

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

March 5, 2019 – 9:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 9:00 a.m. on Tuesday, March 5, 2019, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Representative G. Murrell Smith, Chairman, Ways and Means Committee was not in attendance at the meeting.

Also attending were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; State Auditor George Kennedy; Governor's Deputy Chief of Staff Mark Plowden; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Chief of Staff Daniel Boan; Authority Secretary Delbert H. Singleton, Jr., and other State Fiscal Accountability Authority staff.

Adoption of Agenda for State Fiscal Accountability Authority

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

Minutes of Previous Meeting

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved the minutes of the January 29, 2019, Authority meeting; and, acting as the Tobacco Settlement Revenue Management Authority, approved the minutes of the January 29, 2019, Authority meeting.

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

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

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CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel
\$50,000,000; Economic Development Revenue Bonds; Series 2019 (South Carolina Jobs-Economic Development Authority – “SC JEDA”)	The Villas at Carolina Forest Conduit: SC JEDA	Parker Poe Adams & Bernstein – Ray Jones, Emily Luther, Emily Zackon	Burr Foreman McNair – Michael Seezen

GENERAL OBLIGATION / REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$120,000,000; Revenue Anticipation Notes “RANs” (RANs financing associated with the purchase of substantially all of the assets of certain affiliates of Community Health Systems, Inc. that are associated with or used in the ownership and/or operation of Carolinas Hospital System – Florence in Florence, SC; Carolinas Hospital System - Marion in Mullins, SC; Springs Memorial Hospital in Lancaster, SC; and Chester Regional Medical Center in Chester, SC, and associated clinical sites and services.)	Medical University Hospital Authority (“MUHA”)	Haynsworth Sinkler Boyd – Mitchell Johnson

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

Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#2)

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 were reviewed favorably by the Joint Bond Review Committee.

Establish Project for A&E Design

- (a) Summary 5-2019: JBRC Item 2. (N04) Department of Corrections
 Project: 9755, Manning – Boiler Replacement
 Included in Annual CPIP: Yes–2018 CPIP Priority 3 of 7 in FY21
 (estimated at \$3,500,000 for Boiler & Infrastructure Upgrades–Boiler Replacement
 estimated at \$865,000)
 JBRC/SFAA Phase I Approval: N/A
 CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY18 Carryforward	-	-	-	16,500	16,500
All Sources	=	=	=	<u>16,500</u>	<u>16,500</u>

Funding Source: \$16,500 Appropriated State, FY18 Carryforward Funds.

Request: Establish project and budget for \$16,500 (Appropriated State, FY18 Carryforward Funds) to begin Phase I schematic design to replace the existing boiler system at Manning Reentry/Work Release Center. Currently the institution has two steam boilers that provide heat and hot water for the institution, and steam for the kitchen. Both boilers are original to the institution constructed in the 1960’s, are 50+ years old, and have surpassed the expected lifespan. Based on an engineering evaluation and feasibility analysis for the heating system, the most economic and efficient replacement is to install a new hydronic boiler system and domestic hot water system. The existing 2,000 square foot boiler area will have the existing equipment removed and a new, approximately 600 square foot pre-fabricated metal building will be constructed for the new equipment which will be located closer to the main institution buildings. Relocating the equipment in this manner will result in at least \$100,000 cost savings compared to the costs to install a new system in the existing boiler house. No other renovations are planned for the existing boiler house structure. The portion of the Manning Reentry/Work Release Center to benefit from this project is approximately 135,500 square feet. The reentry/work release center houses up to 890 inmates and has an average of 150 staff. The work will be accomplished by contract construction and in-house/inmate labor forces. The 2018 CPIP estimated cost to complete this project is higher because the CPIP included more scope for infrastructure improvements, which was for the construction of a new loading dock, renovations at the kitchen, dining, and commissary areas, and the renovation of the existing boiler facility for use as the laundry and

maintenance shop. However, the 2018 CPIP amount specific to the boiler replacement did not include any rental equipment costs needed during the construction phase. Initially, this project was anticipated to be established in FY21. However, it was discovered through periodic boiler inspections by their maintenance teams and outside regulatory authorities, that this particular boiler is deteriorating quicker than estimated. The demands on the boiler function have increased because the mission of the institution has been converted to focus on inmates that are being prepared for release back into the community (reentry) so the population continues to grow as the small “pre-release” centers are closed. Per the agency, it is more cost effective to move forward with the replacement of the boiler than to spend money making repairs when a new boiler system is needed. The agency estimates total project costs at \$1,100,000.

