MINUTES OF THE STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

June 28, 2022 – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, June 28, 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;
Senator Harvey S. Peeler, Jr., Chairman Senate Finance Committee; and
Representative J. Gary Simrill, Chairman, Ways and Means Committee.
Mr. Richard Eckstrom, Comptroller General, participated in the meeting via video.

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

Adoption of Agenda for State Fiscal Accountability Authority

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

Minutes of Previous Meetings

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority approved the minutes of the May 31, 2022, State Fiscal Accountability Authority meeting.

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

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: Coastal Carolina University
H17.9624: Indoor Practice Facility Construction

Request: Establish Phase I Pre-Design Budget to construct an approximately 90,000 square foot indoor practice facility.

Included in CPIP: Yes – 2021 CPIP Priority 4 of 5 in FY22 (estimated at $15,000,000)
CHE Approval: 06/02/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Auxiliary Reserves				375,000	375,000
All Sources				375,000	375,000

Summary of Work: The project will construct an indoor practice facility that will include a full-sized synthetic turf football field, a coach's tower, a training room, video recording platforms, lighting and sound systems, restrooms, and storage space. High ceilings will allow for special teams' work. The building will not be conditioned.

Rationale: Per the university, the football program currently has no adequate indoor practice location. An indoor practice facility will assist with alleviating conflicts among multiple sports for practice space which promotes student-athlete welfare by allowing more flexibility around student-athlete academic schedules. In inclement weather, this facility will enable consistency with practices and provide enhanced safety allowing practices to continue during inclement weather. Practice time is highly regulated by NCAA rules and is largely perishable. A lost practice cannot be made up without special waivers to rules. During off-peak usage it can be utilized by other athletic programs, club sports, as a campus gathering place for special events, and in extreme cases, provide another large scale local/regional asset for potential emergency management use.

Facility Characteristics: The new approximately 90,000 square foot indoor practice facility will be used by approximately 100 football players and 30 coaching and support staff.

Financial Impact: The project will be funded from Auxiliary Reserve Funds (uncommitted balance $6.77 million at June 23, 2022). Revenue to this fund is discretionary funds derived from food service, vending and bookstore commissions. The project is expected to result in an increase of $261,760 (years 1 thru 3), in annual operating expenses. No student fees or tuition will be increased because of the project. A portion of tuition is designated for capital improvements, currently $505 per student per semester, and has decreased from $595 to $505 for the academic years 2014-2015 to 2021-2022.

Full Project Estimate: $15,000,000 (internal) funded by Auxiliary Reserves and Donor Gift Funds. Phase II will be funded by $5,000,000 in Auxiliary Reserves, and $10,000,000 in secured private donor gifts funded through the Chanticleer Athletic Foundation.

(b) Project: JBRC Item 2: University of South Carolina - Columbia
H27.6143: Swearingen Infrastructure Replacement Renovation

Request: Establish Phase I Pre-Design Budget to replace aged mechanical HVAC and electrical infrastructure at Swearingen Engineering Center.

Included in CPIP: Yes – 2021 CPIP Priority 12 of 15 in FY22 (estimated at $9,000,000)
CHE Approval: 06/02/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Institutional Capital Project				135,000	135,000
All Sources				135,000	135,000

Summary of Work: This project will replace the main mechanical air handling units, replace portions of the ductwork that are fiber board (non-metallic), replace variable air volume units, replace pneumatic mechanical controls with digital controls, install a sprinkler system, remove existing aged acoustical ceilings to install mechanical and sprinkler work, replace the fire alarm system, install new LED lighting, and abate asbestos as required.

Rationale: The mechanical HVAC and electrical infrastructure are original to the building and have exceeded their useful lives. The absence of a sprinkler system and an aged fire alarm system render the building non-compliant with current life safety codes.

Facility Characteristics: Swearingen Engineering Center is 217,466 gross square feet and was constructed in 1987 (35 years old). Approximately 4,070 students, faculty, staff, and clients utilize the facility.

Financial Impact: This project will be funded from Other, Institutional Capital Project Fund (uncommitted balance $27.1 million at January 31, 2022). Revenue to the fund is 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. The project is expected to result in a decrease of annual operating costs, but those amounts have not yet been determined. No student fees or tuition will be increased because of the project. A portion of tuition is designated for capital improvements, currently $40 per student per semester, and has not changed since FY14-15.

Full Project Estimate: $9,000,000 (internal) funded by Institutional Capital Project Funds.

(c) Project: JBRC Item 3: University of South Carolina - Columbia
H27.6131: Thornwell College Maintenance Renovation

Request: Establish Phase II Full Construction Budget to renovate the residential portion of the building.

