

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

**May 31, 2022 – 10:00 A. M.**

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, May 31, 2022, via videoconference. The meeting originated from Room 252 in the Edgar A. Brown Building, with the following members participating in person:

Governor Henry McMaster, Chair;  
Mr. Curtis M. Loftis, Jr., State Treasurer;  
Mr. Richard Eckstrom, Comptroller General; and  
Senator Harvey S. Peeler, Jr., Chairman Senate Finance Committee.  
Representative J. Gary Simrill, Chairman, Ways and Means Committee participated in the meeting via video.

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

### ***Adoption of Agenda for State Fiscal Accountability Authority***

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

### ***Minutes of Previous Meetings***

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority approved the minutes of the April 5, 2022, State Fiscal Accountability Authority meeting.

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

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

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**CONDUIT/OTHER ISSUES:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>
\$35,000,000; South Carolina Jobs-Economic Development Authority ("SC JEDA"); Economic Development Revenue Bonds, Series 2022; Workforce Housing Development Corporation - Johnston Farms Apartments	Workforce Housing Development Corporation - Johnston Farms Apartments Conduit: SC JEDA	Parker Poe – Emily Luther, Emily Zackon, Ray Jones, and Ryan Romano	Howell Linkous & Nettles – Sam Howell, Alan Linkous
\$45,000,000; SC JEDA; Economic Development Revenue Bonds (Taxable), Series 2022; Surfworks Myrtle Beach LLC	Surfworks Myrtle Beach LLC Conduit: SC JEDA	Katten Muchin Rosenman – Chad Doobay and Craig Scully Burr Forman - Michael Sezen	Haynsworth Sinkler Boyd – Kathy McKinney and Kimberly Witherspoon
\$150,000,000; SC JEDA; Student Housing Facilities Revenue Bonds & Economic Development Facilities Revenue Bonds, Series 2022; Gadsden & Greene, LLC - The USC Development Foundation	Gadsden & Greene, LLC - The USC Development Foundation Conduit: SC JEDA	Haynsworth Sinkler Boyd – Kathy McKinney and Ron Scott	Pope Flynn Group - Joe Lucas
\$174,000,000; SC JEDA; Hospital Revenue Bonds and Hospital Revenue Refunding Bonds, Series 2022; Lexington Health, Inc.	Lexington Health, Inc. Conduit: SCJEDA	Haynsworth Sinkler Boyd – Kathy McKinney and Kimberly Witherspoon	Howell Linkous & Nettles – Sam Howell, Alan Linkous
\$102,000,000; SC JEDA; Healthcare Facilities Revenue Refunding Bonds, Series 2022; Georgetown Hospital System dba Tidelands Health	Georgetown Hospital System dba Tidelands Health Conduit: SCJEDA	Haynsworth Sinkler Boyd – Kathy McKinney and Ron Scott	Burr Forman – Michael Seezen and Assatta Williams

**GENERAL OBLIGATION / REVENUE ISSUES:**

<b>Description of Issue</b>	<b>Agency/Institution (Borrower)</b>	<b>Bond Counsel</b>	<b>Issuer's Counsel</b>
\$45,000,000; State of South Carolina General Obligation State Institution Bonds (Issued on Behalf of Clemson University), Series 2022	State of South Carolina (on behalf of Clemson University)	Pope Flynn Group – Gary Pope	South Carolina Attorney General
\$375,000,000; South Carolina State Housing Finance & Development Authority Mortgage Revenue Bonds / Notes; Series 2022B & 2022C	South Carolina State Housing Finance and Development Authority	Burr Forman McNair – Rion Foley	Issuer's Counsel to SC State Housing Authority – Tracey Easton (General Counsel)

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

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

The Authority was asked to approve the following permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office as noted herein. All items were reviewed favorably by the Joint Bond Review Committee (JBRC).

- (a) Project: JBRC Item Separate: Clemson University  
H12.9951: Development and Alumni Center Building Construction
- Request: Establish Phase II Full Construction Budget to construct an approximately 100,000 square foot building to provide space for university and related organizational groups.
- Included in CPIP: Yes – 2021 CPIP Priority 3 of 9 in FY22 (estimated at \$51,000,000)  
Phase I Approval: October 2021 (estimated at \$45,800,000) (SFAA)  
CHE Approval: 05/05/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Institution Bonds				44,000,000	44,000,000
Other, Maintenance & Stewardship	1,020,000		1,020,000	(1,020,000)	
Other, Private Gifts				12,000,000	12,000,000
All Sources	<u>1,020,000</u>		<u>1,020,000</u>	<u>54,980,000</u>	<u>56,000,000</u>

Summary of Work: The project was established to include approval for Clemson to contract with the design firm and the Construction Manager at Risk hired by CUF to complete the design and construction of this project since the university will occupy a majority of the building to be constructed. Event spaces, outdoor areas for special events, and road improvements to address safety concerns will be included in the project scope. The new building will be constructed to include two proposed roofing systems. For the non-occupied roof areas, which is the majority of the roof, the roof will be a Built-up Bituminous Roof System. For the occupied roof areas, which there are multiple roof areas in the facility that will be occupied terrace areas, the roof will be an Inverted Roof Membrane Assembly (IRMA) that features a fluid applied rubberized asphalt membrane that is protected by a drainage layer, insulation and 2’x2’ concrete pavers on adjustable pavers. The new roof will come with a 2-year installer’s warranty and a 20-year material warranty.

Rationale: By constructing a new facility on the periphery of campus, the university can move administrative functions to lower cost space and re-purpose high-value space in the core campus for student facing purposes. Per the university, consolidating the Development, Alumni Association and Clemson University

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Foundation offices in a single location will improve operational efficiencies and the partnership between these closely related functions. Additionally, the alignment and presence of these functions together is anticipated to generate donor interest, reducing the overall cost of the project to the university. Locating these functions adjacent to the university’s existing conference center and event space will create efficiencies by not duplicating event space.

**Facility Characteristics:** The new building to be constructed will be approximately 100,000 square feet and will house the Clemson University Foundation, Alumni Association, Admissions Office, Development Office, Board of Trustees Staff Offices, University Relations, Michelin Career Center, Visitor's Center and other functions. It will also house operations associated with the Walker Golf Course, including the pro shop, short order food service and club house as the current facilities will be demolished to construct the new building. The building will house approximately 216 staff and 128 students. It can also be utilized by an additional 1,000 individuals at any one time in various meeting, seminar, event, and dining spaces within the facility. Further, approximately 72,000 individuals visit the Visitors Center every year.

**Financial Impact:** The project will be funded from State Institution Bond Funds (bond resolution will be submitted for approval by the Joint Bond Review Committee and the State Fiscal Accountability Authority concurrently with the Phase II approval), and Private Gifts (\$12 million committed by Clemson University Foundation at February 21, 2022). The project is expected to result in an increase of \$650,000 (year 1), \$669,500 (year 2), and \$689,585 (year 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$1,005 per student per semester, and has increased from \$738 in 2014-2015 to 2021-2022 respectively. The building is being constructed to meet two Green Globes certification standards with an anticipated energy savings of \$2,234,263.33 over a 30-year period.

**Full Project Estimate:** \$56,000,000 (internal) funded by State Institution Bonds and Private Gift Funds. Contract execution is expected in October 2022 with construction completion in February 2024.

**(b) Project:** JBRC Item 1: College of Charleston  
H15.9678: Berry Residence Hall and Honors Program Renovation

**Request:** Establish Phase I Pre-Design Budget to complete interior renovations to Berry Residence Hall.

**Included in CPIP:** Yes – 2021 CPIP Priority 7 of 11 in FY22 (estimated at \$13,500,000)  
**CHE Approval:** 05/05/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Auxiliary Housing Revenues				475,000	475,000

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Other, Capital Improvement Project	100,000	100,000
All Sources	<u>575,000</u>	<u>575,000</u>

**Summary of Work:** The project will address mechanical, electrical and plumbing issues, roof repairs, elevator upgrades and interior refresh consisting of new paint, flooring, lighting, millwork, plumbing fixtures, appliances, furniture, and signage. The renovations will centralize offices, classes, and programming, releasing space elsewhere on campus. The entire building will be renovated. The building will be designed to meet Two Green Globes certification standards.

**Rationale:** The last significant renovation was in 2003. Per the college, prospective students and parents consider campus living environments to be among the top criteria in choosing a college or university, and this especially applies to Honors housing.

**Facility Characteristics:** Berry Residence Hall is a 183,514 six-level 630-bed residence hall constructed in 1989 (33 years old). The building will house Honors College students (floors two and three), general population students (floors four through six), Faculty Fellow Program/Advising Center, the Office of Undergraduate Research and Creative Activities, and the Office of Nationally Competitive Awards (floor one). Technology-rich, comfortable public space will be created for presentations, receptions, workshops, and other events.

**Financial Impact:** The project will be funded from Auxiliary Housing Revenues (uncommitted balance \$47.3 million at March 23, 2022), and Capital Improvement Project Funds (uncommitted balance \$44.9 million at March 23, 2022). Revenue to the Housing fund is generated primarily through the Student Housing Fee, paid per-semester by students who reside in on-campus housing. The fee varies based on amenities, condition, and age of the College’s 13 residence halls and 24 historic student residences. The revenues are used solely for the operation, maintenance, renovation, repair, and debt service of this specific auxiliary enterprise. Revenue to the Capital Improvement Project Fund is the Capital Improvement Fee that are in excess of the current annual debt service related to bonds. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure. The procurement method for this project will be Construction Manager At-Risk. The project is expected to result in a decrease of \$27,525 (year 1), \$28,351 (year 2), and \$30,477 (year 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$906 per student per semester, and has increased from \$781 to 906 for the academic years 2014-2015 to 2021-2022.

