

## **MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING**

**March 8, 2018 – 9:30 A. M.**

The State Fiscal Accountability Authority (Authority) met at 9:30 a.m. on Thursday, March 8, 2018, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

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. Loftis, seconded by Mr. Eckstrom, 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 20, 2018, Authority meeting; and acting as the Tobacco Settlement Revenue Management Authority, approved the minutes of the January 30, 2018, Tobacco Authority meeting.

### ***Blue Agenda***

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

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

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Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved blue agenda item #5, as noted herein.

***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:

**CONDUIT ISSUES:**

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel	Issuer’s Counsel
\$10,500,000 Economic Development Revenue Bonds	Ridgeland Pellets, Inc. Conduit: JEDA	Parker Poe	Pope Flynn
\$8,400,000 Economic Development Revenue Bonds	Foothills Area YMCA Conduit: JEDA	Haynsworth Sinkler Boyd	Howell Linkous
\$11,000,000 Economic Development Revenue Bonds	Aiken Memory Care, NTE Conduit: JEDA	Parker Poe	McNair Law Firm
\$15,000,000 Economic Development Revenue Bonds	CR Senior Living-Lakeside Conduit: JEDA	Parker Poe	Nexsen Pruet

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 following easements as recommended by the Department of Administration, Facilities Management and Property Services:

- (a) County Location: Charleston
- From: Department of Administration
- To: Charleston Water System
- Consideration: \$700
- Description/Purpose: To grant a 0.08 acre easement for the installation, operation and maintenance of a potable water main beneath the marshes and an unnamed tributary of the Ashley River on Austin Avenue in the City of Charleston to improve system reliability and water delivery to customers. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for

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easements across navigable waterways and submerged lands.

- (b) County Location: Charleston  
From: Department of Administration  
To: Charleston Water System  
Consideration: \$700  
Description/Purpose: To grant a 0.39 acre easement for the relocation, installation, operation and maintenance of a wastewater force main where Ashley Hall Plantation Road crosses Bulls Creek to accommodate Charleston County's replacement of a small bridge in the same location. 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: Charleston  
From: Department of Administration  
To: Charleston Water System  
Consideration: \$700  
Description/Purpose: To grant an easement consisting of two (2) crossings measuring 0.006 acre and 0.151 acre for the relocation, installation, operation and maintenance of a potable water main where Ashley Hall Plantation Road crosses Bulls Creek to accommodate Charleston County's replacement of a small bridge in the same location. 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.
- (d) County Location: Fairfield  
From: Department of Administration  
To: Town of Winnsboro  
Consideration: \$700  
Description/Purpose: To grant a 0.04 acre easement and a 0.06 acre easement for the construction, installation, operation and maintenance of a raw water line intake structure and ramp in the Broad River to provide an additional source of drinking water for the Town of Winnsboro. 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.
- (e) County Location: Richland  
From: Department of Administration  
To: City of Columbia  
Consideration: \$700  
Description/Purpose: To grant a 0.024 acre easement for the construction, installation, operation and maintenance of a sanitary sewer line

across Gills Creek at the intersection of Ft. Jackson Boulevard and Crowson Road to provide sewer improvements as part of the City of Columbia's sewer rehabilitation project. 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.

***Department of Administration, Facilities Management and Property Services: Real Property Conveyance (Blue Agenda Item #3)***

The Authority approved the following real property conveyance as recommended by the Department of Administration, Facilities Management and Property Services:

<b>Controlling Agency:</b>	<b>Department of Agriculture / Department of Administration</b>
Acreage:	4.33 ± acres and improvements
Location:	237 Catawba Street, Columbia
County:	Richland
Purpose:	To dispose of surplus real property.
Price/Transferred To:	University of South Carolina Foundation/Not less than appraised value
Disposition of Proceeds:	To be retained and divided accordingly between the Department of Agriculture and the Department of Administration based on pro rata disposition of proceeds and pursuant to Proviso 93.20.
Additional Information:	The property is divided into two tracts, with Tract A consisting of 0.666 acres under the control of the Department of Administration and Tract B of 3.664 acres under the control of the Department of Agriculture. Tract B houses the SCDA Metrology Laboratory which includes a 5,424 square foot building, a 2,292 square foot pole building and a 1,224 square foot storage building. Tract A includes a 5,000 square foot warehouse building being used by Admin's Facilities Management Office.

