

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

October 17, 2017 – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, October 17, 2017, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Representative W. Brian White, Chairman, Ways and Means Committee, participated in the meeting by telephone.

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

Adoption of Agenda for State Fiscal Accountability Authority

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

Minutes of Previous Meeting

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority approved the minutes of the August 31, 2017, State Fiscal Accountability Authority meeting.

Blue Agenda

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the blue agenda.

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

The Authority approved the referenced bond counsel assignment as recommended by the State Treasurer's Office for conduit issues, other revenue issues, and special assignment of bond

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counsel:

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$35,000,000 Economic Development Bonds	Presbyterian Communities of South Carolina Conduit: JEDA	Parker Poe Adams and Bernstein	Mc Nair Law Firm
\$30,000,000 Economic Development Bonds	University Center Facilities Corporation, III Conduit: JEDA	McNair Law Firm	Pope Flynn
\$37,000,000 Economic Development Bonds	Hampton Regional Medical Center Conduit: JEDA	Nexsen Pruet	Howell Linkous Nettles

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$14,000,000 Athletic Facilities Revenue Bonds	Clemson University	Pope Flynn

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$46,000,000 Economic Development Bonds	State of South Carolina Department of Commerce	Haynsworth Sinkler Boyd, PA

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

Office of the Comptroller General: Proviso 117.58 Report on Annual Audited Financial Statements (Blue Agenda Item #2)

Proviso 117.58 requires a report from the Comptroller General to the State Fiscal Accountability Authority of any agencies that do not submit audited financial statements by October 1st of each year.

The Authority received as information a report on Audited Financial Statements as required by Proviso 117.58.

Mr. Eckstrom noted that two agencies have not complied with the reporting requirements of Proviso 117.58. He said the two agencies are South Carolina State University and the South Carolina Research Authority. He stated that he is not sure why either of the agencies has not

complied. He said his office continues to reach out to the agencies for submittal of the financial reports, but has been unsuccessful in getting them to do so.

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 (Blue Agenda Item #3)

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

- (a) County Location: Horry
From: Department of Administration
To: Lu Ann Rudolph
Consideration: \$700
Description/Purpose: To grant a 0.01 acre easement across uplands at the 59th Avenue North Canal where the bulkhead and fill material extend 15 feet beyond the property line for land now owned by Ms. Rudolph for the purpose of obtaining a permit to build a dock. The easement is being required by SCDHEC before the agency issues a dock permit as Ms. Rudolph's property is not by definition waterfront. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

- (b) County Location: Beaufort
From: Department of Administration
To: Town of Hilton Head Island
Consideration: \$1
Description/Purpose: To grant a 1.68 acre permanent easement for the construction, installation, operation and maintenance of drainage improvements on property of the Department of Mental Health's Coastal Empire Community Mental Health Center. The easement is needed for the purpose of planning, laying out, building and maintaining drains, embankments, ditches, culverts, pipes and any other improvements used of useful in the collection, conveyance and drainage of surface and stormwater runoff. The easement will contain the State's standard reverter language that if the Town discontinues usage of the drainage system, the easement will terminate. The easement will be of mutual benefit to the Department of Mental Health and the Town of Hilton Head. The Division of Facilities Management and Property Services has determined that SCDMH 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.
- (c) County Location: Laurens
From: Department of Administration
To: Clinton-Newberry Natural Gas Authority
Consideration: Appraised value plus \$500 administrative fee
Description/Purpose: To grant a 1.228 acre easement for the purpose of erecting, constructing, installing, operating, inspecting, repairing, maintaining, replacing and removing a natural gas pipeline on property of the Department of Disabilities and Special Needs' Whitten Center. The easement is needed to provide natural gas service to the I-26 Commerce Park in Clinton. The term of the easement will be fifty (50) years. The Division of Facilities Management and Property Services has determined that DDSN 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.
- (d) County Location: Laurens
From: Department of Administration
To: Clinton-Newberry Natural Gas Authority
Consideration: Appraised value plus \$500 administrative fee
Description/Purpose: To grant a 2.785 acre easement and a 0.11 temporary easement for the purpose of erecting, constructing, installing, operating, inspecting, repairing, maintaining, replacing and removing a natural gas pipeline on property of the Department of Disabilities and Special Needs' Whitten Center. The easement is needed to provide natural gas service to the I-26 Commerce Park in Clinton. The term of the easement will be fifty (50) years. The Division of Facilities Management and Property Services has determined that DDSN 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.
- (e) County Location: Laurens
From: Department of Administration
To: Clinton-Newberry Natural Gas Authority
Consideration: Appraised value plus \$500 administrative fee
Description/Purpose: To grant a 0.60 acre easement and a 0.11 temporary easement for the purpose of erecting, constructing, installing, operating, inspecting, repairing, maintaining, replacing and removing a natural gas pipeline on property of the Department of Disabilities and Special Needs' Whitten Center. The easement is needed to provide natural gas service to the I-26 Commerce

Park in Clinton. The term of the easement will be fifty (50) years. The Division of Facilities Management and Property Services has determined that DDSN 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.

Division of Procurement Services: Procurement Audit and Certification (Blue Item #4)

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services audited the following agency and recommends certification within the parameters described in the audit report for the following agency for a period of three years.

Forestry Commission: supplies and services, \$200,000* per commitment; major fire fighting equipment per commodity codes 065, 071, 072, 073, 760, and 765, \$200,000* per commitment; consultant services, \$75,000* per commitment; and information technology, 100,000* per commitment.

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

Based on the South Carolina Forestry Commission's response to the finding in the audit report, the Division of Procurement Services believes adequate corrective action has been implemented that will ensure compliance with the South Carolina Consolidated Procurement Code, State regulations, and the Commission's procurement policies and procedures in all material respects. The Division recommended the Authority grant the South Carolina Forestry Commission the certification limits noted above.

The Authority, in accord with Section 11-35-1210, approved the 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) for the following agency:

Forestry Commission: supplies and services, \$200,000* per commitment; major fire fighting equipment per commodity codes 065, 071, 072, 073, 760, and 765, \$200,000*

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per commitment; consultant services, \$75,000* per commitment; and information technology, 100,000* per commitment.

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

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

Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#1)

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

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office. All items had been reviewed favorably by the Joint Bond Review Committee. Mr. White abstained from voting on the item. All other members voted for the item.

- (a) Summary 2-2018: JBRC Item 1. (H12) Clemson University
Project: 9934, Child Care Facility Construction
Included in Annual CPIP: Yes – CPIP Priority 2 of 6 in FY17
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 11/9/16

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Prudential Settlement Funds	0.00	0.00	0.00	100,000.00	100,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>100,000.00</u>	<u>100,000.00</u>

Funding Source: \$100,000 Other, Prudential Settlement Funds, which are settlement proceeds and related earnings from a settlement with a private insurance company.

Request: Establish project and budget for \$100,000 (Other, Prudential Settlement Funds) to begin pre-design work to construct an approximately 12,700 square foot child care facility that will serve Clemson faculty, staff and students. The Phase I pre-design budget is requested at 2% of the estimated project cost and the additional amount will allow the University to provide for additional geotechnical investigations, surveys of the site, and the required LEED cost benefit analysis. The facility will include classrooms, outdoor play areas, laundry, office spaces, storage, parking and appropriate fencing and lighting to promote safety. The location on the periphery of campus will be easily accessible by using campus transit services and allows for convenient parent drop off and pick up. The facility will be constructed and managed to meet National Association for the Education of Young Children (NAEYC) accreditation standards. Currently, there are no nationally accredited child care facilities within 25 miles of Clemson, with the exception of Head Start and other at-risk programs. Further, Clemson is the only Top 25 public university in the United States and the only major university in South Carolina that does not offer child care services. Faculty and staff have consistently listed child care as a top priority for the University. Child care services will aid in the recruitment and retention efforts of top faculty, staff and doctoral students, as well as provide opportunities for enhanced work productivity. The center will be managed and operated through a third-party vendor and provide a safe, secure, and stimulating learning environment for infants, toddlers, and preschool-aged children, ages six weeks to five years old. The facility is expected to serve a maximum of 132 children on a first come, first serve basis and approximately 30 full-time staff at full capacity provided by the third party vendor. The agency estimates that the completed project will cost approximately \$5,000,000. (See attachment 1 for this agenda item for additional annual operating costs.)