**Full Project Estimate:** \$23,000,000 (internal) funded by Auxiliary Housing Revenue and Capital Improvement Project Funds. The estimated cost to complete the project has increased from the 2021 CPIP because the project was originally only for a refresh only. After further investigation with the feasibility study an internal study confirmed deferred maintenance issues. The additional amount addresses not only the refresh but the deferred maintenance and upgrades to fire and life safety as well. For the Honors E&G portion, it was found after the feasibility

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study, with the existing space, program needs for Honors, and current construction costs and inflation, additional funds were required to integrate the Honors program into the building successfully. The college then committed to allotting an additional \$1 million to successfully integrate the Honors program into the building on the ground floor.”

- (c) Project: JBRC Item 2: Coastal Carolina University  
H17.9619: Shift Western End of University Boulevard
- Request: Establish Phase I Predesign Budget to shift approximately 2,100 feet of the western end of University Blvd. southward to the edge of campus.
- Included in CPIP: Yes – 2021 CPIP Priority 1 of 2 in FY23 (estimated at \$7,400,000)  
CHE Approval: 05/05/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Penny Sales Tax				111,000	111,000
All Sources				<u>111,000</u>	<u>111,000</u>

Summary of Work: This project will shift the western end of University Boulevard southward to the edge of the wetland slough. Brooks Stadium is currently located immediately adjacent to University Boulevard. High fan volume on game days combined with the close proximity to the roadway creates potential hazards and safety concerns.

Rationale: Relocating University Boulevard southward would alleviate the concentration of pedestrians on/near this main campus thoroughfare. Additionally, relocation will permit expansion of the intercollegiate athletic complex allowing for construction of the proposed Indoor Football Practice Facility and the proposed Health and Exercise Science Building at the south end of Brooks Stadium, which will include premium seating overlooking the stadium. This shift would also draw the intersection of University Boulevard with SC 544 closer to the University Place residential complex and YY parking lot allowing safer and more convenient pedestrian and bicycle access.

Facility Characteristics: University Boulevard is the main thoroughfare through campus. It is used by all students, faculty, staff and visitors.

Financial Impact: This project will be funded from Penny Sales Tax Funds (uncommitted balance \$27.3 million at February 28, 2022). The Penny Sales Tax was approved in November 2008, started on March 1, 2009, and runs for 15 years. This funding can be utilized for construction, renovation, land acquisition or to offset debt service payments. The legislation guarantees that Coastal Carolina University will receive 13.3% of the sales tax collections. The University’s portion has averaged \$10,900,000 per year over the last five-year time period, and the balance with the State Treasurer does earn interest. The project is not expected to result in any change in annual operating expenditures. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$505 per student per semester,

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and has decreased from \$595 in 207-2018 to \$505 in 2021-2022.

Full Project Estimate: \$7,400,000 (internal) funded by Penny Sales Tax Funds.

(d) Project: JBRC Item 4: Winthrop University  
H47.9596: Demolition for Richardson Hall (residence hall)

Request: Establish Phase II Full Construction Budget to demolish the building.

Included in CPIP: Yes – 2021 CPIP Priority 3 of 5 in FY25 (estimated at \$3,000,000)

Phase I Approval: December 2021 (estimated at \$3,600,000) (SFAA)

CHE Approval: 05/05/22

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Housing	54,000		54,000	3,546,000	3,600,000
All Sources	<u>54,000</u>		<u>54,000</u>	<u>3,546,000</u>	<u>3,600,000</u>

Summary of Work: This project will abate and then demolish the building, making land available for future development to support the Campus Master Plan.

Rationale: Winthrop is implementing a five-year plan to renovate several residence halls including Lee Wicker and Phelps, and the closing and demolition of Wofford Hall. This project will address the closing of Richardson Hall.

Facility Characteristics: Richardson Hall is 87,020 square feet and was constructed in 1966 (56 years old). It is a residence hall that houses approximately 400 students.

Financial Impact: This project will be funded from Other, Housing Fund (uncommitted balance \$9.5 million at March 11, 2022). Revenue to the Housing Fund Net Position is derived from annual student housing and dining fees. Rates vary depending on type of room and number of occupants. The project is expected to result in a decrease of \$80,000 (years 1 thru 3), in annual operating expenses. No student fees or tuition will be increased as a consequence of the project. A portion of tuition is designated for capital improvements, currently \$523 per student per semester, and has decreased from \$593 in 2017-2018 to \$523 in 2021-2022.

Full Project Estimate: \$3,600,000 (internal) funded by Housing Funds. Contract execution is expected in August 2022 and completion of construction in August 2023.

Mr. Eckstrom asked how are the 400 students being accommodated. James Grigg with Winthrop University responded that with a decline in enrollment over the past four years Richardson Hall has had less demand. He said the students can be absorbed in other residence halls and not be displaced off campus.

(e) Project: JBRC Item 8: Department of Administration  
D50.6040: Supreme Court – Waterproof Walls and Windows and Roof Repairs

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**Request:** Increase Phase II Full Construction Budget and Revise Scope to replace the windows with ballistic windows as requested by the South Carolina Judicial Department instead of restoring them, and to cover increased construction costs due to the added cost of ballistic protection and the delay of the project due to COVID-19 and the required review by the South Carolina Historical Preservation Office and the City of Columbia Design Development Review Committee.

**Included in CPIP:** No – The project was not included in the 2021 CPIP as it was unknown at the time of the submission that a budget increase would be necessary.

**Phase II Approval:** September 2019 (estimated at \$2,599,445) (Admin.)

**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
FY20 Capital Reserve	2,599,445		2,599,445		2,599,445
Appropriated State, FY22 Proviso 118.18 (67)(B)				161,719	161,719
Other, Non-Departmental (transfer from D50-6003)				112,074	112,074
Other, FY19 Judicial Capital Reserve (38) (transfer from D50-6008)				165,740	165,740
Other, FY19 Judicial Capital Reserve (38)				341,987	341,987
Other, SCJB Development				165,523	165,523
All Sources	<u>2,599,445</u>		<u>2,599,445</u>	<u>947,043</u>	<u>3,547,488</u>

**Summary of Work:** The project will replace the windows at the Supreme Court building with ballistic windows to address water infiltration issues and to protect the Supreme Court Justices and staff housed in the facility. The windows are original to the building, have multiple leaks, and are not energy efficient. The project will also address the exterior wall and window waterproofing issues identified in the January 2013 “Exterior Wall Condition Assessment” report prepared by Shepard & Associates. The original project scope includes: 1) Cleaning of exterior wall; 2) Tuck-pointing; 3) Limestone repairs; 4) Repair of embedded carbon steel elements in the limestone; 5) Miscellaneous removal or minor repairs to existing exterior elements. The project will also address repair needs as well as provide safety improvements at the roof of the Supreme Court Building. The work will include repairs/modifications to the stainless-steel gutter liner that was installed in 2011-2012 as part of a new quartz zinc metal roof assembly and correct related construction deficiencies for which a settlement was received from the Surety. The work will also include installation of fall protection stations at the existing single ply membrane portion of the roof. New roof walkway protection pads will also be added at strategic locations to provide additional protection for the roof



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membrane. Minor repairs will also be done on the single-ply roof and submitted for warranty eligibility, which expired in 2021. The revised scope of work will replace the existing windows with ballistic windows that will include Low-E glass and provide energy efficiency.

**Rationale:** The Supreme Court Building is a National Register Property and City of Columbia Historic landmark building. This project will therefore require special attention to detail and preservation methods as well as some additional coordination and review with state and municipal authorization. The Judicial Branch has requested the windows be replaced with ballistic windows due to significant concerns regarding security of the Justices.

**Facility Characteristics:** The Supreme Court Building is approximately 51,006 square feet and was constructed in 1921 (101 years old). The windows are original to the building, the metal gutters were renovated in 2011, and the single ply roof was replaced in 2006. The work will address the Supreme Court Building Envelope, which includes approximately 21,370 square feet of exterior walls, 76 windows, and the approximately 17,600 square foot roof. The building is utilized by approximately 50 Judicial Branch staff and approximately 5,800 visitors a year.

**Financial Impact:** The project will be funded from Judicial Appropriated State, Proviso 118.18 (nonrecurring) Funds (uncommitted balance \$2.8 million at March 22, 2022), Judicial Non-Departmental Funds as a transfer from D50-6003 (uncommitted balance \$112,074 at March 22, 2022), Judicial FY19 Capital Reserve Funds as a transfer from D50-6008 (uncommitted balance \$165,740 at March 22, 2022), Judicial FY19 Capital Reserve Funds (uncommitted balance \$8.7 million at March 22, 2022) and Judicial Development Funds (uncommitted balance \$8.6 million at March 22, 2022). The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$3,547,488 (internal) funded by Judicial Capital Reserve, Appropriated State, Non-Departmental and SCJB Development Funds. Contract execution is expected in October 2022 and completion of construction in March 2024.

(f) **Project:** JBRC Item 9: Office of the Adjutant General  
E24.9812: Statewide Readiness Center Female Latrines

**Request:** Increase Phase II Construction Budget for the design of Wellford, Hartsville and Abbeville, as well as increased cost due to inflation for construction, labor and materials for Walterboro and West Columbia.