SCDA is nearing completion of a new Metrology Laboratory at the SC State Farmers Market campus in West Columbia adjacent to its other laboratories. The agency intends to operate the Metrology Laboratory on Catawba Street and the new Metrology Laboratory concurrently for six to nine months for certification purposes. Further, Admin has indicated that it no longer needs Tract A and will pursue sale of the Tract in conjunction with SCDA's sale of Tract B as one sale with pro rata disposition of proceeds.

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

*State Fiscal Accountability Authority, Insurance Reserve Fund: Insurance Rates: (Blue Agenda Item #4)*

The Insurance Reserve Fund (IRF) has as its mission the provision of property and liability insurance coverage at the lowest possible cost for its insureds. The IRF has worked diligently to avoid rate increases. Last March, IRF communicated to the Authority that the IRF's actuaries determined the need for a rate increase and recommended in the first phase to implement a property rate increase for the Seacoast and Beach areas beginning July 1, 2017. They also recommended taking rate increases in Property, Tort Liability and Medical Professional Liability in the future to be phased in over a 4 year period. The actuaries recommended, and IRF will implement, a multiple line rate increase statewide beginning July 1, 2018.

Mr. Eckstrom stated that the Authority members should look at the IRF insurance rates more closely so that they can prevent a situation from occurring where the actuaries advise that rates need to be raised and the recommendations have not been followed. He noted that in the past, insurance rates were raised at lower levels than recommended by the actuaries and now rates are being raised significantly across the board. He noted that law enforcement agencies are being required to absorb very significant increases. He said deferring to take action on raising insurance rates until the point of crisis limits the options the State has, and puts agencies and other public entities across the State in a very difficult situation. Mr. Eckstrom commented that there are counties along the coast that will see premium increases this year in the range of more than \$400,000 plus. He noted, for example, that SLED, the Department of Corrections, and the Department of Juvenile Justice will experience insurance increases of several hundred thousand dollars. He stated that any agency that has a law enforcement emphasis is being required to absorb increases. He said the increases are needed, but that the increases should have been mandated long before this year. He stated that the problem with programs like the IRF and the State Retirement System is that the State puts off dealing with the problem until it becomes a crisis. He stated that trying to correct the problem at this point puts the agencies at such a disadvantage. He further commented that he does not know how the agencies and local entities are going to deal with the increase.

Mr. Eckstrom further noted that the actuaries have noted that the IRF insurance rates are

below the market rates, but that is looking at the rates over time. He said what is happening to the entities now creates a problem even though the rates over time are reasonable, the increase this year is going to be a bitter pill for most of the entities to swallow. He stated that decisions that concern insurance rate increases should come to the Authority. He said staff should not be making decisions that the Authority should be making. Mr. Eckstrom stated that the Authority should handle the long range planning for the program. He said those are responsibilities that should reside with elected officials and that the Authority should have more of a role in this process and not just turn this responsibility over to staff. He said that the Authority should participate in a review of the insurance rates each year, access the actuarial reports, and take appropriate action based upon those reports. Mr. Loftis stated that he agreed with Mr. Eckstrom that it is the Authority's responsibility to review the rates.

The Authority received as information a briefing the by the Insurance Reserve Fund.

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

***Executive Director: Economic Development (2018 Ceiling Allocations) (Blue #5)***

The initial balance of the 2018 state ceiling allocation is \$527,558,745. In accord with Code Section 1-11-520, \$211,023,498 (40% of the total) was designated as the state pool and \$316,535,247 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$527,558,745 remaining for 2018. Allocation requests for 2018 totaling \$35,500,000 have been received thus far.

Relating to requests for calendar year 2018 ceiling allocations, the Authority is asked to authorize shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$35,500,000. The Department of Commerce made the following recommendation for allocation from the local pool:

JEDA Lakeside Place (Lexington County), \$15,000,000;  
JEDA Aiken Memory Care (Aiken County), \$11,000,000; and  
JEDA Ridgeland Pellets, LLC (Jasper County), \$9,500,000.

The SC Code of Laws Section 1-11-540 (B) provides that “requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board... determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted.” Bond counsel for the Lakeside Place and Aiken Memory Care projects advised that the positive economic, job creation, and infrastructure impact to the State is of such significance that approval of the allocation request is warranted prior to July 1.