Included in CPIP: Yes – 2021 CPIP Priority 9 of 13 in FY22 (estimated at $12,000,000)

Phase I Approval: August 2019 (estimated at $12,000,000) (SFAA)
CHE Approval: 06/02/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Housing Maintenance Reserve	165,000		165,000	12,425,000	12,590,000
All Sources	165,000		165,000	12,425,000	12,590,000

Summary of Work: This project will gut and reconfigure the interior student residence areas. The reconfiguration will convert the apartment-style units to suite-style units and add approximately 18 beds within the existing building footprint. The renovation will replace all mechanical, plumbing, and electrical infrastructure. Additionally, a new generator will be provided to power life safety and emergency systems in Thornwell and the adjacent Maxcy College. Electronic access door hardware will be added to unit entrances to match university housing standards. The roof was surveyed and was determined to be in salvageable condition requiring only localized repairs. A modestly scaled expansion (approximately 1,500 square feet) will be constructed at the south façade to serve a new main entrance and create public space at each floor level. Other public spaces include new corridors, kitchens, egress stairs and a laundry. Exterior improvements will be executed at the south courtyard to remove the non-historic and unattractive fire escape balconies and enhance accessibility. Patios will be created for exterior study and social space.

Rationale: The residence hall has not been renovated in decades and requires systems replacements to enhance functionality and student comfort. The reconfiguration will update the unit style to suites that are deemed to be most beneficial to students. Removing the fire escape balconies will improve building aesthetics, reduce maintenance, and align with the building's historic architectural character. The replacement of aged mechanical and electrical systems will reduce energy consumption and save utility cost, per the agency.

Facility Characteristics: Thornwell College is 38,421 gross square feet and was constructed in 1913 (109 years old). Only 21,000 square feet of the building dedicated to university housing will be renovated. The East Office Annex portion will not be renovated as part of this project. 78 students will reside in the building.

Financial Impact: This project will be funded from Other, Housing Maintenance Reserve Fund (uncommitted balance $27.1 million at January 31, 2022). Revenue to the fund is generated from housing fees and revenues generated by laundry operations, conferences, and interest. The building will be designed to meet Two Green Globes certification standards with anticipated energy savings of $483,606 over 30 years. The project is expected to result in a decrease of $17,806 (years 1 thru 3), in annual operating expenses. No student fees or tuition will be increased because of the project. A portion of tuition is designated for capital improvements, currently $40 per student per semester, and has not changed since FY14-15.

Full Project Estimate: $12,590,000 (internal) funded by Housing Maintenance Reserve Funds. Contract execution is expected in April 2023 and completion of construction in July 2024.

(d) Project: JBRC Item 4: Horry Georgetown Technical College
H59.6192: Diesel Engine Training Facility Expansion – Building and Land

Request: Establish Final Land Acquisition to purchase approximately 1.5 acres of land and a 13,700 square foot building in Horry County.

Included in CPIP: Yes – 2021 CPIP Priority 1 of 1 in FY22 (estimated at $2,000,000)
Phase I Approval: April 2022 (estimated at $1,580,000) (SFAA)
CHE Approval: 06/02/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, College Plant	20,000		20,000	1,560,000	1,580,000
All Sources	20,000		20,000	1,560,000	1,580,000

Rationale: In response to workforce needs, state-wide labor shortages, and increased student demand, the college desires to acquire light industrial/commercial space that can accommodate both classroom and lab training for its Diesel Engine Technician Program. The existing training facility is only 5,000 square feet and cannot accommodate additional student enrollment. Through acquiring additional instructional and lab training space, the college can more than double enrollment in the Diesel Engine Technician program and use the added space to better support the training, vehicle maintenance and equipment storage needs of its Electrical Lineman and Golf Course Management programs. Enrollment in the Diesel Training Program is currently 20 students with a waiting list of more than 2 semesters. With this project and the additional space, the college plans to increase the enrollment to a capacity of 55 students.

Characteristics: The 13,700 square foot light industrial/commercial (warehouse type) building, on 1.5 acres of land, is in a Business Park directly across from the college's Conway campus (within 1.5 miles). The proposed building was constructed in 2005 (17 years old), includes 3 dock high (garage) doors that are 12 feet in height, and has 2 loading docks along with parking to support 45 vehicles. The total number of students, faculty, and staff that will occupy or use the added space is expected to be 104 per semester, or 208 per academic year.