**Included in CPIP:** Yes – 2022 CPIP Priority 5 of 23 in FY22  
(this portion estimated at \$600,000 & estimated at \$4,556,800 for all 12 facilities)

**Phase I Approval:** August 2018 (estimated at \$2,233,435 for all 12 facilities) (SFAA)

**Phase II Approval:** April 2019 (estimated at \$2,450,000 for all 12 facilities) (SFAA)

**Phase II Increase Approval:** February 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

**Phase II Increase Approval:** December 2020 (estimated at \$2,650,000 for all 12 facilities) (SFAA)

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Phase II Increase Approval: March 2021 (estimated at \$3,850,000 for all 12 facilities) (SFAA)  
Phase II Increase Approval: October 2021 (estimated at \$2,650,000 for all 12 facilities) (SFAA)  
Phase II Increase Approval: January 2022 (estimated at \$2,172,349 for all 12 facilities) (SFAA)  
CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Appropriated State	12,500	628,066	640,566	67,886	708,452
Federal, National Guard Bureau	37,500	1,445,589	1,483,089	203,659	1,686,748
All Sources	<u>50,000</u>	<u>2,073,655</u>	<u>2,123,655</u>	<u>271,545</u>	<u>2,395,200</u>

**Summary of Work:** The project was established to renovate and expand existing female latrines in various readiness centers across the state. The initial group of readiness centers include North Charleston, Walterboro, Wellford, Abbeville, Hartsville, Saluda, Newberry, Batesburg, Kingstree, Seneca, West Columbia, and Rock Hill. The North Charleston, Edgefield, Rock Hill, Saluda, Newberry, Saluda and Kingstree facilities have been completed. The funds in this request will be used for the design of Wellford, Hartsville and Abbeville, and the construction of West Columbia and Walterboro. The scope of work includes renovating existing female latrine and constructing additional authorized space to include new utilities and fixtures, along with any required mechanical, electrical and plumbing work.

**Rationale:** Due to the rising number of female soldier's adequate latrine space is needed. Per NG Pam 415-12, the assigned unit(s) are authorized 2,000 square feet of latrine space. This project will allow the female soldiers to have the required number of facilities (toilets, showers, changing areas) they need to conduct training.

**Facility Characteristics:** Each female latrine is 72 square feet to 339 square feet and was constructed from 1958 to 1989 (33 years to 64 years old).

**Financial Impact:** The project will be funded with Appropriated State Funds (uncommitted balance \$600K million at March 24, 2022) and Federal, National Guard Bureau Funds (uncommitted balance \$4 million at March 24, 2022). Revenue to this fund is received from the Construction and Facilities Management Office's Master Cooperative Agreement funds. The project is expected to result in an increase of \$3,000 (years 1 thru 3) in annual operating expenses.

**Full Project Estimate:** \$2,395,200 (internal) for this phase of the project with an estimated cost of \$3,645,200 (internal) (for all 12 facilities), funded by Appropriated State and National Guard Bureau Funds. Construction completion for Walterboro and West Columbia are expected in August 2022.

(g) Project: JBRC Item 14: Department of Mental Health

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J12.9766: SCDMH Harris Anti-Ligature Bathroom Renovations

**Request:** Increase Phase II Full Construction Budget to cover higher than anticipated bid costs to replace the patient bathroom hardware with anti-ligature fixtures in the Patrick B. Harris Psychiatric Hospital in Anderson County.

**Included in CPIP:** Yes – 2021 CPIP Priority 4 of 21 in FY22 (estimated at \$600,000)

**Phase I Approval:** October 2018 (estimated at \$600,000) (JBRC)

**Phase II Approval:** June 2020 (estimated at \$640,000) (JBRC)

**CHE Approval:** N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement & Maintenance	9,000	631,000	640,000	1,500,000	2,140,000
All Sources	<u>9,000</u>	<u>631,000</u>	<u>640,000</u>	<u>1,500,000</u>	<u>2,140,000</u>

**Summary of Work:** The project was established to modify at least 7 of the 54 facility bathrooms to current anti-ligature compliance. This includes items like sinks, faucets, doors, doorknobs, hinges, paper towel dispensers, soap dispensers, shower heads, mixing valves, toilet flush valves, etc. This phase of the project scope expanded from 7 bathrooms to 24 (2 complete lodges) and came in over budget. The project will be re-bid and award to complete 24 bathrooms that will also complete 2 of the 5 Lodges. Each Lodge has approximately 12 bathrooms each.

**Rationale:** In order to get CMS (Centers for Medicare/Medicaid) federal funding, Patrick B. Harris Psychiatric Hospital must maintain licensing, certification, and accreditation from DHEC, CMS & The Joint Commission respectively. Currently, Harris Hospital is not in compliance with anti-ligature safety requirements.

**Facility Characteristics:** The building is 162,301 square feet and was built in 1985 (35 years old). The building is utilized by 626 students, 311 staff, and 777 clients. The inpatient psychiatric hospital has 200 licensed beds with current capacity of 131 beds.

**Financial Impact:** The project will be funded from Capital Improvement & Maintenance Funds (uncommitted balance \$15 million at February 24, 2022). Revenue to this fund is authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$2,140,000 (internal) funded by Capital Improvement & Maintenance Funds. Contract execution is expected in July 2022 with construction completion in February 2023.

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Mr. Eckstrom noted that this project will complete two of five lodges bringing them into federal compliance. He asked when the other three lodges would be brought into compliance and how much would that cost. Pete Creighton with the Department of Mental Health appeared before the Authority on this matter. He stated that they will request additional funding to complete the three remaining lodges. Mr. Eckstrom asked if there was a risk to losing the federal funding. Mr. Creighton said that they had to show that progress was being made to come into compliance. Mr. Eckstrom asked to what extent would federal funding be lost if it were lost. Mr. Creighton said that a couple of hundred million dollars would be lost.

- (h) Project: JBRC Item 22: Department of Natural Resources  
P24.6054: Georgetown - Santee Island Land Acquisition (OSI - TNC)
- Request: Establish Final Land Acquisition to purchase approximately 1,861 acres of land in Georgetown County.
- Included in CPIP: Yes – 2021 CPIP Priority 7 of 32 in FY22 (estimated at \$1,820,000)  
Phase I Approval: January 2022 (estimated at \$2,023,000) (SFAA)  
CHE Approval: N/A

Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Federal, US Fish & Wildlife Services Grant				1,000,000	1,000,000
Other, Fish & Wildlife Protection (Alligator)	20,000		20,000	150,000	170,000
Other, SC Conservation Bank Grant				850,000	850,000
Other, TNC/TCF (In Kind Match)				3,000	3,000
All Sources	<u>20,000</u>		<u>20,000</u>	<u>2,003,000</u>	<u>2,023,000</u>

Rationale: The acquisition of the property will protect an island and its associated wildlife and plant species and provide recreational outdoor opportunities to the public. If it is acquired the property will be incorporated into SCDNR’s Wildlife Management Area Program.

Characteristics: The property is located two miles west of US Highway 17 in Georgetown County and eight miles northwest of McClellanville. The property is comprised of a bottomland hardwood forest, a cypress-tupelo swamp, depressional wetlands, historic rice fields, creeks, and approximately 5.5 miles of frontage along the North and South Santee Rivers. The Francis Marion National Forest adjoins the property to the south. SCDNR biologists have identified 117 priority species that

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likely utilize the area, including 21 species that are either federally or state listed.

**Financial Impact:** The property is offered by Open Space Institute Land Trust, Inc. of New York, NY and The Nature Conservancy of Mt. Pleasant SC for \$2,000,000. The acquisition will be funded from US Fish & Wildlife Service Grant (uncommitted balance \$1 million at April 13, 2022), Fish & Wildlife Protection (Alligator) (uncommitted balance \$185K at April 13, 2022), SC Conservation Bank Grant (uncommitted balance \$850K at April 13, 2022), and The Nature Conservancy (uncommitted balance \$1K at April 13, 2022) and The Conservation Funds (uncommitted balance \$2K at April 13, 2022). Revenue from the US Fish & Wildlife Services Fund is administered to the National Coastal Wetlands Conservation Grant Program to provide matching grants to eligible entities in coastal states for the acquisition, restoration, enhancement, management, and preservation of coastal wetlands. Revenue to the Fish & Wildlife Protection (Alligator) fund is derived from the sale of tags to harvest alligators and provides for the revenue to be placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for the protection, promotion, propagation, and management of freshwater fisheries and wildlife, the enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary. Revenue to the SC Conservation Bank Grant fund is provided by the SC Conservation Bank Act, whose mission is to improve the quality of line in South Carolina through the conservation of natural resource lands, wetlands, historical properties, and archaeological sites. The Nature Conservancy invests in projects that contribute toward conserving the lands and water on which all life depends. The Conservation Fund invests in protecting America's most critical lands and waters to provide greater access to nature, strengthen local economies and enhance climate resiliency. The project is expected to result in an increase of \$1,000 (year 1), \$500 (years 2 thru 3), in annual operating expenses. An appraisal was completed by Holstein Appraisals in July 2021 and valued the property at \$3,210,000. A Phase I Environmental Site Assessment was completed by Southeastern Regulatory Compliance, Inc. in March 2022 and revealed no evidence of recognized environmental conditions in connection with the property. A Building Condition Assessment is not required because there are no structures located on the property. Letters of support are not required because the property is owned by non-profit conservation organizations.

**Full Project Estimate:** \$2,023,000 (internal) funded by US Fish & Wildlife Services Grant, Fish & Wildlife Protection (Alligator), SC Conservation Bank Grant and The Nature Conservancy/The Conservation Funds.