Authority approval of the recommended requests, leaves an unexpended state ceiling balance of \$492,058,745 (state pool - \$211,023,498; local pool - \$281,035,247) to be allocated later in the calendar year.

Mr. Eckstrom noted that the conduit issue for the project is \$10.5 million and that the ceiling allocation request is for \$9.5 million. He further noted that there is a taxable component of \$1 million and a nontaxable component of \$9.5 million. He asked why the borrowing was structured in that manner. Tyler Smith, bond counsel for the project, and Sonny Harrell, with Ridgeland Pellets, appeared before the Authority. Mr. Smith stated that the taxable portion goes to any expenses above and beyond project expenses such as cost of issuance. He said that to the extent that there were project costs that are ineligible for the tax-exempt portion of the financing they would fit in the taxable category. Mr. Eckstrom asked why the costs would be ineligible and what is the State’s interest in assisting with the ineligible portion. Mr. Smith said it would be ineligible for the tax exempt treatment and that he is not sure what all of those would be, but that \$1 million would be a good cushion to handle the cost of issuance.

In further conversation Mr. Eckstrom asked Mr. Smith if the expectation was to issue the entire \$10.5 million. Mr. Smith said they would not issue any more beyond the \$9.5 million than what they needed.

In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, the Authority granted the following tentative ceiling allocation from the local pool:

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JEDA Lakeside Place (Lexington County), \$15,000,000;  
JEDA Aiken Memory Care (Aiken County), \$11,000,000; and  
JEDA Ridgeland Pellets, LLC (Jasper County), \$9,500,000.

The Authority also authorized shifts as necessary between the state pool and the local pool for the remainder of the calendar year.

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

***Dept. of Administration, Facilities Management and Property Services: University of South Carolina Student Intramural Fields Lease (Regular Session Item #1)***

Since 2011, the University of South Carolina (USC) has leased ±5.718 acres on the National Guard Complex located at 1101 Bluff Road in Columbia from the Department of the Army at a rate of \$156,000/year. The current lease expires on April 30, 2018, and USC requested approval to renew for an additional five years.

The site was originally leased as the football practice facility and is now used for intramural sports, all-purpose practice fields, and special athletics events. The space is consistently used by students, and the University notes there is a waiting list for field use.

A solicitation was conducted, and this was the only proposal received. The term of the lease will be for five (5) years beginning on May 1, 2018 at a rate of \$215,000 annually, for a total of \$1,075,000 over the term. This rate equates to \$37,600.56/acre. The rate was determined by an appraisal of the fee simple land value of the property (\$3,350,000) with a 6.5% capitalization rate resulting in an annual rate of \$217,750 which was negotiated down to \$215,000.

Comparables used in the appraisal to determine the value for the land lease are as follows:

Location	Acreage	Fee Simple Land Value	Fair Market Rent per acre based on 6.5% capitalization rate
620 Blossom Street/708 Pulaski Street	3.81 acres	\$2,575,000	\$43,930.45



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1130 Bluff Road	1.10	\$715,000	\$42,250
520 Blossom Street	3.98	\$6,500,000	\$106,155.78
Huger Street at Senate Street	1.50	\$1,500,000	\$65,000
410 Gervais Street/411 Senate Street	2.30	\$2,727,139	\$77,071.32

Lease payments will be made from the Department of Student Services – Campus Recreation operating budget. The revenue source for the budget is Wellness Activity Fees. For the 2017-2018 academic year, the associated fee charged to each full-time undergraduate student, in-state and out-of-state, is \$210. The Athletics Department will continue to maintain the fields, and the budget for maintenance is Athletics Operating funds, which consist of ticket sales, conference distributions, Gamecock club donations, premium seating, etc. The lease is revocable at will by the Secretary of the Army and may be terminated by the University with notice of thirty (30) days.

There are sufficient funds for the lease according to the Budget Approval form submitted. The lease was approved by the USC Board of Trustees on December 19, 2017, by the Commission on Higher Education on February 1, 2018, and by JBRC on February 28, 2018.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority, as requested by the University of South Carolina, approved the proposed Student Intramural Fields lease.

