

## **MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING**

**March 18, 2015 -- 9:30 A. M.**

The Budget and Control Board (Board) met at 9:30 a.m. on Wednesday, March 18, 2015, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

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

Also attending were Budget and Control Board Executive Director Marcia Adams; Chief of Staff Paul Koch; Division Director Nolan Wiggins; General Counsel David Avant; Governor's Chief of Staff James Burns; 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 Budget Analyst Kara Brurok; 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. Eckstrom, seconded by Senator Leatherman, the Board adopted the agenda as proposed.

### ***Minutes of Previous Meeting***

Upon motion by Mr. White, seconded by Mr. Eckstrom, the Board approved the minutes of the January 27, 2015, Budget and Control Board meeting; and, acting as the Tobacco Settlement Revenue Management Authority, approved the minutes of the January 27, 2015, Authority meeting.

### ***Blue Agenda***

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board approved the blue agenda items as noted herein.

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

The State Treasurer’s Office provided the following notification of the assignment of bond counsel for conduit issues and special assignment for bond counsel for which Board approval was requested:

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

Description of Issue	Agency/Institution (Borrower)	Borrower’s Counsel
\$4,000,000 SC JEDA	International Controls of America, Inc.	Haynsworth Sinkler Boyd
\$3,000,000 SC JEDA	South Carolina SAVES (c/o Abundant Power Solutions)	McGuire Woods

**SPECIAL ASSIGNMENT OF BOND COUNSEL:**

Description of Issue	Agency/Institution	Approved Bond Counsel
Athletic Facilities Rev Bonds, Series 2015, to plan, develop, construct, and equip renovations to Littlejohn Coliseum on the campus of Clemson University	Clemson University	Pope Zeigler

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 the SC Code of Laws as requested by the Division of General Services:

- (a) County Location: Richland
- From: Budget and Control Board
- To: Carolina Gas Transmission Corporation
- Consideration: \$700
- Description/Purpose: To grant a 0.684 acre easement for the installation, operation and maintenance of an 8” natural gas transmission line beneath the Congaree River. The easement is part of a project to provide gas service to International Paper in Eastover, SC. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

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- (b) County Location: Berkeley  
From: Budget and Control Board  
To: AT&T South Carolina  
Consideration: \$841  
Description/Purpose: To grant a 1.705 acre easement for the relocation, installation, operation and maintenance of a 6” telecommunication conduit beneath the Wando River to accommodate SCDOT’s SC 41 Bridge Replacement Project. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (c) County Location: Berkeley  
From: Budget and Control Board  
To: South Carolina Public Service Authority (Santee Cooper)  
Consideration: \$1  
Description/Purpose: To grant a 0.98 acre easement for the installation, operation and maintenance of a optical communications cable beneath the Tail Race Canal. The easement is for the exclusive use of the South Carolina Public Service Authority.
- (d) County Location: Charleston  
From: Budget and Control Board  
To: National Trust for Historic Preservation in the United States  
Consideration: \$10  
Description/Purpose: To grant a 1.71 acre easement for the installation, operation and maintenance of a sanitary sewer line across property at Drayton Hall controlled by the Department of Parks, Recreation and Tourism. The easement is being sought by the National Trust for Historic Preservation to connect Drayton Hall, an 18<sup>th</sup> century plantation and National Historic Landmark, to the Charleston Water System’s sewer system to better accommodate staff and visitors at the site. The easement will be of mutual benefit to the National Trust for Historic Preservation and SCPRT.

The Board concurred and acquiesced in granting the following easements in accordance with SC Code of Laws as requested by the Division of General Services:

- (e) County Location: Charleston  
From: Medical University of South Carolina  
To: South Carolina Electric & Gas Company  
Consideration: \$15,208.86

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Description/Purpose: To grant three utility easements totaling 0.20 acre for the replacement, construction, operation and maintenance of fiber optic cables and facilities on property of MUSC. The easement activity will be done in conjunction with the project to rebuild the transmission line from SCE&G's Hagood Plant to the Bee Street Substation. The easement areas consist of three parcels with easement considerations of \$14,231.04, \$23.85 and \$953.97 respectively. Consideration is based on the Charleston County Assessor's land value.

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

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

The Board was asked to approve the following real property conveyance as requested:

<b>Agency:</b>	<b>Trident Technical College</b>
Acreage:	0.02± acre
Location:	On Mabeline Road, North Charleston
County:	Charleston
Purpose:	To convey property at Trident Technical College's Main Campus to Charleston County for road improvements associated with the Mabeline Road Turn Lane Extension Project.
Price/Transferred To:	No consideration/Charleston County

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 Agenda #4)***

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

South Carolina Department of Corrections (for a period of three years): supplies and services, \$1,000,000\* per commitment; food products, \$1,500,000 \* per commitment;

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information technology, \$100,000\* per commitment; consultant services, \$100,000 per commitment; construction contract, \$100,000 per commitment; construction contract change order, \$100,000 per change order; architect/engineer contract amendment, \$50,000 per amendment.

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

The Department of Corrections requested to remain at its current certification levels. The Department complies with the South Carolina Consolidated Procurement Code, State regulations, and the Department's procurement policies and procedures in all material respects and the internal procurement operating procedures are adequate to properly handle procurement transactions. The Division of Procurement Services recommended that the Board grant the Department of Corrections the certification limits noted above.

In accord with Section 11-35-1210, the Board granted the following procurement certification within 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:

South Carolina Department of Corrections (for a period of three years): supplies and services, \$1,000,000\* per commitment; food products, \$1,500,000 \* per commitment; information technology, \$100,000\* per commitment; consultant services, \$100,000 per commitment; construction contract, \$100,000 per commitment; construction contract change order, \$100,000 per change order; architect/engineer contract amendment, \$50,000 per amendment.

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

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

***SC Energy Office: \$3M Qualified Energy Conservation Bond Volume Cap Allocation Authority to Abundant Power Group, LLC/SC SAVES with the SC Jobs-Economic Development Authority (JEDA) as Conduit Issuer for Use at Ascend Performance Materials in Greenwood (Blue Agenda Item #5)***

Abundant Power Group, LLC/SC SAVES requested \$3M Qualified Energy Conservation Bond [QECB] volume cap allocation in connection with the implementation of a qualifying green community program at Ascend Performance Materials in Greenwood.

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The project consists of energy efficiency upgrades in the form of LED lighting retrofit, steam trap replacement, and screw air compressor replacement. The application submitted by Abundant Power Group, LLC estimates the creation of approximately 60 direct jobs from the capital investment and approximately 8 indirect jobs based on expected energy savings of 4,500 MWHs annually.

