

Capital Improvements  
Joint Bond Review Committee

HUGH K. LEATHERMAN, SR.  
SENATE  
CHAIRMAN

SENATE MEMBERS

HUGH K. LEATHERMAN, SR.  
HARVEY S. PEELER, JR.  
THOMAS C. ALEXANDER  
PAUL G. CAMPBELL, JR.  
GLENN G. REESE

HOUSE MEMBERS

W. BRIAN WHITE  
GILDA COBB-HUNTER  
G. MURRELL SMITH  
ALAN D. CLEMMONS  
LEONIDAS E. STAVRINAKIS



W. BRIAN WHITE  
HOUSE OF REPRESENTATIVES  
VICE CHAIRMAN

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

JESSA WIGINGTON  
ADMINISTRATIVE ASSISTANT  
803-212-6677  
FAX: 803-212-6690

**JOINT BOND REVIEW COMMITTEE MEETING**

DATE: Wednesday, April 25, 2018

TIME: 9 a.m.

LOCATION: Room 105, Gressette Building

AGENDA

	<u>PAGE</u>
1. University of South Carolina Proposed Lease, Student Housing at Park Place, Columbia.....	1
2. Medical University of South Carolina Proposed Lease Amendment, 22 WestEdge, Charleston.....	9
3. Department of Revenue Proposed Lease, 775 Addison Avenue, Rock Hill.....	15
4. Department of Revenue Proposed Lease, 33 Villa Road, Greenville.....	20
5. Medical University of South Carolina Proposed Lease-Out, 112-116 Doughty Street, Charleston.....	25
6. Medical University of South Carolina Proposed Lease-Out, 21 Courtenay Drive, Charleston.....	29
7. Permanent Improvement Project Requests .....	35
8. Department of Natural Resources, Report of Permanent Improvement Projects Related to Existing Dikes and Roads .....	74
9. Patriots Point Development Authority, Annual Report Regarding Lease with Patriots Annex, LLC .....	86
10. Meeting Schedule.....	22

**JOINT BOND REVIEW COMMITTEE**

**Item Number 1**

Meeting of February 28, 2018

**AGENCY:** Department of Administration, Facilities Management and Property Services

**PROJECT/SUBJECT:** University of South Carolina Proposed Student Housing Lease, Park Place, 506 Huger Street, Columbia

Background: In December 2016, the University of South Carolina (USC) received approval to lease 424 student housing beds at Park Place, 506 Huger Street, in Columbia, from Park 7 Group to alleviate a portion of the shortage of student housing beds.

Request: USC is requesting to lease an additional 212 beds at Park Place. A solicitation was conducted, and this proposal was the only response received. The term of the proposed lease is two years beginning August 1, 2018, with four optional one-year extensions. Rent for the first year will be \$893/bed/month and will increase three percent annually. In addition, USC will be responsible for electricity costs of \$50/month/bed; if electricity costs exceed \$50/month, USC could pay up to an additional \$25/month/bed, of a maximum of \$190,800 annually in electricity costs. The total maximum payout over the potential six-year term is \$15,839,682 (for base rent plus electricity costs).

Lease payments will be paid from revenue collected from students occupying the space. USC will charge \$948/bed/month for the first year, which is the same amount currently charged to students for comparable housing. After the first year, the rate will increase by three percent.

The Department of Administration's Facilities Management and Property Services reports that comparable lease rates for similar space to range from \$843 to \$1,295/bed/month.

The proposed lease was approved by the USC Board of Trustees on March 26, 2018, and by the Commission on Higher Education on April 5, 2018.

**COMMITTEE ACTION:**

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

**ATTACHMENTS:**

- 1) Department of Administration, Facilities Management and Property Services Summary dated April 25, 2018
- 2) Letter from USC, dated April 11, 2018
- 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: April 25, 2018

Regular Agenda

---

**1. Submitted by:**

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



Ashlie Lancaster, Director  
Facilities Management and Property Services

**2. Subject:** University of South Carolina (USC) Student Housing Lease at Park Place in Columbia

---

**3. Summary Background Information:**

In December 2016, USC received approval to lease 424 student housing beds in 152 units located at 506 Huger Street in Park Place from Park 7 Group to meet their current demand and future projections for University provided student housing for the Columbia campus. At that time, USC was projecting a shortage of between 1,900-4,200 beds between 2017 and 2020 and noted that, while the private student housing market is addressing much of the need for upperclassmen, USC must provide housing for all freshmen, foreign exchange students and critical programs such as the Honor's College, Capstone Scholars, and Preston College which have living/learning programs that are part of their educational missions.

USC is continuing to experience a shortage in University provided student housing and is requesting to add an additional 212 beds at Park Place. While the option to lease additional beds was included in the lease, Real Property Services conducted a solicitation to test market availability and costs, and the selected location was the only response received.

The term for the additional beds will be for two (2) years beginning on August 1, 2018 and ending on July 31, 2020, with four (4) optional one (1) year renewals (Extended Terms). Basic Rent for the first year shall be \$893.00/bed/month and shall increase annually by three (3) percent as follows:

<b>INITIAL TERM</b>	<b>PERIOD: FROM - TO</b>	<b>ANNUAL RENT</b>
YEAR 1	August 1, 2018 – July 31, 2019	\$2,271,792.00
YEAR 2	August 1, 2019 – July 31, 2020	\$2,339,945.76
<b>TOTAL</b>		<b>\$4,611,737.76</b>
<b>EXTENDED TERMS</b>	<b>PERIOD: FROM-TO</b>	<b>ANNUAL RENT</b>
YEAR 3	August 1, 2020 – July 31, 2021	\$2,410,144.13
YEAR 4	August 1, 2021 – July 31, 2022	\$2,482,448.46
YEAR 5	August 1, 2022 – July 31, 2023	\$2,556,921.91
YEAR 6	August 1, 2023 – July 31, 2024	\$2,633,629.57
<b>TOTAL</b>		<b>\$10,083,144.07</b>

USC will also pay \$50/month per bed for electricity. However, if the utility costs exceed \$50/month per bed on average, USC could pay up to an additional \$25/month per bed for a maximum of \$190,800 in electricity costs. As such, the total maximum amount USC could pay over the Initial and Extended Terms is \$15,839,681.83. All charges will be passed on to the students occupying the units. Additionally, if a student moves out during the year, there is a waiting list from which USC will fill the vacated bed. USC currently charges students a rate of \$948.00/bed/month for comparable University student housing and will charge \$948/bed/month for the beds at Park Place for the first year of the lease. Thereafter, that rate will increase by three (3) percent.