(i) **Project:** JBRC Item 24: Department of Motor Vehicles  
R40.9614: CDL Program Improvement Grant

**Request:** Establish Phase II Full Construction Budget to refurbish CDL Skills Test Courses and to restripe CDL Skills Test Courses.

**Included in CPIP:** Yes – 2021 CPIP Priority 2 of 7 in FY22 (estimated at \$1,215,719)

**Phase I Approval:** October 2020 (estimated at \$1,192,050) (SFAA)

**CHE Approval:** N/A

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Source of Funds	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Adjustment Requested	Total Budget After Current Adjustment
Federal, CDLPI Grant	83,358		83,358	890,192	973,550
Other, Earmarked Cash	113,642		113,642	104,758	218,400
All Sources	<u>197,000</u>		<u>197,000</u>	<u>994,950</u>	<u>1,191,950</u>

**Summary of Work:** The project includes refurbishment and restriping at the following field offices that provide CDL testing: Bennettsville, Greenville (Saluda Dam), Greenwood, Ladson, North Augusta, Rock Hill, and Sumter. These seven (7) field offices will be resurfaced. Two (2) field offices, Myrtle Beach Common and Shop Road, will be restriped.

**Rationale:** Renovating our CDL sites will provide a safe testing and training area for South Carolina citizens.

**Facility Characteristics:** The nine locations included in this project are between 1,192 square feet and 9,286 square feet (per Federal Regulations all sites are 250' x 70') and were constructed between 1975 (47 years old) and 1990 (32 years old). These facilities are utilized by SC citizens who come to the SCDMV and pursue a Commercial Driver's License, after initially obtaining their written permit test, and then passing the Commercial Driver's License test on the skills test pad. SCDMV CDL examiners/trainers will be able to train third party testers, future CDL drivers and other DMV employees. There are several different class types of Commercial Drivers Licenses - which range from driving buses, firetrucks, and semi-tractor/trailer combinations. Approximately 8,000 South Carolinians attempt the CDL exam with 6,000 people passing the CDL exam every year.

**Financial Impact:** The project will be funded from Federal, Commercial Driver's License Program Grant Funds (uncommitted balance \$1.12million at March 21, 2022), and Other, Earmarked Cash Funds (uncommitted balance \$6.7 million at March 21, 2022). Proviso 82.6 DMV Fund Balance Carry Forward allows SCDMV to expend carry forward funds not designated for REAL ID and/or Phoenix III for expenditures as needed. The project is not expected to result in any change in annual operating expenditures.

**Full Project Estimate:** \$1,192,050 (internal) funded by CDLPI Grant Funds and Earmarked Cash Funds. Contract execution is expected in May 2022 with construction completion for Ladson in September 2022, and the remainder in September 2024.

Mr. Eckstrom asked why the agency is waiting 2½ years to complete the project and what the expectation is that prices will remain where they are now over that period. Kevin Shwedo, Director of SCDMV, appeared before the Authority on this matter. Mr. Shwedo said they make the repairs as quickly as possible. He noted that it would be more cost efficient to use concrete rather than asphalt, however the federal funding requires that asphalt be used. He said that he

recently learned as it relates to vendors that the Department of Transportation may be able to assist them by using economies of scale to help reduce costs. He said the availability of resources impact the planning of the projects. Mr. Eckstrom further asked if SCDMV had an inflation factor built into the \$1.2 million estimate given the project is slated for completion in September 2024. Mr. Shwedo responded that he is not certain that the estimate is adequate given the present state of the economy, but that is the money they have available to them.

Upon a motion by Mr. Loftis, seconded by Representative Simrill, the Authority approved the permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office. Governor McMaster, Mr. Eckstrom, Senator Peeler, and Representative Simrill voted for the item. Mr. Loftis voted against the item.

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

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

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

- a. County Location: Sumter  
From: Department of Administration on behalf of South Carolina Department of Mental Health  
To: Black River Electric Cooperative, Inc.  
Consideration: \$1  
Description/Purpose: To grant a variable width easement of approximately 1.5 acres for the purpose of access, ingress, egress, constructing, reconstructing, operating, patrolling, maintaining, inspecting, repairing, relacing, relocating, adding to, modifying and removing electric lines and other related equipment on property under the control of the Department of Mental Health. The easement will provide electrical services to the new State Veterans Nursing Home in Sumter. The term of the easement will be fifty (50) years. The easement will contain the State's standard termination language that if the easement holder abandons the easement, is in breach, or ceases to use the easement for its intended purpose, it will terminate. The

easement is being sought by SCDMH for the benefit of the property. SCDMH has determined that, in accordance with the requirement of the statute, the easement does not appear to materially impair the utility of the property or damage it. There are no exceptions requested with regard to the 2003 easement policy.

- b. County Location: Richland  
From: Department of Administration  
To: Dominion Energy South Carolina, Inc.  
Consideration: \$1  
Description/Purpose: To grant two easements of approximately 419.29 square feet and 1,219.29 square feet for the purpose of installing two transformers on state property along South Main Street. The easement is being sought due to SCDOT's South Main Streetscape Project. Dominion Energy's work to construct, extend, replace, relocate, maintain, and operate the underground electric lines will be performed within the highway right of way. The term of the easement will be fifty (50) years. The easement will contain the State's standard termination language that if the easement holder abandons the easement, is in breach, or ceases to use the easement for its intended purpose, it will terminate. The Division of Facilities Management and Property Services has determined that, in accordance with the requirement of the statute, the easement does not appear to materially impair the utility of the property or damage it. There are no exceptions requested with regard to the 2003 easement policy.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority approved granting the referenced easements as recommended by the Department of Administration, Facilities Management and Property Services.

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

***Department of Administration, Facilities Management and Property Services: SC Department of Labor, Licensing and Regulation Lease of 110 Centerview Drive and 121 Executive Center Drive, Columbia (Regular Session Item #4)***

SC Department of Labor, Licensing and Regulation (LLR) requested approval to lease a total of 89,284 rentable square feet of office space, being 71,580 rentable square feet (the entire



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building) at 110 Centerview Drive and 17,704 rentable square feet at 121 Executive Center Drive, Columbia, SC from BV DRP Synergy II Owner LLC. LLR has leased space at these locations since March of 1997 and August 2017, respectively. The current leases will expire on December 31, 2022. This lease will combine the existing leases in these two buildings and increase space at 121 Executive Center Drive by 8,628 SF to accommodate additional personnel.

After contacting state agencies to verify no adequate State space was available, the Department of Administration conducted a solicitation for commercial space for 5, 7 and 10-year terms for which 3 responsive proposals were received. The current landlord submitted the lowest bid.

The space will meet the state standard of 210 SF/person with a density of 156 SF/person. The lease also provides for free on-site parking and has a total of 502 parking spaces available for the tenant's use.

The requested lease term will be ten (10) years. The agency desires the longer lease term due to the significant cost of moving and because the longer term provides for a much lower rate (Note: the lowest proposal for a 5-year term would have started at \$26.00 per square foot with annual increases thereafter) as well as tenant improvements related to employee security and hearing and meeting space for the licensing boards.

The rental rate for the first year of the term will be \$15/SF less a credit of \$214,995.00. Rent will increase annually thereafter by 2.5 percent. The total rent to be paid over the 10-year term will be \$14,789,245.84, as more specifically set forth in the chart below. This is a full gross lease and includes all operating expenses.

	Rent per SF	Rent
Year 1	\$15.00	\$1,124,265.00
Year 2	\$15.37	\$1,372,741.50
Year 3	\$15.76	\$1,407,060.04
Year 4	\$16.15	\$1,442,236.50
Year 5	\$16.56	\$1,478,292.42
Year 6	\$16.97	\$1,515,249.75
Year 7	\$17.39	\$1,553,130.98
Year 8	\$17.83	\$1,591,959.26
Year 9	\$18.28	\$1,631,758.22
Year 10	\$18.73	\$1,672,552.17

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The following chart represents comparable lease rates of similar space:

<b>Tenant</b>	<b>Location</b>	<b>Rate /SF</b>
Vacant	7909 Parklane Rd.	\$17.25*
Vacant	748 W. Main St., Lexington	\$17.00*+
Dept. of Juvenile Justice	201 Executive Center Dr.	\$16.94

\*Above rates submitted in response to solicitation. +Rate excludes electricity. All of the above are subject to base rent escalations.

The agency has adequate funds for the lease according to a Budget Approval Form submitted April 18, 2022, which also includes a multi-year plan. Lease payments will be funded through State and Federal funding and license fees. No option to purchase the property is included in the lease. The lease was approved by JBRC on May 17, 2022.

Mr. Eckstrom noted that the item is a request to approve a 10-year lease term and that it expands the leasable space. He said the agency director makes a compelling case that the space is needed. He said that the State should consider having a clause in its lease agreements that allows for a reduction in space if a portion of the leased space is no longer needed during the lease period. Ashlie Lancaster with the Department of Administration stated that all their leases contain a clause that allows for the square footage to be reduced if for some reason an agency's office needs change. Ms. Lancaster stated that they have the option to reduce square footage and that they try to do that in a manner that would allow for the landlord to lease the space to another tenant.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority approved the proposed ten-year lease by the Department of Labor, Licensing and Regulation for 89,284 rentable square feet of office space at 110 Centerview Drive and 121 Executive Center Drive, Columbia, SC from BV DRP Synergy II Owner LLC, as recommended by the Department of Administration, Facilities Management and Property Services.

