

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

May 1, 2018 – 9:30 A. M.

The State Fiscal Accountability Authority (Authority) met at 9:30 a.m. on Tuesday, May 1, 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; State Auditor George Kennedy; 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 Senator Leatherman, seconded by Mr. Eckstrom, the Authority adopted the agenda as proposed.

Minutes of Previous Meeting

Mr. Eckstrom noted that page 12 of the minutes was missing. Mr. Singleton noted that the page was apparently left out during copying of the minutes and that the minutes are complete with page 12.

Mr. Eckstrom further noted with regard to the discussion on page 11 concerning the Adjutant General's Office that after the meeting he was told by the Adjutant General's representative that the square footage of the kitchen space he gave was inaccurate. He said the minutes accurately capture what was said, but that information presented by the Adjutant General's representative should have been different. He asked if a note could be made in the minutes to correct the information. Mr. Gillespie said that a note would be made in the minutes making the correction. Mr. Eckstrom stated the confirmed range the representative gave him

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 2

was 1000 to 1200 square feet for the kitchen space. [Secretary’s Note: The revision to March 8, 2018, meeting minutes was made as noted by Mr. Eckstrom.]

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the minutes of the March 8, 2018, Authority meeting.

Blue Agenda

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved blue agenda items #3, #4, and #5, as noted herein.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved blue agenda item #1, as noted herein.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority approved blue agenda item #2, as noted herein.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved blue agenda item #6, 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)	Bond Counsel	Issuer’s Counsel
\$7,000,000 Multifamily Housing Revenue Bonds	Lorick Place Conduit: SC State Housing Finance and Development Authority	Haynsworth Sinkler Boyd	Tracey Easton, General Counsel
\$10,000,000 Industrial Revenue Development Bonds	Probitas Ventures, LLC – Bennettsville SC AAC Manufacturing Plant Conduit: JEDA	Haynsworth Sinkler Boyd	Pope Flynn
\$60,000,000 Education Facilities Revenue Bonds	Presbyterian College Real Estate Foundation Conduit: JEDA	Haynsworth Sinkler Boyd	Pope Flynn
\$13,000,000 Economic Development Bonds	Lexington Memory Care Conduit: JEDA	Parker Poe Adams & Bernstein	McNair Law Firm

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 3

\$30,000,000 Economic Development Refunding and Revenue Bonds	ACTS Retirement Life Communities/Park Point Village, Inc. Conduit: JEDA	Haynsworth Sinkler Boyd (Josh Pasker with Saul Ewing (Philadelphia, PA)	Nexsen Pruet
\$171,000,000 Hospital Refunding and Improvement Revenue Bonds	McLeod Loris Seacoast Hospital Conduit: JEDA	Howell Linkous & Nettles (Allen Robertson, Robinson Bradshaw)	Pope Flynn
\$25,000,000 Education Facilities Refunding and Revenue Bonds	Benedict College Conduit: JEDA	Parker Poe (Jean Wilson with Greenberg Traurig, Orlando, FL)	Haynsworth Sinkler Boyd
\$10,000,000 Revenue Bonds or Notes	Columbia International University Conduit: JEDA	Haynsworth Sinkler Boyd	Parker Poe

Mr. Eckstrom stated that he had a question concerning consistency of the issuance amount noted in the bond documents. He noted that the first item for blue agenda item #1 for approval of bond counsel for Lorick Place indicated an issuance amount of \$7,000,000, but the resolution and petition for blue agenda item #5 that are associated with the item alternate between an issue amount of \$7,000,000 and \$7,500,000. He said there should be consistency in the documents about the amount to be issued.

John Van Duys, bond counsel for the issue, appeared before the Authority on this matter. Mr. Van Duys stated that they expect the bonds will be \$7,000,000, but that they wanted to allow wiggle room to account for increased project costs. Mr. Eckstrom asked why there was not consistent wiggle room in the documents. Mr. Van Duys responded that it was a scrivener's error and they expect this to be a \$7,000,000 bond issue that includes allowance for any increased costs.

Mr. Eckstrom asked Mr. Loftis how confident he was about the cash flow for this issuance. He also noted that he has seen the property and it will need a great deal of work. Mr. Van Duys said the property has been demolished and will be replaced with new buildings.

Mr. Eckstrom further noted that there has been a proliferation of conduit type issues in the past several months. He stated that in 2008 the then Treasurer said the policy was 10 years old and he wanted the Budget and Control Board to have the Board approve recommendations.

He noted that in June 2009 the Treasurer presented a series of recommendations that were approved by the Board and are now being used to assign bond counsel. He asked if it is intentional or unintentional that the recommendations that were put in place in 2009 are no longer being followed. He said there is a provision in the policy that says that issuer's counsel for conduit issues should be the State's bond counsel if possible. He noted that the policy also said that bond counsel should be assigned for a three-year period on a rotation basis between seven qualified firms listed in the policy. He said it does not seem that the policy is being followed and he wonders if the policy should be rescinded or followed.

Mr. Eckstrom further commented that it is not reasonable to assume that the Authority is approving the assignment of bond counsel. He noted that some of the assignments were made in March and some bond counsels have already started work. He said Authority approval of the assignments at this point seems specious. He said it is unlikely once counsel starts work that the State would ever say that they cannot continue work then underway. Mr. Eckstrom stated that the policy indicated that the Treasurer would make the selection and inform the Board. He stated that the Authority should note that this is not the approval of bond counsel, but information related to the assignment of bond counsel that the Authority receives as information.

Mr. Loftis stated that there are several different issues addressed in the 2009 policy with some applying to conduit and state issues. He said there are conflicts among firms in terms of who can and cannot serve as bond counsel. He noted in further discussion that the rotation of counsel is impacted by when the request comes to the Treasurer's Office. He stated that when counsel is assigned and when the request for counsel comes to the Treasurer's Office are two different things.

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: Berkeley
From: Department of Administration
To: South Carolina Electric Gas Company
Consideration: \$700
Description/Purpose: To grant a 0.02 acre easement for the construction, installation, operation and maintenance of a gas main beneath a tributary of Nowell Creek at Forest Drive off Clements Ferry Road to extend the existing gas main to provide service to the new Governor's Cay community. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (b) County Location: Charleston
From: Department of Administration
To: Mount Pleasant Waterworks
Consideration: \$100
Description/Purpose: To grant a 0.12 acre water and sewer easement and a 0.08 acre water easement for the construction, service and repair of water distribution and sewage collection lines, treatment and disposal facilities, backflow preventers and meters over, under and upon property of Patriots Point Development Authority. The easements will serve the hotel expansion at the Charleston Harbor Resort and Marina. The term of the easements will be fifty (50) years.
- Mr. Eckstrom asked if the \$100 fee was a correct calculation given that the easement is for the benefit of a private corporation. He said that the fee seems to be a fee that would be charged government to government. He also asked if the easement would impact Patriots Point's use of the property upon which it is planning to build the Medal of Honor Museum. Ashlie Lancaster with the Department of Administration, Facilities Management and Property Services, appeared before the Authority on this matter. Ms. Lancaster noted that the easement is being done at Patriots Point's request. Mr. Eckstrom said he wanted to make sure that Patriots Point was aware of the request.
- (c) County Location: Dillon
From: Department of Administration
To: City of Dillon
Consideration: \$1
Description/Purpose: To grant a 0.03 acre access easement and a 0.06 acre utility easement for the construction, operation and maintenance of a new pump station on property of the Dillon National Guard

Armory. The easements are needed for the purpose of relocating and upgrading the existing lift station. The term of the easements will be fifty (50) years. The easements will be of mutual benefit to the South Carolina Military Department and the City of Dillon. The Division of Facilities Management and Property Services has determined that the Military Department's Office of the Adjutant General has complied with the requirement of the statute in that the easements do not appear to materially impair the utility of the property or damage it.

- (d) County Location: Horry
From: Department of Administration
To: Ronald L. Finley
Consideration: \$700
Description/Purpose: To grant a 0.02 acre easement across uplands at the 59th Avenue North Canal where the bulkhead and fill material extend 16-18 feet beyond the property line for land now owned by Mr. Finley for the purpose of obtaining a permit to build a boat ramp, land deck and floating dock. The easement is being required by SCDHEC before the agency issues a dock permit as Mr. Finley's property is not by definition waterfront. 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: Horry
From: Coastal Carolina University
To: Grand Strand Water and Sewer Authority
Consideration: \$5
Description/Purpose: To grant a 15 foot easement for ingress, egress and regress to and from a sanitary sewer pump station located on the University's campus in Conway. The Grand Strand Water and Sewer Authority has agreed to assume ownership, operational and maintenance responsibility of the pump station and the conveyance includes the access easement. The Division of Facilities Management and Property Services has determined that the University 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.
- (f) County Location: Richland
From: Department of Administration
To: Columbia Stage Company
Consideration: \$2,240

Description/Purpose: To grant a 138 square foot easement for the purpose of providing egress from the Town Theatre's lower (below ground) level which will be renovated to provide classrooms for educational programs. The term of the easement will be fifty (50) years. A temporary construction easement consisting of 818 square feet is also needed to accommodate the renovation project. The Division of Facilities Management and Property Services 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. Consideration is \$500 plus the Richland County assessed land value.

