

## **MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING**

**August 21, 2018 – 10:00 A. M.**

The State Fiscal Accountability Authority (Authority) met at 10:00 a.m. on Tuesday, August 21, 2018, 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;  
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and  
Representative W. Brian White, Chairman, Ways and Means Committee.

Also attending were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; State Auditor George Kennedy; 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***

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

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

Upon a motion by Mr. White, seconded by Senator Leatherman, the Authority approved the minutes of the June 27, 2018, Authority.

### ***Blue Agenda***

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the blue agenda was initially adopted with certain items being pulled for discussion. However, subsequent motions were made, as noted below, for clarification of blue agenda items that were being adopted and those pulled for discussion.

### **Motion to Reconsider Adoption of Blue Agenda**

Mr. White made a motion to reconsider adoption of the blue agenda. The motion was

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seconded by Senator Leatherman. The motion was adopted.

Upon a motion by Mr. White, seconded by Senator Leatherman, the Authority adopted blue agenda items 1, 2, 4, and 5 as noted herein.

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

In accord with Authority policy, the Authority received the State Treasurer’s Office report on the assignment of bond counsel as information.

**CONDUIT ISSUES:**

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer’s Counsel
\$20,000,000 Economic Development Revenue Bonds; Series 2018 (South Carolina Jobs-Economic Development Authority – “SC JEDA”)	Palmetto Goodwill Conduit: SC JEDA	Haynsworth Sinkler Boyd	Howell Linkous Nettles

**GENERAL OBLIGATION / OTHER REVENUE ISSUES:**

Description of Issue	Agency/Institution	Approved Bond Counsel
\$38,000,000 Hospital Revenue Bonds; Series 2018 (Nexton Land Acquisition / CSC )	Medical University Hospital Authority (“MUHA”)	Haynsworth Sinkler Boyd

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

***Department of Administration, Facilities Management and Property Services: Easements (Blue Agenda Item #2)***

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

- (a) County Location: York
- From: Winthrop University
- To: City of Rock Hill
- Consideration: \$1
- Description/Purpose: To grant a 0.0328 acre permanent easement, together with the right of ingress and egress, for the purpose of installing, digging, building, erecting, maintaining, repairing, rebuilding, operating, and patrolling sanitary sewer lines, water lines, electric power transmission lines and data communication lines on property of Winthrop University. The easement is

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part of the City of Rock Hill's Cherry Road Phase II improvement project. These infrastructure improvements are upgrades to the City's existing utilities that provide services to the University's facilities. The easement will contain the State's standard reverter language that if the City discontinues usage of the lines and facilities, the easement will terminate. The Division of Facilities Management and Property Services has determined that the University 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.

- (b) County Location: York  
From: Winthrop University  
To: City of Rock Hill  
Consideration: \$1  
Description/Purpose: To grant a 0.319 acre permanent easement, together with the right of ingress and egress, for the purpose of installing, digging, building, erecting, maintaining, repairing, rebuilding, operating, and patrolling sanitary sewer lines, water lines, electric power transmission lines and data communication lines on property of Winthrop University. The easement is part of the City of Rock Hill's Cherry Road Phase II improvement project. These infrastructure improvements are upgrades to the City's existing utilities that provide services to the University's facilities. The easement will contain the State's standard reverter language that if the City discontinues usage of the lines and facilities, the easement will terminate. The Division of Facilities Management and Property Services has determined that the University has complied with the requirement of the statute in that the easement does not appear to materially impair the utility of the property or damage it.
- (c) County Location: York  
From: Winthrop University  
To: City of Rock Hill  
Consideration: \$1  
Description/Purpose: To grant a 0.044 acre permanent easement, together with the right of ingress and egress, for the purpose of installing, digging, building, erecting, maintaining, repairing, rebuilding, operating, and patrolling sanitary sewer lines, water lines, electric power transmission lines and data communication lines on property of Winthrop University. The easement is part of the City of Rock Hill's Cherry Road Phase II improvement project. These infrastructure improvements are upgrades to the City's existing utilities that provide services to the University's facilities. The easement will contain the State's standard reverter language that if the City discontinues usage of the lines and facilities, the easement will terminate. The Division of Facilities Management and Property Services has determined that the University 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.

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- (d) County Location: York  
From: Winthrop University  
To: City of Rock Hill  
Consideration: \$1  
Description/Purpose: To grant a 0.277 acre permanent easement, together with the right of ingress and egress, for the purpose of installing, digging, building, erecting, maintaining, repairing, rebuilding, operating, and patrolling sanitary sewer lines, water lines, electric power transmission lines, data communication lines and natural gas transmission lines, on property of Winthrop University. The easement is part of the City of Rock Hill's Cherry Road Phase II improvement project. These infrastructure improvements are upgrades to the City's existing utilities that provide services to the University's facilities. Additionally, the improvements include sidewalk enhancements and pedestrian crossings and safety features. The easement will contain the State's standard reverter language that if the City discontinues usage of the lines and facilities, the easement will terminate. The Division of Facilities Management and Property Services has determined that the University 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: Richland  
From: Department of Administration  
To: City of Columbia  
Consideration: \$700  
Description/Purpose: To grant a 0.024 acre easement for the construction, installation, operation and maintenance of a sanitary sewer main beneath Gills Creek at the Fort Jackson Boulevard bridge. The easement is needed for the construction of a new sanitary sewer line to enhance the capacity and improve the overall sewer system pursuant to the Consent Decree of civil action captioned *United States et al v. The City of Columbia* and filed in the United States District Court for the District of South Carolina Columbia Division under Civil Action No. 3:13-2429-TLW. 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 / Patriots Point Development Authority  
To: South Carolina Telecommunications Group Holdings, LLC  
a/k/a Spirit Communications  
Consideration: \$46,500.00

Description/Purpose: To grant an easement consisting of three (3) easement areas (width varies, with a maximum width of 25 feet) measuring 0.15 acre, 0.09 acre and 0.10 acre for the installation and maintenance of underground telecommunication lines and facilities over, under, and upon property of Patriots Point Development Authority in Mount Pleasant. The easement areas are the same as those included in the 2004 utility easement PPDA previously granted to SCE&G. Admin has been advised that in 2015, Spirit Communications bought a wholly owned subsidiary of SCANA called SCANA Communications, Inc., and in connection with that purchase received rights to telecommunication lines located within the 2004 utility easement. Spirit now needs an easement to access and work on those lines. The term of the easement will be fifty (50) years. The easement will contain the State's standard reverter language that if Spirit discontinues usage of the lines and facilities, the easement will terminate. Consideration is the appraised value plus \$500 administrative fee. The Division of Facilities Management and Property Services has determined that PPDA 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.

Mr. Eckstrom asked if Patriots Point Development Authority would retain the use of the funds paid for the easement or would the funds be retained by the Department of Administration. Ashlie Lancaster appeared before the Authority on behalf of the Department of Administration, Facilities Management and Property Services. She stated that Patriots Point would retain the funds with exception of the \$500 administrative fee. Mr. Eckstrom said he wanted to make sure that Patriots Point was compensated for the use of the property.

Mr. Loftis asked if the easements transferred when one company buys out another. Ms. Lancaster said there was no existing easement for the telecommunications service, but that an SCE&G easement was already in existence. She stated that the appraised value is discounted given that there is an existing easement for another utility company. She said the dollar value Spirit will pay is based on a current appraisal.

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

***Department of Administration, Facilities Management and Property Services: Petition to Request Annexation of Department of Transportation's Maintenance Complex into the Town of St. George (Blue Agenda Item #3)***

The Town of St. George requested annexation of the Department of Transportation's Maintenance Complex at 5225 East Jim Bilton Boulevard into its corporate limits. The

Maintenance Complex consists of approximately 3.327 acres. This annexation will increase the area of the Town and make the Town contiguous to more properties the Town could annex in the future. The South Carolina Department of Transportation (DOT) does not oppose the Town's plans to annex the property and will benefit from 24/7 law enforcement services and municipal water rates. A public hearing was conducted by the Town of St. George on July 9, 2018, and there was no public opposition to the annexation. Additionally, the district's legislative representatives were contacted and have no opposition to the annexation.

Mr. Eckstrom noted that there is a Department of Motor Vehicles (DMV) office just beyond the DOT maintenance facility. He asked if that property has been annexed into the town. Richard Lacey with DOT appeared before the Authority on this matter. He stated the DMV property has not been annexed. He said he thinks that the Town of St. George is interested in annexing the DMV property. Mr. Eckstrom asked if the Town's plan to go beyond state owned property and annex additional private property would be frustrated until the DMV property was annexed. Mr. Lacey said that contiguity would be established with the annexation of either property.

Upon a motion by Mr. Eckstrom, seconded by Mr. White, the Authority approved the petition to request annexation of the Department of Transportation's Maintenance Complex into the Town of St. George.

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

***Division of Procurement Services: Procurement Audits and Certifications (Blue Agenda #4)***

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

- 1. Office of the Adjutant General:** supplies and services, \$100,000\* per commitment; information technology, \$50,000\* per commitment; construction contract award, \$100,000\* per commitment.

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

The internal controls of the Office of the Adjutant General's procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Consolidated Procurement Code and ensuing regulations as described in the audit report. The Division recommended the State Fiscal Accountability Authority certify the Office of the Adjutant General's procurement authority at the limits above.

Mr. Eckstrom asked if the code official has been designated. Colonel Carl Brigham Dobson, the construction facility management officer, appeared before the Authority on behalf of the Adjutant General's Office. He stated that they have not identified the code official, but they are discussing the matter with staff and will identify someone for the position. Mr. Eckstrom asked if there will be activity under the revised certification limit. Colonel Dobson said that would not happen until the code official is designated.

- 2. Department of Corrections:** 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 award, \$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 year or multi-term contracts are used.