In July 2012, the Internal Revenue Service guidelines for the use of QECBs broadened the range of programs which qualify under the Green Community Programs designation to ‘promote energy conservation, energy efficiency or environmental conservation initiatives relating to energy consumption, broadly construed’ and ‘programs must involve property that is available for general public use or involve a loan or grant program that is broadly available to members of the general public’. Eligible initiatives under this expanded interpretation include [a] retrofitting initiatives for heating, cooling, lighting, water-saving, storm-water reducing or other efficiency measures; [b] distributed generation initiatives; [c] transportation initiatives that conserve energy and/or support alternative fuel infrastructure; [d] improvements to public infrastructure that enhance proximity and connectivity between community assets and public transit to reduce motor vehicle use; and [e] public street lighting upgrades. Based on the expanded definition of the Green Community Program, Abundant Power, using the South Carolina SAVES (SC SAVES) Program, will implement a Green Community Program at Ascend Performance Materials, with the intent of reducing energy costs through increased energy conservation and operational savings.

The QECB allocation authority request was approved by the SC ARRA Volume CAP Advisory Committee on February 6, 2015, specifically for use at Ascend Performance Materials and with the stipulation that if the bonds are not issued by December 31, 2015, for the designated purpose, this allocation expires and reverts to the pool.

The Board approved the proposed \$3M Qualified Energy Conservation Bond volume cap allocation authority request to Abundant Power Group, LLC/SC SAVES with the SC Jobs-Economic Development Authority (JEDA) as conduit issuer for use at Ascend Performance Materials in Greenwood with the stipulation that if the bonds are not issued by December 31, 2015, for the designated purpose, this allocation expires and reverts to the pool.

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

***SC Energy Office: QECCB Bond Issuance Extension- \$15M Qualified Energy Conservation Bond volume cap allocation authority to Abundant Power Group, LLC/SC SAVES with the SC Jobs-Economic Development Authority (JEDA) as Conduit Issuer for Use at Denmark-Olar School District 2 of Bamberg County (Blue Agenda Item #6)***

At its October 2014 meeting, the Board approved \$15M Qualified Energy Conservation Bond [QECCB] volume cap allocation in connection with the implementation of a qualifying green community program at the Denmark-Olar School District 2 of Bamberg County for Abundant Power Group, LLC with the stipulation that if the bonds are not issued within six (6) months of Board approval for the designated purpose, this allocation expires and reverts to the pool.

Project Summary: The project consists of building a net-zero K-12 school for Denmark-Olar School District 2 of Bamberg County. The Owner of the building will be Denmark-Olar School Foundation, a nonprofit corporation created in SC. The Foundation and the School District have signed a Pre-Development Agreement with First Floor K-12 Solutions, LLC, as developer. The Foundation will own the school and lease it to the school district. Financing will be provided in two parts: approximately \$31 million in a loan directly from USDA and a loan of approximately \$15 million from a bank which will be guaranteed by USDA and run through the SC SAVES program utilizing the QECCB allocation. Both loans will be made to the Foundation. The application submitted by Abundant Power Group, LLC estimates the creation of approximately 300 direct jobs from the capital investment and approximately 38 indirect jobs based on expected energy savings of 22,500 MWHs annually.

Financial closing for the project was originally forecasted for the end of calendar year 2014 but has been delayed by the credit underwriting and approval process at USDA and the two banks funding the conduit issuance of the QECCB bonds, AgStar and Co-Bank. The USDA has approved its commitment letter for funding the Project, and the Denmark-Olar School Foundation has accepted its terms. AgStar and Co-Bank are completing their credit underwrite to issue their respective commitment letters. Once these commitments have been accepted by the Denmark-Olar School Foundation, there will be a 60 day review process

at the Federal level, a new requirement that came into effect in 2015 and is contributing to the delay. Once this review process is complete, funding for the project can close.

Extension of the QECB allocation authority was approved by the SC ARRA Volume CAP Advisory Committee on February 6, 2015, specifically for use at Denmark Olar School District 2 of Bamberg County and with the stipulation that if the bonds are not issued by October 14, 2015, for the designated purpose, this allocation expires and reverts to the pool.

The Board approved the proposed \$15M Qualified Energy Conservation Bond volume cap allocation authority extension request to Abundant Power Group, LLC/SC SAVES with the SC Jobs-Economic Development Authority (JEDA) as conduit issuer for use at Denmark-Olar School District 2 of Bamberg County with the stipulation that if the bonds are not issued by October 14, 2015, for the designated purpose, this allocation expires and reverts to the pool.

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

***Office of the Executive Director: Approval of a Housing Allowance for the President of Lander University (Blue Agenda Item 7)***

Section 117.16 of the 2014-2015 Appropriation Act requires the final approval of the Board for a state institution of higher learning to provide a housing allowance. The Lander University Board of Trustees requested approval of a housing allowance of \$40,000 for President Richard E. Cosentino, effective July 1, 2015. The Agency Head Salary Commission considered the request at its meeting on March 10, 2015, and recommended approval.

Mr. Eckstrom inquired if Lander University was going to reconstruct its President's residence on campus. A representative from Lander University said that the residence would not be replaced.

The Board approved the request for a housing allowance of \$40,000 for the Lander University President.

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

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***Executive Director: Revenue Bonds (Blue Agenda Item #8)***

The Board approved the following proposals to issue revenue bonds:

- a. Issuing Authority: Jobs-Economic Development Authority  
Amount of Issue: \$3,000,000 Qualified Energy Conservation Bonds  
Allocation Needed: -0-  
Name of Project: SC SAVES, Inc. and Abundant Power Group, LLC and the SC SAVES Green Community Program  
Employment Impact: estimated at 60 direct jobs and 8 indirect jobs  
Project Description: proceeds from the bonds are used to make low interest loans for the financing of energy efficiency and conservation projects sponsored by governmental, institutional and select commercial/industrial entities in municipalities and counties located within South Carolina.