Mr. Eckstrom inquired if parking would be impacted by granting the easement. Ms. Lancaster stated that the director of the Town Theatre has confirmed that none of the parking would be displaced or impacted by granting the easement. Mr. Eckstrom asked if the temporary construction would impact parking. Ms. Lancaster responded that it would not.

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

Executive Director: Department of Natural Resources Georgetown – Rabbit Island Dike Repair (Blue Agenda Item #3)

The Department of Administration, Capital Budget Office reported that it had reviewed the submission made by the South Carolina Department of Natural Resources concerning the Rabbit Island dike repair in Georgetown County and determined the submission is complete, and has received confirmation of favorable review by staff of the Joint Bond Review Committee. Pursuant to the policy adopted by the State Fiscal Accountability Authority on December 12, 2017, the Authority's Executive Director has approved the PIP. The Authority's Executive Director has communicated his approval to the Department of Administration. The Authority was asked to receive the report as information in accordance with SFAA policy adopted December 12, 2017.

The Authority received the report concerning the Rabbit Island dike repair as information in accordance with SFAA policy adopted December 12, 2017.

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

Division of Procurement Services: Procurement Audit of the South Carolina Department of Natural Resources (Blue Agenda Item #4)

On June 14, 2011, the State Budget and Control Board granted DNR a certification of \$350,000 per commitment for Supplies, Services and Consultant Services. Procurement Services reduced that authority to \$50,000, effective February 25, 2016, due to the prolonged vacancy in the procurement director position and significant turnover in procurement staff.

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services reviewed the procurement system of Department of Natural Resources during 2017 and recommends its certification within the parameters described in the audit report for the following limits for a period of three years.

	<u>Current Certification</u>	<u>Recommended Certification</u>
Supplies and Services	*\$50,000 Per Commitment	*\$300,000 Per Commitment

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

The Agency complies with the South Carolina Consolidated Procurement Code, State regulations, and the Agency's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. The Division of Procurement Services recommended the State Fiscal Accountability Authority grant the Department of Natural Resources the certification limit noted above. This certification limit will restore the majority of the certification DNR was granted in 2011.

The Authority granted procurement certification for the South Carolina Department of Natural Resources, as recommended by the Division of Procurement Services within the parameters described in the audit report for the following limits for a period of three years.

	<u>Current Certification</u>	<u>Recommended Certification</u>
Supplies and Services	*\$50,000 Per Commitment	*\$300,000 Per Commitment

*Total potential purchase commitment whether single year or multi-term contracts are used. Information relating to this matter has been retained in these files and is identified as Exhibit 4.

Executive Director: Revenue Bonds (Blue Agenda Item #5)

The Authority adopted a resolution approving the referenced proposal to issue revenue bonds.

- a. Issuing Authority: State Housing Finance and Development Authority
- Amount of Issue: \$7,500,000 Multifamily Rental Housing Revenue Bonds
- Allocation Needed: -0-
- Name of Project: Lorick Place Apartments
- Employment Impact:
- Project Description: acquisition, construction, furnishing and equipping of an 87-unit multifamily rental housing facility located in Columbia
- Bond Counsel: John Van Duys, Haynsworth Sinkler Boyd, P. A.

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

Executive Director: Economic Development (2018 Ceiling Allocations) (Blue #6)

The initial balance of the 2018 state ceiling allocation was \$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 \$497,548,745 remaining for 2018. Allocation requests for 2018 totaling \$35,500,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totals \$23,000,000. The Department of Commerce makes the following recommendation for allocation from the local pool:

JEDA Lexington Memory Care (Lexington County), \$13,000,000; and
JEDA Probitas Ventures, LLC—Bennettsville SC AAC Manufacturing Plant (Marlboro
County), \$10,000,000. (See attachments A and B for this agenda item for additional
information.)

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 Lexington Memory Care
project has 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 \$474,548,745 (state pool - \$211,023,498; local pool - \$263,525,247) to be allocated
later in the calendar year.

Mr. Eckstrom asked why the Lexington Memory Care project scoring was so low.
Daniel Young with the Department of Commerce appeared before the Authority on this matter.
He stated that the score is low because the project is in an urban area rather than a rural area.
Mr. Eckstrom inquired as to the range of the scoring for a project. Mr. Young said the score
depends upon the amount of the investment, the number of jobs created, the amount being paid
to workers, the number of jobs being retained, and other variables. Mr. Eckstrom asked Mr.
Young at what point would the score be so low that he would not recommend approval because
the project does not have the public benefit looked for with private activity bonds. Mr. Young
commented that the ranking system was developed to handle competition for the ceiling
allocation.

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 allocations from
the local pool:

JEDA Lexington Memory Care (Lexington County), \$13,000,000; and
JEDA Probitas Ventures, LLC—Bennettsville SC AAC Manufacturing Plant (Marlboro
County), \$10,000,000.

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

Department of Administration, Facilities Management and Property Services: Greenville Technical College Land Lease to Greenville Tech Charter High School (Regular Session #1)

Greenville Technical College requested approval to lease 3.7 acres on its Barton Campus to Greenville Tech Charter High School for the Charter High School to construct two (2) new permanent facilities. The Charter High School is currently operating out of two existing buildings on the College's campus but these buildings are insufficient for long term use. The construction of the new buildings will meet the needs of the Charter High School and will allow Greenville Technical College to have access to a gymnasium with a basketball court for student and college events, while freeing up the space currently in use by the Charter High School for continued use by the College.

The term of the lease will be for fifty (50) years to allow the Charter High School to utilize the leasehold interest to issue bonds to construct the facilities. The bond issuance will not exceed \$9,000,000 with a 30-year term. The College will have no liability for repayment of the bonds. If the Charter High School fails to construct the contemplated facilities or fails to operate as a public charter school, the bond trustee shall have the right to designate another charter school to operate the facilities. The College would also have the option, subject to required governmental approvals, to pay off the bonds and acquire the facilities. Additionally, because the College and the Charter High School have an existing mutually beneficial partnership whereby many of the students are co-enrolled, the lease rate will be nominal at \$1/year. The Charter High School will be responsible for all maintenance and operations costs for the new facilities and will restore the land to its original condition at the end of the lease term unless the College exercises its right and receives the required approvals to acquire the improvements at that time.

The lease also provides for the following general, non-exclusive easements limited to the lease term and any holdover period:

- over, under, on or through such portions of the Landlord's adjacent property as may be necessary (as determined in Landlord and Tenant's reasonable discretion) to allow Tenant to have access to, and construct connections with, all utility services, including

electricity, water, sewage, telephone, and cable television, including the right to go upon the Landlord's adjacent property for the purpose of repairing, restoring, or upgrading any such utilities

- over, under, on, or through such portions of the Landlord's adjacent property as may be necessary (as determined in Landlord and Tenant's reasonable discretion) for the purpose of draining surface water and storm water to the appropriate receptacles, including the storm water retention pond currently located on the Landlord's adjacent property, provided there is capacity in excess of the Landlord's drainage and retention requirements
- over, under, on, or through such portions of Landlord's adjacent property as may be necessary (as determined in Landlord and Tenant's reasonable discretion) to allow Tenant to have access to the Property, including but not limited to, the right to use existing roads and/or driveways connecting the Property to public roads
- over, under, on, or through such portions of Landlord's adjacent property as may be necessary (as determined in Landlord and Tenant's reasonable discretion) to allow Tenant and its contractors or other agents to construct the public charter school on the Property

The lease was approved by the State Board for Technical and Comprehensive Education on March 27, 2018 and by the Greenville Technical College Area Commission on April 18, 2018.

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:

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 13

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
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.

Mr. Eckstrom asked if the State should be protecting a charter school construction in a case such as this. He said that if the State Department of Educations does not support public charter schools there is perhaps too much risk to proceed with the lease. Senator Leatherman asked Mr. Eckstrom to share information on the Department of Education’s nonsupport of public charter schools. Mr. Eckstrom stated he was speaking of what he read.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority, as requested by Greenville Technical College, through the Department of Administration, Facilities Management and Property Services approved the proposed lease and associated easements from Greenville Technical College to Greenville Tech Charter High School. All members of the Authority voted for the item with exception of Mr. Eckstrom. Mr. Eckstrom abstained from

voting on the item.

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

Department of Administration, Facilities Management and Property Services: MUSC Parking Lease-out to Care Alliance Health Services (Regular Session Item #2)

As part of their mutual partnership in support of the Medical District, MUSC currently leases 700 spaces to CareAlliance Health Services d.b.a. Roper St. Francis Healthcare on behalf of Roper Hospital, Inc. (“CareAlliance Health Services”) in the Courtenay Drive Parking Garage located at 21 Courtenay Drive at a rate of \$130.75/space per month (\$1,098,329.16 annually) under a lease agreement that expires on September 30, 2018. In August of 2017, MUSC received approval from the State Fiscal Accountability Authority to amend that lease to relocate the parking to a new garage at 165 Cannon Street and to extend the lease for ten (10) years with four (4) renewal periods of five (5) years each to accommodate the opening of the new MUSC Shawn Jenkins Children’s Hospital which is anticipated to be in the Fall of 2019.

