

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

August 13, 2019 – 10:00 A. M.

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, August 13, 2019, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

Governor Henry McMaster, Chair;
Mr. Curtis M. Loftis, Jr., State Treasurer;
Mr. Richard Eckstrom, Comptroller General; and
Representative G. Murrell Smith, Chairman, Ways and Means Committee.

Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee was not in attendance at the meeting.

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

Adoption of Agenda for State Fiscal Accountability Authority

Upon a motion by Representative Smith, seconded by Mr. Loftis, the Authority deleted regular session agenda item 4(e) from the agenda. Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved the agenda as amended.

Minutes of Previous Meetings

Upon a motion by Mr. Eckstrom, seconded by Representative Smith, the Authority approved the minutes of the June 18, 2019, Authority meeting.

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

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

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CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel
\$3,650,000; Economic Development Revenue Refunding Bonds; Lexington-Richland Alcohol and Drug Abuse Council ("LRADAC"); Series 2019 (South Carolina Jobs-Economic Development Authority – "SC JEDA")	LRADAC Conduit: SC JEDA	Haynsworth Sinkler Boyd – Kathy McKinney, Kimberly Witherspoon	Nexsen Pruet – Laurie Becker
\$60,000,000; Economic Development Revenue Bonds; The Heritage at Forest Acres; Series 2019 (SC JEDA)	The Heritage at Forest Acres Conduit: SC JEDA	Haynsworth Sinkler Boyd – Kathy McKinney, Kimberly Witherspoon	Parker Poe – Emily Luther, Ray Jones
\$13,500,000; Economic Development Revenue Bonds; Lander RWS Properties, LLC; Series 2019 (SC JEDA)	Lander RWS Properties, LLC Conduit: SC JEDA	Pope Flynn – Gary Pope, Bill Musser, Marc Oberdorff	Haynsworth Sinkler Boyd – Kathy McKinney, Kimberly Witherspoon
\$12,000,000; Educational Facilities Revenue and Revenue Refunding Bonds; Columbia College; Series 2019 (SC JEDA)	Columbia College Conduit: SC JEDA	Haynsworth Sinkler Boyd – Kathy McKinney, Kimberly Witherspoon	Pope Flynn – Joe Lucas
\$30,000,000; Economic Development Revenue Bonds; Port Royal I, LLC; Series 2019 (SC JEDA)	Port Royal I, LLC Conduit: SC JEDA	Burr Forman McNair – Michael Seezen; Ice Miller – Philip Genetos	Haynsworth Sinkler Boyd – Kathy McKinney, Kimberly Witherspoon

GENERAL OBLIGATION / REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$50,000,000 Academic and Administrative Facilities Revenue Bonds; (Simons Center for the Arts); Series 2019A	College of Charleston	Burr Forman McNair – William Youngblood, Rion Foley

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

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

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

Establish Project for A&E Design

- (a) Summary 1-2020: JBRC Item 1. (H09) The Citadel
Project: 9621, Supplemental Housing
Included in Annual CPIP: No – The decision to replace this facility was made after the 2018 CPIP submission.
JBRC/SFAA Phase I Approval: N/A
CHE Recommended Approval: 6/6/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Barracks Maintenance Reserve	-	-	-	23,453	23,453
All Sources	=	=	=	<u>23,453</u>	<u>23,453</u>

Funding Source: \$23,453 Other, Barracks Maintenance Reserve Funds, which come from Barracks (dormitory) profits. Each year the profits from the Barracks (dormitories) are swept into the Barracks Maintenance Reserve Account.

Request: Establish project and budget for \$23,453 (Other, Barracks Maintenance Reserve Funds) to begin Phase I A&E pre-design to replace the current, 20-year-old, 16 bed modular trailer (VTR) with a 50-52 bed, R-2 modular unit for supplemental housing. The current facility is 2,514 square feet and the new facility will be 8,000 square feet. The demand for the new facility is to house overflow students from the barracks during the fall semester until normal attrition allows for those students to move into the barracks. The remainder of the school year the facility will be used by visiting teams and athletic teams at The Citadel during campus closures over Thanksgiving, Christmas, and spring furloughs, as well as graduation in May, as needed. 10 staff members will oversee the students but are not housed in this space. The agency estimates total project costs at \$1,563,533. (See attachment 1 for this agenda item for additional annual operating costs.)

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- (b) Summary 1-2020: JBRC Item 3. (H27) University of South Carolina - Columbia
Project: 6130, Taylor House Maintenance Renovation
Included in Annual CPIP: Yes – 2018 CPIP Priority 5 of 7 in FY20 (estimated at \$1,500,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/6/19

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Private Gifts	-	-	-	24,500	24,500
All Sources	=	=	=	<u>24,500</u>	<u>24,500</u>

Funding Source: \$24,500 Other, Private Gift Funds, which are funds received specifically designated for this work.

Request: Establish project and budget for \$24,500 (Other, Private Gift Funds) to complete a significant amount of interior historic restoration and building systems replacement on the Taylor House. The work will include architectural restoration of floors, walls, decorative plaster, fireplaces, and the monumental stair. Infrastructure work will include mechanical systems, electrical systems, fire sprinklers and other core work as the budget will permit. The Taylor House was originally constructed in 1908 and is 111 years old. The facility is 8,076 square feet and the entire building will be renovated. 20 staff members and 20 clients are expected to use the space associated with the building. The agency estimates total project costs at \$1,630,000.

- (c) Summary 1-2020: JBRC Item 4. (H27) University of South Carolina - Columbia
Project: 6131, Thornwell College Maintenance Renovation
Included in Annual CPIP: Yes – 2018 CPIP Priority 11 of 11 in FY19 (estimated at \$12,000,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/6/19

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Housing Maintenance Reserve	-	-	-	165,000	165,000
All Sources	=	=	=	<u>165,000</u>	<u>165,000</u>

Funding Source: \$165,000 Other, Housing Maintenance Reserve Funds, which are derived from the Housing operating budget which includes housing fees and revenues generated by laundry operations, conferences, and interest.

Request: Establish project and budget for \$165,000 (Other, Housing Maintenance Reserve Funds) to comprehensively renovate the residential portion of Thornwell College. The scope will include replacement of mechanical and electrical infrastructure and replacement of interior finishes, the addition of electronic access door hardware to unit entrances, and windows will be evaluated to determine if they require replacement. The residence hall has not been renovated in decades and requires systems replacement and new finishes to be consistent with the quality and functionality of other university housing. Thornwell College was constructed in 1913 and is 106 years old. The total square footage is 38,421 square feet with the residential portion affected by this work being 22,486 square feet. The East Office Annex portion will not be renovated. 60 students will reside in the building. The agency estimates total project costs at \$12,000,000. (See attachment 2 for this agenda item for additional annual operating cost savings.)