- (b) Summary 2-2018: JBRC Item 2. (H51) Medical University of South Carolina
Project: 9840, Basic Science Building Exterior Envelope Repairs
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 10/5/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>		<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
		<u>Current</u>	<u>Budget</u>		
Other, Institution Capital Project Funds	0.00	0.00	0.00	105,000.00	105,000.00

All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>105,000.00</u>	<u>105,000.00</u>
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Funding Source: \$105,000 Other, Institution Capital Project Funds, which are excess debt service funds and remaining balances from closed projects.

Request: Establish project and budget for \$105,000 (Other, Institution Capital Project Funds) to begin Phase I schematic design to make exterior building envelope repairs to the Basic Science Building. The building had significant water intrusion during Hurricane Joaquin and Hurricane Matthew. The building is also prone to water intrusion during heavy rain storms. The work will include masonry repairs/modifications, complete window replacement, wet sealing of all existing fenestrations, complete cleaning of exterior building envelope, complete sealant replacement, prefabricated joint replacements, complete clear water repellent to exterior walls, sheet metal for roof and exterior walls, stucco repairs, and exterior waterproofing. The work also includes complete removal of the roof system down to structural deck and replacement, including all related sheet metal accessories and related work. The existing 20+ year old roof will be replaced with modified bitumen and will come with a 20 year warranty. The 47 year old building is 335,663 square feet and is utilized by 300 to 400 faculty and staff that are permanently housed in the building. In addition, this building is a major academic building with 400 to 500 students entering daily. The agency estimates that the completed project will cost approximately \$7,000,000.

- (c) Summary 2-2018: JBRC Item 3. (H51) Medical University of South Carolina
Project: 9841, Storm Eye Institute Chiller Replacement
Included in Annual CPIP: Yes – CPIP Priority 1 of 4 in FY18
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 10/5/17

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

Funding Source: \$37,500 Other, Institution Deferred Maintenance Funds, which are funds allocated to this account based on the Responsibility Centered Management (RCM) budgeting model adopted in 2013. State appropriations, tuition/fees and grant indirect cost recoveries are allocated to this fund. MUSC does not charge a separate plant improvement fee to the students. Under RCM, a Strategic Investment Fund has been created based on a percentage tax on certain college revenue streams. Approximately \$4 million of the Strategic Investment Fund retained by central administration is used to fund facilities and deferred maintenance.

Request: Establish project and budget for \$37,500 (Other, Institution Deferred Maintenance Funds) to begin Phase I schematic design to replace two existing 20+ year old failing air cooled chillers on the roof of the Storm Eye Institute. One existing 200 ton chiller has completely failed and the second existing 350 ton chiller has partially failed and currently can only operate at 50% capacity. These chillers will be replaced with one 600 ton water cooled chiller including associated cooling towers and pumps. The new chiller and tower water pumps will be located in an enclosure to protect them from outside elements. The 42 year old building is 92,605 square feet and is utilized by 200 to 250 faculty/staff and 200 to 300 patients. The agency estimates that the completed project will cost approximately \$2,500,000.

- (d) Summary 2-2018: JBRC Item 5. (D50) Department of Administration
Project: 9994, LLR Dorm Building #9 Renovation
Included in Annual CPIP: Yes – CPIP Priority 1 of 3 in FY18 (R36 – LLR)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, LLR Fire Insurance Inspection Tax Funds	0.00	0.00	0.00	55,156.00	55,156.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>55,156.00</u>	<u>55,156.00</u>

Funding Source: \$55,156 LLR Other, Fire Insurance Inspection Tax Funds, which are other operating funds in the Division of Fire & Life Safety and generated from 1% insurance funds authorized by statute requiring a portion of the tax on the

fire insurance premiums collected in SC to be directed to the Division of Fire and Life Safety to be used for operation as well as capital improvement projects and support at the State Fire Academy.

Request: Establish project and budget for \$55,156 (Other, LLR Fire Insurance Inspection Tax Funds) to procure A&E services for a preliminary design and 3rd-party preliminary cost estimate to renovate the SC Fire Academy (SCFA) Dormitory Building 9 at the Monticello Road campus. The scope of work will address deferred maintenance needs and performance issues as well as recommend upgrades identified in the August 2017 feasibility study. The 23 year old dormitory was constructed in 1994 and is 22,752 square feet. The building systems are also original to the building. Approximately 6,000 persons occupy the dormitory on an annual basis. The agency estimates that the completed project will cost approximately \$3,677,039.

Phase I Increase, Revise Scope & Change Project Name

- (e) Summary 2-2018: JBRC Item 7. (H09) The Citadel
Project: 9611, Academic Building Replacement (Capers Hall)
Included in Annual CPIP: Yes – CPIP Priority 1 of 8 in FY20
JBRC/SFAA Phase I Approval: October 2014

CHE Recommended Approval: 10/5/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Capital Improvement Fee Funds	250,000.00	0.00	250,000.00	517,128.73	767,128.73
All Sources	<u>250,000.00</u>	<u>0.00</u>	<u>250,000.00</u>	<u>517,128.73</u>	<u>767,128.73</u>

Funding Source: \$767,128.73 Other, Capital Improvement Fee Funds, which is an institutional fund established to fund capital projects. This fund is a combination of Capers Hall Sinking Funds, Institutional Debt Tuition charged to students in FY18 and Foundation Cash Gifts on hand.

Request: Increase budget to \$767,128.73 (add \$517,128.73 Other, Capital Improvement Fee Funds) to increase the Phase I budget, Revise Scope and Change the Project Name to include funds to proceed with schematic design, along with adding a “Construction Manager” – At Risk” to the team to ensure this

project's success. The internal projected cost has increased since the original A-1 was submitted/approved due to the additional review of findings from a Capers Hall structural building evaluation completed as part of the early phases of programmatic design. The original estimate of \$26 million to \$37 million only minimally upgraded the seismic egress components of the original 1949 building which was to remain. The revised construction estimate of \$40 million to \$41 million accounts for future annual escalation and now includes phased demolition and construction of an entirely new facility that meets all current seismic codes. The structural building evaluation showed that upgrading the existing facility to meet full seismic requirements would equal or exceed the cost of replacing the original 1949 building. The increased cost also allows for the addition of specialty space for the new curricular area of Cybersecurity & Intelligence, plus Study Abroad programs, and accounts for the high cost of construction in the Charleston area. Because of the complex phasing aspects of this project, using a CM-At Risk delivery method will result in the timeliest, economical, and successful completion of the project. The increased Phase I project budget includes fees for these professional services. The existing 68 year old Capers Hall was constructed in 1949 and is the most utilized building on campus. The vast majority of The Citadel's student population attend classes in the building and it also houses offices for a large number of faculty and staff personnel. The 75,116 square foot building houses English, History, Math, Psychology and Education departments. The new building to be constructed will be 104,844 square feet and will consist of a three-story atrium, 37 flexible classrooms, 7 computer classrooms, a 250-seat auditorium, Study Abroad/Multicultural Support, Fine Arts classroom, art gallery, sensitive compartmented information facility (SCIF), psychology lab rooms, administrative and faculty offices, and common areas as well as core support spaces. The agency estimates that the completed project will cost approximately \$51,141,915. (See attachment 2 for this agenda item for additional annual operating costs.)