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

<b>Location</b>	<b>Address</b>	<b>Avg Rent Rate/bed</b>
Granby Crossing	100 Granby	\$843.00
CanalSide Lofts	383 Taylor Street	\$1,110.00
Capitol Places II	1217 Taylor Street	\$1,295.00

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

There are adequate funds for the lease according to the Budget Approval Form submitted. The lease was approved by the USC Board of Trustees on March 26, 2018 and the Commission on Higher Education on April 5, 2018.

---

4. **What is JBRC asked to do?** Consider approval of the proposed lease for USC at Park Place in Columbia.

---

5. **What is recommendation of the Department of Administration?** Consider approval of the proposed lease for USC at Park Place in Columbia.

**6. List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- USC Letter Dated April 11, 2018



Facilities Department  
Planning, Design and Construction

April 11, 2018

Ms. Ashlie Lancaster  
Director  
Department of Administration  
Division of Facilities Management and Property Services  
1200 Senate Street  
Columbia, SC 29201

Re: University of South Carolina  
Lease request for approval between USC and Park 7

Dear Ms. Lancaster:

The Lease Agreement that we have with CD/Park 7 for student housing contains a provision allowing the University the opportunity to lease up to 216 additional beds upon written request to and approval by the Landlord, and upon requisite governmental approvals. The Lease was reviewed/approved by the Commission on Higher Education on December 1, 2016, by the Joint Bond Review Committee on December 6, 2016, and by the State Fiscal Accountability Authority on December 13, 2016.

Our expected freshmen enrollment for Fall 2018 is 5,800 students, which aligns with Fall 2017. The Fall 2017 enrollment resulted in a need to supplement the 424 beds that this lease provided. Due to time and availability constraints, we were not able to exercise the option provided under the lease as a way of filling the need for additional beds at Park 7 for Fall 2017. As an emergency measure, we identified beds at another off-campus location and required the students to enter the leases directly with the landlord there. This created many challenges in the oversight, transportation and administration of the housing program for these freshmen.

In preparing for Fall 2018 enrollment, we contacted the Landlord at Park 7 to ask if we could add additional beds to our lease. There are 212 beds that have been offered at this location. To ensure that we are getting the additional beds that are needed at the best rate possible, the Department of Administration conducted a lease solicitation. The only response received was from Park 7. They have proposed a rate of \$893 per bed per month. This compares to a lease rate of \$723 per bed for the beds that are under the lease currently for Fall 2018. Even though the lease cost per bed is higher for the additional beds, since our costs in administering the housing program at this location are already



UNIVERSITY OF  
SOUTH CAROLINA

Facilities Department  
Planning, Design and Construction

reflected in the rate charged for the 424 beds that we are currently leasing, we can offer the additional beds to the students at the same rate that we plan to charge next year for the existing beds already included in the lease (\$948 per bed per month.)

The additional units that have been offered are 7 studio beds, 12 One-bedroom, 28 Two- bedroom, 9 Three- bedroom, 25 Four- bedroom and 2 Five- bedroom. All beds are offered at the base rent cost of \$893 per bed per month. Utility charges for these beds are handled in the same fashion as the existing

beds that are leased, with an additional \$50 utility fee charged to each bed per month for utility usage. If utility charges exceed this amount for monthly usage they will be required to be paid every 6 months, not to exceed \$75 per bed per month. These beds are offered for an initial term of two years, with an option to extend for a 3 -year term, and a second option to extend for one additional year. Rent is increased annually by three percent (3%) beginning in year two.

Because we are already providing housing options for our students at this location and will realize administrating savings from our existing presence there, we feel that adding these beds at the Park 7 location is in the best interest of the students and the University. We, therefore, respectfully ask that you advance this request to approve the exercise of this lease option by adding 212 beds to the Lease as provided in the existing Park 7 lease document.

Thank you for your assistance with, and favorable recommendation of, this request as it advances to the Joint Bond Review Committee and State Fiscal Accountability Authority for approval.

With kind regards,

Derek S. Gruner, RA, LEED AP  
AVP of Facilities Planning, Design and Construction  
University Architect

**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.

**JOINT BOND REVIEW COMMITTEE**

**Item Number 2**

Meeting of April 25, 2018

**AGENCY:** Department of Administration, Facilities Management and Property Services

**PROJECT/SUBJECT:** Medical University of South Carolina Proposed Lease Amendment, 22 WestEdge, Charleston

Background: In May 2017, the Medical University of South Carolina (MUSC) received approval to lease 25,000 square feet of space at 22 WestEdge, Charleston, from HPIB Devco, LLC, to provide space for its Bioinformatics Program. The term of the lease is for 10 years at a rate of \$36/square foot with 2.5 percent annual increases.

Request: MUSC is requesting the authority to amend the existing lease to add 16,000 square feet in order to relocate the Information Solutions (IS) Department. (The IS Department is currently located in the Harborview Office Tower, which is under contract to be sold.)

A solicitation was conducted, and seven responses were received; this proposal was the only response which met the square footage and location requirements.

The additional square footage will result in an additional payout of \$6,543,148 over the term which includes all maintenance and operating costs. The landlord has agreed to provide \$640,000 to upfit the space.