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

***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.

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

**Establish Project for A&E Design (Carry Over from January 30, 2018 Agenda)**

- (a) Summary 5-2018: JBRC Item (N/A). (E24) Office of the Adjutant General  
 Project: 9810, Statewide Armory Standalone Kitchens  
 Included in Annual CPIP: Yes – CPIP Priority 9 of 21 in FY18 (estimated at \$912,000)  
 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>
Appropriated State	0.00	0.00	0.00	43,780.00	43,780.00
Federal, National Guard Bureau	0.00	0.00	0.00	131,340.00	131,340.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>175,120.00</u>	<u>175,120.00</u>

Funding Source: \$43,780 Appropriated State. \$131,340 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: Establish project and budget for \$175,120 (Appropriated State and Federal, National Guard Bureau Funds) to construct a new 1,200 square foot kitchen addition at various readiness centers across the state. These readiness centers include facilities in Hemingway, Myrtle Beach, Batesburg, Edgefield, Saluda, Dillon, Conway and Walterboro. The existing kitchens at these readiness centers do not meet current building code requirements, are not in compliance with occupation, safety and health organizations and are not adequate to meet the needs of the assigned units. Adding the kitchen additions to the readiness centers will rectify these issues. The Phase I pre-design budget is requested at 10.9% of the estimated project cost and the additional amount will cover additional costs to be incurred while adapting utilities and grading requirements for each individual location. Each of these facilities are utilized by over 150 Army National Guard soldiers. The agency estimates that the completed project will cost approximately \$1,600,000. (See attachment 1 for this agenda item for additional annual operating costs.)

Mr. Eckstrom asked why the ultimate cost of the project is much higher than the estimated cost included in the capital improvement plan. Syeeda Gallman, accountant with the Adjutant General's Office, appeared before the Authority on this matter. Ms. Gallman stated that the cost increased because prices increased in the market and the agency has received a second opinion on what the design costs would be. Mr. Eckstrom asked when the CPIP was submitted. Ms. Gallman said she could not remember, but that during the time gap when the CPIP was submitted and the A-1 form was submitted in November 2017 the agency recognized that the original estimates should have been more than was submitted in the CPIP. She stated that when the A-1 was submitted the costs were updated to be more accurate.

Mr. Eckstrom further asked about the impact of the design reconsideration. Michael Young, project manager with the Adjutant General's Office, also appeared before the Authority on this matter. Mr. Young stated that they are considering a standard site work design to adapt to numerous designs around the State. He stated that site adaption changes with each armory. He noted that the kitchen in some of the armories can be adapted, but that others, because of the age of the building, cannot and they have to build a standalone facility off from the building. He stated that the utility and grading work increased the cost. Mr. Eckstrom asked if space was going to be added onto the armories. Mr. Young said yes and noted that most of the armories were built in the 1960s. He said that most of the kitchens that were built at that time were basically a corridor that was 10 feet wide and 20 feet long. He said they found that they needed more space for them to have a kitchen that flows better. Mr. Young also noted that the kitchen space would be about 1000 square feet to 1200 square feet. [Secretary's Note: Mr. Young's reference of kitchen space square footage of 1500 to 2000 square feet was amended to reflect kitchen square footage of 1000 to 2000 square feet at the May 1, 2018, Authority meeting based on Mr. Young's clarification to Mr. Eckstrom after the March 8, 2018, Authority meeting.]

**Establish Project for A&E Design**

- (b) Summary 5-2018: JBRC Item 1. (H27) University of South Carolina - Columbia  
Project: 6123, Barnwell Exterior Renovation  
Included in Annual CPIP: Yes – CPIP Priority 6 of 9 in FY18 (estimated at \$1,500,000)  
JBRC/SFAA Phase I Approval: N/A

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CHE Recommended Approval: 2/1/18

<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 Capital Project	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, 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 \$22,500 (Other, Institutional Capital Project Funds) to address the following exterior envelope maintenance needs at Barnwell College which were identified in a detailed building condition assessment completed April 2016: 1) Replace the deteriorated low-sloped metal roof, repair rotten wood sheathing. 2) Repair the perimeter slate roof with new underlayment. 3) Replace the internal gutter and all downspouts. 4) Repair the architectural metal entablature and wood framed substrate. 5) Repair molding and plaster column capitals. 6) Repair cementitious stucco, clean, re-seal/caulk joints and repaint the entire building. Barnwell College was constructed in 1910 and is 58,623 square feet. However, the building systems being addressed in this project are 39 years old. The existing roof is a combination of low-slope metal in the center and sloped slate at the perimeter which is predominant. The existing roof leaks on the flat roof, in some areas of the slate roof and the gutter. The project is needed to resolve these leaks before more significant damage occurs to the structure and finishes. Part of the new roof will replace the oxidized metal roof with copper or aluminum which will not oxidize and is anticipated to last 30 to 40 years. The remainder, and predominant part of the roof will include removal of the existing slate, application of a new waterproof membrane, and reinstallation of the existing slate. Slate roofs with modern membrane underlayments are considered to be 60-year-plus roofs. The new roof will come with a 20 year warranty. The facility houses the Psychology, Language and Literature, History, Anthropology and other departments within the College of Arts and Sciences. The building has classrooms, faculty offices and