Financial Impact: The property is offered by the Horry Georgetown Technical College Foundation for $1,560,000. The acquisition will be funded from College Plant Funds (uncommitted balance $6.67 million at April 27, 2022). Revenue to this fund is the cumulative excess of revenues over expenses that are set aside to fund capital projects and major renovations. The project is expected to result in an increase of $34,250 (years 1 thru 3), in annual operating expenses. No student fees or tuition will be increased because of the project. Furthermore, the college has no debt and does not impose any capital related fee. If acquired, the College anticipates some renovations of the building to include supplementing the existing HVAC system, modifying the loading docks, and possibly expanding electrical service. They anticipate the costs of these renovations to be less than $400,000. These costs will be paid for with College Plant Funds. An appraisal was completed in September 2021 and valued the property at $1,560,000. A Phase I Environmental Site Assessment was completed in September 2021 and revealed one Historical Recognized Environmental Condition (HREC), in connection with the property due to the past industrial and regulatory history originally connected with the former GMC property. No vapor encroachment conditions (VEC), exists on the property currently. A Building Condition Assessment was completed September 2021 and determined that the building is in good condition and required repairs/upgrades seem minimal. Letters of support have been received from Horry County and Horry County School District authorizing the property to be removed from the tax rolls.

Full Project Estimate: $1,580,000 (internal) funded by College Plant Funds.

(e) Project: JBRC Item 9: Office of the Adjutant General
E24.9797: McEntire AASF Runway Centerline Improvement

Request: Increase Phase II Full Construction Budget to cover a change order for additional asphalt milling and replacement for the taxi-way repairs.

Included in CPIP: Yes – 2021 CPIP Priority 13 of 23 in FY22 (estimated at $971,260)
Phase I Approval: January 2017 (estimated at $214,000) (JBRC Staff)
Phase II Approval: August 2017 (estimated at $214,000) (JBRC Staff)
Phase II Increase Approval: July 2019 (estimated at $485,630) (JBRC)
Phase II Increase Approval: August 2021 (estimated at $671,288) (JBRC)
Phase II Increase Approval: January 2022 (estimated at $1,581,744) (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	22,916	1,558,828	1,581,744	411,243	1,992,987
All Sources	22,916	1,558,828	1,581,744	411,243	1,992,987

Summary of Work: The initial project was established and funded specifically to evaluate and repair cracks along centerline of Runway 05-23, 18-inches on both side of the centerline, in addition to repairs to a portion of the taxiway located next to the main runway utilized by the SC Air National Guard. An evaluation by the SC Air National Guard has shown significant damage from the taxiway to the main runway. The runway is approximately 3,420 linear feet long.

Rationale: The agency received one bid for the proposed work due to the limited number of contractors available to do this type of work, along with the small scope of the work planned. These repairs are needed to reduce foreign object debris being drawn into the aircraft engines. An evaluation of Runway 05-23 indicates severe cracking of the concrete along the centerline of the runway for approximately 18-

inches, on both sides. As the centerline of the runway receives most of the impact by both fixed-wing and rotary aircraft, this area of the runway needs to be repaired to prevent the dislodging of broken materials and possible damage to aircraft.

Facility Characteristics: The runway is approximately 3,420 linear feet and is over 50 years old. Over 300 aviation personnel utilize the runway.

Financial Impact: The project will be funded from National Guard Bureau Funds (uncommitted balance $3 million at April 28, 2022). Revenue to the 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 not expected to result in any change in annual operating expenditures.

Full Project Estimate: $1,992,987 (internal) funded by National Guard Bureau Funds. Construction completion is anticipated in August 2022.

(f) Project: JBRC Item 10: Department of Health & Environmental Control
J04.9539: Hayne Lab Modular Building

Request: Establish Phase II Full Construction Budget to purchase a modular office building and place it next to the Hayne Lab.

Included in CPIP: Yes – 2021 CPIP Priority 1 of 4 in FY22 (estimated at $1,350,000)
Phase I Approval: October 2021 (estimated at $1,600,000) (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, Enhancing Laboratory Capacity Grant	24,000		24,000	1,576,000	1,600,000
All Sources	24,000		24,000	1,576,000	1,600,000

Summary of Work: The 5,760 square foot building will be built similar to a school modular that will be built in sections and brought onto the property and assembled. The building will either have metal siding or a concrete board with a metal roof to minimize maintenance. The building will include offices with some storage and meeting space. The modular will be connected to utilities that exist on the property and will operate independent of the Hayne Lab. The project will include renovations to the lab space that is vacated by staff moving to the modular building. This work will involve demolishing the existing office space and installing casework for a laboratory, flooring, power as needed for equipment and possibly new vent fans.

