MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

November 7, 2016 – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Monday, November 7, 2016, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

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

Adoption of Agenda for State Fiscal Accountability Authority

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority adopted the agenda as proposed.

Minutes of Previous Meeting

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved the minutes of the September 20, 2016 Authority meeting.

Blue Agenda

Mr. Eckstrom asked for blue agenda items #1, #5, and #7 to be taken up separately. Those agenda items were approved by the Authority as noted herein below.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority unanimously approved blue agenda items #2, #3, #4, and #6 as noted herein.

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

The Authority was asked to approve the referenced bond counsel assignment as recommended by the State Treasurer's Office:

CONDUIT ISSUES: (For ratification of Issuer's Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
$ 13,875,000 SC JEDA	GREEN Midlands, Inc.	Haynsworth Sinkler Boyd, P. A.	Nexsen Pruet
$ 42,500,000 SC JEDA	The Lutheran Homes of South Carolina, Inc.	Haynsworth Sinkler Boyd, P.A.	Parker Poe Adams & Bernstein LLP
$65,000,000 SC JEDA	Conway Medical Center	Katten Muchin Rosenman and McNair Law Firm	Howell Linkous & Nettles
$ 30,250,000 SC State Housing Finance Authority	Waters at St. James, LP	Parker Poe Adams & Bernstein, LLP	Tracey Easton, Esq

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
$ 46,000,000 Athletic Facilities Revenue Bonds	University of South Carolina	McNair Law Firm
$ 110,000,000 SC State Housing Finance Authority	Mortgage Revenue Bonds	McNair Law Firm

Mr. Eckstrom asked how issuer's counsel is chosen. Mr. Loftis said that JEDA has a rotation set up for issuer's counsel and his office approves or does not approve the selection. Harry Huntley, JEDA Director, said there is a rotation schedule for issuer's counsel. He said that it is based upon an agreement that was done in 2009. Mr. Eckstrom asked if the rotation is done on a project by project basis or if there was effort made to balance the size of the project (5:35). Mr. Huntley said that it is generally done project by project and they look to see who was issuer's counsel before, particularly if the project involves refunding. Mr. Eckstrom asked how many firms were in the pool. Mr. Huntley said that there are six firms in the pool.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the referenced bond counsel assignment as recommended by the State Treasurer's Office.

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

Secretary of State: Notice of Expenditure of Funds (Blue Agenda Item #2)

Pursuant to S.C. Code Ann. Section 1-11-470, Secretary of State Mark Hammond advised the Authority that he will be expending funds to purchase radio public service announcements time. The radio time will be used for a public awareness campaign on charity and telemarketing fraud. Secretary Hammond expects to expend no more than $40,000 toward the cost of the radio public service announcements. The funds are from administrative fines issued by the Secretary of State pursuant to the Solicitation of Charitable Funds Act, Code Section 1-11-470. Approval of the request must be by unanimous vote of the Authority.

The Authority unanimously approved a request from Secretary of State Mark Hammond concerning the expenditure of funds to purchase radio public service announcements not to exceed $40,000 for a public awareness campaign on charity and telemarketing fraud.

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

Department of Administration, Real Property Services: Easement (Blue Agenda Item #3)

The Authority approved granting the referenced easement as recommended by the Department of Administration, Division of General Services:

County Location:	York
From:	Department of Transportation
To:	Duke Energy Carolinas, LLC
Consideration:	$1
Description/Purpose:	To grant a permanent 0.005 acre easement for the construction, installation, operation and maintenance of underground electric lines and facilities to provide electrical service to the new I-77 South Welcome Center. The easement is being sought by the Department of Transportation for the benefit of the property. Real Property Services has determined that the Department has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.

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

Department of Administration, Real Property Services: Real Property Conveyances (B#4)

As recommended by the Department of Administration, Real Property Services, the Authority approved of the following real property conveyances:

(a)	**Controlling Agency:**	**Department of Commerce**
	Acreage:	9.323± acres
	Location:	2600 Spruill Avenue, North Charleston
	County:	Charleston
	Purpose:	To dispose of surplus real property acquired by the Department of Commerce's Division of Public Railways through the 2012 Settlement Agreement with the City of North Charleston.
	Price/Transferred To:	Not less than appraised value/To be determined
	Disposition of Proceeds:	To be retained by the Department of Commerce pursuant to Proviso 93.23.

(b)	**Controlling Agency:**	**Department of Administration**
	Acreage:	4.0± acres and a 9,156 square foot office building
	Location:	1319 South 4th Street, Hartsville
	County:	Darlington
	Purpose:	To dispose of surplus real property.
	Price/Transferred To:	$1,100,000/McLeod Regional Medical Center of the Pee Dee, Inc.
	Disposition of Proceeds:	To be retained and/or divided accordingly between the Department of Employment and Workforce and the Department of Administration based on federally funded real property requirements and pursuant to 93.23.

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

Division of Procurement Services: Adoption of the U. S. Green Building Council's Leadership in Energy and Environmental Design Rating System Version 4 (Blue Agenda #5)

Section 48-52-825 of the Energy Independence and Sustainable Construction Act (the "Act") provides that the governing board of the State Fiscal Accountability Authority (the "Authority") "shall automatically adopt by reference the most current editions of the rating systems developed by Green Building Initiative and U.S. Green Building Council's Leadership in Energy and Environmental Design used for certification" of major facility projects pursuant to the Act article. This Section further provides that the Authority shall refer new or updated rating systems to the Energy Independence and Sustainable Construction Advisory Committee (EISCAC) for consideration pursuant to Section 48-52-865(B). The latest and most current edition of the U.S. Green Building Council's Leadership in Energy and Environmental Design Rating System is Version 4.

Mr. Eckstrom stated that he was curious to know why the Authority had to take this action given that the statute indicates that the Authority shall automatically adopt the rating system. John White, State Engineer, said the law requires automatic adoption and then referral of the rating system to the EISCAC. He said that action is needed by the Authority to adopt the rating system by reference and refer it to the committee. He noted that the word automatic as used in statute is confusing in that context. Mr. Eckstrom pointed out that according to the law the Authority has no discretion in the matter. Mr. White said that this is essentially a ministerial act. Mr. Eckstrom asked if the requirement of the governing board reporting findings to the DOA and the DOA reporting the findings to the General Assembly being done. Mr. White stated that there is an annual report that is submitted in conjunction with the Energy Office. He noted that historically before restructuring the Energy Office compiled the report. He noted that a report is currently being prepared. Mr. Eckstrom further asked how the State is able to evaluate the savings when the federal government has not yet been able to do so. Mr. White said that he would have to defer to the Energy Office because they collect the data on energy savings annually from the agencies. Mr. Gillespie advised Mr. Eckstrom that no one was present from the Energy Office but that information could be obtained.

In further discussion, Mr. Eckstrom asked when would the referral be made to the EISCAC. Mr. White said that is what this agenda item will do. He stated that the referral would be effective upon approval of the agenda item by the Authority.

Mr. Eckstrom noted that the process set forth by the statute is bureaucratic. Mr. Loftis agreed this is a bureaucratic nightmare and stated that it may not achieve any savings. Rep. White commented that he was not a big supporter of LEED because of the expense.