administration space and is utilized by approximately 7,000 students. The agency estimates that the completed project will cost approximately \$1,500,000.

- (c) Summary 5-2018: JBRC Item 2. (H51) Medical University of South Carolina Project: 9842, Clinical Sciences Building High Risk Infectious Disease (HRID) Unit Included in Annual CPIP: No – The agency states that funding for the project had not been identified at the time of CPIP submission.

JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 2/1/18

<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, ASPR Grant	0.00	0.00	0.00	36,000.00	36,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>36,000.00</u>	<u>36,000.00</u>

Funding Source: \$36,000 Federal, Office of the Assistant Secretary for Preparedness and Response (ASPR) Grant Funding.

Request: Establish project and budget for \$36,000 (Federal, Office of the Assistant Secretary for Preparedness and Response Grant Funds) to begin Phase I schematic design to create a High Risk Infectious Disease (HRID) unit in the Clinical Sciences Building (CSB). This specialized medical unit will allow for isolation treatment for highly infectious diseases. This unit will be constructed in approximately 3,000 square feet of vacated space on the first floor of the 273,899 square foot CSB. Currently, the first floor of the CSB is occupied entirely by the Medical University Hospital Authority (MUHA). The existing space where this unit will be constructed is currently occupied by MUHA Neurophysiology. MUHA is working on a project to relocate that group to the 3<sup>rd</sup> floor of their main hospital. The HRID unit will be one of the few specialized units in the country, and the only one in South Carolina, equipped to address highly infectious diseases. When not in active use for patients, the space will be used for mock training to prepare providers to handle high risk cases. The building is 42 years old and the new unit will be occupied by up to 50 faculty and staff during an infectious disease event and numerous faculty and staff will utilize the space for training. The agency estimates that the completed project will cost approximately \$2,400,000.

- (d) Summary 5-2018: JBRC Item 3. (H51) Medical University of South Carolina  
 Project: 9843, Courtenay Drive Garage Upgrades  
 Included in Annual CPIP: Yes – CPIP Priority 2 of 4 in FY18 (estimated at \$2,500,000)  
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: Pending CHE Board Approval on 3/1/18

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>		<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
		<u>Original Budget</u>	<u>Current Budget</u>		
Other, Parking Revenue	0.00	0.00	0.00	37,500.00	37,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>37,500.00</u>

Funding Source: \$37,500 Other, Parking Revenue, which is revenue generated from operation of the MUSC parking system.

Request: Establish project and budget for \$37,500 (Other, Parking Revenue Funds) to begin Phase I schematic design to make upgrades in MUSC's Courtenay Parking Garage. Upgrades will include new lighting, cleaning and painting of interior concrete, new signage and way finding, layout and circulation improvements, and ADA accessibility improvements. These improvements will upgrade the garage to support the New Children's and Women's Hospital currently under construction. The 559,288 square foot garage is 25 years old and includes approximately 1,500 parking spaces for faculty, staff and patients. Currently, 1,494 of those spaces are occupied. The agency estimates that the completed project will cost approximately \$2,500,000.

Greg Weigle with MUSC appeared before the Authority on this matter. Mr. Eckstrom asked if the new garage would be placed in the same location as the old garage. Mr. Weigle said the new garage they are building on Cannon Street is not this garage. He said this garage is the Courtenay garage that was bought from Charleston County years ago. He said this request is to update the Courtenay garage. Mr. Eckstrom asked if the Courtenay garage is being torn down to which Mr. Weigle responded that it was not. Mr. Weigle said that these are just upgrades to the garage.