Establish Construction Budget

- (f) Summary 2-2018: JBRC Separate Item. (H12) Clemson University
Project: 9932, Tennis Center Construction
Included in Annual CPIP: Yes – CPIP Priority 5 of 6 in FY17
JBRC/SFAA Phase I Approval: September 2016

CHE Recommended Approval: Per the August 8, 2017 CHE Memorandum, this request was approved as follows: Pursuant to S.C. Code Section 2-47-40(B), the Commission now forwards this permanent improvement proposal with the recommendation that the project be approved on the condition that Clemson University add \$6 million equity to the project.

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<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Athletic Improvement Funds	312,500.00	0.00	312,500.00	(312,500.00)	0.00
Athletic Fac. Revenue Bonds	0.00	0.00	0.00	12,500,000.00	12,500,000.00
All Sources	<u>312,500.00</u>	<u>0.00</u>	<u>312,500.00</u>	<u>12,187,500.00</u>	<u>12,500,000.00</u>

Funding Source: \$12,500,000 Athletic Facilities Revenue Bonds, which are long-term debt instruments issued by the State Treasurer's Office in the name of the university and are pledged to be repaid with a combination of athletic net revenues, ticket surcharges, and private gift funds.

Request: Increase budget to \$12,500,000 (add \$12,500,000 Athletic Facilities Revenue Bond Funds) to establish the construction budget to construct a new state-of-the-art tennis center for the men's and women's varsity tennis teams. The existing tennis center and indoor practice facilities were constructed between 1987 and 1993 and are not sufficient for today's needs. This project was established in September 2016 for Phase I, which is now complete. The new center will retain and continue to utilize existing tennis facilities, including outdoor competition courts and a 700 seat permanent stadium. The new approximately 60,000 square foot tennis center will include a new six-court indoor tennis facility, a clubhouse containing locker rooms, a training room, equipment rooms, a players' lounge, laundry and coaches' offices, a ticket office and public restroom building, two new outdoor courts, and related site work. The existing indoor facility lacks two needed courts for practice and competition in inclement weather. There is currently no designated tennis parking or suitable vehicular or disabled access to the site, which is located along Highway 93. Existing office and support facilities are too small for today's needs. The new facilities will enhance recruiting efforts, improve, student athlete playing experiences, improve opportunities for NCAA regionals and other championships, and provide for better pedestrian circulation and vehicular access. Renovating the existing indoor court building was considered but demolishing it and constructing a new facility was determined to be a more feasible alternative due to siting, ventilation, seismic and other issues. The facility will be constructed to meet Two Green Globes Certification and \$736,596 in anticipated operating cost savings over a 30 year life are expected. The primary users of the new facilities will remain the NCAA varsity men's

and women's tennis programs. Each program has approximately three coaches, three support staff members and ten student athletes, totaling approximately 32 individuals who will use the facility. Additionally and as available, Clemson Campus Recreation will host intramurals, club team, and other recreation activities at the facility, as well as community-centered events such as summer tennis camps and City of Clemson sponsored tennis tournaments. Further, Clemson anticipates a total of 5,000 spectators per year for men's and women's tennis matches will also use the facilities. The agency estimates that the complete project will cost approximately \$12,500,000. The agency also reports the projects date for execution of the construction contract is January 2018 and for completion of construction is August 2018. (See attachment 3 for additional annual operating costs.)

- (g) Summary 2-2018: JBRC Item 9. (H51) Medical University of South Carolina Project: 9836, Basic Science Building 7th Floor Biorepository & Histology Lab Renovations
Included in Annual CPIP: Yes – CPIP Priority 4 of 4 in FY18
JBRC/SFAA Phase I Approval: June 2017

CHE Recommended Approval: 10/5/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative</u>	<u>Current Budget</u>	<u>Current</u>	<u>Total Budget After Current Adjustment</u>
		<u>Changes Since Original Budget</u>		<u>Budget Adjustment Requested</u>	
Other, College of Medicine Clinical Revenue Funds	22,500.00	0.00	22,500.00	1,477,500.00	1,500,000.00
All Sources	<u>22,500.00</u>	<u>0.00</u>	<u>22,500.00</u>	<u>1,477,500.00</u>	<u>1,500,000.00</u>

Funding Source: \$1,500,000 Other, College of Medicine Clinical Revenue Funds, which is revenue generated from patient care.

Request: Increase budget to \$1,500,000 (add \$1,477,500 Other, College of Medicine Clinical Revenue Funds) to begin Phase II final design and construction for the renovation of approximately 4,000 square feet of vacant, partially demolished lab space on the 7th floor of the Basic Science Building to enable the co-location of the following labs: Histology & Immunohistochemistry Lab, Hollings Center Biorepository and Tissue Analysis Lab, Brain Bank Lab, and the Electron Microscopy and Histology Labs. The goal is to realize research efficiencies by co-locating the labs to provide enhanced quality of operations

within and between each laboratory. The newly renovated labs will represent MUSC's progressive development in tissue and biorepository research and facilitate future development of the program. The 47 year old facility was constructed in 1970 and is 335,643 square feet. Approximately 10-15 faculty and staff will use the facility. The agency estimates that the completed project will cost approximately \$1,500,000. The agency also reports the projects date for execution of the construction contract is April 2018 and for completion of construction is November 2018.

- (h) Summary 2-2018: JBRC Item 10. (H51) Medical University of South Carolina
Project: 9837, Clinical Sciences Building Cooling Towers Replacement
Included in Annual CPIP: Yes – CPIP Priority 1 of 4 in FY18
JBRC/SFAA Phase I Approval: June 2017

CHE Recommended Approval: 10/5/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative</u>	<u>Current Budget</u>	<u>Current</u>	<u>Total Budget After Current Adjustment</u>
		<u>Changes Since Original Budget</u>		<u>Budget Adjustment Requested</u>	
Other, Institution Deferred Maintenance Funds	27,000.00	0.00	27,000.00	1,823,000.00	1,850,000.00
All Sources	<u>27,000.00</u>	<u>0.00</u>	<u>27,000.00</u>	<u>1,823,000.00</u>	<u>1,850,000.00</u>

Funding Source: \$1,850,000 Other, Institution Deferred Maintenance Funds, which are funds allocated to this account based on the Responsibility Centered Management (RCM) budgeting model adopted in 2013. State appropriations, tuition/fees and grant indirect cost recoveries are allocated to this fund. MUSC does not charge a separate plant improvement fee to the students. Under RCM, a Strategic Investment Fund has been created based on a percentage tax on certain college revenue streams. Approximately \$4 million of the Strategic Investment Fund retained by central administration is used to fund facilities and deferred maintenance.

Request: Increase budget to \$1,850,000 (add \$1,823,000 Other, Institution Deferred Maintenance Funds) to begin Phase II final design and construction for the replacement of three (3) cooling towers at the Clinical Sciences Building. These cooling towers are at the end of their useful life and in need of replacement. The existing structural steel support system is severally

deteriorated and must be replaced. Temporary wood supports have been installed under the towers as a safety measure until the towers can be replaced. Replacement of the steel would require removal of the cooling towers. Replacement of the towers at the same time as replacement of the steel provides the most economical solution. The 42 year old facility was constructed in 1975 and is 273,899 square feet. The age of the cooling towers is estimated to date back to the 1990's. The building houses part of the ED department, clinic and office space, research labs, College of Medicine offices, and some space is leased to the hospital. The facility is utilized by 1,000+ people on a daily basis. The agency estimates that the completed project will cost approximately \$1,850,000. The agency also reports the projects date for execution of the construction contract is May 2018 and for completion of construction is April 2019.