The internal controls of the Department of Corrections' procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Consolidated Procurement Code and ensuring regulations as described in the audit report. The Division recommended the State Fiscal Accountability Authority recertify the Department of Corrections' procurement authority at the limits noted above.

- 3. Department of Labor, Licensing and Regulation:** supplies and services, \$100,000\* per commitment; consultant services, \$100,000\* per commitment.

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

The internal controls of Department of Labor, Licensing and Regulation's procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Consolidated Procurement Code and ensuring regulations as described in the audit report. The Division

recommended the State Fiscal Accountability Authority recertify the Department of Labor, Licensing and Regulation's procurement authority certification limits noted above.

B. In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services conducted an examination of the procurement operating policies and procedures of the South Carolina Department of Insurance to determine whether, in all material respects, the internal controls of the Agency's procurement system were adequate to ensure compliance with the Code and ensuing regulations.

The internal controls of the South Carolina Department of Insurance' procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Procurement Code and ensuing regulations as described in the audit report.

The Department of Insurance did not request procurement certification. Therefore, the audit report was submitted as information only.

The Authority took the following action:

A. Granted procurement certifications, in accord with Section 11-35-1210, for the following agency within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi-year contracts are used):

1. Office of the Adjutant General: supplies and services, \$100,000\* per commitment; information technology, \$50,000\* per commitment; construction contract award, \$100,000\* per commitment.

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

2. Department of Corrections: 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 award, \$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 year or multi-term contracts are used.

3. Department of Labor, Licensing and Regulation: supplies and services, \$100,000\* per commitment; consultant services, \$100,000\* per commitment..

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

B. Received as information only the audit report of the SC Department of Insurance. The Department has not requested procurement certification.

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

***State Fiscal Accountability Authority: Notice of Drafting for Procurement Regulations (R5)***

The Division of Procurement Services proposes to publish a Notice of Drafting in the State Register. Such a notice is required to begin the process of promulgating regulations.

The Division of Procurement Services proposes to amend the South Carolina Procurement Regulations, which were last amended in 2007. The proposed amendments will apply only to government officials; they do not regulate the business community.

The Division will focus on three substantive areas: acquisition planning, proposal analysis, and organizational conflicts of interest. These regulations will provide procurement staff at both Division and agency levels important tools, enabling them to work more closely with the private sector and to implement best practices for public procurement. There are also a number of technical amendments required by restructuring and to clarify the intent of existing regulations.

The Authority approved submission of the Notice of Drafting to the State Register for publication.

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

***Executive Director: Revenue Bonds (Blue Agenda Item #6)***

The Authority adopted a resolution approving the referenced proposal to issue mortgage indebtedness.

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Issuing Authority: Medical University Hospital Authority  
Amount of Issue: Not Exceeding \$38,000,000 Mortgage Indebtedness  
Allocation Needed: -0-  
Name of Project: Land Acquisition for and construction of consolidated service center as well as land acquisition for an approximate 128 bed hospital  
Employment Impact: net reduction of approximately 30 FTE's due to consolidation  
Project Description: defraying (i) a portion of the costs of the purchase of land and the building to be constructed thereon constituting a consolidated service center including a sterile processing center in the North Charleston area, (ii) the cost of land in Berkeley County upon which will be constructed an emergency department facility and an approximate 128 bed hospital, and (iii) to the extent available, to defray the costs associated with the issuance of the obligations.  
Bond Counsel: Charlton deSaussure, Jr., Haynworth Sinkler Boyd, P.A.

Mr. Eckstrom inquired why this item was on the blue agenda. He stated that this item is a significant move on the part of a state agency and is the type of item that should be on the green agenda for Authority discussion. He noted that the agenda refers to the item as revenue bonds, but the bond documents do not use that term. He stated that revenue bonds are secured by a stream of revenue that is pledged and the pledge for repayment in this instance is the property. He noted that the bonds throughout the documents refer to them as mortgage indebtedness bonds. Mr. Eckstrom said his understanding was that MUHA was going to use revenue bond funding. He asked if those plans changed. Charlton deSaussure, bond counsel for the project, appeared before the Authority on this matter. Mr. deSaussure stated the documents were prepared the way they were because they were working under MUHA legislation that allows the MUHA board to incur liabilities to issue bonds, notes, and other indebtedness and to secure those liabilities by revenues or a mortgage. He stated that when he was preparing the documents the transaction most neatly fit into the category of mortgage indebtedness because they are not issuing the sort of bonds the State would issue in \$5,000 denominations. He said that these are bonds that are only secured by a mortgage on the facility and property which includes the consolidated service center and the parcel in Berkeley County that is being purchased for a potential hospital in the future.

Mr. Eckstrom further asked how the rate paid by MUHA would be affected by going with mortgage indebtedness. He said it seemed the rate would be higher. Mr. deSaussure said working with the Treasurer's Office proposals were sent to a large group of potential investors

and one response was received. He stated the reason for that is that MUHA is preserving some flexibility by securing the indebtedness with a mortgage on these specific parcels, but is not securing it by pledging everything else which would be a general pledge of revenues. Mr. deSaussure said that it was viewed that this is the most advantageous approach to take given that MUHA will come before the Authority in the future for approval of a much larger financing to issue hospital revenue bonds for the hospital in Berkeley County. He said this provides short term financing at an effective rate for financing what MUHA has in mind. Mr. Eckstrom asked if this financing would be rolled into the future financing to which Mr. deSaussure said that is the expectation. Mr. Eckstrom asked what differential was expected between issuing as mortgage bonds as opposed to revenue bonds. Mr. deSaussure stated that his understanding from the financial adviser was that the better rate for the overall objective was to secure this transaction with a mortgage on the property.

Mr. Eckstrom asked what the plan is for servicing the current debt. Lisa Goodlet, Chief Financial Officer for MUSC Health, said the market difference was negligible on a mortgage backed debt issue versus a rate issuance. She said they were prohibited from doing a rate issuance by their HUD arrangement. She said they anticipate this becoming part of the total mortgage package with a Triple-A HUD enhancement in the larger issue in the future. Ms. Goodlet stated that they tested the market to see if the rate was a favorable rate and it was by approximately 75 basis points or more.

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

***Department of Administration, Facilities Management and Property Services: SC Department of Health and Human Services Lease – 300 Arbor Lake Drive in Columbia (Regular #1)***

The SC Department of Health and Human Services (SCDHHS) requested approval to lease 27,500 SF of space located at 300 Arbor Lake Drive in Columbia from DRV Fontaine, LLC. The agency currently leases 10,424 SF at 1628 Browning Road, where it houses approximately 85 employees as well as training and conference room space. That lease expires February 5, 2019.

SCDHHS is in the process of implementing a new Medicaid Eligibility Determination System that will require a significant increase in eligibility application processors and staff

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retraining. To provide the statewide infrastructure to accommodate this increase, SCDHHS is creating regional processing sites. As such, a solicitation was conducted for approximately 26,000 SF in the Columbia area to house approximately 330 employees along with training and meeting space.

Seven (7) proposals were received in response to the solicitation. One (1) location was eliminated due to long-term planned future construction at the site, one (1) based on insufficient square footage, one (1) due to security concerns and two (2) based on space configuration. Of the remaining two (2) proposals, the selected location represents the lowest bid. The term will be for ten (10) years beginning on February 6, 2019 at a rate of \$15.50/SF for the first year. Thereafter, the rent increases by two (2) percent annually as follows:

<b><u>TERM</u></b>	<b><u>ANNUAL RENT</u></b>	<b><u>RENT PER SF</u></b>
YEAR 1	\$ 426,250	\$ 15.50
YEAR 2	\$ 434,775	\$ 15.81
YEAR 3	\$ 443,575	\$ 16.13
YEAR 4	\$ 452,375	\$ 16.45
YEAR 5	\$ 461,450	\$ 16.78
YEAR 6	\$ 470,525	\$ 17.11
YEAR 7	\$ 480,150	\$ 17.46
YEAR 8	\$ 489,500	\$ 17.80
YEAR 9	\$ 499,400	\$ 18.16
YEAR 10	\$ 509,300	\$ 18.52
TOTAL	\$4,667,300	

The rent includes all maintenance and operations costs as well as full access and free use of the surrounding parking lot which has adequate parking for staff and visitors. The Landlord will up fit the space to the agency's specifications. The lease meets the state space standards with a density of 78 SF/person.

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

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Tenant	Location	Rate
Vacant	1813 Main Street	\$18.00/SF*
Vacant	1410 Colonial Village	\$15.75/SF*
Adjutant General	810 Dutch Square Blvd.	\$17.43/SF

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

The agency has sufficient funds for the lease according to the Budget Approval Form. The lease was approved by JBRC on August 7, 2018.

Mr. Eckstrom noted that the item indicated that additional space is needed because of additional personnel being employed. He asked if the additional positions have been funded. Josh Baker, Director of the Department of Health and Human Services, appeared before the Authority on this matter. Mr. Baker stated the positions have been funded and that there are existing vacant FTEs for the eligibility section of the agency that will be employed against the additional hires.

Mr. Eckstrom asked if the cost to upfit the property is going to be borne by the landlord or the agency. Mr. Baker said the cost is being borne by the landlord and would be priced into the lease. Ashlie Lancaster also appeared before the Authority on this item. She stated that when they conducted the solicitation all of the proposals requested the landlord provide the upfit for the agency because of their specific security needs.

Upon a motion by Mr. White, seconded by Senator Leatherman, as requested by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed lease for the Department of Health and Human Services at 300 Arbor Lake Drive in Columbia.

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

***Department of Administration, Facilities Management and Property Services: SC Department of Health and Human Services Lease – 101 North Pine Street in Spartanburg (Regular #2)***

The SC Department of Health and Human Services (SCDHHS) requested approval to lease 19,667 SF of space located at 101 North Pine Street in Spartanburg from Johnson Development Associates, Inc.