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

***Department of Administration, Facilities Management and Property Services: SC Department of Health and Environmental Control Lease of 1362 McMillan Avenue, North Charleston (Regular Session Item #5)***

SC Department of Health and Environmental Control (DHEC) requested approval to lease 27,476 rentable square feet of office and lab space and 5,000 square feet of parking area for boats at 1362 McMillan Avenue, North Charleston, SC from Southeastern Value Puritan Mill, L.P., a Delaware limited partnership. DHEC has leased space at this location since January 2003. The current lease will expire on September 30, 2022.

After contacting state agencies to verify no adequate State space was available, the Department of Administration conducted a solicitation for commercial space for 5, 7, and 10-year terms for which 5 proposals were received. The current landlord submitted the lowest bid in response to the solicitation when taking into consideration moving and relocation costs.

The space will meet the state standard of 210 RSF/person with a density of 170 RSF/person. The lease also provides for free vehicular parking in the adjacent surface parking lot, and a 5,000 square foot parking area for boats at \$1,000 per month for the term.

The lease term will be five (5) years. The basic rental rate for office space for the first year of the term will be \$22.09 per rentable square foot, which includes operating expenses (except for property taxes) and will increase annually by 2%. Additional rent to cover property taxes will be \$52,479.16, or \$1.91 per rentable square foot, for the first year of the term. DHEC will pay its pro rata share of increases, if any, of property taxes over the first year of the term. The total maximum rent to be paid over the 5-year term (including basic rent, additional rent and boat parking but excluding increases in property taxes, if any) will be \$3,480,761.88, as more specifically set forth in the chart below.

Office/Lab Space	Basic Rent per SF	Annual Rent (including taxes and Boat Parking)	Monthly Rent (including taxes and Boat Parking)
Year 1	\$22.09	\$671,424.00	\$55,952.00
Year 2	\$22.53	\$683,513.40	\$56,959.45
Year 3	\$22.98	\$695,877.60	\$57,989.80
Year 4	\$23.44	\$708,516.60	\$59,043.05

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Year 5	\$23.91	\$721,430.28	\$60,119.19
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The following chart represents comparable lease rates of similar space:

<b>Tenant</b>	<b>Location</b>	<b>Rate /SF</b>
College of Charleston	360 Concord St.	\$34.00*
Clemson University	701 East Bay St.	\$35.00
Vacant	8085 Rivers Avenue North Charleston+	\$21.00

\*Rates subject to operating expenses. All of above are subject to base rent escalations. +Alternative offer.

The agency has adequate funds for the lease according to a Budget Approval Form submitted April 28, 2022, which also includes a multi-year plan. Lease payments will be funded through federal funding and Environmental Affairs Admin Grant funding. No option to purchase the property is included in the lease. The lease was approved by JBRC on May 17, 2022.

Upon a motion by Representative Simrill, seconded by Senator Peeler, the Authority approved the proposed five-year lease for the Department of Health and Environmental Control for 27,476 rentable square feet of office and lab space and 5,000 square feet of boat parking area at 1362 McMillan Avenue, North Charleston from Southeastern Value Puritan Mill, L.P., a Delaware limited partnership, as recommended by the Department of Administration, Facilities Management and Property Services. Mr. Loftis voted no.

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

***Department of Administration, Facilities Management and Property Services: Real Property Conveyance – Saxum Investment Company, LLC (Regular Session Item #6)***

The SC State Ports Authority (Port) requested approval to sell and convey approximately 30 acres of land for \$110,000 per acre which is anticipated to be \$3,300,000 to Saxum Investment Company, LLC (Saxum). The parcel is part of a larger tract consisting of 941 acres, generally known as the Ridgeville Industrial Campus located in Dorchester County. In purchasing the larger tract in June 2018, the Port sought to develop the Ridgeville Industrial Campus for the purposes of fostering, increasing, and stimulating the shipment of freight and

commerce through the harbors and seaports in South Carolina.

In 2021, the Port began negotiating with Saxum for the sale of this 30-acre portion of the Ridgeville Industrial Campus and for Saxum's development, construction, and operation thereon of a temperature-controlled storage facility consisting of two buildings, totaling a minimum of 395,100 square feet (the Facility). Once fully operational, the Facility is anticipated to hold 41,000 pallets leading to annual throughput of 5,000 containers and 985 million pounds of frozen and refrigerated perishable products. The Port advises that there currently is insufficient refrigerated warehousing capacity in the Charleston area, so the Facility will also be a great benefit to South Carolina producers, especially pork and poultry producers. The Facility will cost Saxum an estimated \$90,000,000 and is expected to create approximately 100 local jobs, which will directly benefit the economies and tax base of both South Carolina and Dorchester County.

Additionally, the Port and Saxum have negotiated the attached Purchase and Sales Agreement (Agreement) that provides for the grant of easements for necessary infrastructure for the property. The parties anticipate that the State Ports Authority will provide a temporary, non-exclusive easement for the construction haul road to the subject property as well as a non-exclusive easement for the permanent access road to the subject property as depicted on Exhibit A to the Agreement. The permanent access road easement will contain provisions regarding the Port's maintenance obligations for the road, street lighting, and street signs. These easements will specifically state that the roads may be subsequently conveyed to Dorchester County for ownership and maintenance per the Development Agreement between the Ports Authority and Dorchester County for the Ridgeville Industrial Campus. In addition to the road easements, the subject property shall have access to water, wastewater, and telecom utilities which will be stubbed at the Port's expenses. As such, there may be an easement for Dominion Energy to install overhead electric lines, but that easement may only run over the subject property (and not the Ports Authority's separate, contiguous property). It is also anticipated that Dorchester County will obtain easements on the subject property for water service and stormwater pond maintenance.

The Agreement further contemplates that at Closing the parties shall enter into an agreement containing a reverter clause providing that, in the event Purchaser fails to commence

construction as set forth in the Agreement, at Seller's option and in exchange for the return of the purchase price, the property shall revert to Seller.

The proceeds from this transaction will be retained by the State Ports Authority pursuant to 2021-2022 Appropriations Bill H.4000, Part 1B, §93.8.

Upon a motion by Mr. Eckstrom, seconded by Senator Peeler, the Authority approved the sale of 30± acres of land for \$110,000 per acre by the Authority to Saxum Investment Company, LLC, the grant of subsequent easements, the future conveyance of roads to Dorchester County and all other requirements subject to the Development Agreement, as requested by the SC State Ports Authority, through the Department of Administration. Governor McMaster, Mr. Eckstrom, Senator Peeler, and Representative Simrill voted for the item. Mr. Loftis voted against the item.

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: SC Educational Television Space on Broadcast Tower and Associated Buildings and Space at 5035 Sewee Road, Awendaw (Regular Session #7)***

SC Educational Television ("ETV") requested approval to enter into an agreement with Gray Media Group, Inc. ("Gray") to license space on Gray's tower and to lease a 2000 square foot building along with space outside the building sufficient to place ETV's fuel tank at 5035 Sewee Road, Awendaw, SC. ETV has contracted for space at this location since 1992. The current lease will expire on August 31, 2022.

After contacting state agencies to verify no adequate State space was available, the Department of Administration conducted a solicitation seeking tower access and space for associated equipment including a transmitter building of 2000 square feet for a twenty-year term. The current landlord submitted the only bid.

ETV did request a right to purchase clause in the lease but the Landlord would not agree to such. Additionally, in ETV's current CPIP, they have listed a project to build a tower in the Charleston area; however, the agency was not able to complete a comprehensive evaluation before this lease expired. ETV has gone through the OSE process to retain an engineering firm to provide an analysis to build a tower, and ETV has begun working with the Department of Administration to help identify property that would accommodate a tall tower structure in the

Charleston area. Identification of an appropriate site will also require the engineering firm to do a frequency interference analysis with the FCC to make sure that ETV is able to move its transmission location for radio, television, microwave, and two-way radio transmitters. The tower build is also dependent on local municipality approvals, budget approvals including but not limited to JBRC and SFAA approvals, as applicable, and FCC and FAA approvals. If ETV does find a suitable site and is able to build a new tower, they do have the option to terminate this agreement.

If ETV is not able to build a tower that they own, they have indicated that it is in their best interest to have a long-term lease arranged to have a set escalator which keeps their increase at 2% versus having to renegotiate a new rate that could be raised higher due to market inflation. The landlord for the selected location originally wanted a 3.5% increase every year.

The requested term will be twenty (20) years. ETV will pay \$18,614.70 per month for the first year of the term. Thereafter the rate will increase annually by 2%. The total rent to be paid over the 20-year term will be \$5,427,459.00, as more specifically set forth in the chart below.

The lease will contain the right for SCETV to extend the Term for up to two consecutive terms of ten (10) years each upon the same terms and conditions. If ETV wished to exercise the extended terms, they will seek additional approvals from JBRC and SFAA at that time. ETV shall pay for all utilities for the operation of their equipment.

	Annual Charge	Monthly Charge
Year 1	\$223,376.40	\$18,614.70
Year 2	\$227,843.93	\$18,986.99
Year 3	\$232,400.81	\$19,366.73
Year 4	\$237,048.82	\$19,754.07
Year 5	\$241,789.80	\$20,149.15
Year 6	\$246,625.60	\$20,552.13
Year 7	\$251,558.11	\$20,963.18
Year 8	\$256,589.27	\$21,382.44
Year 9	\$261,721.05	\$21,810.09
Year 10	\$266,955.48	\$22,246.29
Year 11	\$272,294.59	\$22,691.22
Year 12	\$277,740.48	\$23,145.04
Year 13	\$283,295.29	\$23,607.94
Year 14	\$288,961.19	\$24,080.10
Year 15	\$294,740.42	\$24,561.70
Year 16	\$300,635.22	\$25,052.94
Year 17	\$306,647.93	\$25,553.99
Year 18	\$312,780.89	\$26,065.07

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Year 19	\$319,036.51	\$26,586.38
Year 20	\$325,417.24	\$27,118.10

The agency has adequate funds for the agreement according to a Budget Approval Form which also includes a multi-year plan. Payments will be funded through tower lease revenue. The agreement was approved by JBRC on May 17, 2022.