Tom Osborne, Deputy Director for Administration for SCDC, appeared before the Authority on this matter. Mr. Eckstrom noted that the item indicated that inmates would provide some of the labor for the project. He asked if SCDC pays wages to inmates for a project like the one in question and, if so, does SCDC have to comply with the Department of Labor wage and hour guidelines. Mr. Osborne stated that he was not sure if the inmates for this project will be paid, but that inmates do get paid for various programs. He said that SCDC always complies with Department of Labor standards. Mr. Eckstrom asked who issues W-2 statements to the inmates because his office did not. Mr. Osborne said he did not know. Mr. Eckstrom asked Mr. Osborne to find out and let him know to make sure that the State is covered.

Establish Construction Budget

- (b) Summary 5-2019: JBRC Item 4. (H34) University of South Carolina - Upstate
Project: 9548, USC Upstate Smith Science Building Renovations
Included in Annual CPIP: Yes – 2017 CPIP Priority 1 of 2 in FY19
(estimated at \$8,250,000 for Smith Science Building Renovation to include a 17,000 SF addition -Smith Science Building Renovations without addition estimated at \$4,250,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 2/7/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
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FY19 Capital Reserve	-	-	-	3,500,000	3,500,000
Other – Institutional Capital Project	-	-	-	750,000	750,000
All Sources	=	=	=	<u>4,250,000</u>	<u>4,250,000</u>

Funding Source: \$3,500,000 FY19 Capital Reserve Funds. \$750,000 Other, Institutional 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: Establish project and budget for \$4,250,000 (FY19 Capital Reserve Funds and Other, Institutional Capital Project Funds) for mechanical replacement work in the Horace C Smith Building on USC’s Upstate Campus. This project will restore a fully functional mechanical system to the building and support future lab programming. The scope of work will include the following items: 1) Removal of air handlers, pumps, boilers, VAV terminals, exhaust fans, controls and all ductwork. Asbestos in the duct mastic is anticipated and will be abated as part of the demolition. 2) Provide new air handlers with the outside air capacity necessary to accommodate future lab renovations and new fume hoods. Provide new pumps with variable speed drives for efficiency. Replace VAV terminals and all ductwork. 3) Provide new boilers with variable speed pumps for efficiency. 4) Provide new digital controls connected to the central energy management system. 5) Replace ceilings that will be removed to demolish the existing mechanical systems and install the new systems. Constructed in 1984, the 34-year-old science building is 65,541, square feet. The portion to be renovated is 57,300 square feet and houses the General Biology and Chemistry departments. This area is utilized by approximately 500 students and faculty. The 2018 CPIP reflected the estimated cost of the project \$4,000,000 higher than this request because the CPIP included a much larger scope of work that included a 17,000-gross square foot addition for new lab space and the renovation and reconfiguration of the existing labs to include new fume hoods and lab benches. However, it is anticipated this future work will be undertaken when funding materializes. The agency estimates total project costs at \$4,250,000. The agency anticipates execution of the construction contract in July 2019 and completion of construction in May 2020.

- (c) Summary 5-2019: JBRC Item 6. (D50) Department of Administration Project: 6007, M.J. “Dolly” Cooper VC Columbaria Grant-Additional Included in Annual CPIP: No – The grant became available after the 2018 CPIP submission
 JBRC/SFAA Phase I Approval: October 2018 (estimated at \$1,215,000)

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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, Veterans Cemetery Grant	-	-	-	1,093,500	1,093,500
Other, Interment Fees	18,225		18,225	103,275	121,500
All Sources	<u>18,225</u>	=	<u>18,225</u>	<u>1,196,775</u>	<u>1,215,000</u>

Funding Source: \$1,093,500 Federal, Veterans Cemetery Grant Funds. \$121,500 Other, Interment Fee Funds, which are fees collected for the interment of veterans and/or eligible family member. National Cemetery Administration pays \$762 for each veteran interred and families pay \$300 for the eligible family member interred (Section 25-11-80).