The lease agreement includes an option for parking in the building parking deck at a rate of two spaces per 1,000 square feet at a cost of \$175/space/month, with annual increases of three percent. MUSC has indicated that they do not intend to execute the parking space option but will reserve the option should there become a need.

The Department of Administration's Facilities Management and Property Services reports comparable lease rates of similar office space in the area range from \$32.55 to \$48.00 per square foot.

Lease payments will be paid from Research and Direct Cost Funds. According to the Budget Approval Form submitted, there are adequate funds for the lease. The proposed lease amendment was approved by the MUSC Board of Trustees on February 9, 2018, and the Commission on Higher Education on March 1, 2018.

**COMMITTEE ACTION:**

Review and make recommendation regarding the proposed lease amendment for MUSC.

**ATTACHMENTS:**

- 1) Department of Administration, Facilities Management and Property Services Summary dated April 25, 2018
- 2) Letter from Rachel Jones, Leasing Manager, MUSC, dated March 14, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws (please see Pages 7-8 of agenda package)

**JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET**

---


Meeting Scheduled for: April 25, 2018

Regular Agenda

---

**1. Submitted by:**

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



Ashlie Lancaster, Director  
Facilities Management and Property Services

**2. Subject:** Medical University of South Carolina Lease- 22 WestEdge in Charleston

---

**3. Summary Background Information:**

In May 2017, the Medical University of South Carolina (MUSC) received approval to lease 25,000 square feet (SF) located at 22 WestEdge in Charleston to provide space for MUSC Bioinformatics. The lease is for a term of ten (10) years beginning following completion of construction by the Landlord (estimated to be in the second quarter of 2019) at a rate of \$36.00/SF with two and one-half percent (2 ½%) annual escalations for a maximum of \$10,083,043.59 over the term.

In March 2017, MUSC received approval to sell their property located at 19 Hagood Avenue in Charleston (commonly known as the Harborview Office Tower.) This property is now under contract and MUSC is in the process of relocating the current occupants, one of which is their Information Solutions (IS) department.

A solicitation was conducted for space to accommodate the IS department. Seven (7) responses were received with 22 WestEdge being the only location that met the square footage and location requirements. As such, MUSC is requesting to amend the above referenced lease for MUSC Bioinformatics to add 16,000 SF for the IS department upon the same terms and conditions. The added square footage will result in an additional \$6,543,147.90 over the term as follows:

<u>INITIAL TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF*</u>
LEASE YEAR 1	\$576,000.00	\$48,000.00	\$36.00
LEASE YEAR 2	\$590,400.00	\$49,200.00	\$36.90
LEASE YEAR 3	\$605,160.00	\$50,430.00	\$37.82
LEASE YEAR 4	\$620,289.00	\$51,690.75	\$38.77
LEASE YEAR 5	\$635,796.23	\$52,983.02	\$39.74

LEASE YEAR 6	\$651,691.13	\$54,307.59	\$40.73
LEASE YEAR 7	\$667,983.41	\$55,665.28	\$41.75
LEASE YEAR 8	\$684,682.99	\$57,056.92	\$42.79
LEASE YEAR 9	\$701,800.07	\$58,483.34	\$43.86
LEASE YEAR 10	\$719,345.07	\$59,945.42	\$44.96
TOTAL	\$6,453,147.90		*rounded

The rent includes all maintenance and operations costs, and the Landlord is providing \$640,000 in renovations. The lease provides that the Landlord will make available parking cards at a ratio of two (2) cards per 1,000 SF at a cost of \$175/month each for use in the parking deck for the building. The rate escalates annually by three percent (3%).

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

Tenant	Location	Rate
College of Charleston	360 Concord Street	\$32.55/SF
Clemson University	701 East Bay Street	\$35.48/SF
MUSC	55 Bee Street	\$35.39/SF
Vacant	220 King Street	\$48.00/SF
Vacant	205 King Street	\$39.00/SF

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

There are adequate funds for the lease according to the Budget Approval Form submitted. The lease was approved by the MUSC Board of Trustees on February 9, 2018 and the Commission on Higher Education on March 1, 2018.

---

4. **What is JBRC asked to do?** Consider approval of the proposed lease for the Medical University of South Carolina at 22 WestEdge in Charleston.

---

5. **What is recommendation of the Department of Administration?** Consider approval of the proposed lease for the Medical University of South Carolina at 22 WestEdge in Charleston.

---

6. **List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- MUSC Letter Dated March 14, 2018



Office of Space Management Support  
28 Ehrhardt Street, MSC 205  
Charleston, SC 29425  
843-792-5996

March 14, 2018

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

RE: 22 West Edge / Request for Space - Expansion Lease Option

Dear Ms. Lancaster:

The Medical University of South Carolina (MUSC) entered into a lease agreement dated May 2, 2017 with HP1B Devco, LLC for leased space at 22 West Edge. MUSC requests to exercise its option to expand as presented in Article 24 of the lease document. Our intent is to lease an additional 16,000 rentable square feet in order to accommodate our Information Solutions Department (IS).

Information Solutions provides mission aligned information technology, informatics and analytics vision, management and service. IS directly supports and interacts daily with our adjacent occupant at 22 West Edge; MUSC Bioinformatics, and therefore it is required IS co-locate within 22 West Edge. MUSC request a solicitation for space and for this request to be added to the March 2018 SFAA/JBRC scheduled as needed for approval.

A solicitation was conducted for space to accommodate this department and seven responses were received with 22 WestEdge being the only location that met the square footage an location requirements.

Current Location:

Harborview Office Tower

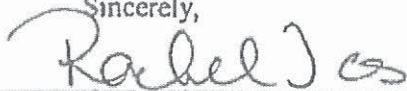
Requested Lease Term:

Landlord:	HPIB DEVCO, LLC
Tenant:	Medical University of South Carolina
Occupant:	Information Solutions
Lease Term:	10 Years
Square Footage:	16,000
Annual Rent:	\$576,000.00
Cost per SF:	\$36.00

Annual Increase: 2.5%  
Lease Type: Full Service  
IT Allowance: \$640,000.00 (\$40.00 RSF)

Attached is the current lease agreement for reference along with the Space Allocation Worksheet. Our intent is to present this to the MUSC Board of Trustees on February 9<sup>th</sup> for information and CHE for approval at their March 1<sup>st</sup> meeting. Please let me know if you have any questions or need additional information.