*Note:* *negotiated private sale*  
Bond Counsel: Douglas E. Lamb, McGuire Woods LLP  
(Exhibit 8)

- b. Issuing Authority: The Citadel  
Amount of Issue: Not Exceeding \$16,700,000 Refunding Revenue Bonds (16,700,000 refunding involved)  
Allocation Needed: -0-  
Name of Project: The Citadel, the Military College of South Carolina  
Employment Impact: N/A  
Project Description: refunding of the Revenue Bonds, Series 2005  
Bond Counsel: Jeremy L. Cook, Haynsworth Sinkler Boyd, P. A.  
(Exhibit 9)

***B&CB/Elliott Davis: SCSU Financial Analysis Update (Regular Session Item #1)***

By Resolution passed at the April 30, 2014, meeting, the Board authorized an interagency loan to South Carolina State University (“University”). As follow-up to the Resolution, the Board entered into an interagency loan agreement (“agreement”) with the University executed on May 22, 2014. Pursuant to both the Resolution and the Agreement, a portion of the loan proceeds were to be used by the Board to contract for consulting and/or auditing services to help the University assess and improve its financial management and various operational, administrative and governance practices. Accordingly, the Board engaged the accounting firm of Elliott Davis (now known as Elliott Davis Decosimo) to perform the services contemplated by the Resolution and Agreement.

As part of the engagement, Elliott Davis is to provide the following services and

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reports/deliverables:

- 1) A forecasted compilation of cash inflows and cash outflows which will result in a “Statement of Forecasted Monthly Cash Flows and Accounts Payable and Accrued Expenses”;
- 2) A compiled statement of net position, a compiled statement of changes in net position and a compiled statement of cash flows (the financial statements);
- 3) Certain Agreed Upon Procedures (AUP) and an AUP Report; and,
- 4) A Letter of Comments and Recommendations.

Elliott Davis has developed a forecasted compilation of cash inflows and cash outflows. Elliott Davis has correspondingly prepared a draft “Statement of Forecasted Monthly Cash Flows and Accounts Payable and Accrued Expenses.” The Board, as client for the purposes of the Elliott Davis engagement, is now asked to receive and accept the draft report so that it can become final. The additional financial statements, the AUP Report and the Letter of Comments and Recommendations (items 2, 3 and 4 above) will be delivered by Elliott Davis at a future Board meeting.

Appearing before the Board on this matter were Tom McNeish and Brian D’Amico with Elliott Davis and Dr. W. Franklin Evans, acting President of SCSU, Teare Brewington, SCSU’s Comptroller, and Ed Patrick, SCSU’s Interim VP for Finance and Management. Mr. McNeish and Mr. D’Amico provided the Board with a financial analysis update on SCSU. On behalf of Elliott Davis, Mr. McNeish presented the “Statement of Forecasted Monthly Cash Flows and Accounts Payable and Accrued Expenses” (attached and incorporated herein by reference) and a slide presentation on SCSU’s cash flow forecast (attached and incorporated herein by reference). Mr. McNeish indicated that this is a forecast of the cash balance SCSU expects to have at the end of the fiscal year.

Mr. Eckstrom asked what the nature of SCSU’s accrued expenses concerning accounts payable was. Mr. McNeish stated that they are primarily items that are not vendor related. Ms. Brewington said that about \$500,000 of that amount is an IDC (indirect cost) payable to the State.

Governor Haley asked Mr. McNeish what happened in 2014 that caused an increase in accrued expenses greater than those averaged from 2009 to 2013 of \$5.3 million. Mr. McNeish

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said the decrease in SCSU's operating margin affected their available cash flow and SCSU relied on a float from vendors significantly in 2014. Governor Haley noted that with student population going down and a loss of revenues SCSU had more payables than could be met. Mr. Eckstrom also noted that the PSA funds were no longer available to pay down payables. Ms. Adams commented that SCSU was using restricted funds for unrestricted purposes at times during 2009 to 2013.

Mr. McNeish discussed three scenarios concerning SCSU's cash flow prior to June 30, 2015. He noted that under all three scenarios SCSU's obligations are \$23.5 million. He commented that the cash section of the report will reflect that cash available is between \$15.7 million and \$16.5 million. He said that most of that cash is not available to address the unrestricted in nature debt obligations. He said that the only cash that will be available to address the debt is the unrestricted portion.

In further discussion, Mr. McNeish pointed out that SCSU's operating margin has decreased primarily due to a drop in student enrollment. Senator Leatherman asked if failure to reduce costs is also a contributor to SCSU's financial problems. Mr. McNeish said that would also be a contributor, but noted that only so much expense cutting can be done and still effectively operate SCSU as an institution. He said that at some point the revenue side has to be addressed.

Mr. Eckstrom asked what efforts have been made to identify potential expenditures for cutting. Mr. McNeish indicated that year-to-date overall expenses have been cut 6%. Mr. McNeish further stated that deciding what areas to cut requires a different discussion. Mr. Eckstrom said that the proviso puts the responsibility to suggest cuts on the blue ribbon advisory committee with assistance from the working group.

Senator Leatherman asked if SCSU complies with Proviso 19.2 (FY14-15) and balances its budget to receive an additional \$4.5 million from the State on a quarterly basis would SCSU survive. Mr. McNeish said that it would take more than that for SCSU to survive. Senator Leatherman asked how much would be needed to which Mr. McNeish said that was beyond the scope of their review. Mr. McNeish also said that would depend on what is meant by "balancing" the budget. He said that would require a showing of a positive change in net assets consistently to where it affects positive cash flow and SCSU begins to build reserves. He noted

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that is something that has yet to be seen because it is based on future performance. Senator Leatherman said that Proviso 19.2 requires that this happen.

Governor Haley thanked Mr. McNeish for his firms report. She said that this is not about blame, but about how did this happen to SCSU and how to make sure that it does not happen again. Governor Haley further stated that she is interested in knowing what caused the drastic drop in enrollment at SCSU in 2012. She also said that the problem has been band-aided to this point and that she is not a fan of using furloughs to try and fix the problem. She stated that hard decisions will have to be made about the degree programs SCSU offers. Governor Haley said that repaying the \$6 million loan to the Board means that vendors will not get paid. She said that when vendors are not paid the student environment falls to the wayside.

Governor Haley asked Mr. McNeish if they looked at SCSU's foundations. She said that it appeared that there was a "shell game" going on in which money was pulled from the foundations and paid somewhere. Mr. McNeish said they looked at the foundations in terms of how they would affect the availability of cash flow. He said based on the net assets with the foundations and the restriction on the cash there was limited relief or availability of cash except for restricted purposes via the foundations. Governor Haley asked if the foundations are still active. Mr. McNeish said all three of SCSU's foundations area still active. She said having vendors kickback money to the foundations and then having the foundations to pay for different things has to stop. She said this may have been done out of necessity, but it caused a lot of harm. She said she wants to see that practice stopped by the foundations and have the foundations liquidated.