Rationale: The space will allow for administrative staff to move from the main building into the modular building, thus freeing up space that can be converted back into laboratory space. Per the agency, lab space in the current building is pushed to the limit. A feasibility study was performed in 2018 to study the possibility of renovating some of the labs to allow for more productivity and concluded that the existing building did not allow for efficient renovations and that the existing building is approximately 53% undersized.

Facility Characteristics: The existing Hayne Lab Annex is 90,500 gross square feet and was constructed in 1975 (47 years old). The new modular building to be constructed will be 5,760 square feet and will house approximately 180 Hayne Lab Administrative staff. The Public Health and Environmental Health programs would backfill into the renovated lab space in the main building.

Financial Impact: The project will be funded from Enhancing Laboratory Capacity (ELC) Enhancing Detection Expansion Grant Funds (uncommitted balance $62.98 million on April 28, 2022). Revenue to this fund is from the Federal Coronavirus Response Relief Supplemental Appropriations Act of 2021. The project is expected to result in an increase of $24,000 (years 1 thru 3), in annual operating expenses.

Full Project Estimate: $1,600,000 (internal) funded by ELC Enhancing Detection Expansion Grant Funds. Contract execution is expected in June 2022 and completion of construction in July 2023.

(g) Project: JBRC Item 13: Department of Mental Health
J12.9757: Roof and Sprinkler Replacement at Orangeburg Mental Health Center

Request: Increase Phase II Full Construction Budget to cover higher than anticipated costs to replace the entire sprinkler system at the Orangeburg Mental Health Center in Orangeburg.

Included in CPIP: No – The agency did not anticipate the problems with the project or contractor at the time the 2021 CPIP was submitted.
Phase I Approval: August 2017 (estimated at $500,000) (JBRC)
Phase II Approval: December 2017 (estimated at $575,000) (JBRC)
Revise Scope Approval: May 2019 (estimated at $575,000) (Admin)
Phase II Increase & Revise Scope Approval: December 2019 (estimated at $900,000)
Phase II Increase, Revise Scope, & Change Project Name Approval: January 2022 (estimated at $1,575,000) (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, Capital Improvement & Maintenance	7,500	1,567,500	1,575,000	260,091	1,835,091
All Sources	7,500	1,567,500	1,575,000	260,091	1,835,091

Summary of Work: This project was established to replace the existing 20-year-old asphalt shingle roof over a plywood deck. The roof was replaced with 50-year shingles and included a 20-year manufacturer's warranty. Additionally, a previous scope revision was approved in May 2019 to include the removal and repair of several areas where there were sheetrock ceiling stains and to make repairs to specific trunk lines and sprinkler leaks. During the investigation there were other areas identified where sprinkler leaks have occurred increasing the quantity originally thought to address the problem. Subsequently the project was revisited, and it was decided that the entire sprinkler system needs to be replaced. Because of the issues with the contractor and several unknowns, like the unstable market, a new contractor taking ownership for previous work and equipment and unidentified issues above the ceiling remaining to be found, this project will have a 20% contingency.

Rationale: Due to issues with the contractor the agency canceled the project for convenience at Phase 1 of 4. This request will increase the project budget to cover increased costs and add additional contingency to the project budget. The project will replace the entire system and fix what the contractor did not complete or properly complete.

Facility Characteristics: The facility is 25,595 square feet and was constructed in 1998 (23 years old). It houses the general administration for all facilities and the following support services: Child, Adolescent and Family Clinic Based Services, School Based Services when out of school; ACT Like Teams; Crisis Intervention, Diversion and After Hours Teams; Clinical Intake Team; Adult Short Term Outpatient; Adult Assertive Case Management; Peer Support Team; State Care Coordination Team; Vocational Rehabilitation Representative; TLC, Residential and Homeshare Teams; Medication Clinic with Nurses; Psychiatric Clinic with Doctors and Tele-psychiatry. There is a total of 59 staff members who provide a total of 30,774 services to 1,096 clients on average a year.

Financial Impact: The project will be funded from Capital Improvement & Maintenance Funds (uncommitted balance $15 million at March 11, 2022). 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 $10,000 (years 1 thru 3).

Full Project Estimate: $1,835,091 (internal) funded by Capital Improvement & Maintenance Funds. Contract execution is expected in August 2022 with construction completion in November 2022.

(h) Project: JBRC Item 14: Department of Disabilities & Special Needs
J16.9913: Midland Center – Electrical Power Grid Conversion

Request: Establish Phase II Full Construction Budget for the high voltage electrical distribution grid conversion at Midlands Center.