Request: Increase budget to \$1,215,000 (add \$1,196,775 Federal, Veterans Cemetery Grant and Other, Interment Fee Funds) to proceed with Phase II architectural/engineering professional services followed by construction services for the construction of up to 1,200 burial niches. The additional niches are essential for the interment of veterans, which is the mission of the Division of Veterans' Affairs in the Office of Executive Policy and Programs. The agency has applied for a \$1,215,000 federal grant through the Federal Veterans Cemetery Grants Program. While a grant award has not yet been made to the agency, the agency has been advised that the US Department of Veterans Affairs plans to grant the award not later than September 30, 2019. In accordance with the grant, the state must contribute 10% of the total project cost (which cannot exceed the grant amount). Although the preliminary design estimate for the project is \$959,993, construction costs have been very volatile, and the agency is requesting approval of the maximum grant amount so that there will be no time delays if the construction costs do exceed the preliminary design estimate. The grant milestone deadlines are very tight and if the agency were required to go through an additional meeting cycle they would likely fail to meet the required federal timelines. It is estimated that the existing Columbaria will be at capacity within 2.5 years. The cemetery is currently interring 70 veterans/eligible family members per year. The agency estimates total project costs at \$1,215,000. The agency anticipates execution of the construction contract in October 2019 and completion of construction in February 2020.

Ashley Lancaster, Director for the Department of Administration's Facility Management Services appeared before the Authority on this matter. Mr. Eckstrom asked who pays the

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internment fees and he asked what agency oversees this matter. Ms. Lancaster stated that the Division of Veteran Affairs is housed in the Department of Administration. She said that the families of the deceased pay the internment fees. Mr. Eckstrom further asked how long will the 1200 burial niches last. Ms. Lancaster said that it is estimated that the current 800 burial niches will be exhausted in two years. She said that depending on the rate of use the additional 1200 burial niches should last five to ten years. Mr. Eckstrom asked if the fees can be used for operating expenses. Ms. Lancaster said her understanding is that the fees can be used for operating expenses. Mr. Eckstrom asked if the Federal government provides operating support for maintenance and repair work at the cemetery. Ms. Lancaster said there are Federal grant funds that are available and the internment fees are used as matching dollars for operating expenses and capital improvements. Mr. Eckstrom also asked if the cemetery is dependent upon the internment fees to operate. Ms. Lancaster said she did not know the specific amount of funds available and that she would have to find out and let Mr. Eckstrom know.

- (d) Summary 5-2019: JBRC Item 8. (E24) Office of the Adjutant General
 Project: 9811, Training Sites TT Enlisted Barracks Replacement
 Included in Annual CPIP: Yes – 2017 CPIP Priority 10 of 21 in FY18
 (estimated at \$1,404,000 - Annualized) & 2018 CPIP Priority 5 of 18 in FY19
 (estimated at \$280,800 – Annualized, bringing the total to \$1,684,800)
 JBRC/SFAA Phase I Approval: May 2018 (estimated at \$1,404,000)

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>
Federal, National Guard Bureau	88,000	-	88,000	1,326,416	1,414,416
All Sources	<u>88,000</u>	=	<u>88,000</u>	<u>1,326,416</u>	<u>1,414,416</u>

Funding Source: \$1,414,416 Federal, National Guard Bureau, which is funding identified as part of the Construction and Facilities Management Office’s Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau

Request: Increase budget to \$1,414,416 (add \$1,326,416 Federal, National Guard Bureau Funds) to demolish existing WWII Era barracks and construct replacement Transient Training Enlisted, (TT ENL) Barracks at two Army National Guard Training Sites; McCrady Training Center (MTC)

and Clarks Hill Training Site (CHTS). The current McCrady Training Center includes five (5) buildings that total 14,805 square feet and the current Clarks Hill Training Site includes five (5) buildings that total is 3,840 square feet. The barracks to be replaced are no longer sufficient for the housing of soldiers; the structures are not insulated properly; the roofs are cost prohibitive to repair; no latrine; single pane windows; and old/energy inefficient light fixtures. Due to their age and condition, the existing barracks no longer support the SCARNG’s mission and need to be replaced to current codes and standards. The construction phase of this project will be annualized with one barrack from McCrady Training Center (#3511), and one barrack from Clarks Hill Training Site (#4423) being demolished and replaced with 16-man barracks at this time. Construction for each of the ten barracks is anticipated to cost \$663,208, totaling \$6,632,080. The total estimated cost to complete the full scope of the project is estimated at \$6,720,080. Each barracks building will be of permanent construction with a finished interior, including mechanical, electrical, and plumbing, (MEP) systems, a latrine with showers, urinals, toilets, sinks and washer/dryer connections. Installation of utilities and the extensions of utilities to the nearest service lines are also included. Each of the five (5) new barracks buildings at McCrady Training Center will be approximately 2,400 to 4,600 square feet. Each of the five (5) new barracks buildings at Clarks Hill Training Site will be approximately 2,400 square feet. Approximately 300 Army National Guard soldiers use these facilities. The agency estimates that the completed project will cost approximately \$1,414,416. (See attachment 1 for this agenda item for additional annual operating cost savings.) The agency anticipates execution of the construction contract in April 2019 and completion of construction in July 2020.