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SCDHHS is in the process of implementing a new Medicaid Eligibility Determination System that will require a significant increase in eligibility application processors and staff retraining. To provide the statewide infrastructure to accommodate this increase, SCDHHS is creating regional processing sites. As such, a solicitation was conducted for approximately 19,450 SF in the Spartanburg area to create a new regional processing center to house approximately 180 employees along with training and meeting space.

Four (4) proposals were received in response to the solicitation, and the selected location represents the lowest bid. The term will be for ten (10) years beginning upon completion of the renovations by the Landlord at a rate of \$12.50/SF for the first year. Thereafter, the rent increases annually as follows:

<b><u>TERM</u></b>	<b><u>ANNUAL RENT</u></b>	<b><u>RENT PER SF</u></b>
YEAR 1	\$ 245,837.50	\$ 12.50
YEAR 2	\$ 245,837.50	\$ 12.50
YEAR 3	\$ 251,737.60	\$ 12.80
YEAR 4	\$ 257,637.70	\$ 13.10
YEAR 5	\$ 265,504.50	\$ 13.50
YEAR 6	\$ 273,371.30	\$ 13.90
YEAR 7	\$ 281,238.10	\$ 14.30
YEAR 8	\$ 289,104.90	\$ 14.70
YEAR 9	\$ 296,971.70	\$ 15.10
YEAR 10	\$ 304,838.50	\$ 15.50
TOTAL	\$2,712,079.30	

The rent includes all maintenance and operations costs as well as full access and free use of the surrounding parking lot which has adequate space for staff and visitors. The Landlord will up fit the space to the agency's specifications. The lease meets the state space standards with a density of 102 SF/person.

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

Tenant	Location	Rate
Vacant	1000 N. Pine Street	\$13.75/SF*
Vacant	1650 Skylyn Drive	\$27.00/SF*

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Vacant	141 Fernwood Drive	\$14.00/SF*
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\*Above rates are subject to base rent and operating expense escalations over the term.

The agency has sufficient funds for the lease according to the Budget Approval Form. The lease was approved by JBRC on August 7, 2018.

Upon a motion by Senator Leatherman, seconded by Mr. White, as requested by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed lease for the Department of Health and Human Services at 101 North Pine Street in Spartanburg.

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

***Department of Administration, Facilities Management and Property Services: SC Department of Motor Vehicle Lease- 946 Orleans Road in Charleston (Regular #3)***

The SC Department of Motor Vehicles (DMV) requested approval to lease 5,040 SF of space located at 946 Orleans Road in Charleston from Continental Realty Corporation. The agency currently leases 3,000 SF at 1757 Ashley River Road. That lease expired on June 30, 2018 and the landlord has indicated they can no longer accommodate the DMV as a tenant. The additional space at the new location is necessary to serve the significant growth of customers in the Charleston area.

Two solicitations were conducted and four (4) proposals were received. Two additional locations were also identified and reviewed but the Landlords at those locations were unwilling to submit a proposal. One (1) proposal was eliminated based on location. Of the remaining three (3) proposals, the selected location represents the lowest bid. The term will be for ten (10) years beginning upon completion of the renovations by the Landlord at a rate of \$28.00/SF for the first year. Thereafter, the rent increases by three (3) percent annually as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 141,120	\$ 11,760	\$ 28.00
YEAR 2	\$ 145,354	\$ 12,113	\$ 28.84
YEAR 3	\$ 149,714	\$ 12,476	\$ 29.71
YEAR 4	\$ 154,206	\$ 12,850	\$ 30.60

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YEAR 5	\$ 158,832	\$ 13,236	\$ 31.51
YEAR 6	\$ 163,597	\$ 13,633	\$ 32.46
YEAR 7	\$ 168,505	\$ 14,042	\$ 33.43
YEAR 8	\$ 173,560	\$ 14,463	\$ 34.44
YEAR 9	\$ 178,767	\$ 14,897	\$ 35.47
YEAR 10	\$ 184,130	\$ 15,344	\$ 36.53
TOTAL	\$1,617,783		

The rent includes all common area maintenance and operations costs with the exception of janitorial and utilities which are estimated to be \$6,300 annually. The lease includes full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord will up fit the space to the agency’s specifications. The lease meets the state space standards with a density of 119 SF/person.

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

Tenant	Location	Rate
Vacant	176 Croghan Spur Road	\$35.00/SF
Vacant	1014 St. Andrews Blvd.	\$27.00/SF
Vacant	2000 Sam Rittenberg Blvd.	\$21.50/SF

Above rates are subject to base rent and operating expense escalations over the term and do not include tenant upfit costs.

The agency has sufficient funds for the lease according to the Budget Approval Form. The lease was approved by JBRC on August 7, 2018.

Mr. Eckstrom noted the lease that is up for approval is just over 5000 square feet and DMV is vacating 3000 square feet. He also noted that DMV has plans to close its Lockwood Drive office. He asked if the Lockwood office is 2000 square feet. John Laganelli, Chief of Staff for DMV, appeared before the Authority on this matter. He stated that the Lockwood location is just over 3000 square feet. Mr. Eckstrom asked when would the lease for the Lockwood location terminate. Mr. Laganelli said it would terminate at the end of the year. Mr. Eckstrom further asked why the new lease was not arranged before the old lease expired. Mr. Laganelli stated that on October 5, 2017, the landlord at the Ashley Oaks facility informed them

he was not going to renew the lease and they immediately started working to get a new facility. He stated they thought they had a facility located, but on March 6, 2018, the individual withdrew and they had to start a new solicitation that was completed around May 28, 2018. He said that did not leave them adequate time to get through the entire process of getting a lease in place. Mr. Eckstrom asked what was the reason for the first lessor pulling out of the transaction. Mr. Laganelli said he did not know.

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, and, as requested by the Department of Administration, Facilities Management and Property Services, the Authority approved the proposed lease for the Department of Motor Vehicles at 946 Orleans Road in Charleston.

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

***Department of Administration, Facilities Management and Property Services: SC Department of Revenue Lease – 2070 Northbrook Boulevard in North Charleston (Regular #4)***

The SC Department of Revenue (DOR) requested approval to lease 11,336 SF of space located at 2070 Northbrook Boulevard in North Charleston from Northbrook, LTD, a Florida Limited Partnership. The agency currently leases 10,791 SF at 2 South Park Circle. That lease expires December 31, 2018.

A solicitation was conducted and ten (10) proposals were received. Three (3) proposals were deemed non-responsive to the solicitation based on location and two (2) based on insufficient square footage. Of the remaining five (5) proposals, the selected location represents the lowest bid and will accommodate new DOR security protocols for an on-site security officer in each office lobby, security cameras, metal detectors, and security equipment to screen all visitors. The term will be for ten (10) years beginning on January 1, 2019 at a rate of \$20.36/SF for a total of \$230,800.92 annually as follows:

<b><u>TERM</u></b>	<b><u>ANNUAL RENT</u></b>	<b><u>MONTHLY RENT</u></b>	<b><u>RENT PER SF</u></b>
YEAR 1	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 2	\$ 230,800.92	\$ 19,223.41	\$ 20.36

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YEAR 3	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 4	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 5	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 6	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 7	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 8	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 9	\$ 230,800.92	\$ 19,223.41	\$ 20.36
YEAR 10	\$ 230,800.92	\$ 19,223.41	\$ 20.36
TOTAL	\$2,308,009.20		

The rent includes an allocation of \$2.40/SF for maintenance and operations costs. At the conclusion of the second year of the term, DOR will be responsible for its pro rata share of any operating costs exceeding the allocation subject to a three (3) percent cap annually. As such, the maximum payable by DOR over the term for rent and maintenance and operations costs is \$2,347,482. The lease includes full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord will up fit the space to the agency's specifications and will reimburse DOR up to \$50,000 for moving costs. The lease meets the state space standards with a density of 130 SF/person.

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

Tenant	Location	Rate
Vacant	4400 Leeds Avenue	\$29.75/SF
Vacant	5895 Core Road	\$24.50/SF
Vacant	4390 Belle Oaks	\$24.00/SF

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

The agency has sufficient funds for the lease according to the Budget Approval Form. The lease was approved by JBRC on August 7, 2018.

Mr. Eckstrom commented that DOR arranged very good terms on the lease. He noted this is a fixed rate with no escalation, it has maintenance and operating expenses built in, and it is a low rate.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, as requested by the Department of Administration, Facilities Management and Property Services, the Authority

approved the proposed lease for the Department of Revenue at 2070 Northbrook Boulevard in North Charleston.

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

***Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#5)***

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

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office as noted herein. All members voted for the item.

**Establish Project for A&E Design**

- (a) Summary 1-2019: JBRC Item 1. (H27) University of South Carolina - Columbia Project: 6126, LeConte College Maintenance Renovation  
Included in Annual CPIP: Yes – 2017 CPIP Priority 6 of 9 in FY18  
(estimated at \$15,000,000)  
JBRC/SFAA Phase I Approval: N/A  
  
CHE Recommended Approval: 6/7/18

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Institutional Capital Project	0.00	0.00	0.00	225,000.00	225,000.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>225,000.00</u>	<u>225,000.00</u>

Funding Source: \$225,000 Other, Institutional Capital Project Funds, which are generated from the portion of tuition and fees designated for Bond and Renovation Reserve. These funds pay debt service first and the remainder is used for capital projects.