Included in CPIP: Yes - 2021 CPIP Priority 1 of 6 in FY22 (estimated at $1,280,500)
Phase I Approval: June 2017 (estimated at $1,300,000) (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
Excess Debt Service	19,500		19,500	1,280,500	1,300,000
All Sources	19,500		19,500	1,280,500	1,300,000

Summary of Work: Dominion Energy/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 Dominion Energy/SCE&G specifications at 23 KV system voltage, standard.

Rationale: The system needs major upgrade to avert catastrophic failure and to turn over of ownership to Dominion Energy, formerly South Carolina Electric & Gas. 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. Per the agency, they recognize the safety and reliability needs for Dominion Energy/SCE&G to take ownership of the Midlands Center electrical distribution grid.

Facility Characteristics: The Midlands Center campus is 215.51 acres, and approximately 9,387,616 square feet and was deeded to DDSN from DMH in 1971 (51 years ago). The power grid was existing. The last major upgrade of the system was in 1974 (48 years ago), 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 completely 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 (15 years ago). 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.

Financial Impact: The project will be funded from Excess Debt Service Funds (uncommitted balance $4.78 million at March 31, 2022). Revenue to the fund is invested and held by the State Treasurer's Office on behalf of SCDDSN and is comprised of revenues of the commission that exceed 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.

The project is not expected to result in any change in annual operating expenditures.

Full Project Estimate: $1,300,000 (internal) funded by Excess Debt Service Funds. Contract execution is expected in July 2022 with construction completion in July 2025.

(i) Project: JBRC Item 16: Department of Corrections
N04.9775: Statewide – Add Air Conditioning to 256 Bed Housing Units

Request: Establish Phase II Full Construction Budget to add air conditioning to the housing units located at Lee Correctional Institution and Evans Correctional Institution.

Included in CPIP: No – This project was not included in the 2021 CPIP submission because repairs of existing building systems had priority at that time.

Phase I Approval: January 2022 (estimated at $9,600,000) (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
Appropriated State, FY21 Carryforward	144,000		144,000	6,856,000	7,000,000
All Sources	144,000		144,000	6,856,000	7,000,000

Summary of Work: The project scope will add air conditioning to both buildings and will include the addition of a chiller, new air handlers, duct work and electrical upgrades to run the new equipment.

Rationale: The housing units were designed and constructed with heat and ventilation only.

Facility Characteristics: Each of the 256 bed housing units is 29,470 square feet and were constructed in 2003 (18 years old). Each housing unit accommodates 256 inmates and 3 staff.

Financial Impact: The project will be funded from Appropriated State, FY21 Carryforward Funds (uncommitted balance $10.4 million on April 28, 2022). The project is expected to result in an increase of $72,876 (years 1 thru 3), in annual operating expenses.

Full Project Estimate: $7,000,000 (internal) funded by Appropriated State, FY21 Carryforward Funds. Contract execution is expected in November 2022 with construction completion in December 2026.

Upon a motion by Representative Simrill, seconded by Senator Peeler, 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 1.

Department of Administration, Facilities Management and Property Services: Easements (Regular Session Item 2)

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

a.	County Location:	Horry
	From:	Department of Administration on behalf of South Carolina Department of Parks, Recreation & Tourism
	To:	DC BLOX, Inc.
	Consideration:	$54,600
	Description/Purpose:	To grant a 0.29± acre (HDD) non-exclusive easement and a 1.05± acre (Fronthaul) non-exclusive easement for the construction, installation, operation and maintenance of a fiber optic cable system on property of Myrtle Beach State Park. Google is in the process of building the Firmina subsea cable that will run from the eastern United States to Argentina. Firmina will improve access to Google services and provide more reliable connectivity. The easements are needed for the continuation of fiber optics by connecting the cable landing site at the State Park to the cable landing station and multi-tenant data center to be located in Myrtle Beach. The easements 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 terms of the easements will be fifty (50) years. The easement will be assignable only in the event of change of ownership or control of the Grantee subject to the easement restrictions. Consideration is the appraised value plus $500 administrative fee for each easement. PRT 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. There are no exceptions requested with regard to the 2003 easement policy.

b.	County Location:	Richland
	From:	University of South Carolina
	To:	City of Columbia
	Consideration:	$1 each for 2 separate easements
	Description/Purpose:	To grant a 0.13± acre non-exclusive easement and a 0.16± acre non-exclusive easement for the purpose of constructing, operating, reconstructing and maintaining a sanitary sewer main across property owned by the University of South Carolina. The easements are part of the City's East Rock Branch Sanitary