Senator Leatherman noted that this is not a matter of whether the loan is repaid. He said this is a matter of changes must be made at SCSU. Governor Haley commented that changes must be made now. She said that a careful look needs to be given as to how the students will be impacted. Mr. Loftis commented that SCSU and central State government have failed miserably concerning this issue. Mr. Loftis said that absent a plan with vision and an entity with the authority and money to move forward and fix this problem, he does not see how any money more can be invested in SCSU. Governor Haley said that she had said no more money should be given until Elliott Davis' report came out.

Mr. Loftis also pointed out that whoever is put in place at SCSU will need to have the

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authority to take appropriate action to resolve the issues at SCSU. Governor Haley commented that one of the best things for the State's universities is to allow out-of-state board members. She said doing so will allow for board members who will not get into the politics at the university.

Senator Leatherman asked if anyone has negotiated with the vendors to settle for a sum less than what is owed to them. Dr. Evans said there has been some negotiating, but the negotiations have not been successful. Mr. Eckstrom said that makes a terrible statement to the private sector vendors in the State. He said he thinks this will have a chilling effect on vendors dealing with other State agencies. He said that if the State is willing to sanction the nonpayment of vendors, vendors will begin to build that into their contracts. He said this could end up being a costly thing to do. Mr. Eckstrom said that the negotiations should be to get the vendor to agree to extended payment terms. Senator Leatherman said he wonders if the contracts were negotiated properly on the front end. Mr. Eckstrom said that is a different matter. Senator Leatherman said that there may have been some rebates made and that should be reviewed. Mr. Loftis said that it is not a different matter because if an entity has subscribed to a 5% or 10% rebate the entity is in pretty deep. He said he does not understand how that is not illegal.

Governor Haley asked Dr. Evans what happened in 2012 to cause the drastic drop in SCSU's enrollment. Dr. Evans said that a lot of things happened in 2012 not just at SCSU, but across the nation. He said in 2012 Pell Grant processes changed and Student Plus Loans changed. He said enrollments not only at HBCUs (Historically Black Colleges and Universities) but across the nation declined. He also said that the change in leadership and internal issues with board members also contributed to the decline in enrollment. He said people did not want to be associated with the "drama" that continued to go on at SCSU. He also stated that other institutions were competing for the same students and making admissions packages much more attractive. He said that when there is less money to attract and keep students they go elsewhere. Governor Haley noted that there was no reaction by SCSU to those factors taking place.

Dr. Evans stated that they support and agree with Elliott Davis' report. He said that SCSU is not denying that it needs help with its financial issues. He said their focus is on the students and they have taken steps to look at the programs at SCSU because they cannot continue to be everything for everyone. He said that they have already made some cuts, but as Mr. McNeish indicated they cannot cut themselves out of business. He said they recognize they must

do some things quickly.

Governor Haley said that the assistance given to SCSU cannot be seen as a hand out. She stated that there will have to be a lot of accountability and results. She also stated the resolution to this situation is going to be uncomfortable. He said they will be looking at their signature programs and providing resources that enhance those programs to attract students and eliminate weaker programs.

Senator Leatherman commented that in order for SCSU to survive it needs a new board that will be willing to make tough decisions. He said that he is not interested in pumping more money into SCSU without seeing some immediate action.

Mr. Eckstrom asked Mr. McNeish does the cash (approximately \$7.8 million) that is reported in the balances of the restricted and unrestricted total include foundation cash and the advancement foundation cash. Mr. McNeish said that it included only SCSU's cash. Mr. Eckstrom stated that the audited financial statement indicates that the cash is restricted resources held by the foundations for the use and benefit of SCSU. He also noted that the audited financial statement indicates that the foundations are considered a component of SCSU. He further stated that if the cash is designated as restricted cash there are restrictions on using the cash for anything other than the stated purpose for the support of SCSU. He asked Mr. McNeish why that cash cannot be considered in the cash flow statement. Mr. McNeish said that depends on what the restriction is on the cash. He said his understanding is that the cash is restricted. Mr. Eckstrom said some of the cash came from rebates and asked if that cash would be restricted. Mr. McNeish said that he would have to look into that. Governor Haley said that could easily be resolved by contacting the donor for permission to transfer the cash to SCSU. She said that transferring the \$7 million from the foundation would be huge for SCSU. Mr. Eckstrom noted SCSU's advancement foundation has over a third of a million dollars for a total over \$8 million in foundation money that could be transferred to SCSU.

In further discussion, Mr. Eckstrom asked what has been done to accurately capture the accounts payable. Mr. McNeish said they obtained the subsidiary ledger of accounts payable by vendor and invoice from SCSU and reviewed it. He said that they also looked at that in concert with the cash reconciliations to make sure the change in accounts payable was in concert with the change in reconciled bank accounts.

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board received and accepted the “Statement of Forecasted Monthly Cash Flows and Accounts Payable and Accrued Expenses”.

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

***South Carolina State University: Request to Modify Repayment Terms of Budget and Control Board Interagency Loan Resolution (Regular Session Item #2)***

The Board was asked to consider a request from South Carolina State University to modify repayment terms of a Board interagency loan of April 30, 2014, to South Carolina State University (SCSU).

Governor Haley asked for a motion to accept the item. There was no motion made to adopt the item. Governor Haley then asked for discussion on the item. She noted that the item would extend the loan repayment over more time.

Mr. Eckstrom commented that SCSU does not need any more debt. He said extending the loan would extend \$6 million of debt that needs to be dealt with by the State. Governor Haley said that she wanted to make sure that the Board members understood that by not extending the loan they are calling in the loan this year. She said this means that vendors will not get paid.

Senator Leatherman said that he did not vote for this a year ago. He said if the loan is extended it will allow an outflow of money. Governor Haley commented that there was also a proposal for \$12 million that she disagreed with. She said she wanted everyone to know that SCSU is a school that is on life support.

Mr. White stated he was one of the three Board members that voted for the \$6 million loan to SCSU and that, as a Board member, he voted for the \$12 million that was recommended by the JBRC. He noted that he voted against the \$12 million at JBRC. He said he has problems voting to extend a loan payment when there are no terms and conditions set forth by the Board. He said when the Board originally voted for the loan there were terms and conditions set forth by the Board. Mr. White said that he is not in favor of extending the loan at this time. He said the Board is meeting on April 28 and can work out terms and conditions at that time and that the General Assembly would have acted in terms of how SCSU should be structured and running.

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After further discussion, Governor Haley commented that since there was no motion to adopt the item the Board will come back to the item at its next meeting.

The Board did not act upon a request from South Carolina State University to modify repayment terms of a Budget and Control Board interagency loan of April 30, 2014.