Sincerely,



Rachel Jones  
Leasing Manager

Meeting of April 25, 2018

**AGENCY:** Department of Administration, Facilities Management and Property Services

**PROJECT/SUBJECT:** Department of Revenue Proposed Lease, 775 Addison Avenue, Rock Hill

The Department of Revenue (DOR) is requesting approval to lease 8,120 square feet of office space located at 775 Addison Avenue in Rock Hill from Gary L. Williams. DOR's current lease for 5,422 square feet of office space at 454 South Anderson Road in Rock Hill will expire on June 30, 2018. DOR needs additional space to accommodate increased staffing and to provide security measures.

A solicitation was conducted, and five proposals were received. One proposal was eliminated due to security concerns. Of the remaining four proposals, the selected location was the lowest bid.

The term of the proposed lease will be for ten years beginning July 1, 2018, at a rate of \$17.14 per square foot for the first year; thereafter, the rent will increase by two percent annually. The landlord has agreed to provide free rent for one month in years one, two, and three and one-half months' free rent in year four. The total payout over the ten-year term will be \$1,482,277.

The rent includes all maintenance and operating expenses as well as adequate parking in the surrounding parking lot. In addition, the landlord has agreed to an upfit allowance of \$20 per square foot for renovations.

The Department of Administration's Facilities Management and Property Services reports comparable lease rates of similar office space in the area range from \$18 to \$25 per square foot.

Lease payments will be paid from appropriated General Funds. According to the Budget Approval Form submitted, there are adequate funds for the lease.

**COMMITTEE ACTION:**

Review and make recommendation regarding the proposed lease agreement for DOR.

**ATTACHMENTS:**

- 1) Department of Administration, Facilities Management and Property Services Summary dated April 25, 2018
- 2) Letter from W. Hartley Powell, DOR Director, dated March 13, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws (please see Pages 7-8 of agenda package)



**JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET**

Meeting Scheduled for: April 25, 2018

Regular Agenda

**1. Submitted by:**

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



Ashlie Lancaster, Director  
Facilities Management and Property Services

**2. Subject:** SC Department of Revenue Lease - 775 Addison Avenue in Rock Hill

**3. Summary Background Information:**

The SC Department of Revenue (DOR) is requesting approval to lease 8,120 SF of space located at 775 Addison Avenue in Rock Hill from Gary L. Williams. The agency currently leases 5,422 SF at 454 S. Anderson Road. That lease expires June 30, 2018, and the agency is in need of a larger space to accommodate increased staffing of auditors, taxpayer assistance officers, and other employees based on population growth. Additionally, new DOR security protocols require space for an on-site security officer in each office lobby, security cameras, metal detectors, and security equipment to screen all visitors. The agency will still be in compliance with the state space standards with a density of 180 SF/person.

A solicitation was conducted and five (5) proposals were received. One proposal was eliminated due to security concerns. Of the remaining four (4) proposals, the selected location represents the lowest bid. The term will be for ten (10) years beginning on July 1, 2018 at a rate of \$17.14 for the first year. Thereafter, basic rent increases by two (2%) percent annually. The Landlord has also agreed to provide three and one-half (3 ½) months of free rent for a maximum amount over the term of \$1,482,277.36 as follows:

<u>TERM</u>	<u>ABATED RENT MONTH</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF ROUNDED</u>
YEAR 1	First Month	\$ 127,578.66	\$ 11,598.06	\$ 17.14
YEAR 2	First Month	\$ 130,109.43	\$ 11,828.13	\$ 17.48
YEAR 3	First Month	\$ 132,732.93	\$ 12,066.63	\$ 17.83
YEAR 4	½ of First Month	\$ 141,541.54	\$ 12,307.96	\$ 18.19
YEAR 5		\$ 150,649.44	\$ 12,554.12	\$ 18.55
YEAR 6		\$ 153,662.40	\$ 12,805.20	\$ 18.92
YEAR 7		\$ 156,735.72	\$ 13,061.31	\$ 19.30
YEAR 8		\$ 159,870.36	\$ 13,322.53	\$ 19.69
YEAR 9		\$ 163,067.76	\$ 13,588.98	\$ 20.08
YEAR 10		\$ 166,329.12	\$ 13,860.76	\$ 20.48

The rent includes all maintenance and operations costs and full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord is providing an upfit allowance of \$20/SF for renovations.

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

Tenant	Location	Rate
DMV	3071 Highway 21, Fort Mill	\$18.00/SF
Vacant	300 Technology Way, Rock Hill	\$22.50/SF
Vacant	01 Riverwalk Parkway, Rock Hill	\$25.00/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.

---

4. **What is JBRC asked to do?** Approve the proposed lease for the Department of Revenue at 775 Addison Avenue in Rock Hill.

---

5. **What is recommendation of the Department of Administration?** Approve the proposed lease for the Department of Revenue at 775 Addison Avenue in Rock Hill.

---

6. **List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- DOR Letter Dated March 13, 2018

State of South Carolina  
Department of Revenue



HENRY D. MCMASTER  
Governor

W. HARTLEY POWELL  
Director

300A OUTLET POINTE BOULEVARD  
POST OFFICE BOX 125  
COLUMBIA, SOUTH CAROLINA 29214  
Telephone: (803) 898-5040  
Facsimile : (803) 896-0023  
Director@dor.sc.gov

March 13, 2018

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
Real Property Services  
1200 Senate Street, Suite 460  
Columbia, SC 292201

RE: Lease for 775 Addison Avenue, Rock Hill

Dear Ms. Lancaster:

The South Carolina Department of Revenue (DOR) requests approval by the Joint Bond Review Committee of a 10-year lease with Gary L. Williams for approximately 8,000 square feet of office space at 775 Addison Avenue, Rock Hill, SC. This space is required as our current lease at 454 South Anderson Road expires on June 30, 2018. Our current office space is too small and prohibits the required level of security mandated for all DOR locations, and the office layout segregates the employees into two separate suites.