- (d) Summary 1-2020: JBRC Item 5. (H27) University of South Carolina - Columbia
Project: 6133, Campus Village Residential Development
Included in Annual CPIP: No
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 8/1/19.

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Developer Funds at Risk	-	-	-	1,200,000	1,200,000
All Sources	=	=	=	<u>1,200,000</u>	<u>1,200,000</u>

Funding Source: \$1,200,000 Other, Developer Funds at Risk, which is the value of design work performed by the successful offeror, at his own risk, and who was selected through a solicitation approved by the USC Board of Trustees and coordinated with the SC Office of the State Engineer.

Request: Establish project and authorization for \$1,200,000 (Other, Developer Funds at Risk) to redevelop 9 acres of property owned by the university to include the demolition of Cliff Apartments and the construction of four residential buildings and a parking facility and all associated site work. Campus Village is envisioned as a comprehensive and transformational student residence project achieving numerous campus objectives

consistent with the vision of the 2018 Master Plan. These objectives include responding to enrollment growth, eliminating the abatement and maintenance of Cliff Apartments, reimagine a predominantly barren surface parking lot and create a village surrounded by green space, provide on-site amenities, and a site plan which strengthens the South Marion Street pedestrian promenade connecting Campus Village and the Athletics Village. Four residential buildings totaling 525,000 gross square feet and a 175-car transportation hub/parking facility will be constructed for a total gross constructed of approximately 636,090 gross square feet. The facilities will be designed and constructed to meet two Green Globes certification standards. An estimated 2,000 students will utilize the space associated with the project. The agency estimates total project costs at \$210,000,000. (See attachment 3 for this agenda item for additional annual operating costs.)

Establish Construction Budget

- (e) Summary 1-2020: JBRC Item 10. (H27) University of South Carolina - Columbia
Project: 6127, Jones PSC Biology Labs Renovation I
Included in Annual CPIP: Yes – 2018 CPIP Priority 3 of 11 in FY19
JBRC/SFAA Phase I Approval: December 2018 (estimated at \$6,500,000)

CHE Recommended Approval: 6/6/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Institutional Capital Project	97,500	-	97,500	6,702,500	6,800,000
All Sources	<u>97,500</u>	=	<u>97,500</u>	<u>6,702,500</u>	<u>6,800,000</u>

Funding Source: \$6,800,000 Other, Institutional Capital Project Funds, which are generated from the portion of tuition and fees designated for State Institution Bonds. These funds pay debt service first and the remainder is used for capital improvements.

Request: Increase budget to \$6,800,000 (add \$6,702,500 Other, Institutional Capital Project Funds) to begin Phase II design and construction to gut and renovate the first floor, south wing, of Jones PSC to adapt space currently allocated to aged chemistry teaching labs to become modern biology teaching labs for the College of Arts and Sciences. Associated work will also occur in the basement, on the fourth floor and in shafts that connect these floors to support the first-floor work. The demolition will include abatement of asbestos and lead paint. The first floor upfit will provide four modern teaching labs, three prep rooms, a classroom,

a collaborative study area, student study rooms, and accessible toilet rooms. New mechanical HVAC construction on the fourth level will support the renovation on the first floor. Per the university, this project follows a long-range plan for adding and improving science teaching labs that addresses a shortfall of labs made more acute by enrollment growth. Enrollment in biology labs is projected to increase. The Jones Physical Sciences Center is 192,503 square feet and the portion to be renovated is approximately 13,100 square feet. Based on 10 lab sessions per week, 960 students will utilize the lab spaces. Other classroom, collaboration and study group spaces will accommodate an additional 118 students and faculty. The project contingency is 17.70% of the estimated cost to complete the project due to the concern of unforeseen conditions including structural, MEP, and hazardous materials which could create changes in scope during construction. Additionally, the complex nature of the project may deter bidders resulting in limited competition and higher bids. The project has extensive mechanical and plumbing work, and, in the university's recent experience, these trades are in high demand which is escalating bids. Lastly, renovation work in this location will be difficult to access and stage without disrupting academic and research areas which must remain operational during the renovation. The agency estimates total project costs at \$6,800,000. (See attachment 4 for this agenda item for additional annual operating cost savings.) The agency anticipates execution of the construction contract in April 2020 and completion of construction in August 2021.

- (f) Summary 1-2020: JBRC Item 12. (H59) Horry-Georgetown Technical College
Project: 6144, Renovation of Grand Strand Buildings 100, 200 & 300 and Campus Infrastructure
Included in Annual CPIP: Yes – 2018 CPIP Priority 1 of 2 in FY19 (estimated at \$10,000,000)
JBRC/SFAA Phase I Approval: October 2018 (estimated at \$8,120,000)

CHE Recommended Approval: Pending CHE Board Approval on 8/1/19.

<u>Source of Funding</u> <u>Detail</u>	<u>Original</u> <u>Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, College	120,000	-	120,000	6,805,869	6,925,869
Other, Myrtle Beach Air Force Base Re- Development Authority	-	-	-	1,000,000	1,000,000
Other, Horry County Transportation Committee	-	-	-	525,640	525,640
All Sources	<u>120,000</u>	<u>=</u>	<u>120,000</u>	<u>8,331,509</u>	<u>8,451,509</u>

Funding Source: \$6,925,869 Other, College Funds, which are the cumulative excess of revenues over expenses. The college does not impose any fee to its Plant Fund or for capital projects. The Plant Funds are simply the excess of revenues over expenses accumulated over time for the purpose of funding capital projects and for meeting local matching requirements. \$1,000,000 Other, Myrtle Beach Air Force Base Re-Development Authority, which is a private entity from which the college received a fixed amount of funds for this project. \$525,640 Other, Horry County Transportation Committee, which is a county funding entity from which the college received a fixed amount of funds for this project.

Request: Increase budget to \$8,451,509 (add \$8,331,509 Other College, Other, Myrtle Beach Air Force Base Re-Development Authority, and Other Horry County Transportation Committee Funds) to renovate and extend the useful lives of buildings 100, 200, and 300 on the college's Grand Strand Campus and improve the overall campus infrastructure. The buildings were originally donated to the college by the former Myrtle Beach Air Force Base in the mid 1990s and include 140,000 square feet of classroom, lab, student services, and faculty office space that support 30 programs of study and more than 3,000 students. The structures range in age from 27 to 65 years old, lack energy efficient mechanical/electrical systems, require improvements to existing storm water systems and telecommunications/utility infrastructures, needs improvement to the sidewalk and road infrastructures, and otherwise are not conducive to modern instructional techniques. The renovations include weatherizing the building envelope, replacing existing windows, roof and drainage systems, improving storm water systems, upgrading HVAC systems, modernizing selected interior spaces, making landscape improvements, repairing and replacing sidewalks and parking spaces, improving exterior lighting and upgrading/modernizing components of the telecommunications and utility infrastructure and better ensuring compliance with ADA guidelines. The Phase II estimated cost to complete the project has increased by \$331,509 from the Phase I estimate for increased contingency, increased site work, and increased size and configuration of selected parking areas. The agency estimates total project costs at \$8,451,509. (See attachment 5 for this agenda item for additional annual operating cost savings.) The agency anticipates execution of the construction contract in March 2020 and completion of construction in October 2021.