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

***Division of General Services: SC Department of Social Services Lease – Florence (R3)***

The SC Department of Social Services (DSS) requested approval to continue leasing 18,073 rentable square feet (combining two current leases) located at 2120 Jody Road, Suites A and D, in Florence from Twenty-One Twenty Partners, a South Carolina based company, for their Child Support Enforcement and Intensive Foster Care and Clinical Services divisions.

A solicitation was conducted and two (2) responses were received, of which the selected location represents the lowest bid including moving costs. The initial lease term will be five (5) years beginning April 1, 2015, at a rate of \$12.87 per square foot. Additionally, the agency will not be responsible for any operating expense escalations. Total costs for the term of the lease are represented in the chart below:

<b>Initial Term</b>	<b>Period (From-To)</b>	<b>Annual Rent</b>	<b>Rent per SF</b>	<b>Max Potential Excess Operating Costs</b>
YEAR 1	04-01-2015 to 03-31-2016	\$232,599.51	\$12.87	\$0.00
YEAR 2	04-01-2016 to 03-31-2017	\$232,599.51	\$12.87	\$0.00
YEAR 3	04-01-2017 to 03-31-2018	\$232,599.51	\$12.87	\$0.00
YEAR 4	04-01-2018 to 03-31-2019	\$232,599.51	\$12.87	\$0.00
YEAR 5	04-01-2019 to 03-31-2020	\$232,599.51	\$12.87	\$0.00
Total		\$1,162,997.55		

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The lease includes free surface lot parking sufficient for staff and customers. The following table represents comparable lease rates of similar business space in the Florence area:

<b>Agency</b>	<b>Address</b>	<b>Lease Term</b>	<b>Initial Rate/SF</b>	<b>Final Rate/SF</b>	<b>Max Potential Excess Operating Costs</b>
Continuum of Care	2120 Jody Road, Suite E	11/1/13-10/31/18	\$12.87	\$12.87	\$0.00
Department of Health and Human Services	201 N. Dozier Boulevard	5/1/14-4/30/19	\$12.55	\$12.55	\$12,375 Over 5 years
Department of Revenue	1452 West Evans Street	10/1/11-9/30/18	\$12.75	\$12.75	\$11,066 Over 7 years
Department of Transportation	2120 Jody Road, Suite B	3/1/15-2/28/20	\$13.40	\$13.40	0.00

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 February 24, 2015 meeting.

Mr. Loftis commented that this matter will come up April 1, 2015. He said that he cannot imagine having any meaningful input without getting the leases ahead of time. He said the matter was received two weeks before the Board meeting. Ms. Adams said there was a reason for the timing of the lease. Ms. Lancaster said there was some delay in negotiating with the landlord to obtain the appropriate rate before bringing this matter to the Board. She said the normal practice is to start the solicitation a year in advance.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Board approved the proposed 5 year lease for DSS at 2120 Jody Road in Florence.

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

***Executive Budget Office: Permanent Improvement Projects (Regular Session Item #4)***

Upon a motion by Senator Leatherman, seconded by Mr. White, the Board approved the following permanent improvement project establishment requests and budget revisions except as otherwise noted herein. Governor Haley, Mr. Loftis, Mr. Eckstrom, and Senator Leatherman voted for the item. Mr. White voted against the item.

**Establish Project for A&E Design**

- (a) Summary 5-2015: JBRC Item 1. Budget and Control Board  
Project: 9945, Dennis Building Elevator Modernization  
Funding Source: \$13,125 Other, Depreciation Reserve funds, which are derived from the rent account which receives rent charged to state agencies for use of state buildings.  
Request: Establish project and budget for \$13,125 (Other, Depreciation Reserve funds) to begin design work to renovate five elevators and associated control systems in the Dennis Building on the Statehouse Complex. The Dennis building is 61 years old and houses the Attorney General's Office, the Revenue and Fiscal Affairs Authority, the Department of Natural Resources and other state agencies. The 41 year old elevator system serves 750 staff who work in the building as well as visitors to the building. The project will include the renovation of approximately 1,440 square feet, including three elevator control rooms, four passenger elevators and one freight elevator. Modernization of the elevator system will allow for increased reliability and efficiency in the routing of the elevators.
- (b) Summary 5-2015A: JBRC Item 6. Department of Mental Health  
Project: 9739, State Veterans Nursing Home Construction Northeast Region  
Funding Source: \$250,000 Other, Capital Improvement and 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 \$250,000 (Other, Capital Improvement and Maintenance Funds) to begin design work to construct a 108 bed veterans' nursing home in the Department of Mental Health's Northeast Region. The new facility will have all private rooms and will include a kitchen, dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The FY 2014-15 General Appropriations Bill, per Proviso 35.13, directed the Department of Mental Health, in conjunction with the Governor's Office Division of Veterans Affairs, to conduct a feasibility study to determine whether there is a need for additional veterans' nursing homes in the state. The study has revealed a need for additional beds specifically for veterans. The agency initially planned to construct a 220 bed facility in the

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Central Region, but during the A&E process determined that three regional centers would be a better fit for the Veteran's Administration design guidelines and the agency's needs. The agency plans to analyze various sites within the region. A prototype design for a 108 bed facility is being established as part of pre-design work for the facility in the Central Region which will be adapted for use at this location.

- (c) Summary 5-2015A: JBRC Item 7. Department of Mental Health  
Project: 9740, State Veterans Nursing Home Construction Northwest Region  
Funding Source: \$250,000 Other, Capital Improvement and 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 \$250,000 (Other, Capital Improvement and Maintenance Funds) begin design work to construct a 108 bed veterans' nursing home in the Department of Mental Health's Northwest Region. The new facility will have all private rooms and will include a kitchen, dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The FY 2014-15 General Appropriations Bill, per Proviso 35.13, directed the Department of Mental Health, in conjunction with the Governor's Office Division of Veterans Affairs, to conduct a feasibility study to determine whether there is a need for additional veterans' nursing homes in the state. The study has revealed a need for additional beds specifically for veterans. The agency initially planned to construct a 220 bed facility in the Central Region, but during the A&E process determined that three regional centers would be a better fit for the Veteran's Administration design guidelines and the agency's needs. The agency plans to analyze various sites within the region. A prototype design for a 108 bed facility is being established as part of pre-design work for the facility in the Central Region which will be adapted for use at this location.
- (d) Summary 5-2015: JBRC Item 2. Department of Disabilities and Special Needs  
Project: 9885, Whitten Center - Preventive Maintenance  
Funding Source: \$4,875 Other, Excess Debt Service funds, which are derived from revenues received by the agency that were in excess of the amounts need to meet its debt service requirement and have been retained pursuant to §44-20-1170 for capital improvements.  
Request: Establish project and budget for \$4,875 (Excess Debt Service and Other, Whitten Center Trust Funds) to begin design work to perform preventive maintenance at the Whitten Center in Laurens County. Seventeen buildings covering 121,628 square foot Whitten Center will be included in the project. The buildings serve approximately 264 clients and staff and range in age from 14 to 81 years old. Systems affected by the project range in age from 3 to 51 years old. Maintenance projects will include upgrading the dormitory fire alarm systems to include carbon monoxide detectors, replacing windows in a

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dorm, renovating the activity building, replacing a boiler at the dental clinic, tree removal and trimming and landscaping replacement at the Sensory Garden.

