

**Capital Improvements
Joint Bond Review Committee**

HUGH K. LEATHERMAN, SR.
SENATE
CHAIRMAN

SENATE MEMBERS

HUGH K. LEATHERMAN, SR.
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DIANNE C. CARRAWAY
DIRECTOR OF RESEARCH
SFAA LIAISON
803-212-6682

JEAN MANHEIMER
ADMINISTRATIVE ASSISTANT
803-212-6677
FAX: 803-212-6690

JOINT BOND REVIEW COMMITTEE MEETING

DATE: Tuesday, September 13, 2016
TIME: 10:30 a.m.
LOCATION: Room 105, Gressette Building

AGENDA

	<u>PAGE</u>
1. Proposed JBRC Policy Changes.....	1
2. State Transportation Infrastructure Bank Project Funding.....	4
3. Department of Administration, Office of Adjutant General Proposed Lease-Out to SCE&G at 5 National Guard Road, Columbia.....	9
4. Department of Administration, Office of the State Auditor Proposed Lease at 1401 Main Street, Columbia.....	16
5. Department of Mental Health, Proposal Related to the Sexually Violent Predator Program.....	28
6. Other Permanent Improvement Projects	63
7. Meeting Schedule	80

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AGENCY: Executive Budget Office

PROJECT/SUBJECT: Joint Bond Review Committee Policy Changes

At its meeting on August 2, 2016, the Joint Bond Review Committee discussed potential changes to its current policies regarding permanent improvement projects that involve third parties, lease agreements, and certain bonding methods. Staff was directed to develop a draft policy for the Committee's consideration to address these types of permanent improvement projects.

The proposed policy, which is attached, directs that all leases, contracts, or agreements with a third party (regardless of actual cost or value) associated with a permanent improvement project be provided to the Committee when the permanent improvement project is considered. Such permanent improvement project is to be presented as a single, separate agenda item with all components of the project summarized and each action required by the Committee clearly identified.

Adoption of the proposed policy regarding third parties will require a slight modification to the policy adopted by the Committee at its meeting in October, 2014, regarding bond approvals. The proposed change to that policy is also attached for the Committee's review.

COMMITTEE ACTION:

- 1) Review and approve proposed policy regarding permanent improvement projects that are associated with leases, contracts, or agreements involving third parties.
- 2) Review and approve change to existing policy regarding bond approvals.

ATTACHMENTS:

- 1) Proposed JBRC policy regarding permanent improvement projects financed through arrangements with third parties
- 2) Proposed change to JBRC policy regarding bond approvals

JOINT BOND REVIEW COMMITTEE

Proposed Policy for Consideration at the September 13, 2016 JBRC Meeting

Permanent Improvement Projects Financed through Arrangements with Third Parties

If an agency or institution contemplates entering into one or more leases, contracts, or agreements in connection with a permanent improvement project for facilities that will be funded, constructed, acquired or otherwise improved for, through or on behalf of the agency or institution by any third party (whether or not related to the agency or institution, including without limitation a foundation, other non-profit, private entity or conduit issuer); or expects to occupy or undertake financial or performance obligations to any related or unrelated third party in connection with a facility constructed, acquired or otherwise improved or situated on state property, the request for review must be presented to the Committee as a single, separate agenda item. The agenda item must include a summary of all components associated with the project for the Committee's information, and each action required of the Committee must be clearly identified.

In order to promote the Committee's ability to make a fully informed decision, the agency must submit documentation that includes:

1. All leases, contracts, trust indentures, resolutions and agreements to be executed among the parties to the transaction, regardless of cost or value;
2. All documentation as applicable for bond approvals pursuant to JBRC policy adopted on October 7, 2014, and amended on September 13, 2016;
3. An executive summary including the following:
 - a. Identification of each principal to the transaction and their role therein;
 - b. All consultants and advisors, their roles therein, and the process by which their services were procured and engaged;
 - c. The purpose of each lease, contract, trust indenture, resolution and agreement, and a summary of its provisions;
 - d. The financial obligations of the parties under each of the documents;
 - e. The financial resources from which each party will make its payment obligations;
 - f. A summary of all covenants, responsibilities or undertakings, financial and otherwise, and their provisions for enforcement, recourse and remedy in the event of non-performance or non-compliance;
 - g. A summary and comparison of each alternative considered by the agency or institution, and the rationale and justification for selection of the alternative presented for Committee review, including without limitation:
 - i. Financial and non-financial considerations;
 - ii. Transaction costs, including comparative interest costs and professional fees;
4. Each specific action or review requested of the Committee (including statutory reference or Committee policy); and
5. Any additional information requested by the Committee or staff on its behalf.

JOINT BOND REVIEW COMMITTEE

Proposed Policy Change for Consideration at the September 13, 2016, JBRC Meeting

Policy Regarding Bond Approvals

If an agency/institution submits a request that would result in the addition of bond funds to the project budget, regardless of the type of bonds added, the request for approval of the *permanent improvement project as well as the request for the* bond funds must be brought forward as a *single*, separate agenda item. The agency must submit documentation that includes:

1. Amount and Type of Bond
2. Revenues Pledged to Pay the Debt Service on the Bond
 - a. Total revenues for the prior fiscal year from the source of funds pledged to pay the debt service on the bond.
 - b. Other obligations on that source of funds, to include debt service requirements on all existing bonds, authorized bonds and proposed bonds. If there are bond requests on multiple projects for the same funding source at the same meeting, these must also be shown. This should be presented in two charts:
 - i. a debt service chart that shows existing debt service, debt service on authorized but unissued bonds, other bonds presented at the meeting, principal on the proposed bond issue, interest on the proposed bond issue, and total composite debt service. The chart should include all fiscal years for the life of the bond; and
 - ii. a coverage chart that shows the composite debt service, revenues pledged to debt service, the coverage ratio based on pledged revenues, pro forma pledged revenues, and a pro forma coverage ratio. The chart should include all fiscal years for the life of the bond.
3. New Revenue Generation
 - a. Estimated new revenues to be generated by the facilities constructed should be described, to include both one-time and recurring revenues.
 - b. These revenues should be reflected in the chart as part of the pro forma pledged revenues.
4. Other Funds Available to Pay Bonds
Describe other funds on deposit or otherwise available to repay the bonds.
5. Statement of Obligation
 - a. Provide a statement of whether:
 - i. any special student fee is currently being imposed or contemplated to pay the bond;
 - ii. if the full faith and credit of the agency of the State of South Carolina are being pledged to the payment of the bond; and
 - iii. whether any mortgage or lien has been or will be given on any real property owned by the state or the agency.

JOINT BOND REVIEW COMMITTEE
Meeting of September 13, 2016

Item Number 2

AGENCY: South Carolina Transportation Infrastructure Bank

PROJECT/SUBJECT: Proposed Project Funding

Section 11-43-180 directs that financial assistance provided by the South Carolina Transportation Infrastructure Bank (Bank) be approved by the Joint Bond Review Committee (JBRC). In addition, Section 11-43-315 requires JBRC approval of bonds issued by the Bank in providing financial assistance on qualified projects.

In February 2012, JBRC approved a \$13 million Bank grant to Dorchester County to provide financial assistance for Phase II of widening SC Highway 165 from two lanes to five lanes. Dorchester County has requested additional assistance of up to \$4 million to cover unforeseen construction cost increases and safety issues. The Bank approved the additional grant on May 26, 2016, with some or all of the additional assistance to be financed through the issuance of revenue bonds. (Approximately \$42 million has been expended by Dorchester County for Phase I of this project.)

COMMITTEE ACTION:

Approve the Bank's providing an additional grant of up to \$4,000,000, some or all of which may be financed through the issuance of revenue bonds, for widening of SC Highway 165 in Dorchester County bringing the total financial assistance for the project to \$17,000,000.

ATTACHMENTS:

- 1) Letter South Carolina Transportation Infrastructure Bank dated July 26, 2016
- 2) Schedule of SIB Projects as of July 2016
- 3) Code Sections 11-43-180 and 11-43-315

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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

July 26, 2016

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

RE: South Carolina Transportation Infrastructure Bank Project Funding

Dear Chairman Leatherman:

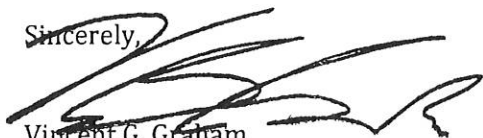
The South Carolina Transportation Infrastructure Bank (Bank) Act requires Joint Bond Review Committee (JBRC) approval of financial assistance provided by the Bank for a qualified project. The Act also requires JBRC approval of bonds issued by the Bank in providing the financial assistance to qualified projects.

On May 26, 2016, the Bank Board approved an additional amount, up to \$4,000,000, for improvements to SC 165 Phase II (Bacons Bridge Road) bringing the total financial assistance for Phase II in the form of a grant from the Bank to \$17,000,000. The Bank will finance some or all of its assistance through the issuance of revenue bonds. The increased financial assistance was requested by the Dorchester County due to unforeseen increased construction costs and important safety issues. The County and other sources are expending \$41,977,000 for Phase I of the SC 165 Project. The project will widen SC 165 from two to five lanes

Approve the Bank providing an additional grant in the amount of up to \$4,000,000 for the SC 165 Phase Two Project in Dorchester County and the issuance of revenue bonds for the project in the additional amount of up to \$4,000,000.

