

**Capital Improvements
Joint Bond Review Committee**

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CHAIRMAN

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W. BRIAN WHITE
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VICE CHAIRMAN

DIANNE C. CARRAWAY
DIRECTOR OF RESEARCH
SFAA LIAISON
803-212-6682

JEAN MANHEIMER
ADMINISTRATIVE ASSISTANT
803-212-6677
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JOINT BOND REVIEW COMMITTEE MEETING

DATE: Wednesday, June 1, 2016
TIME: 9 a.m.
LOCATION: Room 105, Gressette Building

AGENDA

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AGENCY: South Carolina Transportation Infrastructure Bank

PROJECT/SUBJECT: Not Exceeding \$229,000,000 Revenue Refunding Bonds, Series 2016

Section 11-43-315 of the South Carolina Code of Laws directs that review and approval of the Joint Bond Review Committee be obtained prior to the South Carolina Transportation Infrastructure Bank issuing revenue bonds, including refunding bonds.

The Bank is requesting approval to issue Revenue Refunding Bonds in an amount not to exceed \$229,000,000 to reduce its annual debt service payments and capture savings on interest costs. The proceeds will pay the current outstanding balance of Series 2007A and 2007B revenue bonds as well as the cost of issuance. Net present value savings of approximately \$32 million are anticipated.

The final principal amount will be determined by the Chairman of the Bank, upon advice of the consultants (general counsel, bond counsel, and financial advisor), and in consultation with the Office of the Treasurer. Final details of the bond issuance, including interest rates, maturity dates, and redemption provisions, will be reviewed and approved by the Bank Board prior to the issuance of the Revenue Refunding Bonds.

As directed by Section 11-43-330 of the South Carolina Code of Laws, the bonds will not commit the faith and credit of the state.

COMMITTEE ACTION:

Review and approve the South Carolina Transportation Infrastructure Bank's request for issuance of Revenue Refunding Bonds in an amount not to exceed \$229,000,000 subject to final approval of the Bank Board.

ATTACHMENTS:

- 1) Letter from Vincent G. Graham, Chairman, SCTIB, dated May 18, 2016
- 2) Resolution Adopted by the SCTIB, dated September 25, 2014
- 3) Summary of Refinancing Proposal
- 4) South Carolina Code of Laws Sections 11-43-315, 320, and 330

BOARD OF DIRECTORS

Vincent G. Graham
Chairman

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Representative Chip Limehouse

Mike Wooten

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South Carolina
Transportation Infrastructure Bank



955 Park Street
Room 120 B
Columbia, SC 29201
P: (803) 737-2875
Fax: (803) 737-2014

May 18, 2016

The Honorable Hugh K. Leatherman, Sr., Chairman
Joint Bond Review Committee
109 Gressette Building
Columbia, South Carolina 29201

Dear Chairman Leatherman:

The South Carolina Transportation Infrastructure Bank (SCTIB or Bank) Act (South Carolina Code Sections 11-43-110 to 11-43-630) requires Joint Bond Review Committee (JBRC) approval of financial assistance provided by the Bank for an eligible and qualified project, the issuance of bonds by the Bank in providing the financial assistance to qualified projects, and the issuance by the Bank of revenue refunding bonds.

Refunding Bond Issue

In order to realize savings from lower interest rates, the SCTIB Board at its meeting of September 25, 2014 authorized the preparation for issuance of revenue refunding bonds to refund outstanding revenue bonds in principal amounts to be determined by the Chairman of the SCTIB, upon advice of the SCTIB financial advisor and in consultation with the Office of the State Treasurer. Prior to the issuance of any series of refunding bonds, the SCTIB Board will approve the final details of the competitive sale of the refunding bonds, including interest rates, maturity dates and redemption provisions. Based on the analysis by the Bank, it proposes to refund some or all of its 2007A and 2007B Revenue Bonds. The Resolution approved by the SCTIB Board is attached.

Requested Actions

Approve the issuance of revenue refunding bonds to refund all or some of the Bank's 2007A and 2007B Revenue Bonds subject to final approval by the Bank Board.

Thank you for your consideration of this request. Should you have any questions, please contact Tami Reed at (803) 737-2875.

Sincerely

A handwritten signature in black ink, appearing to read "V. Graham", is written over a horizontal line.

Vincent G. Graham
Chairman

Page 2 of 2

cc: Board Members
Curtis M. Loftis, Jr.
Kevin Kibler
Bill Youngblood
David Miller
Jim Holly

RESOLUTION

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK AUTHORIZING ITS CHAIRMAN, STAFF AND CONSULTANTS TO MAKE PRELIMINARY ARRANGEMENTS FOR THE ISSUANCE OF REVENUE BONDS AND REVENUE REFUNDING BONDS AND INCUR CERTAIN EXPENSES RELATING THERETO.

WHEREAS, the South Carolina Transportation Infrastructure Bank (the "SCTIB") has outstanding, at any given time, several issues of revenue bonds issued under the authorization of Title 11, Chapter 43, South Carolina Code Annotated (the "Enabling Act") and "A MASTER REVENUE BOND RESOLUTION AUTHORIZING THE ISSUANCE OF SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK REVENUE BONDS IN ONE OR MORE SERIES TO PROVIDE FOR THE FINANCING OF A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF CERTAIN ELIGIBLE PROJECTS; PROVIDING FOR THE RIGHTS, SECURITY AND REMEDIES OF THE OWNERS OF SUCH BONDS; AND OTHER MATTERS RELATED THERETO" adopted September 21, 1998, as amended (the "Master Resolution"); and

WHEREAS, from time to time financial market conditions indicate that it may be in the SCTIB's interest to refund some of its outstanding revenue bonds with revenue refunding bonds at lower interest rates thereby resulting in financial savings to the SCTIB; and

WHEREAS, the SCTIB's financial advisor has presented to this meeting an updated Business Plan which reflects that such savings may be achievable over the next several years with respect to the SCTIB's Series 2005A Bonds and Series 2007A Bonds; and

WHEREAS, the updated Business Plan also reflects the impact of a new recurring revenue source made available to the SCTIB by Act No. 98 of 2013 (now codified as Section 11-43-165 of the South Carolina Code); and

WHEREAS, the SCTIB will, over the next several years, need to issue new money revenue bonds under its Master Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE SCTIB that the Chairman, together with the staff, general counsel, bond counsel and financial advisor (the "Consultants") be, and they are hereby, authorized to prepare for the issuance of revenue bonds and of revenue refunding bonds, which may be sold at competitive or negotiated sale, as permitted by the Enabling Act with the final principal amount to be determined by the Chairman, upon advice of the Consultants and in consultation with the Office of the State Treasurer. The Consultants are authorized to prepare, or cause to be prepared, a preliminary official statement to be distributed to potential purchasers of revenue bonds and of revenue refunding bonds, to make presentations to various rating agencies, to secure ratings for the revenue refunding bonds, to procure credit enhancements, if any, for the revenue bonds and the revenue refunding bonds and request review and approval of the Joint Bond Review Committee for the issuance of such bonds, and to do other things incidental to the issuance of such bonds, and to incur expenses in connection therewith.

Prior to the issuance of revenue bonds or of revenue refunding bonds to be issued under the authorization of this resolution, there shall be presented to this Board (i) for review and approval, a Series Resolution reflecting the final details of the sale of such Series, including interest rates, maturity dates and redemption provisions, and (ii) evidence that all other approvals required by the Enabling Act, including the Joint Bond Review Committee, have been secured.

September 25, 2014

SCTIB Revenue Refunding Bonds – July 2016

- SCTIB currently has just under \$2 billion in revenue bonds outstanding
- Approximately \$229 million of outstanding bonds are proposed to be refunded
- Projected net present value savings are estimated around \$32 million or about 14% of amount refunded
- Actual savings will be determined the date of the bond sale
- The SCTIB Board will approve the sale after bids are received
- The SCTIB may discontinue the refunding if market conditions change so that sufficient savings will not be generated

SECTION 11-43-315. Issuance of bonds; review and approval of Joint Bond Review Committee.