That amendment was never executed and, since that time, there have been changes in MUSC parking needs. As such, MUSC requested to amend and extend the lease agreement as follows:

The amended lease will be for a term of five (5) years with four (4) potential renewal periods of five (5) years each. The amended lease will also reduce the number of spaces leased to CareAlliance Health Services to 600 spaces in the Courtenay Drive Parking Garage from October 1, 2018 to the earlier of October 1, 2019 or the opening of the Children’s Hospital. For the remainder of the lease term and renewal periods, the number of spaces leased to CareAlliance Health Services will be between 150-300 spaces, depending on availability, in either the Courtenay Drive Parking Garage or within one-half mile from 316 Calhoun Street, which is where the Roper Hospital main campus building is located.

For the period of the lease for which CareAlliance Health Services has 600 spaces, the rate will be based on the current rate of \$130.75/month/space increased by the lesser of the October 2018 CPI or four (4) percent. Effective the earlier of October 1, 2019 or the opening of the Children’s Hospital and in conjunction with the reduction of the number of spaces to between

150-300 spaces, the rate will be \$155.00/space/month with annual increases of the lesser of CPI or three (3) percent. Altogether, this represents revenue to MUSC of a minimum of \$10,603,285.20 and a maximum of \$20,308,270.30 over the initial term and renewal periods.

The following charts represent comparable lease rates of similar space near the MUSC Campus:

Parking:

Location	Rate/Space
200 Meeting Street	\$190.00
159 Rutledge Avenue	\$165.00
62 Gadsden Street	\$150.00

The lease was approved by the MUSC Board of Trustees on April 13, 2018, and by the Joint Bond Review Committee on April 25, 2018.

Mr. Eckstrom asked if there was any outstanding debt on the parking garage. Greg Weigle with MUSC appeared before the Authority on this matter. Mr. Weigle said he did not know with certainty if there was debt remaining on the garage, but he believed that to be the case.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, as requested by the Medical University of South Carolina, through the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed MUSC Parking Lease-out to CareAlliance Health Services.

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

Department of Administration, Facilities Management and Property Services: MUSC Lease-out to the US Department of Veteran Affairs at 112-116 Doughty Street in Charleston (Regular Session Item #3)

In December 2016, the Medical University of South Carolina (MUSC) received approval to continue leasing 46,857 square feet (SF) of hospital and medical office space located at 112-116 Doughty Street in the Strom Thurmond Building in Charleston to the US Department of Veterans Affairs (VA) through a one-year Standstill Agreement beginning January 15, 2017 and ending January 14, 2018. At that time, it was noted that the VA has leased this space from MUSC since January 14, 1997, the initial twenty (20) year lease was expiring, and, while both

parties desired and would seek approval of a more long-term agreement in the future, the VA could not enter into a more long-term lease amendment until approval of their federal budget.

While the VA now has budget approval for a lease amendment for three (3) years, they are also conducting a solicitation for a twenty (20) year lease. As such, MUSC is now requesting approval to enter into a three (3) year lease extension with the VA effective from the initial lease end date of January 15, 2017 until January 14, 2020, with two (2) optional renewal periods of six (6) months each, while the federal government conducts the solicitation process.

MUSC and the VA jointly occupy the 150,000 SF facility and have a long history of collaboration. Most of the VA attending physicians are MUSC faculty and all of the doctors-in-training are MUSC residents. The two organizations also share extensive research information.

Rent will be at a rate of \$33.55/SF or \$1,572,052.35 annually for a total of \$6,288,209.40 for the three (3) year term and optional renewal terms. The rent is comprised of \$7.81 in base rent and \$25.74 in operating costs. Operating costs are subject to annual CPI increases.

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

Location	Tenant	Rent Rate/SF
176 Croghan Spur Road	Vacant	\$ 35.00
176 Croghan Spur Road	MUSC	\$28.40
205 King Street	Vacant	\$ 39.00
40 Calhoun Street	Vacant	\$34.50
360 Concord Street	College of Charleston	\$32.55

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

The lease was approved by the MUSC Board of Trustees on April 13, 2018 and JBRC on April 25, 2018.

Mr. Eckstrom asked if there was any debt service on the building. He also asked how old the building is and how the deferred maintenance needs are being met. Mr. Weigle appeared before the Authority on this matter. Mr. Weigle stated that the building opened in 1996 and that the VA has been a tenant since the building opened. He stated that the debt has been retired on the building. He noted that they have done a lot of deferred maintenance on the building and that in the last year they have finished reskinning the building and replacing windows. Mr. Weigle also stated that they have some projects on the books to replace electrical switch gear and

chillers. He said the deferred maintenance position of the building is good.

Upon a motion by Mr. White, seconded by Senator Leatherman, as recommended by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed lease-out from MUSC to the U. S. Department of Veterans Affairs at 112 – 116 Doughty Street in Charleston.

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

Department of Administration, Facilities Management and Property Services: Medical University Lease – 22 WestEdge in Charleston (Regular Session Item #4)

In May 2017, the Medical University of South Carolina (MUSC) received approval to lease 25,000 square feet (SF) located at 22 WestEdge in Charleston to provide space for MUSC Bioinformatics. The lease is for a term of ten (10) years beginning following completion of construction by the Landlord (estimated to be in the second quarter of 2019) at a rate of \$36.00/SF with two and one-half percent (2 ½%) annual escalations for a maximum of \$10,083,043.59 over the term.

In March 2017, MUSC received approval to sell their property located at 19 Hagood Avenue in Charleston (commonly known as the Harborview Office Tower.) This property is now under contract and MUSC is in the process of relocating the current occupants, one of which is their Information Solutions (IS) department.

A solicitation was conducted for space to accommodate the IS department. Seven (7) responses were received with 22 WestEdge being the only location that met the square footage and location requirements. As such, MUSC is requesting to amend the above referenced lease for MUSC Bioinformatics to add 16,000 SF for the IS department upon the same terms and conditions. The added square footage will result in an additional \$6,543,147.90 over the term as follows:

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 18

<u>INITIAL TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF*</u>
LEASE YEAR 1	\$576,000.00	\$48,000.00	\$36.00
LEASE YEAR 2	\$590,400.00	\$49,200.00	\$36.90
LEASE YEAR 3	\$605,160.00	\$50,430.00	\$37.82
LEASE YEAR 4	\$620,289.00	\$51,690.75	\$38.77
LEASE YEAR 5	\$635,796.23	\$52,983.02	\$39.74
LEASE YEAR 6	\$651,691.13	\$54,307.59	\$40.73
LEASE YEAR 7	\$667,983.41	\$55,665.28	\$41.75
LEASE YEAR 8	\$684,682.99	\$57,056.92	\$42.79
LEASE YEAR 9	\$701,800.07	\$58,483.34	\$43.86
LEASE YEAR 10	\$719,345.07	\$59,945.42	\$44.96
TOTAL	\$6,453,147.90		*rounded

The rent includes all maintenance and operations costs, and the Landlord is providing \$640,000 in renovations. The lease provides that the Landlord will make available parking cards at a ratio of two (2) cards per 1,000 SF at a cost of \$175/month each for use in the parking deck for the building. The rate escalates annually by three percent (3%).

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

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 19

Tenant	Location	Rate
College of Charleston	360 Concord Street	\$32.55/SF
Clemson University	701 East Bay Street	\$35.48/SF
MUSC	55 Bee Street	\$35.39/SF
Vacant	220 King Street	\$48.00/SF
Vacant	205 King Street	\$39.00/SF

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

There are adequate funds for the lease according to the Budget Approval Form submitted. The lease was approved by the MUSC Board of Trustees on February 9, 2018, the Commission on Higher Education on March 1, 2018, and JBRC on April 25, 2018.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, as recommended by the Medical University of South Carolina, through the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed lease for the Medical University of South Carolina at 22 WestEdge in Charleston.

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

Department of Administration, Facilities Management and Property Services: SC Department of Revenue Lease – 33 Villa Road in Greenville (Regular Session Item #5)

The SC Department of Revenue (DOR) requested approval to lease 11,400 SF of space located at 33 Villa Road in Greenville from Piedmont Center Owner, LLC. The agency currently leases 14,670 SF at 545 N. Pleasantburg Drive. That lease expires August 31, 2018, and the space is larger than needed and is not designed to accommodate new DOR security protocols for an on-site security officer in each office lobby, security cameras, metal detectors, and security equipment to screen all visitors.