Mr. Eckstrom stated in further discussion that the legislation should be revisited. He asked what interest is there in seeing the Authority's hands tied and construction costs increase. He stated that if this is just theoretical savings why incur real costs to capture theoretical savings.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority, pursuant to Section 48-52-825, adopted the U.S. Green Building Council's Leadership in Energy and Environmental Design Rating System Version 4 and refer this edition to the Energy Independence and Sustainable Construction Advisory Committee for consideration pursuant to Section 48-52-865(B). Governor Haley, Mr. Eckstrom, and Senator Leatherman voted for the motion. Mr. Loftis and Rep. White voted against the motion.

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

Division of Procurement Services: Procurement Audits and Certifications (Blue Item #6)

The Division of Procurement Services, in accord with Section 11-35-1210, audited the following agency and recommended certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi-year contracts are used):

a. Department of Juvenile Justice (for a period of three years): supplies and services, $500,000* per commitment; construction contract award, $100,000 per commitment; construction contract change order, $25,000 per change order; architect/engineer contract amendment, $5,000 per amendment.

b. Department of Parks, Recreation, and Tourism (for a period of three years): supplies and services, $250,000* per commitment; construction contract award, $250,000 per commitment; construction contract change order, $250,000 per change order; architect/engineer contract amendment, $50,000 per amendment.

c. Department of Social Services (for a period of three years): services provider contracts funded from Social Services Block Grant and Child Welfare Service provider contracted funded from Federal Title IV-Service Provider being provider of services directly to a client; $2,000,000 per contract per year, with option to extend 4 additional years; supplies and services, $100,000* per commitment; information technology, $100,000* per commitment; consultant services, $100,000* per commitment.

The Authority granted procurement certification, in accord with Section 11-35-1210, for the following agencies within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi- year contracts are used):

a. Department of Juvenile Justice (for a period of three years): supplies and services, $500,000* per commitment; construction contract award, $100,000 per commitment; construction contract change order, $25,000 per change order; architect/engineer contract amendment, $5,000 per amendment.

b. Department of Parks, Recreation, and Tourism (for a period of three years): supplies and services, $250,000* per commitment; construction contract award, $250,000 per commitment; construction contract change order, $250,000 per change order; architect/engineer contract amendment, $50,000 per amendment.

c. Department of Social Services (for a period of three years): services provider contracts funded from Social Services Block Grant and Child Welfare Service provider contracted funded from Federal Title IV-Service Provider being provider of services directly to a client; $2,000,000 per contract per year, with option to extend 4 additional years; supplies and services, $100,000* per commitment; information technology, $100,000* per commitment; consultant services, $100,000* per commitment.

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

Executive Director: Revenue Bonds (Blue Agenda Item #7)

The Authority adopted resolutions approving the referenced proposals to issue revenue bonds as noted herein: The projects require approval under State law.

Mr. Eckstrom asked if the Treasurer's Office is comfortable with the fees on these issues. Mr. Loftis responded that he was not at all comfortable with the fees. Mr. Eckstrom said that he typically takes the position that the fees are borne by the borrower, but in this case there was so much variation and some of the fees were much higher as compared to what is customarily seen. He asked what is going on with the fees.

a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: $65,000,000 Economic Revenue Bonds ($10,159,584.64 refunding involved)
Allocation Needed: -0-
Name of Project: Conway Hospital, Inc.
Employment Impact: maintenance of 1,442 jobs and the creation of an estimated 20 new jobs within the next 24 months

Project Description:	(i) finance, refinance or reimburse the hospital for all or a portion of the costs, including capitalized interest, if any, of the planning, design, acquisition, construction, renovation , improvement, expansion, completion and/or equipping of certain of the healthcare facilities owned by the hospital, including the renovation of existing structures, construction of new additions to existing structures and equipping of the renovated and new construction areas, which include new operating rooms, post-anesthesia care beds, support areas, rehabilitation services spaces, emergency department expansion and completion of a free standing emergency department and physician offices, (ii) refund all of the outstanding portion of the Authority Hospital Revenue Refunding Bonds (Conway Hospital, Inc,) Series 2011A, and (iii) pay certain costs of issuance of the Series 2016 bonds and the refunding of the series 2011 bonds
Note:	*public or private sale*
Bond Counsel:	Chad Doobay, Katten Muchin Rosenman LLP.; Michael Seezen, McNair Law Firm, P.A.

(Exhibit 7)

With regard to the Conway Hospital, Inc., bond issue, Mr. Eckstrom asked why the refinancing was being done at a higher rate of 5% than at the current rate of 3%. Michael Seezen, bond counsel, stated that this deal is part new money and part refinancing with the majority of the transaction being for new hospital expansion, construction, and renovation. He said the bond issue is being done to refinance and replace some of the covenants that are in the 2011 bond transaction. He stated that the 2011 bonds were sold to a single bond holder. Mr. Seezen stated that it is typical that bonds that are issued on parity with each other will have a common covenant package that is available for all bond holders. He said that the 2011 bond holder, as a condition of buying the bonds, required certain of those covenants to be heightened or more restricted. He stated that replacing the 2011 bonds will allow the hospital to remove the heightened covenants.

Mr. Eckstrom also asked how the true interest costs are as low as they are given that the projected average interest cost for financing bonds is 5%. Mr. Seezen said he was not sure and that the hospital prepared the numbers based on information it secured from the underwriter, Zeigler Securities. He said he believes the true interest cost is calculated differently from the average interest cost and that the average interest cost is an average of the coupons for the various maturities. Mr. Seezen further stated that true interest costs are more reflective of yield.

He said it takes into account the timing of payments, an averaging of the interest payments that are made, and projections of whether the bonds will be sold at a premium or a discount. He stated that these bonds will be sold at a premium which will affect what the true interest cost is. He further stated that the true interest cost takes into account fees and that the average interest cost solely looks at the interest payments that are made on the bonds.

Mr. Eckstrom further asked on what basis Mr. Seezen thought the bonds would be sold at a premium. Mr. Seezen replied that is based on market condition information provided to the hospital by Zeigler Securities. Mr. Eckstrom also asked why was there such a spread between the true interest cost and the average interest cost. Mr. Huntley stated that consideration is given to the premium at which the bonds may be sold and the maturity of the bonds. He said this information is provided by the underwriter. He stated that while there may appear to be a small amount of savings involved in the transaction it makes sense because it is all part of one bond deal instead of having two. Mr. Huntley said this is really a business decision as opposed to a money decision.

b.	Issuing Authority:	Jobs-Economic Development Authority
	Amount of Issue:	Not Exceeding $13,875,000 Economic Development Revenue Bonds
	Allocation Needed:	-0-
	Name of Project:	GREEN Midlands, LLC
	Employment Impact:	provide employment for approximately 30 people within 24 months when the project is placed in full operation
	Project Description:	(i) purchasing, constructing, renovating and equipping of a facility located at 7820 Broad River Road, Irmo, and (ii) pay certain costs of issuance of the bonds
	Note:	*private sale or underwriting*
	Bond Counsel:	Kathleen C. McKinney, Haynsworth Sinkler Boyd, P. A.
	(Exhibit 8)	

Mr. Eckstrom asked why the cost of issuance was high for this item. Kimberly Witherspoon, bond counsel, stated that the financial advisor bases the costs on the complexity of the deal and their expectations at the time the packages are submitted to the Authority. Mr. Eckstrom asked why the transaction would be complex. Ms. Witherspoon said the transaction is complex because it will be a limited offering and that there are a number of parties involved in the transaction.

c. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding $42,500,000 First Mortgage Health Care Facilities Revenue Refunding Bonds ($35,670,000 refunding involved)
Allocation Needed: -0-
Name of Project: The Lutheran Homes of South Carolina, Inc.
Employment Impact: maintain permanent employment (both direct and indirect) for approximately 1,179
Project Description: (i) refund the $43,550,000 South Carolina Jobs-Economic Development Authority First Mortgage Health Care Facilities Refunding and Revenue Bonds (The Lutheran Homes of South Carolina, Inc.) Series 2007 currently outstanding in the principal amounts of $35,670,000, and (ii) pay costs of issuance of the bonds.
Note: *private sale or underwriting*
Bond Counsel: Kathleen C. McKinney, Haynsworth Sinkler Boyd, P. A
(Exhibit 9)

d. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: Increase in Aggregate Principal Amount by $1,250,000 Multifamily Housing Governmental Note (previously approved $29,000,000 on 6/22/16)
Allocation Needed: $1,250,000 (will use carryforward)
Name of Project: Waters at St. James Apartments
Employment Impact: n/a
Project Description: acquisition, construction and equipping of a 336-unit apartment development to be located in the City of Goose Creek, Berkeley County
Bond Counsel: Ray E. Jones, Parker Poe Adams and Bernstein LLP
(Exhibit 10)

Mr. Eckstrom inquired about the high fees associated with the Waters at James Apartments project. Ray Jones, bond counsel, noted that this transaction involves extremely sophisticated borrowers. He said this is a Freddie Mac forward tax-exempt loan program. He stated that there are five to six law firms and lenders that are involved in the transaction, all of whom charge fees, and that there are fees that the State Housing Authority charges. He said the deal was approved at $29 million in June and closed at $29 million in July. He said they are back asking for additional “allocation” because construction costs were higher than anticipated. He said from a fee standpoint a sophisticated borrower is making an extremely educated decision concerning the fees in this case. Mr. Eckstrom also asked why the placement fee is as high as it is. Mr. Jones said that it is a market based placement fee and not a fee set by him.

Mr. Loftis said that it has taken four years but the fees are now being seen. He stated that there is no downward pressure on the fees and no one is checking the costs. He said the State as the issuer should do so. He said the State's fees have been lowered and have come in line with other States. He stated, however, that JEDA's fees are off the chart. He commented the fees are outrageous and they should be illegal.

Mr. Eckstrom asked in further discussion how JEDA fees are set. Mr. Huntley stated JEDA's fees are based on a sliding scale which are some of the lowest fees nationally. He said for the first $10 million the fee is 12.5 basis points; from $10 million to $50 million the fee is 8 basis points; and from $50 million to $100 million the fee is 4 basis points. [Secretary's Note: For issue over $100 million the fee is 2 basis points.]

Mr. Eckstrom also asked about the cost assessed against the Waters at St. James Apartments. Richard Hutto with the State Housing Finance and Development Authority stated that the fees pay for the ongoing cost of running the housing program and that the cost has not changed in over 20 years. Mr. Eckstrom asked if it was a flat fee to which Mr. Hutto responded that it was a flat fee of .0075% of the issue.

e. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: Not Exceeding $110,000,000 Mortgage Revenue Bonds
Allocation Needed: -0-
Name of Project: Mortgage Revenue Bonds, Series 2017A
Employment Impact: n/a
Project Description: Mortgage Revenue Bonds, Series 2017A
Bond Counsel: Rion D. Foley, McNair Law Firm, P.A.
(Exhibit 11)

Mr. Eckstrom asked about the fees for the Mortgage Revenue Bonds issue. Mr. Hutto stated that the "other fees" were associated with travel and other things involved with the offering and a contingency fee as well.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority adopted the resolutions approving the referenced proposals to issue revenue bonds. Governor Haley, Mr. Eckstrom, and Senator Leatherman voted for the motion. Mr. Loftis voted against the motion. Mr. White abstained from voting on the motion.

Department of Commerce: Acquisition, Construction, Real Property Exchange, and Settlements Related to Implementation of the Navy Base Intermodal Facility (R#1)

BACKGROUND:

Palmetto Railways is undertaking the implementation of an equal dual access intermodal container transfer facility now known as the Navy Base Intermodal Facility ("NBIF") and expects the NBIF to be operational no later than year-end 2018. The NBIF is a very large and complex project. Currently pending are real property acquisitions and two settlements. All obligations involved will be undertaken exclusively with resources available to Palmetto Railways and **will not impact the State's general fund**. Palmetto Railways will acquire all properties at or below fair market value and will initiate condemnation only when necessary for properties needed for use by the NBIF. Palmetto Railways will also continue to take steps to protect the State from environmental liability associated with properties it has acquired or will acquire by securing non-responsible party VCCs.

Palmetto Railways seeks to take title to a 69.963 acre tract owned by Clemson ("Tract 11") (depicted in YELLOW on *Exhibit A*) that was previously subject to a "friendly condemnation" and is the primary tract needed for implementation of the NBIF. Palmetto Railways has had possession of Tract 11 since 2013 pursuant to a Consent of Possession (*Exhibit B*) approved by the Executive Director of the former Budget and Control Board (*Exhibit C)*. Palmetto Railways now seeks to accept title to Tract 11 in conjunction with a Consent Settlement Agreement with Clemson (*Exhibit D*)[1] related to the condemnation.

Palmetto Railways must acquire 11 separate parcels comprising 12.5 acres (depicted in LIME GREEN on *Exhibit A*) with a total estimated FMV of $14.88 million via purchase or condemnation in order to implement southern access to the NBIF.[2]

Palmetto Railways already owns most of the properties needed for northern access to the NBIF, but will or may need to acquire by purchase (not condemnation) two remaining properties (depicted in MINT GREEN on *Exhibit A*) that are impacted by the NBIF. The first property is owned by Low Country Orphan Relief ("LCOR") and is appraised at $956,000 (See *Exhibit E*). LCOR has so far not entertained any offer to purchase and relocate, but Palmetto Railways seeks

[1] The Clemson Board approved the Consent Settlement Agreement on August 22, 2016.
[2] The cost and acreage for each individual parcel has been provided to SFAA and DOA staff.

approval to acquire the property if acquisition becomes necessary. The second property is a residential property known as Tarpley House and is appraised at $440,000 (See *Exhibit F*). Palmetto Railways has no plans to use either of these properties for state operations and will, subject to requisite state approval, market each property for sale or lease for appropriate purposes after acquisition.

In 2011, Palmetto Railways condemned a small portion of property ("Tract 18") owned by the North Charleston Sewer District ("NCSD") and eventually had to condemn the entire Tract 18 that includes an existing pump station. To settle the condemnation and compensate NCSD for the loss of its pump station, Palmetto Railways proposes to replace the condemned pump station with a new pump station constructed by Palmetto Railways on a buffer parcel of equivalent acreage (.64 acre) as depicted on *Exhibit G*. Palmetto Railways is undertaking the construction of the pump station in order to control costs and because of the critical path timelines for NBIF. Tract 18 is zoned for industrial use with an estimated value of $250,000/acre. The new pump station will be constructed on property zoned for multi-family residential use with an estimated value of approximately $46,000/acre.[3] Including the underlying land, the new pump station is conservatively estimated to cost $8 million.[4] The exchange of Tract 18 and the equivalent parcel with a new pump station will be made pursuant to a Transfer and Settlement Agreement that will provide that Palmetto Railways will have no liability for the new pump station, its design or construction after transfer to the NCSD.[5]

With regard to all proposed transactions, Palmetto Railways may need to grant easements or rights-of-way for utilities or to provide access.