DOR's security program requires an on-site security officer in each office lobby, security cameras, metal detectors, and security equipment to screen all visitors of DOR and ensure that taxpayers and DOR employees are protected and safe. In addition, DOR protects highly sensitive State and Federal Taxpayer Information with a sophisticated badge access and camera surveillance system and an intruder detection system to achieve maximum-security protection and cyber-attack prevention.

We received five proposals in response to our solicitation and conducted site visits to each location. After evaluations, we concluded the 775 Addison Avenue property best meets our requirements. We considered the following in our decision-making: security, cost, proximity to the interstate, interior office design, and building accessibility for the taxpayers.

Ms. Lancaster  
March 13, 2018  
Page Two

In the Rock Hill District Office, DOR has a business need to increase employee staffing of auditors, taxpayer assistance officers, and other employees based upon South Carolina's growing population. Our request includes an increase of 2,578 square feet of rentable space.

We request the maximum lease period of 10-years to build and maintain a secure site to protect taxpayers, employees, and sensitive taxpayer information from intruders and fraudsters. Moving the DOR highly sophisticated security systems is a significant cost. A longer lease provides a consistent location for taxpayers and minimizes office re-location costs.

Thank you for your assistance in this process and for your consideration of our request.

Yours very truly,

A handwritten signature in black ink, appearing to read "W. Hartley Powell", with a stylized flourish at the end.

W. Hartley Powell  
Director

**AGENCY:** Department of Administration, Facilities Management and Property Services

**PROJECT/SUBJECT:** Department of Revenue Proposed Lease, 33 Villa Road, Greenville

The Department of Revenue (DOR) is requesting approval to lease 11,400 square feet of office space located at 33 Villa Road in Greenville from Piedmont Center Owner, LLC. DOR's current lease for 14,670 square feet of office space at 545 North Pleasantburg Drive in Greenville will expire on August 31, 2018. DOR reports that the existing space is larger than needed and is not designed to accommodate new DOR security protocol.

A solicitation was conducted, and three proposals were received. The selected location was the lowest bid.

The term of the proposed lease will be for ten years beginning September 1, 2018, at a rate of \$15 per square foot for the first year; thereafter, the rent will increase by 50 cents per square foot for a total payout over the 10-year term of \$1,966,500.

The rent includes all maintenance and operating expenses as well as adequate parking in the surrounding parking lot. In addition, the landlord has agreed to an upfit the space to the agency's specifications.

The Department of Administration's Facilities Management and Property Services reports comparable lease rates of similar office space in the area range from \$15.02 to \$21 per square foot.

Lease payments will be paid from appropriated General Funds. According to the Budget Approval Form submitted, there are adequate funds for the lease.

**COMMITTEE ACTION:**

Review and make recommendation regarding the proposed lease agreement for DOR.

**ATTACHMENTS:**

- 1) Department of Administration, Facilities Management and Property Services Summary dated April 25, 2018
- 2) Letter from W. Hartley Powell, DOR Director, dated March 13, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws (please see Pages 7-8 of agenda package)

**JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET**

Meeting Scheduled for: April 25, 2018

Regular Agenda

**1. Submitted by:**

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



Ashlie Lancaster, Director  
Facilities Management and Property Services

**2. Subject:** SC Department of Revenue Lease- 33 Villa Road in Greenville

**3. Summary Background Information:**

The SC Department of Revenue (DOR) is requesting approval to lease 11,400 SF of space located at 33 Villa Road in Greenville from Piedmont Center Owner, LLC. The agency currently leases 14,670 SF at 545 N. Pleasantburg Drive. That lease expires August 31, 2018, and the space is larger than needed and is not designed to 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.

A solicitation was conducted and three (3) proposals were received, with the selected location representing the lowest bid. The term will be for ten (10) years beginning on September 1, 2018 at a rate of \$15.00 for the first year. Thereafter, basic rent increases by fifty cents (\$0.50) annually. As such, the maximum amount payable over the term is \$1,966,500 as follows:

<u>TERM</u>	<u>ANNUAL RENT</u>	<u>MONTHLY RENT</u>	<u>RENT PER SF</u>
YEAR 1	\$ 171,000.00	\$ 14,250.00	\$ 15.00
YEAR 2	\$ 176,700.00	\$ 14,725.00	\$ 15.50
YEAR 3	\$ 182,400.00	\$ 15,200.00	\$ 16.00
YEAR 4	\$ 188,100.00	\$ 15,675.00	\$ 16.50
YEAR 5	\$ 193,800.00	\$ 16,150.00	\$ 17.00
YEAR 6	\$ 199,500.00	\$ 16,625.00	\$ 17.50
YEAR 7	\$ 205,200.00	\$ 17,100.00	\$ 18.00
YEAR 8	\$ 210,900.00	\$ 17,575.00	\$ 18.50
YEAR 9	\$ 216,600.00	\$ 18,050.00	\$ 19.00
YEAR 10	\$ 222,300.00	\$ 18,525.00	\$ 19.50

The rent includes all maintenance and operations costs, and full access and free use of the surrounding parking lot which has adequate spaces for visitors and staff. The Landlord will upfit

the space to the agency's specifications. The lease meets the state space standards with a density of 132 SF/person.

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

Tenant	Location	Rate
SLED	37 Villa Road	\$15.02/SF
Vacant	330 Pelham Road	\$18.00/SF
Vacant	11 Brendan Way	\$21.00/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.

---

4. **What is JBRC asked to do?** Approve the proposed lease for the Department of Revenue at 33 Villa Road in Greenville.