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- (g) Summary 1-2020: JBRC Item 14. (N04) Department of Corrections
Project: 9740, Campbell – Renovate Housing Unit for Office Space
Included in Annual CPIP: No – The project should have been included on the 2018 CPIP but was removed based on other critical agency safety and security needs.
JBRC/SFAA Phase I Approval: May 2017 (estimated at \$1,700,000)

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY16 & FY19 Carryforward	25,100	-	25,100	324,900	350,000
Other, Canteen	-	-	-	1,700,000	1,700,000
All Sources	<u>25,100</u>	=	<u>25,100</u>	<u>2,024,900</u>	<u>2,050,000</u>

Funding Source: \$350,000 Appropriated State, FY16 & FY19 Carryforward Funds.
\$1,700,000 Other, Canteen Funds, which is revenue derived wholly from the canteen operations within the Department of Corrections on behalf of the inmate population, which may be retained and expended by the department for the continuation of the operation of said canteens and the welfare of the inmate population or, at the discretion of the Director, used to supplement costs of operations.

Request: Increase budget to \$2,050,000 (add \$2,024,900 Appropriated State, FY16 & FY19 Carryforward Funds and Other, Canteen Funds) to establish Phase II design and construction to renovate the inmate housing unit at Campbell Pre-Release Center for use as office space. The housing unit has not been used for housing inmates since the Pre-Release Center closed in 2015. The scope of work converts the institutional housing structure to general office use which will facilitate procurement and human resource services outside the security fence boundary but still within the SCDC Broad River Complex. Approximately 26 to 30 staff members will be assigned to offices and standing cubicles. The 11,150 square foot facility is approximately 27 years old. The Phase II estimated cost to complete the project has increased by \$350,000 from the Phase I estimate because the Phase I estimate was provided by in-house agency staff prior to any design work, whereas, the Phase II estimate was provided by a third-party architect. Although agency staff make every attempt to provide the most accurate estimate, the agency cannot always account for all renovation costs prior to actual design. The agency estimates total project costs at \$2,050,000. The agency anticipates execution of the construction contract in December 2019 and completion of construction in December 2020.

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Bryan Stirling, SCDC Director, appeared before the Authority on this item. Mr. Eckstrom asked if the canteen funds are agency wide or for this particular institution. Mr. Stirling responded the funds are raised agency wide. Mr. Eckstrom asked how much canteen funds are raised annually. Mr. Stirling responded he did not know and would have to get the information to Mr. Eckstrom.

- (h) Summary 1-2020: JBRC Item 15. (N04) Department of Corrections
Project: 9748, Lieber CI – Video Surveillance System
Included in Annual CPIP: No - The agency continues to have an immense infrastructure to house an incarcerated inmate population. Due to the unpredictability of available funding, projects arise out of emergency or change in security needs as predicated by the actions of inmates or the ever-changing inmate population.
JBRC/SFAA Phase I Approval: October 2018 (estimated at \$1,063,425)

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY18 & FY19 Carryforward	15,950	-	15,950	1,047,182	1,063,132
All Sources	<u>15,950</u>	=	<u>15,950</u>	<u>1,047,182</u>	<u>1,063,132</u>

Funding Source: \$1,063,132 Appropriated State. FY18 & FY19 Carryforward Funds.
Request: Increase budget to \$1,063,132 (add \$1,047,182 Appropriated State, FY18 & FY19 Carryforward Funds) to establish Phase II design and construction for the installation of equipment and dedicated network infrastructure at Lieber Correctional Institution. The items to be installed include fiber optic cable, upgrading existing analog cameras with IP digital cameras, video servers, switches and network racks, additional cameras to provide constant surveillance of the inmate population, securing rooms for the equipment throughout the institution, multiple video management workstations and monitors, interfacing with other security systems such as the perimeter fence detection system, and enhanced recording for evaluation of security events, all of which will enhance the safety and security of the Lieber Correctional Institution. The video surveillance system will be installed in all the housing units and inmate common areas – both for interior and exterior applications. The installation will be accomplished utilizing SCDC's in-house/inmate labor forces. Lieber Correctional Institution was constructed in 1986, making it 33 years old, and can

house up to 1,379 inmates and is staffed by approximately 235 individuals. The entire institution will be affected by this project and is 361,000 square feet. The agency estimates total project costs at \$1,063,425.00. The agency anticipates execution of the construction contract in October 2019 and completion of construction in November 2020.

Mr. Eckstrom asked if other institutions currently had video surveillance or if video surveillance would be provided to them. He also asked how is the funding being done. Mr. Stirling said there is video surveillance at institutions and that they are using carryforward funds. Mr. Eckstrom asked if there was a financing plan in place to complete the video surveillance at the other institutions. Mr. Stirling said they are using current money and a proviso allows them to use inmate phone call funds for this type project.

Establish Construction Budget & Change Source of Funds

- (i) Summary 1-2020: JBRC Separate Item. (H15) College of Charleston
Project: 9650, Simons Center for the Arts Renovation
Included in Annual CPIP: Yes – 2018 CPIP Priority 5 of 7 in FY19 (estimated at \$47,000,000)
JBRC/B&CB Phase I Approval: June 2012 (estimated at \$21,000,000)
Admin. Phase I Increase Approval: May 2015 (estimated at \$21,000,000)
CHE Recommended Approval: 6/6/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Revenue Bonds	-	-	-	45,000,000	45,000,000
Appropriated State, FY15 Proviso 118.16 (nonrecurring)	-	529,781	529,781	-	529,781
Other, College Fees	315,000	-	315,000	-	315,000
Other, Capital Project Institutional	-	-	-	4,155,219	4,155,219
All Sources	<u>315,000</u>	<u>529,781</u>	<u>844,781</u>	<u>49,155,219</u>	<u>50,000,000</u>

Funding Source: \$45,000,000 Revenue Bonds. \$529,781 Appropriated State, FY15 Proviso 118.16 (nonrecurring) Funds. \$315,000 Other, College Fee Funds, which are a portion of the student bill not specifically

earmarked/dedicated for debt service, auxiliary enterprises, or student clubs or activities. It is generated through charges for course credit as well as ancillary charges for labs, transcripts, and other miscellaneous items. \$4,155,219 Other, Capital Project Institutional Funds, which are revenues generated by the Capital Improvement Fee that are in excess of the current annual debt service related to bonds issued under SC Code of Laws Section 59-130 Article 5. This fee is that portion of the student bill earmarked for debt service and renewal of the physical infrastructure.