Mr. Eckstrom asked with regard to the two parcels needed for the northern access why acquire the property only to sell it. Robert Hitt, Secretary of the Department of Commerce, said they have offered to buy the property belonging to the Low Country Orphan Relief because the entity does not believe that the operation of a railway in the area is compatible with their

[3] Values of Tract 18 and the parcel to be transferred to NCSD are based on recent appraisals of comparable property on the former Navy Base, but the estimated fair market values will be confirmed with appraisals of the specific properties involved.
[4] On October 25, 2016, JBRC approved construction of the pump station project based on a preliminary estimate of $6.6 million.
[5] A copy of a draft of the Transfer and Settlement Agreement has been provided to staff of SFAA and DOA for review.

mission. He said if the entity chooses not to be bought out then it can remain. He said they are seeking the authorization to buy. Mr. Hitt stated that the other case is a private individual living in a house that is very near to the new tract and it may not be conducive to live there. He said they would sell the property because they have no use for it in the operation of the railroad.

Mr. Eckstrom asked in further discussion why the Department was asking the Authority staff to be delegated the responsibility to grant easements on behalf of the Authority. He noted that that would be a break from the Authority's process in that staff would make recommendations and the Authority would approve those recommendations in a subsequent meeting. Mr. Hitt said they are now reaching a critical path on the project which means being able to make decisions and get approvals in a timely manner would save a lot of money and time. Mr. Eckstrom commented that he is uneasy with granting the delegation. He commented that in the past easements have been requested for a nominal sum and after he got involved fair market value was paid by the utility requesting the easement. He noted the Bull Street property as an example. Mr. Eckstrom stated that he trusts the staff, but that they may not view the matter in the same manner the Authority might view it.

Mr. Eckstrom said if the authority to grant easements is delegated to the staff they must adhere to the State's policy of granting easements. He further stated that he would like to have staff contact the Authority members to let them know an easement is about to be granted. Mr. Loftis said his experience has been that when an unusual delegation is given staff has called to inform them. He said he feels comfortable with the delegation.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority

A. Pursuant to Chapter 47 of Title 2 of the Code of Laws of South Carolina 1976, as amended (the "Code"), approved both Phase I and II of a Permanent Improvement Project for acquisition of title to the Clemson property (Tract 11) and, pursuant to Section 11-1-45 of the Code, the related Clemson Consent Settlement Agreement; provided, however, that the liability of Commerce under Section 1.c. of that Settlement Agreement is limited to any liability Commerce may incur in the eminent domain proceedings captioned *Project: Intermodal Container Transfer Facility (Tract 11), South Carolina Department of Commerce, Condemnor v. Clemson University, Landowner, and Charleston County School District, Other Condemnee* and bearing the civil action number 2010-CP-10-10495; and provided further that responsibility for all payments required pursuant to the settlement by Commerce shall be paid from resources available to Palmetto Railways and will not impact the State's general fund.

B. Pursuant to Chapter 47 of Title 2 of the Code, approved Phase I and II of a Permanent Improvement Project for acquisition of 11 specific properties, otherwise referenced herein, for fair market value not to exceed the sum of $14.88 million.

C. Pursuant to Chapter 47 of Title 2 of the Code, approved Phase I and II of a Permanent Improvement Project for acquisition of LCOR's property for not more than fair market value, if Palmetto Railways decides to proceed.

D. Pursuant to Chapter 47 of Title 2 of the Code, approved Phase I and II of a Permanent Improvement Project for acquisition of the Tarpley House for not more than fair market value.

E. Pursuant to Chapter 47 of Title 2 of the Code, approved Phase I and II of a Permanent Improvement Project not to exceed $8 million for construction of a new pump station to replace the existing pump station Palmetto Railways has condemned and, after completion of construction, pursuant to Section 1-11-65 and Chapter 47 of Title 2 of the Code, transfer of the new pump station to the NCSD, such transfer to be in accordance with a Transfer and Settlement Agreement, subject to SFAA staff review and approval, pursuant to Section 11-1-45, of that Transfer and Settlement Agreement to confirm that the Agreement provides that liability of Palmetto Railways terminates upon transfer of the pump station.

F. Delegated to SFAA staff authorization to approve the granting of easements and rights-of-way on property acquired, pursuant to the requests herein, by Palmetto Railways, such delegation subject to both existing policy and prior review and recommendation by the Department of Administration, Division of General Services.

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

State Fiscal Accountability Authority: Reimbursement Resolution for Certain Expenditures from the Issuance and Sale Of Not Exceeding $45,000,000 Lease Revenue Bonds (Department Of Mental Health Project), Series 2016 of the South Carolina State Fiscal Accountability Authority and Other Matters Relating Thereto (Regular Session Item 2)

In order to commence work in connection with its Sexually Violent Predator treatment facility to ensure the project is completed timely, the Department of Mental Health (the Department) intends to expend certain of its own funds, pending the issuance of Bonds, in accordance with its development agreement with Correct Care of South Carolina, LLC. In order to be reimbursed from Bond proceeds when available (anticipated to be in late January or early February 2017) the Department requested the State Fiscal Accountability Authority adopt the attached reimbursement resolution which is required by the Internal Revenue Code and related regulations in the event of a reimbursement from the proceeds of federally tax-exempt bonds.

Mr. Eckstrom noted that the bond issue was authorized at the Authority's last meeting. He asked why this resolution was not included at that time. Gary Pope, bond counsel, stated that typically the reimbursement resolution would have been done earlier in the process prior to when the Authority would have adopted the bond resolution. He said because of the timing of the CAFR coming out the timeline for the bond issuance was going to line up fairly well with when the proceeds would have been needed. He said they cannot issue bonds that would be sold pursuant to a "stale disclosure". He said the current version of the CAFR is for 2015 and that when the 2016 CAFR comes out it will need to be a part of the documents. He said that pushed their process out about two months and except for that they would not need a reimbursement resolution. Mr. Pope stated that not including the reimbursement resolution at the prior meeting was an oversight on his part. Mr. Eckstrom commented that he admired Mr. Pope for the admission.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority adopted a resolution declaring the intent of the State Fiscal Accountability Authority to reimburse the Department of Mental Health or allow the Department of Mental Health to reimburse itself for certain expenditures from the issuance and sale of not exceeding $45,000,000 Lease Revenue Bonds (Department of Mental Health Project), Series 2016 of the South Carolina State Fiscal Accountability Authority and other matter relating thereto.

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

Dept. of Administration, Executive Budget Office: Permanent Improvement Projects (R#3)

The Authority was asked to approve permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Executive Budget Office. All items had been reviewed favorable by the Joint Bond Review Committee. Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the following permanent improvement project establishment requests and budget revisions.

Establish Project for A&E Design

(a) Summary 3-2017: JBRC Item 1. (H15) College of Charleston
Project: 9665, McAlister Residence Hall Renovation
Included in Annual CPIP: No

CHE Recommended Approval: 10/24/16

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, Housing Revenue	0.00	0.00	0.00	88,980.00	88,980.00
All Sources	0.00	0.00	0.00	88,980.00	88,980.00

Funding Source: $88,980 Other, Housing Revenue, which is a self-supporting auxiliary enterprise generated primarily through the Student Housing Fee paid only by students who reside in on-campus housing. The Student Housing Fee is on a sliding scale based on the amenities, number of beds per room, and location of the residence hall or historic home.

