

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

August 12, 2014 -- 10:00 A. M.

The Budget and Control Board (Board) met at 10:00 a.m. on Tuesday, August 12, 2014, 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;
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and
Representative W. Brian White, Chairman, Ways and Means Committee.

Mr. Richard Eckstrom, Comptroller General, participated in the meeting via telephone.

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Paul Koch; Division Directors Nolan Wiggins and Sam Wilkins; General Counsel David Avant; Governor's Chief of Staff Ted Pitts; 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 Committee Chief of Staff Beverly Smith; Board Secretary Delbert H. Singleton, Jr., and other Budget and Control Board staff.

Adoption of Agenda for Budget and Control Board

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board adopted the Budget and Control Board agenda as presented.

Minutes of Previous Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Board approved the minutes of the June 17, 2014, Budget and Control Board meeting.

Blue Agenda

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the blue agenda items as noted herein with exception of blue agenda item 3(c). Blue agenda item 3(c) was approved in a separate motion as noted herein.

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

The Board approved the following notification of the assignment of bond counsel for conduit issues and other revenue issues for which Board approval was requested:

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

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$8,500,000 SC JEDA	Palmetto Scholars Academy	McNair Law Firm	Haynsworth Sinkler Boyd
\$2,700,000 SC JEDA	South Carolina Aquarium	McNair Law Firm	Pope Zeigler
\$15,000,000 SCSHA	SCSHA Hampstead St. Andrews Gardens Partners, LP	Howell, Linkous & Nettles	Tracey C. Easton
\$30,000,000 SCSHA	SCSHA Various Entities-Pooled Deal for RHS Properties	Parker Poe	Tracey C. Easton

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$8,300,000 Clemson Univ.	Clemson Univ.-Athletic Facilities Rev Bonds, Series 2014 (Memorial Stadium)	Pope Zeigler, LLC/recommended
\$25,000,000 Clemson Univ.	Clemson Univ.-Athletic Facilities Rev Bonds, Series 2014 (Memorial Suites)	Pope Zeigler, LLC/recommended
\$7,000,000 Clemson Univ.	Clemson Univ.-Athletic Facilities Rev Bonds, Series 2014 (Kingsmore Stadium)	Pope Zeigler, LLC/recommended
\$100,000,000 Clemson Univ.	Clemson Univ.-Higher Educ. Rev Bonds, Series 2014 (Core Campus)	Pope Zeigler, LLC/recommended

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

Division of General Services: Easements (Blue Agenda Item #2)

The Board approved the following easements in accordance with SC Code of Laws:

- (a) County Location: Charleston
From: Budget and Control Board
To: South Carolina Electric and Gas Company
Consideration: \$700

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- Description/Purpose: To grant a 0.262 acre easement for the installation, operation and maintenance of an 8" gas main beneath Rantowles Creek between Hughes Road and Ten Shillings Way. The easement is part of a project to provide gas service to the Poplar Grove Community. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (b) County Location: Berkeley
From: Budget and Control Board
To: Town of Moncks Corner
Consideration: \$1
Description/Purpose: To grant a 0.052 acre easement for maintenance, cleaning and repair of a drainage ditch on property of the Department of Disabilities and Special Needs' DeHay Community Residence. The easement is being sought by the Town of Moncks Corner for maintenance purposes. The easement will be of mutual benefit to the Town and DDSN.
- (c) County Location: Richland
From: Budget and Control Board
To: BellSouth Telecommunications, Inc.
d/b/a AT&T South Carolina
Consideration: \$1
Description/Purpose: To grant a 0.211 acre easement for construction, operation and maintenance of communication systems and associated facilities to provide service to the school portion of Camp Aspen. The easement is being sought by the Department of Juvenile Justice for the benefit of the property.

The Board concurred and acquiesced in granting the following easement in accordance with SC Code of Laws:

- (d) County Location: Georgetown
From: Department of Natural Resources
To: Santee Electric Cooperative
Consideration: \$718
Description/Purpose: To grant a 0.43 acre easement for construction, operation and maintenance of electric lines and facilities on property of the Tom Yawkey Wildlife Center to provide services to a parcel of land that is entirely surrounded by the lands of the Yawkey Center. The easement will address the issue of extending electric service to currently unserved property. Consideration is \$500 plus the Georgetown County Assessor's land value.

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

Division of General Services: Real Property Conveyances (Blue Agenda Item #3)

The Board approved the following real property conveyances as requested by the Division of General Services:

- | | | |
|------|---|---|
| (a) | Agency:

Acreage:
Location:
County:
Purpose:
Price/Purchaser:
Disposition of
Proceeds:
Additional
Information: | Budget and Control Board (Department of Motor Vehicles)

0.25± acre
Intersection of Butler and Church Streets, Johnston
Edgefield
To dispose of surplus real property.
\$1,200/Davis R. Parkman
To be divided between Budget and Control Board and
Department of Motor Vehicles pursuant to Proviso 101.23.
On June 30, 2010, the Board approved the sale of the
surplus property for not less than the appraised value which
was \$2,000. The property has remained unsold since that
time. Mr. Parkman lives on the adjoining property and has
made an offer to purchase the property. The Department of
Motor Vehicles feels it would be in the agency's best
interest to accept this offer as it is the only offer received
since the property has been on the market. Further, the
property's size and narrow width greatly reduces its uses
and would only benefit an adjoining property owner for an
extension of a residential lot. |
|
 | | |
| (b) | Agency:

Acreage:
Location:
County:
Purpose:

Price/Transferred To: | Budget and Control Board (Adjutant General)

1.676± acres and improvements
401 & 423 E. Park Avenue, Greenville
Greenville
To transfer surplus National Guard Armory properties to a
political subdivision pursuant to Joint Resolution R311,
H5084.

N/A / City of Greenville |

OTHER TRANSACTION

- (c) **Agency:** **Department of Natural Resources**
 Acreage: 1,682± acres
 Location: Off Highway 41, near Huger
 County: Berkeley
 Purpose: To receive a conservation easement on approximately 1,682 acres known as the Keystone Tract in order to protect significant natural, ecological, wildlife, habitat, tidal wetlands and open space values of great importance to the citizens of the state. The conservation easement is part of the transaction to acquire the Keystone Tract from the Lowcountry Open Land Trust (LOLT), which will acquire the tract from Quenby Barony, LLC. Quenby will hold title to the tract for a period of about one to five years, subject to the conservation easement granted to LOLT. Following conveyance to the Department of Natural Resources, the tract will be dedicated as a South Carolina Heritage Preserve and placed in the corpus of the Heritage Trust.

Mr. Loftis asked if open ended easements were normally done regarding these types of property transactions. Paul League and Bob Perry with Department of Natural Resources (DNR) appeared before the Board on this matter. Mr. League said this is not normally how things are done and that things in this instance were somewhat taken out of sequence which has led to some confusion. He said DNR is in the process of negotiating a memorandum of agreement (MOA) with the Corps of Engineers and the Lowcountry Open Land Trust (LOLT) that will specify that the transfer of the land will take place no longer than five years after the date the MOA becomes effective. He stated that a Boeing permit that was just acquired notes that the long-term steward is DNR and not LOLT. He said it is clear through the process that LOLT is to be an interim holder for the purposes for which they will use the property.

Mr. Loftis further asked if the wetlands mitigation is an expense for which Boeing is responsible. Mr. League said that is solely an expense of Boeing. He said Boeing is the permittee for the wetlands permit from the Corps of Engineers. He said the wetlands restoration will be Boeing's expense. Mr. Loftis said his understanding is that the LOLT created an LLC and asked if the LLC was eligible for federal subsidies in the planting of pine trees. Mr. League said that he did not know the answer to the question. He said that neither Boeing nor the holder

of the property would be eligible for tax incentives associated with the wetlands mitigation. Mr. Loftis noted that this seems to be the first time in the State that a third party is positioned between the firm that has to do mitigation and the State. He said the third party has no restrictions on them other than to have Boeing pay for the mitigation. Mr. Loftis noted that his concern is what could happen to the timber on the property. He said he does not want land going to the State that has had its value taken away from it by a third party instead of going to the taxpayer. Mr. League pointed out that DNR has a long working relationship with LOLT and that LOLT has been cooperative in tailoring the conservation easement and memorandum of understanding to DNR's needs and the future public use of the property. He said DNR shares Mr. Loftis' concern about future projects of this nature. Mr. Perry added that the reservation of rights in the MOA that is being developed gives DNR the exclusive use of the timber.