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

Sincerely,


Vincent G. Graham
Chairman

cc: SCTIB Board

Project	SIB Approval Date	JBRC Approval Date	Approved Amount	Funding Source				
				Revenue Bonds	Rev/GO Bonds	TIFIA Loan	Other	Total
Aiken County	12/12/01	2/12/02	165,000,000	165,000,000				165,000,000
Additional Aiken County	6/30/06	8/1/06	30,000,000	30,000,000				30,000,000
Additional Aiken County	11/27/07	3/5/08	18,062,923	18,062,923				18,062,923
City of Aiken	2/9/2012	2/29/2012	13,500,000	13,500,000				13,500,000
			226,562,923	226,562,923				226,562,923
Beaufort County	7/1/98	7/28/98	140,000,000		86,000,000		54,000,000	140,000,000
Additional Beaufort County	7/15/05	8/2/05	10,000,000	-				-
Additional Beaufort County Transferred to US 17 ACE Basin	8/20/09	12/2/2009	(10,000,000)					
Beaufort County SC 170	2/9/12	2/29/2012	24,900,000	24,900,000				24,900,000
			164,900,000	24,900,000	86,000,000		54,000,000	164,900,000
Berkeley County								
Jedburg Road Improvements - Phase I	2/6/09	2/18/09	6,401,000	6,401,000				6,401,000
Jedburg Road Improvements - Phase II	2/6/09	2/18/09	22,563,000	22,563,000				22,563,000
Frontage Road Component of Sheep Island Interchange	5/18/09	6/3/09	2,100,000	2,100,000				2,100,000
Sheep Island Interchange Project	2/17/2011	4/6/2011	6,500,000				6,500,000	6,500,000
I-26 Widening MM 199 to ~ MM 197	1/17/2012	1/25/2012	15,000,000	15,000,000			6,500,000	15,000,000
			52,564,000	46,064,000			6,500,000	52,564,000
City of Charleston (2017 revenues)	2/9/2012	2/29/2012	88,000,000	-			88,000,000	88,000,000
Cooper River Bridge	7/1/98	7/28/98	420,000,000		380,000,000		40,000,000	420,000,000
Cooper River Bridge	2/3/01	2/6/01	13,000,000	13,000,000				13,000,000
Cooper River Bridge	5/4/01	5/29/01	217,000,000			215,000,000	2,000,000	217,000,000
CRB Demolition	7/15/05	8/2/05	62,100,000	62,100,000				62,100,000
			712,100,000	75,100,000	380,000,000	215,000,000	42,000,000	712,100,000
Charleston County (Mark Clark & Mt. Pleasant)	6/30/06	8/1/06	106,000,000	106,000,000				106,000,000
Additional Charleston County	11/27/07	3/5/08	354,000,000	354,000,000				354,000,000
Additional Charleston County	11/27/07	3/5/08	11,400,000	11,400,000				11,400,000
Additional Charleston County-Town of Mt. Pleasant	2/17/2011	4/6/2011	6,010,000				6,010,000	6,010,000
			477,410,000	471,400,000			6,010,000	477,410,000
Dorchester County	2/9/2012	2/29/2012	19,000,000	19,000,000				19,000,000
Dorchester County Berlin Myers Pkwy	5/18/15	6/3/15	30,000,000	30,000,000				30,000,000
Dorchester County Additional SC 165 (Bacon's Bridge Road)	5/26/16		4,000,000	4,000,000				4,000,000
Florence County	7/15/05	8/2/05	375,000,000	250,000,000			125,000,000	375,000,000
Additional Florence County	8/17/2012	12/4/2013	90,000,000	90,000,000				90,000,000
			465,000,000	340,000,000			125,000,000	465,000,000
GRID	7/1/98	7/28/98	561,000,000		350,000,000		211,000,000	561,000,000
GRID	10/17/00	2/6/01	19,000,000	19,000,000				19,000,000
GRID	8/15/02	9/12/02	12,000,000		12,000,000			12,000,000
GRID	10/15/02	1/21/03	25,000,000		25,000,000			25,000,000
			617,000,000	19,000,000	387,000,000		211,000,000	617,000,000
Horry County - Table I (Phase I)	12/8/97	1/6/98	337,346,342	337,346,342				337,346,342
Horry County - Table I (Phase II)	12/8/97	7/28/98	208,000,000		208,000,000			208,000,000
Horry County - Table III	2/9/98	7/28/98	200,000,000	200,000,000				200,000,000
Conway Bypass - Phase II	3/3/99	3/4/99	95,000,000					95,000,000
Additional Table I	3/17/99	4/27/99	48,000,000	48,000,000				48,000,000
Horry County - RIDE II	12/12/01	2/12/02	198,000,000					198,000,000
Additional RIDE II	7/15/05	8/2/05	37,000,000	37,000,000				37,000,000
Multi-Project Loan	8/10/2011	9/14/2011	(12,000,000)	(12,000,000)				(12,000,000)
Additional RIDE II	10/10/06	11/1/06	31,256,000	31,256,000				31,256,000
			1,142,602,342	934,602,342	208,000,000			1,142,602,342
Horry County - 2007 (Car. Bays (SC31) & SC707)	6/30/06	8/1/06	40,000,000	40,000,000				40,000,000
Additional Horry County	11/27/07	3/5/08	110,000,000	110,000,000				110,000,000
Additional Horry County	11/27/07	3/5/08	85,000,000	85,000,000				85,000,000
Reduce funding and move to I-73	5/28/09	6/3/09	(10,000,000)	(10,000,000)				(10,000,000)
			225,000,000	225,000,000				225,000,000
I-73 (multiple counties)	5/28/09	6/3/09	10,000,000	10,000,000				10,000,000
Jasper County	2/9/2012	2/29/2012	3,900,000	3,900,000				3,900,000
Lexington	7/1/98	7/28/98	115,000,000		109,000,000		6,000,000	115,000,000
Additional Lexington	7/15/05	8/2/05	10,000,000					
Additional Lexington transferred to US17 ACE Basin	8/20/09	12/2/2009	(10,000,000)					
			115,000,000		109,000,000		6,000,000	115,000,000
York	7/1/98	7/28/98	229,000,000		130,000,000		99,000,000	229,000,000
York	10/17/00	2/6/01	28,000,000	28,000,000				28,000,000
Additional York	7/15/05	8/2/05	18,800,000	18,800,000				18,800,000
			275,800,000	46,800,000	130,000,000		99,000,000	275,800,000
Guardrails	2/3/01	2/6/01	30,000,000				30,000,000	30,000,000
SCDOT - US17	6/30/06	8/1/06	93,000,000	93,000,000				
SCDOT - US17 ACE Basin	8/20/09	12/2/09	20,000,000	20,000,000				
			113,000,000	113,000,000				113,000,000
SCDOT Bridge Replacements	8/10/2011	9/14/2011	12,000,000				12,000,000	12,000,000
Additional Bonding Capacity		7/28/98	20,000,000		20,000,000			20,000,000
Additional Revenue Bond approval	4/1/04	4/20/04	-	215,000,000		(215,000,000)		
Act 98 Projects	11/12/13	12/4/13	549,402,000	500,000,000			49,402,000	549,402,000
Additional Act 98 Projects	5/18/15	6/3/15	5,314,000	6,000,000				6,000,000
Totals			5,358,555,265	3,310,329,265	1,320,000,000	-	728,912,000	5,359,241,265

SECTION 11-43-180. Loans and other financial assistance; approval by Joint Bond Review Committee; term; financing agreement; terms and conditions; selection of projects, preference, considerations.

(A) The bank may provide loans and other financial assistance to a government unit or private entity to pay for all or part of the eligible cost of a qualified project. Prior to providing a loan or other financial assistance to a qualified borrower, the board must obtain the review and approval of the Joint Bond Review Committee. The term of the loan or other financial assistance must not exceed the useful life of the project. The bank may require the government unit or private entity to enter into a financing agreement in connection with its loan obligation or other financial assistance. The board shall determine the form and content of loan applications, financing agreements, and loan obligations including the term and rate or rates of interest on a financing agreement. The terms and conditions of a loan or other financial assistance from federal accounts shall comply with applicable federal requirements.