**Establish Construction Budget**

- (e) Summary 5-2018: JBRC Item 6. (H15) College of Charleston  
 Project: 9666, City Bistro Interior Renovation  
 Included in Annual CPIP: Yes – CPIP Priority 3 of 7 in FY18 (estimated at \$2,172,100)  
 JBRC/SFAA Phase I Approval: August 2017 (estimated at \$2,172,100)  
 CHE Recommended Approval: 2/1/18

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since</u>		<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
		<u>Original Budget</u>	<u>Current Budget</u>			
Other, Auxiliary	32,581.00	0.00	32,581.00	2,138,779.00	2,171,360.00	
All Sources	<u>32,581.00</u>	<u>0.00</u>	<u>32,581.00</u>	<u>2,138,779.00</u>	<u>2,171,360.00</u>	

Funding Source: \$2,171,360 Other, Auxiliary Funds, which are generated by Food Service which is a self-supporting auxiliary enterprise.

Request: Increase budget to \$2,171,360 (add \$2,138,779 Other, Auxiliary Funds) for the renovation of the interior of the City Bistro dining facility. The City Bistro is an all-you-care-to-eat residential dining hall located within the 27 year old Joe E. Berry, Jr. Residence Hall in the north central area of campus. It is a popular dining option among students, which can be credited in part to its convenient location. It is located within a five-minute walk of ten residence halls that collectively house approximately 3,000 students. The dining hall is 7,380 square feet and consists of five food service stations, 135 interior seats, and 165 exterior seats. The Bistro currently serves an average of 2,400 meals per day and this number is expected to increase with the recent addition of a new covered outdoor seating area. The layout of the dining room, including the food service stations throughout, will be reconfigured to maximize food preparation space, counter top surface area, and storage capacity. The new dining room configuration will better facilitate the heavy traffic flow that the Bistro regularly experiences and will be fully ADA compliant. Back-of-the-house space will also be reconfigured to accommodate growing demand. A section of the residence hall lobby adjacent to the City Bistro will be converted for use as additional dry storage. The trash area will be reconfigured and a dedicated dish washing area will be created. The project will include new flooring, ceiling materials, wall finishes, and select new food service equipment. The restrooms will be renovated. The existing lighting will be replaced with new LED lighting throughout and new digital nutrition signage will

be installed. This renovation project will increase the service capacity of the dining facility to meet current and anticipated demand and will help the College provide its students with timely food service and an enhanced campus experience. The agency estimates that the completed project will cost approximately \$2,171,360. The agency also reports the projects date for execution of the construction contract is May 2018 and for completion of construction is August 2018.

- (f) Summary 5-2018: JBRC Item 7. (H59) Greenville Technical College  
 Project: 6131, Greenville – Bldg. 801 Roof Replacement & HVAC Upgrades  
 Included in Annual CPIP: Yes – CPIP Priority 2 of 3 in FY17 (estimated at \$1,200,000)  
 JBRC/SFAA Phase I Approval: May 2017 (estimated at \$1,424,500)

CHE Recommended Approval: 2/1/18

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since</u>		<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
		<u>Original Budget</u>	<u>Current Budget</u>		
Other, Local Government Contribution to Plant Maintenance	21,367.50	0.00	21,367.50	1,449,221.50	1,470,589.00
All Sources	<u>21,367.50</u>	<u>0.00</u>	<u>21,367.50</u>	<u>1,449,221.50</u>	<u>1,470,589.00</u>

Funding Source: \$1,470,589 Other, Local Government Contributions to Plant Maintenance Fund, which is an accumulation of appropriated funds from Greenville County that are used to perform maintenance and renovations to physical facilities of Greenville Technical College.

Request: Increase budget to \$1,470,589 (add \$1,449,221.50 Other, Local College's Plant Maintenance Fund) to begin Phase II full design and construction to replace the largest portion, Section C, on Bldg. 801, McKinney Automotive Center at Greenville Technical College as identified in a roof evaluation report prepared by ADC Engineering. In conjunction with the roof replacement, the roof mounted HVAC units are in need of replacement. Facilities maintenance personnel as well as contractors, have attempted to repair leaks in the roof but excessive deterioration, as identified in ADC Engineering's report, ponding of water and major leaks occurring with each rain event, are exposing equipment and materials inside the building to potential damage. Water saturated roof insulation may also be developing a potential health risk hazard for occupants. Consultation with Peritus Mechanical Engineers