Request: Establish project and budget for \$225,000 (Other, Institutional Capital Project Funds) for the comprehensive building renovation of the LeConte College facility. This 77,103 square foot 66 year old building is a contributing structure to the old campus district which is on the National Historic Registry. The last comprehensive renovation was completed in 1979. Since that renovation, only limited capital project work has been done. This comprehensive building renovation will include, but not limited to, a new HVAC system with fresh air intake, partial plumbing replacement, an entirely new electrical system, upgraded restrooms for ADA accessibility, an elevator replacement and life safety improvements. Hazardous material abatement on areas affected by renovations will also be accomplished. This project responds to maintenance needs identified in a building condition assessment. This building is utilized by the Department of Mathematics and Statistics which has a population of 500 students. The building has classrooms, faculty offices, and administration space. The building serves a larger population of other undergraduate majors who take math in their curriculum. The agency estimates total project costs at \$15,000,000.

Mr. Eckstrom asked from where will the source of funds come for the project. Rick Kelly with the University of South Carolina appeared before the Authority on this matter. Mr. Kelly said there is a mistake in the information and there are institutional funds available to fund the project. He also stated that they expect there will be local county funds available to pay for half of the project.

- (b) Summary 1-2019: JBRC Item 2. (H29) University of South Carolina - Aiken Project: 9555, USC Aiken Scholars Academy Renovation  
 Included in Annual CPIP: Yes – 2017 CPIP Priority 2 of 2 in FY21  
 (estimated at \$2,500,000)  
 JBRC/SFAA Phase I Approval: N/A  
 CHE Recommended Approval: 6/7/18

<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, USC Aiken Institutional	0.00	0.00	0.00	37,500.00	37,500.00

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All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>37,500.00</u>
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Funding Source: \$37,500 Other, USC Aiken Institutional Funds, which are received from a variety of sources including tuition and fees and sales and services activities.

Request: Establish project and budget for \$37,500 (Other, USC Aiken Institutional Funds) to repurpose the existing 40 year old single-story Supply Maintenance Building to serve an academic mission for the Aiken campus. This renovation project continues a strategic planning effort to relocate maintenance activities to the campus periphery. Specifically, the 12,520 gross square foot building, constructed in 1978, will be internally reconfigured to accommodate the Aiken Scholars Academy and provide general academic space for the campus. No other space exists on the campus to permanently accommodate the Scholars Academy. The building is expected to accommodate up to 200 students and approximately 20 faculty members will use the space. The agency estimates total project costs at \$2,500,000.

- (c) Summary 1-2019: JBRC Item 4. (H59) Northeastern Technical College  
 Project: 6142, NETC – Cheraw Campus Renovation  
 Included in Annual CPIP: Yes – 2017 CPIP Priority 1 of 1 in FY21  
 (estimated at \$4,000,000)  
 JBRC/SFAA Phase I Approval: N/A  
 CHE Recommended Approval: 8/2/18

<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, NETC Reserves	0.00	0.00	0.00	160,000.00	160,000.00
Other, NETC Capital Fees	0.00	0.00	0.00	25,147.29	25,147.29
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>185,147.29</u>	<u>185,147.29</u>

Funding Source: \$160,000 Other, NETC Reserves and \$25,147.29 Other, NETC Capital

Request: Fees.  
Establish project and budget for \$185,147.29 (Other, NETC Reserves and Other, NETC Capital Fee Funds) to fulfill critical industry training needs. NETC will relocate departments, construct a new maintenance facility, and renovate existing space for critical industry training. The maintenance department is located in Academic Building 600; A 5,000 square foot pre-engineered building would be constructed for maintenance, allowing them to relocate from Academic Building 600. Upon relocation of the maintenance department, Building 600 would be remodeled and expanded to create an industrial training center. Also, auxiliary services and the student lounge would vacate Academic Building 200, thereby, freeing up this space for industrial training. Auxiliary services would relocate to the current library space, in Academic Building 500. Renovations are required in this building to house auxiliary services and the student lounge. Renovations to Buildings 300, 400, 700 and/or 800 are also possible, if funds permit. The agency estimates total project costs at \$3,685,147.29. (See attachment 1 for this agenda for additional annual operating costs.)

Mr. Eckstrom pointed out that the item states there would be no increase in student tuition or fees to fund the project. He noted, however, that a plant fee of \$3.00 per credit hour would be implemented in the fall of 2018 to provide for maintenance of college facilities. He said the students are paying for the project with the built-in fee. Dr. Carl Wagner, President of Northeastern Technical College, appeared before the Authority on this matter. Dr. Wagner said that they are renovating an existing building to accommodate growth in the program. He stated they are putting three programs into one building which allows them to better leverage their resources. He said the plant maintenance fee was identified through a CHE meeting they attended in which the colleges were asked to develop a plan for long term maintenance. He said an analysis was done to determine the cost of performing long term maintenance and the decision was made to put the \$3.00 maintenance fee in place to start a fund to address the maintenance needs. He said the \$3.00 fee is to address current needs.

- (d) Summary 1-2019: JBRC Item 5. (E24) Office of the Adjutant General  
Project: 9812, Statewide Readiness Center Female Latrines  
Included in Annual CPIP: Yes – 2017 CPIP Priority 8 of 21 in FY18  
(estimated at \$900,000)  
JBRC/SFAA Phase I Approval: N/A  
CHE Recommended Approval: N/A

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<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State	0.00	0.00	0.00	12,500.00	12,500.00
Federal, National Guard Bureau	0.00	0.00	0.00	37,500.00	37,500.00
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>50,000.00</u>	<u>50,000.00</u>

Funding Source: \$12,500 Appropriated State. \$37,500 Federal, National Guard Bureau, which is funding identified as part of the Construction and Facilities Management Office’s Master Cooperative Agreement through the Office of the Adjutant General and from the National Guard Bureau

Request: Establish project and budget for \$50,000 (Appropriated State & Federal, National Guard Bureau Funds) to renovate and expand existing female latrines in various readiness centers across the state. The initial group of readiness centers include North Charleston, Walterboro, Edgefield, Mt. Pleasant, Marion, Saluda, Mullins, Batesburg, Dillon, Seneca, Conway and Rock Hill. The Phase I pre-design budget is requested at 2.23% of the estimated project cost due to the age of the armories and the level of detail needed in the mechanical, electrical, and plumbing systems for additional latrine space for the female soldiers. The scope of work includes renovating existing female latrine and constructing additional authorized space to include new utilities and fixtures, along with any required mechanical, electrical and plumbing work. When these armories were constructed the amount of female soldiers was significantly lower than it is now. Therefore, due to the rising number of female soldiers, due in part to all branches now allowing females, adequate latrine space is needed. Per NG Pam 415-12, the assigned unit(s) are authorized 2,000 square feet of latrine space. This project will allow the female soldiers to have the required number of facilities (toilets, showers, changing areas) they need to conduct training. Over 50 female soldiers assigned to each of the 12 armories, will utilize the space. The facilities will also be used by females when the armory is rented or when it is being used for other public functions. The facilities range in age from 31 years to 62 years old and vary in size from 72 square feet to 339 square feet. The agency estimates total project costs at \$159,077 per facility for a total

of \$2,233,435 for all 12 facilities. (See attachment 2 for this agenda for additional annual operating costs.)

**Establish Construction Budget**

- (e) Summary 1-2019: JBRC Item 8. (H59) Greenville Technical College  
 Project: 6136, Greenville – Benson Campus Amphitheater and Student Plaza  
 Included in Annual CPIP: Yes – 2017 CPIP Priority 3 of 3 in FY20  
 (estimated at \$1,326,335)  
 JBRC/SFAA Phase I Approval: January 2018 (estimated at \$2,500,000)  
 CHE Recommended Approval: 8/2/18

<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 Citizen Donation	37,500.00	0.00	37,500.00	2,864,201.00	2,901,701.00
All Sources	<u>37,500.00</u>	<u>0.00</u>	<u>37,500.00</u>	<u>2,864,201.00</u>	<u>2,901,701.00</u>

Funding Source: \$2,901,701 Other, Private Citizen Donation Funds, which have been received specifically for the development and construction of this project.

Request: Increase budget to \$2,901,701 (add \$2,864,201 Other, Private Citizen Donation Funds) to establish Phase II, design development, construction documents and bidding to construct an amphitheater and student plaza on approximately 4 acres, in an outside lawn area between buildings 301 and 302, alongside Building 301 and the main entrance drive on Benson Campus. The total estimated cost of the project in the Phase II request is \$401,701 higher than the Phase I amount due to the construction bid pricing climate. It is anticipated that the project will be bid around the November to December timeframe and the architects and cost estimators firmly believe the cost for the project will be in the \$2.9 million range. The facility will include tiered natural and bench seating, a stage, audio/visual, wireless internet, stage lighting, electrical panel service, band-shell pavilion, restroom facilities, native plant landscaping, and canopy trees. Nature trails, landscaping, and a small parking area along the main driveway into campus will also be a part of the project. The college states that an aesthetically pleasing outdoor learning environment without walls or a

ceiling in the fresh air, sunshine and relaxed setting will foster an environment to enhance creative thought processes by students. The college further states that the outdoor learning experience will be valuable to artists, theatrics, language arts, humanities, and various science programs, and community activities. A small art pavilion structure of approximately 3,000 square feet will be constructed. The amphitheater and terraced seating will provide approximately 185 seats for performances and a large lawn beyond the tiered seating for blanket seating. The area will be utilized by an estimated 900 students, 50 faculty, 30 staff and 1,000 outside visitors. The project contingency exceeds 10% of the total project budget due to anticipated construction cost escalation, based on consultation with OSE of recent state bid projects and consultation by A&E with general contractors. The agency estimates total project costs at \$2,901,701. (See attachment 3 for this agenda for additional annual operating costs.) The agency anticipates execution of the construction contract in November 2018 and completion of construction in August 2019.