Mr. Eckstrom commented that the properties highest use is to provide anti-encroachment for the Boeing project and not the timber. He inquired if the property was going to be used to protect against development near the Boeing property. Mr. Loftis stated the property is 50 miles from the Boeing site. He said the property was bought to offset the wetlands mitigation on the Boeing site.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Board approved the conservation easement on approximately 1,682 acres known as the Keystone Tract.

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

Human Resources Division: Reappointment of State Employee Grievance Committee Members (Blue Agenda Item #4)

Section 8-17-340 (A) of the S.C. Code of Laws provides that members of the State Employee Grievance Committee be appointed by the Budget and Control Board. In addition, § 8-17-340 (A) provides that members may be reappointed for succeeding terms at the discretion of the Board.

The Human Resources Division recommended the reappointment of the following members for three year terms: Patricia Butler, Department of Insurance; Nancy Hall, Department of Disabilities & Special Needs; Zina Hampton, Department of Mental Health; Justin Hancock,

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Department of Parks, Recreation, & Tourism; Kenneth Middlebrooks, Department of Consumer Affairs; Wanda Miller, Commission for the Blind; Mary Oakman-Long, SC Technical College System; and Bart Vincent, Department of Corrections.

The Board approved the recommended reappointments to be effective on the date of approval:

For three year terms: Patricia Butler, Department of Insurance; Nancy Hall, Department of Disabilities & Special Needs; Zina Hampton, Department of Mental Health; Justin Hancock, Department of Parks, Recreation, & Tourism; Kenneth Middlebrooks, Department of Consumer Affairs; Wanda Miller, Commission for the Blind; Mary Oakman-Long, SC Technical College System; and Bart Vincent, Department of Corrections.

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

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

The Board approved the following proposal to issue revenue bonds:

- a. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$25,000,000 Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: Bishop of Charleston
Employment Impact: maintenance of approximately 136 employees and the addition of 6 new teachers and administrators
Project Description: providing financing to defray the cost of projects across South Carolina including to Cardinal Newman School in Richland County, Pope John Paul II School in Jasper County and the pastoral center in Charleston County
Note: *private sale*
Bond Counsel: Jeremy Cook, Haynsworth Sinkler Boyd, P. A.
(Exhibit 5)
- b. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: Not Exceeding \$8,500,000 Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: Palmetto Scholars Academy
Employment Impact: maintain existing employment of 30 jobs and create 9 new jobs
Project Description: financing the acquisition, construction, equipping and furnishing of a charter school facility

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Note: *negotiated private sale for private placement*
Bond Counsel: Rion D. Foley, McNair Law Firm, P. A.
(Exhibit 6)

- c. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: N/E \$2,700,000 Economic Development Revenue Bonds
Allocation Needed: -0-
Name of Project: South Carolina Aquarium
Employment Impact: maintain existing employment of 135 people
Project Description: providing upgrades and the replacement of certain equipment and fixtures

Note: *private sale*
Bond Counsel: Rion D. Foley, McNair Law Firm, P. A.
(Exhibit 7)

- d. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$6,600,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: Ashley Arms
Employment Impact: n/a
Project Description: to finance the acquisition and rehabilitation of a 100-unit apartment development located in Charleston
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 8)

- e. Issuing Authority: State Housing Finance and Development Authority
Amount of Issue: N/E \$15,000,000 Multifamily Housing Revenue Bonds
Allocation Needed: -0-
Name of Project: St. Andrews Gardens
Employment Impact: n/a
Project Description: to finance acquisition and rehabilitation of a 228-unit apartment development located in Charleston
Bond Counsel: Samuel W. Howell, IV, Howell Linkous & Nettles, LLC
(Exhibit 9)

Public Employee Benefit Authority (PEBA): State Health Plan Benefits and Contribution Rates Effective January 1, 2015 (Regular Session Item #1)

As part of the Appropriations Act of 2014, the General Assembly enacted proviso 105.7 setting out the premium increases for the 2015 State Health Plan and setting parameters for possible changes to other provisions of the Plan:

“105.7. (PEBA: FY 2015 State Health Plan) Of the funds authorized for the State Health Plan in Plan Year 2015 pursuant to Section 1-11-710(A)(2) of the 1976 Code, an employer premium increase of 3.9 percent and a subscriber premium increase of zero percent for each tier (subscriber, subscriber/spouse, subscriber/children, full family) will result for the standard State Health Plan in Plan Year 2015. Co-payment increases for participants of the State Health Plan in Plan Year 2015 shall not exceed nine percent. Notwithstanding the foregoing, pursuant to Section 1-11-710(A)(3), the Public Employee Benefit Authority may adjust the plan, benefits, or contributions of the State Health Plan during Plan Year 2015 to ensure the fiscal stability of the Plan.”

At its meeting on July 16, 2014, pursuant to Section 1-11-710(A)(2) of the South Carolina Code of Laws, the PEBA Board approved the State Health Plan for 2015 in compliance with Proviso 105.7. Accordingly, the PEBA Board approved an Employer contribution rate increase of 3.9% with no increase for subscribers for each tier of the Plan as set out in Attachment 2. Furthermore, as set out in Attachment 3, the PEBA Board approved co-payment and deductible increases that do not exceed 9%. The increase in employer premiums and in deductibles and co-pays is necessary to offset increases in health expenditure growth.

Under S.C. Code Ann. Section 9-4-45, coverage changes and contribution determinations of the Public Employee Benefit Authority for the State Health Plan are subject to approval by the Budget and Control Board. The Board was asked to approve the 2015 contribution rates in Attachment 2 and the co-payment and deductible changes as set out in Attachment 3.

Mr. Loftis asked for a discussion on the pharmacy benefits. Peggy Boykin, PEBA Director, appeared before the Board on this matter. Ms. Boykin said there have been questions raised about the pharmacy benefits manager concerning problems with implementation. She said an agreement has been reached with the provider for the plan, Catamaran, and the plan will go to Procurement Services for final approval. She said the agreement reinstates the provisions that will pay the local independent provider the same rate that was in place in April before the deep cut that precipitated the legislative hearings. Mr. Loftis asked if Ms. Boykin had a timeframe for when the pharmacies would be reimbursed at a higher rate. Ms. Boykin stated that Catamaran said it would be able to update the pricing within two weeks and the pricing would be retroactive to April 2014.

Mr. Eckstrom asked if the impact to the General Fund included a cost increase related to providing retirees healthcare. Ms. Boykin said that it does.

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Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the contribution rates and plan changes presented on Attachments 2 (Standard Plan Benefit Cost) and 3 (Standard Plan Benefit Structure).

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

Division of General Services: Department of Commerce Lease (Regular Session Item #2)

The SC Department of Commerce requested approval to continue leasing 25,640 square feet of rentable space located at 1201 Main Street in Columbia from U.S. REIF/MJW CAPITOL CENTER FEE, LLC. The agency will relinquish 8,715 square feet on the 15th floor that is currently subleased to the Retirement System Investment Commission. Approximately ninety-six (96) employees will utilize the facility.