(B) The board shall determine which projects are eligible projects and then select from among the eligible projects those qualified to receive from the bank a loan or other financial assistance. Preference must be given to eligible projects which have local financial support. In selecting qualified projects, the board shall consider the projected feasibility of the project and the amount and degree of risk to be assumed by the bank. The board also may consider, but must not be limited to, the following criteria in making its determination that an eligible project is a qualified project:

(1) the local support of the project, expressed by resolutions by the governing bodies in the areas in which the project will be located, and the financial or in-kind contributions to the project;

(2) maximum economic benefit, enhancement of mobility, enhancement of public safety, acceleration of project completion, and enhancement of transportation services;

(3) the ability of the applicant to repay a loan according to the terms and conditions established pursuant to this chapter, consideration of which may include, at the option of the bank board, the existence of current investment grade rating on existing debt of the applicant secured by the same revenues to be pledged to secure repayment under the loan repayment agreement;

(4) the financial or in-kind contributions to the project;

(5) greater weighting in recommending priorities for eligible projects to areas of the State experiencing high unemployment; and

(6) whether the governing bodies of the county or the incorporated municipality in which the project is to be located provides to the bank a resolution which makes a finding that the project is essential to economic development in the political subdivisions, or the bank receives a resolution

or certificate from the Advisory Coordinating Council for Economic Development of the Department of Commerce that the project is essential to economic development in the State, or both, at the option of the board.

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.

JOINT BOND REVIEW COMMITTEE

Item Number 3

Meeting of September 13, 2016

AGENCY: Department of Administration, Real Property Services

PROJECT/SUBJECT: Office of the Adjutant General Lease-Out to South Carolina Electric & Gas Company at 5 National Guard Road, Columbia

Since 1999, the Office of the Adjutant General has leased 37,409 square feet of office and garage space in the building formerly known as the Combined Support Maintenance Shop, located at 5 National Guard Road in Columbia, to SCE&G for use as a vehicle maintenance shop. The current lease term, which was approved by the Budget and Control Board in December 2011, will expire on November 30, 2018. The Office of the Adjutant General is requesting approval to amend the existing lease to provide for two additional two-year renewal options.

The first renewal option will begin December 1, 2018, and end November 30, 2020, at a rental rate of \$4.90 per square foot. The second renewal option will begin December 1, 2020, and end November 30, 2022, at a rental rate of \$5.05 per square foot.

SCE&G is responsible for all maintenance and operating costs. (SCE&G contributed \$200,000 toward a roof replacement for the facility in 2011.)

The Department of Administration's Real Property Services reports comparable lease rates of similar space in the Columbia area range from \$4.50 to \$5.50 per square foot.

Revenues generated by the lease are used to fund maintenance and repairs of the Army National Guard's Readiness Centers across South Carolina.

The Department of Administration's Real Property Services recommends approval. JBRC review per Section 1-11-56.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease-out from the Office of the Adjutant General to SCE&G.

ATTACHMENTS:

- 1) Department of Administration, Real Property Services Summary dated September 13, 2016
- 2) Office of the Adjutant General Request Letter dated March 23, 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: September 13, 2016

Regular Agenda

1. Submitted by:

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


Ashlie Lancaster
Real Property Services

2. Subject: Office of the Adjutant General Lease-out to South Carolina Electric & Gas Company (SCE&G) at 5 National Guard Road in Columbia

3. Summary Background Information:

The Office of the Adjutant General has leased 37,409 SF of office and garage space in the building formerly known as the Combined Support Maintenance Shop, along with the surrounding grounds, located at 5 National Guard Road in Columbia to SCE&G since 1999 for use as a vehicle maintenance shop. The current lease term, which was approved by the Budget and Control Board at its December 15, 2011 meeting, expires on November 30, 2018. SCE&G had planned to complete construction of a new vehicle maintenance facility by the end of the lease term but has experienced construction funding shortfalls. As such, the Office of the Adjutant General is requesting approval to amend the lease to provide for two additional two year renewal options.

The first optional renewal term would begin on December 1, 2018 and end on November 30, 2020 at a rate of \$4.90/SF. The term for the second optional renewal would begin on December 1, 2020 and end on November 30, 2022 at a rate of \$5.05/SF as shown in the table below:

<u>TERM</u>	<u>ANNUAL RENT ROUNDED</u>	<u>MONTHLY RENT ROUNDED</u>	<u>RENT PER SF ROUNDED</u>
YEAR 1 – First Renewal	\$ 183,304.00	\$ 15,275.35	\$ 4.90
YEAR 2 – First Renewal	\$ 183,304.00	\$ 15,275.35	\$ 4.90
YEAR 1 – Second Renewal	\$ 188,915.45	\$ 15,742.95	\$ 5.05
YEAR 2 – Second Renewal	\$ 188,915.45	\$ 15,742.95	\$ 5.05
TOTAL	\$744,438.90		

SCE&G is responsible for all maintenance and operating costs. Additionally, in 2011 SCE&G contributed \$200,000 towards a roof replacement for the facility.


AUG 31 2016

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

Location	Tenant	Rent Rate/SF
1601 Shop Road	Vacant	\$4.50
1080 Shop Road	Vacant	\$4.98
2840 Shop Road	Vacant	\$5.50

The funds generated by this lease are used by the South Carolina Military Department to fund maintenance and repair on the South Carolina Army National Guard's Readiness Centers throughout the state.

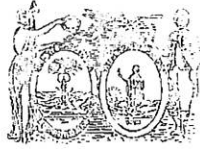
4. What is JBRC asked to do? Approve the proposed lease-out from the Office of the Adjutant General to SCE&G.

5. What is recommendation of the Department of Administration? Approve the proposed lease-out from the Office of the Adjutant General to SCE&G.

6. List of Supporting Documents:

- Letter from the Office of the Adjutant General dated March 23, 2016
- SC Code of Laws Section 1-11-55 and 1-11-56

The State of South Carolina
Military Department



Office of the Adjutant General

ROBERT E. LIVINGSTON, JR.
MAJOR GENERAL
THE ADJUTANT GENERAL

1 NATIONAL GUARD ROAD
COLUMBIA, S.C. 29201-4766

R. VAN MCCARTY
BRIGADIER GENERAL
DEPUTY ADJUTANT GENERAL

March 23, 2016

Mr. Scott Capell
Director of Real Property Services
Facilities Management & Construction Planning
Department of Administration
1200 Senate Street, Suite 408
Columbia, SC 29201

Mr. Capell:

In 2007, the State Budget and Control Board approved the lease-out of a two story maintenance facility located on the T. Eston Marchant National Guard Complex to the South Carolina Electric & Gas Company (SCE&G) for the operation of a vehicle maintenance shop. The initial term of this lease was for three years with the option to extend the term for an additional two (2) year terms. At the time, SCE&G had planned to construct a new maintenance facility by the end of the terms of the lease. However, the company was unable to meet its construction timeline and requested that the lease be renewed for an additional two (2) years with the option to extend the term of the lease for up to two (2) consecutive periods of two years.

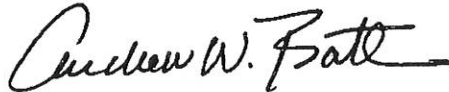
The Adjutant General fully supported SCE&G's request and requested permission to amend the lease. The State Budget and Control Board approved the amendment of the original lease and the additional terms in December 2011. SCE&G has exercised its renewal terms and the term of the amended lease terminates in November 2018. Due to construction funding shortfalls, SCE&G recently notified the Military Department that they will be unable to meet their construction timeline for constructing a new maintenance facility and have requested consideration for two additional two year renewal options.

The Military Department of the State of South Carolina fully supports extending the lease for two additional two year renewal options. The funds generated by this lease are used by the Military Department to fund maintenance and repair on the South Carolina Army National Guard's Readiness Centers throughout the state.

Request Real Property Services seek State Fiscal Accountability Authority (SFAA) approval of this lease amendment. Based on the benefits, the Military Department believes approval of this request to be in its best interest and to be in the best interest of the State of South Carolina.

Should you desire additional information, please contact the undersigned or MSG Robert M. Hicks at (803) 299-4304/4150.

Sincerely,

A handwritten signature in black ink that reads "Andrew W. Batten". The signature is written in a cursive style with a long horizontal stroke at the end.

Andrew W. Batten
Colonel, SCARNG
Construction & Facilities Management Officer

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: Department of Administration, Real Property Services

PROJECT/SUBJECT: Office of the State Auditor Lease at 1401 Main Street, Columbia

The Office of the State Auditor is requesting approval to continue leasing office and storage space at 1401 Main Street in Columbia from MS Joint Venture. The agency currently leases 10,745 square feet of office space and 1,000 square foot of storage space at the location; the agency is requesting to maintain the storage space and to increase the amount of office space to 12,200 square feet, which is needed due to an increase in staff and to provide a training room.

A solicitation was conducted, and eight responses were received. The proposed location was the lowest bid in the downtown Columbia area. (State Auditor's Office has provided justification for site selection which is attached.)

The term of the proposed lease is ten years beginning January 1, 2017. The rental rate for the office space for the first year will be \$16.75 per square foot, with annual increases of approximately two percent, bringing the rate to \$20.02 per square foot in the final year of the proposed lease. The rental rate for the storage space will be \$9.00 per square foot for the first three years; the rate will increase to \$9.50 per square foot for years four through seven, and \$10.00 per square foot in years eight through ten.

The agency will be responsible for its pro rata share of increases in building operating costs, capped at three percent per year. The maximum potential amount the agency may pay in additional operating costs of \$129,837.

The landlord will provide up to 56 parking spaces in the adjacent garage subsidized by 50 percent; the remaining 50 percent is to be paid by employees directly to the landlord. (The current parking rate is \$40 per month; therefore, employees will pay \$20 per month.) Any increases in the parking rate will be divided evenly between the landlord and the employees.