- (f) Summary 1-2019: JBRC Item 9. (J12) Department of Mental Health  
 Project: 9737, State Veterans’ Nursing Home Construction Central Region  
 Included in Annual CPIP: Yes – 2017 CPIP Priority 10 of 12 in FY20  
 (estimated at \$40,296,165)  
 JBRC/SFAA Phase I Approval: January 2015 (estimated at \$58,000,000)  
 JBRC/SFAA Revise Scope Approval: March 2015 (estimated at \$37,000,000)  
 JBRC/SFAA Phase I Budget Increase Approval: May 2018 (estimated at \$40,300,000)  
 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>
Federal, VA State Home Construction Grant Program	0.00	0.00	0.00	28,811,758.00	28,811,758.00
Other, Capital Improv. & Maint.	500,000.00	500,000.00	1,000,000.00	13,103,658.00	14,103,658.00
Additional	0.00	0.00	0.00	11,184,584.00	11,184,584.00

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funding to be requested from General Assembly by DMH*					
All Sources	<u>500,000.00</u>	<u>500,000.00</u>	<u>1,000,000.00</u>	<u>53,100,000.00</u>	<u>54,100,000.00</u>

\*Per the Department of Mental Health, should the construction cost reach \$54,100,000, the state’s share would be \$25,288,242. Should the state share requirement exceed the current funds which DMH reserved, DMH will seek funding from the General Assembly.

Funding Source: \$28,811,758 Federal, VA State Home Construction Grant Program.  
\$14,103,658 Other, Capital Improvement & Maintenance Funds, authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. Up to \$11,184,584 in additional funding may be requested by DMH to address the remaining costs of the project.

Request: Increase budget to \$54,100,000 (add \$28,811,758 Federal, VA State Home Construction Grant Program and \$13,103,658 Other, Capital Improvement & Maintenance Funds and up to \$11,184,584 to be requested) to establish the full Phase II design and construction budget in order to complete all requirements necessary to receive a federal funding grant from VA in early 2019 for the construction of a veterans nursing home in the central South Carolina region. The FY18 Veterans Affairs Appropriations Bill contained funding for the construction of three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in September 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments (draft complete), and a letter of approval from the state historical preservation officer (complete). OSE and DHEC have reviewed and approved the schematic design drawings. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility will adapt the design to the northeast and northwest South Carolina region sites. The design on which the cost estimate is based calls for steel framing, pitched roof and full emergency generators. The facility will be constructed to meet LEED Silver certification standards with anticipated energy savings of \$1,800,000 over a 30 year

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period. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 147,000 gross square feet and house 104 veterans and 100+ contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. Preliminary estimates now indicate the completed project will cost approximately \$54,100,000. (See attachment 4 for this agenda for additional annual operating costs.) The agency anticipates execution of the construction contract in April 2019 and completion of construction in June 2021.

- (g) Summary 1-2019: JBRC Item 10. (J12) Department of Mental Health Project: 9739, State Veterans’ Nursing Home Construction Northeast Region  
 Included in Annual CPIP: Yes – 2017 CPIP Priority 8 of 12 in FY20 (estimated at \$39,914,915)  
 JBRC/SFAA Phase I Approval: March 2015 (estimated at \$37,000,000)  
 JBRC/SFAA Phase I Budget Increase Approval: May 2018 (estimated at \$39,900,000)

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>
Federal, VA State Home Construction Grant Program	0.00	0.00	0.00	28,539,164.00	28,539,164.00
Other, Capital Improv. & Maint.	250,000.00	1,000,000.00	1,250,000.00	12,720,220.00	13,970,220.00
Additional funding to be requested from General Assembly by	0.00	0.00	0.00	12,790,616.00	12,790,616.00

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DMH*					
All Sources	<u>250,000.00</u>	<u>1,000,000.00</u>	<u>1,250,000.00</u>	<u>54,050,000.00</u>	<u>55,300,000.00</u>

\*Per the Department of Mental Health, should the construction cost reach \$55,300,000, the state’s share would be \$26,760,836. Should the state share requirement exceed the current funds which DMH reserved, DMH will seek funding from the General Assembly.

Funding Source: \$28,539,164 Federal, VA State Home Construction Grant Program.  
\$13,970,220 Other, Capital Improvement & Maintenance Funds, authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. Up to \$12,790,616 in additional funding may be requested by DMH to address the remaining costs of the project.

Request: Increase budget to \$55,300,000 (add \$28,539,164 Federal, VA State Home Construction Grant Program and \$12,720,220 Other, Capital Improvement & Maintenance Funds and up to \$12,790,616 to be requested) to establish the full Phase II design and construction budget in order to complete all requirements necessary to receive a federal funding grant from VA in early 2019 for the construction of a veterans nursing home in the northeast South Carolina region. The FY18 Veterans Affairs Appropriations Bill contained funding for the construction of three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in September 2018 from VA, the state will need to demonstrate the following; design development drawings and specifications (35%), Phase I & Phase II environmental assessments (draft complete), and a letter of approval from the state historical preservation officer (complete). OSE and DHEC have reviewed and approved the schematic design drawings. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility for the central region will adapt the design to the northeast and northwest South Carolina region sites. The design on which the cost estimate is based calls for steel framing, pitched roof and full emergency generators. The facility will be constructed to meet LEED Silver certification standards with anticipated energy savings of \$1,800,000 over a 30 year period. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical

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equipment. The facility will be approximately 147,000 gross square feet and house 104 veterans and 100+ contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. Preliminary estimates now indicate the completed project will cost approximately \$55,300,000. (See attachment 5 for this agenda for additional annual operating costs.) The agency anticipates execution of the construction contract in April 2019 and completion of construction in June 2021.

- (h) Summary 1-2019: JBRC Item 11. (J12) Department of Mental Health  
 Project: 9740, State Veterans’ Nursing Home Construction Northwest Region  
 Included in Annual CPIP: Yes – 2017 CPIP Priority 9 of 12 in FY20  
 (estimated at \$41,135,915)  
 JBRC/SFAA Phase I Approval: March 2015 (estimated at \$37,000,000)  
 JBRC/SFAA Phase I Budget Increase Approval: May 2018 (estimated at \$41,100,000)  
 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>
Federal, VA State Home Construction Grant Program	0.00	0.00	0.00	29,412,179.00	29,412,179.00
Other, Capital Improv. & Maint.	250,000.00	1,000,000.00	1,250,000.00	13,147,571.00	14,397,571.00
Additional funding to be requested from General Assembly by DMH*	0.00	0.00	0.00	12,990,250.00	12,990,250.00
All Sources	<u>250,000.00</u>	<u>1,000,000.00</u>	<u>1,250,000.00</u>	<u>55,550,000.00</u>	<u>56,800,000.00</u>

\*Per the Department of Mental Health, should the construction cost reach \$56,800,000, the state's share would be \$27,387,821. Should the state share requirement exceed the current funds which DMH reserved, DMH will seek funding from the General Assembly.

Funding Source: \$29,412,179 Federal, VA State Home Construction Grant Program.  
\$14,397,571 Other, Capital Improvement & Maintenance Funds, authorized by Proviso 35.7 (Act 97 of 2017) permitting deposit of amounts appropriated for deferred maintenance and other one-time funds from any source into an interest-bearing fund held by the State Treasurer for, among other purposes and subject to required approvals, capital projects and ordinary repair and maintenance. Up to \$12,990,250 in additional funding may be requested by DMH to address the remaining costs of the project.

Request: Increase budget to \$56,800,000 (add \$29,412,179 Federal, VA State Home Construction Grant Program and \$13,147,571 Other, Capital Improvement & Maintenance Funds and up to \$12,990,250 to be requested) to establish the full Phase II design and construction budget in order to complete all requirements necessary to receive a federal funding grant from VA in early 2019 for the construction of a veterans nursing home in the northwest South Carolina region. The FY18 Veterans Affairs Appropriations Bill contained sufficient to provide federal grant funding for the construction of three South Carolina projects, based on community living center designs. The department has been informed that in order to receive a conditional funding letter in September 2018 from VA, the state will need to demonstrate the following: design development drawings and specifications (35%), Phase I & Phase II environmental assessments (draft complete), and a letter of approval from the state historical preservation officer (complete). OSE and DHEC have reviewed and approved the schematic design drawings. If a conditional funding letter is received, the state would then have an additional 180 days to complete the design and bid the project. The architect who is designing the prototype facility for the central region will adapt the design to the Northeast and Northwest South Carolina region sites. The design on which the cost estimate is based calls for steel framing, pitched roof and full emergency generators. The facility will be constructed to meet LEED Silver certification standards with anticipated energy savings of \$1,800,000 over a 30 year period. The new facility will be all private rooms and include all support functions required for a complete operation. The construction will include kitchen and dining facilities, treatment and therapy spaces, and a facility for mechanical and electrical equipment. The facility will be approximately 147,000 gross square feet and house 104 veterans and 100+ contract management staff. Under the existing contract model for Veterans Victory House and Campbell, the day to day maintenance will be handled by an outside

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contractor with assistance and oversight as needed by SCDMH Physical Plant Services staff. Preliminary estimates now indicate the completed project will cost approximately \$56,800,000. (See attachment 6 for this agenda for additional annual operating costs.) The agency anticipates execution of the construction contract in April 2019 and completion of construction in June 2021.