- (e) Summary 5-2015: JBRC Item 3. Department of Disabilities and Special Needs  
Project: 9886, Midlands Center - Preventive Maintenance  
Funding Source: \$5,850 Other, Excess Debt Service funds, which are derived from revenues received by the agency that were in excess of the amounts need to meet its debt service requirement and have been retained pursuant to §44-20-1170 for capital improvements.  
Request: Establish project and budget for \$5,850 (Excess Debt Service funds) to begin design work to perform preventive maintenance at the Midlands Center in Richland County. Twelve buildings at the 204,494 square foot Midlands Center will be included in the project. The buildings serve approximately five hundred clients and staff and range from 28 years old to 51 years old. All systems to be maintained or replaced are at least twelve years old, with most being significantly older. Maintenance projects will include the replacement of exterior soffit lights at dormitories to improve safety and security for residents, replacement of interior lighting and controls in dormitory storage areas, the removal of an underground fuel tank, painting of exterior entrances to the building, replacement of ceiling tiles, replacement of carpeting and the renovation of bathrooms for ADA compliance, and other lifecycle replacement projects.
- (f) Summary 5-2015: JBRC Item 4. Department of Disabilities and Special Needs  
Project: 9887, Statewide - Community Facilities Preventive Maintenance and License Conversion  
Funding Source: \$6,000 Other, Excess Debt Service funds, which are derived from revenues received by the agency that were in excess of the amounts need to meet its debt service requirement and have been retained pursuant to §44-20-1170 for capital improvements.  
Request: Establish project and budget for \$6,000 (Excess Debt Service funds) to begin design work to replace building components at Department of Disabilities and Special Needs facilities statewide to provide code compliant upgrades that will allow for conversion of their licenses from ICF-ID to CRCF or CTH II license designations. The buildings range in age from 25 to 74 years old and serve 76 clients and staff. The projects will address life cycle replacement issues for HVAC equipment, water heaters, sanitizers, windows, doors, roofing, and life safety systems. It will also include energy efficient lighting, building envelope insulation, kitchen cabinet refurbishment, kitchen countertop replacement, and roll-in shower conversion.
- (g) Summary 5-2015: JBRC Item 5. Department of Disabilities and Special Needs  
Project: 9888, Pee Dee and Saleeby Centers Preventive Maintenance  
Funding Source: \$7,830 Other, Excess Debt Service funds, which are derived from

revenues received by the agency that were in excess of the amounts need to meet its debt service requirement and have been retained pursuant to §44-20-1170 for capital improvements.

**Request:** Establish project and budget for \$7,830 (Excess Debt Service funds) to begin design work to perform preventive maintenance at the Pee-Dee Center, located in Florence and Saleeby Center, located in Hartsville. A total of 72,394 square feet will be renovated in this project across both centers. Buildings included in the project range in age from 35 to 47 years old and the renovations will impact 213 clients and staff. The work at the Pee Dee Center will include renovation of a total of 24 bathrooms located across six dorms, the replacement of cooking equipment in the Pee Dee Center Central Kitchen, the replacement of HVAC equipment in the Pee Dee Central Kitchen and a dorm, and the replacement of flooring in the administration and program buildings. The work at the Saleeby Center will include the replacement of damaged ceiling tiles, commercial laundry equipment and wall finishes, as well as the installation of additional accessible handrails.

(h) Summary 5-2015: JBRC Item 6. Department of Natural Resources

**Project:** 9945, Pickens - Sassafras Mountain Observation Tower Project

**Funding Source:** \$60,000 Other, Restricted Donation funds, which are donations from individuals and corporations for the purpose of this project.

**Request:** Establish project and budget for \$60,000 (Other, Restricted Donation funds) to begin design work to construct an observation tower near the summit of Sassafras Mountain in Pickens County. Sassafras Mountain is the tallest peak in the state. In an effort to allow increased public use of the property, the agency recently conducted a feasibility study to investigate the installation of an observation tower. The study recommended a 10 foot high observation platform that would be ADA accessible and capable of holding up to 30 persons for long range viewing. The observation tower is part of a long term master plan for the area that would eventually include outdoor classroom spaces, restrooms and an enhanced trail network to allow access to the summit. The agency has secured donations to fund pre-design for the project and, if approved, plans to pay for construction from donations as well.

**Establish Construction Budget**

(i) Summary 5-2015: JBRC Item 7. Clemson University

**Project:** 9914, Littlejohn Coliseum Renovation

**Funding Source:** \$63,500,000 Revenue Bond funds, which are 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 a combination of Athletic net revenues, ticket surcharges, private (IPTAY) gifts and contributions from the Clemson Athletics Facilities Trust Endowment invested with the Clemson University Foundation.

**Request:** Increase budget to \$63,500,000 (add \$63,500,000 Revenue Bond and subtract

\$1,300,000 Other, Private Athletic funds) to renovate the Littlejohn Coliseum and Annex at Clemson. The project was approved for pre-design in February 2014, which is now complete. The original 125,000 square foot facility was constructed in 1967. In 2001 an approximately 75,000 square foot annex was added along with the replacement of the original roof and truss system. The renovations will add approximately 15,400 square feet to the facility and will include an upgraded playing arena and seating bowl with 8,500 seats, increased premium level seating from 40 seats to 500 seats, and a NCAA regulation practice facility. In addition, significant transformations to the exterior will be made with a large ceremonial entry way constructed and two enhanced functional entry ways added on the south corners. The renovation will also upgrade the facility's electrical, lighting, sound and information technology systems. The agency reports total projected cost of this project is \$63,500,000. Additional operating costs ranging from \$174,900 to \$185,400 are anticipated in the three years following project completion. The agency also reports the projected date for execution of the construction contract is April 2015 with completion of construction in October 2016. (See attachment 1 for this agenda item for additional annual operating costs.)