Sewer Improvements Project to enhance the capacity and improve the overall sewer system. The term of the easements will be fifty (50) years. 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 University has indicated that the easements will be of mutual benefit to the University and the City and, as such, has requested that the easements be granted for nominal consideration. The University has also determined that, in accordance with the requirement of the statute, the easements do not appear to materially impair the utility of the property or damage it. There are no exceptions requested with regard to the 2003 easement policy.

c. County Location: Richland
From: University of South Carolina
To: City of Columbia
Consideration: $1
Description/Purpose: To grant a 451 square foot non-exclusive easement for the purpose of access, ingress, egress, construction, operation, reconstruction and maintenance of water lines, vault and appurtenances serving the University's LeConte College. The term of the easement will be fifty (50) years. 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 easement is being sought by the University to provide water service to the newly renovated LeConte College and, as such, has requested that the easement be granted for nominal consideration. The University has also 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. There are no exceptions requested with regard to the 2003 easement policy.

Upon a motion by Mr. Loftis, 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 2.

Department of Administration, Facilities Management and Property Services: State Fiscal Accountability Authority Easement Policy (Regular Session #3)

At its meeting of December 9, 2003, the Budget and Control Board adopted the attached Policy concerning the granting of easements over State lands and navigable waterways under the purview of the Budget and Control Board. In an effort to clarify the application of that policy, to incorporate best practices in the valuation of easements, and to update the fee structure, the SC Department of Administration ("Admin") requested approval of the following proposed revised Policy for the approval and granting of easements. The proposed Policy provides for an update to the fee structures and clarification of easement terms and valuation requirements not contemplated in the prior policy and becomes effective for each easement application submitted after approval of this Policy.

1. Except as otherwise provided herein, fair market value will be charged for easements (Easement Value), and fair market value will be the difference in the value of the remaining state land subject to the easement (the Servient Estate) before and after the easement was granted.
2. After Applicant and Admin have come to an agreement on the easement terms, the Easement Value shall be determined. Except as provided below, the Easement Value must be determined by an appraisal conforming to all applicable and then-current standards known as the Uniform Standards of Professional Appraisal Practice (USPAP) and performed by a qualified Real Estate Appraiser. To be qualified a real estate appraiser must (1) be licensed in South Carolina; (2) have previously issued appraisals of easements; (3) have previously issued appraisals of government property; and (4) hold an MAI, SRPA, SRA, AI-GRS or AI-RRS designation. The Applicant shall secure the required appraisal at Applicant's expense. Prior to conducting the appraisal, the Appraiser must (1) provide Admin with a signed statement evidencing they meet the above qualifications and (2) obtain directly from Admin the proposed terms of the easement involved clearly delineating what rights the State will retain in the Servient Estate. The appraisal must state that Admin and the State of South Carolina may rely upon the appraisal for its intended use. Absent written justification from the Applicant and approved by Admin, the appraisal must be without special assumptions or client conditions.

3. If an Applicant documents that the cost of an appraisal is anticipated to be excessive in relationship to the diminution in value to the Servient Estate, then, upon approval by the Authority as recommended by Admin, an appraisal will not be required, and the Easement Value will be determined instead by contacting the County Tax Assessor to

obtain an estimate of the value of real property in the area of the county where the easement is to be located.

4. If the easement is solely for construction and maintenance of power lines, pipe lines, water and sewer lines, railroad facilities, roads, streets or highways, or other utilities such as telecommunications lines and is to be approved pursuant to S.C. Code Sections 1-11-80 or 1-11-90, an appraisal will not be required and the State will use the most recent average selling price per acre of unimproved agricultural land in the county where the easement is to be located based on Department of Revenue data as fair market value for that portion of the easement that lies across navigable waterways or submerged lands.
5. An easement may be granted for nominal value (and without appraisal) only if the easement is used primarily to benefit either State government or the State entity that uses the property and the easement terminates if the easement is no longer used primarily to benefit the Servient Estate, State government or the State entity that uses the property.
6. Other than those easements approved pursuant to S.C. Code Sections 1-11-80 or 1-11-90, a request for an easement to be granted to a private individual or private entity must be accompanied by a written justification explaining what alternatives to an easement were considered (e.g., lease or license) and why those alternatives were determined insufficient.
7. Every easement request must be accompanied by a written explanation that justifies the proposed duration of the easement. The duration of easements will be limited to no more than fifty years absent exceptional and compelling circumstances.
8. For all easements, the Applicant will be charged a $700 administrative fee (Administrative Fee) and the Easement Value as determined in accordance with this policy. The Administrative Fee will increase annually by the percentage increase in the Consumer Price Index for All Urban Consumers (CPI-U) South Region from July of the prior fiscal year.
9. Political subdivisions will be charged in the same manner as any other Applicant for any easement requested to be approved by the Authority, regardless of the location.
10. Nothing herein should be considered an interpretation as to the scope of the Authority's approval authority, and Applicant shall be advised that no approval by Admin shall guarantee approval of any easement request by the Authority.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority approved the proposed Policy for the approval and granting of 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 3.