- (i) Summary 2-2018: JBRC Item 11. (H51) Medical University of South Carolina Project: 9838, Clinical Sciences Building 8th Floor Northwest Side Renovation
Included in Annual CPIP: Yes – CPIP Priority 4 of 4 in FY18
JBRC/SFAA Phase I Approval: June 2017

CHE Recommended Approval: 10/5/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>		<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, College of Medicine Clinical Revenue Funds	21,000.00	0.00	21,000.00	1,379,000.00		1,400,000.00
All Sources	<u>21,000.00</u>	<u>0.00</u>	<u>21,000.00</u>	<u>1,379,000.00</u>		<u>1,400,000.00</u>

Funding Source: \$1,400,000 Other, College of Medicine Clinical Revenue Funds, which is revenue generated from patient care.

Request: Increase budget to \$1,400,000 (add \$1,379,000 Other, COM Clinical Revenue Funds) to begin Phase II final design and construction for the renovation of approximately 7,000 square feet of existing lab and office space on the northwest side of the 8th floor of the Clinical Sciences Building. The goal of the renovation is to increase the operational efficiency and collaboration of the various work groups within the Department of Medicine. Renovations will create open, contemporary, functional, interchangeable, and translational office and open work areas to accommodate the department's residency and medical teaching programs, as well as the department clinical trials programs. New

Variable Air Volume HVAC units will be installed for comfort control. Additional electrical circuits will be installed to support increased occupancy in cubicle areas. The existing space is original to the building and difficult to efficiently use for the departments teaching and research programs. This renovation will compliment adjacent renovations on the south end of this same floor. The 42 year old facility was constructed in 1975 and is 273,899 square feet. Approximately 100 Internal Medicine Residents, 28 Medical Students, 48 Department of Medicine staff, 10 Department of Medicine faculty will use the facility. The agency estimates that the completed project will cost approximately \$1,400,000. The agency also reports the projects date for execution of the construction contract is February 2018 and for completion of construction is August 2018.

- (j) Summary 2-2018: JBRC Item 12. (H51) Medical University of South Carolina Project: 9839, Thurmond Gazes Building 6th Floor Alcohol Research Center Renovations
Included in Annual CPIP: Yes – CPIP Priority 4 of 4 in FY18
JBRC/SFAA Phase I Approval: June 2017

CHE Recommended Approval: 10/5/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, College of Medicine Clinical Revenue Funds	34,500.00	0.00	34,500.00	2,265,500.00	2,300,000.00
All Sources	<u>34,500.00</u>	<u>0.00</u>	<u>34,500.00</u>	<u>2,265,500.00</u>	<u>2,300,000.00</u>

Funding Source: \$2,300,000 Other, College of Medicine Clinical Revenue Funds, which is revenue generated from patient care.

Request: Increase budget to \$2,300,000 (add \$2,265,500 Other, COM Clinical Revenue Funds) to begin Phase II final design and construction for the renovation of approximately 8,500 square feet along the north side and a portion of the central core of the 6th floor of the Thurmond Gazes Building for the Alcohol Research Center (ARC). The 6th floor labs are currently unoccupied and partially demolished. The project will provide for behavioral research. The renovation will create three new animal housing spaces and require the addition of an HVAC system to meet Association for Assessment and Accreditation of Laboratory Animal Care requirements. Existing lab casework,

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etc. will be reused where practical. The 21 year old facility was constructed in 1996 and is 200,339 square feet. Approximately 25-30 faculty and staff will use the facility. The agency estimates that the completed project will cost approximately \$2,300,000. The agency also reports the projects date for execution of the construction contract is April 2018 and for completion of construction is October 2018.

- (k) Summary 2-2018: JBRC Item 13. (H59) Horry Georgetown Technical College
Project: 6128, Construction of Advanced Manufacturing Center - Georgetown
Included in Annual CPIP: Yes – CPIP Priority 1 of 2 in FY18
JBRC/SFAA Phase I Approval: January 2017

CHE Recommended Approval: 9/7/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
FY15-16 Capital Reserve Funds	0.00	0.00	0.00	1,500,000.00	1,500,000.00
FY16-17 Capital Reserve Funds	0.00	0.00	0.00	3,500,000.00	3,500,000.00
Federal, EDA Grant	0.00	0.00	0.00	2,785,000.00	2,785,000.00
Other, Georgetown School District Funds	0.00	0.00	0.00	2,000,000.00	2,000,000.00
Other, Georgetown County Funds	0.00	0.00	0.00	1,465,000.00	1,465,000.00
Other, College Funds	180,000.00	0.00	180,000.00	2,070,000.00	2,250,000.00
All Sources	<u>180,000.00</u>	<u>0.00</u>	<u>180,000.00</u>	<u>13,320,000.00</u>	<u>13,500,000.00</u>

Funding Source: \$1,500,000 FY15-16 Capital Reserve Funds. \$3,500,000 FY16-17 Capital Reserve Funds. \$2,785,000 Federal, EDA Grant. \$2,000,000 Other, Georgetown School District Funds, which are an allocation of bond funds approved by the voters of Georgetown County on November 8, 2016 for equipment purchases for the Advanced Manufacturing Center. \$1,465,000 Other, Georgetown County Funds, which have been authorized and committed by the Georgetown County Council for the construction of the Advanced Manufacturing Training Center and will be available no later than June 30, 2019. \$2,250,000 Other, College Funds, which are the excess of revenues over expenses accumulated over time for the purpose of funding capital projects and for meeting local matching requirements.

Request: Increase budget to \$13,500,000 (add \$13,320,000 FY15-16 & FY16-17 Capital Reserve, Federal EDA Grant and Other, Georgetown School District, Georgetown County and College Funds) to establish the Phase II budget to construct and equip a 30,000 square foot commercial prefabricated metal building on its Georgetown campus. The building will be used to house the College's Advanced Manufacturing programs which include CNC/Machine Tool, Welding, Mechatronics and Robotics programs. The college has outgrown its existing academic space on this campus and has no available space to operate these high demand, highly skilled programs. With the construction of this facility, the college intends to increase its advanced manufacturing enrollment to more than 150 students. Graduates from these programs are in high demand across the state and have starting salaries well in advance of local averages. The facility will be used by more than 125 students and approximately 5 faculty. The project will meet Green Globes standards and with additional construction costs, fees and required Green Globes registrations, the project will result in additional net cost of \$34,277 over a 30 year life cycle. At Phase I the total projected cost of the project was \$12,000,000 but has increased primarily due to increased costs associated with ventilating the welding booths, and significantly increased equipment costs. The agency estimates that the completed project will cost approximately \$13,500,000. The agency also reports the projects date for execution of the construction contract is November 2017 and for completion of construction is June 2019. (See attachment 4 for this agenda item for additional annual operating costs.)

- (l) Summary 2-2018: JBRC Item 15. (D50) Department of Administration
Project: 9987, Fire Station #8 - Renovation
Included in Annual CIP: Yes – CIP Priority 2 of 3 in FY17 (R36 – LLR)
JBRC/SFAA Phase I Approval: May 2017

CHE Recommended Approval: N/A

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<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>		<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, LLR Fire Insurance Inspection Tax Funds	15,350.00	0.00	15,350.00	1,114,325.00		1,129,675.00
All Sources	<u>15,350.00</u>	<u>0.00</u>	<u>15,350.00</u>	<u>1,114,325.00</u>		<u>1,129,675.00</u>

Funding Source: \$1,129,675 LLR Other, Fire Insurance Inspection Tax Funds, which are other operating funds in the Division of Fire & Life Safety and generated from 1% insurance funds authorized by statute requiring a portion of the tax on the fire insurance premiums collected in SC to be directed to the Division of Fire and Life Safety to be used for operation as well as capital improvement projects and support at the State Fire Academy.