A solicitation was conducted and three (3) proposals were received, with the selected location representing the lowest bid. The term will be for ten (10) years beginning on September 1, 2018, at a rate of \$15.00 for the first year. Thereafter, basic rent increases by fifty cents (\$0.50) annually. As such, the maximum amount payable over the term is \$1,966,500 as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 171,000.00	\$ 14,250.00	\$ 15.00
YEAR 2	\$ 176,700.00	\$ 14,725.00	\$ 15.50
YEAR 3	\$ 182,400.00	\$ 15,200.00	\$ 16.00
YEAR 4	\$ 188,100.00	\$ 15,675.00	\$ 16.50
YEAR 5	\$ 193,800.00	\$ 16,150.00	\$ 17.00
YEAR 6	\$ 199,500.00	\$ 16,625.00	\$ 17.50
YEAR 7	\$ 205,200.00	\$ 17,100.00	\$ 18.00
YEAR 8	\$ 210,900.00	\$ 17,575.00	\$ 18.50
YEAR 9	\$ 216,600.00	\$ 18,050.00	\$ 19.00
YEAR 10	\$ 222,300.00	\$ 18,525.00	\$ 19.50

The rent includes all maintenance and operations costs, and full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord will upfit the space to the agency’s specifications. The lease meets the state space standards with a density of 132 SF/person.

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

Tenant	Location	Rate
SLED	37 Villa Road	\$15.02/SF
Vacant	330 Pelham Road	\$18.00/SF
Vacant	11 Brendan Way	\$21.00/SF

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

The agency has sufficient funds for the lease according to the Budget Approval Form. The lease was approved by JBRC on April 25, 2018.

Mr. Eckstrom asked how DOR’s rental rate compares to the Highway Patrol’s rental rate for space in the same building. DOR Director Hartley Powell appeared before the Authority on this matter. Mr. Powell said that he did not have that information. Erica Brock, Facilities Manager for DOR, appeared before the Authority. She stated that they did not have the rate for the Highway Patrol, but they did compare the rate to that of SLED which is in a building adjacent to them. She said they did not compare the Highway Patrol’s rate because the Highway Patrol’s lease is older and it was not as accurate to compare an older rate to a newer rate. Mr.

Powell stated that the SLED rate was \$15.02.

Upon a motion by Senator Leatherman, seconded by Mr. White, as recommended by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed lease for the Department of Revenue at 33 Villa Road in Greenville.

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

Department of Administration, Facilities Management and Property Services: SC Department of Revenue Lease – 775 Addison Avenue in Rock Hill (Regular Session Item #6)

The SC Department of Revenue (DOR) requested approval to lease 8,120 SF of space located at 775 Addison Avenue in Rock Hill from Gary L. Williams. The agency currently leases 5,422 SF at 454 S. Anderson Road. That lease expires June 30, 2018, and the agency is in need of a larger space to accommodate increased staffing of auditors, taxpayer assistance officers, and other employees based on population growth. Additionally, new DOR security protocols require space for an on-site security officer in each office lobby, security cameras, metal detectors, and security equipment to screen all visitors. The agency will still be in compliance with the state space standards with a density of 180 SF/person.

A solicitation was conducted and five (5) proposals were received. One proposal was eliminated due to security concerns. Of the remaining four (4) proposals, the selected location represents the lowest bid. The term will be for ten (10) years beginning on July 1, 2018 at a rate of \$17.14 for the first year. Thereafter, basic rent increases by two (2%) percent annually. The Landlord has also agreed to provide three and one-half (3 ½) months of free rent for a maximum amount over the term of \$1,482,277.36 as follows:

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 22

<u>TERM</u>	<u>ABATED RENT MONTH</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF ROUNDED</u>
YEAR 1	First Month	\$ 127,578.66	\$ 11,598.06	\$ 17.14
YEAR 2	First Month	\$ 130,109.43	\$ 11,828.13	\$ 17.48
YEAR 3	First Month	\$ 132,732.93	\$ 12,066.63	\$ 17.83
YEAR 4	½ of First Month	\$ 141,541.54	\$ 12,307.96	\$ 18.19
YEAR 5		\$ 150,649.44	\$ 12,554.12	\$ 18.55
YEAR 6		\$ 153,662.40	\$ 12,805.20	\$ 18.92
YEAR 7		\$ 156,735.72	\$ 13,061.31	\$ 19.30
YEAR 8		\$ 159,870.36	\$ 13,322.53	\$ 19.69
YEAR 9		\$ 163,067.76	\$ 13,588.98	\$ 20.08
YEAR 10		\$ 166,329.12	\$ 13,860.76	\$ 20.48

The rent includes all maintenance and operations costs and full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord is providing an upfit allowance of \$20/SF for renovations.

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

Tenant	Location	Rate
DMV	3071 Highway 21, Fort Mill	\$18.00/SF
Vacant	300 Technology Way, Rock Hill	\$22.50/SF
Vacant	01 Riverwalk Parkway, Rock Hill	\$25.00/SF

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

The agency has sufficient funds for the lease according to the Budget Approval Form. The lease was approved by JBRC on April 25, 2018.

Upon a motion by Senator Leatherman, seconded by Mr. White, as recommended by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed lease for the Department of Revenue at 775 Addison Avenue in Rock Hill.

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

Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#7)

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. Loftis, 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. All members voted for the item with exception of Mr. White. Mr. White abstained from voting on the item.

Establish Project for A&E Design

- (a) Summary 6-2018: JBRC Item 2. (H27) University of South Carolina - Columbia Project: 6125, Swearingen Roof Replacement
Included in Annual CPIP: Yes – CPIP Priority 8 of 9 in FY18 (estimated at \$2,000,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 4/5/18

<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	30,000.00	30,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>30,000.00</u>	<u>30,000.00</u>

Funding Source: \$30,000 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 \$30,000 (Other, Institutional Capital Project Funds) to remove and replace the existing original roof on the

31 year old Swearingen Engineering Center which was constructed in 1987. The project will provide a new PVC roof membrane, new rigid insulation and include the replacement of all associated roof flashing at parapets, skylights, and roof-mounted mechanical equipment and piping. The new roof system will provide a 20 year warranty. The Swearingen Engineering Center roof is approximately 71,000 gross square feet. The facility is utilized by an estimated 850 College of Engineering and Computing students and has classrooms, faculty offices, and administrative space. The agency estimates that the completed project will cost approximately \$2,000,000.

- (b) Summary 6-2018: JBRC Item 3. (H29) University of South Carolina - Aiken
 Project: 9552, USC Aiken Maintenance Building
 Included in Annual CPIP: Yes – CPIP Priority 2 of 2 in FY20 (estimated at \$2,000,000)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 3/1/18

<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, USC Aiken Institutional	0.00	0.00	0.00	30,000.00	30,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>30,000.00</u>	<u>30,000.00</u>

Funding Source: \$30,000 Other, USC Aiken Institutional Funds, which are received from a variety of sources including tuition and fees and sales and services activities.

Request: Establish project and budget for \$30,000 (Other, USC Aiken Institutional Funds) to construct a new building for the Facilities Maintenance and Supply staff and their associated equipment at the periphery of campus. Currently, these offices and equipment areas are adjacent to an academic building in the core of campus. Due to its prime location in the core of campus, the university has plans to repurpose the existing maintenance facility for a Scholars Academy and other academic programs. The new maintenance facility will be located away from the main campus in accordance with the campus master plan. The facility will be similar in size but will be able to be expanded as future needs may demand. The new 13,225 square foot pre-engineered metal facility will accommodate approximately 25 staff.

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 25

The agency estimates that the completed project will cost approximately \$2,000,000. (See attachment 1 for this agenda item for additional annual operating costs.)

- (c) Summary 6-2018: JBRC Item 4. (H29) University of South Carolina - Aiken
 Project: 9553, USC Aiken Penland HVAC Renovation
 Included in Annual CPIP: Yes – CPIP Priority 1 of 2 in FY19 (estimated at \$4,000,000)
 JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 3/1/18

<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, USC Aiken Institutional	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, USC Aiken Institutional Funds, which are received from a variety of sources including tuition and fees and sales and services activities.

Request: Establish project and budget for \$22,500 (Other, USC Aiken Institutional Funds) to replace a significant portion of the HVAC system in the Penland Administration Building which was constructed in 1973. The project will replace the original four air handlers and install limited new variable air volume units which will provide reliability and maintain desirable humidity levels in the building. The existing ductwork, controls, piping and fire alarms will remain. The building will be required to remain occupied and operational throughout the project so the project includes the cost of providing temporary equipment to maintain operations. The HVAC system is original to the 58,447 square foot, 45 year old building and has reached the end of its useful life. There have been increasing issues related to moisture and humidity in the building which a new air handler will ameliorate. If the existing air handlers were to suddenly fail, the building, or a portion of the building, would be uninhabitable. This campus administration and academic programs facility accommodates approximately 100 faculty and staff and 675 students. The scope of this project has been reduced from the FY17-18 CPIP submission due to

funding constraints. The CPIP was prepared on the basis that the project would utilize \$3,500,000 in state funding and \$500,000 in USC Aiken Institutional funds. The implications of a potential air handler unit failure compels USC Aiken to address this most essential portion of the work with available institutional funds immediately. If additional funds become available in the future, USC Aiken will increase the scope of work, as funding permits, to address the other necessary work. The agency estimates that the completed project will cost approximately \$1,500,000. (See attachment 2 for this agenda item for additional annual operating cost savings.)