---

5. **What is recommendation of the Department of Administration?** Approve the proposed lease for the Department of Revenue at 33 Villa Road in Greenville.

---

6. **List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- DOR Letter Dated March 13, 2018

State of South Carolina  
Department of Revenue



HENRY D. MCMASTER  
Governor

W. HARTLEY POWELL  
Director

300A OUTLET POINTE BOULEVARD  
POST OFFICE BOX 125  
COLUMBIA, SOUTH CAROLINA 29214  
Telephone: (803) 898-5040  
Facsimile : (803) 896-0023  
Director@dor.sc.gov

March 13, 2018

Ms. Ashlie Lancaster  
South Carolina Department of Administration  
Real Property Services  
1200 Senate Street, Suite 460  
Columbia, SC 292201

RE: Lease for 33 Villa Road, Greenville

Dear Ms. Lancaster:

The South Carolina Department of Revenue (DOR) requests approval by the State Fiscal Accountability Authority of a 10-year lease with Piedmont Center Owner, LLC for approximately 11,400 square feet of office space at 33 Villa Road, Greenville, SC. This space is required as our current lease at 545 Pleasantburg Drive expires on August 31, 2018. The current office design prohibits the required level of security mandated for all DOR locations. Our current office space is larger than we need, and this request includes a reduction of 3,282 square feet.

DOR's security program requires an on-site security officer in each office lobby, security cameras, metal detectors, and security equipment to screen all visitors of DOR and ensure that taxpayers and DOR employees are protected and safe. In addition, DOR protects highly sensitive State and Federal Taxpayer Information with a sophisticated badge access and camera surveillance system and an intruder detection system to achieve maximum-security protection and cyber-attack prevention.

We received three proposals in response to our solicitation and conducted site visits to each location. After evaluations, we concluded the 33 Villa Road property best meets our requirements. We considered the following in our decision-making: security, cost, proximity to the interstate, interior office design, and building accessibility for the taxpayers.


We request the maximum lease of 10-years to build and maintain a secure site to protect taxpayers, employees, and sensitive taxpayer information from intruders and fraudsters. Moving the DOR highly sophisticated security systems is a significant cost. A longer lease provides a consistent location for taxpayers and minimizes office re-location costs.



Ms. Lancaster  
March 13, 2018  
Page Two

Thank you for your assistance in this process and for your consideration of our request.

Yours very truly,

A handwritten signature in black ink, appearing to read "W. Hartley Powell". The signature is fluid and cursive, with the first name "W." and last name "Powell" clearly legible.

W. Hartley Powell  
Director

**JOINT BOND REVIEW COMMITTEE**

**Item Number 5**

Meeting of April 25, 2018

**AGENCY:** Department of Administration, Facilities Management and Property Services

**PROJECT/SUBJECT:** Medical University of South Carolina Proposed Lease-Out to U.S. Department of Veterans Affairs at 112-116 Doughty Street, Charleston

Background: Since 1997, the Medical University of South Carolina has leased 46,857 square feet of hospital and medical office space in the Strom Thurmond Building, located at 112-116 Doughty Street in Charleston, to the U.S. Department of Veterans Affairs (VA). In December 2016, MUSC received approval to continue leasing the space through a one-year agreement to the VA until the federal budget was approved and a new lease could be negotiated. The VA now has received budget approval for a lease amendment of three years, and they will conduct a solicitation for a 20-year lease.

Request: MUSC is requesting approval to amend the existing lease to add two additional years (until January 14, 2020) with two optional six-month renewal periods. The rate is \$33.55 per square foot (comprised of \$7.81 in base rent and \$25.73 in operating expenses) or a total of \$1,572,052 for the first year. Operating costs are subject to annual CPI increases.

The Department of Administration's Real Property Services reports that comparable lease rates of similar space in the Charleston area range from \$28.40 to \$39.00 per square foot.

MUSC and the VA jointly occupy the 150,000 square foot facility and have a long history of collaboration. Most of the VA attending physicians are MUSC faculty, and all of the doctors-in-training are MUSC residents. The two organizations also share extensive research information.

The lease-out was approved by the MUSC Board of Trustees on April 13, 2018.

**COMMITTEE ACTION:**

Review and make recommendation regarding the proposed lease-out from MUSC to the U.S. Department of Veterans Affairs.

**ATTACHMENTS:**

- 1) Department of Administration, Facilities Management and Property Services Summary dated April 25, 2018
- 2) Letter from MUSC dated March 13, 2018
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws (please see Pages 7-8 of agenda package)

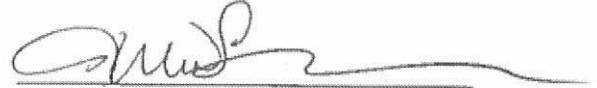
## JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: April 25, 2018

Regular Agenda

1. Submitted by:

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



Ashlie Lancaster, Director  
Facilities Management and Property Services

2. Subject: MUSC Lease-out to the US Department of Veterans Affairs at 112-116 Doughty Street in Charleston

3. Summary Background Information:

In December 2016, the Medical University of South Carolina (MUSC) received approval to continue leasing 46,857 square feet (SF) of hospital and medical office space located at 112-116 Doughty Street in the Strom Thurmond Building in Charleston to the US Department of Veterans Affairs (VA) through a one-year Standstill Agreement beginning January 15, 2017 and ending January 14, 2018. At that time, it was noted that the VA has leased this space from MUSC since January 14, 1997, the initial twenty (20) year lease was expiring, and, while both parties desired and would seek approval of a more long-term agreement in the future, the VA could not enter into a more long-term lease amendment until approval of their federal budget.

While the VA now has budget approval for a lease amendment for three (3) years, they are also conducting a solicitation for a twenty (20) year lease. As such, MUSC is now requesting approval to enter into a three (3) year lease extension with the VA effective from the initial lease end date of January 15, 2017 until January 14, 2020, with two (2) optional renewal periods of six (6) months each, while the federal government conducts the solicitation process.