Whenever it shall become necessary that monies be raised for qualified projects, including monies to be used to refund any bonds then outstanding, the bank may issue bonds as provided in this article. The review and approval of the Joint Bond Review Committee must be obtained prior to the issuance of the bonds.

SECTION 11-43-320. Pledges of revenue or funds to bond payment; bonds secured by pledge.

The bank may pledge any of its revenue or funds to the payment of its bonds, subject only to any prior agreements with the holders of particular bonds which may have pledged specific money or revenue. Bonds may be secured by a pledge of any loan obligation owned by the bank, any grant, contribution, or guaranty from the United States, the State, or any corporation, association, institution, or person, any other property or assets of the bank, or a pledge of any money, income, or revenue of the bank from any source.

SECTION 11-43-330. Bonds not debt or pledge of full faith and credit of State; personal liability; statement.

Bonds issued by the bank do not constitute a debt or a pledge of the full faith and credit of this State, or any of its political subdivisions other than the bank, but are payable solely from the revenue, money, or property of the bank as provided in this chapter. The bonds issued do not constitute an indebtedness of the State within the meaning of any constitutional or statutory limitation. No member of the bank or any person executing bonds of the bank is liable personally on the bonds by reason of their issuance or execution. Each bond issued under this article must contain on its face a statement to the effect that:

- (1) neither the State, nor any of its political subdivisions, nor the bank is obligated to pay the principal of or interest on the bond or other costs incident to the bond except from the revenue, money, or property of the bank pledged;
- (2) neither the full faith and credit nor the taxing power of the State, or any of its political subdivisions, is pledged to the payment of the principal of or interest on the bond;
- (3) the bank does not have taxing power.

JOINT BOND REVIEW COMMITTEE

Item Number 2

Meeting of June 1, 2016

AGENCY: South Carolina Transportation Infrastructure Bank

PROJECT/SUBJECT: Restructuring of Not Exceeding \$354,900,000 Revenue Refunding Bonds

Section 11-43-315 of the South Carolina Code of Laws directs that review and approval of the Joint Bond Review Committee be obtained prior to the South Carolina Transportation Infrastructure Bank (SIB) issuing revenue bonds, including refunding bonds.

The Bank is requesting approval to restructure not exceeding \$354,900,000 Series 2003B Revenue Refunding Bonds because the current interest rate provisions will expire on June 15, 2016.

Background: The Series 2003B Revenue Refunding Bonds were originally issued as Auction Rate Securities. In 2008, the Bank converted the Auction Rate Securities to Variable Rate Demand Bonds with additional security provided by letters of credit issued by various banks. When the letters of credit expired in 2011, there was a mandatory tender of all Series 2003B Bonds and a conversion to Floating Rate Notes. Bank of America, N.A. and Wells Fargo Bank, National Association purchased two tranches of Floating Rate Notes, the proceeds of which fully retired the Variable Rate Demand Bonds. The Series 2003B Bonds remain outstanding as Floating Rate Notes. The bonds held by Bank of America bear interest at a LIBOR Indexed rate of 67% of one-month LIBOR plus 75 basis points, and the bonds held by Wells Fargo Bank bear interest at a LIBOR Indexed Rate of 67% of one-month LIBOR plus 88.5 basis points. Both outstanding bonds are subject to mandatory tender when the current interest rate provisions expire.

On March 3, 2016, the SIB Board adopted a resolution authorizing the Chairman of the SIB, in consultation with the Office of the State Treasurer, to receive proposals for the restructuring of the Series 2003B Bonds and to award the transaction to the financial institution(s) providing terms most favorable to the SIB. In addition, the resolution authorizes the Chairman of the SIB, in consultation with general counsel, bond counsel, financial advisor, and Office of the State Treasurer, to make arrangements for a reset of the interest rate on the Series 2003B Bonds.

The SIB received eight responses to the solicitation for proposals. On April 20, 2016, the Office of the State Treasurer notified Wells Fargo Bank, National Association that it was being awarded \$354,900,000 of par bonds for a period of three years at a rate of 67% of one-month LIBOR plus 40 basis points as set forth in the proposal of Wells Fargo Bank, NA dated March 30, 2016. The award is subject to successful negotiation of the documents satisfactory to the SIB.

As directed by Section 11-43-330 of the South Carolina Code of Laws, the Series 2003B Bonds did not when issued and will not during the next three-year period commit the faith and credit of the state.

COMMITTEE ACTION:

Review and approve the South Carolina Transportation Infrastructure Bank's request to restructure not exceeding \$354,900,000 Series 2003B Revenue Refunding Bonds.

ATTACHMENTS:

- 1) Letter from Vincent G. Graham, Chairman, SCTIB, dated May 18, 2016
- 2) Resolution Adopted by the SCTIB, dated March 3, 2016
- 3) Summary of Refinancing Proposal
- 4) South Carolina Code of Laws Sections 11-43-315, 320, and 330

NOTE:

The Series 2003B Bonds will remain outstanding after the restructuring transaction closes on June 15, 2016. Only the interest rate will change and, for the next three-year period, will be lower than the current interest rate. Because no new bonds, including refunding bonds, are being issued, this request may not technically require Joint Bond Review Committee review and approval under Title 11, Chapter 43 of the South Carolina Code of Laws; however, due to the unique nature of restructuring versus refunding, the SIB believes appropriate protocol favors review and approval by the Committee (see Resolution adopted by SIB Board on March 3, 2016).

BOARD OF DIRECTORS

Vincent G. Graham
Chairman

Paul C. Aughtry, III

Ernest Duncan

Senator Hugh K. Leatherman, Sr.

Representative Chip Limehouse

Mike Wooten

Joe E. Taylor, Jr.

South Carolina
Transportation Infrastructure Bank



955 Park Street
Room 120 B
Columbia, SC 29201
P: (803) 737-2875
Fax: (803) 737-2014

May 18, 2016

The Honorable Hugh K. Leatherman, Sr., Chairman
Joint Bond Review Committee
109 Gressette Building
Columbia, South Carolina 29201

Re: Restructure of Series 2003 B Bonds

Dear Chairman Leatherman,

By Resolution adopted March 3, 2016, the Board of Directors (the "Board") of the South Carolina Transportation Infrastructure Bank (the "Issuer") determined to solicit proposals from various financial institutions for a range of financing options related to the Issuer's Series 2003 B Bonds which are currently held by two banks for a term expiring June 15, 2016.

The Board, in consultation with the Office of State Treasurer, utilized an RFP process which resulted in a determination that the proposal submitted by Wells Fargo Bank, N.A. is most advantageous to the Issuer. The notice of award letter, dated April 20, 2016, signed by Kevin Kibler, Senior Assistant State Treasurer, is attached.

REQUESTED ACTION:

Approve the restructuring of the Issuer's Series 2003 B Bonds as described in the notice of award letter dated April 20, 2016.

Thank you for your consideration of this request. Should you have any questions please contact Tami Reed at 803-737-2875.

Sincerely,

A handwritten signature in black ink, appearing to read "Vincent G. Graham", is written over a light blue horizontal line.

Vincent G. Graham
Chairman

cc: Board Members
Curtis M. Loftis, Jr.
Kevin Kibler
Bill Youngblood
David Miller
Jim Holly



THE HONORABLE CURTIS M. LOFTIS, JR.
State Treasurer

April 20, 2016

Mr. William Taylor, CTP
SVP, Relationship Manager
Wells Fargo Bank, NA
16 Broad Street
Charleston, SC 29401

Re: South Carolina Transportation Infrastructure Bank - Request for Recommendations and/or Pricing Indications for Letters of Credit, Direct Placement Index Floaters or other options relating to the Revenue Refunding Bonds, Series 2003B


Dear Mr. Taylor:

Thank you very much for responding to our request for Recommendations and/or Pricing Indications for the South Carolina Transportation Infrastructure Bank. Proposals were accepted until 2:00 p.m. on Wednesday, March 30, 2016.