The landlord will provide \$100,000 for upfitting costs.

The Department of Administration's Real Property Services reports comparable lease rates of similar space in the downtown Columbia area to range from \$16.25 to \$18.34 per square foot. In addition, the Colliers 2016 Q2 Research and Forecast Report indicates a current average asking rate of \$23.48 per square foot in the downtown Columbia area.

The Office of the State Auditor has adequate funds to cover the lease according to the Budget Approval Form. The Department of Administration's Real Property Services recommends approval. JBRC review per Section 1-11-56.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease agreement for the Office of the State Auditor.

ATTACHMENTS:

- 1) Department of Administration, Real Property Services Lease Summary dated September 13, 2016
- 2) Office of State Auditor Request Letter dated August 4, 2016 including Analysis of Proposals
- 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: September 13, 2016

Regular Agenda

1. Submitted by:

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



 Ashlie Lancaster
 Real Property Services

2. Subject: Office of the State Auditor Lease at 1401 Main Street in Columbia

3. Summary Background Information:

The Office of the State Auditor is requesting approval to continue leasing space located at 1401 Main Street in Columbia from MS Joint Venture. The agency currently leases 10,745 SF of office space and 1,000 SF of storage space and wishes to increase its square footage to 12,200 SF of office space and 1,000 SF of storage space due to an increase in staff and to accommodate a training room.

A solicitation was conducted and eight responsive proposals were received. While the selected location does not represent the lowest bid, it was the lowest bid for space in the downtown area. The Office of the State Auditor has provided the attached justification for the site selection. In occupying this space, the agency will be below the state's space standards, with an average of 184 RSF/person.

The term of the lease will be ten (10) years beginning January 1, 2017 and ending on December 31, 2026. Rent for the office space for the first year of the term will be at a rate of \$16.75/SF, \$9.48/SF allocated to rental space and \$7.27/SF to operating costs, and rent for the storage space for the first year of the term is \$9.00/SF. Rent will increase annually as follows:

<u>TERM</u>	<u>ANNUAL RENT ROUNDED</u>	<u>MONTHLY RENT ROUNDED</u>	<u>RENT PER SF ROUNDED</u>
YEAR 1 - Office	\$ 204,350.00	\$ 17,029.17	\$ 16.75
YEAR 1 - Storage	\$ 9,000.00	\$ 750.00	\$ 9.00
YEAR 2 - Office	\$ 208,437.00	\$ 17,369.75	\$ 17.09
YEAR 2 - Storage	\$ 9,000.00	\$ 750.00	\$ 9.00
YEAR 3 - Office	\$ 212,606.00	\$ 17,717.17	\$ 17.43
YEAR 3 - Storage	\$ 9,000.00	\$ 750.00	\$ 9.00
YEAR 4 - Office	\$ 216,858.00	\$ 18,071.50	\$ 17.78
YEAR 4 - Storage	\$ 9,500.00	\$ 791.67	\$ 9.50
YEAR 5 - Office	\$ 221,195.00	\$ 18,432.92	\$ 18.13
YEAR 5 - Storage	\$ 9,500.00	\$ 791.67	\$ 9.50
YEAR 6 - Office	\$ 225,619.00	\$ 18,801.58	\$ 18.49
YEAR 6 - Storage	\$ 9,500.00	\$ 791.67	\$ 9.50

YEAR 7 - Office	\$ 230,131.00	\$ 19,177.58	\$ 18.86
YEAR 7 - Storage	\$ 9,500.00	\$ 791.67	\$ 9.50
YEAR 8 - Office	\$ 234,734.00	\$ 19,561.17	\$ 19.24
YEAR 8 - Storage	\$ 10,000.00	\$ 833.33	\$ 10.00
YEAR 9 - Office	\$ 239,429.00	\$ 19,952.42	\$ 19.63
YEAR 9 - Storage	\$ 10,000.00	\$ 833.33	\$ 10.00
YEAR 10 - Office	\$ 244,217.00	\$ 20,351.42	\$ 20.02
YEAR 10 - Storage	\$ 10,000.00	\$ 833.33	\$ 10.00
TOTAL	\$2,332,576.00		

The agency will be responsible for its pro rata share of any increases in building operating costs over the first year with a cap of three (3) percent. The maximum potential amount the agency could pay over the term in additional operating costs is \$129,837. The Landlord will provide up to 56 parking spaces in the adjacent garage subsidized by fifty (50) percent. The remaining fifty (50) percent of the cost for parking will be paid by employees directly to the Landlord. The current parking rate is \$40/month. Any increases in the parking rate will continue to be divided 50/50 between the Landlord and the employee. The Landlord shall also provide \$100,000 for upfitting costs.

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

Location	Tenant	Rent Rate/SF
1400 Pickens Street	Vacant	\$18.00
1813 Main Street	Vacant	\$18.34
1333 Main Street	Workers Compensation Commission	\$16.25
1201 Main Street	Clemson University	\$17.74

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

Additionally, the Colliers 2016 Q2 Research & Forecast Report indicates a current average asking rate of \$23.48/SF in downtown Columbia and also notes that rates are projected to increase.

There are adequate funds for the lease according to a Budget Approval Form submitted by the Office of the State Auditor.

4. What is JBRC asked to do? Consider approval of the proposed lease for the Office of the State Auditor at 1401 Main Street in Columbia.

5. What is recommendation of the Department of Administration? Consider approval of the proposed lease for the Office of the State Auditor at 1401 Main Street in Columbia.

6. List of Supporting Documents:

- Letter from the State Auditor dated August 4, 2016
- SC Code of Laws Section 1-11-55 and 1-11-56



**South Carolina
Office of the State Auditor**

George L. Kennedy, III, CPA
State Auditor

August 4, 2016

Ms. Ashlie Lancaster
The South Carolina Department of Administration
Real Property Services
1200 Senate Street, Suite 460
Columbia, South Carolina 29201

RE: Lease for 1401 Main Street, Suite 1200

Dear Ms. Lancaster:

The Office of the State Auditor requests approval by the State Fiscal Accountability Authority (SFAA) at its meeting on September 20, 2016, of a lease with EM & L Commercial Real Estate for approximately 13,200 square feet of office space at 1401 Main Street in Columbia.

Nine proposals were received in response to our solicitation, with eight proposals meeting the minimum space requirements. Site visits were made to three properties, and after evaluation we concluded that our current location best meets our needs. Among our considerations were the proximity of the location to our clients, stakeholders and partners, and avoiding the estimated \$300,000 cost of moving and the associated loss of productivity.

Additionally, we evaluated each proposed space not just in terms of the space itself, but also in terms of how well the building location and surrounding environment contribute to a positive vibe for our current and prospective employees. Analysis shows that Millennials, a critical component of our workforce, place high value on professional office space and surrounding environment. While we cannot compete for talent on base compensation, we can better retain our high-performing employees and win sought-after prospects by offering a strong benefits package and work-life balance. Also, offering a working environment in a vibrant and desirable location with the excitement of being at the center of state government can keep us in the game for top talent. Of the locations under consideration, our current location possesses the strongest combination of these attributes.

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

Very truly yours,

A handwritten signature in blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/trb

**SC Office of the State Auditor
Analysis of Proposals for Office Space**

The SC Office of the State Auditor received 9 responses to its Request for Proposal for office space. After site visits to three locations, we determined that remaining in our current location at 1401 Main Street is the best option. OSA has been in its current location for approximately 30 years. Previous locations include other office buildings along Main Street and offices within the State Capitol Complex.

Pros and Cons of Each Proposed Location

1. 1401 Main (current location)

Pros

- In the city core
- Walking distance to key clients/stakeholders
- Provides a sense of connection to central government (constitutional officers, legislature and their staffs)
- Manned building lobby security which extends beyond normal business hours
- Access to large group meeting space in the state house and several nearby state agency offices
- Convenient to public transportation
- Walkable location, providing easy access to area eateries, retail and amenities
- Location and space that puts us more on par with competitors for top talent, primarily private accounting organizations
- No downtime or cost for a move

Cons

- Parking is spread across several locations, some not contiguous to the building
- Public garage or on-street metered parking only is available for visitors

2. 1813 Main

Pros

- In the city core
- Walking distance to key clients/stakeholders
- Provides a sense of connection to central government
- Convenient to public transportation

Cons

- Cost compared to current space does not justify move

3. 1233 Washington

Pros

- In the city core
- Walking distance to key clients/stakeholders
- Provides a sense of connection to central government
- Convenient to public transportation

**SC Office of the State Auditor
Analysis of Proposals for Office Space**

Cons

- Cost compared to current space does not justify move

4. 1400 Pickens

Pros

- Convenient to public transportation

Cons

- Walking to key client/stakeholder locations is more challenging than a location inside of the city center
- Cost compared to current space does not justify move

5. Browning Road (site visit 8/3/16)

Pros

- Functional space, which can be upfit to meet our specific needs
- Manned building lobby security which extends beyond normal business hours
- Ample parking around building
- Dedicated parking for visitors
- Common break/vending areas that offer more conveniences than we could on our own
- Use of on-site fitness center included with lease