Request: Increase budget to \$50,000,000 (add \$49,155,219 Revenue Bonds and Other, Capital Project Institutional Funds) to establish Phase II for the development of construction/bid documents and approval of the construction budget. This project will provide for the renovation and expansion of the Simons Center for the Arts. The building requires infrastructure renovation/replacement, upgrades to meet current building accessibility codes and space utilization alterations to meet current and future program needs. Specifically, the project will provide a small central energy plant to power this building and two adjacent structures; a state-of-the-art black box theater; expanded storage and studio space for the costume shop; renovated support spaces for performance areas; renovated Emmett Robinson Theater; upgrades to printmaking, sculpture, and painting studios; new computer and design labs; a radio and music production studio; and faculty/staff offices. This project will be constructed to meet two Green Globes Certification standards with anticipated energy savings of \$605,258 over a 30-year period. The building was constructed in 1979 and is 40 years old. Mechanical, electrical and plumbing systems are original to the building. No significant renovations have occurred since the original construction. The agency estimates total project costs at \$50,000,000. (See attachment 6 for this agenda item for additional annual operating cost savings.) The agency anticipates execution of the construction contract in November 2020 and completion of construction in August 2022.

Establish Construction Budget, Revise Scope & Change Source of Funds

- (j) Summary 1-2020: JBRC Item 17. (H29) University of South Carolina - Aiken
Project: 9553, USC Aiken Penland HVAC Renovation
Included in Annual CPIP: Yes – 2018 CPIP Priority 1 of 2 in FY19 (estimated at \$4,000,000)
JBRC/SFAA Phase I Approval: May 2018 (estimated at \$1,500,000)
CHE Recommended Approval: 6/6/19

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<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
FY19 Capital Reserve	-	-	-	3,500,000	3,500,000
Other, USC Aiken Institutional	22,500	-	22,500	(22,500)	-
Aiken Institutional Capital Project	-	-	-	500,000	500,000
All Sources	<u>22,500</u>	=	<u>22,500</u>	<u>3,977,500</u>	<u>4,000,000</u>

Funding Source: \$3,500,000 FY19 Capital Reserve Funds. \$500,000 Other, Aiken Institutional Capital Project Funds, which are generated from the portion of tuition and fees designated for State Institution Bonds. These funds pay debt service first and the remainder is used for capital improvements.

Request: Increase budget to \$4,000,000 (add \$3,977,500 FY19 Capital Reserve and Other, Aiken Institutional Capital Project Funds) and revise the project scope to replace the entire mechanical HVAC system in the Robert E Penland Administration Building constructed in 1973. The original scope of work only included replacing a significant portion of the HVAC system. This work will include replacing air handlers, ductwork, VAV boxes and digital controls. Additionally, the project scope will include installing a sprinkler system, replacing the fire alarm system and provide new lighting. The work will require existing suspended ceilings be removed to access the plenum to remove the existing HVAC system and install a new system. New ceilings will be reinstalled. The occupants of the building will be relocated in two phases. The existing HVAC system is original to the 58,447 square foot, 46-year-old building and has reached the end of its serviceable life. The system is vulnerable to failure at any time. This campus administration and academic programs facility accommodates approximately 100 faculty and staff and 675 students. The Phase I request included a reduced scope of work due to funding constraints. With state funds currently available, the Phase II request includes the original intended scope of work reflected in the 2018 CPIP. The agency estimates total project costs at \$4,000,000. (See attachment 7 for this agenda item for additional annual operating cost savings.) The agency anticipates execution of the construction contract in December 2019 and completion of construction in August 2020.

Establish Construction Budget & Revise Scope

- (k) Summary 1-2020: JBRC Item 18. (E24) Office of the Adjutant General
Project: 9817, Statewide Act of Nature Repairs
Included in Annual CIP: No – This is an unforeseen project due to Hurricane Florence.
JBRC/SFAA Phase I Approval: January 2019 (estimated at \$816,850)
Admin. Change Source of Funds Approval: May 2019 (estimated at \$816,850)

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State	3,750	11,250	15,000	1,052,296	1,067,296
Federal, National Guard Bureau	11,250	(11,250)	-	-	-
All Sources	<u>15,000</u>	=	<u>15,000</u>	=	<u>1,067,296</u>

Funding Source: \$1,067,296 Appropriated State.

Request: Increase budget to \$1,067,296 and revise the project scope (add \$1,052,296 Appropriated State Funds) to proceed with Phase II construction for the restoration of armories effected by Hurricane Florence. The Sumter facility is being removed from this project and will be completed under project E24-9793 with the full Sumter Renovation. This project will make repairs to the readiness centers in Marion, Mullins and Manning that were impacted by Hurricane Florence on September 12, 2018. Hurricane Florence made landfall in New Bern, North Carolina and the Pee Dee Region of our state experienced hurricane force and tropical storm force winds, 20 inches of rain and flooding. The President declared a state of emergency for the state and ordered federal aid to supplement state and local recovery efforts. The Pee Dee Region Readiness Centers suffered significant damage from the hurricane, which is impacting South Carolina National Guard mission readiness and soldier morale. The 17,271 square foot 39-year-old Marion center repairs include replacing the caulking and sealing around windows in the readiness center and other minor repairs. The 25,520 square foot 31-year-old Mullins center repairs include replacing mortar (re-grouted) on the drill hall wall, water proofing wall, removing mold from walls, painting of walls, replacing floor tiles and other minor repairs. The 25,960 square foot 23-year-old Manning center repairs include covering window sills with metal, water proofing walls, clean and paint interior walls, replace damaged ceiling tiles, and replace carpet/floor tiles and other minor repairs. Each readiness center is utilized by approximately 100 soldiers.

They are also rentable to the public with approved requests. The Phase II estimated cost to complete the project has increased by \$250,446 from the Phase I estimate due to the need to install numerous items that were not predicted in the first cost estimate. Some of the significant items include moisture probes, replacement of ceiling tile with scrubable acoustical paneling, painting of tectum roof deck, clean and install gutters, and disinfect facility with EPA registered products for mold and mildew. The agency estimates total project costs at \$1,067,296. The agency anticipates execution of the construction contract in September 2019 and completion of construction in June 2020.