Following a review of all proposals, and reserving our right to accept or reject any and all proposals or any portion thereof, we are pleased to advise that Wells Fargo Bank, NA has been awarded \$354.9 million of par bonds for a period of three years at a rate of 67% of 1-month LIBOR plus 0.40% and the other terms and conditions set forth in the proposal of Wells Fargo Bank, NA dated March 30, 2016 (the "Proposal"). The certain minor updates to the existing documentation referenced in the Proposal shall be the material in substantially the form set forth in the attached document. The award is subject to successful negotiation of the documents satisfactory to the South Carolina Transportation Infrastructure Bank.

On behalf of the State of South Carolina and the South Carolina Transportation Infrastructure Bank, we sincerely appreciate the proposal extended by your company. We look forward to working with you on this transaction.

Very truly yours,



Kevin Kibler
Senior Assistant State Treasurer

cc: Mr. Vincent G. Graham, Chairman
Mrs. Tami B. Reed
Mr. James Holly
Mr. Bill Youngblood,
Mr. Wayne Corley
Mr. Rion Foley
Mr. David Miller
Mrs. Hope Davidson

AUTHORIZING RESOLUTION

WHEREAS, the South Carolina Transportation Infrastructure Bank (the "Issuer") has been established under Chapter 43 of Title 11, Code of Laws of South Carolina, 1976 as amended (the "Act"), as a body corporate and politic and an instrumentality of the State of South Carolina to assist government units and private entities in constructing and improving highway and transportation facilities necessary for public purposes by providing loans and other financial assistance.

WHEREAS, on September 21, 1998, the Issuer adopted "A MASTER REVENUE BOND RESOLUTION AUTHORIZING THE ISSUANCE OF SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK REVENUE BONDS IN ONE OR MORE SERIES TO PROVIDE FOR THE FINANCING OF A PORTION OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF CERTAIN ELIGIBLE PROJECTS; PROVIDING FOR THE RIGHTS, SECURITY AND REMEDIES OF THE OWNERS OF SUCH BONDS; AND OTHER MATTERS RELATED THERETO" (as amended or supplemented from time to time, the "Master Resolution").

WHEREAS, under authorization of the Master Resolution, the Issuer adopted "A SIXTH SERIES REVENUE BOND RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF THREE HUNDRED SIXTY-EIGHT MILLION THREE HUNDRED THOUSAND DOLLARS (\$368,300,000) SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK REVENUE REFUNDING BONDS, SERIES 2003B; AND OTHER MATTERS RELATING THERETO" effective as of August 27, 2003 (the "Sixth Series Resolution") pursuant to which the Issuer issued its (a) \$122,775,000 original principal amount Revenue Refunding Bonds, Series 2003B-1 (the "Series 2003B-1 Bonds"); (b) \$122,750,000 original principal amount Revenue Refunding Bonds, Series 2003B-2 (the "Series 2003B-2 Bonds"); and (c) \$122,775,000 original principal amount Revenue Refunding Bonds, Series 2003B-3 (the "Series 2003B-3 Bonds" and collectively with the Series 2003B-1 Bonds and the Series 2003B-2 Bonds, the "Series 2003B Bonds").

WHEREAS, issuance of the Series 2003B Bonds was approved by the Joint Bond Review Committee on July 31, 2003.

WHEREAS, the Series 2003B Bonds were originally issued to bear interest at an Auction Rate.

WHEREAS, in 2008, the Issuer determined, in light of market conditions affecting auction rate securities, to exercise the authorization granted to it in the Sixth Series Resolution and convert the interest rate on the Series 2003B Bonds from an Auction Rate to a Variable Rate.

WHEREAS, additional security for the Series 2003B Bonds, while bearing interest at a Variable Rate, was provided by irrevocable, direct pay letters of credit issued by various banks.

WHEREAS, in June, 2011 Bank of America, N.A. offered to purchase the Series 2003B-1 Bonds and a portion of the Series 2003B-2 Bonds and Wells Fargo Bank, National Association offered to purchase the remaining portion of the Series 2003B-2 Bonds and all of the Series 2003B-3 Bonds under the respective bank's direct purchase program, for a term of five years expiring June 15, 2016.

WHEREAS, the Issuer has determined, upon advice of the Issuer's financial advisor, that it is in the Issuer's best interest to solicit proposals from various financial institutions for a range of financing options relating to the Series 2003B Bonds; and

WHEREAS, in addition to making provisions for the further restructuring of the Series 2003B Bonds, the Issuer has determined, upon advice of its financial advisor, that significant interest cost savings may be realized under current market conditions by refunding certain other series of outstanding revenue bonds of the Issuer.

NOW, THEREFORE BE IT RESOLVED, in meeting duly assembled,

1. The Issuer authorizes the circulation of the Request for Proposals, in substantially the form presented at this meeting, with such changes as the Chairman shall approve, upon advice of counsel.
2. The Issuer authorizes the Chairman, in consultation with the Office of State Treasurer, to receive proposals for the restructuring of the Series 2003B Bonds and to award the restructuring transaction to the financial institution or institutions providing terms most favorable to the Issuer, including interest rate methodology and length of term.
3. The Issuer authorizes the Chairman, in consultation with the Issuer's general counsel James M. Holly, bond counsel McNair Law Firm, P.A., financial advisor Public Financial Management and the Office of State Treasurer, to make arrangements appropriate for the offering and sale of refunding bonds of the Issuer, in one or more series, including the preparation of preliminary and final official statements and necessary bond proceedings.
4. Prior to the issuance of any refunding bonds under the authorization of this resolution, there shall be presented to this Board (i) evidence of the approval of such refunding transaction by the Joint Bond Review Committee and (ii) a bond Series Resolution as required by the Master Resolution.

DONE IN MEETING duly assembled on the 3rd day of March, 2016.

SCTIB 2003 B Bond Restructuring Transaction – June 2016

Under the terms of the Series 2003 B Bond documents, the current interest rate must be reset by June 15, 2016. After the restructuring transaction, the Series 2003 B Bonds will remain outstanding but will bear interest at a rate methodology more favorable than the current rate.

Currently, there are two bonds outstanding:

One is held by Bank of America and bears interest at a Libor Indexed rate of 67% of one-month Libor plus 75 basis points (0.75%).

The other is held by Wells Fargo Bank and bears interest at a Libor Indexed rate of 67% of one-month Libor plus 88.5 basis points (0.885%).

The SCTIB received eight responses to the RFP which the State Treasurer's office sent out on behalf of the SCTIB. It was determined that the proposal of Wells Fargo Bank to take on all of the outstanding Series 2003 B Bond debt (\$ 354.9 million) for the next three year period was most advantageous, including the lowest interest rate offered, which will be 67% of one-month Libor plus 40 basis points (0.40%).

SECTION 11-43-315. Issuance of bonds; review and approval of Joint Bond Review Committee.

Whenever it shall become necessary that monies be raised for qualified projects, including monies to be used to refund any bonds then outstanding, the bank may issue bonds as provided in this article. The review and approval of the Joint Bond Review Committee must be obtained prior to the issuance of the bonds.

SECTION 11-43-320. Pledges of revenue or funds to bond payment; bonds secured by pledge.

The bank may pledge any of its revenue or funds to the payment of its bonds, subject only to any prior agreements with the holders of particular bonds which may have pledged specific money or revenue. Bonds may be secured by a pledge of any loan obligation owned by the bank, any grant, contribution, or guaranty from the United States, the State, or any corporation, association, institution, or person, any other property or assets of the bank, or a pledge of any money, income, or revenue of the bank from any source.

SECTION 11-43-330. Bonds not debt or pledge of full faith and credit of State; personal liability; statement.

Bonds issued by the bank do not constitute a debt or a pledge of the full faith and credit of this State, or any of its political subdivisions other than the bank, but are payable solely from the revenue, money, or property of the bank as provided in this chapter. The bonds issued do not constitute an indebtedness of the State within the meaning of any constitutional or statutory limitation. No member of the bank or any person executing bonds of the bank is liable personally on the bonds by reason of their issuance or execution. Each bond issued under this article must contain on its face a statement to the effect that:

- (1) neither the State, nor any of its political subdivisions, nor the bank is obligated to pay the principal of or interest on the bond or other costs incident to the bond except from the revenue, money, or property of the bank pledged;
- (2) neither the full faith and credit nor the taxing power of the State, or any of its political subdivisions, is pledged to the payment of the principal of or interest on the bond;
- (3) the bank does not have taxing power.