- (i) Summary 1-2019: JBRC Item 12. (N12) Department of Juvenile Justice  
 Project: 9606, Coastal Regional Center  
 Included in Annual CPIP: Yes – 2018 CPIP Priority 3 of 4 in FY19  
 (estimated at \$3,676,286)  
 JBRC/SFAA Phase I Approval: December 2017 (estimated at \$3,676,286)  
 JBRC/SFAA Phase I Budget Increase Approval: June 2018 (estimated at \$3,676,286)  
 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>
		<u>Original Budget</u>	<u>Current Budget</u>			
Appropriated State, FY18 Carryforward	142,500.00	171,712.50	314,212.50	3,362,073.50	3,676,286.00	3,676,286.00
All Sources	<u>142,500.00</u>	<u>171,712.50</u>	<u>314,212.50</u>	<u>3,362,073.50</u>	<u>3,676,286.00</u>	<u>3,676,286.00</u>

Funding Source: \$3,676,286 Appropriated State, FY18 Carryforward Funds.  
 Request: Increase budget to \$3,676,286 (add \$3,362,073.50 Appropriated State, FY18 Carryforward Funds) to proceed with Phase II to implement regionalization across the state. This project will address the needs at the Coastal Regional Center located in Ridgeville, which will accommodate the programs needed for juveniles in the coastal area of SC. Regionalization represents a fundamental shift in how committed youth will be served by the juvenile justice system. It will allow youth to be housed closer to their home communities instead of committing them to distant state facilities. Regionalization brings neighboring counties together to share resources and services to better serve youth close to their homes. Other advantages of regionalization include increased family engagement, transitional programming and contact with other providers, community resources, and parole and probation proficiency. A smaller population of youth in each center may also reduce gang issues and behavior issues. This project will include the construction of a multi-purpose building for clinical, program and

security staff, vocational classrooms for the juveniles; security upgrades to include the expansion/new construction of perimeter fencing; and expanding the footprint of the property by creating new recreational space. Even though this project request is for the Coastal Center, all 3 current evaluation centers will eventually be included in this reorganization as separate projects. The new regional center building to be constructed will be an 11,000 square foot pre-engineered building and will house the programmatic activities. The existing housing already on-site accommodates 175 juveniles. The project will be designed for maximum energy efficiency for its intended use. However, under the 2018 edition of the OSE Manual, Chapter 5, section 5.10, lines 5.10.3, exemptions are listed on B for any public school building K-12, and on line C, any correctional facility constructed. This building will have a masonry base and metal wall panels with a standing-seam sloped metal roof. The recreation space will include indoor and outdoor space to include a soccer field with running track and basketball courts. There is an existing Coastal Evaluation Center, constructed in 2002, located on the 11 acre property that will also continue to be used as part of the Coastal Regional Center but it will not be renovated in this project. The agency estimates total project costs at \$3,676,286. The agency anticipates execution of the construction contract is September 2018 and completion of construction in September 2021.

Regarding the Department of Juvenile Justice (DJJ) regional centers, Mr. Eckstrom asked if there was housing associated with the projects. Freddie Pough, DJJ Director, appeared before the Authority on this matter. Mr. Pough stated that the funds would be used for a vocational building and not housing. He said they would be using existing housing.

- (j) Summary 1-2019: JBRC Item 13. (N12) Department of Juvenile Justice  
 Project: 9607, Upstate Regional Center  
 Included in Annual CPIP: Yes – 2018 CPIP Priority 4 of 4 in FY19  
 (estimated at \$3,676,286)  
 JBRC/SFAA Phase I Approval: December 2017 (estimated at \$3,676,286)  
 JBRC/SFAA Phase I Budget Increase Approval: June 2018 (estimated at \$3,676,286)  
 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>
		<u>Original Budget</u>	<u>Current Budget</u>			

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Appropriated State, FY18 Carryforward	142,500.00	171,712.50	314,212.50	3,362,073.50	3,676,286.00
All Sources	<u>142,500.00</u>	<u>171,712.50</u>	<u>314,212.50</u>	<u>3,362,073.50</u>	<u>3,676,286.00</u>

Funding Source: \$3,676,286 Appropriated State, FY18 Carryforward Funds.

Request: Increase budget to \$3,676,286 (add \$3,362,073.50 Appropriated State, FY18 Carryforward Funds) to proceed with Phase II to implement regionalization across the state. This project will address the needs at the Upstate Regional Center located in Union, which will accommodate the programs needed for juveniles in the upstate area of SC. Regionalization represents a fundamental shift in how committed youth will be served by the juvenile justice system. It will allow youth to be housed closer to their home communities instead of committing them to distant state facilities. Regionalization brings neighboring counties together to share resources and services to better serve youth close to their homes. Other advantages of regionalization include increased family engagement, transitional programming and contact with other providers, community resources, and parole and probation proficiency. A smaller population of youth in each center may also reduce gang issues and behavior issues. This project will include the construction of a multi-purpose building for clinical, program and security staff, vocational classrooms for the juveniles; security upgrades to include the expansion/new construction of perimeter fencing; and expanding the footprint of the property by creating new recreational space. Even though this project request is for the Upstate Center, all 3 current evaluation centers will eventually be included in this reorganization as separate projects. The new regional center building to be constructed will be an 11,000 square foot pre-engineered building and will house the programmatic activities. The existing housing on-site accommodates 190 juveniles. The project will be designed for maximum energy efficiency for its intended use. However, under the 2018 edition of the OSE Manual, Chapter 5, section 5.10, lines 5.10.3, exemptions are listed on B for any public school building K-12, and on line C, any correctional facility constructed. This building will have a masonry base and metal wall panels with a standing-seam sloped metal roof. The recreation space will include indoor and outdoor space to include a soccer field with running track and basketball courts. There is an existing Upstate Evaluation Center, constructed in 1997, located on the 17 acre property that will also continue to be used as part of the Upstate Regional Center but it will not be renovated in this project. The agency estimates total project costs at \$3,676,286. The agency anticipates execution of the construction contract is September 2018

and completion of construction in September 2021.

**Establish Construction Budget & Revise Scope**

- (k) Summary 1-2019: JBRC Item 14. (H73) Vocational Rehabilitation Department Project: 9614, Oconee Pickens VR Center Expansion & Roof Replacement  
Included in Annual CPIP: Yes – 2017 CPIP Priority 2 of 5 in FY19 (estimated at \$1,900,000) &  
2018 CPIP Priority 1 of 2 in FY19 (estimated at \$3,069,358)  
Admin. Phase I Approval: October 2017  
  
CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
FY16-17 Capital Reserve	28,500.00	0.00	28,500.00	771,500.00	800,000.00
Federal, State Vocational Rehabilitation Grant	0.00	0.00	0.00	2,269,358.00	2,269,358.00
All Sources	<u>28,500.00</u>	<u>0.00</u>	<u>28,500.00</u>	<u>3,040,858.00</u>	<u>3,069,358.00</u>

Funding Source: \$28,500 FY16-17 Capital Reserve Funds. \$2,269,358 Federal, State Vocational Rehabilitation Funds, which are grant funds received to be used in the provision of VR services.

Request: Revise the scope of work and increase budget to \$3,069,358 (add \$771,500 FY16-17 Capital Reserve Funds and \$2,269,358 Federal, State Vocational Rehabilitation Grant Funds) for the design and construction of a 8,200 square foot addition and a 1,407 square foot renovation to the existing VR Center with production area space, offices, classrooms, and a renovated conference room. The Phase I scope of work included the design and construction of an 8,100 square foot addition to the existing Work Training Center with production area space, clean work room, offices, and storage. The Phase II request includes an additional 100 square feet for the addition, and renovations to 1,407 square feet of the existing VR Center. Additional offices and classroom spaces are now also needed to expand their services under

WIOA (Workforce Innovation and Opportunity Act), which is their new federal regulation. One of the existing classrooms is presently being used as offices. It is now necessary to renovate a portion of the existing area office and to add the needed offices and classrooms in addition to the production space increase. Adequate space does not presently exist to perform the increase in contract work and to provide the required training. The addition is needed to increase capacity to serve the growing client population in this region, as well as, to increase the types of subcontract work necessary to train clients for competitive employment. The Job Readiness Training Center has experienced significant growth over the last 10 years and several contracts with local companies had to be turned down due to the limited floor space available to stage and perform contract work. Average client daily attendance has gone from just over 38 clients to 55 clients a day. The number of clients served has gone from 191 to 253. Limited office space has resulted in sharing offices for the 26 staff, and the center needs classroom spaces for adult education and job preparedness instruction. A total roof replacement of the existing 29 year old 20,000 square foot built up roof and application of roof insulation and styrene-butadiene-styrene (SBS) smooth granular surfaced modified bitumen roofing system with associated flashings and metal work remains part of this project. Removal of asbestos roofing and flashing materials may be required. The new roofing system will include a 20 year warranty. The agency estimates total project costs at \$3,069,358. (See attachment 7 for this agenda for additional annual operating costs.) The agency anticipates execution of the construction contract in January 2019 and completion of construction in November 2019.

Mr. Eckstrom asked if there will be an 8200 square foot addition as part of the project. Wes Stokes, Director of Facilities Management for Vocational Rehabilitation, appeared before the Authority on this matter. He said what was originally submitted was 8100 square feet and that they are adding 100 square feet. He said initially the addition was for factory type construction, but that space for classrooms had to be added because of new federal guidelines.

### **Phase II Increase**

- (1) Summary 1-2019: JBRC Item 15. (H09) The Citadel  
Project: 9612, Bastin Hall – School of Business  
Included in Annual CPIP: Yes – 2018 CPIP Priority 1 of 4 in FY19  
(estimated at \$25,840,000)  
JBRC/SFAA Phase I Approval: October 2014 (estimated at \$17,000,000)

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JBRC/SFAA Phase II Approval: August 2016 (estimated at \$20,200,000)

CHE Recommended Approval: 8/2/18

<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, Citadel Foundation Gift	250,000.00	19,950,000.00	20,200,000.00	5,640,000.00	25,840,000.00
All Sources	<u>250,000.00</u>	<u>19,950,000.00</u>	<u>20,200,000.00</u>	<u>5,640,000.00</u>	<u>25,840,000.00</u>

Funding Source: \$25,840,000 Other, Citadel Foundation Gift Funds, which are a combination of donations and bonds issued by The Citadel Foundation. The source of repayment for the bonds will be donations received by The Citadel Foundation.