Request: Establish project and budget for $88,980 (Other, Housing Revenue Fund) to begin design work for renovations to McAlister Residence Hall at the College of Charleston. The 152,142 square foot building and system(s) to be renovated are 14 years old. This project will address HVAC issues and structural deficiencies, as well as, refresh the residence hall's exterior and interior paint, flooring, furniture and plumbing fixtures. The elevator's electronic controls will also be upgraded. A concentration of the facility's HVAC units are discharging hot air into corridors requiring the constant use of large noisy centrifugal box fans during warm weather. This will be remedied by installing a new HVAC system on the roof for this section of the building. There will also be select replacement of failing individual suite HVAC units throughout the rest of the facility. Building envelope failures are allowing water intrusion. Visible damage can be seen at window openings and corrosion is suspected on the wall framing meter components. The building envelope will be repaired then waterproofed. The facility provides housing for approximately 535 co-ed underclassman students. The agency estimates that the completed project will cost approximately $5,932,000.

Mr. Eckstrom commented that the building is fourteen years old and asked what happened to the building. Paul Patrick with the College of Charleston stated that they are dealing with a design issue. He noted that on two ends of the building and the interior courtyard there are residential units and each unit has its own HVAC system. He stated that those units dump out and intake air out of a semi-closed exterior corridor. He said they have found that as the hot air fills the corridor and the units draws back in the air to cool the space they are working at a level that is not conducive to their long-term life. Mr. Eckstrom asked who designed the building. Mr. Patrick said the building was designed by LS3P.

Mr. Eckstrom asked what was causing the envelope repairs to the windows. Mr. Patrick said they experienced issues with the windows in the October floods of 2014 [sic] with wind driven rain. He stated that the seals around some of the windows are failing. Mr. Eckstrom asked who built the windows. Mr. Patrick said that the windows were built by Holder (???). Mr. Eckstrom asked if they have spoken to the contractor. Mr. Patrick said they have had contact with the contractor but he did not know the status.

Mr. Eckstrom also asked how long will the building be offline. Mr. Patrick said they cannot function with the building being offline during the school year and this will be a summer project. Mr. Eckstrom further asked if the building was LEED certified. Mr. Patrick said he did not know. Mr. Eckstrom asked for Mr. Patrick to let the Authority know if the building was LEED certified.

(b) Summary 3-2017: JBRC Item 2. (H51) Medical University of South Carolina
Project: 9835, MUSC/SCEO PEER Program Energy Performance Contract 2016
Included in Annual CPIP: No

CHE Recommended Approval: 10/24/16

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, E&F Operating Funds	0.00	0.00	0.00	675,000.00	675,000.00
All Sources	0.00	0.00	0.00	675,000.00	675,000.00

Funding Source: $675,000 Other, E&F Operating Funds, which are department generated funds for facilities services provided to others in the university.

Request: Establish project and budget for $675,000 (Other, E&F Operating Funds) to begin design work for participation in the South Carolina Energy Office's PEER program. MUSC is requesting to enter into a contract for design work with AMERESCO Inc. of Charlotte NC to conduct an engineering study and perform an investment grade audit to identify potential energy savings measures in all MUSC buildings. AMERESCO was selected from a group of three applicants using the RFQ/RFP process in accordance with the SC Consolidated Procurement Code. The investment grade audit will identify potential energy conservation measures and the guaranteed yearly utility cost savings associated with each of those measures. Phase 2 approval will then be requested to implement the measures identified in the engineering study and investment grade audit that have a reasonable payback period from the guaranteed yearly utility cost savings. The agency reports that they do not have exact costs and the results of the study and audit will assist in determining a firm estimate to complete the project.

(c) Summary 3-2017: JBRC Item 4. (J12) Department of Mental Health
Project: 9751, Crafts Farrow Campus Electrical Distribution System Renovations
Included in Annual CPIP: Yes – CPIP Priority 2 of 4 in FY17

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, Capital Improvement & Maintenance Fund	0.00	0.00	0.00	54,000.00	54,000.00
All Sources	0.00	0.00	0.00	54,000.00	54,000.00

Funding Source: $54,000 Other, Capital Improvement & Maintenance Funds, which are comprised of irregular one time funds from legal settlements, operating revenue (Medicaid fee-for-service earned revenue), sale of land, and interest earned on the Deferred Maintenance Fund account.

Request: Establish project and budget for $54,000 (Other, Capital Improvement & Maintenance Fund) to begin design work for the renovation of the Crafts Farrow Campus electrical distribution system located on Farrow Road in Northeast Columbia. The utilities on this campus serve multiple facilities including the G. Werber Bryan Psychiatric Hospital and the Morris Village Alcohol & Drug Addiction Treatment Center, as well as other SCDMH support functions. The Department of Mental Health owns and maintains the electrical substation, as well as the overhead and underground portions of the distribution system. Many of the existing components including the substation, transformers, wooden poles and the pole mounted switches are in poor condition and need to be replaced. Most of the supporting electrical distribution infrastructure is at least 40 years old. Over 4,000 feet of the underground feed cables to Morris Village and Bryan Hospital are over 40 years old, have exceeded their useful life and require replacement. The current population includes approximately 500 clients and approximately 1,000 staff. The agency estimates that the completed project will cost approximately

$3,600,000. (See attachment 1 for additional annual operating cost savings.)

(d) Summary 3-2017: JBRC Item Separate. (P28) Department of Parks, Recreation & Tourism
Project: 9760, Edisto Beach State Park – Hurricane Matthew Recovery
Included in Annual CPIP: No

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, State Park Revenue	0.00	0.00	0.00	15,000.00	15,000.00
All Sources	0.00	0.00	0.00	15,000.00	15,000.00

Funding Source: $15,000 Other, State Park Revenue.
Request: Establish budget and project for $15,000 (State Park Revenue) to begin design work for the reconstruction and repair efforts needed for the beachfront campground at Edisto Beach State Park as a result of Hurricane Matthew. Hurricane Matthew caused severe damage to the beach front campground, roads, the septic system and comfort stations at the park. Due to the storm surge floodwaters resting in the beach front campground, the entire utility infrastructure needs to be replaced, which includes electric and plumbing to 64 campsites and replacement of two septic tank systems. In addition, all campsite fixtures were lost so there will be a replacement cost for 64 picnic tables, fire rings/grills, etc. The roads were heavily damaged and need replacement surface material. The two comfort stations were damaged and require repairs to include painting, roofing, fixtures and walkways. The comfort stations were constructed in 1973 but were renovated within the last 5 years. The park receives 90,000 visitors at the beach front campground each year. The agency reports that the completed project will cost approximately $1,000,000 and no additional annual operating costs will result from the project.

(e) Summary 3-2017: JBRC Item Separate. (P28) Department of Parks, Recreation & Tourism
Project: 9761, Hunting Island State Park – Hurricane Matthew Recovery
Included in Annual CPIP: No

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment

Other, State Park Revenue	0.00	0.00	0.00	37,500.00	37,500.00
All Sources	0.00	0.00	0.00	37,500.00	37,500.00

Funding Source: $37,500 Other, State Park Revenue.

Request: Establish budget and project for $37,500 (State Park Revenue) to begin design work for reconstruction and repair efforts needed for the beachfront campground and day use areas at Hunting Island State Park as a result of Hurricane Matthew. Hurricane Matthew brought a documented nine-foot tidal surge which resulted in significant erosion and flooding. Due to these events, the entire beachfront campground needs utility replacement for 89 campsites and replacement of campsite fixtures. Two campground comfort stations are now on the edge of the high tide mark that will need to be demolished and rebuilt. In addition, due to salt-water damage, four sewer lift stations will have to be replaced. In the day use area, erosion caused permanent damage to two restrooms that will have to be rebuilt and flooding destroyed three sewer lift stations. There were also six beach access walkways in the campground and day use areas that were destroyed that will need to be built to provide safe access to the beach for visitors. The park receives 135,000 visitors at the beach front campground each year. The comfort stations were originally constructed in 1973 but were renovated within the last 5 years. The agency reports that the completed project will cost approximately $2,500,000 and no additional annual operating costs will result from the project.