Phase II Increase & Change Source of Funds

- (1) Summary 1-2020: JBRC Item 19. (H18) Francis Marion University
Project: 9574, FMU Honors Learning Center Construction
Included in Annual CPIP: Yes – 2018 CPIP Priority 2 of 2 in FY19 (estimated at \$3,455,932)
Admin. Phase I Approval: November 2016 (estimated at \$3,100,000)
Admin. Phase II Approval: November 2018 (estimated at \$3,155,932)

CHE Recommended Approval: 6/6/19	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
<u>Source of Funding Detail</u>					
Capital Improvement Bonds (trans from 9538)	-	255,932	255,932	-	255,932
FY15-16 Capital Reserve Funds	500,000	-	500,000	-	500,000
FY16-17 Appropriated State, Proviso 118.16 (nonrecurring)	200,000	-	200,000	-	200,000
FY18-19 Appropriated State, Proviso 118.15 (nonrecurring)	-	2,100,000	2,100,000	-	2,100,000
FY15-16 Appropriated State, Proviso 118.14 (nonrecurring) (trans from 9538)	-	100,000	100,000	-	100,000
Other, FMU Maintenance Reserve	-	-	-	1,144,068	1,144,068
All Sources	700,000	2,455,932	3,155,932	1,144,068	4,300,000

Funding Source: \$255,932 Capital Improvement Bonds. \$500,000 FY15-16 Capital Reserve Funds. \$200,000 FY16-17 Appropriated State - Proviso 118.16 (nonrecurring) Funds. \$2,100,000 FY18-19 Appropriated State – Proviso 118.15 (nonrecurring) Funds. \$100,000 FY15-16 Appropriated State – Proviso 118.14 (nonrecurring) Funds. \$1,144,068 Other, FMU Maintenance Reserve Funds, which is a capital maintenance reserve and includes revenue received from a \$100 per full time student tuition fee, as well as a \$100 facility fee to support reserve funding for capital maintenance/operational needs as needed.

Request: Increase budget to \$4,300,000 and change source of funds (add \$1,144,068 Other, FMU Maintenance Reserve Funds) to cover cost above the university's original estimate. The university has completed the short-listed Design-Build teams' presentation and interview process. They will request for concurrence in posting "Notice of Intent to Award Design-Build Contract", as such, postured to go into negotiations with the selection committees agreed upon Design-Build Team. Two of the three Design-Build teams presented cost well above the university's estimate. The new Honors Learning Center program/academic facility will have 15,000 square feet and will include multi-purpose instructional classrooms, faculty offices and seminar/conference rooms for the FMU Honors program, the McNair Center for Research and Service, FMU International Programs as well as for other university classes and associated spaces. The project will be constructed to two Green Globes certification standards with anticipated energy savings of \$483,750 over 30 years. Per the university, the center will enhance teaching and learning for Francis Marion students and will assist the university in better meeting the needs of the Pee Dee region and the state of SC. The agency estimates total project costs at \$4,300,000. (See attachment 8 for this agenda item for additional annual operating costs.) The agency anticipates execution of the construction contract in August 2019 and completion of construction in August 2020.

Phase II Increase

- (m) Summary 1-2020: JBRC Item 21. (J12) Department of Mental Health
Project: 9736, Harris Hospital HVAC and Sprinkler Renovations
Included in Annual CPIP: Yes – 2018 CPIP Priority 1 of 13 in FY19 (estimated at \$14,604,534)
JBRC/SFAA Phase I Approval: December 2014 (estimated at \$8,100,000)
JBRC/SFAA Phase II Approval: June 2016 (estimated at \$10,300,000)
JBRC/SFAA Phase II Increase Approval: August 2017 (estimated at \$13,089,595)
JBRC/SFAA Phase II Increase Approval: December 2018 (estimated at \$15,376,812)

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CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Capital Improvement & Maintenance	120,000	15,256,812	15,376,812	791,000	16,167,812
All Sources	<u>120,000</u>	<u>15,256,812</u>	<u>15,376,812</u>	<u>791,000</u>	<u>16,167,812</u>

Funding Source: \$16,167,812 Other, Capital Improvement & Maintenance Funds, which is authorized by Proviso 35.7 to allow an interest-bearing fund with the State Treasurer to deposit funds appropriated for deferred maintenance and other one-time funds from any source. After receiving any required approvals, the department is authorized to expend these funds for the purpose of deferred maintenance, capital projects, and ordinary repair and maintenance.

Request: Increase budget to \$16,167,812 (add \$791,000 Other, Capital Improvement & Maintenance Funds) due to recent ligature resistant requirements and insufficient contingency funds needed to complete the renovations at the Patrick B. Harris Psychiatric Hospital in Anderson, SC. The project design is almost three years old and ligature resistant requirements to the facility have been change ordered in where possible. Due to this project being value engineered at the time of the award, the project only had 1.80% contingency funds available. The last project increase raised the contingency to 4.7%. This increase should put the contingency at 8.50% and leave \$730,713.13 remaining after the last change order adding ligature resistant sprinkler heads where semi-recessed were planned to go. Since sprinkler heads are a part of this scope of work it makes sense to include them so they don't have to go back and change them out in another project at a greater cost. All other ligature resistant items will be addressed in a separate ligature resistant project in 2020. The project scope replaces the 31-year-old HVAC distribution system, which is original to the building, including ductwork, underground chilled water piping, controls, and the energy plant's cooling towers. The existing fire sprinkler system is also original to the building and has experienced failures at piping joints, valves, and fittings. The facility is a 175,300-gross-square-foot acute inpatient hospital with 200 licensed beds and current operating capacity of 131 beds. It is currently utilized by 626 students, 311 staff and 777 clients. The agency estimates total project costs at \$16,167,812. (See attachment 9 for this agenda item for additional annual operating cost savings.) The agency anticipates completion of construction in October 2020.

Preliminary Land Acquisition

- (n) Summary 1-2020: JBRC Item 24. (H27) University of South Carolina - Columbia
Project: 6132, Intramural Recreation Fields
Included in Annual CPIP: Yes – 2018 CPIP Priority 6 of 11 in FY19 (estimated at \$4,925,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 6/6/19

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Wellness Fee Reserves	-	-	-	20,000	20,000
All Sources	=	=	=	<u>20,000</u>	<u>20,000</u>

Funding Source: \$20,000 Other, Wellness Fee Reserve Funds, which are a component of full-time student tuition. The Student Wellness Fee is \$105 per semester. \$36 of the fee is dedicated to debt service for the state institution bonds previously issued to build the Strom Thurmond Fitness and Wellness Center. The remaining \$69 supports operations and a maintenance reserve.

Request: Establish project and budget for \$20,000 (Other, Wellness Fee Reserve Funds) to procure investigative studies required to adequately evaluate property prior to purchase. The university is considering the acquisition of 300 acres of property adjacent to the Congaree River. The land is at the west end of National Guard Road adjacent to the river. The land is flat and ideal for recreation and practice fields. It is being offered for sale by the university foundation for a proposed purchase price of \$3,250,000. Per the university, they have a significant shortage of intramural recreation fields. The 2018 University Master Plan designates this property as an appropriate site for Intramural Recreation Fields and a golf team practice facility. The Master Plan calculated the current and future deficiency of recreation fields and this land with future site future development will respond to this need. Per the university, the cost of this land is certain to be significantly less than land in the central business district and/or immediately adjacent to campus. Natural turf will be used for the fields. Currently the university leases recreation fields and would like to terminate those leases at their earliest opportunity so the lease cost can be reallocated to maintain the many more fields that can be developed on 300 acres. The agency estimates the land acquisition cost at \$3,300,000. (See attachment 10 for this agenda item for additional annual operating costs.)