- (e) Summary 5-2019: JBRC Item 9. (N04) Department of Corrections
 Project: 9751, Tyger River CI – Housing Units HVAC Replacement
 Included in Annual CPIP: Yes – 2018 CPIP Priority 6 of 6 in FY19
 (estimated at \$5,000,000 for Capital Renewal, Major Maintenance & Repairs – Tyger River
 Housing Units HVAC Replacement estimated at \$1,800,000)
 JBRC/SFAA Phase I Approval: October 2018 (estimated at \$2,100,000)

CHE Recommended Approval: N/A

Appropriated State, FY18 Carryforward	31,500	-	31,500	2,068,500	2,100,000
All Sources	<u>31,500</u>	=	<u>31,500</u>	<u>2,068,500</u>	<u>2,100,000</u>

Funding Source: \$2,100,000 Appropriated State, FY18 Carryforward Funds.

Request: Increase budget to \$2,100,000 (add \$2,068,500 Appropriated State, FY18 Carryforward Funds) establish the final design and construction to replace the existing 37-year-old air handler units, boiler and condensing units for the ten (10) housing units located at Tyger River Correctional Institution. The existing air handlers are in poor condition, deficient in providing air flow for heating, having casings that are in poor condition, are not energy efficient, and have exceeded their anticipated useful service life. The scope of work will include the new packaged rooftop units with DX cooling and modulating gas heat. The work will be accomplished by contract construction and SCDC's in-house/inmate labor forces. Each of the ten (10) housing units are approximately 17,000 square feet and were constructed in 1981, making them 37 years old. The HVAC system is original to the buildings. The Tyger River Correctional Institution has 1,200 inmates and 200 staff members. The agency estimates total project costs at \$2,100,000. (See attachment 2 for this agenda item for additional annual operating cost savings.) The agency anticipates execution of the construction contract in August 2019 and completion of construction in April 2020.

Mr. Eckstrom asked what the term "SOF" means as noted in the item. Rick Harmon, JBRC Director of Research, said that "SOF" means "Source of Funds". Mr. Osborne with SCDC appeared before the Authority on this item. Mr. Eckstrom asked him if SCDC has to get budget permission to transfer operating dollars to capital projects and if that has been done. Mr. Osborne responded SCDC must get permission for the transfer and he said that has been done. Mr. Eckstrom inquired if any remaining carryforward operating funds will be committed to hiring additional staff. Mr. Osborne said SCDC has a recruiting budget in place and a planned recruitment strategy. He stated that remaining operating funds will go toward either emergencies or other capital projects that are upcoming.

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

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

***Department of Administration, Facilities Management and Property Services: Easements
(Regular Item #3)***

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved granting the following easements as recommended by the Department of Administration, Facilities Management and Property Services:

- (a) County Location: Charleston
From: Trident Technical College
To: South Carolina Electric and Gas Company
Consideration: \$1
Description/Purpose: To grant a 0.068 acre permanent easement for the purpose of constructing, extending, replacing, relocating, maintaining and operating underground electric line(s) and associated facilities on property of Trident Technical College's Main Campus in North Charleston. The easement is needed to provide service to the new S.C. Aeronautical Training Center. The easement is being sought by Trident Technical College for the benefit of the property. The Division of Facilities Management and Property Services has determined that Trident Technical College 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.