Mr. Eckstrom commented that Hunting Island is a park that has historically been on the verge of washing away. He asked if PRT has the ability to move things back away from the immediate waterline. Duane Parrish, PRT Director, stated that they do and that is some of what the process will be.

Governor Haley asked Mr. Parrish how many parks were damaged and when they might be reopened. Mr. Parrish stated that 18 out of 47 state parks had some type of damage as a result of Hurricane Matthew. He said that within a week they had all but six of the parks reopened and those six parks were primarily on the coast. He noted that all of the parks with exception of Edisto and Hunting Island were open. Governor Haley asked how much revenue is being lost. Mr. Parrish said for this fiscal year there will be a little over $4 million in lost revenue. Governor Haley commented that Mr. Parrish had made a lot of progress in getting the parks to be self-sustaining and that every day the parks cannot be opened revenue is lost. She stated that the parks are major tourism, particularly for people in state. Mr. Parrish noted that they were 96%

self-sufficient last year and were close to being self-sufficient this year.

Establish Construction Budget

(f) Summary 3-2017: JBRC Item Separate. (H27) USC Columbia
Project: 6114, Football Operations Facility Construction
Included in Annual CPIP: Yes – CPIP Priority 3 of 8 in FY17

CHE Recommended Approval: 10/24/16

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Revenue Bonds, Athletic Facilities	0.00	0.00	0.00	44,000,000.00	44,000,000.00
Athletic Operating Funds	1,000,000.00	0.00	1,000,000.00	(1,000,000.00)	0.00
Other, Private Gift Funds	0.00	0.00	0.00	6,000,000.00	6,000,000.00
All Sources	1,000,000.00	0.00	1,000,000.00	49,000,000.00	50,000,000.00

Funding Source: $44,000,000 Athletic Facilities Revenue Bonds, which are issued to raise money to provide permanent financing for the cost of the construction, enlargement of, and improvements to Williams-Brice Stadium and other athletic facilities. $6,000,000 Other, Private Gift Funds which are donations/gifts to the Athletics Department.

Request: Increase budget to $50,000,000 (add $49,000,000 Athletic Facilities Revenue Bonds and Other Private Gift Funds) to begin final design and construction of a new Football Operations Facility to be located at the west end of Gamecock Park adjacent to the existing indoor football practice facility. This project was established in January 2016 for Phase I, which is now complete. The project will be certified for energy savings using the Green Globes system. The project will be certified at the level of two Green Globes and will have a 30 year life cycle projected cost savings of $2,173,500. The proposed building will be approximately 105,000 gross square feet and will consolidate all training, coaching, operational and administrative activities associated with the football program. The building will contain public spaces, players lounges, locker rooms, team meeting rooms, a weight room, a nutrition area, training rooms equipped for physical therapy, an equipment storage area and administrative/coaches offices. Site work, utilities, parking and associated landscaping and hardscaping will also be included as part of the project. Consolidation will enhance operational efficiency and eliminate the need for student athletes to cross Bluff Road going from locker rooms at Williams-Brice

Stadium to the practice fields. This facility will be an important component of the football recruiting process. The agency reports the total projected cost of this project is $50,000,000 with additional operating costs of $624,177 in year one, $569,177 in year two, and $569,177 in year three. The agency also reports the projects date for execution of the construction contract is May 2017 and for completion of construction is December 2018. (See attachment 2 for additional annual operating costs.)

Governor Haley noted that USC is number 17 in the country with regard to revenues coming in to the athletics program. She asked where is the money going for there to be so little cash available. Rick Kelly with USC stated that there are two different situations that are being talked about. He said that the $6 million is from private gifts that have been given to the University and the athletic department for a specific program inside of athletics. He noted that the $6 million is coming from that money. He said on the other side is the operating budget which pays for all of the expenses the athletic department has. He said that money is raised by the contracts, ticket sales, and other revenue that athletics generates. He said there is a reserve fund of about $20 million that deals with bond resolution requirements and annual operating cash flow issues. Mr. Kelly stated that they have been out raising money but it is a matter of how fast that money comes in. He noted that there are $13 million in pledges that are coming behind the $6 million and that they believe there will be $20 million available to help support this project. Governor Haley stated that other schools are pushed to give more toward projects. She said that to have so little given toward the project shows that the universities need to be more invested.

Mr. Eckstrom noted that the agenda item indicates that the project is "priority 3 of 8" and asked Mr. Kelly where do priority items 1 and 2 stand. Mr. Kelly said the projects are academic projects and they both have been done.

(g) Summary 3-2017: JBRC Item 7. (H59) Orangeburg Calhoun Technical College
Project: 6106, OCtech Health Sciences and Nursing Building
Included in Annual CPIP: Yes – CPIP Priority 2 of 2 in FY18

CHE Recommended Approval: 10/24/16

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Capital Reserve Fund, FY15-16	0.00	0.00	0.00	5,000,000.00	5,000,000.00

Appropriated State, Proviso 118.16 – FY14-15	1,000,000.00	0.00	1,000,000.00	0.00	1,000,000.00
Federal, EDA Grant	0.00	0.00	0.00	1,971,110.00	1,971,110.00
Other, Orangeburg County	0.00	0.00	0.00	500,000.00	500,000.00
Other, Calhoun County	0.00	0.00	0.00	32,000.00	32,000.00
Other, College Funds	0.00	0.00	0.00	3,517,010.00	3,517,010.00
Other, Private Donations	0.00	0.00	0.00	325,000.00	325,000.00
All Sources	1,000,000.00	0.00	1,000,000.00	11,345,120.00	12,345,120.00

Funding Source: $1,000,000 Appropriated State FY14-15 (Proviso 118.16, nonrecurring funds). $5,000,000 FY15-16 Capital Reserve Fund. $1,971,110 Federal, EDA Grant. $32,000 Other, Calhoun County, which are funds provided through an appropriation. $500,000 Other, Orangeburg County, which are funds provided from their Capital Project Sales tax fund. $3,517,010 Other, College Funds, which are funds from their capital projects account comprised mostly of excess operating revenues (mostly excess tuition revenues). $325,000 Other, Private Donations from the OCtech Foundation.

Request: Increase budget to $12,345,120 (add $11,345,120 Appropriated State, Capital Reserve, Federal, Other, Orangeburg & Calhoun Counties, Local and Private Donation Funds) to begin construction of a new health sciences and nursing building to be constructed on the campus of OCtech. This project was established in March 2015 for Phase I, which is now complete. The college has a need for additional classroom and laboratory space in the health sciences and nursing areas. The current nursing and health science facility was constructed in the 1980s and lacks adequate space to operate current programs or add new programs. The college has been forced to use space in nearby industrial bays for its Physical Therapy Assistant, EMT and Patient Care Technician programs. The Advanced Manufacturing programs need this space back. Additional space would also allow the college to consider additional programs, such as occupational therapy, pharmacy tech, electronic health records, and others. The college has evaluated current facilities and believes new construction is the best route for obtaining this desired space. The college has worked with an architect in Phase I to obtain a schematic design and cost estimates. Specifically the proposed design includes 3 large tiered classrooms, an 8 station nursing simulation lab, a 29 bed nursing skills lab, an instructional laboratory/assessment center, faculty offices, and student study space. The proposed design is a 32,669 square foot facility that will primarily serve the nursing programs (ADN and PN) but some labs, such as the simulation lab, will be used by all health science programs as well. The large tiered lecture rooms will also be available to other programs requiring large capacity lecture rooms. The facility is expected to have 15 faculty offices, but classrooms and labs could serve all nursing and health science programs which is 27 full-time faculty. Three large classrooms could serve a minimum of 200+ students daily. In addition, a new simulation lab could serve 300-400 students in multiple programs. Faculty located in this building will advise approximately 1,100 students, who are either enrolled in health related programs or preparing for entrance into these programs. The agency reports the total projected cost of this project is $12,345,120 with additional operating costs of $104,000 in year one, $107,000 in year two, and $110,000 in year three. The agency also reports the projects date for execution of the construction contract is July 2017 and for completion of construction is October 2018. (See attachment 3 for additional annual operating costs.)