regarding the existing roof mounted HVAC units that will be affected by the roof replacement, revealed the need for replacing these units. As part of Phase I, a study of the HVAC system for the affected interior space was conducted to ensure the essential needs of heating, ventilation, and air conditioning are being met to current air quality standards. This project includes a total of 56,000 square feet (Section “C”), of the total 91,000 square foot building. The building, constructed in 1965, is 52 years old. The existing roof is estimated to be 20+ years old and the HVAC units are approximately 19+ years old. Roof replacement includes total removal of existing roofing systems down to the structural deck for approximately 560 square feet of roof, minor deck repairs, rough carpentry, roof insulation, including taper, and a mechanically fastened thermoplastic single-ply roof system. The new roof will come with two independent warranties. There will be a 3 year contractor warranty and a 20 year manufacturer’s warranty. The facility is used to house the curriculum programs in automotive training in maintenance of motors, transmissions and body repair and it utilized by 302 students, 15 faculty and 1 staff. The agency estimates that the completed project will cost approximately \$1,470,589.00. (See attachment 2 for this agenda item for additional annual operating cost savings.) The agency also reports the projects date for execution of the construction contract is April 2018 and for completion of construction is September 2018.

- (g) Summary 5-2018: JBRC Item 12. (U12) Department of Transportation  
Project: 9742, SCDOT Headquarters Building Guaranteed Energy Savings Contract  
Included in Annual CPIP: Yes – CPIP Priority 2 of 2 in FY18 (estimated at \$4,200,000)  
JBRC/SFAA Phase I Approval: March 2017 (estimate undetermined)

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>
Other, State Highway	60,000.00	0.00	60,000.00	(60,000.00)	0.00
Other, Master Lease Program	0.00	0.00	0.00	4,534,760.00	4,534,760.00
All Sources	<u>60,000.00</u>	<u>0.00</u>	<u>60,000.00</u>	<u>4,474,760.00</u>	<u>4,534,760.00</u>

Funding Source: \$4,534,760 Other, Master Lease Program, which is a lease administered

by the State Treasurer's Office. The lease, including interest, will be recompensed energy and operational savings that are to be guaranteed by the Energy Savings Company (ESCO).

Request: Increase budget to \$4,534,760.00 (add \$4,534,760 Master Lease Program Funds) to begin Phase II to provide for the engineering, construction and commissioning/verification of six energy conservation measures for the Guaranteed Energy Savings Contract (GESC) for the Headquarters Building located at 955 Park St. in Columbia. The SCDOT energy plant will save energy costs for SCDOT. The six energy measures are light fixture replacement with LED fixtures, water conservation measures, variable air volume retrofit and fan replacements, installation of a hot water boiler, installation of dynamic filters, and construction of a chilled water plant. All energy measures are easily verifiable energy savings projects. This project will realize a guaranteed energy savings of \$5,794,836 over the 14 year term of the contract. After the contract term, the savings will continue for the life of the equipment. The contracting method is in compliance with the state procurement process for energy performance contracting. The Department of Administration determined, via an engineering study, that SCDOT leaving the state energy plant should not have any negative impact to the Department of Administration or the other buildings on the Statehouse grounds. The 40 year old Headquarters Building is 228,000 square feet with an 802 space parking garage. All administrative functions of SCDOT are housed in the Headquarters Building which is utilized by 900 persons. The agency estimates that the completed project will cost approximately \$4,534,760. (See attachment 3 for this agenda item for additional annual operating cost savings.) The Lease will, in turn, be paid with funds realized through operating energy savings guaranteed by the Energy Service Company (ESCO). The agency also reports the projected date for execution of the construction contract is March 2018 and for completion of construction is November 2019.