- (j) Summary 5-2015: JBRC Item 8. Clemson University  
Project: 9920, Central Energy Facility Boiler Replacement  
Funding Source: \$3,260,284 which includes \$2,435,075 Other, Maintenance and Stewardship funds, which are comprised of tuition, matriculation and other debt retirements and plant transfer revenues that are restricted to support capital investments and that are not formally obligated to fund debt service in the current period and \$825,209 Other, FY 2014-15 Lottery Funds which are funds appropriated by the General Assembly for maintenance needs.  
Request: Increase budget to \$3,260,284 (add \$3,211,384 - \$2,386,175 Other, Maintenance and Stewardship and \$825,209 Other, FY14-15 Lottery Funds) to replace the boiler and fuel conveyance system in the Central Energy Facility at Clemson University. The project was approved for pre-design in December 2014, which is now complete. The Central Energy Facility is the central boiler steam plant that provides thermal energy to heat more than 80 buildings on the main campus. This project will enhance plant reliability, provide redundancy, and reduce the university's carbon footprint while improving energy efficiency and meeting EPA emissions regulations. The work will include replacing the existing 1964 coal-fired boiler with a high-efficiency boiler, fueled primarily by natural gas with fuel oil backup, and removing the fuel conveyance, storage and ash handling systems which were installed during original plant construction in 1948. The boiler and fuel conveyance systems are 50 and 66 years old, respectively, and have exceeded their useful lives. They are beyond beneficial life cycle cost and upgrade consideration. Under EPA emission standards, the existing coal-fired boiler would require an estimated \$5 million in upgrades to permit it for full operation. The agency reports the total projected cost of this project is \$3,260,284. Additional operating costs of

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\$214,000 annually are expected in the three years following project completion. The agency also reports the projected date for execution of the construction contract is August 2015 with completion of construction in August 2016. (See attachment 2 for this agenda item for additional annual operating cost savings.)

- (k) Summary 5-2015: JBRC Item 9. Vocational Rehabilitation Department  
Project: 9607, Oconee Pickens VR Center Repaving  
Funding Source: \$514,875, which includes \$385,000 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 \$129,875 in Capital Reserve funds which were appropriated by the General Assembly.  
Request: Increase budget to \$514,875 (add \$504,875 - \$129,875 Capital Reserve and \$375,000 Federal funds) to repair and resurface the Oconee-Pickens Vocational Rehabilitation Center parking lot and loading area. The project was approved for pre-design in October 2014, which is now complete. The facility is over 25 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 total projected cost of the project is \$514,875. Additional annual operating expenses ranging from \$1,000 to \$1,200 are expected in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2015 with completion of construction in August 2015. (See attachment 3 for this agenda item for additional annual operating costs.)
- (l) Summary 5-2015: JBRC Item 10. Department of Parks, Recreation and Tourism  
Project: 9742, Fort Mill Welcome Center Replacement  
Funding Source: \$4,758,568, which includes \$3,752,216 Other, Proviso 49.9 FY 13-14 and Proviso 49.8 FY 14-15 funds which are unexpended funds from the Motion Picture Incentive Act carried forward from the prior fiscal year and directed by proviso to the Department of Parks, Recreation and Tourism for capital improvements to Welcome Centers, deferred maintenance and capital projects at state parks, marketing and advertising, \$805,082 Federal, SCDOT Highway Operations Center funds and \$201,270 Other, State Highway Funds.  
Request: Increase budget to \$4,758,568 (add \$3,692,216 Other, Proviso 49.9 FY13-14 funds) to replace the existing Fort Mill Welcome Center, located in York County. The project was approved for pre-design in October 2014, which is now complete. The facility is 33 years old and has not received any major renovations since its construction. The welcome center and restroom facility, which serve 673,000 visitors per year, are outdated and inadequate to meet current visitor demand. The new design will take into account historic visitor counts as well the needs of visitors at the center. It will also include energy

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efficiency features such as light colored roofing and paving materials and dual flush water closets. The scope revision will allow for the replacement of other buildings within the Welcome Center campus, including the replacement of the adjacent restroom facility and the Highway Operations Center, which is currently located in a mobile facility on site. The agency reports the total projected cost of this project is \$4,758,568 and that no additional annual operating expenses are expected in the three years following project completion. The agency also reports that the projected date for execution of the construction contract is September 2015 with completion of construction in June 2016.

- (m) Summary 5-2015A: JBRC Item 1. Department of Parks, Recreation and Tourism  
Project: 9743, Hardeeville Welcome Center Replacement  
Funding Source: \$4,121,337 Other, Proviso 49.9 FY 13-14 and Proviso 49.8 FY 14-15 funds which are unexpended funds from the Motion Picture Incentive Act carried forward from the prior fiscal year and directed by proviso to the Department of Parks, Recreation and Tourism for capital improvements to Welcome Centers, deferred maintenance and capital projects at state parks, marketing and advertising.  
Request: Increase budget to \$4,121,337 (add \$4,061,337 Other, Proviso 49.9 FY13-14 funds) to replace the existing Hardeeville Welcome Center, located in Jasper County. The project was approved for pre-design in October 2014, which is now complete. The facility is 36 years old has not received any major renovations since the addition of a restroom 27 years ago. The welcome center and restroom facility, which serve 697,000 visitors per year, are outdated and inadequate to meet current visitor demand. The new design will take into account historic visitor counts as well the needs of visitors at the center. It will also include energy efficiency features such as light colored roofing and paving materials and dual flush water closets. The agency reports that the total projected cost of this project is \$4,121,337 and that no additional annual operating expenses are expected in the three years following project completion. The agency also reports that the projected date for execution of the construction contract is September 2015 with completion of construction in June 2016.
- (n) Summary 5-2015A: JBRC Item 2. Department of Parks, Recreation and Tourism  
Project: 9744, Kings Mountain State Park Paving  
Funding Source: \$627,900 Other, Proviso 49.9 FY 13-14 and Proviso 49.8 FY 14-15 funds which are unexpended funds from the Motion Picture Incentive Act carried forward from the prior fiscal year and directed by proviso to the Department of Parks, Recreation and Tourism for capital improvements to Welcome Centers, deferred maintenance and capital projects at state parks, marketing and advertising.  
Request: Increase budget to \$627,900 (add \$622,650 Other, Proviso 49.9 FY13-14 funds) to repair and repave the roadways at Kings Mountain State Park, located

in York County. The project was approved for pre-design in October 2014, which is now complete. The 1.1 mile stretch of road to be repaved runs from the Park Headquarters past the historic farm and ends at the Cherokee Group Camp. The roadways in the park, which serves 184,652 visitors per year, are over 30 years old. During pre-design, borings of the roadway and soil surveys were performed to determine the appropriate methods and materials needed for repaving. The new paving material will closely resemble existing pavement in the park. Hot mix asphalt will be used both for the base and surface courses. The agency reports that the total projected cost of this project is \$627,900 and that no additional annual operating expenses are expected in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2015 with completion of construction in September 2015.