A solicitation was conducted and one (1) response was received. The lease term will be seven (7) years beginning April 1, 2016, at a rate of \$15.50 per square foot for the first year. Thereafter, basic rent increases two (2) percent annually as shown in the chart below:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 397,419.96	\$ 33,118.33	\$ 15.50 rounded
YEAR 2	\$ 405,368.40	\$ 33,780.70	\$ 15.81
YEAR 3	\$ 413,573.16	\$ 34,464.43	\$ 16.13 rounded
YEAR 4	\$ 421,778.04	\$ 35,148.17	\$ 16.45 rounded
YEAR 5	\$ 430,239.24	\$ 35,853.27	\$ 16.78 rounded
YEAR 6	\$ 438,956.76	\$ 36,579.73	\$ 17.12 rounded
YEAR 7	\$ 447,674.40	\$ 37,306.20	\$ 17.46
Total	\$2,955,009.96		

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

Agency	Address	Lease Term	Initial Rent Rate/SF	Final Rate/SF
Vacant	1301 Gervais Street	N/A	\$18.00	UNK
Vacant	1333 Main Street	N/A	\$17.50	UNK
Vacant	1233 Washington	N/A	\$17.00	UNK

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	Street			
Attorney General	1201 Main Street	12/17/12-12/31/17	\$14.00	\$15.76
Department of Insurance	1201 Main Street	3/1/14-2/28/21	\$15.50	\$17.46
Education Lottery	1333 Main Street, Suite 400	3/23/07-3/22/16	\$14.00	\$17.50

All operating expenses are included in the base rent, and the agency will not be responsible for any operating expense escalations. The lease includes parking subsidized by the landlord in a city owned garage for which Commerce employees pay \$20/month/space. The landlord will provide an allowance of up to \$186,200 for improvements to the premises and common areas upon a mutually acceptable space plan and scope of work. Additionally, there are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the Agency. The lease was approved by JBRC at its August 4, 2014 meeting.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the proposed 7 year lease for the SC Department of Commerce at 1201 Main Street in Columbia. Governor Haley, Mr. Loftis, Senator Leatherman, and Mr. White voted for the item. Mr. Eckstrom voted against the item.

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

Division of General Services: Department of Social Services Lease – Charleston (Regular #3)

The SC Department of Social Services requested approval to continue leasing 20,459 square feet, as well as an additional 2,440 square feet, for a total of 22,899 square feet of rentable space located at 3346 Rivers Avenue in Charleston from 3346 Rivers Avenue, LLC for its Child Care, Adoption, and Integrated Child Support programs. The agency sought the additional square footage to accommodate space for the addition of staff to support the child care program and for space to conduct Administrative Hearings. Previously, the Charleston County Family Court provided space for these hearings but can no longer accommodate them. Approximately eighty (80) employees will utilize the facility.

A solicitation was conducted and eight (8) responses were received, of which the selected location represents the lowest bid. The lease term will be seven (7) years beginning upon

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completion of renovations, which is estimated to be November 1, 2014, at a rate of \$14.95 per square foot for the first year. Thereafter, basic rent increases two and one-half (2.5) percent annually as shown in the chart below:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 342,340.08	\$ 28,528.34	\$ 14.95 rounded
YEAR 2	\$ 350,812.68	\$ 29,234.39	\$ 15.32
YEAR 3	\$ 359,514.36	\$ 29,959.53	\$ 15.70 rounded
YEAR 4	\$ 368,444.88	\$ 30,703.74	\$ 16.09 rounded
YEAR 5	\$ 377,604.48	\$ 31,467.04	\$ 16.49 rounded
YEAR 6	\$ 386,993.16	\$ 32,249.43	\$ 16.90 rounded
YEAR 7	\$ 396,610.68	\$ 33,050.89	\$ 17.32
Total	\$2,582,320.32		

All operating expenses are included in the base rent, and the agency will not be responsible for any operating expense escalations. The lease includes free surface parking for employees and visitors. The following table represents comparable lease rates of similar business space in the Charleston area:

Agency	Address	Lease Term	Initial Rate/SF	Final Rate/SF
Health and Human Services	4130 Faber Place Drive, Suite 300	1/15/11-1/14/18	\$17.25	\$17.25
Continuum of Care	7410 Northside Drive	7/1/13-6/30/20	\$15.50	\$18.26
Vocational Rehabilitation	2070 N River Business Center	7/1/10-6/30/17	\$14.32	\$17.89
College of Charleston	5300 International Boulevard	9/1/09-10/31/14	\$18.68	\$20.22

Additionally, there are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the Agency. The lease was approved by JBRC at its August 4, 2014 meeting.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the proposed 7 year lease for the SC Department of Social Services at 3346 Rivers Avenue in Charleston.

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

Division of General Services: Department of Social Services Lease – Columbia (Regular #4)

The SC Department of Social Services requested approval to continue leasing 22,394 square feet of rentable space located at 2638 Two Notch Road in Columbia from Palmetto Place Equities, LLC for three State/Regional child services divisions. Approximately eighty-nine (89) employees will utilize the facility.

A solicitation was conducted and four (4) responses were received, of which the selected location represents the lowest bid. The lease term will be seven (7) years beginning September 1, 2014 at a rate of \$10.25 per square foot for the first year, which is a reduction from their current rate of \$12.50 per square foot. Additionally the agency will permanently relinquish 4,067 square feet. Thereafter, basic rent increases one and one-half (1.5) percent annually as shown in the chart below:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 229,538.52	\$ 19,128.21	\$ 10.25 rounded
YEAR 2	\$ 232,897.56	\$ 19,408.13	\$ 10.40 rounded
YEAR 3	\$ 236,480.64	\$ 19,706.72	\$ 10.56
YEAR 4	\$ 240,063.72	\$ 20,005.31	\$ 10.72 rounded
YEAR 5	\$ 243,646.68	\$ 20,303.89	\$ 10.88 rounded
YEAR 6	\$ 247,229.76	\$ 20,602.48	\$ 11.04
YEAR 7	\$ 251,036.76	\$ 20,919.73	\$ 11.21 rounded
Total	\$1,680,893.64		

With the reduced rate and reduction in square footage, a savings of approximately \$1.8 million over the lease term is anticipated. The following table represents comparable lease rates of similar business space in the Columbia area:

Agency	Address	Lease Term	Initial Rate/SF	Final Rate/SF
Vacant	3710 Landmark Drive	N/A	\$15.75	UNK
Vacant	1601 St. Julian Place	N/A	\$15.00	UNK
Vacant	2718 Middleburg Drive	N/A	\$13.50	UNK

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State Ethics Commission	5000 Thurmond Mall, Suite 250	1/1/12-12/31/18	\$13.50	\$16.12
Department of Motor Vehicles	228-A O'Neil Court	6/17/11-5/31/21	\$12.23	\$12.23
Legislative Audit Council	1331 Elmwood Avenue, Suite 315	7/1/13-6/30/20	\$12.00	\$13.51

All operating expenses are included in the base rent, and the agency will not be responsible for any operating expense escalations. The lease includes free surface parking for employees and visitors. Additionally, there are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the Agency. The lease was approved by JBRC at its August 4, 2014 meeting.

Mr. Eckstrom asked if there are any other vacancies and if the State has looked into relocating other smaller agencies for lower costs. Governor Haley responded that the Board has been looking at surplus inventory and surplus inventory with the agencies. Governor Haley asked Ms. Adams to provide an update on the inventory review. Ms. Adams stated that the survey of properties has been completed with the help of state agencies. She said a request for proposals (RFP) will be issued for a consultant to assist with property management and the cost of managing owned and leased property and occupancy of the property. Mr. Eckstrom asked what the timeline is for the RFP. Ms. Adams stated the RFP would be released this month. She said it will probably take at least a year to develop a strategic plan. She said there will be parts of the plan that can be implemented along the way. She said the final strategic plan will include how to manage property in the future. She noted that the final strategic plan may require changes in policy or legislation to fully implement. Ms. Adams stated that it will take some time to get the plan completely implemented.

Governor Haley further commented that the intent is to relieve the State of surplus property and to achieve consolidation. She said she has already asked her cabinet members to start looking at what properties can be disposed of without waiting for the consultant's recommendation. Mr. Loftis commented that all property should come to the Board with exception of property that has a reverter clause. He said as a matter of principle the Board should hold the land in trust for the Maritime Commission. He commented that he does not understand the rush to transfer this property. Ben Mustian with Willoughby & Hoefer, P.A.

appeared before the Board on behalf of the Maritime Commission. Mr. Mustian stated that the reverter clause is in place until the inner harbor begins to be dredged. He said once the initial inner harbor dredging takes place the reverter clause would no longer be effective. He stated the Maritime Commission has no intention of keeping the property in perpetuity. He said once the reverter clause became ineffective they would approach the Board to determine the best use of the property going forward and the transfer of the property to the State or other appropriate entity. He noted that if the project is terminated before the inner harbor is dredged then the property reverts back to the Georgia Department of Transportation. He said having the property titled in the name of the State at this time would bring the State into ongoing litigation. He said titling the property in the name of the Maritime Commission will be for a limited period of time and once the reverter clause is no longer effective the property would be transferred.