- (d) Summary 6-2018: JBRC Item 5. (H51) Medical University of South Carolina
Project: 9844, Hollings Cancer Center 3rd Floor Renovations
Included in Annual CPIP: Yes – CPIP Priority 3 of 4 in FY18 (estimated at \$4,500,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 4/5/18

<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, Clinical Revenue	0.00	0.00	0.00	67,500.00	67,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>67,500.00</u>	<u>67,500.00</u>

Funding Source: \$67,500 Other, Clinical Revenue Funds, which are revenues generated from hospital patient services.

Request: Establish project and budget for \$67,500 (Other, Clinical Revenue Funds) to begin Phase I schematic design to renovate approximately 14,500 square feet of existing lab space on the 3rd floor of the Hollings Cancer Center. The renovation will create a central core lab facility consisting of lab spaces to be used by all research investigators housed on the 3rd floor. The renovation will rearrange the existing lab space to provide for increased investigator capacity and increased efficiencies of lab operation. The project will be implemented in two or three stages to limit disruption to the ongoing research operation. Once the design is completed, the exact number of stages required will be determined. The university states that the current lab layout is outdated and does not lend itself to the research operation required by the new HCC Director nor the number of personnel expected to join existing and newly recruited principal investigators. The goal of the project is to realize

research operational efficiencies and collaboration by consolidating the core lab functions into one centralized space. The 214,037 square foot Hollings Cancer Center is 24 years old and the renovated lab space in the center will be utilized by 12-15 faculty and 22-30 staff after the renovation is completed. The agency estimates that the completed project will cost approximately \$4,500,000.

- (e) Summary 6-2018: JBRC Item 8. (E24) Office of the Adjutant General
 Project: 9811, Training Sites TT Enlisted Barracks Replacement
 Included in Annual CPIP: Yes – CPIP Priority 10 of 21 in FY18 (estimated at \$1,404,000)
 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>
		<u>Original Budget</u>	<u>Current Budget</u>			
Federal, National Guard Bureau	0.00	0.00	0.00	0.00	88,000.00	88,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>88,000.00</u>	<u>88,000.00</u>

Funding Source: \$88,000 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 \$88,000 (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 Phase I pre-design budget is requested at 6.27% of the estimated project cost because the design costs exceed the standard 1.50% pre-design amount due to the size of the project. The standard 1.50% would be sufficient for a larger project on a multi-million dollar scale, but due to the fact that this project is less, a larger percentage of costs are needed for design upfront. 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. Each of the five (5) new barracks buildings at McCrady Training Center will be approximately 3,200 to 4,600 square feet. Each of the five (5) new barracks buildings at Clarks Hill Training Site will be approximately 3,200 square feet. The final size for the replacement buildings will not be determined until 35% of the design has been completed. The intent is to develop a modular concept that can be incorporated into a final design for both a 20 man barracks (3,200 SF) and a 40 man barracks (4,600 SF). 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. Approximately 300 Army National Guard soldiers use these facilities. The agency estimates that the completed project will cost approximately \$1,404,000. (See attachment 3 for this agenda item for additional annual operating cost savings.)

- (f) Summary 6-2018: JBRC Item 12. (N04) Department of Corrections
 Project: 9743, Deterrent Systems at Property Borders of Correctional Institutions
 Included in Annual CPIP: Yes – CPIP Priority 5 of 6 in FY18 (estimated at \$1,830,000)
 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, FY17 Carryforward	0.00	0.00	0.00	28,500.00	28,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>28,500.00</u>	<u>28,500.00</u>

Funding Source: \$28,500 Appropriated State, FY17 Carryforward Funds.
 Request: Establish project and budget for \$28,500 (Appropriated State, FY17 Carryforward Funds) to furnish and install deterrent systems around the property borders at the high level 2 and all level 3 correctional institutions to assist in the efforts to deter contraband from entering the institutions. For level 3 institutions, this border protection will be

installed at Broad River, Lee, Lieber, McCormick and Perry. For level 2 institutions, this border protection will be installed at Evans, Kershaw, Ridgeland, and Turbeville. The deterrent systems will consist of multi-rows of razor wire on a fence stabilizer in close proximity to the institutions' property lines. The security perimeter fences surrounding the actual institutional complexes will remain unchanged. All of these institutions will also have the perimeter netting once the netting project is completed. This project will aid in ensuring the safety of employees and the inmates. This project was reflected in the FY17-18 CPIP with an estimated cost of \$1,830,000. The Phase I request is \$70,000 higher than the FY17-18 CPIP because there has been at least a 5% increase in material costs for razor wire since the CPIP was established. The agency estimates that the completed project will cost approximately \$1,900,000.

Mr. Eckstrom asked someone to describe the deterrent systems around the property borders. Dexter Lee and Mike McCall appeared before the Authority on behalf of the Department of Corrections. Mr. Lee said the item regards additional perimeter security such as razor wire fencing outside of the netting. Mr. Eckstrom asked how far outside the netting would fencing be placed. Mr. McCall said the fencing would be 50 yards out from the netting.

- (g) Summary 6-2018: JBRC Item 17. (R60) Department of Employment and Workforce Project: 9528, David Building – VAV and DDC Controls Upgrade
Included in Annual CPIP: Yes – CPIP Priority 2 of 2 in FY19 (estimated at \$400,000)
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>
Other, DEW Contingency Assessment	0.00	0.00	0.00	11,662.00	11,662.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>11,662.00</u>	<u>11,662.00</u>

Funding Source: \$11,662 Other, DEW Contingency Assessment Funds, which was established by the Legislature in 1986 in response to federal budget cuts

which would have forced office closing and reductions in staff. The contingency assessment portion of the taxes accounted for in the special revenue fund which is used primarily to fund administrative costs and employment services.

Request: Establish project and budget for \$11,662 (Other, DEW Contingency Assessment Funds) to obtain the preliminary design and cost estimate for the replacement of 154 HVAC variable air volume (VAV) cabinets and pneumatic controls in the Robert E. David Building. The VAV's are failing and are at the end of their service life. The pneumatic controls will be replaced with more efficient current technology digital controls. The building will not be habitable for most of the year should the VAV's and controls fail. Some asbestos abatement is required prior to VAV replacement. The building was constructed in 1975, making it 43 years old, and is 104,076 square feet. The building houses approximately 350 staff on a regular basis. The FY17-18 CPIP reflects the total estimated cost of the project at \$400,000 but the estimated cost to complete the project is higher due to an increase in the scope of work. The original estimate was an in-house estimate based on utilizing a less costly retrofit in lieu of replacing the VAV's. It was discovered the retrofit kits would not work because of space limitations. As such, a feasibility study was commissioned, and it was determined the VAV's must be changed. The agency estimates that the completed project will cost approximately \$1,013,835. (See attachment 4 for this agenda item for additional annual operating cost savings.)

Phase I Increase

- (h) Summary 6-2018: JBRC Item 18. (J12) Department of Mental Health Project: 9737, State Veterans' Nursing Home Construction Central Region
Included in Annual CPIP: Yes – CPIP Priority 10 of 12 in FY20
JBRC/SFAA Phase I Approval: January 2015 (estimated at \$58,000,000)

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes</u>		<u>Current</u> <u>Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
		<u>Original</u> <u>Budget</u>	<u>Current</u> <u>Budget</u>		
Other, Capital Improv. & Maint.	500,000.00	0.00	500,000.00	500,000.00	1,000,000.00
All Sources	<u>500,000.00</u>	<u>0.00</u>	<u>500,000.00</u>	<u>500,000.00</u>	<u>1,000,000.00</u>

Funding Source: \$1,000,000 Other, Capital Improvement & Maintenance Funds, which is authorized by Proviso 35.7 to allow an interest bearing fund with the State Treasurer to deposit funds appropriated for deferred maintenance and other one-time funds from any source. After receiving any required approvals, the department is authorized to expend these funds for the purpose of deferred maintenance, capital projects, and ordinary repair and maintenance.

Request: Increase budget to \$1,000,000 (add \$500,000 Other, Capital Improvement & Maintenance Funds) to increase the Phase I funding in order to complete all requirements necessary to receive a conditional funding letter from VA. The FY18 Veterans Affairs Appropriations Bill contained a record amount of funding, sufficient to provide federal grant funding for the construction of all three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in August 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments and a letter of approval from the state historical preservation officer. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility will adapt the design to the Northeast and Northwest South Carolina region sites. Back in FY15 Proviso 35.13, directed the Department of Mental Health, in conjunction with the Governor's Office Division of Veterans Affairs, to conduct a feasibility study to determine whether there is a need for additional veterans nursing homes in the state. The study revealed a need for additional beds specifically for veterans, and therefore, this project was established for the construction of a 108 bed veterans nursing home in the Central South Carolina Region. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 158,000 gross square feet and house 108 veterans and approximately 110 contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. The agency estimates that the completed project will cost approximately \$40,300,000. (See attachment 5 for this agenda item for additional annual operating costs.)