- (o) Summary 5-2015A: JBRC Item 3. Department of Parks, Recreation and Tourism  
Project: 9745, Myrtle Beach State Park Paving  
Funding Source: \$663,196 Other, Proviso 49.9 FY 13-14 and Proviso 49.8 FY 14-15 funds which are unexpended funds from the Motion Picture Incentive Act carried forward from the prior fiscal year and directed by proviso to the Department of Parks, Recreation and Tourism for capital improvements to Welcome Centers, deferred maintenance and capital projects at state parks, marketing and advertising.  
Request: Increase budget to \$663,196 (add \$648,196 Other, Proviso 49.9 FY13-14 funds) to repair and repave roadways and parking areas at Myrtle Beach State Park, located in Horry County. The project was approved for pre-design in October 2014, which is now complete. The 2.7 mile stretch of road to be repaved runs from the Gate House past the Park Office headquarters and fishing pier and along the beach front parking areas and boardwalks. The paved surfaces in the park, which serves 1,280,012 visitors per year, are over 20 years old and are in need of repaving. During pre-design, borings of the roadway and soil surveys were performed to determine the appropriate methods and materials needed for repaving. The new paving material will closely resemble existing pavement in the park. Hot mix asphalt will be used for the surface course while a recycled cement mixture will be used for the base course. The agency reports that the total projected cost of this project is \$663,196 and that no additional annual operating expenses are expected in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2015 with completion of construction in September 2015.

**Increase Budget**

- (p) Summary 5-2015A: JBRC Item 4. Department of Mental Health  
Project: 9722, Stone Veterans Nursing Home Deferred Maintenance  
Funding Source: \$4,710,000, which includes \$2,470,000 Federal funds, \$1,330,000

Capital Reserve Funds which were appropriated by the General Assembly and \$910,000 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: Increase budget to \$4,710,000 (add \$550,000 Other, Deferred Maintenance Fund) to increase the budget to address deferred maintenance issues at the Stone Veterans Nursing Home in Richland County. The project was established for pre-design in November 2011 with state appropriated funds and was increased for construction in May 2013. During demolition, it was discovered that some metal studs as well as portions of the metal stud bottom track were rusted and deteriorated beyond repair. Environmental testing also discovered that mold was prevalent in the wall cavities throughout portions of the structure, as well as in many areas of the piping and ceiling insulation. This budget increase would allow for the replacement of materials contaminated with mold, tile, insulation, metal studs and associated bottom track and additional finish painting in the affected areas. The agency reports the total projected cost of this project is \$4,710,000 and that no additional operating expenses are expected in the three years following project completion.

### **Revise Scope**

(q) Summary 5-2015A: JBRC Item 5. Department of Mental Health

Project: 9737, State Veterans Nursing Home Construction Central Region

Funding Source: \$500,000 Other, Capital Improvement and 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: To revise the scope for pre-design for the construction of a 220 bed veterans' nursing home on the campus of the Tucker Nursing Care Center in Richland County to reduce the size and include a possible location on the Northeast Campus in Richland County. The new facility will have all private rooms and will include a kitchen, dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The project was approved for pre-design in January 2015, but upon beginning pre-design work the architectural firm selected expressed concerns about the site. Current guidelines from the Veterans Administration for the design of veterans' nursing homes are based on a community living model, with smaller homes, community centers and more outdoor areas. The Department of Mental Health has decided to pursue three separate regional 108 bed facilities rather than one large 220 bed facility. The design firm has also expressed concerns about the available space and soil conditions at Tucker adding costs to construction and about a drainage ditch that runs through the edge of the site that has a required setback for construction. Based on these findings, the Department of Mental

Health would like to revise the scope of this project to allow for the construction of a 108 bed facility and for analysis of other locations within the Central region, including but not limited to a potential site on the agency's Northeast Campus in Richland County. The facility design will be a prototype design that can be adapted for use at other new regional facilities. (See attachment 4 for additional annual operating costs.)

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

***University of South Carolina: Not Exceeding \$37,000,000 General Obligation State Institution Refunding Bonds (Issued on Behalf of the University of South Carolina), Series 2015 of the State of South Carolina (Regular Session Item #5)***

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$37,000,000 General Obligation State Institution Refunding Bonds (issued on behalf of the University of South Carolina), Series 2015 of the State of South Carolina.

The proceeds of the bonds are to be used to (i) effect a refunding of the maturities of the originally issued \$58,000,000 General Obligation State Institution Bonds, Series 2006B maturing in the years 2017 through 2026, currently outstanding in the principal amount of \$34,160,000; and (ii) pay for expenses related to the issuance of such State Institution.

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 \$37,000,000 General Obligation State Institution Refunding Bonds (issued on behalf of the University of South Carolina), Series 2015 of the State of South Carolina. Governor Haley, Mr. Loftis, Mr. Eckstrom, and Senator Leatherman voted for the item. Mr. White voted against the item.

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

***Clemson University: Not Exceeding \$69,525,000 Athletic Facilities Revenue Bonds, Series 2015 of Clemson University, South Carolina (Regular Session Item #6)***

The Board was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$69,525,000 Athletic Facilities Revenue Bonds, Series 2015 of Clemson University, South Carolina.

The proceeds of the bonds are to be used for the purpose of providing funds to plan, develop, construct, and equip renovations to Littlejohn Coliseum on the campus of the University.

Mr. Eckstrom asked where basketball would be played while the renovations are ongoing. Dan Radakovich with Clemson University said the men's basketball team will play at the Bon Secours Wellness Arena. He said that the women's basketball team will play at Jervey Gymnasium on campus.

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 \$69,525,000 Athletic Facilities Revenue Bonds, Series 2015 of Clemson University, South Carolina. Governor Haley, Mr. Loftis, Mr. Eckstrom, and Senator Leatherman voted for the item. Mr. White voted against the item.

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

### ***Future Meeting***

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Board agreed to meet at 9:30 a.m. on Tuesday, April 28, 2015, in Room 252, Edgar A Brown Building.

### ***Adjournment***

The meeting adjourned at 11:05 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 4:00 p.m. on Monday, March 16, 2015.]