Mr. Loftis further stated that the settlement property would go either to the State or the Maritime Commission if the State so permitted. He noted that if the Maritime Commission is sued the State is being sued. He said that he is troubled by the language that the Maritime Commission does not intend to keep the property. He said he does not know what that means and that he is not certain that the property will come to the State.

Senator Leatherman asked if this action will give the entire project more flexibility to utilize the land as the Maritime Commission sees fit. Mr. Mustian said setting up in this manner gives the Maritime Commission more flexibility and the State the ability to determine what the best use of the property is in the future. Senator Leatherman further asked if under the terms of the agreement the Maritime Commission has the ability to stop the project if the oxygen level is not what it is supposed to be in the Savannah River. Mr. Mustian said that is correct and that they expect oxygen testing to begin after a project partnership agreement is executed. He said if the oxygen injection system does not work as proposed that will bring up questions of permits and whether the SHEP (Savannah Harbor Expansion Project) can go forward under those permits. He noted that all of that has to be done before the initial harbor dredging can be done. Mr. Mustian stated that is the most likely situation in which the reverter clause would be exercised. Senator Leatherman asked if the project cannot go forward at that point whether the property would go back to the Georgia Department of Transportation. Mr. Mustian said that was correct.

In further discussion, Mr. Loftis asked if the State held the property in trust how that keeps the Maritime Commission from evaluating the property's best use. He said once the deed is filed in the name of the State it has no effect on what the Maritime Commission does.

Mr. Eckstrom asked Senator Leatherman and Mr. White if they had representation on the Maritime Commission. Senator Leatherman said he serves on the Maritime Commission. He said this is one of the thorniest issues they have ever had to deal with. He said suing the Corps of Engineers and prevailing is quite impressive for the State.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board approved the proposed 7 year lease for the SC Department of Social Services at 2638 Two Notch Road in Columbia.

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

Division of General Services: Savannah River Maritime Commission's Request to Accept and Take Title to Approximately 2,000 Acres of Real Property in Jasper County (Regular #5)

In 2007, the General Assembly created the Savannah River Maritime Commission (Commission) to represent this State in all matters pertaining to the navigability, depth, dredging, wastewater and sludge disposal, and related collateral issues in regard to the use of the Savannah River as a waterway for ocean-going container or commerce vessels.

The Commission was a party to litigation in state and federal court regarding the Savannah Harbor Expansion Project. In April 2013, a settlement agreement was reached, which was approved by the federal district court on May 27, 2013. One of the terms and conditions included in the settlement agreement provides that the Georgia Ports Authority will cause to be transferred from the Georgia Department of Transportation approximately 2,000 acres of property in Jasper County to the Commission. This provision providing for the transfer of property includes a reverter clause which directs that such property shall revert back to the Georgia Department of Transportation under certain conditions set forth therein. The terms and conditions of the settlement agreement do not require any monetary payment for this property, and the Commission does not anticipate on-going costs associated with the acquisition of the property.

Pursuant to Proviso 118.2 of the 2014-2015 Appropriations Act, title to property acquired by most state entities should generally be titled in the name of the State, unless the Board determines title should not be in the name of the State because the property is subject to reverter clauses or other restraints on the property, or where the Board determines the State would be best served by not receiving title. In this instance, the terms and conditions of the settlement agreement include a reverter clause with regard to the described transfer of property to the Commission. Thus, the Commission requested approval to accept and take title to approximately 2,000 acres of real property in Jasper County pursuant to the settlement agreement. The Commission states that it does not intend to retain title to the property in perpetuity. The Commission believes because of the possibility of reverter and additional litigation that could involve the property, the best interests of South Carolina are served by the Commission retaining title until the reverter provision no longer retains any effect or validity. At that time, the Commission will consult with the Board regarding disposition of the property to ensure it best serves the interest of the State.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board approved the acceptance of approximately 2,000 acres of real property in Jasper County pursuant to the settlement agreement, with such property titled in the name of the Commission. Governor Haley, Mr. Eckstrom, Senator Leatherman, and Mr. White voted for the item. Mr. Loftis voted against the item.

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

Executive Budget Office: Aircraft Acquisition (Regular Session Item #6)

Code Section 1-11-405 states that no aircraft may be purchased, leased, or lease-purchased for more than a thirty-day period by any state agency without the prior authorization of the Budget and Control Board and the Joint Bond Review Committee. The State Law Enforcement Division (SLED) requested approval to purchase an aircraft to serve the needs of the agency.

SLED currently owns a total of four (4) helicopters: one (1) 1964 UH-1H Model, two (2) MD500E Models, and a 1968 OH-6A Model (military surplus). The 500E model aircrafts are used on a daily basis and were built in 1987 and 1989. The OH-6A must be returned to the federal

government for lack of available parts. Due to the military programs that this aircraft was acquired under, the OH-6A cannot be sold but must be returned either to the Department of Defense or another governmental entity. SLED is challenged to maintain support at its current level with this aircraft offline. An additional 500E model replacement will ensure two (2) fully operational aircrafts are always available while one may be down for maintenance or inspection.

The 500E Models are used to support other state agencies/initiatives to include, but not limited to:

- SC Department of Corrections Special Response Team
- SC Highway Patrol - Accident Reconstruction Team and Hurricane Evacuation
- SC Forestry Commission - Fire Suppression
- SC Department of Natural Resources - Law Enforcement and Aerial Biological Surveying
- All City, County and Federal Law Enforcement Agencies
- North Carolina and Georgia Law Enforcement

SLED has not yet made an offer for a specific plane, pending Joint Bond Review Committee and Budget and Control Board approval, but has explored pricing for 2014 MD Model 500E (396E) helicopter. The target net cost of the helicopter is \$3.5 million. Upon receiving approval, SLED plans to pursue the purchase of a new 2014 MD Model 500E (396E) helicopter as a sole source procurement from MD Helicopters, Inc. SLED is planning to pursue this as a sole source procurement because, by acquiring a helicopter by the same manufacturer as the existing fleet, a majority of the spare parts can be shared among the helicopters. All pilots and mechanics (5 full time pilots, 2 full time pilots/mechanics and 4 part time pilots) are currently certified on this model of helicopter. The plane will be purchased with other funds currently available to the agency for this purpose. Specific authorization to use these funds for the purchase of a helicopter was included in the FY 2014-15 Appropriations Act. Funds for the purchase of the helicopters will come from two sources; \$1.2 million from confiscated cash funds carried forward from prior year seizures and \$2.3 million from record search fee revenue carried forward from prior fiscal years.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board authorized the State Law Enforcement Division to purchase a helicopter for its use.

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

Division of State Budget: Permanent Improvement Projects (Regular Session Item #7)

[**Secretary's Note:** Governor Haley introduced Lindsey Richardson, USC's student body president, and Mattie Thompson, Clemson's student body president.]

Upon a motion by Senator Leatherman, seconded by Representative White, the Board approved the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee. Mr. Loftis abstained from voting on this item. All other members voted for the item.