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 32

- (i) Summary 6-2018: JBRC Item 19. (J12) Department of Mental Health Project: 9739, State Veterans’ Nursing Home Construction Northeast Region
Included in Annual CPIP: Yes – CPIP Priority 8 of 12 in FY20
JBRC/SFAA Phase I Approval: March 2015 (estimated at \$37,000,000)

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes</u>		<u>Current</u> <u>Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
		<u>Since</u> <u>Original</u> <u>Budget</u>	<u>Current</u> <u>Budget</u>		
Other, Capital Improv. & Maint.	250,000.00	0.00	250,000.00	1,000,000.00	1,250,000.00
All Sources	<u>250,000.00</u>	<u>0.00</u>	<u>250,000.00</u>	<u>1,000,000.00</u>	<u>1,250,000.00</u>

Funding Source: \$1,250,000 Other, Capital Improvement & Maintenance Funds, which is authorized by Proviso 35.7 to allow an interest bearing fund with the State Treasurer to deposit funds appropriated for deferred maintenance and other one-time funds from any source. After receiving any required approvals, the department is authorized to expend these funds for the purpose of deferred maintenance, capital projects, and ordinary repair and maintenance.

Request: Increase budget to \$1,250,000 (add \$1,000,000 Other, Capital Improvement & Maintenance Funds) to increase the Phase I funding in order to complete all requirements necessary to receive a conditional funding letter from VA. The FY18 Veterans Affairs Appropriations Bill contained a record amount of funding, sufficient to provide federal grant funding for the construction of all three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in August 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments and a letter of approval from the state historical preservation officer. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility will adapt the design to the Central and Northwest South Carolina region sites. Back in FY15 Proviso 35.13, directed the Department of Mental Health, in conjunction with the Governor’s Office Division of Veterans Affairs, to conduct a feasibility study to

determine whether there is a need for additional veterans nursing homes in the state. The study revealed a need for additional beds specifically for veterans, and therefore, this project was established for the construction of a 108 bed veterans nursing home in the Northeast Region. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 158,000 gross square feet and house 108 veterans and approximately 110 contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. The agency estimates that the completed project will cost approximately \$39,900,000. (See attachment 6 for this agenda item for additional annual operating costs.)

- (j) Summary 6-2018: JBRC Item 20. (J12) Department of Mental Health
 Project: 9740, State Veterans’ Nursing Home Construction Northwest Region
 Included in Annual CPIP: Yes – CPIP Priority 9 of 12 in FY20
 JBRC/SFAA Phase I Approval: March 2015 (estimated at \$37,000,000)
 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, Capital Improv. & Maint.	250,000.00	0.00	250,000.00	1,000,000.00	1,250,000.00
All Sources	<u>250,000.00</u>	<u>0.00</u>	<u>250,000.00</u>	<u>1,000,000.00</u>	<u>1,250,000.00</u>

Funding Source: \$1,250,000 Other, Capital Improvement & Maintenance Funds, which is authorized by Proviso 35.7 to allow an interest bearing fund with the State Treasurer to deposit funds appropriated for deferred maintenance and other one-time funds from any source. After receiving any required approvals, the department is authorized to expend these funds for the purpose of deferred maintenance, capital projects, and ordinary repair and maintenance.

Request: Increase budget to \$1,250,000 (add \$1,000,000 Other, Capital Improvement & Maintenance Funds) to increase the Phase I funding in

order to complete all requirements necessary to receive a conditional funding letter from VA. The FY18 Veterans Affairs Appropriations Bill contained a record amount of funding, sufficient to provide federal grant funding for the construction of all three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in August 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments and a letter of approval from the state historical preservation officer. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility will adapt the design to the Central and Northeast South Carolina region sites. Back in FY15 Proviso 35.13, directed the Department of Mental Health, in conjunction with the Governor's Office Division of Veterans Affairs, to conduct a feasibility study to determine whether there is a need for additional veterans nursing homes in the state. The study revealed a need for additional beds specifically for veterans, and therefore, this project was established for the construction of a 108 bed veterans nursing home in the Northwest Region. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 158,000 gross square feet and house 108 veterans and approximately 110 contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. The agency estimates that the completed project will cost approximately \$41,100,000. (See attachment 7 for this agenda item for additional annual operating costs.)

Establish Construction Budget

- (k) Summary 6-2018: JBRC Item 21. (H12) Clemson University
Project: 9934, Child Care Facility Construction
Included in Annual CPIP: Yes – CPIP Priority 2 of 7 in FY18 (estimated at \$5,000,000)
JBRC/SFAA Phase I Approval: October 2017 (estimated at \$5,000,000)

CHE Recommended Approval: 4/5/18

Minutes of State Fiscal Accountability Authority
 May 1, 2018 – Page 35

<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, Prudential Settlement Funds	100,000.00	0.00	100,000.00	4,400,000.00	4,500,000.00
Other, Operating Revenue	0.00	0.00	0.00	500,000.00	500,000.00
All Sources	<u>100,000.00</u>	<u>0.00</u>	<u>100,000.00</u>	<u>4,900,000.00</u>	<u>5,000,000.00</u>

Funding Source: \$4,500,000 Other, Prudential Settlement Funds, which are settlement proceeds and related earnings from a settlement with a private insurance company. \$500,000 Other, Operating Revenue Funds, which are from self-generated revenues for this project.

Request: Increase budget to \$5,000,000 (add \$4,900,000 Other, Prudential Settlement & Operating Revenue Funds) to establish Phase II to construct an approximately 13,000 square foot child care facility that will serve Clemson faculty, staff and students. The center will be managed and operated through a third-party vendor and provide a safe, secure and stimulating learning environment for infants, toddlers and preschool-aged children, ages six weeks to five years old. The facility will include classrooms, outdoor play areas, laundry, office spaces, storage, parking and appropriate fencing and lighting to promote safety. The location on the periphery of campus will be easily accessible by using campus transit services and allows for convenient parent drop off and pick up. The facility will be constructed and managed to meet National Association for the Education of Young Children (NAEYC) accreditation standards. Currently, there are no nationally accredited child care facilities within 25 miles of Clemson, with the exception of Head Start and other at-risk programs. Further, Clemson is the only Top 25 public university in the United States and the only major university in South Carolina that does not offer child care services. Faculty and staff have consistently listed child care as a top priority for the University. Child care services will aid in the recruitment and retention efforts of top faculty, staff and doctoral students, and the university reports that it will save approximately \$965,000 in lost productivity annually because of missed work due to child care arrangements. The facility is expected to serve a maximum of 130 children on a first come, first serve basis and approximately 30 full-time staff at full capacity provided by the third party vendor. The

project will be certified to green Globes, 2 globes certification standards with a projected energy savings of \$1,260,480 over a 30 year period. The agency estimates that the completed project will cost approximately \$5,000,000. (See attachment 8 for additional annual operating costs.) The agency also reports the projects date for execution of the construction contract is September 2018 and for completion of construction is February 2020.

- (1) Summary 6-2018: JBRC Item 22. (H17) Coastal Carolina University
 Project: 9614, Williams Brice Renovation and Repair
 Included in Annual CPIP: Yes – CPIP Priority 1 of 1 in FY18 (estimated at \$2,500,000)
 JBRC/SFAA Phase I Approval: December 2017 (estimated at \$2,500,000)

CHE Recommended Approval: 3/1/18

<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, Renovation Reserve/Plant Expansion	37,500.00	0.00	37,500.00	2,462,500.00	2,500,000.00
All Sources	<u>37,500.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>2,462,500.00</u>	<u>2,500,000.00</u>

Funding Source: \$2,171,360 Other, Renovation Reserve/Plant Expansion Funds, which are funds used for renovations, repairs, and additions to existing facilities and for acquisitions for plant expansion. This is in compliance with section 59-136-130(10) of the SC Code of Laws. \$150 per full-time student per semester is charged as part of the Tuition and Required fees. This fee has been in place since fiscal year 2007 at the same amount.

Request: Increase budget to \$2,500,000 (add \$2,462,500 Other, Renovation Reserve/Plant Expansion Funds) to renovate the HVAC system and life safety system at the Williams Brice Physical Education Center. The project includes the installation of a new chilled water/hot water 4-pipe system and VAV air handling system which will enhance the building's dehumidification and the occupant's comfort levels. Additional renovations include removing the existing ceiling and replacing it with a suspended ceiling and associated lighting and installation of a new mass notification system. The existing HVAC system has expired its anticipated life expectancy. The 46 year old,

65,794 square foot Williams Brice Building was built in 1971, and has since had changes to the original design. This has resulted in equipment locations being difficult to access for maintenance, and the system not dehumidifying properly. The hot water heating boiler is inefficient and starting to require frequent repairs. The existing alarm system does not include a mass notification function. The planned renovation will address these issues. Williams-Brice houses approximately 260 students and contains 23 administrative offices housing 38 employees of the university. The agency estimates that the completed project will cost approximately \$2,500,000. (See attachment 9 for this agenda item for additional annual operating cost savings.) The agency also reports the projects date for execution of the construction contract is June 2018 and for completion of construction is June 2019.