- (b) County Location: Greenville
From: Department of Administration
To: Circle K Stores, Inc.
Consideration: Other good and valuable consideration including: (i) the expansion and restriping of the existing overflow parking located on SCDMV property, (ii) the construction of a connecting sidewalk and (iii) the granting of an access easement over and across Circle K property to Bryson Drive.
Description/Purpose: To grant a 0.061 acre access easement for the purpose of ingress and egress over and across property of SCDMV's Fountain Inn office to the adjoining Circle K property. The grant also includes a temporary construction easement necessary for the completion of improvements that will be of mutual benefit. The term of the easement will be fifty (50) years. The Division of Facilities Management and Property Services has determined that SCDMV has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.

Ms. Lancaster appeared before the Authority on this item. Mr. Eckstrom asked for an explanation of the project and its value to the State. Mr. Eckstrom also asked if the parking lot is owned by the SCDMV. Ms. Lancaster said the parking lot is owned by SCDMV. She said because of the way SCDOT zones property there is not sufficient space for the new Circle K to put in an additional egress and ingress on its property because it is too close to a traffic light. She said SCDMV has an area on its property that will serve that purpose but it is used for parallel parking testing. She said the testing will be moved to the rear of SCDMV's property. She said a driveway will then be created for the Circle K and a separate driveway will be created for the SCDMV. She stated the value SCDMV will receive is approximately \$50,000 more than the value of the easement. Mr. Eckstrom asked if the owners of Circle K will pay for the improvements. Ms. Lancaster said they will.

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 Employment and Workforce Office Lease – 3955 Faber Place Drive in North Charleston (Regular Item #4)

The SC Department of Employment and Workforce (DEW) requested approval to lease 6,831 SF of space located at 3955 Faber Place Drive in North Charleston from Faber Charleston Limited Partnership (Landlord) for their Unemployment Insurance Call Center and Field Office. The agency currently leases 6,571 SF at 7410 Northside Drive and has been at that location since December 1, 2014. The current lease expires November 30, 2019.

A solicitation was conducted and six (6) proposals were received, with the selected location representing the lowest overall cost to the agency. The current landlord did not provide a proposal. The space selected accommodates all the needs of the DEW and meets the state space standards with a density of approximately 191 SF/person.

The lease term will be seven (7) years and five (5) months and is expected to commence November 1, 2019. The agency requires a month overlap period with their current lease to coordinate set-up and moving. Rent will be \$26.00 per square foot for the first year of the lease, with three (3) percent annual escalations thereafter as shown on the chart below:

YEAR	ABATED RENT MONTHS	RATE/SF	MONTHLY RENT	ANNUAL RENT
1		\$26.00	\$14,800.50	\$177,606.00
2		\$26.78	\$15,244.52	\$182,934.24
3		\$27.58	\$15,699.92	\$188,399.04
4		\$28.41	\$16,172.39	\$194,068.68
5		\$29.26	\$16,656.26	\$199,875.12
6		\$30.14	\$17,157.20	\$205,886.40
7		\$31.05	\$17,675.21	\$212,102.52
8 (5 months)	\$91,023.08	\$31.98		
Total				\$1,360,872.00

The rent includes five (5) months free rent, all operating costs, as well as forty (40) parking spaces for staff and visitors. The Landlord will provide an allowance of \$170,775 for tenant improvements. Lease payments will be made from Federal Funds, and there are adequate funds for the lease according to the Budget Approval Form and multi-year plan submitted by the Agency.

The following are comparables of similar commercial space in Charleston area:

Location	Rate/SF
176 Croghan Spur Road	\$35.00
210 Sigma Drive	\$31.20
2265 Clements Ferry Road	\$26.75

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

The lease was approved by the Joint Bond Review Committee at its February 20, 2019 meeting.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the proposed lease for the SC Department of Employment and Workforce at 3955 Faber Place Drive in North Charleston, 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.

Medical University Hospital Authority– Not Exceeding \$120,000,000 Revenue Anticipation Notes (Regular Item #5)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$120,000,000 Revenue Anticipation Notes of the Medical University Hospital Authority (MUHA).

The proceeds of the notes will be used to defray (i) the payment of a portion of certain expenses and expenditures to be made in connection with the ownership and operation of certain hospital facilities in Florence, Marion, Lancaster, and Chester Counties, South Carolina, and (ii) to the extent available, to defray the costs associated with the issuance of the obligations.

Pursuant to S.C. Code Ann. Section 59-123-60, as amended, the Board of Trustees of the Medical University of South Carolina (Board of Trustees) became the governing body of the Medical University hospitals, clinics, and other healthcare and related facilities as shall be determined from time to time by resolution of the Board of Trustees. Section 59-123-60 further provides that whenever the Board of Trustees functions in its capacity as the governing body of such facilities, it is constituted and designated as the MUHA, an agency of the State of South Carolina.