Establish Project for A&E Design

- (a) Summary 1-2015: JBRC Item 1. University of South Carolina
Project: 6108, South Tower Bathroom Renovations
Funding Source: \$48,000 Other, Housing Maintenance Reserve funds, which are funds that are derived from the Housing operating budget that includes housing fees and revenues generated by laundry operations, conferences and interest.
Request: Establish project and budget for \$48,000 (Other, Housing Maintenance Reserve funds) to begin design work to renovate the bathrooms in the South Tower residence building. South Tower is a 92,004 square foot residence hall at the University of South Carolina. The scope of the renovations will include a comprehensive renovation of all 17 common student bathrooms located in the central core of the building. It is desired to also include the toilet room on the first floor and two toilet rooms located in the basement. Piping, exhaust and ventilation systems will be replaced and hazardous materials will be abated. Waterproofing will be installed at the floors and walls. Original shower, wall and floor tile finishes will be replaced. All lavatories, water closets and other plumbing fixtures will be replaced. Other finishes include lighting, toilet partitions and mirrors will be replaced. Disabled accessibility issues will also be corrected to comply with current codes. The building was built in 1965 and the plumbing systems are original to the building. Numerous leaks have developed and have been repeatedly patched over the years. Continual flooding from leaks will damage the building and expose students to hazardous materials should wall or ceiling finishes continue to deteriorate.
- (b) Summary 1-2015: JBRC Item 2. Department of Mental Health
Project: 9731, Tucker Center Long Term Care Facility Pavement Repairs
Funding Source: \$7,500 Other, Capital Improvement/Maintenance Funds, which are funds authorized pursuant to Proviso 35.14 of FY 2014 and may include Medicaid fee-for service earned revenue, legal settlements and other one-time funding sources.
Request: Establish project and budget for \$7,500 (Other, Capital Improvement/Maintenance Funds) to begin design work to repair the asphalt

around the Tucker Long Term Care Facility located in Richland County. The Tucker Long Term Care Facility is a 50 acre campus made up of Stone Pavilion, which is 43 years old, and the Roddey Pavilion, which is 31 years old. The asphalt surfaces are original to the structures. Much of the asphalt roadway leading into the facility and on the roads between buildings has failed, causing safety issues. The resulting pot holes are in need of constant repair, and have had numerous temporary patches applied. The adjacent parking lots also need repair and resurfacing. The extent of repairs to be performed will be determined during pre-design. In some areas the asphalt as well as the base material will need to be replaced, while other areas will be resurfaced.

Establish Construction Budget

(c) Summary 1-2015: JBRC Item 3. Clemson University

Project: 9918, Douthit Hills Community Construction

Funding Source: \$212,652,000, which includes \$181,709,456 in 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 from the net revenues of University housing, dining and bookstore facilities, \$12,577,627 in Institution Bonds, which are long-term debt instruments issued by the State Treasurer's Office in the name of the University and are pledge to be repaid from the net revenues of University housing, dining and bookstore facilities, \$10,677,623.40 Other, Dining Improvement funds, which are which are funds that result from bond covenant-required transfers from Dining Operations to allow for the maintenance and replacement of capital assets funded by bond issues, and \$7,687,293.60 in Other, Bookstore Improvement Funds which are funds that result from bond covenant-required transfers from Dining Operations to allow for the maintenance and replacement of capital assets funded by bond issues.

Request: Increase budget to \$212,652,000 (add \$209,462,220 - \$12,577,627 Institution Bonds, \$181,709,456 Revenue Bonds, \$9,339,843.40 Other, Dining Improvement Fund, \$7,687,293.60 Other, Bookstore Improvement Fund and Subtract \$1,852,000 Other, Housing Improvement Funds) to construct the Douthit Hills Student Community. The project was approved for pre-design in June 2014, which is now complete. The approximately 650,000 square foot Douthit Hills facility will be constructed on 52 acres of property at the front door to the campus and will include 980 beds of apartment style housing designated primarily for upper division students and residence halls with 782 beds designated for Bridge to Clemson students. There will also be a central hub with a 400 seat dining facility and spaces for retail operations, food service venues and student services amenities. The project will also include parking to accommodate residents, visitors and customers, as well as water and electrical infrastructure with an accompanying energy plant. The additional housing space in this project will allow Clemson to retire 483 beds in the Clemson

House, producing an increase in net bed inventory of approximately 497 beds for upper division students. University housing had a waiting list of 529 upper division students last year. The project will also move Bridge-to-Clemson students to the campus area, enhancing their safety and integration into campus life. The LEED cost benefit analysis shows a positive cost benefit of \$60,199,453 over 30 years. The agency reports the total projected cost of this project is \$212,652,000 and that annual operating costs ranging from \$3.6 million to \$3.9 million will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is April 2015 and for completion of construction is July 2018. (See Attachment 1 for this agenda item for additional annual operating costs).

(d) Summary 1-2015: JBRC Item 4. Coastal Carolina University

Project: 9596, Singleton Building Renovation

Funding Source: \$9,000,000, which includes \$4,000,000 Other, Institutional Capital Project Funds, which are funds generated from excess debt service generated by a \$475 per student per semester fee, \$4,000,000 Other, Renovation Reserve/Plant Funds which are funds generated from a \$150 per student per semester fee that is dedicated to renovations, repairs, and additions to existing facilities and to plant expansion, and \$1,000,000 Other, Gift HCHEC funds which are a gift from the Horry County Higher Education Commission.

Request: Increase budget to \$9,000,000 (add \$8,865,000 - \$4,000,000 Other, Institutional Capital Project Funds, \$3,865,000 Other, Renovation Reserve/Plant Funds, and \$1,000,000 Other, Gift HCHEC funds) to perform renovations on the Edward M. Singleton Building. This project was established for design work in March 2013, which is now complete. The entire building, which encompasses 32,635 square feet, is to be renovated. The renovations will be an interior refurbishment including replacing the current elevator, ADA upgrades, asbestos removal, painting, and carpet replacement. Structural enhancements for the building will include adding a second elevator and handicap ramp, removal of all non-load bearing walls on the first floor to reconstruct layout to include event space, improved reconfiguration of administrative offices throughout and of the President's suite in regards to service and security. The mechanical improvements will be to the HVAC, electrical and plumbing systems. The renovations are needed to improve the mechanical, structural and interior refurbishments of the 50 years old building which houses approximately 90 administrators and staff members' offices. The services of departments in the building are used by hundreds of students, faculty and clients. The LEED cost benefit analysis shows a positive cost benefit of \$343,472 over 30 years. The agency reports total projected cost of this project is \$9 million, and no additional annual operating costs are anticipated in association with this project. The agency also reports the projected date for execution of the construction contract is May 2015 and the projected date for completion of construction is July 2016.

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- (e) Summary 1-2015: JBRC Item 5. Coastal Carolina University
Project: 9599, Williams Brice Building Renovation
Funding Source: \$2,300,000 Other, Renovation Reserve/Plant Funds which are funds generated from a \$150 per student per semester fee that is dedicated to renovations, repairs, and additions to existing facilities and to plant expansion.
Request: Increase budget to \$2,300,000 (add \$2,265,500 Other, Renovation Reserve/Plant Expansion funds) to renovate portions of the Williams Brice Building at Coastal Carolina. The project was approved for pre-design in June 2013, which is now complete. The 42 year old 65,919 square foot academic and recreation facility houses the Health, Kinesiology, Sports Studies, and Women's Lacrosse programs, as well as campus recreation facilities. The work will include renovations to mechanical systems throughout the building, which incorporates the replacement of the existing HVAC systems for the pool area and the installation of associated piping and electrical service. The renovation will also include structural repairs in the pool area, and upfitting interior surfaces that includes painting, ceiling tile and carpet replacement. The agency reports the total projected cost of this project is \$2,300,000 and that annual operating savings of \$6,300 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is March 2015 and for completion of construction is September 2015. (See Attachment 2 for this agenda item for additional operating cost savings.)
- (f) Summary 1-2015: JBRC Item 6. University of South Carolina
Project: 6091, Student Health Center Construction
Funding Source: \$27,500,000, which includes \$13,000,000 in Institution Bonds, which are long-term debt instruments issued by the State Treasurer's Office in the name of the University and are pledge to be repaid from the net revenues of the University's \$169 per student per semester Student Health Center fee, of which \$23 is allocated to debt service for this project, and \$14,500,000 Other, Health Center Reserve Funds which are funds derived from the student health services operating budget to include student health fees, ancillary services fees and interest.
Request: Increase budget to \$27,500,000 (add \$26,817,500 - \$13,000,000 Institution Bonds and \$13,817,500 Other, Health Center Reserve Funds) to construct a new Student Health Center adjacent to the existing Thompson Health Center at USC. The project was established in November 2011 for pre-design work, which is now complete. The Thompson Health Center is a 38,000 square foot facility that was constructed 41 years ago to serve a student population of 19,000. Student enrollment today is over 30,000. The new facility will be a five-story 64,500 square foot ambulatory care facility and will include medical clinics for general medicine, women's care, sports medicine/orthopedics, as well as a radiology unit and central testing laboratory. The facility will also provide meeting spaces for campus wellness education, including a 140 seat

meeting room that can be subdivided into three classrooms, a demonstration kitchen, a pharmacy, and conference spaces. The facility will be connected to the existing Thompson Health Center by a corridor. The facility will be constructed to LEED Silver certification and will include sustainable sites, energy and atmosphere, indoor environmental quality and other measures. The LEED cost benefit analysis shows a positive cost benefit of \$1,335,150 over 30 years. The agency reports the total projected cost of this project is \$27,500,000.00, with additional annual operating costs ranging from \$536,290 to \$596,290 in the three years following project completion. The agency also reports the projected date for execution of the construction contract is November 2014 and for completion of construction is March 2016.