- (m) Summary 6-2018: JBRC Item 23. (H27) University of South Carolina - Columbia Project: 6122, Speech and Hearing Upfit for the Dept. of Communication Sciences and Disorders
 Included in Annual CPIP: Yes – CPIP Priority 4 of 9 in FY18 (estimated at \$2,000,000)
 JBRC/SFAA Phase I Approval: December 2017 (estimated at \$2,000,000)

CHE Recommended Approval: 4/5/18

<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>
		<u>Original Budget</u>	<u>Current Budget</u>			
Other, Gifts	30,000.00	0.00	30,000.00	1,770,000.00	1,800,000.00	
Other, Institutional	0.00	0.00	0.00	600,000.00	600,000.00	
All Sources	<u>30,000.00</u>	<u>0.00</u>	<u>30,000.00</u>	<u>2,370,000.00</u>	<u>2,400,000.00</u>	

Funding Source: \$30,000 Other, Gifts, which are funds received from a private donor. In this case, they are reserved specifically for this project.

Request: Increase budget to \$2,400,000 (add \$2,370,000 Other, Gifts & Institutional Funds) to renovate and upfit approximately 23,000 square feet of available space in the Close-Hipp academic building to accommodate the Speech and Hearing Department of Communication Science and Disorders. The Speech and Hearing Department currently resides in private lease space on Lady Street in the City of Columbia and their lease term ends in the summer of 2019. The renovation and

upfit will create academic space, computer labs, clinical exam rooms, faculty offices and allow for needed growth in the program. The project will enable the Speech and Hearing Department to avoid future lease payments and improve connectivity with the campus benefiting the students and faculty in the academic program. The Close Building was built in 1973 and the Hipp Building was built in 1983. The total square footage of the Close-Hipp Building is 341,000 square feet. Approximately 80 students will use the space with an additional 135 students involved through distance education. 25 faculty members will also use the space. Clients who visit the clinic will make an estimated 6,000 visits annually based on previous data. The FY17-18 CPIP reflected this project with a total estimated cost of \$2,000,000. However, due to the increase in renovated area, the total projected cost of the project has increased by \$400,000. The agency estimates that the completed project will cost approximately \$2,400,000. (See attachment 10 for this agenda item for additional annual operating cost savings.) The agency also reports the projects date for execution of the construction contract is October 2018 and for completion of construction is May 2019.

- (n) Summary 6-2018: JBRC Item 24. (H51) Medical University of South Carolina Project: 9840, Basic Science Building Exterior Envelope Repairs
 Included in Annual CPIP: No
 JBRC/SFAA Phase I Approval: October 2017 (estimated at \$7,000,000)
 CHE Recommended Approval: 4/5/18

<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, Institution Capital Project	105,000.00	0.00	105,000.00	6,895,000.00	7,000,000.00
All Sources	<u>105,000.00</u>	<u>0.00</u>	<u>105,000.00</u>	<u>6,895,000.00</u>	<u>7,000,000.00</u>

Funding Source: \$7,000,000 Other, Institution Capital Project Funds, which are excess debt service funds and remaining balances from closed projects.
 Request: Increase budget to \$7,000,000 (add \$6,895,000 Other, Institution Capital Project Funds) to proceed with Phase II final design and construction to make exterior building envelope repairs to the Basic Science Building. The building had significant water intrusion during

Hurricane Joaquin and Hurricane Matthew. The building is also prone to water intrusion during heavy rain storms. The work will include masonry repairs/modifications, complete window replacement, wet sealing of all existing fenestrations, complete cleaning of exterior building envelope, complete sealant replacement, prefabricated joint replacements, complete clear water repellent to exterior walls, sheet metal for roof and exterior walls, stucco repairs, and exterior waterproofing. The work also includes complete removal of the roof system down to structural deck and replacement, including all related sheet metal accessories and related work. The existing 20+ year old roof will be replaced with modified bitumen and will come with a 20 year warranty. The 47 year old building is 335,663 square feet and is utilized by 300 to 400 faculty and staff that are permanently housed in the building. In addition, this building is a major academic building with 400 to 500 students entering daily. The agency estimates that the completed project will cost approximately \$7,000,000. The agency also reports the projects date for execution of the construction contract is August 2018 and for completion of construction is September 2019.

- (o) Summary 6-2018: JBRC Item 25. (H51) Medical University of South Carolina
 Project: 9841, Storm Eye Institute Chiller Replacement
 Included in Annual CPIP: Yes – CPIP Priority 1 of 4 in FY18 (estimated at \$4,000,000)
 JBRC/SFAA Phase I Approval: October 2017 (estimated at \$2,500,000)
 CHE Recommended Approval: 4/5/18

<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, Institution Deferred Maintenance	37,500.00	0.00	37,500.00	2,012,500.00	2,050,000.00
All Sources	<u>37,500.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>2,012,500.00</u>	<u>2,050,000.00</u>

Funding Source: \$37,500 Other, Institution Deferred Maintenance Funds, which are funds allocated to this account based on the Responsibility Centered Management (RCM) budgeting model adopted in 2013. State appropriations, tuition/fees and grant indirect cost recoveries are allocated to this fund. MUSC does not charge a separate plant improvement fee to the students. Under RCM, a Strategic Investment Fund has been created based on a percentage tax on certain college

revenue streams. Approximately \$4 million of the Strategic Investment Fund retained by central administration is used to fund facilities and deferred maintenance.

Request: Increase budget to \$2,050,000 (add \$2,012,500 Other, Institution Deferred Maintenance Funds) to replace two existing 20+ year old failing air cooled chillers on the roof of the Storm Eye Institute. One existing 200 ton chiller has completely failed and the second existing 350 ton chiller has partially failed and currently can only operate at 50% capacity. These chillers will be replaced with one 600 ton water cooled chiller including associated cooling towers and pumps. The new chiller and tower water pumps will be located in an enclosure to protect them from outside elements. The 42 year old building is 92,605 square feet and is utilized by 100 faculty, staff, and students plus 200 patients. This project was included in the FY17-18 CPIP combined with other maintenance items utilizing funding approved by MUSC for its “Investment Fund – Deferred Maintenance” account. At the time of the CPIP submittal, the Sightlines Building condition assessment was in the process of being updated and not complete at the time of CPIP submittal. Once the assessment was completed, facilities identified the highest priority items to match the \$4,000,000 funding available. The agency estimates that the completed project will cost approximately \$2,050,000. The agency also reports the projects date for execution of the construction contract is September 2018 and for completion of construction is March 2019.

- (p) Summary 6-2018: JBRC Item 28. (D50) Department of Administration
 Project: 6003, State House Escalator Replacement
 Included in Annual CPIP: CPIP Priority 6 of 9 in FY19 (estimated at \$2,800,000)
 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>
Other, Non- Departmental	0.00	0.00	0.00	1,500,000.00	1,500,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,500,000.00</u>	<u>1,500,000.00</u>

Funding Source: \$1,500,000 Other, Non-Departmental Funds, which are funds from the South Carolina General Assembly.

Request: Establish and fully fund a combined Phase I and Phase II project and budget for the replacement of the existing escalator at the SC State House Building. Since January 1, 2018, the escalators at the State House have been out of service more than 10 times for multiple weeks due to significant failures. The escalator is 43 years old and replacement parts are no longer made which makes it very difficult and expensive to repair the existing structure. Finding or repairing parts results in extended delays in restoring use. Continued outages severely impact the functioning of state government as there are limited options for access to the facility and this is the only access point from the garage. When the escalators are not working, it is a code compliance and safety issue for adequate egress as the only available elevator is insufficient for the number of people entering and exiting. As such, the escalators must be replaced prior to the beginning of the 2019 legislative session and the only way to accomplish that is through the procurement of emergency design build services and combined Phase I and 2 project approval. The agency estimates total project costs at \$1,500,000 with [no] additional annual operating costs. The agency also expects execution of the construction contract in June 2018 and for completion in December 2018.

Phase II Increase

- (q) Summary 6-2018: JBRC Item 31. (H15) College of Charleston
Project: 9663, McConnell Residence Hall HVAC System Replacement and Renovation
Included in Annual CPIP: No
JBRC/SFAA Phase II Approval: March 2016 (estimated at \$3,442,180)
CHE Recommended Approval: 2/28/18

<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, Housing Revenue	3,442,180.00	0.00	3,442,180.00	174,000.00	3,616,180.00
All Sources	<u>3,442,180.00</u>	<u>0.00</u>	<u>3,442,180.00</u>	<u>174,000.00</u>	<u>3,616,180.00</u>

Funding Source: \$3,616,180 Other, Housing Revenue, which is a self-supporting auxiliary enterprise. Housing revenue is generated primarily through the Student Housing Fee paid only by students who reside in on-campus

housing. The Student Housing Fee is on a sliding scale based on the amenities, number of beds per room, and location of the residence hall or historic home.