MUHA, pursuant to Section 59-123-60(E)(3)(d), is authorized to issue revenue anticipation notes; provided that such notes have a maturity of not exceeding six months from date of issuance and do not exceed, in the aggregate, ten percent of the net patient service revenue for the fiscal year of MUHA preceding the fiscal year in which such obligations are issued. The issuance of the notes is subject to approval of the State Fiscal Accountability Authority (SFAA).

The Medical University of South Carolina (MUSC) advised that audited financial statements reflect that for fiscal year ended June 30, 2018, net patient service revenues were \$1,425,364,000.

MUHA requested that the SFAA authorize the State Treasurer to negotiate the terms of the Short Term Operating Indebtedness which shall be issued in one or more tranches, shall be issued in an aggregate principal amount not exceeding \$120,000,000 (which is less than ten percent (10%) of the net patient service revenue of MUSC for the fiscal year ended June 30, 2018), and each tranche of which shall have a maturity of not exceeding six (6) months from the

date of its issuance. MUHA also requested that the SFAA authorize the Treasurer to negotiate other terms and conditions of the revenue anticipation notes and to approve all documents related thereto to which MUHA is a party and to negotiate the terms and conditions of up to three (3) renewals of each tranche of the Short Term Operating Indebtedness, for terms not exceeding six (6) months.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority adopted a resolution (1) authorizing the State Treasurer to negotiate the terms of Short Term Operating Indebtedness which shall be issued in one or more tranches, shall be issued in an aggregate principal amount not exceeding \$120,000,000 and each tranche of which shall have a maturity of not exceeding six (6) months from the date of its issuance; (2) authorizing the Treasurer to negotiate other terms and conditions of the revenue anticipation notes and to approve all documents related thereto to which the Medical University Hospital Authority is a party; and (3) authorizing the Treasurer to negotiate the terms and conditions of up to three (3) renewals of each tranche of Short Term Operating Indebtedness, for terms not exceeding six (6) months

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

Department of Administration, Facilities Management and Property Services: Patriots Point Development Authority (PPDA) Eight Amendment to Lease out to BH Golf Properties, LLC (Regular Session #6)

In August of 1980, PPDA and Kemper Sports Management (Kemper) entered into a Lease wherein PPDA leased out of 197 acres of land for use as a golf course and related amenities. In December of 1996, Kemper assigned the Lease to Charleston Harbor Gold Partners Limited Partnership (CHGP). From 1996 to 2002, the Lease was amended six (6) times. In August of 2004, CHGP, assigned the Lease to LRA Charleston PP Golf, LLC. The Lease was then subsequently amended for a seventh (7th) time in August of 2018. An attached document provided the details of each Lease Amendment. On January 1, 2019, LRA Charleston PP Golf, LLC, assigned the Lease to BH Golf Properties, LLC (BHGP).

The Lease, as previously amended, currently expires on December 31, 2021 and contains two (2) ten (10) year renewal options for final expiration on December 31, 2041. PPDA is now requesting approval to execute an Eighth Amendment to the Lease to:

- **Add an additional renewal option of eight (8) years such that the remaining term could run just over 30 years and expire on December 31, 2049.**
- **Provide that neither party will take action to remove the Land and Water Conservation Fund Restrictions associated with the leased premises and if they attempt to do so the document will be void and if any such document is recorded in the Office of the Register of Deeds the Lease will be terminated.**

PPDA has indicated that BHGP intends to negotiate further amendments to the Lease to provide for substantial redevelopment of the golf course property to the benefit of both PPDA and BHGP.

The Eighth Amendment was approved by the PPDA Board on January 18, 2019 and by JBRC on February 28, 2019.

Mr. Loftis thanked the SFAA, Department of Administration, and PPDA staffs for their efforts in preparing the item for the Authority's consideration.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved the proposed Eighth Amendment to the lease out to BH Golf Properties, LLC from Patriots Point Development Authority (PPDA), as requested by PPDA through the Department of Administration, Facilities Management and Property Services.

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

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

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Authority agreed to meet at 9:30 a.m. on Tuesday, May 14, 2019, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 9:15 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 9:10 a.m. on Monday, March 4, 2019.]