Request: Increase budget to \$1,129,675 (add \$1,114,325 Other, LLR Fire Insurance Inspection Tax Funds) to begin Phase II design documents and construction for the renovation of the LLR Fire Station #8 located at LLR's Monticello Road location which houses the Division of Fire and Life Safety. The intent of the renovation is to construct additional training classrooms within the existing fire station bay area. When brought for Phase I, the total estimated cost of the project was \$756,920. During the Phase I concept study field investigation of the existing facility identified additional scope that will require modifications to the existing plumbing, HVAC, electrical and fire protection systems in the apparatus bay that will be necessary to accommodate the 2nd floor addition. In addition, the existing kitchen and dining spaces will be renovated to add benefit and value for the facility's users in support of SCFA programs. An HVAC design alternative option will also be considered that would cost approximately \$18,736 if accepted with the final construction bids. The fire station has a total of 6 drive-thru apparatus (fire truck) storage bays. The concept of the proposed construction is to build a two story interior classroom in the bay closest to the fire station living area. This renovation is essential to expanding operations considering the present demand for not only current classes at the Fire Academy but also the demand for an ever expanding curriculum that continues to grow as the responsibilities of today's firefighters continues to grow as well. At a minimum, the additional space will serve 4 - 8 week recruit schools, (30 students at a time) as well, an additional 50 classes with 18 students in each class. The fire station was constructed in 1994 and is 23 years old. Approximately 4,812 square foot of the 12,833 square foot facility will receive renovations to create the two classrooms. In 2017, this

structure houses 4 Recruit classes annually of 25-30 basic firefighting recruit students that reside in this building for 8 straight weeks. The agency estimates that the completed project will cost approximately \$1,129,675. The agency also reports the projects date for execution of the construction contract is May 2018 and for completion of construction is November 2018.

- (m) Summary 2-2018: JBRC Item 20. (U12) Department of Transportation
Project: 9734, HQ Building Fire Sprinkler Installation and Waterproofing
Included in Annual CPIP: Yes – CPIP Priority 1 of 8 in FY16
JBRC/SFAA Phase I Approval: February 2016

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, State Highway Funds	60,000.00	0.00	60,000.00	6,440,000.00	6,500,000.00
All Sources	<u>60,000.00</u>	<u>0.00</u>	<u>60,000.00</u>	<u>6,440,000.00</u>	<u>6,500,000.00</u>

Funding Source: \$6,500,000 Other, State Highway Funds, which are funds derived from the state motor fuel user fee.

Request: Increase budget to \$6,500,000 (add \$6,440,000 Other, State Highway Funds) to establish Phase II construction budget to install a fire sprinkler system and to waterproof certain building components at the Department of Transportation headquarters building. Phase I of this project for \$60,000 was approved by SFAA and established February 2016 with a total projected cost of \$3,748,500. The estimated cost to complete this project has increased significantly for several reasons. The agency estimate is now 2 years old, increased construction costs, additional electrical and mechanical work is required for the installation of the fire sprinkler system, and the additional cost to install a fully occupied building was accounted for in the agency estimate, but not to the extent necessary as deemed by their third party estimator. This building is 40 years old and 242,795 square feet. Life safety code violations were found within the building affecting the ability for persons to safely exit the building in the event of a fire. At a minimum, the agency was directed back in October 2002, to install a fire sprinkler system to mitigate the code violations found. Additionally, the building has not been sealed since its construction in 1978 so the exterior walls and above basement walkways are also being waterproofed. The agency estimates that the complete project will cost approximately

\$6,500,000. The agency also reports one contract will be executed for waterproofing in May 2018 with completion in January 2019 and the other contract will be executed for the fire sprinkler installation in May 2018 with completion in April 2020.

Final Land Acquisition, Revise Scope & Change Project Name

- (n) Summary 2-2018: JBRC Item 23. (H27) University of South Carolina - Columbia
Project: 6121, SCANA Property Land Acquisition Project
Included in Annual CPIP: Yes – CPIP Priority 1 of 9 in FY18
JBRC/SFAA Phase I Approval: January 2017

CHE Recommended Approval: 8/3/17

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>		<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Institutional Capital Project Funds	75,000.00	0.00	75,000.00	9,300,000.00	9,375,000.00	
All Sources	<u>75,000.00</u>	<u>0.00</u>	<u>75,000.00</u>	<u>9,300,000.00</u>	<u>9,375,000.00</u>	

Funding Source: \$9,375,000 Other, Institutional Capital Project Funds, which are generated from the portion of tuition and fees designated for Bond and Renovation Reserve. These funds pay debt service first and the remainder is used for capital improvements.

Request: Increase budget to \$9,375,000 (add \$9,300,000 Other, Institutional Capital Project Funds), for the acquisition of 14.63 acres currently owned by the SCANA Corporation. The property is bounded by Assembly Street and Flora Drive. The 14.63 acre SCANA property is comprised of twelve parcels. One (1) parcel is located in the City of Columbia and the other eleven (11) parcels are in Richland County but not within the city limits. The parcels have street frontage on South Assembly Street and Flora Street. The properties are in close proximity to university athletics, academic and housing facilities. It contains several existing buildings, including a 67,500 square foot 110 year old mill building that is available for immediate occupancy. Maintenance work is required prior to occupancy at a total estimated value of \$950,000. Funds to

complete this work have been made available by Richland County as part of the Greene Street project. It will be used for offices, storage, and maintenance shops associated with Facilities Operations and Maintenance and University Technology Services. Outdoor student recreation space will also be developed on-site. An appraisal conducted in March 2017 provided the opinion that the Hypothetical Value of the property is \$10,000,000. This assumes that the property can be developed with a single, mixed-use purpose. Additionally, the Hypothetical Value conclusion has been undertaken assuming that it will take approximately two years to facilitate the zoning change and road closing. The property is being sold by SCANA for \$9,300,000. The Phase I Environmental Site Assessment found no RECs, HRECs, or CRECs except for portions of the property being historically used to store and manage PCB containing electrical equipment and petroleum products (REC), a parcel was used as a UST facility with documented petroleum releases and regulatory NFA status (HREC), and metals and PAHs in soil and groundwater above regulatory MCLs and screening levels (REC). The site's soil and ground water was studied for contamination. A Phase II environmental analysis, following the site clean-up by SCANA, determined that levels of PCBs and VOCs were not over laboratory detection limits. The agency estimates that the land acquisition will cost approximately \$9,375,000. (See attachment 5 for this agenda item for additional annual operating cost savings.)

Final Land Acquisition

- (o) Summary 2-2018: JBRC Item 24. (N04) Department of Corrections
Project: 9741, Wateree River CI – Durai Property Acquisition
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: May 2017

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>		<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Canteen Funds	20,000.00	0.00	20,000.00	1,162,820.00		1,182,820.00
All Sources	<u>20,000.00</u>	<u>0.00</u>	<u>20,000.00</u>	<u>1,162,820.00</u>		<u>1,182,820.00</u>

Funding Source: \$1,182,820 Other, Canteen Funds, which is revenue derived wholly from the canteen operations within the Department of Corrections on behalf of the inmate population, which may be retained and expended by the department for the continuation of the operation of said canteens and the welfare of the inmate population or, at the discretion of the Director, used to supplement costs of operations.