Cons

- On-site interaction with our largest clients will require a car drive and paid parking
- Access to public transportation is challenging
- Area around building is not walkable, making auto use necessary to reach nearby eateries and retail
- Poor overall impression of building and area upon approach

6. 246 Stoneridge (site visit 8/3/16)

Pros

- Functional space, which can be upfit to meet specific needs
- Manned security which extends beyond normal business hours
- Ample employee parking around building
- Ample parking for visitors
- Common break/vending areas that offer more conveniences than we could on our own
- Access to large group meeting spaces onsite (fee could apply)
- Use of on-site fitness center included with lease

Cons

- On-site interaction with our largest clients will require a car drive and paid parking
- Access to public transportation is challenging
- Area around building is not walkable, making auto use necessary to reach nearby eateries and retail

SC Office of the State Auditor
Analysis of Proposals for Office Space

- Strip club is located at entrance to property, presenting a poor impression to visitors, including recruiting prospects
- Cost compared to current space does not justify move

7. Dutch Center

Pros

- Functional space, which can be upfit to meet our specific needs
- Ample parking around building
- Convenient to public transportation
- Easy parking for visitors
- Common break/vending areas that offer more conveniences than we could on our own
- Use of small on-site fitness center included with lease

Cons

- On-site interaction with our largest clients will require a car drive and paid parking
- Building security is not as robust as others buildings
- Safety of area surrounding building is a concern, particularly before and after hours
- Area around building has limited walkability, making auto use necessary to access nearby eateries and retail
- A deteriorating retail center sits prominently across the street, making a poor impression

8. Farrow Road

- *Doesn't meet space requirement, therefore did not evaluate further*

9. Two Notch Road

Pros

- None

Cons

- Strip mall space that doesn't fit our profile
- Safety of area is a concern

Overall Analysis and Basis for Selection

Aside from the economics and the interruption a move would create, we have summarized three major considerations for why our current location best fits our office space needs:

1. Close to those we serve

When evaluated against locations outside of the downtown area, our current location offers the significant advantage of being close to those we serve:

- 1) The Comptroller General's Office is less than 3 blocks away, where, during the audit of the State's Comprehensive Annual Financial Report, our staff spend significant amounts of time, including before and after normal business hours for nearly six months of the year. We also have meetings with the Comptroller General Office staff periodically throughout other times of the year, and can walk to their offices within 10 minutes.
- 2) Similarly, we collaborate on an ongoing basis with the Treasurer's Office and SFAA, both less than 3 blocks away.
- 3) SC Department of Health and Human Services, our Medicaid Division client, is 4 blocks away.
- 4) Our Internal Audit Services Division, which operates in SC DOT Headquarters, is 5 blocks away.
- 5) Many of our contract CPA relationships, including the joint auditors for the CAFR and Single Audit, are anywhere from next door to within 10 blocks of our current location.
- 6) Numerous state agencies, where we perform work throughout the year, are located within a 3-mile radius of our current location.

OSA staff often walk to nearby locations, eliminating the need to find and pay for parking.

2. A connection to central government

The state auditor is an important part of central government. A location close to the Comptroller General, Treasurer, Governor and Legislature, underscores this importance.

This close relationship to central government is reflected by our peer organizations in other states. Of 12 Southeastern US state auditor offices, 10 are located within the capitol building office complex and 2 (including SC) are within a few blocks of the capitol building office complex.

3. Ability to recruit and retain employees

There is an abundance of analysis available which discusses the differences between the Millennial and Baby Boomer generations. A recent article appearing on accountingweb.com, for example, discusses the importance office space has in attracting Millennial talent saying "The kind of vibe you feel when you walk into a space directly impacts those working there, sending a stronger message than any 'about us' statement ever will."

Millennial talent is a critical component of the OSA workforce. When vacancies occur, OSA fills those positions with recent accounting graduates and targets top candidates with strong academic performance. This puts us in direct competition with private sector accounting

**SC Office of the State Auditor
Analysis of Proposals for Office Space**

organizations, particularly for bright, energetic, driven accounting graduates who thrive in having choices for where they begin their career. While we cannot always compete on base compensation, we can win many top prospects with a 37.5 hour workweek, a flexible work arrangement and other fringe benefits. We must also be mindful of our office space and the environment around it, and while we cannot trump competitors that have much deeper pockets, offering a working environment in a vibrant and connected location can keep us in the game for top talent.

Our current location better fits the image we are working to create for the Office of the State Auditor: modern, professional, business-minded, energetic. A location in the core business district provides close proximity to our most important partners, in a highly walkable area hosting a variety of eateries, retail and other amenities. A relatively safe area with easy access to public transportation, the day-time population is dominated by state employees and other professionals, providing lunch and after hours networking opportunities for our staff.

The competitive locations in the St. Andrews market are situated near Broad River Road and Bush River Road. The actual spaces, once built out, would serve our purposes adequately. But none of these locations offer the total package we find in our current location. The St. Andrews market has recently experienced an uptick in office space occupancy. A key reason, however, is that building lease rates are low in part to compensate for an area which overall is in decline. Key retail businesses have vacated the area, including the most desirable tenants of a once-vibrant mall. Restaurant offerings, while abundant, consist primarily of fast food, with a noticeable lack of cafes/coffee shops and healthy, fresh and local restaurant choices. While close by auto to the Capitol Complex, these office locations emphasize a distinct disconnection from central government and only detract from the image we are trying to create by projecting a stale and decaying vibe. Access to public transportation is not convenient.

While there are options for office space that provide adequate function and attractive cost, the physical locations of these options, when compared to our current location, are less convenient to our most important clients and would provide one more obstacle to overcome in the competition with the private sector for talent.

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(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.

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 - (a) a nonappropriation for the renting agency;
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 - (c) the availability of public space in substitution for private space being leased by the agency;
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- (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: Department of Administration, Executive Budget Office

PROJECT/SUBJECT: Department of Mental Health, Proposed Permanent Improvement Project, Lease Agreements, and Issuance of Lease Revenue Bonds Related to the Sexually Violent Predator Treatment Program

The Department of Mental Health is requesting approval for full design and construction of new facilities totaling 99,805 square feet and the renovation of 26,600 square feet of existing facilities to accommodate the Sexually Violent Predator Program. In addition, three proposed lease transactions and the issuance of not exceeding \$45,000,000 Lease Revenue Bonds are associated with the permanent improvement project.

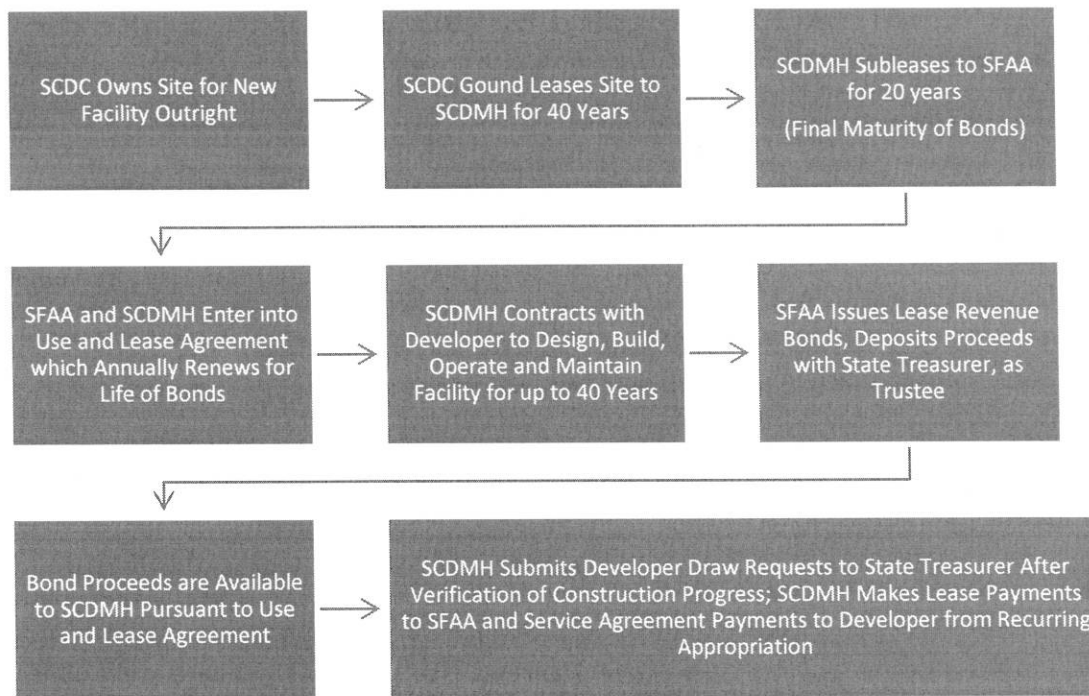
Background

Since the enactment of the Sexually Violent Predator Act (Act) in 1998, the Edisto Unit of the Department of Correction's (SCDC) Broad River Correctional Institution has been used to house and treat persons convicted under the Act. In 2007, DMH began "double bunking" residents, and in 2013 DMH began using a second unit at the Broad River Correctional Institution (the Congaree Unit) to house and treat the population. With the current population of 184 residents and the projected growth rate, the SVP program will be at maximum capacity of the two housing units by late 2016 or early 2017.