- (g) Summary 1-2015: JBRC Item 7. State Board for Technical and Comprehensive Education
- Project: 6083, Greenville - Enterprise Campus Development
- Funding Source: \$22,964,679, which includes \$22,548,929 in Other, Local funds, which are funds from General Obligation Bonds issued by Greenville County in support of this project, and \$415,750 in Capital Reserve Funds which were appropriated for this purpose.
- Request: Increase budget to \$22,964,679 (add \$22,548,929 Other, Local Funds) to construct the Center for Manufacturing Innovation on the Greenville Technical College campus. The project was established for pre-design in October 2013, which is now complete. The new facility will have approximately 100,000 square feet and will accommodate a variety of the College's manufacturing technical programs. This facility is part of the Enterprise Campus, which will allow students to matriculate academic/credit bearing coursework in selected disciplines leading the awarding of a Certificate, Diploma or Associate Degree. Associate degrees consist of Machine Tool Technology, Mechatronics, Mechanical Engineering Technology, Electrical Engineering Technology, Engineering Graphics Technology, and Engineering Transfer. Diplomas field of study consists of Machine Tool Technology. Certificates field of studies consist of Mechatronics, Production Technology Associate, Advanced CNC Programmer, CNC Prep, Basic Machine Operator, CNC Machine Operator, Welding, Welding Fundamentals, and Specialized Welding. The Enterprise Campus will be a preferred provider for diverse manufacturing technical services to companies of all sizes. These services include Design for Manufacturing & Assembly, Advanced Machining Center, and Rapid Prototyping. The building project will consist of site construction, interior upfit, manufacturing upfit and building systems. The project will be constructed to a Green Globes Two Globe certification level. The Green Globes cost benefit analysis shows a positive cost benefit of \$229,315 over 30 years. The agency reports the total projected cost of this project is \$22,964,679. Additional operating costs are likely to result in the three years following project completion; however the agency cannot quantify them at this time. The projected date for execution of the construction contract is October

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2014 and the projected date for completion of construction is June 2016.

- (h) Summary 1-2015: JBRC Item 8. State Law Enforcement Division
Project: 9523, SLED Data Center UPS Redundancy System
Funding Source: \$1,245,750 Other, SLED funds, which are funds generated from Record Search Fees.
Request: Increase budget to \$1,249,500 (add \$1,245,750 Other, SLED funds) to install an Uninterruptible Power Supply (UPS) Redundancy System in the data center at SLED. This project was approved for pre-design in November 2013, which is now complete. This system will provide backup power to SLED's Information Technology Division and Criminal Justice Information System. SLED currently has a UPS system that serves both the Headquarters building and the data center; however, SLED recently experienced a failure of this system that caused an uncontrolled shutdown of their servers. Due to this experience, SLED decided to explore the purchase of a redundant backup system dedicated only to the Data Center. The system will include both a UPS and diesel generator. Three existing aging HVAC units in the Data Center will also be replaced. In the event of a loss of power, the UPS serves to bridge the gap between the loss of power and the powering on of the diesel generator to prevent data loss and system down time. A 30 day load study was conducted to assess the Data Center's needs and determine the appropriate size and rating for the new system. The total projected cost of this project is \$1,249,500. The project will be funded with proceeds from Record Search Fees carried over from the previous fiscal year, of which the agency has a balance of \$17,706,261. SLED anticipates cost savings of \$7,298 in the three years following completion of the project. The projected date for execution of the construction contract is September 2014 and the projected date for completion of construction is June 2015. (See Attachment 3 for this agenda item for additional operating cost savings.)
- (i) Summary 1-2015: JBRC Item 9. Vocational Rehabilitation Department
Project: 9602, Florence VR Center Repaving
Funding Source: \$503,000, which includes \$493,000 in Federal Funds, which are general operating funds derived from the State Vocational Rehabilitation Services Grant and are to be used in the provision of vocational rehabilitation services and \$10,000 Other, WTC Program Income funds, which are a portion of the revenues generated by production contracts in the Work Training Center, which provides clients the opportunity to learn work skills.
Request: Increase budget to \$503,000 (add \$493,000 Federal funds) to repair and resurface the Florence Vocational Rehabilitation Center parking lot and loading area. The project was approved for pre-design in April 2014, which is now complete. The facility, which houses 35 staff and serves clients from throughout the Florence area, is over 32 years old and the parking lot and loading areas have deteriorated to the point they are in need of repair and resurfacing. The existing facilities have been patched as much as is

economically feasible. Exterior lighting will also be added to the parking lot areas to enhance safety and security in the area. The agency reports the total projected cost of this project is \$503,000 and that annual operating costs ranging from \$1,000 to \$1,200 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is October 2014 and for completion of construction is January 2015. (See Attachment 4 for this agenda item for additional annual operating costs.)

- (j) Summary 1-2015: JBRC Item 10. Vocational Rehabilitation Department
Project: 9603, Sumter VR Center Repaving
Funding Source: \$668,500, which includes \$658,500 in Federal Funds, which are general operating funds derived from the State Vocational Rehabilitation Services Grant and are to be used in the provision of vocational rehabilitation services and \$10,000 Other, WTC Program Income funds, which are a portion of the revenues generated by production contracts in the Work Training Center, which provides clients the opportunity to learn work skills.
Request: Increase budget to \$668,500 (add \$658,500 Federal funds) to repair and resurface the Sumter Vocational Rehabilitation Center parking lot and loading area. The project was approved for pre-design in April 2014, which is now complete. The facility, which houses 24 staff and serves clients from throughout the Sumter area, is over 38 years old and the parking lot and loading areas have deteriorated to the point they are in need of repair and resurfacing. The existing facilities have been patched as much as is economically feasible. Exterior lighting will also be added to the parking lot areas to enhance safety and security in the area. The agency reports the total projected cost of this project is \$668,500 and that annual operating costs ranging from \$1,000 to \$1,200 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is October 2014 and for completion of construction is January 2015. (See Attachment 5 for this agenda item for additional annual operating costs.)

Establish Project for Preliminary Land Studies

- (k) Summary 1-2015: JBRC Item 11. Coastal Carolina University
Project: 9605, University Place Acquisition
Funding Source: \$80,000 Other, Renovation Reserve/Plant Expansion Funds which are funds generated from a \$150 per student per semester fee that is dedicated to renovations, repairs, and additions to existing facilities and to plant expansion.
Request: Establish project and budget for \$80,000 (Other, Renovation Reserve/Plant Expansion funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Coastal Carolina University is considering the purchase of 54.338 acres, including 46 residence halls and 11 associated

activity and support structures. The residence halls contain 573 apartments with 2,079 beds. Currently the University has a lease purchase contract with the Coastal Housing Foundation which was approved by the SC Budget and Control Board on May 9, 2012. The lease purchase contract, which requires the university to pay the foundation 1.3 times the debt service owed by the foundation on the bonds, has an option to purchase for \$1 which can be exercised in 2042 at the termination of the contract. By purchasing these facilities now, the University can save \$66.9 million over the remaining term of the lease. These savings will allow the University to avoid raising student housing fees over the next several years while building a maintenance reserve to take care of future renovations to the residence halls.