JOINT BOND REVIEW COMMITTEE

Item Number 3

Meeting of June 1, 2016

AGENCY: Department of Administration

PROJECT/SUBJECT: Medical University of South Carolina Lease at 125 Doughty Street, Charleston

The Medical University of South Carolina requests approval to continue leasing 11,494 square feet of office and research space at 125 Doughty Street in Charleston from Roper MOB, LLC, for use by its Department of Psychiatry, Clinical Neuroscience Division-Drug Abuse Research Training program, Women's Health Center, and the Southeastern Clinical and Translational Research Institute.

A solicitation as well as specific outreach was conducted to properties near the campus because occupants coordinate daily with on-campus employees, patients, and research participants within the Institute of Psychiatry. The proposed location was the only response received.

The proposed term of the lease is five years beginning on June 25, 2016, with base rent of \$16.41 per square foot plus operating expenses of \$13.31 per square foot, for a total of \$29.72 per square foot. Beginning January 2017 and each year thereafter, the base rent will increase by three percent. Annual increases in operating expenses, if applicable, will be capped at 5%. The maximum pay-out over the five-year period is \$1,881,519. (The current rate for the space is \$28.17 per square foot with no limit on increases in operating expenses.)

General Services reports comparable lease rates for similar space near the MUSC campus are \$31.50 to \$40.00 per square foot (plus escalations for base rent and operating expenses).

The proposal calls for the landlord to provide \$86,205 to upfit the space. The space will house 77 staff and includes exam rooms, conference rooms, and interview rooms for use by faculty, students, and research participants.

Rent payments will be paid from institutional commitment funds from the Southeastern Clinical and Translational Research Institute and grant funds through Clinical Neuroscience Division-Drug Abuse Research Training program and the Department of Psychiatry. MUSC has indicated that there will be no increase in student fees associated with the proposed lease, and there are adequate funds to cover the lease according to the Budget Approval Form.

The Department of Administration recommends approval. JBRC review per Section 1-11-56.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease agreement for the Medical University of South Carolina.

ATTACHMENTS:

- 1) Department of Administration Lease Summary dated June 1, 2016
- 2) MUSC Request Letter dated May 4, 2016
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws

JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 1, 2016

Regular Agenda

1. Submitted by:

- (a) Agency: Department of Administration
- (b) Authorized Official Signature:



Ashlie Lancaster
Real Property Services

2. Subject: Medical University of South Carolina Lease-125 Doughty Street

RECEIVED

MAY 20 2016

3. Summary Background Information:

The Medical University of South Carolina (MUSC) requests approval to continue leasing 11,494 usable square feet located at 125 Doughty Street in Charleston from Roper MOB, LLC for office and research space for faculty, professional, and support staff for its Department of Psychiatry, Clinical Neurosciences Division-Drug Abuse Research Training (DART) program, Women's Health Center, and Southeastern Clinical and Translational Research Institute (SCTR). The facility houses 77 permanent staff and includes exam rooms, conference rooms, and interview rooms for faculty, students, and research participants to meet in compliance with state and federal health privacy requirements.

A solicitation was conducted for space adjacent to campus as occupants coordinate on a daily basis with on-site employees, patients, and research participants within the MUSC Institute of Psychiatry. It is essential that the leased space for the Department of Psychiatry be adjacent to the campus and near the Institute of Psychiatry for accessibility of the faculty, staff, students, and patients. As such, specific outreach to properties available in the area was conducted; however, only one proposal was received for the selected location.

The current lease rate is \$28.17 per usable square foot and expires on June 24, 2016. The new lease term will be five (5) years commencing on June 25, 2016. The landlord shall provide \$86,205 for upfitting costs. Four (4) parking spaces in the deck of the building are included. All other parking is accommodated through the MUSC Parking System. Base rent (\$16.41) and operating expenses (\$13.31) will be \$29.72 per usable square foot for the first period of the lease. Beginning on January 1, 2017 and continuing on January 1st of each year thereafter during the Lease Term ("Adjustment Date"), the Base Rent shall increase by three percent (3%) per annum.

Annual operating expense increases, if applicable, will also occur on the Adjustment Date subject to a cap of five percent (5%) per annum. The chart below reflects the maximum amount MUSC could pay over the term of the lease for rent and operating expenses:

Period	Base Rent	Op EX	Total PSF	Total
June 25, 2016-December 31, 2016	\$16.41	\$13.31	\$29.72	\$177,820.05
January 1, 2017-December 31, 2017	\$16.90	\$13.98	\$30.88	\$354,934.72

January 1, 2018-December 31, 2018	\$17.41	\$14.68	\$32.09	\$368,842.46
January 1, 2019-December 31, 2019	\$17.93	\$15.41	\$33.34	\$383,209.96
January 1, 2020-December 31, 2020	\$18.47	\$16.18	\$34.65	\$398,267.10
January 1, 2021-June 24, 2021	\$19.02	\$16.99	\$36.01	\$198,444.75
TOTAL				\$1,881,519.04

The following chart represents comparable lease rates of similar space near the MUSC Campus:

Location	Tenant	Rent Rate/SF
215 East Bay Street	Vacant	\$35.00
40 Calhoun Street	Vacant	\$34.50-\$40.00
55 Bee Street	MUSC	\$35.39
360 Concord Street	College of Charleston	\$31.50
701 East Bay Street	Clemson University	\$34.59

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

Additionally, the CBRE 2016 Q1 Marketview Report for Charleston Office space indicates a current average asking rate of \$33.84/SF in the Charleston Business District and notes that these rates are expected to rise by the end of 2016. The Colliers 2016 Q1 Research & Forecast Report indicates a current average asking rate of \$35.51/SF in downtown Charleston and also notes that rates are projected to increase.

Lease payments will be funded through Institutional Commitment Funds from SCTR and grant funds through Clinical Neurosciences DART and the Department of Psychiatry. MUSC has indicated that no student fee increase will be associated with this lease, and there are adequate funds for the lease according to a Budget Approval Form submitted by MUSC. The lease was approved by the MUSC Board of Trustees on April 8, 2016 and by the Commission on Higher Education on May 5, 2016.

4. What is JBRC asked to do? Approve the proposed lease for the Medical University of South Carolina at 125 Doughty Street in Charleston.

5. What is recommendation of the Department of Administration? Approve the proposed lease for the Medical University of South Carolina at 125 Doughty Street in Charleston.

6. List of Supporting Documents:

- SC Code of Laws Section 1-11-55 and 1-11-56
- MUSC Letter Dated May 15, 2016



Office of Institutional Resources &
 Research
 28 Ehrhardt Street, MSC 205
 Charleston, SC 29425

May 15, 2016

Ashlie Lancaster
 Innovations Director
 Office of the Executive Director
 Department of Administration
 1200 Senate Street, Suite 460
 Columbia, SC 29201

RE: 125 Doughty Street #CL002721

Dear Ms. Lancaster:

The Medical University of South Carolina request approval by the Joint Bond Review Committee (JBRC) at its meeting on June 1, 2016 and the State Fiscal Accountability Authority (SFAA) at its meeting on June 7, 2016, for the lease extension of 125 Doughty Street in Charleston South Carolina. Real Property Services conducted a solicitation and the response from Lillibridge; its management company is attached.

The Medical University of South Carolina Board of Trustees approved the lease renewal of 125 Doughty Street at its April 8th meeting. The South Carolina Commission on Higher Education will present this renewal before its May 5th meeting.