Request: Increase budget to \$3,616,180 (add \$174,000 Other, Housing Revenue Funds) to continue working on the most critical components of the remaining scope of the project. The McConnell Residence Hall is 71,603 gross square feet and is approximately 36 years old. The HVAC piping and pump system is original to the building, and the chiller and roof top unit are 16 years old. This project was established in response to an urgent need to address significant HVAC system distribution pipe deterioration within the McConnell Residence Hall. In addition to the pipe replacement, the facility was in need of new HVAC equipment, lighting, and plumbing fixtures. There was a long lead time for the HVAC equipment, therefore the work was broken into stages so that the pipe situation could be remedied immediately. The project is currently in the second of three stages. Due to the thriving Charleston construction market, the number of contractors bidding is extremely low and bid amounts have increased significantly. The project has gone out to bid four times thus far with only two successful bids. An independent cost estimation was conducted to reassess the cost of the remaining work. This budget increase request reflects the amount the cost estimate determined would be necessary to complete the remaining scope. This phase of the project was not included in the FY17-18 CPIP because the change in cost and Phase II increase did not occur until after the FY17-18 CPIP had been submitted. The agency estimates that the completed project will cost approximately \$3,616,180. The agency also reports the projects anticipated date of completion is October 2018.

Phase II Increase, Revise Scope & Change Project Name

- (r) Summary 6-2018: JBRC Item 33. (N04) Department of Corrections
Project: 9738, Security Upgrades to Housing Unit Inmate Cells at Level 2 & 3
Correctional Institutions
Included in Annual CPIP: Yes – CPIP Priority 4 of 4 in FY18 (estimated at \$2,500,000)
JBRC/SFAA Phase I Approval: March 2017 (estimated at \$1,000,000)
JBRC/SFAA Phase II Approval: May 2017 (estimated at \$1,000,000)
CHE Recommended Approval: N/A

Minutes of State Fiscal Accountability Authority
May 1, 2018 – Page 43

<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, FY16 & FY17 Carryforward	15,000.00	985,000.00	1,000,000.00	5,000,000.00	6,000,000.00
Other, Agency Service	0.00	0.00	0.00	4,500,000.00	4,500,000.00
All Sources	<u>15,000.00</u>	<u>985,000.00</u>	<u>1,000,000.00</u>	<u>9,500,000.00</u>	<u>10,500,000.00</u>

Funding Source: \$6,000,000 Appropriated State, FY16 & FY17 Carryforward Funds, which are from general fund personnel and fringe lines of the last two budget years. \$4,500,000 Other, Agency Service Funds.

Request: Increase budget to \$10,500,000 (add \$5,000,000 FY17 Carryforward and \$4,500,000 Agency Service Funds), Revise Scope and Change Project Name, to furnish and install several Security Upgrades to Housing Unit Inmate Cells at Level 2 & Level 3 Correctional Institutions. The original scope of work included renovations at Level 3 correctional institutions but the revised scope of work will include renovations in an additional eleven (11), Level 2 correctional institutions. Additionally, door lock upgrades will be added to this project. These upgrades will include adding, replacing and repairing locks as required by the security level and operation of the existing locking system. Per the agency, it takes a constant effort to maintain locks in the institutions, most of which are dated and technologically deficient. Inmates have learned how to compromise and defeat some of the locks in some housing units. This problem directly contributes to cell phone contraband issues. The original scope of work, which will still be completed includes the installation of additional security measures for window frames and glazing, opaque glazing, food flaps, cuff ports, etc. The window coverings are designed to block the view of the inmate to the outside perimeter. Inmates watch the roving officers and determine when contraband (including cell phones), can be retrieved from the yard. This scope of work will provide additional security to the inmate cells, housing units and correctional facility, but will also directly impact SCDC's efforts to deter contraband from entering the institutions. There are approximately 18,351 inmates and 3,750 staff located at these institutions. The agency estimates that the

completed project will cost approximately \$10,500,000. The agency also reports the projects anticipated date of completion is October 2020.

Mr. Eckstrom asked, given the shortage of correctional personnel, why was \$6,000,000 in state appropriated funds that were made available for personnel and fringe benefits funds being used for the project. Mr. Lee said the money is money that was retained because of employee vacancies. Mr. Lee noted that the funding is carryforward from prior fiscal years. Mr. Eckstrom said that he does not think there is a limitation against using the funds for the initial purpose for which they were appropriated. Mr. Lee said that they will use current fiscal year funds to fill vacancies. In further discussion, Mr. Eckstrom asked how many current vacancies does the Department of Corrections have. Mr. Lee said they currently have 627 vacancies. Mr. Eckstrom noted that funds that could be used to hire people were being used to fund capital projects.

Final Land Acquisition

- (s) Summary 6-2018: JBRC Item 34. (H59) Trident Technical College
Project: 6138, Trident – Workforce Development Center
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 4/5/18

<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>
FY17-18 Capital Reserve, Ready SC	0.00	0.00	0.00	2,500,000.00	2,500,000.00
Other, Deal Closing	0.00	0.00	0.00	2,550,000.00	2,550,000.00
Other, Local	0.00	0.00	0.00	1,000,000.00	1,000,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,050,000.00</u>	<u>6,050,000.00</u>

Funding Source: \$2,500,000 Other, Ready SC Funds, which are FY17-18 Capital Reserve Funds appropriated for readySC training projects. \$2,550,000 Other, Deal Closing Funds, which are appropriated annually by the legislature for the purpose of supporting companies that bring jobs and new investments to the state. \$1,000,000 Other, Local Funds, which are Trident Technical College operating funds.

Request: Establish a combined Phase I preliminary land acquisition and Phase II final acquisition project and budget for \$6,050,000 (Other, Governor's Closing, Ready SC and Local Funds) to purchase the former LaFrance Building, including 5 acres of property, at 1090 Newton Way located in Berkeley County in Summerville, SC. The 11 year old 61,316 square foot facility was constructed in 2007 and will be used by readySC for workforce training and the title to the property will be held by Trident Technical College. In September 2017, the Department of Commerce, in collaboration with State Tech, originated the idea of acquiring the building. Initially, the acquisition cost was expected to be joint funded by the Department of Commerce, State Tech, Trident Tech, and Berkeley, Charleston, and Dorchester Counties. In late February 2018, the SBTCE President came to the realization that county funding was not feasible due to certain untenable stipulations made by council members. Trident Technical College is essentially facilitating a Commerce/State Tech developed proposal that requires the acquisition of this building in order to implement. The college could not bring the request before JBRC and SFAA earlier this fiscal year because they were still working to obtain county funding approval. Phase I and Phase II are being combined together as one request to eliminate further delays, as the planned timeline has already been extended due to the various meetings with the counties. The building is needed to support workforce initiatives in South Carolina. The former American LaFrance building will be used as a permanent readySC training facility. The building is currently under lease and is used by readySC to facilitate training needs for the Mercedes and Volvo projects. Fulfillment of the requirements for these projects, as well as other anticipated economic development projects in the surrounding area, necessitates the need for a permanent training facility. In addition to the cost of leasing the building, significant funds are often needed for modification (i.e. upfit) of leased space. Therefore, the long-term cost of acquisition is expected to be significantly less than would be the cost of continuing to lease and significantly modify facilities owned by others, only to abandon the modifications upon lease expiration. The property is needed because suitable space is not available on the Main Campus of Trident Technical College. This property is currently offered to Trident Technical College by RT Jedburg Commerce Park, LLC for the purchase price of \$6,000,000. An appraisal conducted by Valbridge Property Advisors on March 12, 2018, valued the property at

\$7,500,000. A Phase I Environmental Site Assessment was completed by S&ME on April 17, 2017 and revealed no evidence of recognized environmental conditions in connection with the subject property. An update to this document was completed March 26, 2018 and that update also revealed no evidence of recognized environmental conditions in connection with the subject property. A building condition assessment was completed by Terracon on March 21, 2018 and the report did include some items to be ameliorated if the building is anticipated to be occupied in the future but it was noted that no further assessment of the building is recommended. This acquisition was not included in the FY17-18 CPIP because Trident Technical College was not involved in discussions relevant to this facility until after the CPIP was submitted. The agency estimates that the land acquisition will cost approximately \$6,050,000. (See attachment 11 for this agenda item for additional annual operating cost savings.) The agency also reports the estimated date to complete the land acquisition is June 2018.

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

State Fiscal Accountability Authority: Future Meeting (Regular Session Item #8)

Upon a motion by Mr. White, seconded by Senator Leatherman, the Authority agreed to meet at 10:00 a.m. on Tuesday, June 19, 2018, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 10:20 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 9:00 a.m. on Monday, April 30, 2018.]