Request: Increase budget to \$25,840,000 (Other, Citadel Foundation Gift Funds) to cover higher than expected market costs in Charleston to complete the project. This market condition produced three (3) contractor bids that exceeded the project budget, and also exceeded the 10% which would have allowed The Citadel to negotiate with the lowest responsible bidder. The project will construct a new 45,320 square foot facility to house the Tommy & Victoria Baker School of Business, which is currently housed in Bond Hall. The new building will be located to the south of Bond Hall and The Citadel's Human Resources building. The project has been designed to meet Two Green Globes Certification with anticipated energy savings of \$610,263.95 over a 30 year period. The facility will be a three-story steel frame building constructed on Citadel property along Haygood Avenue as you approach Haygood Gate. The facility will include 6 flat classrooms, 2 tiered classrooms, group study rooms, financial services lab, innovation technology lab, 40 administration and faculty offices, and a 2,100 square foot common area to support collaboration among students, faculty, and visitors. The building is the first completely new academic facility to be constructed on the campus since 1974 and will comply with all standards for a 21st century academic facility. The School of Business houses the largest undergraduate major and a graduate program with an approximate 668 day and 69 evening undergraduate students, 210 MBA students, and 40 faculty and staff. Once the School of Business currently housed in Bond Hall relocates

to the new building, it is planned for the Zucker School of Education to move out of Capers Hall and backfill the vacated space in Bond Hall. The agency estimates total project costs at \$25,840,000. (See attachment 8 for this agenda for additional annual operating costs.) The agency anticipates execution of the construction contract in November 2018 and completion of construction in June 2020.

Mr. Eckstrom noted that the cost for the project has increased considerably by \$30,000 over two years. He said that the cost of construction in the Charleston area has gone up 8% to 10% a year. Charles Cansler, Chief Financial Officer for The Citadel, stated that the scope of the project did not increase and that they value-engineered the project to lower the cost, but they put that cost back in to account for the construction increase.

Senator Leatherman commented that general contractors have become busy and the law of supply and demand has kicked in. He said that it is not unusual to see construction costs go up 25% to 40% given the current market environment.

- (m) Summary 1-2019: JBRC Item 16. (P24) Department of Natural Resources  
Project: 9966, Richland-Wateree Range Improvements  
Included in Annual CPIP: Yes – 2018 CPIP Priority 3 of 15 in FY19 (estimated at \$1,522,274)  
JBRC/SFAA Phase I Approval: April 2017 (estimated at \$900,000)  
JBRC/SFAA Phase II Approval: August 2017 (estimated at \$957,829)  
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>
Federal	13,500.00	944,329.00	957,289.00	564,445.00	1,522,274.00
All Sources	<u>13,500.00</u>	<u>944,329.00</u>	<u>957,289.00</u>	<u>564,445.00</u>	<u>1,522,274.00</u>

Funding Source: \$1,552,284 Federal Grant Funds from the US Fish Wildlife Service – Wildlife Restoration funds as provided for through the Pittman Robertson Act

Request: Increase the project budget by \$564,445 to \$1,552,274. The agency

originally completed pre-design and design work based on estimates from a similar project constructed in Charleston County (Twin Ponds Rifle Range) in fiscal year 2016-17. Bids for the project were higher than originally estimated: \$106,385 versus original estimate of \$63,500 in professional services fees; \$1,326,158 versus original estimate of \$774,040 in site development costs; and \$132,616 versus original estimate of \$77,404 as a contingency. The agency attributes the increase in costs to a business climate with significant demand for construction services, along with an abundance of work that has resulted from natural disasters in recent years. The project is designed to provide a safe area for constituents to participate in recreational shooting or to practice shooting prior to hunting, an area that the agency can utilize for training for hunter education students, and recruitment for hunters and recreational shooters. The project involves the renovation of the existing 100-yard rifle range; 25-yard pistol range that includes construction of impact and containment berms; covered firing line sheds; range office; road and parking lot improvements; trap bunkers; and ADA access to each range and skeet/trap fields. All components are designed to bring the facility into compliance with ADA requirements and safety standards of the National Rifle Association and the South Carolina Department of Natural Resources. The agency expects to begin construction in October, 2018 with completion in March, 2019, and estimates total project costs at \$1,522,274.

- (n) Summary 1-2019: JBRC Item 17. (P28) Department of Parks, Recreation & Tourism  
Project: 9762, Welcome Center Rebuild - Dillon  
Included in Annual CPIP: Yes – 2016 CPIP Priority 2 of 10 in FY18 (estimated at \$4,500,000)  
Admin. Phase II Approval: February 2017 (estimated at \$4,000,000)  
Admin. Phase II Budget Increase (Transfer from Projects 9669 & 9741) Approval:  
June 2017 (estimated at \$4,138,498.34)

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>
FY16 Capital Reserve	4,000,000.00	0.00	4,000,000.00		0.00	4,000,000.00
Appropriated	0.00	96,305.60	96,305.60		0.00	96,305.60

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State, Tourism Sales	0.00	42,192.74	42,192.74	1,038,045.00	1,080,237.74
Other, Motion Picture Incentive					
All Sources	<u>4,000,000.00</u>	<u>138,498.34</u>	<u>4,138,498.34</u>	<u>1,038,045.00</u>	<u>5,176,543.34</u>

Funding Source: \$4,000,000 FY16 Capital Reserve. \$96,305.60 Appropriated State, Tourism Sales. \$1,080,237.74 Other, Welcome Center Restricted, which are funds provided by Proviso 49.8 from FY14, and can be used by the department for capital improvements to the state’s Welcome Centers, for deferred maintenance and capital projects at state parks, and for marketing/advertising.

Request: Increase budget to \$5,176,543.34 (FY16 Capital Reserve, Appropriated State, Tourism Sales and Other-Motion Picture Incentive Funds) to cover the lowest bid plus three alternates provided in the original bid, with allowances for IT infrastructure and furnishings. The scope of work for this project is to replace the existing Welcome Center in Dillon County along with associated site work. The Dillon center was built in 1971 and is 5,000 square feet. It is one of the busiest centers in the state. In 2003 a new section of restrooms were added to accommodate the visitors; work and storage areas were reconfigured and enlarged and the reception area was remodeled. SCPRT hopes to keep the center open during the construction process, however that will have to be determined during the planning, development and construction process. The new facility will be 8,323 square feet. This center was selected due to the visitation numbers and evaluation by staff for much needed changes in the reception area. New facilities will better meet the needs of the travelers and staff assisting with information and reservation services. The agency estimates total project costs at \$5,176,543.34. (See attachment 9 for this agenda for additional annual operating costs.) The agency anticipates execution of the construction contract in October 2018 and completion of construction in August 2019.

Regarding regular session #5(n), the Dillion Welcome Center rebuild, Mr. Eckstrom asked why so much money was being spent on one center when there are others closing in the State. He asked if there was a strategic plan in place to rehabilitate the rest of the welcome centers. Yvette Sistare with PRT appeared before the Authority on this matter. She said their goal is to renovate or rebuild all of the welcome centers. She stated that they have already

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completed welcome centers in Fort Mill and Hardeeville and that they have the Fair Play Welcome Center in their budget for next year. She said given the fiscal restraints of the State they are addressing one welcome center each year.

Senator Leatherman commented that State needs to rebuild its welcome centers. He said that our welcome centers are a disgrace when compared to North Carolina’s welcome centers. He said he wonders how many industries did not come to South Carolina because the CEO of an industry stopped at one of the State’s welcome centers. Senator Leatherman commented that all of the rest areas need to be rebuilt and modernized.

- (o) Summary 1-2019: JBRC Item 18. (P28) Department of Parks, Recreation & Tourism Project: 9764, State Park Piers Repair  
Included in Annual CPIP: Yes – 2016 CPIP Priority 3 of 10 in FY18  
(estimated at \$2,200,000)  
Admin. Phase II Approval: May 2017 (estimated at \$2,200,000)  
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>
FY17 Appropriated State, Proviso 118.16 nonrecurring	2,200,000.00	0.00	2,200,000.00	0.00	2,200,000.00
Other, Insurance Reserve	0.00	0.00	0.00	890,525.88	890,525.88
All Sources	<u>2,200,000.00</u>	<u>0.00</u>	<u>2,200,000.00</u>	<u>890,525.88</u>	<u>3,090,525.88</u>

Funding Source: \$2,200,000 FY16-17 Appropriated State, Proviso 118.16 (nonrecurring). \$890,525.88 Other, Insurance Reserve, which are funds received for facility damages.

Request: Increase budget to \$3,090,525.88 (FY17 Appropriated State & Other, Insurance Reserve Funds) to add insurance proceeds due to damage

incurred to the facilities from hurricane impact. The pier project repairs are also now projected to cost more due to damages sustained during the storm events. What was initially a repair of the dock at Edisto Beach is now completely replacing the entire structure that has been damaged beyond repair due to storm damage. Also, upon beginning the project, it was discovered that pilings at Myrtle Beach that had previously appeared to be adequate, have now been found to be infected with sea worms upon inspection, and will have to be replaced, as well as, the need to replace more hardware than originally believed. As this project progresses, there will also be future budget increases requested for this project as project repairs are completed that are eligible for approximately \$700,000 to \$800,000 in FEMA reimbursements. Age and usage have deteriorated these facilities making repairs necessary for continued operation and visitor safety. The agency estimates total project costs at \$3,090,525.88. The agency anticipates execution of the construction contract in August 2018 and completion of construction in June 2019.

Mr. Eckstrom asked where is the Edisto Beach pier located. Ashley Berry with PRT stated that the pier that is referred to is the crabbing dock and it is located on the creek by the cabins. Mr. Eckstrom asked if it was destroyed. Mr. Berry stated that it was completely destroyed.