Department of Administration, Facilities Management and Property Services: SC Department of Revenue Lease at 300 Outlet Pointe Boulevard in Columbia (Regular Session Item 4)

The SC Department of Revenue ("DOR") requested approval to continue leasing 158,988 rentable square feet of space at 300 Outlet Pointe Boulevard in Columbia from Columbia SC I SGF, LLC ("Landlord"). DOR's current lease at this location expires on December 31, 2022. The agency has leased space at this location since 2007.

After contacting state agencies to verify no adequate state space was available, the Department of Administration conducted a solicitation for 3, 5, 7, and 10-year terms. Four proposals were received. One proposal was deemed non-responsive because the space was too small with only 102,608 SF and had insufficient parking. A second proposal was deemed non-responsive because the Landlord's offer indicated they would conduct a test fit at no cost to the State and then propose a cost per square foot based on the results of that test fit but when asked to do the test fit, the Landlord declined and withdrew the offer. Of the two responsive proposals received, the selected location is the lowest offer.

The requested lease term is ten (10) years commencing January 1, 2023. The agency desires the longer lease term due to the significant cost of moving and because the longer term provides for a much lower rate (Note: rent for the 3-year term would have started at $21.61 per square foot with annual increases thereafter).

Rent for the first year will be $16.20/SF, which is an annual rate of $2,575,605.60. Thereafter the rental rate will escalate by 2% annually with 11 months of free rent in year five as shown in the chart below. This is a full gross lease and includes all operating expenses. As such, the total rent over the ten (10) year term will be $25,645,059.28.

TERM	PERIOD: FROM - TO	ANNUAL RENT	RENT PER SF
1	1/01/2023 - 12/31/2023	$2,575,605.60	$16.20
2	1/01/2024 - 12/31/2024	$2,626,481.76	$16.52
3	1/01/2025 - 12/31/2025	$2,678,947.80	$16.85
4	1/01/2026 - 12/31/2026	$2,733,033.72	$17.19
5	1/01/2027 - 12/31/2027	$232,387.46	$17.54
6	1/01/2028 - 12/31/2028	$2,844,295.32	$17.89
7	1/01/2029 - 12/31/2029	$2,899,941.12	$18.24
8	1/01/2030 - 12/31/2030	$2,958,766.58	$18.61

9	1/01/2031 - 12/31/2031	$3,017,592.24	$18.98
10	1/01/2032 - 12/31/2032	$3,078,007.68	$19.36

The space will meet the state standard of 210 RSF/person with a density of 123 RSF/person. The lease also provides for 737 free parking spaces in the adjacent surface parking lot. The following chart represents comparable lease rates of similar space in the Columbia area:

Tenant	Location	Rate per SF
Vacant	565 Spears Creek Church Rd.* **	$17.25
Vacant	1600 Williams St.**	$17.50
Vacant	400 Laurel St.**	$17.00

*Submitted in response to solicitation.
**Subject to base rent escalations.

Agency has adequate funds for the lease according to a Budget Approval Form submitted April 19, 2022. Lease payments will be funded through state appropriations. No option to purchase the property is included in the lease. The lease was approved by JBRC at its June 21, 2022, meeting.

Upon a motion by Representative Simrill, seconded by Senator Peeler, the Authority approved the proposed ten-year lease by the Department of Revenue for 158,988 rentable square feet of space at 300 Outlet Pointe Boulevard in Columbia from Columbia SC I SGF, LLC, 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 4.

Division of Procurement Services: Procurement Audit and Certification – Francis Marion University (Regular Session #5)

The S.C. Consolidated Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to $50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C (1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. On December 13, 2016, the Authority delegated additional procurement authority to Francis Marion University as follows:

	Certification Limits	
Supplies and Services	*$ 275,000*	*per commitment*
Consultant Services	*$ 150,000*	*per commitment*
Information Technology	*$ 175,000*	*per commitment*
Construction Contract Award	*$ 175,000*	*per commitment*
Construction Contract Change Order	*$ 75,000*	*per change order*
Architect/Engineer Contract Amendment	*$ 50,000*	*per amendment*

In accordance with S.C. Code Ann. § 11-35-1230, the Division of Procurement Services audited the procurement operating policies and procedures of Francis Marion University to determine whether the internal controls of the Agency's procurement system were adequate to ensure compliance, in all material respects, with the S.C. Consolidated Procurement Code and ensuing regulations (Code and Regulation). With the implementation of the recommended corrective action, the internal controls of Francis Marion University's procurement system are adequate to ensure compliance with the Code and Regulations as described in the audit report.