MUSC and the VA jointly occupy the 150,000 SF facility and have a long history of collaboration. Most of the VA attending physicians are MUSC faculty and all of the doctors-in-training are MUSC residents. The two organizations also share extensive research information.

Rent will be at a rate of \$33.55/SF or \$1,572,052.35 annually for a total of \$6,288,209.40 for the three (3) year term and optional renewal terms. The rent is comprised of \$7.81 in base rent and \$25.74 in operating costs. Operating costs are subject to annual CPI increases.

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

Location	Tenant	Rent Rate/SF
176 Croghan Spur Road	Vacant	\$ 35.00
176 Croghan Spur Road	MUSC	\$28.40
205 King Street	Vacant	\$ 39.00
40 Calhoun Street	Vacant	\$34.50
360 Concord Street	College of Charleston	\$32.55

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

The lease was approved by the MUSC Board of Trustees on April 13, 2018.

---

**4. What is JBRC asked to do?** Approve the proposed lease-out from MUSC to the VA.

---

**5. What is recommendation of the Department of Administration?** Approve the proposed lease-out from MUSC to the VA.

---

**6. List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- MUSC Letter Dated March 13, 2018



Office of Space Management Support  
28 Ehrhardt Street, MSC 205  
Charleston, SC 29425  
843-792-5996

March 13, 2018

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

RE: Request for Veterans Affairs Lease Extension

Dear Ms. Lancaster:

The Medical University of South Carolina (MUSC) requests approval from the SC State Fiscal Accountability Authority and the Joint Bond Review Committee for the three year lease extension between MUSC and the U.S. Department of Veterans Affairs (VA). The VA leases space from MUSC in the Strom Thurmond building located at 112-116 Doughty Street, Charleston, South Carolina. The 20 year initial lease agreement expired in January 2017 and was further extended by a one (1) year standstill agreement until the VA budget was approved for a lease extension. Per the VA the three (3) year lease extension term is effective from the initial lease end date, January 2017.

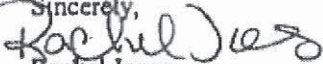
The three (3) year lease extension shall be approved at the April 13, 2018 MUSC Board of Trustees meeting for the following lease terms. Please submit this request for the April 25, 2018 SFAA meeting and the May 1, 2018 JBRC meeting.

Requested Lease Term:

Lease Term:	3 Years [1/15/2017 – 1/14/2020]
Square Footage:	46,857
Lease Type:	Full Service
Rent per SF:	\$33.55
	\$25.74 operating costs
	\$7.81 unserviced rent
Annual Rent:	\$1,572,052.35
Renewal Option:	Two (2) terms, 6 months each
Total Amount:	\$6,288,209.40 / including renewal option

Operating costs are subject to a CPI increase but since the CPI is unknown this is not included in the total amount listed above.

Please let me know if you have any questions.

Sincerely,  
  
Rachel Jones  
Medical University of South Carolina  
Leasing Manager

**JOINT BOND REVIEW COMMITTEE**

**Item Number 6**

Meeting of April 25, 2018

**AGENCY:** Department of Administration, Facilities Management and Property Services

**PROJECT/SUBJECT:** Medical University of South Carolina Proposed Lease-Out of Parking Spaces to CareAlliance Health Services

Background: The Medical University of South Carolina (MUSC) has been leasing 700 parking spaces in the Courtenay Drive Parking Garage located at 21 Courtenay Drive in Charleston to CareAlliance Health Services (dba Roper St. Francis Healthcare). In August 2017, MUSC received approval to amend the lease to relocate the parking to a new garage at 165 Cannon Street and to extend the term to ten years with four renewal periods of five years to accommodate the new Children’s Hospital which is expected to open in the fall of 2019.

However, the lease amendment was never executed; since that time, changes have occurred in MUSC’s parking needs.

Request: MUSC is requesting to amend and extend the lease agreement to a term of five years with four renewal periods of five years each. The amendment also reduces the number of spaces to 600 in the Courtenay Drive Parking Garage from October 1, 2018 to October 1, 2019, or the opening of the new Children’s Hospital, whichever is earlier; the rate for this period will be \$130.75/space/month increased by the October 2018 CPI or four percent, whichever is less. For the remainder of the term, the number of spaces leased to CareAlliance will be 150 to 300, depending on availability, in either the Courtenay Drive Garage or within one-half mile of the main campus building of Roper Hospital (316 Calhoun Street); the rate for this period will be \$155.00/space/month with annual increases of the CPI or three percent, whichever is less. Over the full term of the amended lease, revenue to MUSC will be \$10,603,285 at a minimum or \$20,308,270 at a maximum.

The Department of Administration’s Facilities Management and Property Services reports that comparable lease rates of similar space near the MUSC campus to be \$150 to \$190/space/month.

The lease-out was approved by the MUSC Board of Trustees on April 13, 2018.

**COMMITTEE ACTION:**

Review and make recommendation regarding the proposed amendment to MUSC’s lease-out to CareAlliance Health Services.

**ATTACHMENTS:**

- 1) Department of Administration, Real Property Services Summary dated April 25, 2018
- 2) Letter from MUSC dated March 15, 2018

- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws (please see Pages 7-8 of agenda package)

JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: April 25, 2018

Regular Agenda

1. Submitted by:

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



Ashlie Lancaster, Director  
Facilities Management and Property Services

2. Subject: MUSC Parking Lease-out to CareAlliance Health Services

3. Summary Background Information:

As part of their mutual partnership in support of the Medical District, MUSC currently leases 700 spaces to CareAlliance Health Services d.b.a. Roper St. Francis Healthcare on behalf of Roper Hospital, Inc. ("CareAlliance Health Services") in the Courtenay Drive Parking Garage located at 21 Courtenay Drive at a rate of \$130.75/space per month (\$1,098,329.16 annually) under a lease agreement that expires on September 30, 2018. In August of 2017, MUSC received approval from the State Fiscal Accountability Authority to amend that lease to relocate the parking to a new garage at 165 Cannon Street and to extend the lease for ten (10) years with four (4) renewal periods of five (5) years each to accommodate the opening of the new MUSC Shawn Jenkins Children's Hospital which is anticipated to be in the Fall of 2019.