Mr. Eckstrom noted that the agenda item indicates that the project is "priority 2 of 2" and asked where does priority item 1 stand. Dr. Walter Tobin, Orangeburg-Calhoun Tech President, stated that they are in the process of doing the project. Mr. Eckstrom asked how long the project would take to be completed and was told it would take 9 to 12 months.

(h) Summary 3-2017: JBRC Item 8. (E24) Office of the Adjutant General
Project: 9793, Armory Revitalization 2016-2017
Included in Annual CPIP: Yes – CPIP Priority 1 of 3 in FY17

CHE Recommended Approval: N/A

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Capital Reserve Fund, FY15-16	0.00	0.00	0.00	5,000,000.00	5,000,000.00
Federal	0.00	0.00	0.00	5,500,000.00	5,500,000.00
All Sources	0.00	0.00	0.00	10,500,000.00	10,500,000.00

Funding Source: $5,000,000 Capital Reserve Fund. $5,500,000 Federal, which are Construction and Facilities Management Office's Master Cooperative Agreement funds.

Request: Establish budget and project for $10,500,000 (Capital Reserve and Federal Funds) to begin the design and repairs/replacements at ten (10) Readiness Centers (aka; Armories). This project request is being requested at Phase II because the funding is legislatively authorized. These centers have been identified as being in the worst condition of disrepair of the 63 Readiness

Centers on the CPIP. Only 10 of these were funded fully or partially. Wellford was omitted and Easley was reduced. Each armory is an average of 65,000 square feet and over 50 years old. Each of these facilities have varying issues that need to be repaired or renovated, but the major cost items include; 1) Roof replacement or repairs. 2) HVAC systems maintenance and/or repairs. 3) Replacing existing exterior windows, doors and storefront systems. 4) Interior renovations of latrines, kitchen, lighting, fire suppression, carpeting/flooring, painting of interior & exterior walls. 5) Electrical system upgrades. 6) Site improvements and repairs of parking lots, stormwater systems, security fencing, security lighting. 7) Foundation, structure and exterior wall repairs. In most cases, items require replacement since they have exceeded their service life. The agency reports the total projected cost of this project is $10,500,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is May 2017 and for completion of construction is May 2018.

Final Land Acquisition

(i) Summary 3-2017: JBRC Item 12. (H59) Florence-Darlington Technical College
Project: 6122, Acquisition of property
(Cosmetology Building & Land in Darlington & Florence County)
Included in Annual CPIP: Yes – CPIP Priority 1 of 1 in FY17

CHE Recommended Approval: 09/01/16

Source of Funding Detail	Original Budget Amount	Cumulative Changes Since Original Budget	Current Budget	Current Budget Adjustment Requested	Total Budget After Current Adjustment
Other, College Funds	20,000.00	0.00	20,000.00	1,852,500.00	1,872,500.00
All Sources	20,000.00	0.00	20,000.00	1,852,500.00	1,872,500.00

Funding Source: $1,872,500 Other, College Funds, which are funds coming from the College's facilities operational budget.

Request: Increase budget to $1,872,500 (add $1,852,500 Other, College Funds) to acquire a building currently leased for the Cosmetology program, along with 50.74 acres of vacant land adjacent to Florence-Darlington Technical College. The project was established in March 2016 for Phase I, which is now complete. The leased 11,600 square foot building and 44.38 acres of vacant land is adjacent to two other separated pieces of land, comprised of 16 acres and 1.7 acres, currently owned by the College. This acquisition would place the entire 62 acre tract under ownership of the college. The acquisition also includes a 6.36 acre tract near the college's main campus. The college has grown from 3,956 to 6,215 students in the last 7 years. From 2007 to 2014 it was the fastest growing technical college in the state system, growing by 57%. Facilities on

> the existing campuses are limiting the growth in many programs. The main campus is essentially landlocked, limiting options for new buildings and parking areas. This property will allow relocation of the Continuing Education Healthcare programs from the downtown Florence Health Science Campus. Thus, opening up space there for the growth of the academic Health Science programs, which have student waiting lists. The acreage available in this acquisition will allow the college the opportunity to add additional buildings to meet academic and instructional expansion needs in the future. The property is being offered to the college by the Florence-Darlington Technical College Educational Foundation for $1,850,000 and the appraised value of the property is $1,932,000. The agency reports the total projected cost of this project is $1,872,500 and no additional annual operating costs will result from the project. The agency also reports the projects date for completion is January 2017.

Mr. Loftis asked if the different programs listed in the agenda item are all Florence-Darlington Tech programs. Jack Roach with the college said that those are all Florence-Darlington Tech programs. He noted that the continuing education programs are non-credit programs and the academic programs are credit programs.

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

Department of Administration, Real Property Services: Medical University of South Carolina Parking Lease - 99 WestEdge in Charleston (Regular Session Item #4)

The Medical University of South Carolina (MUSC) requested approval to lease 322 parking spaces from the City of Charleston to be located within the 99 WestEdge parking garage. The purpose of the lease is to replace parking spaces that will be lost due to the WestEdge Development Project taking place in downtown Charleston.

A solicitation was conducted for parking spaces either in close proximity to the MUSC campus or on the MUSC transit system, and the selected location was the only response received.

The term of the lease will be five (5) years beginning upon the date of substantial completion of the parking garage (estimated to be March 1, 2017) at a rate of $125.00 per space. Thereafter, the rate per space shall increase annually by three (3) percent. MUSC will not be responsible for any operating costs. As such, the total amount the University will pay over the term is $2,564,304.96 as shown in the chart below:

Period	Rate/space	# of spaces	Total
Year 1	$125.00	322	$483,000.00
Year 2	$128.75	322	$497,490.00
Year 3	$132.61	322	$512,405.04
Year 4	$136.59	322	$527,783.76
Year 5	$140.69	322	$543,626.16
TOTAL			$2,564,304.96

MUSC will also have the option to add up to 100 additional spaces during the term should they become available and based on the University's need, subject to any required governmental approvals. These spaces would be charged at the rate in effect at the time.

The following chart represents comparable lease rates of similar space near the MUSC Campus:

Location	Rate/Space
106 Coming Street	$285.00
158 Meeting Street	$168.00
George Street	$250.00

Lease payments will be funded from parking revenues through fees charged to employees, students and visitors. MUSC has indicated that no student fee increase will be associated with this lease, and there are adequate funds for the lease according to a Budget Approval Form submitted by MUSC. The lease was approved by the MUSC Board of Trustees on August 12, 2016, by the Commission on Higher Education on October 24, 2016, and by JBRC on October 25, 2016.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority approved, as recommended by the Department of Administration, Real Property Services, approve the proposed parking lease for the Medical University of South Carolina at 99 WestEdge in Charleston.