Proposed Renewal Terms:

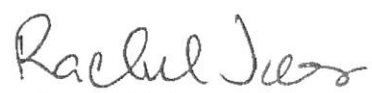
Landlord: Roper MOB, LLC
 Square Footage: 11,494
 Lease Term: 5 Years [6/25/2016-6/24/2021]
 Improvement Allowance: \$86,205.00

Annual Rent:

Period	Base Rent	Op EX	Total PSF	Total
June 25, 2016-December 31, 2016	\$16.41	\$13.31	\$29.72	\$177,820.05
January 1, 2017-December 31, 2017	\$16.90	\$13.98	\$30.88	\$354,934.72
January 1, 2018-December 31, 2018	\$17.41	\$14.68	\$32.09	\$368,842.46
January 1, 2019-December 31, 2019	\$17.93	\$15.41	\$33.34	\$383,209.96
January 1, 2020-December 31, 2020	\$18.47	\$16.18	\$34.65	\$398,267.10
January 1, 2021-June 24, 2021	\$19.02	\$16.99	\$36.01	\$198,444.75
TOTAL				\$1,881,519.04

Extended Terms: To be negotiated

Sincerely,

A handwritten signature in cursive script that reads "Rachel Jones".

Rachel K. Jones
Leasing Manager

SECTION 1-11-55. Leasing of real property for governmental bodies.

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

SECTION 1-11-56. Program to manage leasing; procedures.

(A) The Division of General Services of the Department of Administration, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of a governmental body. The department must submit regulations for the implementation of this section to the General Assembly as provided in the Administrative Procedures Act, Chapter 23, Title 1. The department's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multiyear financial plan for review by the department with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of State Fiscal Accountability Authority approval before the adoption of any new or renewal lease that commits more than two hundred thousand dollars annually in rental or lease payments or more than one million dollars in such payments in a five-year period.

(B) Leases or rental agreements involving amounts below the thresholds provided in subsection (A)(7) may be executed by the Department of Administration without this prior review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority.

(C) The threshold requirements requiring review by the Joint Bond Review Committee and approval by the State Fiscal Accountability Authority as contained in subsection (A)(7) also apply to leases or rental agreements with nonstate entities whether or not the state or its agencies or departments is the lessee or lessor.

AGENCY: Executive Budget Office, Capital Budgeting Unit

PROJECT/SUBJECT: Permanent Improvement Project Requests

There are 22 Permanent Improvement projects pending as follows:

- 4 Establish Phase I, Pre-Design Budget
- 7 Establish Phase II, Construction Budget
- 4 Establish Phases I and II
- 3 Increase Construction Budget
- 2 Establish Project for Preliminary Land Studies
- 2 Final Land Acquisition

COMMITTEE ACTION:

Review and approve projects for transmittal to State Fiscal Accountability Authority or Department of Administration.

ATTACHMENTS:

Project Requests Worksheet - Summary 6-2016

Item. 1. Agency: H51 Medical University of South Carolina Project: 9834, Psych Institute Chiller #1 Replacement 04/21/16
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Project for A&E Design Budget After Action Proposed

<u>Total budget</u>	\$23,250.00	<u>Amount</u>
[9] Other, Institutional Deferred Maintenance.....	\$23,250.00	23,250.00
		23,250.00

Purpose: To begin design work to replace chiller #1 at the Psychiatric Institute Building at the Medical University of South Carolina. The existing 250-ton chiller is original to the 62,300-square-foot building and is approximately 39-years-old. It is beyond its useful life and is also undersized. It will be replaced with a new 350-ton unit. In addition, the existing pumps and cooling tower will also be upgraded to match the new chiller's capacity. The agency estimates that the completed project will cost approximately \$1,550,000.

Ref: Supporting document pages 1-5

Item. 2. Agency: H59 State Board for Technical and Comprehensve Education Project: 6124, Greenville - Building 602 Demolition 05/05/16
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Project for A&E Design Budget After Action Proposed

<u>Total budget</u>	\$39,900.00	<u>Amount</u>
[9] Other, Local College Plant Fund.....	\$39,900.00	39,900.00
		39,900.00

Purpose: To begin design work to begin demolition of Building 602 at Greenville Technical College. Phase 1 will also include cost estimates for asbestos abatement, structural demolition, mall facade restoration concept, and design to re-route HVAC chilled water lines supplying tenant spaces on the Building 602 side of McAlister Square. The 130,000-square-foot building was constructed in 1973 and is over 43-years-old. It does not meet building requirements of the City of Greenville, State of SC, or energy efficiency standards. Structural deterioration of the roof is leading to water penetration resulting in mold growth inside the building. The agency reports renovation and restoration costs are excessive based on time to achieve return on investment. Permission to demolish the building has been obtained from the State Engineer's Office. The agency estimates that the completed project will cost approximately \$1,330,000.

Ref: Supporting document pages 6-20

Item. 3. Agency: D50 Department of Administration Project: 9969, State Park Roads - Repair October 2015 Flood Damage N/A

CH E Approval Date:
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Project for A&E Design Budget After Action Proposed

Total budget.....	\$3,690.00	<u>Source</u>	<u>Amount</u>
[9] Other, Depreciation Reserve.....	\$3,690.00	Other, Depreciation Reserve	3,690.00
		Total Funds	3,690.00

Purpose: To begin design work to repair two roads on the State Parks property owned by the Department of Administration and located on Parklane Road in Columbia. Included will be the replacement of a road and culvert completely washed out by the October 2015 flood event and the repair of a road and culvert that was in need of repair prior to the October 2015 flood event. Access to the Department of Health and Environmental Control's storage buildings and other facilities located on the State Parks property are negatively impacted due to the damage to these two roads. The agency estimates that the complete project will cost approximately \$293,575.

Ref: Supporting document pages 21-40

Item. 4. Agency: J16 Department of Disabilities and Special Needs Project: 9901, Hillside Dorms and Hillside Program Building N/A

CH E Approval Date:
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Project for A&E Design Budget After Action Proposed

Total budget.....	\$28,000.00	<u>Source</u>	<u>Amount</u>
[4] Excess Debt Service.....	\$28,000.00	Excess Debt Service	28,000.00
		Total Funds	28,000.00

Purpose: To begin design work for life cycle repair and replacement of the Department of Disabilities and Special Needs Coastal Center's five Hillside Dorms and Hillside Program Building located in Summerville, SC. The October 2015 flood event caused numerous new leaks in most of the Coastal Center's buildings. An evaluation by an independent roofing consultant identified the Hillside buildings as first priority in the Department's three-year plan to address the Coastal Center's roofing issues as recurrent leaks create health and safety hazards for the staff and individuals with intellectual disabilities that utilize the buildings. The buildings combined total 33,677-square-feet and the roofing systems exceed 20 years of age. The agency estimates that the complete project will cost approximately \$750,000.

Ref: Supporting document pages 41-56

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 January 29, 2016 through April 26, 2016**

Item. 5. Agency: H15 College of Charleston Project: 9662, Avery Envelope Renovation and Mechanical System Replacement 05/05/16
 CHE Approval Date:
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$1,551,977.00

(Add	\$1,533,088.00	[9] Other, Capital Project Institutional Funds)	
			<u>Amount</u>
			1,551,977.00
			1,551,977.00

Purpose: To begin work to provide for envelope repair and mechanical system replacement for the Avery Research Center for African American History and Culture at the College of Charleston. This project was established in March 2016 for pre-design work, which is now complete. The Avery Research Center is 17,054-gross-square-feet and is approximately 148-years-old. The roof is approximately 17-years-old and is no longer under warranty. The mechanical system being replaced is approximately 16-years-old and no longer controls the temperature and humidity required to properly preserve the important archival and exhibition materials housed within the facility. The repair includes the replacement of the roof; masonry walls repair; removal, repair, resetting, or replacement of windows; and replacement of all exterior sealants. The computer room-style HVAC units, DDC controllers, sensors, central air handlers, and fan coil units will be replaced throughout the building. The agency reports the total projected cost of this project is \$1,551,977 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is January 2017 and for completion of construction is August 2017.