That amendment was never executed and, since that time, there have been changes in MUSC parking needs. As such, MUSC is now requesting to amend and extend the lease agreement as follows:

The amended lease will be for a term of five (5) years with four (4) potential renewal periods of five (5) years each. The amended lease will also reduce the number of spaces leased to CareAlliance Health Services to 600 spaces in the Courtenay Drive Parking Garage from October 1, 2018 to the earlier of October 1, 2019 or the opening of the Children's Hospital. For the remainder of the lease term and renewal periods, the number of spaces leased to CareAlliance Health Services will be between 150-300 spaces, depending on availability, in either the Courtenay Drive Parking Garage or within one-half mile from 316 Calhoun Street, which is where the Roper Hospital main campus building is located.

For the period of the lease for which CareAlliance Health Services has 600 spaces, the rate will be based on the current rate of \$130.75/month/space increased by the lesser of the October 2018 CPI or four (4) percent. Effective the earlier of October 1, 2019 or the opening of the Children's Hospital and in conjunction with the reduction of the number of spaces to between 150-300 spaces, the rate will be \$155.00/space/month with annual increases of the lesser of CPI or three (3) percent. Altogether, this represents revenue to MUSC of a minimum of \$10,603,285.20 and a maximum of \$20,308,270.30 over the initial term and renewal periods.

The following charts represent comparable lease rates of similar space near the MUSC Campus:



Parking:

Location	Rate/Space
200 Meeting Street	\$190.00
159 Rutledge Avenue	\$165.00
62 Gadsden Street	\$150.00

The lease was approved by the MUSC Board of Trustees on April 13, 2018.

---

4. **What is JBRC asked to do?** Consider approval of the proposed MUSC Parking Lease-out to CareAlliance Health Services.

---

5. **What is recommendation of the Department of Administration?** Consider approval of the proposed MUSC Parking Lease-out to CareAlliance Health Services.

---

6. **List of Supporting Documents:**

- SC Code of Laws Section 1-11-55 and 1-11-56
- MUSC Letter Dated March 15, 2018



Office of Space Management Support  
28 Ehrhardt Street, MSC 205  
Charleston, SC 29425  
(843) 792-5996

March 15, 2018

Ashlie Lancaster  
The South Carolina  
Department of Administration  
1200 Senate Street, Suite 460  
Columbia, SC 29201

RE: LO800978 – 21 Courtenay Drive, CareAlliance Health Services

Dear Mr. Lancaster;

At the August 31, 2017 the South Carolina State Fiscal Accountability Authority approved a lease-out amendment between the Medical University of South Carolina and CareAlliance Health Services. There have been parking changes since this approval that require an amendment to be approved on revised lease terms and conditions.

The Medical University of South Carolina wishes to amend the current lease agreement between the Medical University of South Carolina (MUSC) and CareAlliance Health Services for parking spaces located within the 21 Courtenay Drive Parking Garage. This lease amendment is necessary to support the opening of the new MUSC Shawn Jenkins Children's Hospital in the fall of 2019. The draft 2<sup>nd</sup> Lease Amendment is attached for review.

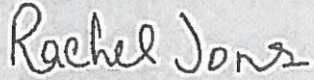
This property is owned by the Parking Garage Associates, LLC (a subsidiary of the MUSC Foundation) and leased in its entirety by the Medical University of South Carolina which has subleased parking spaces to CareAlliance Health Services since 2004 in support of the Charleston Medical District.

	Current Lease State	1 <sup>st</sup> Reduction of Spaces	Final Lease State
Location	21 Courtenay Drive	21 Courtenay Drive	21 Courtenay Drive or within ½ mile of 316 Calhoun St
Number of Parking Spaces	700	600 - Effective 10/1/2018	150 up to 300 at landlord sole discretion upon availability – Effective earlier of 10/1/2019 or opening of new MUSC Children's Hospital
Cost per Space, per Month	\$130.75	Rate based on Oct 18 CPI	\$155.00
Annual Rent	\$1,098,329.16	TBD	\$279,000 min / \$558,000 max
Annual Increase	CPI or 4%	CPI or 4%	CPI or 3%
TOTAL Inc. Options			Min \$10,603,285.20 / Max \$20,308,270.39

Renewal Option 4 terms, 5 years each

The Medical University of South Carolina requests full approval for this lease amendment at the April 2018 SFAA meeting and May 2018 JBRC meeting if required. This lease-out agreement is exempt from CHE and will be presented to the April 2018 MUSC Board of Trustees. Please let me know if you have any questions or need additional information.

Sincerely,

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

Rachel Jones  
Leasing Manager

**JOINT BOND REVIEW COMMITTEE**

Meeting of April 25, 2018

**Item Number 7**

**AGENCY:** Department of Administration, Capital Budgeting Office

**PROJECT/SUBJECT:** Permanent Improvement Project Requests

There are 36 Permanent Improvement projects pending as follows:

- 1 Carried Over from February 28 Meeting (Establish Phase II)
- 16 Establish Phase I, Pre-Design Budget
- 3 Increase Phase I, Pre-Design Budget
- 10 Establish Phase II, Construction Budget
- 2 Increase Phase II, Construction Budget
- 1 Increase Phase II, Construction Budget, Revise Scope & Change Project Name
- 3 Final Land Acquisition

**COMMITTEE ACTION:**

Review and make recommendation of permanent improvement projects for transmittal to State Fiscal Accountability Authority or Department of Administration.

**ATTACHMENTS:**

Project Requests Worksheet - Summary 6-2018