- (l) Summary 1-2015: JBRC Item 12. State Board for Technical and Comprehensive Education
Project: 6094, HGTC - Acquisition of Commercial Buildings
Funding Source: \$20,000 of Other, College Funds which are funds dedicated to plant maintenance that are set aside from carry forwards in tuition, state and local allocations.
Request: Establish project and budget for \$20,000 (Other, College Funds) to procure the investigative studies required to adequately evaluate property prior to purchase. Horry-Georgetown Technical College is considering the acquisition of approximately 2 commercial buildings along with 3.5 acres of land in the Business Park across from the Conway Campus in Horry County. The buildings include 14,160 square feet and 15,000 square feet of commercial space. The buildings will be used to house the College's CNC/Machine Tool, Welding, CDL/Truck Driver Training and HVAC programs. The College has outgrown its existing academic space for these programs, and desperately needs additional space to support growing these programs to meet increased employer demands. Acquiring existing structures is more cost advantageous than new construction, and will enable the College to expand its academic programs sooner than building a new structure.
- (m) Summary 1-2015: JBRC Item 13. Forestry Commission
Project: 9598, Ruffield Tract Acquisition
Funding Source: \$20,000 of Other, Sale of Property Funds which are funds derived from the sale of property by the Commission.
Request: Establish project and budget for \$20,000 (Other, Sale of Property Funds) to procure the investigative studies required to adequately evaluate property prior to purchase. The South Carolina Forestry Commission is considering the purchase of approximately 217 acres of forested land located near Wedgefield in Sumter County that is adjacent to the Manchester State Forest. The tract is stocked with five year old pines, making it productive forest land which is a good fit with the management objectives of the State Forest System. Pending the results of investigative studies, the agency plans to add this property to the Wildlife Management Program at the Manchester State Forest, making it

available to the public for hunting and other forms of recreation. The tract is under multiple flight paths between Shaw Air Force base and Poinsett Electronic Combat range, and adding this property to the State Forest would help preserve the area surrounding these flight paths for public use. A partnership with the Department of Defense and the Conservation Bank would allow the Forestry Commission to purchase the tract with only 10% of the purchase price being paid with Forestry Commission funds.

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

Executive Budget Office: Real Property Acquisitions (Regular Session Item #8)

Mr. Loftis asked with regard to regular session item 8(c) if there was a date certain in the agreement by which the property must be transferred. Mr. League responded that the intent is to have a date certain placed in the memorandum of agreement. Mr. Loftis further asked if there is a condition of the land at which point the State would not accept it. Mr. League said that is not the case in this situation. He said this is pine plantation and the goal of LOLT and DNR is to restore the property to its former habitat type with longleaf yellow pine. Mr. League said that the condition of the property is always a consideration and one that they try to look at in every transaction.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Board approved the following real property acquisitions:

(a)	Agency:	Coastal Carolina University
	Acreage:	± 2.94 Acres
	Location:	Chanticleer Drive East adjacent to the Coastal Carolina campus
	County:	Horry
	Purpose:	To construct a new 52,000 square foot academic building
	Appraised Value:	N/A
	Price/Seller:	Donation/Coastal Educational Foundation
	Source of Funds:	N/A
	Project Number:	H17-9603
	Environmental Study:	Approved
	Building Condition	None
	Assessment:	
	Additional Annual Op	None for acquisition
	Cost/SOF:	

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Current Year Property Tax:	None/Exempt
Approved By:	JBRC on 8/4/2014
(b) Agency:	Clemson University
Acreage:	± 1.68 Acres, made up of two tracts
Location:	Off Gregor Mendel Circle in the Greenwood Research Park
County:	Greenwood
Purpose:	To provide a portion of the footprint for the Clemson Center for Human Genetics
Appraised Value:	N/A
Price/Seller:	Donation/Greenwood Genetics Center & Greenwood Genetics Center Foundation
Source of Funds:	N/A
Project Number:	H12-9908
Environmental Study:	Approved
Building Condition	None
Assessment:	
Additional Annual Op	None for acquisition
Cost/SOF:	
Current Year Property Tax:	None/Exempt
Approved By:	JBRC Staff on 8/4/2014
(c) Agency:	Department of Natural Resources
Acreage:	± 1,682 Acres
Location:	Between Highway 41 and United Drive near Huger, SC
County:	Berkeley
Purpose:	To conserve longleaf pine habitat
Appraised Value:	N/A
Price/Seller:	Donation/Quenby Barony, LLC
Source of Funds:	N/A
Project Number:	P24-9939
Environmental Study:	Approved
Building Condition	None
Assessment:	
Additional Annual Op	None for acquisition
Cost/SOF:	
Current Year Property Tax:	\$3,984.82
Approved By:	JBRC on 8/4/2014

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

Division of Procurement Services: Patriots Point Development Authority, Naval & Maritime Museum, Procurement Exemption for Artifacts, Art, Collection Disciplines, and Exhibits (Regular Session Item #9)

Consolidated Procurement Code Section 11-35-710 granted certain exemptions from its purchasing procedures. Similar to this request, the General Assembly granted the following exemption:

(10) South Carolina Arts Commission and South Carolina Museum Commission for the purchase of one-of-a-kind items such as paintings, antiques, sculpture, and similar objects. Before a governmental body procures the objects, the head of the purchasing agency shall prepare a written determination specifying the need for the objects and the benefits to the State. The South Carolina Arts Commission shall review the determination and forward a recommendation to the board for approval.

The Code also authorized “[t]he (Budget and Control) Board may exempt specific supplies, services, information technology, or construction from the purchasing procedures required in this chapter.” Similar to this request, the Board has granted the following:

Exempted from the purchasing procedures the acquisition of historical artifacts, weapons, flags, firearms, etc., which are rare and reasonably priced in the judgment of the Confederate Relic Room and Museum staff. (1985.08.27)

Exempted from the purchasing procedure of the Consolidated Procurement Code the following, as requested by the State Museum Commission: (a) Historical artifacts, to include both current, specific items and objects of future historical significance; (b) Scientific specimens, to include study skins, skeletal mounts, taxidermy mounts, models, fossils, rocks and minerals, and other such materials representative of, or illustrative of, the natural world; (c) Artworks, to include examples of fine art, decorative art, and folk art and craft work; (d) Collection disciplines, to include cultural history, science and technology, art and natural history; and (e) Exhibits, to include design and fabrication and specialty materials not commercially available that are used as components of exhibits. (1991.07.12)

Citing “One of the core missions of the Authority is to develop a national naval museum of ships and to create a unique environment of historical and maritime studies by preserving our country’s military heritage through creation of a national naval and maritime museum”, the Patriots Point Development Authority requested an exemption from the Code for:

(a) Historical artifacts, to include both current, specific items and objects of future historical significance; (b) Artworks, to include examples of fine art related to the

mission of the museum; and (c) Collection disciplines, to include cultural history, science and technology, art and naval maritime history.

Patriots Point Development Authority will use this exemption to acquire:

(a) Military/historical artifacts such as, historic textiles (uniforms, flags, weapons etc.), artwork, historical film footage, aircraft, historic ship equipment and components, to provide the representation of authentic and historical scenes and displays; (b) various military equipment that is associated with the US Military, necessary to achieve the goals of the museum experience master plan at Patriots Point.

Mr. Loftis asked if there are limits on the exemption. Mac Burdette, Patriots Point Development Authority's Executive Director, and John White, Interim Materials Management Officer, appeared before the Board on this item. Mr. Burdette said the Authority's Board will use prudence in the acquisition of artifacts and do so within their budget. Governor Haley asked if this is done with the State Museum and the Confederate Relic Room. Mr. White responded that it is and that the exemption is fashioned after the exemption that is already granted to the State Museum. He said this exemption is not as broad as the one that is granted to the State Museum and there are no stated dollar limits in the exemption. Mr. Loftis asked if the State Museum used the exemption often. Mr. White said that he could not address the extent to which the State Museum used the exemption.