Request: Increase budget to \$1,182,820 (add \$1,162,820 Other, Canteen Funds) for the acquisition of 192.85 +/- acres, located at 317 Swift Creek Road in Rembert. The property consists of two (2) parcels of land designated as TMS #375-00-00-003 in Kershaw County and TMS #082-00-01-022 in Sumter County. This property is being offered for sale by John & Mary Durai for the purchase price of \$1,150,000. An appraisal was completed for the property on June 5, 2017 by Property Solutions and the final opinion of market value was determined to be \$1,200,000. Additionally, a Phase I Environmental Site Assessment was completed and revealed no evidence of RECs, HRECs, or CRECs and no further assessment was recommended. Lastly, an asbestos assessment was conducted on June 1, 2017 on the six structures that are located on the property. Of the representative materials sampled and analyzed during the assessment, asbestos in concentrations >1% were not identified. This property includes irrigation, grain storage, and agricultural shop/sheds which are approximately 10,000 square feet. The buildings located on the property are usable in their current condition and will not need to be renovated. If acquired, the property will be utilized as farmland. The buildings located on the property were constructed between 1998 and 2014. The agency is in need of additional irrigated land and grain storage. The present grain storage at Wateree River CI is antiquated and does not provide ample storage for harvested grain. The additional irrigated land and grain storage will enable SCDC to increase farming operations and reduce cattle and poultry food costs. The use of farm grown grain is a money saving investment in feeding Wateree River Farm's cattle and poultry. In addition, having the flexibility to store grain for future use enables SCDC to condition the grain for maximum dollar value as well as anticipate and take advantage of market forecasts when selling commodities. The goal of SCDC is to obtain irrigation on all productive lands; irrigated land is more productive than dry land and therefore provides a higher per acre yield. The agency estimates that the land acquisition will cost approximately \$1,182,820. The agency reports the estimated date to complete the land acquisition is December 2017. (See attachment 6 for this agenda item for additional annual operating costs.)

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: Clemson University Lease at 1 Research Drive in Greenville (Regular Session Item #2)

Clemson University requested approval to lease 12,845 square feet (SF) located at 1 Research Drive in Greenville from LICAR, LLC (the “Landlord”).

Clemson University currently leases 5,400 SF at this location for the Clemson University Center for Risk Engineering and Systems Analytics (RESA), a program established by the University in 2015 as a national resource center focused on integrating interdisciplinary research. The program has grown more quickly than anticipated and the additional square footage will provide for additional research, training, lecture and collaboration spaces.

A solicitation was conducted for the full square footage required and the selected location was the only bid received.

The space will meet the state standard of 210SF/person with a density of 137SF/person. The landlord will provide an upfit allowance of \$180,000 and the term shall be for three (3) years beginning on completion of the upfit, which is estimated to be March 1, 2018. Basic rent for the first year of the term shall be \$16.50/SF. The University will be responsible for all operating expenses which are estimated to be \$6.50/SF or \$83,493 annually. After the first year, basic rent shall increase by two (2) percent annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT/SF</u>
YEAR 1	\$211,942.50	\$17,661.88 rounded	\$16.50
YEAR 2	\$216,181.35	\$18,051.11 rounded	\$16.83
YEAR 3	\$220,548.65	\$18,379.05 rounded	\$17.17
TOTAL	\$648,672.50		

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

Tenant	Location	Rate
Vacant	369 Halton Road	\$25.50/SF
Vacant	651 Brookfield Parkway	\$23.50/SF
Vacant	105 N Spring Street	\$24.00/SF

Above rates are subject to escalations over the term.

The CBRE MarketView Columbia Office Q2 2017 report indicates an average rate of \$26.14/SF in the Greenville market.

The lease also provides for free parking 1,200 space parking garage.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by the Clemson University Board of Trustees on October 14, 2016, the Commission on Higher Education on September 25, 2017, and JBRC on October 10, 2017.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority approved the proposed lease for Clemson University at 1 Research Drive in Greenville 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 6.

Department of Administration, Facilities Management and Property Services: SC Department of Administration Lease at 1628 Browning Road in Columbia (Regular Session Item #3)

The SC Department of Administration (Admin) requested approval to lease 16,966 SF located at 1628 Browning Road in Columbia from Browning Office Investment, LLC (the “Landlord”) for its SC Enterprise Information System (SCEIS) staff. Admin currently leases 16,545 SF for SCEIS at this location under a lease that expired August 31, 2017, and is in holdover status. The additional 421 SF is necessary to accommodate cubicles for eight (8) additional FTEs.

A solicitation was conducted and five proposals were received, of which the selected location represents the lowest bid. The space meets the state standard of 210SF/person with a density of 135SF/person. The term of the lease shall be for seven (7) years beginning on November 1, 2017. Basic rent for the first year of the term shall be \$13.25/SF, which includes all operating and maintenance costs. Thereafter, basic rent shall increase by two and one-half (2 ½) percent annually as follows:

<u>TERM</u>	<u>PERIOD: FROM - TO</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	11-01-2017 to 10-31-2018	\$224,799.48	\$18,733.29	\$13.25 rounded
YEAR 2	11-01-2018 to 10-31-2019	\$230,398.32	\$19,199.86	\$13.58 rounded
YEAR 3	11-01-2019 to 10-31-2020	\$236,166.72	\$19,680.56	\$13.92
YEAR 4	11-01-2020 to 10-31-2021	\$242,104.80	\$20,175.40	\$14.27 rounded
YEAR 5	11-01-2021 to 10-31-2022	\$248,042.88	\$20,670.24	\$14.62 rounded
YEAR 6	11-01-2022 to 10-31-2023	\$254,490.00	\$21,207.50	\$15.00
YEAR 7	11-01-2023 to 10-31-2024	\$260,767.44	\$21,730.62	\$15.37 rounded
TOTAL		\$1,696,769.64		

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

Tenant	Location	Rate
Vacant	220 Stoneridge Drive	\$17.00/SF
Vacant	107 Westpark Boulevard	\$16.50/SF
Office of the Adjutant General	810 Dutch Square Boulevard	\$17.43/SF
Vacant	121 Executive Center Drive	\$16.00/SF

Above rates are subject to escalations over the term.

The CBRE MarketView Columbia Office Q2 2017 report indicates an average rate of \$20.21 in the Columbia market. The lease also provides for free use of the surface lot surrounding the facility which has sufficient parking to accommodate staff and visitors.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by JBRC on October 10, 2017.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved the proposed lease for the SC Department of Administration at 1628 Browning Road in

Columbia 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 7.

Department of Administration, Facilities Management and Property Services: SC Department of Health and Human Services Lease at 4130 Faber Place Drive in North Charleston (Regular Session Item #4)

The SC Department of Health and Human Services (DHHS) requested approval to continue leasing 18,981 square feet (SF) located at 4130 Faber Place Drive in North Charleston from REVA Kay Ashley Corporate Center, LLC (the “Landlord”) for its Medicaid Eligibility and Community Long-Term Care divisions. Norvell Real Estate Group is the leasing agent for the facility.

A solicitation was conducted and three proposals were received. While one location was eliminated due to size, the selected location was the lowest bid of all three proposals received.

