agency's current location (which is being sold) is providing the agency a buy-out package of \$84,050 to cover moving costs, cabling, and reimbursement for a security system installed by the agency at that location.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by JBRC on June 6, 2017.

Mr. Eckstrom stated that the Executive Director for the Ethics Commission should be commended for reducing the rent. Steve Hamm, Executive Director for the Ethics Commission, commented that the location is a good one for them, in part, because it does not require paid parking for the staff or the public.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority, as recommended by the Department of Administration, Facilities Management and Property Services, approved the proposed lease for the State Ethics Commission at 201 Executive Center Drive in Columbia.

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

Department of Commerce: Not Exceeding \$40,500,000 General Obligation State Economic Development Bonds of the State of South Carolina (Regular Session Item #4)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$40,500,000 General Obligation State Economic Development Bonds of the State of South Carolina.

The bond issuance is in connection with an investment in the State by Wanli Tire

Corporation Limited (Wanli Tire). Wanli Tire has announced plans to construct facilities in Orangeburg County, South Carolina for the manufacture of tires. The project is expected to result in an investment in the State of at least \$400,000,000 and the creation of at least 400 new jobs.

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$40,500,000 General Obligation State Economic Development Bonds of the State of South Carolina.

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

University of South Carolina: Not Exceeding \$45,000,000 General Obligation State Institution Bonds (Issued on Behalf of the University of South Carolina, Series 2017, of the State of South Carolina (Regular Session Item #5))

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$45,000,000 General Obligation State Institution Bonds (Issued on Behalf of the University of South Carolina), Series 2017, of the State of South Carolina.

The proceeds of the bonds will be used to construct, reconstruct, improve, furnish, and refurbish the site and building comprising its former, or soon to be former, law school facility in order to provide classroom, laboratory, and other space for the use of the University and its students.

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$45,000,000 General Obligation State Institution Bonds (Issued on behalf of the University of South Carolina), Series 2017, of the State of South Carolina.

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

Future Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority agreed to meet at 10:00 a.m. on Tuesday, August 22, 2017, in Room 252, Edgar A. Brown Building.

Executive Session

Department of Mental Health: Personnel Settlement (Executive Session #1)

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority, pursuant to SC Code Section 30-4-70(a)(1), agreed to meet in executive session to consider executive session item #1 concerning a personnel settlement for the Department of Mental Health for approval of payment of back wages and liquidated damages for violation of the Fair Labor Standards Act.

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

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority approved the Department of Mental Health's request to pay back wages and liquidated damages in varying amounts to seventy seven current and former Department of Mental Health employees in the total amount of \$586,238.48.

Adjournment

The meeting adjourned at 10:45 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 4:00 p.m. on Friday, June 9, 2017.]