Ref: Supporting document pages 57-105

Item. 6. Agency: H51 Medical University of South Carolina Project: 9831, Parking Garage #1 Structural, Waterproofing and Masonry Repairs 3/17/16
 CHE Approval Date:
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$1,750,000.00

(Add	\$1,723,750.00	[9] Other, Parking Revenue)	
			<u>Amount</u>
			1,750,000.00
			1,750,000.00

Purpose: To begin design and construction to address structural and deferred maintenance issues on floors one through five of the Jonathan Lucas Street Parking Garage at the Medical University of South Carolina to prevent further deterioration of the support structure. This project was established in February 2016 for pre-design work, which is now complete. The 191,670-gross-square-foot garage is approximately 43-years-old and includes 365 parking spaces which are mostly used by hospital patients. The work will repair or replace waterproofing systems, reinforce and repair masonry wall systems, upgrade vehicular impact systems to meet current code, and repair and paint the structure support steel. The agency reports the total projected cost of this project is \$1,750,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is October 2016 and for completion of construction is September 2017.

Ref: Supporting document pages 106-121

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
January 29, 2016 through April 26, 2016

Item. 7. Agency: J12 Department of Mental Health Project: 9736, Harris Hospital HVAC and Fire Sprinkler Renovations N/A

CHE Approval Date:
 Committee Review Date:
 SFAA Approval Date:

Budget After Action Proposed	
<u>Source</u>	<u>Amount</u>
Other, Capital Improvements and Maintenance Fund	10,300,000.00
Total Funds	10,300,000.00

Action Proposed: Establish Construction Budget for \$10,300,000.00

(Add \$10,180,000.00 [9] Other, Capital Improvement and Maintenance Fund)

Purpose: To begin design and construction for HVAC and fire sprinkler renovations at the Patrick B. Harris Psychiatric Hospital in Anderson, SC. This project was established in December 2014 for pre-design work, which is now complete. The work will replace the 31-year-old HVAC distribution system, which is original to the building, including ductwork, underground chilled water piping, controls, and the energy plant's cooling towers. The existing fire sprinkler system is also original to the building and has experienced failures at piping joints, valves, and fittings. The facility is a 175,300-gross-square-foot acute inpatient hospital with 200 licensed beds. The agency reports the total projected cost of this project is \$10,300,000 with annual operating savings of \$20,000 in year one and \$44,820 in years two and three. The agency also reports the projected date for execution of the construction contract is January 2017 and for completion of construction is December 2018.

Ref: Supporting document pages 122-146

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
January 29, 2016 through April 26, 2016

Item. 8. Agency: J12 Department of Mental Health Project: 9746, Santee Wateree Mental Health Center Construction N/A
CHE Approval Date: N/A
Committee Review Date:
SFAA Approval Date:

<u>Action Proposed:</u> Establish Construction Budget for \$10,784,000.00		Budget After Action Proposed	
(Add	\$9,934,000.00 [9] Other, Capital Improvements and Maintenance Fund)		
(Add	\$700,000.00 [9] Other, Logan Foundation Donation)		
		<u>Source</u>	<u>Amount</u>
		Other, Capital Improvements and Maintenance Fund	10,084,000.00
		Other, Logan Foundation Donation	700,000.00
		Total Funds	10,784,000.00

Purpose: To begin design work and construction of a new mental health center in Sumter County. This project was established in September 2015 for pre-design work, which is now complete. Currently, the existing programs are located in a 13,318-square-foot owned facility and two leased spaces. The owned facility is no longer sufficient to meet the agency's needs and requires a variety of deferred maintenance repairs. Placing the various programs in one consolidated facility will aid in the efficiency of service delivery. The new 35,000-square-foot facility will include space for Adult Outpatient Services; Assertive Community Treatment; Elder Services; Crisis Services; Child, Adolescent, and Family Services; Administration, Training, and Facility Support; and 155 parking spaces. In addition, it will include a stand-alone multi-use center which is being funded by the Myrtis Logan Foundation. The new facility will meet LEED Silver Certification. The agency reports the total projected cost of this project is \$10,784,000 with additional annual operating savings of \$55,075 in year one and \$110,150 in years two and three due largely to the termination of the existing leases and the reduction in maintenance costs attributed to the older facility. The facility was planned at 40,000-square-foot when brought for pre-design. They agency also reports the projected date for execution of the construction contract is November 2016 and for completion of construction is December 2017.

Ref: Supporting document pages 147-207

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
January 29, 2016 through April 26, 2016

Item. 9. Agency: J12 Department of Mental Health Project: 9742, Morris Village Lake Dam Repairs N/A

CHE Approval Date:
 Committee Review Date:
 SFAA Approval Date:

<u>Action Proposed:</u> Establish Construction Budget for \$800,000.00	
(Add	\$770,000.00 [9] Other, Capital Improvements and Maintenance Fund)
<u>Purpose:</u>	
<u>Source</u>	<u>Amount</u>
Other, Capital Improvements and Maintenance Fund	800,000.00
Total Funds	800,000.00

Budget After Action Proposed

Purpose: To begin design and renovations to address structural issues associated with the Morris Village Lake Dam in Richland County. This project was established in June 2015 for pre-design, which is now complete. A February 2015 report documented the principal spillway intake structure and conduit, consisting of Corrugated Metal Pipe had exceeded their design. The dam performed well during the October 2015 storm with the help of a temporary siphon. The phase 1 engineering evaluation recommends replacing the primary spillway with a dual 12-inch siphon system, widening the auxiliary spillway from 100 to 250 feet, installing an internal drainage system utilizing a blanket drain, toe drain, and drain outlet along the embankment to collect the observed seepage and improve the stability of the dam. The dam is currently classified as a High Hazard (Class 1) dam due to the proximity of residences to the spillway. The agency reports the total projected cost of this project is \$800,000 and no additional annual operating costs will result from the project. The total projected cost of this project when brought for pre-design was \$450,000. The agency also reports the projected date for execution of the construction contract is January 2017 and for completion of construction is July 2017.

Ref: Supporting document pages 208-225

**Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
January 29, 2016 through April 26, 2016**

Item: 10. Agency: J16 Department of Disabilities and Special Needs Project: 9893, Pee Dee - Williamsburg Day Program Addition CHE Approval Date: N/A
Committee Review Date: SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$750,000.00
(Add \$741,000.00 [4] Excess Debt Service) Source Amount
Budget After Action Proposed 750,000.00
Excess Debt Service 750,000.00
Total Funds 750,000.00

Purpose: To begin design and construction of a 2,500-square-foot addition to the Williamsburg County Administration and Day Program Building in Kingstree. This project was established in December 2015 for pre-design work, which is now complete. The existing 6,856-square-foot facility is 24-years-old and the population served has outgrown the facility's current licensure capacity of 100. In addition, restrooms are insufficient as additional handicap accessible restrooms are needed to meet clients' needs. Current enrollment totals 98 individuals with an additional 18 school-aged individuals receiving services after public school hours and 20 individuals on the waiting list for services. The proposed addition will safely address and accommodate this growing need for services. The agency reports the total projected cost of this project is \$750,000 and no additional annual operating costs will result from the project. The total projected cost of this project was \$600,000 when brought for pre-design. The agency also reports the projected date for execution of the construction contract is November 2016 and for completion of construction is July 2017.

Ref: Supporting document pages 226-233

Item. 11. Agency: J16 Department of Disabilities and Special Needs Project: 9889, Pee Dee - Pecan Dorms and Other Support Building's Roof Repair and Replacement N/A
 CHE Approval Date:
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$350,000.00
 (Add \$344,750.00 [4] Excess Debt Service)

<u>Source</u>	Budget After Action Proposed	<u>Amount</u>
Excess Debt Service		350,000.00
Total Funds		350,000.00

Purpose: To begin roof repairs and replacements of several buildings located on the Pee Dee Center Campus in Florence County. This project was established in September 2015 for pre-design, which is now complete. This project will include the repair or replacement of roofs for the Pecan Dorms 202-205, Pee Dee Center Administration building, Health Services building, Activity Therapy building, warehouse, kitchen, and cafeteria. The total square footage of the impacted buildings is 63,151. The buildings range in age from 37-58-years-old with roofs' age ranging from 14-30-years-old. The agency reports the total project cost of this project is \$350,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is September 2016 and for completion of construction is June 2017.