### **Phase II Increase**

- (h) Summary 5-2018: JBRC Item 13. (H59) Northeastern Technical College  
Project: 6114, Industrial Training Center Renovations & Expansion (Bennettsville & Pageland)  
Included in Annual CPIP: Yes – CPIP Priority 1 of 1 in FY17 (estimated at \$1,900,000)  
JBRC/SFAA Phase II Approval: December 2015 (estimated at \$1,500,000)  
JBRC/SFAA Phase II Increase Budget: June 2016 (estimated at \$1,900,000)  
  
CHE Recommended Approval: Pending CHE Board Approval on 3/1/18

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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>
FY16 Capital Reserve	1,500,000.00	0.00	1,500,000.00	0.00	1,500,000.00
Other, Local	0.00	400,000.00	400,000.00	0.00	400,000.00
Other, College (NETC Reserves)	0.00	0.00	0.00	461,000.00	461,000.00
All Sources	<u>1,500,000.00</u>	<u>400,000.00</u>	<u>1,900,000.00</u>	<u>461,000.00</u>	<u>2,361,000.00</u>

Funding Source: \$1,500,000 FY15-16 Capital Reserve Funds. \$861,000 Other, Local, which is a \$150,000 donation from the City of Bennettsville, a \$250,000 donation from the Town of Pageland and \$461,000 from College Funds, which are NETC Reserves, and represent an accumulation of funds remaining at year end. This would consist largely of tuition.

Request: Increase budget to \$2,361,000 (add \$461,000 Other, Local Funds) to add additional funding to proceed with the renovations to 15,030 square feet of the 46,353 square foot Winn-Dixie building which will house the Marlboro County Training Center. The bids were received on 1/22/18 and the lowest bid was \$1,561,000. The higher bids are believed to be due economic factors. One of the largest increases is for electrical, which resulted in a \$250,000 difference from the estimate. This project was established in December 2015 utilizing \$1,500,000 in FY16 Capital Reserve Funds to construct a new facility in Pageland (which is now complete), and complete renovations to an existing facility (former elementary school), in Bennettsville. In June 2016 a Phase II budget increase was processed to add \$400,000 in Other Funds (donations), to cover the renovations to the Bennettsville facility because the new estimate to complete the project increased to \$1,900,000. In October 2017, a scope revision was approved to move the funds allocated for the former elementary school to a more cost-effective alternative facility, which the college identified as the former Winn-Dixie building. The college states that Proviso 25.9, effective July 1, 2017, allows the college to move the funds allocated for the previous facility to a more cost-effective alternative facility. The alternative location was

constructed in 1999 and will be owned by the Northeastern Technical College Foundation. The new site consists of 46,353 square feet of open space, loading dock, an existing sprinkler system through-out the building, newer zone roof-top A/C units, upgraded newer energy efficient roof and will require very little seismic up-fitting. The new building includes land with paved parking for students, lighted parking lot for student security, multiple access points for traffic flow, and a location in a highly visible location. NETC will offer on-going vocational educational programs, such as welding, and specialized, industry-specific classes needed by existing industries. This facility is located in a high-traffic area and will be appealing to businesses looking to locate in Marlboro County. Initially, an estimated 200 students will use the space. After the entire building is renovated in the future, there could be close to 600 students using this building. The agency reports the total projected cost of this project is \$2,361,000. (See attachment 4 for this agenda item for additional annual operating costs.) The agency also reports the projected date for execution of the construction contract is March 2018 and for completion of construction is August 2018.

Mr. Eckstrom asked if studies were done to document the need to expand the campuses for Northeast Technical College. Dr. Kyle Wagner, President of Northeast Technical College, appeared before the Authority. Dr. Wagner stated that they are limited to what they can do at their Cheraw campus, and their Bennettsville campus has seen a 26% increase in enrollment. He noted that locating a campus in the area is key to getting more people into college. Dr. Wagner noted this helps to address the transportation issue between the two locations. Dr. Wagner noted that Marlboro County gave the College the old Winn Dixie building to attract more businesses to move to the community. He stated the College is working closely with industries to align the course work to the industries that are moving into the community. Mr. Eckstrom stated that it is a very prudent decision for the College to use empty space as it is doing.

In further discussion, Dr. Wagner said that the Winn Dixie building is a key point to the College because it changes the College's direction by allowing it to partner closer with industry. He said industry has supported the project by giving almost \$400,000 to the county to support expanding training opportunities. He noted that the building is valued at \$1.4 million and that the total investment for support of the project is \$1.8 million.

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

*State Fiscal Accountability Authority: Future Meeting (Regular Session Item #3)*

Upon a motion by Mr. Eckstrom, seconded by Mr. White, the Authority agreed to meet at 9:30 a.m. on Tuesday, May 1, 2018, in Room 252, Edgar A. Brown Building.

*Adjournment*

The meeting adjourned at 10:15 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 9:10 a.m. on Wednesday, March 7, 2018.]