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

***Division of Procurement Services: Procurement Exemption for Locum Tenens Providers of Dentists, Medical Doctors, Psychiatrists, Nurses (APRNs, RNs, and LPNs), Pharmacists, Physical Therapists, and Physician's Assistants (Regular Session Item #6)***

On September 13, 1982, the Budget and Control Board (Board) exempted the procurement of Dentists, Medical Doctors, Psychiatrists, Optometrists, RNs, and LPNs from the purchasing procedures of the Code. On March 22, 1983, the Board exempted the procurement of Physical Therapists from the purchasing procedures of the Code. Since the inception of these exemptions, the manner in which licensed health professionals seek jobs has changed. For a variety of personal reasons (travel opportunities, varied clinical experience, schedule flexibility, extra income, etc.) many of these professionals work for Locum Tenens providers (temporary healthcare employment agencies). Moreover, they move from agency to agency for better employment opportunities. As a result of these dynamics, healthcare providers may end up

calling multiple Locum Tenens providers to find qualified staff to meet their needs.

The Division of Procurement Services has investigated the possibility of statewide contracts with Locum Tenens providers for these services but has determined that due to the variety of and differing needs of the various State agencies that use these services, the reasons set forth above, and the resulting fluctuating market volatility, such a contract is not practical. For the same reasons, it is not practical for each agency to individually solicit and contract with Locum Tenens providers using the purchasing procedures of the Code.

For the forgoing reasons, the Departments of Mental Health, Corrections, Juvenile Justice, and Education request an exemption from the purchasing procedures of the Code for the procurement of the services of dentists, medical doctors, psychiatrists, nurses (APRNs, RNs, and LPNs), pharmacists, physical therapists, and physician's assistants through Locum Tenens providers. The agencies requests are included as part of this agenda item.

Senator Leatherman asked to speak on the item before Governor McMaster called for a motion. He stated that in 1982 the Budget and Control exempted dentists, medical doctors, psychiatrists, optometrists, and nurses from the procurement code. He said he sees a terrific expansion that includes information technology and construction with this item. He said he wanted to carry the item over to talk with the agency heads to see why they need those expansions. Senator Leatherman moved to carry the item over. Mr. White seconded the motion.

Mr. Eckstrom questioned if the item is requesting an exemption from information technology and construction. He stated that he interpreted the paragraph as saying an exemption can be given under Section 11-35-710. He said the request focuses narrowly on the medical professions listed. Mr. Eckstrom asked if the focus was just on the medical profession and not IT services. Senator Leather said he did not want to rely on his own interpretation, but wanted to have the agency heads come in and tell him why the language is in the request. Governor McMaster pointed out that the exemption request was referring to temporary healthcare employment agencies. Senator Leatherman questioned why the words "information technology" and "construction" were included. Mr. Singleton stated that this was just a repeat of the statutory language and that the exemption request was not intended to include information technology and construction. He indicated that if the item is carried over staff would meet with the Authority members to discuss the intent behind the agenda request. Mr. Loftis stated that he would

appreciate being briefed on the issue before it comes back to the Authority.

John Magill, Director of the Department of Mental Health, appeared before the Authority on this matter. He said their intent is for the exemption to apply to medical professionals exclusively. He said it will allow them to have all options available to them when they are trying to hire medical professionals because it is difficult to get these individuals. He stated that when they prepared their request it was not with the intent of expanding it to technology. Senator Leatherman responded that he has found during his time in the Senate that it is not the intent, but what the words say on paper. He said he needs someone to explain to him why the words “information technology” and “construction” got in the request. He asked for the item to be carried over to have a chance to look at the item.

Governor McMaster said he understands Senator Leatherman’s concern, but there is a need for placing nurses in rural areas. He commented that there is a problem and this is an opportunity to fix it. Mr. Eckstrom noted that the action the Authority is asked to take is a very narrow approval that will be given under the authority of Section 11-35-710. He said the exemption is narrowly focused to the services of medical professionals.

Mr. Loftis commented that the agency is described as “temporary” but asked if the employee is “temporary”. Mr. Loftis asked Mr. Magill if the idea is to hire a service for a year or a healthcare professional that will be a full-time employee. Mr. Magill said the issue is that many healthcare professionals do not want to be on individual contracts but want to be affiliated with a locum tenens company. He stated that is why they need the ability to contract directly with locum tenens companies for full or part-time service. He said the idea is always to contract with them on a temporary basis. Mr. Magill said if the service provided is going to be on a permanent basis then the idea would be for the healthcare professional to become a permanent, full-time State employee. He noted that it is critical in the rural areas as well as in the Columbia area. He stated they have a difficult time staffing their main hospitals in the Columbia area, particularly in the forensics area.

Pat Tavella, DJJ Health Services Administrator, stated that the exemption they are seeking is for nursing staff. He said that the exemption provision originally allowed them to contract directly with nurses. He stated that is not how they are employed and that they work for nursing agencies. He said the exemption would allow them to contract directly with the locum

tenens agencies. Bryan Stirling, Director of the Department of Corrections, concurred with Mr. Tavella.

In further discussion, Mr. Eckstrom noted that this industry has changed since the Procurement Code came into being. He said in the past the State dealt one-on-one with healthcare professionals. He said the industry has evolved to where the professionals attach themselves to a healthcare agency. He noted there is flexibility in where they work and the environment in which they work. He said there is a preference among medical professionals to work for temporary agencies.

Senator Leatherman said he is not questioning the agencies on what they think they are asking for. He said he is concerned that the words “information technology” and “construction” are listed in the item and he would like to talk to the agency heads about this. He said he would like to see that language stricken. Governor McMaster asked how that could be done. Mr. Singleton suggested that Senator Leatherman could move to withdraw his motion to carry the item over and could then move to delete the reference to the statutory language from the agenda item thereby addressing Senator Leatherman’s concern.

Upon a motion by Senator Leatherman to (1) withdraw the motion to carry over the agenda item and (2) to delete the reference to Section 11-35-710 in the agenda item, seconded by Mr. Eckstrom, the Authority adopted the motion.

Mr. White noted that a lot has been done in the State in the area of telemedicine. He stated the reason he wanted to carry the item over is to see if the agencies had explored the idea of pursuing telehealth with agencies like MUSC or others in the rural areas. He said he wanted to have a little more time to address the issue as it relates to each agency. Mr. Magill noted that in about four weeks DMH would have completed 100,000 telepsychiatry treatments in the last seven years. He stated they could not have done that without using some of the personnel that has been discussed. He said expanding to rural areas is contingent not only by using telemedicine and telepsychiatry but also having all options for various medical personnel to assist them. Mr. White noted that DMH is currently contracting with psychiatrists and asked if they are employed by hospitals or through independent practices. Mr. Magill said they are employed through independent practices and they are also contracting with some companies. Mr. White said if DMH is already contracting for the services then why does the definition of the

exemption need to be expanded to allow it to be done. Mr. Magill said they want to be in total compliance with State regulation. Mr. White stated that he wanted more time to study the matter to make sure there are no unintended consequences that could occur. Mr. Stirling noted that SCDC is already contracting with MUSC for telemedicine but they still need the hands-on nurses and others in the institutions. Mr. Tavella also stated that they have contracts in place with USC and MUSC for direct hands-on psychiatry and tele-psychiatry. He stated the need for nursing is also hands-on, on sight.

Mr. Loftis commented that he is in favor of the exemption because competition is needed in this area.

Senator Leatherman inquired if the situation was so urgent that it needed to be acted upon at this meeting without allowing the members to have the opportunity to discuss the matter with the agency heads. Mr. Magill noted that there are many vacancies that need to be filled. He stated that if another month would make the members more comfortable with the matter that is what should be done. Governor McMaster said his concern is that one delay may lead to another and that he is satisfied with the explanation. He said he understands the urgency of the situation.

Mr. Eckstrom asked what safeguards are in place to ensure compliance with the Department of Labor overtime rules. Robert Bank, M.D., DMH Medical Director, said on the physician's side they track that very closely and use dual employment as opposed to contracting with them if they work extra hours that involve work that is substantially different from their ordinary work. Mr. Eckstrom noted that the nursing side is the area that has been a problem for DMH. Dr. Bank stated they ensure that none of their nursing employees are sent to them without abiding by the overtime rules.

Mr. White asked if the temp agencies are going to be licensed South Carolina companies. Dr. Bank said the companies are South Carolina companies with professionals that have South Carolina licenses. Mr. White asked if any contract pricing has been negotiated. Dr. Bank said it is common knowledge what the pricing is. Mr. White asked if they have been in contact with the companies to the point they are ready to sign a contract if the exemption is granted. Dr. Bank said they have been contacted by companies, but they have not worked with them regarding issues that would go into a contract.

After further discussion, on the matter Governor McMaster called for a motion on the item.

Upon a motion by Mr. Loftis to adopt the item as amended, seconded by Mr. Eckstrom, the Authority, pursuant to the South Carolina Consolidated Procurement Code Section 11-35-10, *et seq.*, approved the requests of the Departments of Mental Health, Corrections, Juvenile Justice, and Education for an exemption from the purchasing procedures of the Code for the procurement of the services of dentists, medical doctors, psychiatrists, nurses (APRNs, RNs, and LPNs), pharmacists, physical therapists, and physician's assistants through temporary healthcare employment agencies (e.g. Locum Tenens providers).

Agencies shall submit annual reports of their acquisitions under this exemption to the Division of Procurement Services. This exemption shall expire in five years unless reauthorized by the Authority.

Governor McMaster, Mr. Loftis, and Mr. Eckstrom voted for the item. Senator Leatherman and Mr. White voted against the item.

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

***State Fiscal Accountability Authority: Future Meeting (Regular Session Item #7)***

Upon a motion by Mr. Loftis seconded by Mr. Eckstrom, the Authority agreed to meet at 10:00 a.m. on Tuesday, October 23, 2018, in Room 252, Edgar A. Brown Building.

***Adjournment***

The meeting adjourned at 11:30 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 9:20 a.m. on Monday, August 20, 2018.]