Per S.C. Code Ann. §11-35-1210, Francis Marion University requested that the Authority reauthorize it to make direct procurements and increase the certification limits for supplies and services and information technology. Due to the nature of the findings, the Division of Procurement Services recommended a reduction in limits for direct procurements of construction, construction change orders, and architect/engineer contract amendments.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority authorized Francis Marion University to make direct procurements at the following limits, in accord with Section 11-35-1210:

Certification Limits		
Supplies and Services[1]	**$ 325,000*	*per commitment*
Information Technology[2]	*$ 200,000	per commitment
Construction Contract Award	$ 50,000	per commitment
Construction Contract Change Order	$ 25,000	per change order
Architect/Engineer Contract Amendment	$ 25,000	per amendment

*Total potential purchase commitment whether single year or multi-term contracts are used.

[1] Supplies and Services includes non-IT consulting services.
[2] Information Technology includes consultant assistance for any aspect of information technology, systems and networks

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

Executive Director: South Carolina State Ceiling Allocation Plan - 2022 (Regular Item #6)

Act 202 of 2022 is effective for allocations of state ceiling beginning January 1, 2022, and thereafter. As a condition of allocating state ceiling, the Act directs the Authority to adopt an annual State Ceiling Allocation Plan, subject to review and comment by the Joint Bond Review Committee. The State Ceiling Allocation Plan must (1) assign percentages to private activity bond purposes prescribed by the Internal Revenue Code; (2) provide a process of periodic allocations equally divided among the periods in the year; and (3) establish competitive criteria for allocation of state ceiling to authorized requests.

In compliance with Act 202, a proposed 2022 State Ceiling Allocation Plan has been developed which assigns percentages of state ceiling to categories of private activity bonds and establishes a process for its periodic allocation. Competitive criteria included in the plan will be supplemented with further details that will be submitted for consideration at the August 30, 2022, meeting of the State Authority. Final approval and implementation of 2022 State Ceiling Allocation Plan will be contingent on future approval of the competitive criteria. Approval of the competitive criteria is anticipated to occur at the meeting scheduled for August 30, 2022, following review and comment by JBRC.

The proposed Allocation Plan was reviewed by the Joint Bond Review Committee at its meeting of June 21, 2022. The Committee provided comments to the Authority on June 24, 2022. The comments were attached to the agenda item.

Mr. Eckstrom asked why the Authority was asked to give a contingent approval when the intent is to receive all the information that has been requested by the Authority's next meeting to give ultimate approval. He stated it seems premature to give contingent approval subject to not knowing what information they will receive. Mr. Gillespie stated that the plan was developed in consultation with the Joint Bond Review Committee and it was determined that this was the best way to proceed. He noted that the JBRC reviewed and commented on the plan the prior week.

He stated that review and approval by the Authority would provide an opportunity for economic development, multifamily, and other type projects to be considered for ceiling allocation this calendar year.

Representative Simrill stated that discussion at the JBRC meeting concerned Act 202 now being the law and the impact it has had on projects that were already in the pipeline when the law was passed. He stated that he would like for SFAA staff and JBRC staff to work out the issues surrounding those projects so that they can move forward.

Upon a motion by Senator Peeler, seconded by Mr. Loftis, the Authority:

(a) Approved the 2022 State Ceiling Allocation Plan, contingent upon future approval of the competitive criteria required by Act 202.

(b) Rescinded the policy regarding Allocation and Management of Volume Cap adopted at the meeting on January 25, 2022.

(c) Rescinded the designations to the state pool and the local pool adopted at the meeting on January 25, 2022.

(d) Directed the Executive Director to prepare a proposed State Ceiling Allocation Plan for 2023, present the draft to the Joint Bond Review Committee for review and comment, and submit the draft to this Authority for approval at its meeting scheduled for August 30, 2022.

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

State Fiscal Accountability Authority: Future Meeting (Regular Session Item #7)

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority agreed to meet at 10:00 a.m. on Tuesday, August 30, 2022, in Room 252, Edgar A. Brown Building.[1]

Adjournment

The meeting was adjourned at 10:10 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 9:00 a.m. on

[1] The meeting time for the August 30, 2022, meeting was subsequently changed to 2:00 p.m.

Monday June 27, 2022.]