Pursuant to Proviso 117.104 of the FY 2013-14 Appropriation Act, DMH, SCDC, and the Budget and Control Board's Division of Procurement Services developed and issued a request for proposals seeking long-term solutions for securely housing and treating individuals committed to the DMH pursuant to the Act. The proviso authorized DMH to seek proposals that offered "a single source solution with responsibility for all aspects of the program including but not limited to housing, security, food, clothing, health care, transport, and treatment services." Stevenson Correctional Institution on the Broad River Road campus of the Department of Corrections was identified as the most appropriate site. The proposed contractor has submitted plans for a 268-bed facility with the potential to house and treat as many as 500 residents.

In addition to construction and renovation of facilities via a permanent improvement project, the proposal includes a ground lease between SCDC and DMH, a ground sublease between DMH and the State Fiscal Accountability Authority (SFAA), a lease-back and use agreement between SFAA and DMH, and the issuance of Lease Revenue Bonds pursuant to Section 11-1-110 of the South Carolina Code of Laws.

The following is a flowchart of the various components of the entire proposal:



Permanent Improvement Project

The proposed project consists of demolition of a 50,000 square-foot housing unit which was constructed in 1938, the construction of two new buildings totaling 99,805 square feet, and the renovation of 26,600 square feet of three existing buildings which were built in 2001, 2007, and 2008.

One newly constructed building will consist of five housing units each containing 44 to 60 single-occupancy bedrooms, shower area, laundry area, and activity spaces; the total initial capacity of the housing facility will be 268 single-occupancy rooms. In addition, the housing unit will include a barber shop; a 12-bed infirmary with medical treatment and therapy spaces; and group, medication, and observation rooms. The building design will allow for an additional 32-bed expansion with minimal impact on operations. The second building to be constructed will house all of the facility's administrative functions including a large staff training space, the security control room, and a resident visitation room.

One of the facilities to be renovated will provide space for the admission/discharge unit including a large holding room, exam/screening rooms, interview rooms, a central laundry, offices and staff support space, and a large supply/storage area. Another building to be renovated will contain seven classrooms, two multipurpose rooms, a library, computer lab, resident toilet area, commissary, staff offices, and other support space. The existing food service/dining building will not require any renovations.

A security fence around the perimeter of the entire facility will consist of two 12-foot high fences, 20 feet apart. Each fence will have razor wire and a continuous concrete wall at the base of the fence. A motion detection system will be installed between the two fences.

Ample parking for staff, deliveries, and visitors will be provided.

The total cost of the construction and renovation of the facilities is estimated to be \$41,461,921 and will be funded from the proceeds of Lease Revenue Bonds issued by the SFAA pursuant to Section 11-1-110 of the South Carolina Code of Laws (see below). The FY 2016-17 Appropriation Act contains a recurring General Fund appropriation of \$4,200,000 to cover the lease payments (debt service on the revenue bonds) and additional operating expenses of the program.

Ground Lease

A proposed ground lease provides for DMH to lease from SCDC the following: 17.07 acres of land plus up to an additional acre for a retention pond, buildings, fencing, common areas, drives, parking areas, and walks of Stevenson Correctional Institution located at 4546 Broad River Road in Columbia for a term of 40 years. The lease will begin on the date the lease is approved by the SFAA. Rent will be \$1 per year, prepaid for the entire lease term.

DMH will utilize the premises to construct, improve, renovate, equip, maintain, and operate a facility to house individuals committed to DMH pursuant to the Act. DMH will be responsible for maintenance and repairs of the premises throughout the term (except for any condition in need of repair caused by or through SCDC). DMH will sublease the premises to SFAA in connection with financing described below. At the end of the term or any subsequent renewal term, DMH will surrender the premises including the new facility and any other improvements to SCDC.

While the ground lease does not require JBRC approval (it does not reach the thresholds contained in Section 1-11-56 of the South Carolina Code of Laws), information regarding the ground lease is provided since it is an essential component of the overall permanent improvement project.

Ground Sublease

The proposal calls for DMH to sublease the premises to SFAA in connection with financing through Lease Revenue Bonds. The term of the sublease is 20 years with annual automatic renewal terms each year that the bonds remain outstanding. The sublease will begin on the date it is approved by SFAA. Rent will be \$1 per year, prepaid for the entire 20-year term. DMH will have the option to terminate the sublease at any time following discharge of the Bonds, at which time SFAA will surrender the premises and improvements to DMH.

While the ground sublease does not require JBRC approval (it does not reach the thresholds contained in Section 1-11-56 of the South Carolina Code of Laws), information regarding the ground sublease is provided since it is an essential component of the overall permanent improvement project.

Lease and Use Agreement

Pursuant to the Lease and Use Agreement, SFAA will issue Lease Revenue Bonds and apply the proceeds to the permanent improvement project described above. The term of the lease will be for successive automatically renewing terms commencing upon approval of the Lease and Use

Agreement by SFAA and ending on June 30 each year thereafter until final maturity of the bonds.

DMH will pay SFAA on or before October 1 each year an amount sufficient to make the debt service payments due on the Bonds (which is projected to be \$2,800,000 per year) as well as additional sums necessary to maintain a Debt Service Reserve Fund and other expenses associated with the issuance of the bonds. DMH will be responsible for the maintenance and operation of the facility and will establish and fund from Bond proceeds a major maintenance fund in the initial amount of \$500,000 to provide for capital maintenance of the facility. A recurring General Fund appropriation of \$4,200,000 was included in the FY 2016-17 Appropriation Act to provide for the lease payment as well as the maintenance and operation of the facility.

JBRC review and approval of the Lease and Use Agreement are required pursuant to Section 11-56 of the South Carolina Code of Laws.

Lease Revenue Bonds

DMH is requesting SFAA to issue not exceeding \$45,000,000 of Lease Revenue Bonds pursuant to Section 11-1-110 of the South Carolina Code of Laws to pay (1) the cost of constructing, renovating, and equipping the facility and (2) expenses related to the issuance of the bonds. DMH's annual lease payments to SFAA will be sufficient to pay the debt service associated with the bonds which is expected to be approximately \$2,800,000 annually. (Again, the recurring General Fund appropriation includes funding to cover the lease payments.) The term of the bonds will be 20 years.

Should the recurring funding no longer be appropriated or otherwise proves insufficient to offset the debt service, DMH may divert revenues currently devoted to other DMH programs to make the lease payments to SFAA. If at any time DMH fails to make the payments required under the Lease and Use Agreement, SFAA may take possession of the facility and lease it for the purpose of generating rent, transfer the operation of the facility to itself or another state agency, or sell the facility.

The full faith and credit of the State will not be pledged to payment of the bonds.

JBRC review of the Lease Revenue Bonds is required pursuant to Section 11-1-110 of the South Carolina Code of Laws.

COMMITTEE ACTION:

- 1) Review and make recommendation regarding the construction and renovation associated with the permanent improvement project
- 2) Review and make recommendation regarding the Lease and Use Agreement between SFAA and DMH
- 3) Review and make recommendation regarding the issuance of not exceeding \$45,000,000 Lease Revenue Bonds by the SFAA

ATTACHMENTS:

- 1) Department of Administration Agenda Item Worksheet dated September 13, 2016
- 3) Project Background dated August 23, 2016
- 4) Background: Request for Proposals dated November 17, 2015
- 5) A-1 dated August 9, 2016, and A-49 dated June 3, 2016
- 6) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws
- 7) Section 11-1-110 of the South Carolina Code of Laws
- 8) Summary of Operations Agreement dated July 14, 2016
- 6) Letter dated August 24, 2016 from Pope Flynn regarding issuance of not exceeding \$45,000,000 Lease Revenue Bonds
- 7) Mental Health Commission Resolution dated June 3, 2016
- 8) Bond Information Report dated August 24, 2016, including Exhibits A and B
- 9) Memorandum dated July 15, 2016, from Public Resources Advisory Group regarding Financing Alternatives

AVAILABLE UPON REQUEST:

- 1) September 2, 2016, Draft of Lease and Use Agreement between DMH and SFAA
- 2) Proposed supplemental opinion regarding leases contemplated by Section 11-1-110 of the SC Code of Laws
- 3) Proposed opinion of bond counsel regarding issuance of Lease Revenue Bonds
- 4) Proposed Bond Resolution

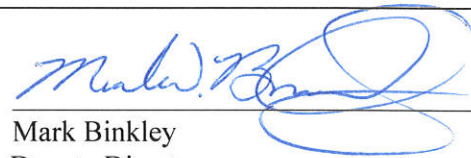
JOINT BOND REVIEW COMMITTEE AGENDA ITEM WORKSHEET

Meeting Scheduled for: September 13, 2016

Regular Agenda

1. Submitted By:

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



Mark Binkley
Deputy Director

2. Subject: Permanent Improvement Project; SVP Program Renovation and New Construction of a 250 Bed Capacity Facility

3. Summary Background Information:

This request is for phase two approval for full design and construction of a new facility for the Sexually Violent Predator Program. Pursuant to Part 1B Section 117.115 of the 2013-2014 Appropriation Act (the "Appropriation Act"), the Legislature of the State of South Carolina (the "State") directed DMH to cooperate with the Budget and Control Board, Division of Procurement Services, to develop and cause to be issued a Request for Proposals ("RFP") seeking long-term solutions for securely housing and treating the growing population of individuals adjudicated as Sexually Violent Predators and civilly committed to DMH pursuant to the Sexually Violent Predators Act (the "Program"). The Appropriation Act further directed DMH to word the RFP broadly to allow respondents to propose creative and cost-effective long-term solutions for the operation of the Program, and specified that respondents shall be allowed, but not required, to propose a single source solution with responsibility for all aspects of the Program, including housing, security, food, clothing, health care, transport, and treatment services. In addition, the Appropriation Act provided that the RFP should allow for, but not require, respondents to include in their responses the use of other private or public partners (subcontractors) and/or the lease or use or purchase of State-owned land.