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Craig Parks, USC Director of Government Relations, appeared before the Authority on this item. Mr. Eckstrom asked where are the sports fields that are being leased located. Mr. Parks said there are three fields being leased off site. He said one is located on Gadsden Street and two are located off Bluff Road near the National Guard Armory. Mr. Eckstrom asked what the annual pay is for the leased fields. Mr. Parks said it is \$315,000 annually. Mr. Eckstrom also asked what are the number of acres that are being leased. He was told about 10 acres were being leased.

- (o) Summary 1-2020: JBRC Item 25. (P24) Department of Natural Resources
Project: 9995, Lancaster-Liberty Hill WMA Land Acquisition (TIR Tract)
Included in Annual CPIP: Yes – 2018 CPIP Priority 17 of 17 in FY19 (estimated at unknown)

JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Fish & Wildlife Protection - Timber	-	-	-	20,000	20,000
All Sources	=	=	=	<u>20,000</u>	<u>20,000</u>

Funding Source: \$20,000 Other, Fish & Wildlife Protection – Timber Funds, which is income from timber harvests on DNR lands and placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for the protection, promotion, propagation, and management of freshwater fisheries and wildlife, the enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary.

Request: Establish project and budget for \$20,000 (Other, Fish & Wildlife Protection - Timber Funds) to procure investigative studies required to adequately evaluate property prior to purchase. The agency is considering the acquisition of approximately 593 acres of land in Lancaster County. The property is being offered by The Conservation Fund of Arlington Virginia for \$1,800,000. The property is located four miles northwest of the Liberty Hill community and is west of SC Highway 97. The DNR's Liberty Hill WMA adjoins the tract on the north, east and south sides. The tract contains forested uplands, high bluffs, granite outcrops, and Piedmont streams. The property provides habitat for deer, turkey and small game. Non-game species, including the golden eagle, have been documented on the adjoining WMA. After it is acquired, the property will be managed as part of the Liberty Hill

WMA and be open to the public for outdoor recreational opportunities, including bird watching, hiking, hunting and fishing on the adjacent Catawba River. The agency estimates the land acquisition cost at \$1,820,000.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved the permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office as noted herein.

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

Department of Administration, Executive Budget Office: South Carolina Law Enforcement Division – Helicopter Purchase (Regular Session Item #3)

The South Carolina Law Enforcement Division (SLED) requested authorization to purchase a new helicopter to replace an aircraft involved in an incident on June 26, 2019, at the Summerville, SC airport, resulting in its total loss.

Section 1-11-405 of the South Carolina Code of Laws states provides 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 Department of Administration or the State Fiscal Accountability Authority, as appropriate, and the Joint Bond Review Committee.

Following its last aircraft acquisition in 2014, SLED owned five helicopters: a 1964 Bell 10-passenger “rescue”/transport helicopter and four 2-passenger helicopters in various states of age and serviceability. In January 2016, SLED relinquished the Bell 10-passenger helicopter to the federal government’s military surplus program due to rising maintenance costs and airframe safety issues due to its age. SLED also relinquished one of the 2-passenger helicopters to the federal government as it was acquired through the military surplus program and had reached the end of its service life.

Accordingly, following the Summerville incident, the SLED Aviation Unit currently owns two operable helicopters that are used primarily as an observation platform and have seating for two pilots and one to two passengers. They are equipped with infrared camera systems, searchlights, and microwave downlink systems.

SLED is challenged to maintain support its current level of support with only two available aircraft, and is unable to fulfill mission needs without the ability for personnel transport and heavy lift operations. An additional aircraft is necessary to ensure that aircraft are available while others are down for maintenance, inspection and multiple aviation missions. Moreover, SLED is the only state agency capable of providing 24-hour helicopter support to any municipal, county, state or federal agency, as well as for neighboring states. Its aircraft are essential for the movement of assets rapidly across the state, particularly during disaster relief efforts, and support efforts to locate missing children, elderly individuals suffering from dementia, fugitives, stolen materials, and for marijuana eradication and other assignments.

SLED proposed to purchase a used, late model helicopter similar in mission capabilities to the two remaining helicopters it currently operates. The cost in the used market for an aircraft in this category is estimated at \$2 million. The purchase will be funded by insurance proceeds and other fund cash balances.

Upon a motion by Mr. Eckstrom, seconded by Representative Smith, the Authority, as requested by the State Law Enforcement Division through the Department of Administration, Executive Budget Office, approved, in accordance with SC Code Section 1-11-405, the acquisition of an additional helicopter by the South Carolina Law Enforcement Division.

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

Department of Administration, Facilities Management and Property Services: Easements (Regular Item #4)

Upon a motion by Representative Smith, seconded by Mr. Eckstrom, the Authority approved granting the following easements as recommended by the Department of Administration, Facilities Management and Property Services. Regular session item 4(e) was deleted from the agenda as referenced herein.

- | | | |
|-----|------------------|------------------------------|
| (a) | County Location: | Charleston |
| | From: | Department of Administration |
| | To: | AT&T South Carolina |
| | Consideration: | \$700 |

- Description/Purpose: To grant a 0.23 acre easement for the installation, operation and maintenance of two 4-inch conduits beneath Bohicket Creek at Bohicket Road on Johns Island. The easement is part of an overall project to improve the function of the public communication utility offered by AT&T. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (b) County Location: Charleston
From: Department of Administration
To: AT&T South Carolina
Consideration: \$806
Description/Purpose: To grant a 1.53 acre easement for the installation, operation and maintenance of a 6-inch conduit beneath Sand Creek to accommodate SCDOT's SC-174 Bridge Replacement Project. The existing conduit is attached to the bridge and must be relocated before SCDOT can demolish the existing bridge. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.
- (c) County Location: Charleston
From: Trident Technical College
To: Commissioners of Public Works of the City of Charleston d/b/a Charleston Water System
Consideration: \$1
Description/Purpose: To transfer title to water lines and appurtenances together with a 1.828 acre permanent easement for the purpose of ingress, egress, operation, reconstruction and maintenance of said lines on property of Trident Technical College's Main Campus in North Charleston. The 15 foot water easement will serve the new S.C. Aeronautical Training Center. The easement will contain the State's standard reverter language that if the easement holder ceases to use the easement for its intended purpose, it will terminate. The easement is being sought by Trident Technical College for the benefit of the property. The Division of Facilities Management and Property Services has determined that Trident Technical College has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (d) County Location: Florence
From: Department of Administration