The space meets the state standard of 210SF/person with a density of 165SF/person. The landlord will provide an upfit allowance of \$101,930 in order to renovate the space to make it the largest processing center for DHHS in the State. The current lease term ends on January 14, 2018 and the term of the new lease shall be for seven (7) years beginning on January 15, 2018. Basic rent for the first year of the term shall be \$17.00/SF, which includes all operating and maintenance costs. Thereafter, basic rent shall increase by three (3) percent annually as follows:

<u>TERM</u>	<u>PERIOD: FROM - TO</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	01-15-2018 to 01-14-2019	\$322,677.00	\$26,889.75	\$ 17.00
YEAR 2	01-15-2019 to 01-14-2020	\$332,357.28	\$27,696.44	\$ 17.51 rounded
YEAR 3	01-15-2020 to 01-14-2021	\$342,328.08	\$28,527.34	\$18.04 rounded
YEAR 4	01-15-2021 to 01-14-2022	\$352,597.92	\$29,383.16	\$18.58 rounded
YEAR 5	01-15-2022 to 01-14-2023	\$363,175.80	\$30,264.65	\$19.13 rounded

YEAR 6	01-15-2023 to 01-14-2024	\$374,071.08	\$31,172.59	\$19.71 rounded
YEAR 7	01-15-2024 to 01-14-2025	\$385,293.24	\$32,107.77	\$20.30 rounded
TOTAL		\$2,472,500.40		

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

Tenant	Location	Rate
Vacant	4401 Leeds Avenue	\$29.75/SF
Vacant	4105 Faber Place Drive	\$25.50/SF
College of Charleston	3800 Paramount Drive	\$18.14/SF
Department of Motor Vehicles	1757 Ashley River Road	\$17.00/SF

Above rates are subject to escalations over the term.

The CBRE MarketView Columbia Office Q2 2017 report indicates an average rate of \$23.47/SF in the North Charleston area and \$25.01 in the Charleston market overall. The lease also provides for free use of the surface lot surrounding the facility which has sufficient parking to accommodate staff and visitors.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by JBRC on October 10, 2017.

Upon a motion by Mr. White, seconded by Mr. Eckstrom, the Authority approved the proposed lease for DHHS at 4130 Faber Place Drive in North Charleston as recommended by the Department of Administration, Facilities Management and Property Services.

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

Department of Administration, Facilities Management and Property Services: SC Department of Juvenile Justice Lease at 220 Executive Center Drive in Columbia (Regular Session #5)

The SC Department of Juvenile Justice (DJJ) requested approval to lease 49,550 square feet (SF) located at 220 Executive Center Drive in Columbia from LSREF2 NEWTON, LLC

(the “Landlord”). Colliers International is the leasing agent for the facility and on-site building management is provided through Cushman and Wakefield.

The purpose of the lease is to relocate 228 non-direct care administrative staff and training space from within the perimeter fence at the main DJJ facilities on Broad River Road to allow for repurposing existing buildings within the perimeter fence as well as certain facilities on Shivers Road to increase capacity for housing juveniles. A solicitation was conducted and five proposals were received, of which the selected location represents the lowest bid.

The space will meet the state standard of 210SF/person with a density of 161SF/person. The landlord will provide an upfit allowance of \$16.00/RSF and the term shall be for ten (10) years beginning on completion of the upfit, which is estimated to be January 1, 2018. Basic rent for the first year of the term shall be \$15.05/SF, which includes all operating and maintenance costs. The rent for for the first seven months of the first year of the term will be abated, creating a new effective rate of \$6.27 for that year and \$16.38 over the ten year term. After the first year, basic rent shall increase by three (3) percent annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT/SF</u>
YEAR 1 (first 7 months)	\$0	\$0	\$0
YEAR 1 (last 5 months)	\$310,719.80	\$62,143.96	\$15.05 rounded
YEAR 2	\$768,024.96	\$64,002.08	\$15.50 rounded
YEAR 3	\$791,313.48	\$65,942.79	\$15.97 rounded
YEAR 4	\$815,097.48	\$67,924.79	\$16.45 rounded
YEAR 5	\$839,376.96	\$69,948.08	\$16.94 rounded
YEAR 6	\$864,647.52	\$72,053.96	\$17.45 rounded
YEAR 7	\$890,413.56	\$74,201.13	\$17.97 rounded
YEAR 8	\$917,170.56	\$76,430.88	\$18.51 rounded
YEAR 9	\$944,423.04	\$78,701.92	\$19.06 rounded

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YEAR 10	\$973,161.96	\$81,096.83	\$19.64 rounded
TOTAL	\$8,114,349.32		

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

Tenant	Location	Rate
Vacant	220 Stoneridge Drive	\$17.00/SF
Vacant	107 Westpark Boulevard	\$16.50/SF
Office of the Adjutant General	810 Dutch Square Boulevard	\$17.43/SF
Vacant	121 Executive Center Drive	\$16.00/SF

Above rates are subject to escalations over the term.

The CBRE MarketView Columbia Office Q2 2017 report indicates an average rate of \$20.21 in the Columbia market. The lease also provides for 6 parking spaces per 1,000 RSF (297 spaces) in building parking lot free of charge to accommodate staff and visitors. If needed, additional visitor parking is available free of charge in the building parking lot and adjacent parking lots.

There are adequate funds for the lease according to the Budget Approval Form submitted by the agency. The lease was approved by JBRC on October 10, 2017.

Freddie Pough, Acting Director for the Department of Juvenile Justice, and Fredrick Gifford, the agency's physical plant manager, appeared before the Authority on this matter. Mr. Eckstrom asked why DJJ was moving to the commercial location. Mr. Pough stated they are moving non-direct care staff from behind the fence to the new location so that the buildings behind the fence may be repurposed to house juveniles instead of using them for office space. He stated this will be necessary in the event regionalization and "raise-the-age" takes place under Senate bill 916. He said if the bill passes they will need more space to accommodate juveniles in Columbia. Mr. Pough noted that the House Oversight Committee also recommended that the agency move its fence line to accommodate not opening the entrance gate frequently so that non-direct care staff would not have to come behind the fence. He said it is more cost effective to relocate the staff rather than the fence. Mr. Pough said the move will free up several buildings.

Mr. Eckstrom asked how many juveniles may be impacted by the legislation. Mr. Pough said that based upon the numbers provided by Court Administration he anticipates that through regionalization or “raise-the-age” there would be 6,000 new referrals yearly.

Senator Leatherman asked if anything needed to be done to the administrative buildings from a security standpoint. Mr. Pough said some retrofitting will be done to the buildings to remove temporary walls that were put up to turn classrooms into office spaces. Senator Leatherman inquired if the agency has been going through the proper channels to get the retrofitting done. Mr. Pough said they have been working with the Department of Administration to get the retrofitting and upfitting completed.

Mr. Eckstrom further asked what the possibility was of using the Department of Corrections’ inmate labor to get the upfitting completed. Mr. Pough said the upfitting cost was included in the cost of the lease. Mr. Loftis asked if Mr. Eckstrom was talking about retrofitting or upfitting. Mr. Eckstrom indicated that he was talking about the work to be done behind the fence. Mr. Gifford stated that the dorms currently being used for office space would not require a lot of work. He said that they would probably have to solicit for the work to be done to the classrooms that are being used for offices. Mr. Eckstrom asked if consideration has been given to using the Department of Corrections. Mr. Gifford said that the Department of Corrections could be used as well.

Governor McMaster asked Mr. Pough to explain what regionalization is. Mr. Pough said that for a long time the practice has been to house juveniles convicted of a crime in Columbia. He stated that national best practices state that the best way to serve juveniles and their families is to serve them closer to their home. He said in order to do so DJJ’s evaluation centers across the State will have to be repurposed. Mr. Pough stated that juveniles will be evaluated in Columbia and sent back closer to their home. He stated that this will help to regionalize where juveniles serve their long term sentence.