The preferred financing mechanism of SCDMH, taking into account all available alternatives and after consultation with the Office of State Treasurer, is a financing pursuant to Section 11-1-110 of the South Carolina Code. Section 11-1-110 allows for the State Fiscal Accountability Authority (SFAA) to lease property to an agency and to then issue lease revenue bonds of the SFAA secured by such lease payments for the purpose of providing funds to acquire, construct, renovate or maintain facilities for the State agency. This mechanism was created by the General Assembly in 1995 and was used to finance State agency projects in 1997, 1998, 1999, 2001, and 2002. Despite prior use of Section 11-1-110 and its precursors, this would be the first to be completed since the reorganization of the Budget and Control Board and the first to be undertaken in connection with a design, build, operate and maintain procurement. The recently passed FY 2016-17 State budget includes the recurring funds requested by the Department to cover the anticipated cost of the public financing.

The New Facility is proposed to be located on SCDC property. In order for the SFAA to obtain sufficient property rights to lease the New Facility to SCDMH to issue the bonds, SCDMH proposes to ground lease the site from SCDC (40-year term), in turn sublease the site to the SFAA (20 year term), and then enter into a lease and use agreement with the SFAA (automatically renewing one year terms; renewal subject to non-appropriation) whereby SCDMH agrees to make lease payments, cause the development of the New Facility, and use the New Facility for SVPTP purposes.

4. What is JBRC asked to do?

In accordance with the attached summary, SCDMH respectfully requests review and consideration of approval of this project, to include the Permanent Improvement Project Phase II Project Approval.

5. What is the recommendation of the State Budget Division?

The EBO has determined that the item is complete and ready for JBRC review.

6. List of Supporting Documents:

- a) Project Background and Request for Consideration and Action
- b) Permanent Improvement Project Phase II Project

Project Background and Request for Consideration and Action by the

South Carolina Joint Bond Review Committee and the

South Carolina State Fiscal Accountability Authority

Regarding a Proposed New Facility to House the Sexually Violent Predator Treatment Program

of the South Carolina Department of Mental Health

August 23, 2016

I. Project Background

The South Carolina Sexually Violent Predator Act (SVPA) was passed by the General Assembly in June, 1998. It was modeled on a Kansas law which had been upheld by the U.S. Supreme Court in *Kansas v. Hendricks*, decided in June of 1997. Governor Beasley, a supporter of the legislation, made space at the Department of Corrections (SCDC) available as the site of the program, originally at no cost to the South Carolina Department of Mental Health (SCDMH). The Edisto Unit at the Broad River Correctional Institution was selected by SCDC. The first admission took place in February, 1999.

SCDMH does not control admissions to the program. All persons convicted of a sexually violent offense go through a multi-stage screening process set out in the SVPA prior to release from confinement at SCDC. The Attorney General's office decides which of the cases which the screening process identifies as appearing to meet commitment criteria are screened in and taken to trial. A Circuit Court judge or jury makes the final determination whether a person is civilly committed to SCDMH under the SVPA.

Having adequate and appropriate space to operate the treatment program has been a major issue almost since the program's inception in 1999. Both SCDMH and SCDC initially believed that locating the State's Sexually Violent Predator Treatment Program (SVPTP) in the Edisto Unit was to be a short-term solution, until a separate facility for the program was created. The Department of Mental Health and the Department of Corrections have had discussions as far back as 1999 about how to meet the need for additional space for this program. SCDMH received approval in early 2000 to establish a construction project for a stand-alone facility for the SVPTP on SCDC property, and contracted with an architect/engineering firm to design a building for the site. That plan was completed in December, 2000 and printed in final form on January 26, 2001. SCDMH subsequently unsuccessfully sought funding for the building from the General Assembly for a number of years.

By legislative Proviso, SCDMH and SCDC were directed to issue a Request for Proposals (RFP) seeking long-term solutions for securely housing the growing census of the SVPTP.¹ SCDMH is currently involved in negotiations with the respondent to that Request for Proposals. The proposed contractor (the "Vendor") provided plans for a 250-bed facility, with the potential to be expanded to house as many as 500 residents (the "New Facility"). The cost of the New Facility will be approximately \$41,461,921 inclusive of construction costs and development fees. Financing costs are not included. In its response, the Vendor provided a proposed financing arrangement, SCDMH, after discussion with the Office of State Treasurer, Department of Administration and others, determined that the cost differential between that proposed financing and available public alternatives was significantly higher without commensurate benefit. Specifically, Vendor financing proposed an indicative interest rate of approximately 4.25% and costs of

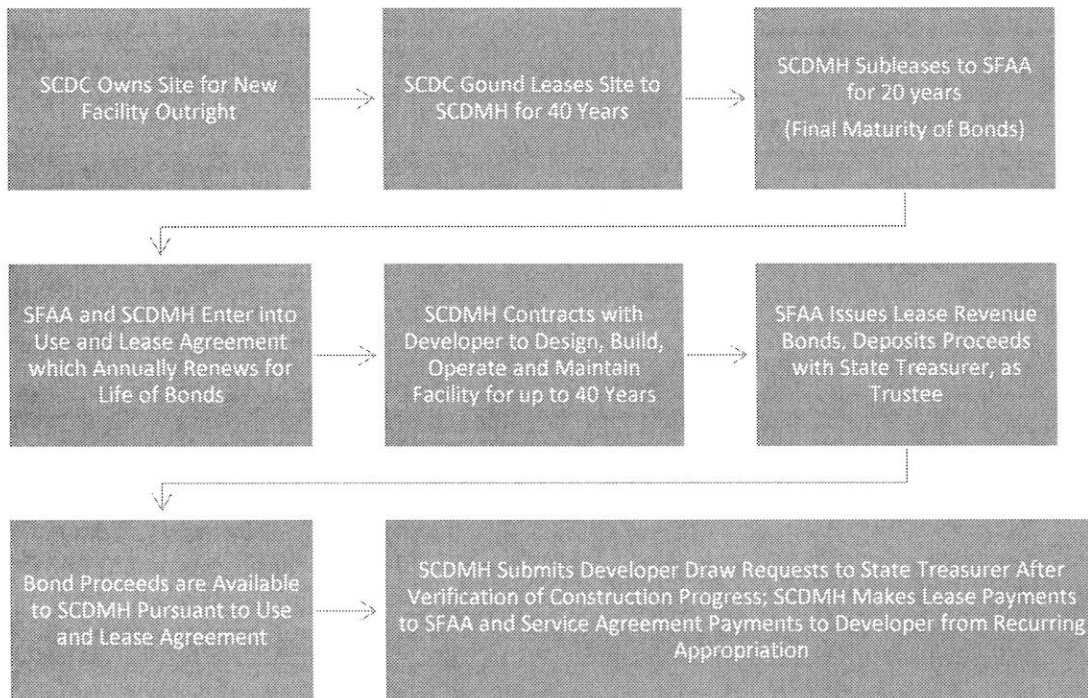
¹ Proviso 23.15 of the 2012-13 State Appropriations Act; Proviso 117.1151 of the 2013-14 Appropriations Act; Proviso 117.104 of the 2015-16 Appropriations Act.

issuance of approximately 5% or \$2 million. Analysis by the State’s financial advisor indicates that under current market conditions a public financing could be undertaken at an interest rate of approximately 2.05% with costs of issuance of approximately 1.35% or \$602,750. The proposed public financing described below is estimated to cost approximately \$10.4 million less than the proposed Vendor financing in terms of total estimated debt service.

The preferred financing mechanism of SCDMH, taking into account all available alternatives and after consultation with the Office of State Treasurer, is a financing pursuant to Section 11-1-110 of the South Carolina Code. Section 11-1-110 allows for the State Fiscal Accountability Authority (SFAA) to lease property to an agency and to then issue lease revenue bonds of the SFAA secured by such lease payments for the purpose of providing funds to acquire, construct, renovate or maintain facilities for the State agency. This mechanism was created by the General Assembly in 1995 and was used to finance State agency projects in 1997, 1998, 1999, 2001, and 2002. Despite prior use of Section 11-1-110 and its precursors, this would be the first to be completed since the reorganization of the Budget and Control Board and the first to be undertaken in connection with a design, build, operate and maintain procurement. The recently passed FY 2016-17 State budget includes the recurring funds requested by the Department to cover the anticipated cost of the public financing.