Ref: Supporting document pages 234-244

Item. 12. Agency: N04 Department of Corrections Project: 9726, Headquarters Building Chiller Replacement N/A
 CHE Approval Date:
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$444,000.00

Total budget	\$444,000.00	<u>Amount</u>
[6] Appropriated State	\$444,000.00	Appropriated State
		Total Funds
		444,000.00

Purpose: To begin replacement of the chiller system at the Department of Corrections' Headquarters building. The agency is requesting to bypass phase 1 as the preliminary drawings and project cost estimate have been completed by an existing mechanical contractor. The existing system is original to the building and is over 47-years-old. This project includes the replacement of the 160-ton chiller, chill water pump, heat exchange, control system for chiller/cooling tower, all necessary and associated piping, and adding a hand auto switch for condenser water pump. The agency reports the total project cost of this project is \$444,000 and no additional annual operating costs will result from the project. The agency also reports the projected date of execution of the construction contract is February 2017 and for completion of construction is July 2017.

Ref: Supporting document pages 245-251

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
January 29, 2016 through April 26, 2016

Item 13. Agency: N04 Department of Corrections Project: 9727, CGCI-Dana Dorm Fire Alarm Renovations

CHE Approval Date: N/A
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$464,600.00

Budget After Action Proposed

Total budget.....\$464,600.00
 [9] Other, Law Enforcement Surcharge.....\$464,600.00

Source Amount
 Other, Law Enforcement Surcharge 464,600.00
 Total Funds 464,600.00

Purpose: To begin replacement of the existing fire alarm system in the Dana Dorm at the Camille Graham Correctional Institution in Richland County. The agency is requesting to bypass phase 1 as the detailed construction cost estimates have been performed by an existing contractor. The existing system is original to the facility and is over 40-years-old. The system is obsolete and cannot be repaired or replaced without updating the fire alarm system to current code requirement. Currently, the housing unit is operating under a 15-minute fire watch which requires an on-duty staff person to patrol the entire facility every 15 minutes. These inspections are encumbering the work efforts of the understaffed institution and endangering the life and safety of inmates and staff. The agency reports the total projected cost of this project is \$464,600 and no additional annual operating costs will result from the project. The agency also reports the projected date of execution of the construction contract is February 2017 and for completion of construction is October 2017.

Ref: Supporting document pages 252-260

Item 14. Agency: N04 Department of Corrections Project: 9728, MacDougall CI Elevated Water Storage Tank Renovations

CHE Approval Date: N/A
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$293,000.00

Budget After Action Proposed

Total budget.....\$293,000.00
 [6] Appropriated State.....\$293,000.00

Source Amount
 Appropriated State 293,000.00
 Total Funds 293,000.00

Purpose: To begin construction to make renovations to the elevated water storage tank at the MacDougall Correctional Institution in Ridgeville. The agency is requesting to bypass phase 1 as the cost estimates were performed by an independent inspector. The existing water tank is approximately 40-years-old and serves the 670 inmates, 160 staff, and the fire suppression system at the institution. DHEC issued a consent order in January 2016 requiring the agency to perform an interior and exterior inspection of the 150,000-gallon tank. The inspection report noted critical and non-critical deficiencies, OSHA, structural and preventative maintenance issues. Per DHEC's consent order, the repairs must be completed by August 2016 and the coatings by March 2017 or the agency would face a \$5,000 per day per violation civil penalty and a \$12,000 civil penalty for failure to comply with the implementation schedule. The agency reports the total project cost of this project is \$293,000 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is July 2016 and for completion of construction is March 2017.

Ref: Supporting document pages 261-275

Item. 15. Agency: N04 Department of Corrections Project: 9729, BRCL & LCI Motion Detection Camera Systems Installation CHE Approval Date: N/A
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$787,500.00		Budget After Action Proposed
Total budget.....	\$787,500.00	Amount
[6] Appropriated State.....	\$787,500.00	787,500.00
		787,500.00

Purpose: To begin construction to install motion detection camera systems at the Broad River Correctional Institution in Columbia and Lieber Correctional Institution in Ridgeville. The agency is requesting to bypass phase 1 as construction costs have been developed by in-house security consultants using historical cost data and verifying the current cost of materials with vendors. The project includes the purchase and installation of motion detection cameras on the rooftop areas of each inmate housing unit located at the two institutions. The institutions are Security Level 3, high-security institutions designed to primarily house the most violent offenders with longer sentences and the movements within and around the institutions are highly restricted. Currently, contraband items are being thrown over into and out of the secured housing areas which causes a security issue. The new motion detection cameras will be integrated into the existing camera systems and aid the agency in the process of stopping contraband ensuring the safety of the 536 employees and over 2,800 inmates located at the two facilities. The agency reports the total projected cost of this project is \$787,500 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is July 2016 and for completion of construction is July 2017.

Ref: Supporting document pages 276-283

Item. 16. Agency: H59 State Board for Technical and Comprehensive Education Project: 6098, Central Carolina - Industrial Technology Building Renovation CHE Approval Date: 04/26/16
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Increase Budget from \$750,000.00 to \$1,750,000.00
 (Add \$1,000,000.00 [9] Other, Local Sales Tax) Budget After Action Proposed

<u>Source</u>	<u>Amount</u>
Appropriated State	750,000.00
Other, Local Sales Tax	1,000,000.00
Total Funds	1,750,000.00

Purpose: To provide additional funding to renovate the Industrial and Engineering Technology building on the campus of Central Carolina Technical College in Sumter County. The project construction budget was established in November 2014 by Department of Administration staff as the project was legislatively-authorized through non-recurring revenue funds. The project includes the installation of a sprinkler/fire protection system for the entire facility, an upgrade of lighting to improve energy efficiency and quality of program space, an addition of natural gas and exhaust in some lab areas, and additional restroom facilities. The renovation will allow the College to increase enrollment in the automotive, HVAC, and welding programs, as well as workforce development short term program. The College has received \$1,000,000 from the Sumter County 2014 sales tax referendum to continue the renovation project. The agency reports the total projected cost of this project is \$1,750,000 and additional annual operating savings of \$3,000 in utilities costs will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is November 2016 and for completion of construction is June 2017.

Ref: Supporting document pages 284-322

Item. 17. Agency: H59 State Board for Technical and Comprehensive Education Project: 6114. Northeastern - Industrial Training Center Renovations & Expansion 03/03/16
Committee Review Date:
SFAA Approval Date:

Action Proposed: Increase Budget from \$1,500,000.00 to \$1,900,000.00
 (Add \$400,000.00 [9] Other, Local Sales Tax)

Purpose: To provide additional funding to renovate and construct industrial training facilities at the Northeastern Technical College campus in Bennettsville and Pageland. The project construction budget was established in December 2015 by Department of Administration staff as the project was legislatively-authorized through capital reserve funds. The project includes the renovation of the existing 9,228-square-foot facility in Bennettsville and the construction of a new 10,000-square-foot facility in Pageland to meet the industrial training needs of local industries and to supply the workforce needed to maintain existing jobs as well as future workforce expansion needs due to recent announcements in the area. The College has received \$150,000 from the City of Bennettsville and \$250,000 from the Town of Pageland to continue the project. The agency reports the total projected cost of the project is \$1,900,000 and additional annual operating costs of \$33,500 which will be funded through tuition charges for the training classes. The agency also reports the date for execution of the construction contract was March 2016 and for completion of construction is December 2016.

<u>Source</u>	<u>Amount</u>
Capital Reserve Fund	1,500,000.00
Other, Local Sales Tax	400,000.00
Total Funds	1,900,000.00

Ref: Supporting document pages 323-335

Item. 18. Agency: E24 Office of the Adjutant General Project: 9789, Armory Maintenance Projects for 2015-16 Repairs N/A
Committee Review Date:
SFAA Approval Date:

Action Proposed: Increase Budget from \$1,500,000.00 to \$3,000,000.00
 (Add \$1,500,000.00 [7] Federal)

Purpose: To provide additional funding to complete deferred maintenance repairs of multiple statewide armories. The project construction budget was established in March 2016 by Department of Administration staff as the project was legislatively-authorized through non-recurring revenue funds. The project includes the completion of deferred maintenance in a combined total of 307,541-square-feet servicing over 1,800 soldiers. The systems and buildings range from 35-83 years of age and were included in the list of projects submitted to the General Assembly during the agency's budget hearings. The agency is receiving \$1,500,000 in federal matching funds to complete the maintenance activities. The agency reports the total projected cost of this project is \$3,000,000 and no additional operating costs will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is August 2016 and for completion of construction is June 2017.