Senator Leatherman commented that when he first saw the request for the exemption it was too broad. He said that Patriots Point has narrowed the request and he believes that the request should be granted.

Mr. White asked Mr. Burdette if he could get a copy of Patriots Point's master plan. Mr. Burdette said he would get it to Mr. White the next day.

Mr. Loftis asked if this request concerned the Hall of Fame Museum. Mr. Burdette responded that it did not. Mr. Loftis also asked who would approve the purchases. Mr. Burdette said if a purchase is over a certain amount it goes to their board.

Mr. Eckstrom asked what a collection discipline is as mentioned in the item. Mr. Burdette said it is a certain type of cultural artifact, for example, that might be related to World War II discipline versus the Korean War or Vietnam.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board, under authority of S.C. Code Section 11-35-710, approved Patriots Point Naval & Maritime Museum's

request for exemption from the Consolidated Procurement Code for:

(a) Historical artifacts, to include both current, specific items and objects of future historical significance; (b) Artworks, to include examples of fine art related to the mission of the museum; and (c) Collection disciplines, to include cultural history, science and technology, art and naval maritime history.

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

University of South Carolina: Not Exceeding \$13,500,000 General Obligation State Institution Bonds (Issued on Behalf of the University of South Carolina) Series 2014 of the State of South Carolina (Regular Session Item #10)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$13,500,000 General Obligation State Institution Bonds (Issued on Behalf of the University of South Carolina) Series 2014 of the State of South Carolina.

The proceeds of the bonds will be used to (i) design, construct, and equip a 64,500 square foot facility adjacent to and connected with the existing Thompson Student Health Center to consolidate and integrate public/patient support, administrative function, various types of medical clinics, ancillary support and campus wellness and education facilities; (ii) reimburse the University for expenses incurred in anticipation of the issuance of such State Institution Bonds ((i) and (ii), collectively, and (iii) pay for expenses related to the issuance of such State Institution Bonds.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$13,500,000 General Obligation State Institution Bonds (Issued on Behalf of the University of South Carolina) Series 2014 of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 19.

Clemson University: Not Exceeding \$183,000,000 Higher Education Revenue Bonds, Series 2014 of Clemson University (Regular Session Item #11)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$183,000,000 Higher Education Revenue Bonds, Series 2014 of Clemson

University.

The proceeds of the Series 2014 bonds will be used to (i) provide the amount necessary, together with other available funds of the University, to defray the costs to plan, develop, construct and equip additional student housing facilities on the campus of the University, as well as dining, bookstore, retail, and other auxiliary facilities and services related thereto of the project; (ii) providing money to fund a debt service reserve fund, if established; (iii) providing moneys to pay the interest on the Series 2014 bonds during construction of the project; and (iv) paying certain costs and expenses related to the issuance of the Series 2014 bonds.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$183,000,000 Higher Education Revenue Bonds, Series 2014 of Clemson University.

Information relating to this matter has been retained in these files and is identified as Exhibit 20.

Clemson University: Not Exceeding \$13,000,000 General Obligation State Institution Bonds (Issued on Behalf of Clemson University), Series 2014 of the State of South Carolina and Notes in Anticipation of the Issuance Thereof (Regular Session Item #12)

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$13,000,000 General Obligation State Institution Bonds (Issued on Behalf of Clemson University), Series 2014 of the State of South Carolina and Notes in Anticipation of the Issuance Thereof.

The proceeds of the Series 2014 bonds will be used to (i) construct, reconstruct, maintain, improve, furnish, and refurnish the building and other permanent improvements to the University including a water tower and utility infrastructure on the campus of the University; (ii) defray the costs of acquiring or improving land needed as sits for such improvements or for the campus of the University; (iii) reimburse the University for expenses incurred in anticipation of the issuance of such bonds ((i)-(iii)); and (iv) pay for expenses related to the issuance of such State Institution Bonds.

Upon a motion by Senator Leatherman, seconded by Mr. Loftis, the Board adopted a resolution making provision for the issuance and sale of not exceeding \$13,000,000 General

Obligation State Institution Bonds (Issued on Behalf of Clemson University), Series 2014 of the State of South Carolina and Notes in Anticipation of the Issuance Thereof.

Information relating to this matter has been retained in these files and is identified as Exhibit 21.

Division of General Services: SC State Ports Authority Sale of Real Property (Reg. #13)

The SC State Ports Authority requested approval to sell and convey approximately 15.7 highland acres (+/- based on final survey) of land for a sum of Three Million and no/100 Dollars (\$3,000,000) to Buyer of Parcel A, to include the Coal Tipple Structure.

The parcel is part of a larger tract consisting of approximately 98 acres (+/- based on final survey) and generally known as the Coal Tipple Property. The sale does not include marshland below the mean high water. The sale does not require an easement over the marshlands to the Buyer from the State of South Carolina or the SC State Ports Authority.

SC State Ports Authority will quitclaim the marshland below the mean high water mark to the State of South Carolina.

The 15.7 highland acres (+/- based on final survey) to be acquired includes easements that encumber approximately 4.52 acres. The parcel includes a 35' entry road off of Greenleaf Street. The parcel includes the Coal Tipple Structure. The parcel is in the final stages of being subdivided from the larger tract and zoned light industrial.

Three appraisals have been conducted on the property (dated 2007, 2010, and 2013) ranging from \$330,000 to \$360,000 with a combined average of \$346,000 per highland acre not encumbered by an easement. Based on an appraised value of \$330,000 per usable highland acre, the total value of the usable highland of approximately 11.18 acres (+/- based on final survey) encumbered by this sale would be approximately \$3,689,400.00. Additionally, an "indication of value" analysis was prepared by buyer which indicated a value of \$150,000 per useable highland acre. After receipt of the "indication of value" analysis, the SC State Ports Authority negotiated a sales price of \$3,000,000 which equates to an approximate value per usable highland acre of \$268,336.00 per acre.

The SC State Ports Authority requested to sell the parcel for below the lowest appraised value based on the following considerations:

- a) the sale provides a location for an economic development project supported by the SC Department of Commerce with an estimated capital investment of \$18M, 30 direct jobs, and 41 indirect jobs.
- b) the Buyer has agreed to accept the Coal Tipple Structure which is considered an encumbrance on the property.
- c) the parcel is oddly shaped, contains restrictive easements on the property, and is part of the Magnolia Cemetery view corridor.
- d) zoning changes and subdivision are required.
- e) Phase II environmental will need to be performed based upon findings of Phase I.

The SC Attorney General's Office has provided a letter noting no objection to the proposed sale subject to the following three exceptions: "that the quitclaim deed and any other sales transaction documents must not convey title to the bottoms of waterways, permit the obstruction of waterways or exempt the property from state regulation that would otherwise apply to such property."

Mr. Loftis said that considering the value of the property and how the return on investment is computed with regard to the cost to the public, the cost of the discount on the property should be included. He said the property was appraised at \$4.1 million and is being sold at \$3 million. He said it is important to include all of the public costs so that in future years the cost of such transactions will be known.

Mr. Loftis said if the property is valued at \$4.1 million and is being sold for \$3 million why not include the \$1.1 million as part of the economic development cost. Phillip Lawrence, counsel for the State Ports Authority, appeared before the Board on this matter. Mr. Lawrence said that he did not know the answer to that question. Mr. Loftis said that question is one for the Department of Commerce to answer. He said the costs of these transactions should be recorded. Governor Haley said she understands what Mr. Loftis is saying and she would have Secretary Hitt call Mr. Loftis.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the SC State Ports Authority Sale of Real Property adjacent to Greenleaf Street, City of Charleston, County of Charleston, South Carolina, to include Coal Tipple Structure.

Information relating to this matter has been retained in these files and is identified as Exhibit 22.

Future Meeting

Upon a motion by Representative White, seconded by Senator Leatherman, the Board agreed to meet at 10:00 a.m. on Tuesday, October 14, 2014, in Room 252, Edgar A Brown Building.

Adjournment

The meeting adjourned at 10:47 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 Board Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 9:45 a.m. on Monday, August 11, 2014.]