Mr. Eckstrom commented that it seemed that ETV did some poor planning. He noted that the agency made plans to construct a tower on their own property and were not able to complete a comprehensive evaluation before their lease expires. He further noted that ETV wants the Authority to approve a 20-year lease while pursuing the project. He stated that perhaps the Authority should approve a shorter lease period for ETV and allow them to complete the project. He said if a shorter lease period does not work then ETV can come back to the Authority to have the lease extended. Mr. Eckstrom further stated that it would send the wrong message to ETV by approving the 20-year lease when it needs to do better planning.

Anthony Padgett, ETV's Director, appeared before the Authority on this matter. He stated that long term leases of this nature are common in their industry given the expense of constructing a tower structure. He said that if they can acquire land for the project the cost would be between \$8 to \$10 million. He said if they obtain the proper approvals, they would be able to terminate the lease upon finding suitable property.

Mr. Eckstrom further asked why ETV is considering an \$8 million project on a lease they are paying \$223,000 a year. Mr. Padgett stated that they are doing their due diligence to see if the project is feasible and appropriate for them.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority approved the proposed twenty-year agreement with Gray Media Group, Inc. to license space on their tower and lease a 2000 square foot building, along with space outside the building sufficient to place ETV's fuel tank at 5035 Sewee Road, Awendaw, as requested by the SC Educational Television Network (ETV), and as recommended by the Department of Administration,

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



***Division of Procurement Services: Procurement Audit and Certification – Parks, Recreation and Tourism (Regular Session Item #8)***

In accordance with S.C. Code Ann. § 11-35-1210, the Division of Procurement Services (DPS) audited the procurement operating policies and procedures of the South Carolina Department of Parks, Recreation, and Tourism (SCPRT) to determine whether the internal controls of the Agency’s procurement system were adequate to ensure compliance, in all material respects, with the S.C. Consolidated Procurement Code and ensuing regulations (Code and Regulations). With the implementation of the recommended corrective action, the internal controls of SCPRT’s procurement system are adequate to ensure compliance with the Code and Regulations as described in the audit report.

Per S.C. Code Ann. §11-35-1210, the Authority previously authorized SCPRT to make direct procurements at the limits noted below. SCPRT requests that the Authority to reauthorize it to make direct procurements at these same limits.

PROCUREMENT AREAS	*CERTIFICATION LIMITS
Supplies and Services <sup>1</sup> .....	**\$ 250,000 per commitment
Construction Contract Award .....	**\$ 250,000 per contract award
Construction Contract Change Order .....	\$ 250,000 per change order
Architect/Engineer Contract Amendment .....	\$ 50,000 per amendment

\* Per the Code and Regulations, all agencies have unlimited authorization to conduct their own sole source and emergency procurements.

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

Mr. Eckstrom asked what use is made of the information from audit reports like this one. He asked if agencies are held to account for the discrepancies in the management of their procurement systems. He said that the audits are done so that improvements can be made and that that is not something that the Division of Procurement Services (DPS) can enforce. He commented that all DPS can do is report on what they find. John White, DPS Office Director, appeared before the Authority on this matter. He stated that DPS does a follow up to see if an agency is implementing the recommendations made in the report. He said in this case PRT has implemented those recommendations.

Mr. Loftis commented it is up to the Authority to do something about the audit reports. He stated it is the Authority’s responsibility to cut an agency’s procurement Authority and not

the General Assembly.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority granted procurement certification, in accord with Section 11-35-1210, for the Department of Parks, Recreation and Tourism within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

**Parks, Recreation and Tourism:** supplies and services<sup>1</sup>, \$250,000\*\* per commitment; construction contract award, \$250,000\*\* per contract award; construction contract change order, \$250,000 per change order; architect/engineer contract amendment, \$50,000 per amendment.

\* Per the Code and Regulations, all agencies have unlimited authorization to conduct their own sole source and emergency procurements.

\*\* 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 8.

***Division of Procurement Services: Audit and Certification – South Carolina State University (Regular Session Item #9)***

The Procurement Code and Regulations (Code) authorize agencies to make direct procurements up to \$50,000 and to enter sole source and emergency procurement contracts with no dollar limitation. S.C. Codes §§11-35-1210(1), 1560, and 1570, and Regulation 19-445.2000C(1). The Code authorizes the Authority to delegate additional procurement authority by assigning dollar limits below which an agency may make direct procurements. South Carolina State University (SCSU) has not been delegated any additional authority.

On April 30, 2014, the Budget and Control Board adopted a resolution approving an interagency loan agreement to SCSU. The resolution and loan agreement placed several requirements upon SCSU that included obtaining prior approval of the Division of Procurement Services (DPS) before posting a solicitation for or execute, amend, renew, or otherwise extend a contract greater than \$2,500. On February 4, 2020, the Authority granted a request from SCSU to lift the procurement restrictions. However, the Authority directed that DPS conduct an audit of the ensuing year of SCSU's procurement activity.

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<sup>1</sup> Supplies and Services includes non-IT consulting services

In accordance with the Authority's directive and S.C. Code Ann. § 11-35-1210, the Division of Procurement Services audited the procurement operating policies and procedures of South Carolina State University to determine whether the internal controls of the Agency's procurement system were adequate to ensure compliance, in all material respects, with the S.C. Consolidated Procurement Code and ensuing regulations. Because South Carolina State University is not certified and has not requested procurement certification, this report is submitted as information only.

Mr. Eckstrom said that he would make the same observation about this audit as he did for PRT. He said he reviewed SCSU's last audit report and many of the same problems still exist.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority received as information the South Carolina State University procurement audit as recommended by the Division of Procurement Services.

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

***Division of Procurement Services: Audit and Certification – Midlands Technical College Enterprise Campus Authority (Regular Session Item #10)***  
**Procurement Audit**

In accordance with Section 59-53-1784(B) of the South Carolina Code of Laws, the Division of Procurement Services has reviewed the procurement system of the Midlands Technical College Enterprise Campus Authority (MTECA). That report recommended, and the MTECA revised its procurement policy to include the definition of State- term Contracts in Section 310 and to require the MTECA to use those contracts whenever possible. The audit report is submitted as information only.

**Request for Re-authorization of Procurement Policy**

The MTECA requests that the State Fiscal Accountability Authority (Authority) reapprove the MTECA 's Procurement Policy with amendments. In the proposed amended policy, the ECA has made a limited number of revisions to the existing policy, which revisions largely mirror 2019 changes to the South Carolina Consolidated Procurement Code. The attached Exhibit 1 contains the proposed amended policy and a summary of changes to the existing policy.

The MTECA makes this request in accordance with Section 59-53-1784(B) of the South Carolina Code of Laws, which exempts the MTECA from the South Carolina Consolidated Procurement Code, provided the MTECA adopts a procurement policy requiring competitive solicitations. As a condition of adoption, the statute requires that the policy be filed with and approved by the Authority. The Budget and Control Board originally approved the procurement policy at its January 2005 meeting. The Authority last reapproved the procurement policy at its September 20, 2016, meeting.

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, and under authority of Code Sections 11-35-1230 and 59-53-580(b), the Authority:

1. Received the Midlands Technical College Enterprise Campus Authority audit report as information only; and
2. As requested by the Midlands Technical College Enterprise Campus Authority, reapproved the Midlands Technical College Enterprise Campus Authority's procurement policy through June 30, 2026.

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

***Division of Procurement Services: Audit and Certification – Trident Technical College Enterprise Campus Authority (Regular Session Item #11)***

**Procurement Audit**

Per Section 59-53-480(B) of the South Carolina Code of Laws, the Division of Procurement Services has reviewed the procurement system of the Trident Technical College Enterprise Campus Authority (TTECA). That report recommended, and the ECA revised its procurement policy to include the definition of State-term Contracts in Section 310 and to require the TTECA to use those contracts whenever possible. The audit report is submitted as information only.

**Request for Reapproval of Procurement Policy**

The TTECA requests that the State Fiscal Accountability Authority (Authority) reapprove the TTECA 's procurement policy with amendments. In the proposed amended policy, the ECA has made substantial revisions to the existing policy, which revisions largely mirror 2019 changes to the South Carolina Consolidated Procurement Code. The attached

Exhibit 1 contains a summary of changes to the existing policy.

The TTECA makes this request per Section 59-53-480(B) of the South Carolina Code of Laws, which exempts the TTECA from the South Carolina Consolidated Procurement Code, provided the TTECA adopts a procurement policy requiring competitive solicitations. As a condition of adoption, the statute requires that the policy be filed with and approved by the Authority. The Budget and Control Board originally approved the procurement policy at its September 2006 meeting. The Authority last reapproved the procurement policy at its September 20, 2016, meeting.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, under authority of Code Sections 11-35-1230 and 59-53-480(b), the Authority:

1. Received the Trident Technical College Enterprise Campus Authority audit report as information only; and
2. As requested by the Trident Technical College Enterprise Campus Authority, reapproved the Trident Technical College Enterprise Campus Authority's procurement policy through June 30, 2026.