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

Department of Administration, Real Property Services: Office of the State Auditor - Lease at 1401 Main Street in Columbia (Regular Session Item #5)

The Office of the State Auditor requested approval to continue leasing space located at 1401 Main Street in Columbia from MS Joint Venture. The agency currently leases 10,745 SF of office space and 1,000 SF of storage space and wishes to increase its square footage to 12,200 SF of office space and 1,000 SF of storage space due to an increase in staff and to accommodate a training room. A total of fifty-six (56) employees will utilize the office space, and the training space will accommodate up to fifteen (15) people at a time.

A solicitation was conducted and eight responsive proposals were received; however, one location was eliminated based on the building condition during the site visit. While the selected location does not represent the lowest bid, it was the lowest bid for space in the downtown area. After considering moving costs, the selected location is $319,676 more than the lowest bid over the ten (10) year term and $430,065 less than the highest bid. The Office of the State Auditor has provided the attached justification for the site selection. In occupying this space, the agency will be below the state's space standards of 210 RSF/person, with an average of 184 RSF/person.

The term of the lease will be ten (10) years beginning January 1, 2017, and ending on December 31, 2026. Rent for the office space for the first year of the term will be at a rate of $16.75/SF, $9.48/SF allocated to rental space and $7.27/SF to operating costs, and rent for the storage space for the first year of the term is $9.00/SF. Rent will increase annually as follows:

TERM	**ANNUAL RENT ROUNDED**	**MONTHLY RENT ROUNDED**	**RENT PER SF ROUNDED**
YEAR 1 - Office	$ 204,350.00	$ 17,029.17	$ 16.75
YEAR 1 - Storage	$ 9,000.00	$ 750.00	$ 9.00
YEAR 2 - Office	$ 208,437.00	$ 17,369.75	$ 17.09
YEAR 2 - Storage	$ 9,000.00	$ 750.00	$ 9.00
YEAR 3 - Office	$ 212,606.00	$ 17,717.17	$ 17.43

YEAR 3 - Storage	$ 9,000.00	$ 750.00	$ 9.00
YEAR 4 - Office	$ 216,858.00	$ 18,071.50	$ 17.78
YEAR 4 - Storage	$ 9,500.00	$ 791.67	$ 9.50
YEAR 5 - Office	$ 221,195.00	$ 18,432.92	$ 18.13
YEAR 5 - Storage	$ 9,500.00	$ 791.67	$ 9.50
YEAR 6 - Office	$ 225,619.00	$ 18,801.58	$ 18.49
YEAR 6 - Storage	$ 9,500.00	$ 791.67	$ 9.50
YEAR 7 - Office	$ 230,131.00	$ 19,177.58	$ 18.86
YEAR 7 - Storage	$ 9,500.00	$ 791.67	$ 9.50
YEAR 8 - Office	$ 234,734.00	$ 19,561.17	$ 19.24
YEAR 8 - Storage	$ 10,000.00	$ 833.33	$ 10.00
YEAR 9 - -Office	$ 239,429.00	$ 19,952.42	$ 19.63
YEAR 9 - Storage	$ 10,000.00	$ 833.33	$ 10.00
YEAR 10 - Office	$ 244,217.00	$ 20,351.42	$ 20.02
YEAR 10 - Storage	$ 10,000.00	$ 833.33	$ 10.00
TOTAL	**$2,332,576.00**		

The agency will be responsible for its pro rata share of any increases in building operating costs over the first year with a cap of three (3) percent. The maximum potential amount the agency could pay over the term in additional operating costs is $129,837. The Landlord will provide up to 56 parking spaces in the adjacent garage subsidized by fifty (50) percent. The remaining fifty (50) percent of the cost for parking will be paid by employees directly to the Landlord. The current parking rate is $40/month. Any increases in the parking rate will continue to be divided 50/50 between the Landlord and the employee. The Landlord shall also provide $100,000 for upfitting costs.

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

Location	Tenant	Rent Rate/SF
1400 Pickens Street	Vacant	$18.00

1813 Main Street	Vacant	$18.34
1333 Main Street	Workers Compensation Commission	$16.25
1201 Main Street	Clemson University	$17.74

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

Additionally, the Colliers 2016 Q2 Research & Forecast Report indicates a current average asking rate of $23.48/SF in downtown Columbia and also notes that rates are projected to increase.

There are adequate funds for the lease according to a Budget Approval Form submitted by the Office of the State Auditor. The lease was approved by JBRC on September 13, 2016.

Mr. Eckstrom asked if a cap on the parking rate has been considered in the lease. Ashlie Lancaster with the Department of Administration stated that there is no cap on the parking. She said that the landlord has agreed to provide 50% of that cost and the other 50% is paid by the employee. She said there is no additional expense for the agency but that parking could go up for the employees. Mr. Eckstrom asked what the potential is for including a provision that parking will not increase by more than a certain percentage per year. Ms. Lancaster stated that they could make that request of the landlord. She said they will go back and try to negotiate that with the landlord, but that the problem is that the landlord does not own the garages that are associated with the parking. She said the parking garages are city-owned and the landlord may be subject to increases as well.

Upon a motion by Rep. White, seconded by Senator Leatherman, the Authority approved the proposed lease for the Office of the State Auditor at 1401 Main Street in Columbia.

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

University of South Carolina: Not Exceeding $46,000,000 Principal Amount of Athletic Facilities Revenue Bonds, Series 2017A, of the University of South Carolina and Authorize the Issuance and Sale of Athletic Facilities Revenue Bond Anticipation Notes Pending the Issuance of the Athletic Facilities Revenue Bonds (Regular Session Item #6)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding $46,000,000 Principal Amount of Athletic Facilities Revenue Bonds, Series 2017A, of the University of South Carolina and authorize the issuance and sale of Athletic Facilities Revenue Bond Anticipation Notes pending the issuance of the Athletic Facilities Revenue Bonds.

The proceeds of the bonds will be used to (i) reimburse the University for capital expenditures previously made in connection with, and paying the costs to construct and equip an approximately 105,000 square foot football operations facility, including the acquisition, parking and associated landscaping and hardscaping, located at the west end of Gamecock Park and adjacent to the Indoor Football Practice Facility, and athletic facilities revenue bond anticipation notes, including capitalized interest on the Series 2017A Bonds, if any; (ii) funding the Series 2017A Debt Service Reserve Fund or purchasing a debt service reserve fund substitute, if any; and (iii) paying certain costs and expenses relating to the issuance and Series 2017A Bonds, including a municipal bond insurance premium, if any.

Mr. Eckstrom commented the cost of issuance on the bonds is very attractive. He said that fees have been addressed very carefully. He said he hopes to see that in any bond issue that comes before the Authority. He commended USC on the issue.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority adopted a resolution making provision for the issuance and sale of not exceeding $46,000,000 Principal Amount of Athletic Facilities Revenue Bonds, Series 2017A, of the University of South Carolina and authorize the issuance and sale of Athletic Facilities Revenue Bond Anticipation Notes pending the issuance of the Athletic Facilities Revenue Bonds.

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

Future Meeting

Upon a motion by Mr. Eckstrom seconded Senator Leatherman, the Authority agreed to meet at 10:00 a.m. on Tuesday, December 13, 2016, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 11:25 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 10:30 a.m. on Friday, November 4, 2016.]