- To: Duke Energy Progress, LLC
Consideration: \$1
Description/Purpose: To grant a permanent easement, together with the right of ingress and egress, for the purpose of constructing, reconstructing, operating, patrolling, maintaining, inspecting, repairing, replacing, relocating, adding, modifying and removing electric lines and facilities on property controlled by the Department of Mental Health (DMH) to provide service to the new State Veterans Nursing Home in Florence. The easement will contain the State's standard reverter language that if the easement holder ceases to use the easement for its intended purpose, it will terminate. The easement is being sought by DMH for the benefit of the property. The Division of Facilities Management and Property Services has determined that DMH has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (e) County Location: ~~Horry~~ **DELETED FROM AGENDA**
From: ~~Department of Administration~~
To: ~~Ada L. Vallecorsa and Rita R. Ledford~~
Consideration: \$700
Description/Purpose: ~~To grant a 0.002 acre easement across uplands of the 43rd Avenue North canal (Canal H) in the Cherry Grove section of North Myrtle Beach where the bulkhead and fill material extends up to 18 feet beyond the property line for land owned by Vallecorsa and Ledford for the purpose of obtaining a permit to replace the existing dock and erosion control structure. The easement is being required by SCDHEC before the agency issues a dock permit as the landowners' property is not by definition waterfront. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.~~
- (f) County Location: Charleston
From: Department of Administration
To: SEGRA
Consideration: \$3,398.00
Description/Purpose: To grant a 14.49 acre easement for the installation, operation and maintenance of fiber optic facilities beneath the Cooper River at Charlotte Street on the Charleston Peninsula. The easement is part of an overall project to improve SEGRA's telecommunications network serving the Charleston area. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable

waterways and submerged lands.

- (g) County Location: Charleston
From: Department of Administration
To: Dominion Energy Group
Consideration: \$726
Description/Purpose: To grant a 1.127 acre easement for the installation, operation and maintenance of an 8-inch steel gas main beneath Elliott Cut from Plymouth Avenue to South Edgewater Drive in Charleston. The transmission gas main will connect the West Ashley to James Island. The term of the easement will be fifty (50) years. Consideration is \$500 plus \$200 per acre for easements across navigable waterways and submerged lands.

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

Department of Administration, Facilities Management and Property Services: Medical University of South Carolina Lease of 1786 Anthony Street – MUSC Motor Pool Facility (R5)

The Medical University of South Carolina (MUSC) requested approval to lease space located at 1786 Anthony Street in Charleston commonly known as the MUSC Motor Pool Facility from the Charleston Neck Partners, LLC (“Landlord”) for a motor pool, including, among other things, office space and fenced parking for buses and vehicles.

Presently, MUSC leases 4,800 square feet from Landlord at 1786 Anthony Street at an annual cost of \$96,000.00, payable in equal monthly installments of \$8,000.00 at a rate of \$20.00 per rentable square feet. The lease is set to expire on November 30, 2019. Since originally leasing this space, the motor pool fleet has expanded and there are more employees necessitating the space requirement to increase from 4,800 SF to 6,800 SF to support additional bus drivers, support staff and a call center.

Two solicitations were conducted, in August 2018 and in March 2019. The incumbent Landlord was the only respondent for each solicitation. (State agencies were also contacted to verify that there was no adequate state space available.) The incumbent Landlord proposed constructing additional space to meet the needs of MUSC. The initial lease term will be ten years commencing on December 1, 2019 with two optional five-year extensions. The rent equates to

\$29.50 per rentable square foot and includes the cost of the construction. The rental rate will be fixed for the first five years. The actual annual rate in the first year is dependent upon the completion date of the improvements. The rental rate increases ten percent in year 6. The total rent to be paid over the 10-year term is expected to be \$2,086,633.32 (based on the anticipated renovation completion date of April 1, 2020 [“Renovation Completion Date”]) but will not exceed \$2,106,300.00 (if the renovations are completed early). In addition to rent, MUSC is responsible for the payment of its utility charges and fees, solid waste disposal fees, telephone service, ground maintenance, janitorial services and upkeep of areas paved with gravel (ROC) (not including the paved entrance ways from the street). MUSC estimates that these annual operating costs are \$21,000.

The rent includes full access and free use of the surrounding parking lot which has adequate parking for the fleet, staff and visitors and for which there is no additional cost. The Landlord will fit the space to MUSC’s specifications. The lease meets the state space standards with a density of 154 SF/person.

Upon a motion by Representative Smith, seconded by Mr. Eckstrom, the Authority, as recommended by the Department of Administration, Facilities Management and Property Services, approved the proposed ten-year lease for space located at 1786 Anthony Street in Charleston commonly known as the MUSC Motor Pool Facility from the Charleston Neck Partners, LLC for a motor pool, including, among other things, office space and fenced parking for buses and vehicles as proposed by the Department of Administration, Facilities Management and Property Services.

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

Department of Mental Health: Request for Approval to Pay Three Employees Amounts under \$10,000 each for a Violation of the Fair Labor Standards Act (FLSA) (Regular Item #6)

The Department of Mental Health sought approval to pay liquidated damages that are under \$10,000 to three employees totaling \$12,129.22. These liquidated damages were assessed by the USDOL as part of a settlement agreement. The SC Tort Policy does not cover these kinds of settlements.

In its licensed hospitals and nursing homes, the Department is required to maintain certain staffing levels of nursing personnel to ensure adequate care of patients and residents. Due to the significant number of nursing vacancies, like most hospitals and nursing homes, DMH inpatient facilities have become heavily reliant on using supplemental staffing. In 2018 alone, our nursing overtime costs averaged over \$182,000 monthly. During the same time period, costs for nursing staff through private staffing agencies averaged \$460,000 monthly. In some cases, DMH employed nurses supplemented their income by working part time for private nurse staffing agencies. Some of these private agencies were the very ones with whom the Department was contracting.

Several employees filed a complaint with the US Department of Labor (USDOL) alleging that they, when working in a DMH facility through a private nurse staffing agency, were entitled to overtime pursuant to the Fair Labor Standards Act (FLSA). An investigation by USDOL determined that when assigned to a DMH facility by their private employer the nurses were frequently doing the same or similar jobs as their DMH jobs. USDOL concluded that the Department was in violation of the FLSA and that the employees should have been paid overtime.

DMH was mandated to pay the back wages at the time-and-one-half rate, less a credit for the amounts the employees received from their private employer. Additionally, USDOL assessed liquidated damages in an amount equal to the unpaid overtime for each employee. By agreeing to the settlement, the Department will be able to avoid additional penalties.

The Department originally came before the SFAA at its June 2017 meeting and received approval to pay back wages and liquidated damages to 77 employees in the amount of \$586,238.48. At that time, we were unaware there were any additional wages owed to employees in this class. Upon further review and inquiry, it was discovered that three additional employees were due back wages and liquidated damages totaling \$24,258.44

Subsequent to the action by USDOL, the Department has instituted measures to prevent the practice of DMH employed nurses who choose to work part time for a

private temporary nurse staffing agency being assigned to work in a DMH facility.