<u>Source</u>	<u>Amount</u>
Appropriated State Federal	1,500,000.00
Total Funds	3,000,000.00

Ref: Supporting document pages 336-352

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
January 29, 2016 through April 26, 2016

Item. 19. Agency: P24 Department of Natural Resources Project: 9952, Colleton - Bear Island WMA Land Acquisition N/A
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Project for Preliminary Land Studies Budget After Action Proposed

Total budget.....	\$10,000.00	<u>Amount</u>
[9] Other, Fish and Wildlife Protection Fund.....	\$10,000.00	10,000.00
		10,000.00

Purpose: To procure the investigative studies required to adequately evaluate property prior to purchase. The Department of Natural Resources is considering the purchase of approximately 91 acres of land in southern Colleton County. The property is located adjacent to the agency's Bear Island Wildlife Management Area and is being offered to the agency by the Lacuna Corporation of Charleston, SC. The property is located in the ACE Basin Focus Area, an area designated as a National Estuarine Research Reserve and is part of the Audubon Globally Important Bird Area. The property is composed of Spartina marsh, forested wetlands, a remnant maritime forest, and upland areas. It provides a habitat for waterfowl, wading birds, migratory songbirds, and game species. Acquisition of the tract will expand a large conservation area protected by simple fee ownership and conservation easements. Upon acquisition, the property will be managed as part of the Bear Island WMA and will be open to the public for fishing, hunting, wildlife viewing by boat, and general enjoyment. The agency has received a grant from the SC Conservation Bank to fund the purchase. The agency estimates that the complete project will cost approximately \$296,000.

Ref: Supporting document pages 353-359

Item. 20. Agency: N04 Department of Corrections Project: 9730, Wateree River CI - Hanson Aggregate Land Acquisition N/A
Committee Review Date:
SFAA Approval Date:

Action Proposed: Establish Project for Preliminary Land Studies Budget After Action Proposed

Total budget.....	\$20,000.00	<u>Amount</u>
[9] Other, Canteen Revenue.....	\$20,000.00	20,000.00
		20,000.00

Purpose: To procure investigative studies required to adequately evaluate property prior to purchase. The Department of Corrections is considering the purchase of approximately 325 acres of land in Sumter County. The property is located on Claremont Lane near the Wateree River Correctional Institution and is being offered to the agency by Becker Minerals, Inc. (Hanson Aggregates Southeast) of Atlanta, GA. The property includes two parcels of land that the agency has been leasing for farming purposes to generate revenue and reduce inmate food costs since November 1996. The property has been placed on the market by the owner and the agency has been given a Right of First Refusal to purchase the property at 5% less than its per acre list price of \$2,250, or \$2,137.50 per acre. The agency reports if the property is sold to a third party, they may lose the ability to farm the land which could result in a loss of revenue and inmate food costs could increase. The agency estimates that the complete project will cost approximately \$789,000.

Ref: Supporting document pages 360-377

Item. 21. Agency: P24 Department of Natural Resources Project: 9950, Richland - Wateree Shooting Range Land Acquisition

CHE Approval Date: N/A
 Committee Review Date:
 SFAA Approval Date:

<u>Action Proposed:</u>	<u>Source</u>	<u>Amount</u>
(Add) \$400,000.00 [7] Federal, REPI	Federal, REPI	400,000.00
(Add) \$355,672.00 [7] Federal, Hunter Ed	Federal, Hunter Ed	375,672.00
(Add) \$118,558.00 [9] Other, Fish and Wildlife Project Funds	Other, Fish and Wildlife Project Funds	118,558.00
	Total Funds	894,230.00

Budget After Action Proposed

Purpose: To acquire approximately 131 acres in Richland County for the purpose of operating a recreational shooting range. This project was established in January 2016 to procure the preliminary studies required to adequately evaluate property prior to purchase, which are now complete. The property includes an existing clubhouse of approximately 2,666-square-feet, a one-story cabin-style structure of approximately 1,000-square-feet, and a maintenance building of approximately 1,000-square-feet. The buildings are approximately 55-years-old. The property adjoins the agency's Wateree River Heritage Preserve and Wildlife Management Area and is being offered to the agency by the Wateree Timber Company, LLC of Eastover, SC. The property contains an operational outdoor shooting range that the agency intends to enhance and open to the public. The demand for recreational shooting opportunities in the Midlands is high and acquisition of this property would help meet this demand. The facility would also benefit the agency's Scholastic Clay Target Program and the Hunter Education Program by providing a location for individuals to practice hands-on firearms training. The property has been appraised for \$1,120,000 and the seller has agreed to sell for \$874,320. The Executive Budget Office has reviewed the appraisal, building condition assessment, and environmental study and approves their use in granting this request. The agency reports the total projected cost of this project, including investigative studies, is \$894,230 and additional annual operating costs of \$68,000 will result from this acquisition. The agency reports the estimated date to complete the land acquisition is June 2016.

Ref: Supporting document pages 378-395

Item. 22. Agency: P24 Department of Natural Resources Project: 9946, Lancaster-Kershaw - Catawba River-Liberty Hill WMA Property Acquisition CHE Approval Date: N/A
 Committee Review Date:
 SFAA Approval Date:

<u>Action Proposed:</u> Final Land Acquisition		Budget After Action Proposed	
		<u>Source</u>	<u>Amount</u>
(Add)	\$2,165,000.00	[7] Federal, US Forest Service	2,165,000.00
(Add)	\$1,500,000.00	[9] Other, SC Conservation Bank	1,500,000.00
(Add)	\$1,094,197.00	[9] Other, Duke Energy	1,094,197.00
(Add)	\$ 672,604.00	[9] Other, Heritage Land Trust	672,604.00
(Add)	\$ 250,000.00	[9] Other, County Water Rec Funds	250,000.00
<u>Total Funds</u>			5,701,801.00

Purpose: To acquire approximately 1,829 acres of land in Lancaster and Kershaw Counties by the Department of Natural Resources. The project was established in June 2015 to procure preliminary studies required to adequately evaluate property prior to purchase, which are now complete. The property is adjacent to the agency's Liberty Hill Wildlife Management Area and is part of an overall acquisition plan for the larger Catawba Wildlife Management Area. The property is being offered to the agency by the Conservation Fund, an environmental non-profit, tax-exempt charity. Acquisition of this property will protect land containing habitats for deer, quail, small game, and turkey. After the property is acquired, it will be managed as part of the Catawba River WMA and will be open to the public for fishing, hunting, hiking, and wildlife viewing. The property has been appraised for \$6,600,000 and the seller has agreed to sell for \$5,701,801. The Executive Budget Office has reviewed the appraisal and environmental study and approves their use in granting this request. The agency reports the total projected cost of this project, including investigative studies, is \$5,701,801 and additional annual operating costs of \$15,000 will result from the acquisition. The agency reports the projected date of completion of the land acquisition is July 2016.

Ref: Supporting document pages 396-419

JOINT BOND REVIEW COMMITTEE
 Meeting of June 1, 2016

Item Number 5

AGENCY: Joint Bond Review Committee

PROJECT/SUBJECT: Future Meeting Schedule

JANUARY

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY

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14	15	16	17	18	19	20
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28	29					

MARCH

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APRIL

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MAY

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JUNE

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JULY

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AUGUST

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SEPTEMBER

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OCTOBER

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NOVEMBER

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DECEMBER

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Next tentatively-scheduled meeting of the State Fiscal Accountability Authority is August 9, 2016.

COMMITTEE ACTION:
 Schedule next meeting.

ATTACHMENTS:
 None