Mr. Eckstrom asked what need will be created at the local level. Mr. Pough stated that everything that is being done in Columbia will be done across the State, but with services being catered to a region. Mr. Eckstrom said he was asking about the housing need. Mr. Pough explained that housing already existed and that the only thing that might need to be added is a multi-purpose building to serve as a vocational building. Mr. Loftis asked how many juveniles

are currently being served across the State. Mr. Pough replied that there are about 1200 juveniles being served across the State. He stated that there actually is about 340-350 juveniles that are physically committed at a secure facility. Mr. Eckstrom noted that regionalization will not increase the number of juveniles in the system, but that raise-the-age will. Mr. Pough said that is correct.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority approved the proposed lease for DJJ at 220 Executive Center Drive in Columbia 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 9.

Division of Procurement Services: Waiver to Extend the Maximum Time on a Multi-term Contract for State Fiscal Accountability Authority, Division of Procurement Services (R6)

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Authority. The Division of Procurement Services (Division) sought Authority approval to solicit a contract with a performance term of ten (10) years after implementation for a computerized system (eCatalog System).

The Division proposed to implement an eCatalog System to (1) improve the process for ordering supplies, services, and information technology of statewide contracts for both state agencies and local government, (2) support strategic sourcing by enabling the capture of detailed spend data, (3) provide contract administration tools to improve the tracking of key milestones. The Division believes a contract performance term of ten 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) Promote competition among and increase innovation by competing vendors who can bring more comprehensive offerings to the table as a result of a longer time period in which to recoup their investment and startup costs;
- (c) Increase the use of the eCatalog System throughout the State; and
- (d) Reduce the impact and disruption costs to state agencies, institutions of higher education, political subdivisions, and, as well as, all statewide contract vendors.

Senator Leatherman asked what the need was for a 10-year contract. John White, the Materials Management Officer, appeared before the Authority on this matter. Mr. White stated that there will be multiple phases of implementation that could take up to three years. He said having a seven year contract would mean using a number of those years before complete implementation. He stated the Division would have to let another procurement five years later and then start the implementation process over if a different system is chosen. He said often agencies contract for seven years and get to the end of the seven years then enter into a sole source for an additional three years rather than replace the system they already have. Mr. White said that the Division thought it best to negotiate over the entire 10 years up front rather than get locked in to negotiating later on. Senator Leatherman asked why not 20 years instead of 10 years. Mr. White said that at some point the technology becomes obsolete and needs to be replaced with newer technology. Senator Leatherman asked if the system will be compatible with SCEIS. Mr. White said that the system will “bolt” on to the SCEIS system.

Senator Leatherman commented that a 10 year contract is a long contract and that he wanted to carry the item over.

Mr. Eckstrom asked how much the system would cost. Mr. White said that the Division has attempted to get cost estimates, but that has been difficult to do. He noted that Georgia, by comparison, has a system for which they are paying a million dollars a year. He stated that with South Carolina being a much smaller state the cost is expected to be at least half that amount, but that cost will not be known until proposals on pricing are received. Mr. Eckstrom asked how the system would be paid for. Mr. White said the Division expects to pay for the system based on the fee that is put on state contracts.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority voted to carry over the Division of Procurement Services’ request for a multi-term contract for an eCatalog System and the solicitation of proposals and award of a contract with a performance term of ten (10) years after implementation.

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

Division of Procurement Services: Waiver to Extend the Maximum Time on a Multi-term Contract for Winthrop University (Regular Session Item #7)

Section 11-35-2030(4), of the SC Consolidated Procurement Code limits the maximum time for any multi-term contract to seven years unless otherwise approved by the Authority. Winthrop University asked the Division of Procurement Services to assist in seeking Authority approval to authorize the University to solicit a contract for up to ten (10) years for Food Services. University officials believe a contract term for up to ten years will attract more potential vendor partners to the bidding process, lower vendor production cost and lower the cost and burden of contract solicitation, award, and administration.

Senator Leatherman noted that 10 years is a long time for a contract and that he understands the reason why. He noted that USC asked for a 10 year contract years ago to allow for a vendor's upfront costs which he understood. He said he has not seen a 10 year food contract. He said the proposed contract needs to be reviewed. Jeff Perez, Vice President for University Relations with Winthrop University, appeared before the Authority. He clarified that Winthrop is asking for a seven year contract with three one-year options to extend. He said that will allow perspective vendors to cover costs that includes investments in facilities and training to attract more vendors. He stated that they are working with MMO to include more rigorous performance metrics in the RFP to enhance the quality of food services offered to students while keeping costs low. Mr. Perez further stated that the contract term of seven years and three one-year options to renew will give them the opportunity to renegotiate the terms for better pricing.

Senator Leatherman commented that the contract term is an advantage, but it is an advantage to the vendor. He said with the long term contracts no one else can compete. He noted that those contracts require heavy upfront costs. Governor McMaster asked if the upfront costs are for building of counters and equipment. Mr. Perez acknowledged that it did and that it included training as well. He further stated that the three one-year options give them the ability to get out of the contract to which Senator Leatherman responded they could also stay in the contract.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority voted to carry over Winthrop University's request for a multi-term contract for Food Services and the solicitation of proposals and award of a contract for up to ten (10) years.

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

Department of Commerce: Not Exceeding \$46,000,000 General Obligation State Economic Development Bonds (Regular Session Item #8)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$46,000,000 General Obligation State Economic Development Bonds.

The proceeds of the bonds will be used to finance the costs of the infrastructure in connection with an investment in the State of South Carolina by Volvo Car USA, LLC.

Mr. Eckstrom asked if the bonds were being issued under the enhanced economic development project category. Commerce Secretary Robert Hitt appeared before the Authority on this matter. Mr. Hitt stated that the bonds are being issued under the Economic Development Bond Act. Mr. Eckstrom asked if the measure of investment for issuance is \$400 million. Mr. Hitt said that it is, but in this case the investment is \$500 million. He stated the number of jobs to be created is 1,910, but that the statute only requires 400 jobs to be created. Mr. Hitt said that this project is a totally new project and does not fall in the enhanced category. Mr. Eckstrom further asked how does this issue relate to the \$70 million that was awarded. Mr. Hitt said the original project was awarded for Volvo to build a single model vehicle. He said this project is the addition of a second vehicle that increases the capacity and the addition of an administrative campus for offices.

Mr. Eckstrom noted that there are a number of pro forma tables that show debt service cost but that he could not find anything that shows the base against which those costs are measured. He said the Authority should know if the pro forma meets the various limitations before approving the issue. Robert McDonald with the STO stated that there are three different categories of Economic Development Bond debt. He said this issue comes under Code Section 11-41-50(A) which is the half percent debt category. He noted that there is approximately \$228 million capacity available in the half percent category. Mr. Eckstrom asked if that is what the \$46 million would be issued against. Mr. McDonald responded that it is.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$46,000,000 General Obligation State Economic Development Bonds.

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

Clemson University: Not Exceeding \$14,000,000 Athletic Facilities Revenue Bonds, Series 2017, of Clemson University (Regular Session Item #9)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$14,000,000 Athletic Facilities Revenue Bonds, Series 2017.

The proceeds of the bonds will be used to for the primary purposes of providing funds to construct and equip a tennis facility on the campus of Clemson University.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$14,000,000 Athletic Facilities Revenue Bonds, Series 2017, of Clemson University.

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

Future Meeting

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority agreed to meet at 10:00 a.m. on Tuesday, December 12, 2017, in Room 252, Edgar A. Brown Building.

The Authority also approved the following meeting schedule for 2018.

Tuesday, January 30	9:30 a.m.
Tuesday, March TBD	9:30 a.m.
Tuesday, May 1	9:30 a.m.
Tuesday, June 19	10:00 a.m.
Tuesday, August 21	10:00 a.m.
Tuesday, October 23	10:00 a.m.
Tuesday, December 11	10:00 a.m.

Adjournment

The meeting adjourned at 10:50 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 9:00 a.m. on Monday, October 16, 2017.]