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

***Division of Procurement Services: Waiver to Extend the Maximum Time on a Multi-term Contract for Clemson University (Regular Session Item #12)***

Section 11-35-2030(5), of the SC Consolidated Procurement Code limits the maximum potential duration for any contract to seven years unless the Authority approves a longer maximum potential duration. Clemson University sought Authority approval to solicit a contract with a maximum potential duration of up to eleven (11) years after implementation for an Enterprise Resource Planning (ERP) system.

Clemson proposes to implement a Software as a Service (SaaS) ERP solution to include Financial, and Human Resources components. Clemson believes a contract performance term of up to eleven years after implementation will:

- (a) Substantially lower the State's costs associated with its upfront investment by amortizing these costs over a longer period of time;
- (b) Increase customer service through incentivizing high level of service for a longer period to assure contract extensions;
- (c) Align the contract with the expected life of the solution;

- (d) Enable negotiation of contract terms more favorable to Clemson;
- (e) Increase competitions, and
- (e) Reduce the impact and disruption of day-to-day business activities of Clemson and vendors associated with implementing a new system.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, and under authority of SC Consolidated Procurement Code Section 11-35-2030(5), the Authority approved Clemson's request for a multi-term contract for an ERP system and authorize the solicitation of proposals and award of a contract with a maximum potential duration of eleven (11) years after implementation. With exception of Mr. Loftis all Authority members voted for the motion. Mr. Loftis abstained from voting on the motion.

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

***Division of Procurement Services: Procurement Exemption for Law Enforcement Programs to Procure Supplies and Equipment for Homeland Security and Emergency Response Activities (Regular Session Item #13)***

Section 11-35-710 authorizes the State Fiscal Accountability Authority (the "Authority") to "exempt specific supplies, services, information technology, or construction from the purchasing procedures" of the South Carolina Consolidated Procurement Code.

Section 1122 of the National Defense Authorization Act of 1994 established the authority for State and Local governments to purchase law enforcement equipment through federal procurement channels provided the equipment is used in the performance of counter-drug activities. This authorization was codified at Section 381 of 10 USC 381. On June 21, 2000, the Budget and Control Board (Board) acting pursuant to the authority granted it by Section 11-35-710, granted an exemption "to allow all state law enforcement programs to procure law enforcement equipment and supplies for counter drug activities through Federal procurement channel under the United States Government's State and local Law Enforcement Equipment Procurement Program created by the National Defense Authorization Act of 1994 provided, however that the law enforcement agency must certify that the prices paid under this program are advantageous to the State."

The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 amended Section 381 of 10 USC 381 to expand the procurement authority beyond counter-drug activities to include equipment for homeland security and emergency response activities. On January 31, 2017, the Authority expanded the exemption to allow all state law enforcement programs to procure law enforcement equipment and supplies for counter drug, homeland security, and emergency response activities. The Authority's expansion of this exemption included definitions for "State Law enforcement programs," "counter drug activities," "emergency response activities," and "homeland security activities." The Authority also added the following conditions:

1. When purchasing through Federal procurement channels under this exemption, the law enforcement agency must certify that the prices paid under this program are advantageous to the State.
2. For those items that are on a term contract awarded by the Division of Procurement Services, all state law enforcement programs must comply with the provisions of Section 11-35-310(35) before buying those items through Federal procurement channels.
3. Law enforcement agencies shall submit semi-annual reports of their acquisitions under this exemption to the Division of Procurement Services.
4. The exemption shall sunset in five years unless reauthorized by the Authority.

Five years has passed since the Authority authorized this exemption and the State Law Enforcement Division (SLED) and Department of Natural Resources (DNR) asked the Authority to reauthorize this exemption.

Upon a motion by Mr. Loftis, seconded by Senator Peeler, and under authority of SC Consolidated Procurement Code Section 11-35-710, the Authority reauthorized the Counter-Drug Procurement Exemption that was last reauthorized on January 31, 2017, and clarified the Exemption's definition of "state law enforcement programs" by amending it to read as follows: "State law enforcement programs" are the law enforcement programs of the State Law Enforcement Division, Department of Public Safety, and Department of Natural Resources.

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

***Patriots Point Development Authority: Report Regarding Lease to Patriots Annex, LLC  
(Regular Session Item #14)***

On October 5, 2017, the State Fiscal Accountability Authority (the Authority) approved a lease agreement between Patriots Point Development Authority (PPDA) and Patriots Annex, LLC. The approval required PPDA to submit a report to the Authority each year prior to March 31 regarding the status of the proposed lease. The attached report to the agenda item dated March 28, 2022, provided an update on the status of the development.

Mr. Eckstrom commended PPDA for very a concise report that addressed all the Authority asked them to report. He stated that the project is complex and that it is helpful get an overview of the project.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority received as information a report from Patriots Point Development Authority updating the status of the Patriots Point Annex development.

Information relating to this matter has been retained in these files and is identified as Exhibit 14.

***Clemson University: Not Exceeding \$45,000,000 General Obligation State Institution Bonds, Series 2022 of Clemson University (Regular Session Item #15)***

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$45,000,000 General Obligation State Institution Bonds, Series 2022 of Clemson University.

The proceeds of the bonds will defray the cost to construct, improve, and furnish a new alumni center facility and related improvements and infrastructure on the campus of Clemson University.

Mr. Eckstrom asked Mr. Loftis if the 3.24 rate has been stable. Robert Macdonald with the State Treasurer's Office appeared before the Authority. Mr. Macdonald said that movement has been seen in the rate. He said the feds increased the rate 50 basis points in May. He said the original par amount was around \$94 million for the projects and now the amount is around \$103 million. Mr. Eckstrom asked when the bonds would go to market. Mr. Macdonald said around June 9<sup>th</sup> just ahead of the Authority's June meeting.



Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$45,000,000 General Obligation State Institution Bonds, Series 2022 of Clemson University.

Information relating to this matter has been retained in these files and is identified as Exhibit 15.

***State Fiscal Accountability Authority: Future Meeting (Regular Session Item #16)***

Upon a motion by Mr. Loftis, seconded by Senator Peeler, the Authority agreed to meet at 10:00 a.m. on Tuesday, June 28, 2022, in Room 252, Edgar A. Brown Building.<sup>2</sup>

***Executive Director: Revenue Bonds (Regular Session Item #17)***

The Authority was asked to approve the following proposals to issue revenue bonds. Requests for volume cap ceiling allocation were considered in regular session item #19.

- a. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$3,000,000 Multifamily Housing Revenue Completion Note, Series 2022  
Allocation Needed: **\$3,000,000 of ceiling allocation carryforward will be used**  
Name of Project: Robert Smalls Apartments  
Employment Impact: n/a  
Project Description: finance completion of the acquisition, construction, furnishing and equipping of a 190-unit multifamily apartment housing facility located at 571 Wofford Street, Spartanburg  
Bond Counsel: Ronald T. Scott, Haynsworth Sinkler Boyd, P.A.  
Note: **This item was previously approved on August 18, 2020, for issuance of not exceeding \$25,000,000 Multifamily Revenue Bonds. The project sponsor has encountered significant cost over-runs with the completion of the project and is requesting approval of the issuance of its Completion Note. The project has been under construction since 2020.**
  
- b. Issuing Authority: State Housing Finance and Development Authority  
Amount of Issue: N/E \$375,000,000 Mortgage Revenue Bonds and Notes, Series 2022B and C

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<sup>2</sup> The May 24, 2022, meeting was subsequently rescheduled to May 31, 2022.

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- Allocation Needed: -0-  
Name of Project: Mortgage Revenue Bonds and Notes, Series 2022B and C  
Employment Impact: n/a  
Project Description: mortgage revenue bonds and notes  
Bond Counsel: Rion D. Foley, Burr Forman McNair
- c. Issuing Authority: Housing Authority of the City of Florence  
Amount of Issue: N/E \$10,000,000 Multifamily Housing Revenue Bonds, Series 2022  
Allocation Needed: \$10,000,000  
Name of Project: Dillon Graded School Senior Apartments  
Employment Impact: n/a  
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and renovating of multifamily housing for 37 affordable residential units for elderly persons to be known as Dillon Graded School Senior, in the City of Dillon.  
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC  
**Note: This item first appeared on the Authority's meeting agenda for January 25, 2022. The item was carried over at that meeting.**
- d. Issuing Authority: Housing Authority of the City of Greenville  
Amount of Issue: N/E \$10,000,000 Multifamily Housing Revenue Note, Series 2022  
Allocation Needed: \$10,000,000  
Name of Project: Dunean Mill Townhomes f/d/a Dunean Mill Apartments  
Employment Impact: n/a  
Project Description: to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing of approximately 60 apartments to be known as Dunean Mill Townhomes, in Greenville.  
Bond Counsel: Samuel W. Howell, Howell Linkous & Nettles, LLC  
**Note: This item first appeared on the Authority's meeting agenda for January 25, 2022. The item was carried over at that meeting.**
- e. Issuing Authority: South Carolina Regional Housing Authority No. 3  
Amount of Issue: N/E \$18,000,000 Multifamily Housing Revenue Bonds, Series 2022  
Allocation Needed: \$18,000,000  
Name of Project: Shannon Park Apartments  
Employment Impact: n/a  
Project Description: to provide a portion of the financing

Bond Counsel: needed for the acquisition and rehabilitation of an  
approximately 96-unit affordable housing development  
located in Goose Creek, Berkeley County.  
Note: Emily Zackon, Parker Poe Adams & Bernstein LLP  
**This item first appeared on the Authority’s meeting  
agenda for January 25, 2022. The item was carried  
over at that meeting.**

Representative Simrill moved to adopt the item. Mr. Loftis seconded the motion to adopt the item.