Mark Binkley, Interim Director for the Department of Mental Health, appeared before the Authority on this matter. Mr. Eckstrom asked how were the three employees missed the first time the Authority dealt with this matter. He further stated he is concerned with how the Department will deal with such matters going forward. Mr. Binkley stated that when the investigation was initially ongoing the Department had not kept current records on how the agency pooled the employee's hours. He said they had to depend on the different temp agencies to provide their records for which Department employees were working for them in those pools at that time. He said the three employees in this instance were not identified in that initial process. He said these employees were with an agency whose records they had difficulty accessing. He said when the initial 77 employees started receiving their checks these three employees heard about it and came forward.

Mr. Eckstrom further asked if the three employees were with a single temp agency and if the Department was still using that agency. Dr. Patricia Hanley with the Department said that the employees were with a single temp agency and that they are still using that temp agency. She said, however, that the Department has a different process in place to capture every supplemental agency contract. She said they have a reporting requirement with the temp agencies and they have instituted Kronos (a human resource management solution) which gives them an electronic means to capture the employee work time instead of a manual means. Mr. Eckstrom also asked how the Department will deal with a temp agency that fails to report. Dr. Hanley said the electronic reporting system keeps 100% of all worked hours. She said Kronos is used to track supplemental staff work hours. She also said they no longer allow Department employees to work for them as supplemental staff through temp agencies.

Rep. Smith asked if the Fair Labor Standards Act requires payment of attorney's fees and noted, if so, that it was not in the settlement agreement. Mr. Binkley said there were no attorney's fees. He said the Department cooperated with the Department of Labor and none of the staff retained attorneys. Rep. Smith also suggested that the Department modify its settlement agreement to maintain confidentiality expressed in the agreement.

Upon a motion by Representative Smith, seconded by Mr. Eckstrom, the Authority approved the Department of Mental Health's request to pay liquidated damages in the

amount of \$12,129.22 as part of a settlement agreement with the US Department of Labor for violation of the Fair Labor Standards Act.

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

College of Charleston: Not Exceeding \$50,000,000 Academic and Administrative Facilities Revenue Bonds, Series 2019A (Regular Session Item #7)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$50,000,000 Academic and Administrative Facilities Revenue Bonds, Series 2019A.

The proceeds of the bonds will be used for the renovation and expansion of the Simons Center for the Arts.

Upon a motion by Mr. Loftis, seconded by Representative Smith, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$50,000,000 Academic and Administrative Facilities Revenue Bonds, Series 2019A.

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

Executive Director: Economic Development (2019 Ceiling Allocations) (Regular Item #8)

The initial balance of the 2019 state ceiling allocation is \$533,833,335. In accord with Code Section 1-11-520, \$213,533,334 (40% of the total) is designated as the state pool and \$320,300,001 (60% of the total) is designated as the local pool. There is presently a state ceiling balance of \$513,833,335 remaining for 2019. Allocation requests for 2019 totaling \$30,000,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$60,000,000. The Department of Commerce made the following recommendation for allocation from the local pool:

JEDA, The Heritage at Forest Acres Properties, LLC, \$60,000,000 (Financing includes (i) costs of acquiring, developing and constructing 40 rental independent living cottages, 88 assisted living units, and 42 memory care units for a senior housing community; (ii) working capital; (iii) a capitalized interest fund; (iv) a liquidity support fund; and (v) other costs of issuance);

Approval of the recommended request will leave an unexpended state ceiling balance of \$453,833,335 (state pool - \$213,533,334; local pool - \$240,300,001) to be allocated later in the calendar year.

Upon a motion by Mr. Loftis, seconded by Mr. Eckstrom, the Authority, in accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, granted the following tentative ceiling allocation from the local pool:

JEDA, The Heritage at Forest Acres Properties, LLC, \$60,000,000

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

SFAA, Division of Procurement Services: Proposed Procurement Regulations (Reg. #9)

On May 13, 2019, Governor McMaster signed into law Act No. 41, which made a number of changes to the procurement code. To implement these changes, the Act requires SFAA to both publish interim regulations and submit proposed final regulations to the General Assembly. On June 18, 2019, the Authority approved the drafting of proposed final regulations and submission of a Notice of Drafting to the State Register for publication. Proposed interim and permanent regulations have now been drafted. Both these regulations are designed to implement 2019 Act No. 41. The proposed permanent regulations also address other best practices for Division and agency procurement staff and clarify existing law. An executive summary and the proposed regulations are incorporated herein by reference.

Upon a motion by Representative Smith, seconded by Mr. Eckstrom, the Authority:

(a) Approved the proposed interim procurement regulations for publication in the State Register as interim regulations, as required by 2019 Act No. 41. These regulations will become effective when published in the State Register on August 23, 2019;

(b) Approved the proposed permanent regulations (i) for publication in the State Register as proposed regulations, as required by the Administrative Procedures Act, and (ii) for submission to the General Assembly for legislative review, as required by the Administrative Procedures Act; and

(c) Approved the scheduling of a public hearing by the Board, to be held in accordance

with Section 1-23-111, for October 15, 2019, at 10:00 AM in Room 252 of the Edgar A. Brown Building, State House Grounds, if such hearing is requested as required by Section 1-23-110(3).

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

S.C. Governor’s School for Science and Mathematics (GSSM): Approval of Personnel Settlement Agreement (Regular Session Item #10)

Dr. Jeff Janovetz was terminated from the S.C. Governor’s School for Science and Mathematics (GSSM) in February 2019 and filed an appeal through the State Grievance Procedure Act. He alleges, among other things, that GSSM violated its policies and procedures, breached his contract, and retaliated against him for exercising free speech and other constitutional rights. In addition, he has threatened litigation upon the exhaustion of this administrative remedy. GSSM disputes these allegations. It remains GSSM’s position that Dr. Janovetz was an at will employee, terminated for just cause in accordance with SCDE policy and based on legitimate, non-discriminatory reasons and that the decision was unrelated to the content of Dr. Janovetz’s speech or his opinions and ideas.

GSSM requested approval of the personnel settlement which contemplates Dr. Jeff Janovetz being paid a non-wage based lump sum payment for a total of \$85,000. Payment would be made through the GSSM general fund and its insurance carrier, the South Carolina Insurance Reserve Fund (“IRF”). Specifically, \$60,000 of the payment will be distributed from the GSSM general fund and an amount of \$25,000 will be paid by the IRF.

Upon a motion by Representative Smith, seconded by Mr. Eckstrom, the Authority, as requested by the S.C. Governor’s School for Science and Mathematics, approved a personnel settlement of \$85,000 between Dr. Jeff Janovetz and the S.C. Governor’s School for Science and Mathematics.

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

State Fiscal Accountability Authority: Future Meeting (Regular Session Item #11)

Upon a motion by Representative Smith, seconded by Mr. Loftis, the Authority agreed to meet at 10:00 a.m. on Tuesday, October 15, 2019, in Room 252, Edgar A. Brown Building.

Adjournment

The meeting adjourned at 10:20 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 9:00 a.m. on Monday, August 12, 2019.]