Mr. Eckstrom noted that regular session item #17 relates to items #18 and #19. He stated that special procedures would need to be adopted for handling the items going forward. He asked if JBRC had reviewed the special procedures the Authority was being asked to approve. He said that he saw the procedures late in the week before the meeting. He commented that the way he reads Act 202 what the Authority is being asked to do is outside of Act 202. Senator Peeler stated that the special procedures did not go before JBRC for review and comment. Mr. Eckstrom said that had the special procedures gone before JBRC the Authority would have considered JBRC’s comments.

Mr. Eckstrom said that it seemed as if reliance was being placed on section 6 of Act 202 to seek approval of the special procedures. He said Act 202 allowed for special procedures because the Act did not accommodate a normal year in which an allocation plan must be published in September for the ensuing calendar year. He stated that his understanding of Act 202 is that the special procedures must be established consistent with the Act. He said he does not think the special procedures are consistent with the Act.

Senator Peeler advised Governor McMaster that he wanted to divide the question and vote “yes” on items 17.a and 17.b. He said he wanted to vote “no” on 17.c, 17.d, and 17.e for the reasons Mr. Eckstrom previously stated. He said that the projects 17.c, 17.d. and 17.e are housing projects that are asking for special consideration that is contrary to Act 202. He said that he does not have a problem with the specific projects, but their placement on the agenda is not consistent with Act 202.

Senator Peeler moved to divide the motion as stated. Mr. Eckstrom seconded the motion. Mr. Eckstrom commented that he did not have a problem with the projects, but that the Authority would be acting outside the process required by Act 202 by approving the projects.

In further discussion, Mr. Loftis asked for an explanation of the procedures from Authority staff. Mr. Gillespie stated that a lot of the issues Mr. Eckstrom touched upon are arguable and defensible. He said the matter can be looked at from both viewpoints. Mr. Singleton stated that in developing the special procedures for the Authority's consideration staff tried to achieve the requirements of the statute. He said staff considered section 6 of Act 202 and section 1-11-520(B) in drafting the special procedures and believed Act 202 would allow the Authority to consider the special procedures for implementation given the timing. Mr. Eckstrom stated that the timing is the problem in this instance because the Act intended for conferral with JBRC.

Mr. Eckstrom further commented that changes were made to the special procedures since the final draft was circulated and that he had no opportunity to confer with anyone about the changes. He stated that there is further explanation that is needed concerning the special procedures before they are approved. He said that instead of approving the special procedures the matter should be carried over, recirculated, reviewed and commented on by JBRC, and commented on by the Authority members.

The Authority approved the motion to divide regular session item #17 into two parts.

Mr. Loftis asked if an allocation under item 17.a is different from an allocation under item 17.c pursuant to the law. Mr. Gillespie said there is a slight difference as it relates to how the projects are currently positioned. He said for the Robert Smalls project construction has advanced greatly. Tracey Easton with the State Housing Finance and Development Authority appeared before the Authority on this matter. She stated that items #17.a and #17.b are utilizing carryforward held by State Housing. She said those allocations would not be the same as for #17.c, #17.d, and #17.e.

Mr. Loftis said the problem he has with the item is that it was not a State Housing item and now it has become one to get around the law. He also stated he recognized that the projects were queued up and ready to go and for one reason or another the projects were not moved forward in December and January. He said as a result some projects were disadvantaged. He asked if the three projects in question could be approved, and work be done on the procedures. Ms. Easton commented that Robert Smalls has been a State Housing project all along and that it originally issued in 2020 and closed. She said the project encountered additional cost and noted

these are completion bonds that are being asked to be approved to complete the project. She said they are aware of the pipeline issues with the projects and that they are working with SFAA staff and JBRC staff to address the pipeline issues.

Mr. Eckstrom commented that he did not think the Authority could consider projects that came to the Authority since January 2022 because special procedures have not been adopted consistent with Act 202. Mr. Loftis commented that Representative Murrell Smith's motion at the January 25, 2022, Authority meeting was to carry the items over until the legislation passed. Senator Peeler stated that approving the items would be acting contrary to Act 202.

John Van Duys, bond counsel for the Robert Smalls project, appeared before the Authority on this matter. Senator Peeler asked Mr. Van Duys if approving items 17a. and 17.b would violate Act 202. Mr. Van Duys stated section 1 of Act 202 provided guidance for State Housing to determine which projects qualified for tax credits and section 2 gave direction to the Authority on how to allocate ceiling allocation volume cap. He noted that Robert Smalls was deemed eligible to receive tax credits in 2020 and there is no determination now being made for tax credits for the project so section 1 of Act 202 would not apply. He said the completion bonds will be issued under the carryforward that State Housing has from prior years. He said section 2 of Act 202 would not apply to the project. Mr. Eckstrom asked if the completion bonds for the Robert Smalls project are tax exempt. Mr. Van Duys responded they are. Senator Peeler asked if the same would apply to 17.b to which Ms. Easton replied that Act 202 would not apply 17.b for the same reasons. She said Act 202 would apply to future ceiling allocations made by the Authority and not to ceiling allocation carryforward made by State Housing for projects that come through them.

The Authority approved the adoption of items #17.a and #17.b. Governor McMaster, Mr. Loftis, Mr. Eckstrom, and Representative Simrill voted for the items. Senator Peeler voted against the items.

Representative Simrill moved to adopt items #17.c, #17.d, and #17.e. The motion was seconded by Mr. Loftis. Mr. Eckstrom said that the Authority should correctly adopt special procedures and apply them to the projects. He said he does not have a problem with the projects, but he does have a problem with trying to short circuit the process.

Governor McMaster and Representative Simrill voted for the motion. Mr. Eckstrom and

Senator Peeler voted against the motion. Mr. Loftis abstained from voting for the motion. The motion to adopt the item failed.

Information relating to this matter has been retained in these files and is identified as Exhibit 16.

***Executive Director: Special Procedures Necessary to Effect the Requirements of Act 202 (H.5075) (Regular Session Item #18)***

On January 25, 2022, the Authority deferred any request from a state or local housing authority that seeks either an approval to issue multi-family housing bonds pursuant to §31-13-90 or §31-13-220, or an allocation of state ceiling pursuant to Article 3 of Title 1, Chapter 11 until either new legislation was enacted or until July 1, 2022. This moratorium ended when Act 202 (H. 5075) became law on May 16, 2022.

Act 202 is effective for allocations of state ceiling beginning January 1, 2022, and thereafter. As a condition of allocating state ceiling, the Act directs the Authority to adopt an annual State Ceiling Allocation Plan, subject to review and comment by the Joint Bond Review Committee. Each year, the Plan must be adopted no later than September 30th to address requests for state ceiling in the next calendar year. For 2022 only, Section 6 of the Act authorizes the Authority to "adopt such special procedures as may be necessary to effect the requirements of this act." These special procedures are in lieu of a formal State Ceiling Allocation Plan for 2022 but are necessary to effect the Act's requirements.

The proposed special procedures are intended to offer the Authority a means of taking action in the very short term to address long-pending requests that may need consideration and/or projects of such substantial significance that action is required by the Authority. They are not intended to suggest the direction, content, or scope of future Authority action or a future State Ceiling Allocation Plan. The Authority action requested was to:

- (a) Approve Special Procedures for Allocation of State Ceiling in 2022.
- (b) Rescind the policy regarding Allocation and Management of Volume Cap adopted at the meeting on January 25, 2022.
- (c) Rescind the designations to the state pool and the local pool adopted at the meeting on January 25, 2022.
- (d) Direct the Executive Director to prepare a proposed State Ceiling Allocation Plan for

2023, present the draft to the Joint Bond Review Committee for review and comment, and submit the draft to this Authority for approval at its meeting scheduled for August 30, 2022. Direct the Executive Director to acquire any information and assistance needed to facilitate this effort.

- (e) Pursuant to Section 1-11-520(E), direct the Department of Commerce and the State Housing Finance and Development Authority to provide the Executive Director with such assistance as he may require to accomplish the purposes of Act 202.

Senator Peeler moved to carry over the item. Mr. Eckstrom seconded the motion. The Authority adopted the motion.

Information relating to this matter has been retained in these files and is identified as Exhibit 17.

***Executive Director: 2022 Ceiling Allocations (Regular Session Item #19)***

The initial balance of the 2022 state ceiling allocation is \$570,977,550. There is presently a state ceiling balance of \$570,977,550 remaining for 2022. Allocation requests for 2022 totaling \$53,000,000 have been received thus far.

The following Housing Authorities made the following requests for allocation:

A. Housing Authority of the City of Florence—**Dillon Graded School Senior Apartments** (City of Dillon) \$10,000,000—to provide construction and permanent financing for a portion of the costs of acquisition and renovating of a 37-unit multifamily apartment development to be known as Dillon Graded School Senior, in the City of Dillon.

B. Housing Authority of the City of Greenville—**Dunean Mill Townhomes** (Greenville) \$10,000,000—to provide construction and permanent financing for a portion of the costs of acquisition and construction of multifamily housing to be known as Dunean Mill Townhomes, in Greenville, South Carolina.

C. South Carolina Regional Housing Authority No. 3—**Shannon Park Apartments** (City of Goose Creek) \$18,000,000—to provide a portion of the financing needed for the acquisition and rehabilitation of an approximately 96-unit affordable housing development located in Goose Creek.

Senator Peeler moved to carry over the item. Mr. Eckstrom seconded the motion. The Authority adopted the motion.

Information relating to this matter has been retained in these files and is identified as Exhibit 18.

*Adjournment*

The meeting was adjourned at 11:15 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and near the Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 4:00 p.m. on Friday May 27, 2022.]