The New Facility is proposed to be located on SCDC property. In order for the SFAA to obtain sufficient property rights to lease the New Facility to SCDMH to issue the bonds, SCDMH proposes to ground lease the site from SCDC (40-year term), in turn sublease the site to the SFAA (20 year term), and then enter into a lease and use agreement with the SFAA (automatically renewing one year terms; renewal subject to non-appropriation) whereby SCDMH agrees to make lease payments, cause the development of the New Facility, and use the New Facility for SVPTP purposes (collectively, the “Transaction”).

II. Transaction Structure



Sexually Violent Predator Treatment Program

Background: Request for Proposals

South Carolina Department of Mental Health
November 17, 2015

Introduction

The South Carolina Department of Mental Health (SCDMH) is currently involved in negotiations with the respondent to a Request for Proposals that was issued for the operation of the State's Sexually Violent Predator Treatment Program (SVPTP). The RFP was preceded by a Proviso in the FY 2013-14 Appropriations Act:

117.104. (GP: Sexually Violent Predator Treatment RFP) The Director of the Department of Mental Health and the Director of the Department of Corrections shall cooperate with the Budget and Control Board, Division of Procurement Services which shall develop and cause to be issued a Request for Proposals (RFP) seeking long-term solutions for securely housing and treating the growing population of individuals adjudicated as Sexually Violent Predators and civilly committed to the Department of Mental Health pursuant to the Sexually Violent Predators Act.

The purpose of the RFP shall be to seek proposals from qualified private providers to provide secure housing and treatment services to all individuals civilly committed pursuant to the Sexually Violent Predators Act.

As part of the process, the Department of Mental Health, the Department of Corrections, and the Budget and Control Board shall provide up-to-date information concerning the current operation of the program and shall provide information about suitable state owned real property. The RFP shall be issued on or before October 31, 2013.

The RFP shall be worded broadly to allow respondents to propose creative and cost-effective long-term solutions for the operation of this program in order to address the issues raised in Proviso 23.15 of the 2012-13 State Appropriations Act and the resulting January 3, 2013, Report on the SVP Program issued by the Department of Mental Health and the Department of Corrections.

In addition to treatment services, respondents shall be allowed, but not required, to propose a single source solution with responsibility for all aspects of the program including but not limited to housing, security, food, clothing, health care, transport, and treatment services. The RFP shall allow for, but not require, respondents to include in their responses the use of other private or public partners (subcontractors) and/or the lease or use or purchase of state owned real property.

The selected contractor may be authorized to sponsor the issuance of tax exempt certificates of participation or other finance solutions to fund the project and the state is authorized to enter into a lease/purchase agreement for the necessary replacement facilities.

A principal goal of SCDMH in the RFP is to develop a dedicated facility for the program capable of housing the growing census of residents of the SVPTP into the foreseeable future.

I. Background

- The South Carolina Sexually Violent Predator Act (SVPA) was passed by the General Assembly in June, 1998. It was modeled on a Kansas' law which had been upheld by the U.S. Supreme

Court in *Kansas v. Hendricks*, decided in June of 1997.

- Then Governor Beasley, a supporter of the legislation, made space at the Department of Corrections (SCDC) available as the site of the program, originally at no cost to the Department of Mental Health. The Edisto Unit at the Broad River Correctional Institution (BRCI) was selected by SCDC.
- The first admission took place in February, 1999.

II. Statute

The Sexually Violent Predator Act (SVPA) is found at S.C. Code Ann. Section 44-48-10, *et seq.*
<http://www.scstatehouse.gov/code/t44c048.php>

Commitment Process

- SCDMH does not control admissions to the program.
- All persons convicted of a sexually violent offense go through a multi-stage screening process set out in the SVPA prior to release from confinement at SCDC. The Attorney General's office decides which of the cases which the screening process identifies as appearing to meet commitment criteria are screened in are taken to trial.
- A Circuit Court judge or jury makes the final determination whether a person is civilly committed to SCDMH under the SVPA.

Release Process

- SCDMH does not control whether or when a resident is released from the program.
- The decision about whether a committed resident is released is made by a Circuit Court judge or jury following a trial.
- The law does provide a process by which SCDMH can authorize a resident to petition for release, but the ultimate decision still remains with the Court.
- In addition, the resident is entitled by law to an annual review hearing, and the resident can seek a trial on the issue of release with or without SCDMH's authorization.

III. Need for additional space

- It has always been anticipated that the program would outgrow the Edisto Unit at BRCI. The rate of growth in the resident census was initially projected to be 12 to 18 per year. It was anticipated that the census would exceed the capacity of the Edisto Unit by as early as 2003, but for the first several years the program grew more slowly than predicted.
- Both SCDMH and SCDC initially believed that locating the SVPTP in the Edisto Unit was to be a short term solution, until a separate facility for the program was created.
- The Department of Mental Health and the Department of Corrections have had discussions as far back as 1999 about how to meet the need for additional space for this program.
- SCDMH received approval in early 2000 to establish a construction project for a stand-alone facility for the SVPTP on SCDC property, and contracted with an Architect/Engineering Firm to design a building for the site. That plan was completed in December, 2000 and printed in final form on January 26, 2001.
- SCDMH subsequently unsuccessfully sought funding for the building from the General Assembly for a number of years.
- The report of the 2004 Legislative Committee appointed by the General Assembly to review the Sexually Violent Predator Act included the recommendation that work begin on a new building, or renovations be made to an existing building, for the increasing census of the program. (Report of the Sexually Violent Predator Act Review Committee, dated January 12, 2005, can be found at: <http://www.scstatehouse.net/reports/sexualviolentpredatoractreport.pdf>)

The Committee's recommendations are found on pages 119 and 120.)

DMH actions to address space needs

- SCDMH has installed second bunks in twenty (20) cells in the Edisto Unit above the existing bed, in order to "double bunk" residents, and DMH began double bunking residents in February, 2007 when the census surpassed 87.
- SCDMH increased the number of Public Safety staff in the Edisto Unit to maintain the safety and security of the program as the census increased;
- SCDMH previously issued a request for proposals (RFP) seeking proposals from private vendors to operate the treatment program in their own facility, which was subsequently withdrawn.

Columbia Regional Care Center

- In 2008, when the census in the Edisto Unit reached the maximum safe capacity, SCDMH began contracting with a private company which operates a secure correctional infirmary, known as the Columbia Regional Care Center (CRCC), on the campus of the former Crafts-Farrow State Hospital on Farrow Road in Northeast Columbia to begin housing SVPTP residents.
- In 2012, SCDMH reached agreement with SCDC for use of a second unit at the Broad River Correctional Institution (BRCI) – the Congaree unit -- with the potential for up to an additional 90 beds. Following renovations, SCDMH began using the Congaree Unit in the Spring of 2013.
- The Congaree unit allowed SCDMH to consolidate all but medically compromised SVPTP residents at BRCI.

IV. Current Census and Projected Census

The program census as of April 11, 2016 is 181.

Admissions/Releases

	<u>Commitments</u>	<u>Releases/deaths</u>
1999	13	0/0
2000	14	1/0
2001	17	0/0
2002	16	0/0
2003	14	3/2
2004	14	12/1
2005	10	13/0
2006	20	3/1
2007	19	9/2
2008	26	8/0
2009	22	15/0
2010	12	9/0
2011	26	4/1
2012	17	0/1
2013	13	5/2
2014	20	4/1
2015	13	8

At the current and projected rate of growth of the SVPTP it is expected that the program will again be at

maximum capacity by late 2016, or early 2017.

Apart from space to house the residents, continuing to operate the SVPTP at the Broad River Correctional Institution presents challenges. The Units were never designed to provide significant program and activity space. There is limited space for staff offices, which results in many staff having to spend part of their work time in office areas off-site, which is less efficient. Because of limited space for on-site medical care, there is more frequent need for transport of residents to off-site medical providers, which is costly, time-consuming and inefficient.

V. Private operation of the Program

Having adequate and appropriate space to operate the treatment program has been a major issue almost since the program's inception in 1999. The RFP sought proposals from respondents for "long-term solutions for securely housing and treating the growing population of individuals adjudicated as Sexually Violent Predators and civilly committed to the Department of Mental Health pursuant to the Sexually Violent Predators Act."

State land or buildings as the location of the Program

As noted, in 2008 SCDMH contracted for additional space for SVPTP residents in the Columbia Regional Care Center (CRCC) when the agency at that time was unable to obtain needed additional space from SCDC. When local officials and neighborhood residents became aware that Sexually Violent Predators were being housed and treated at the CRCC, significant neighborhood opposition developed.

The fact that SCDMH was by then in the process of working with SCDC to renovate the Congaree unit in order to move the majority of the SVPTP residents from CRCC to the Broad River Correctional Institution is likely the only reason the opposition diminished.

Site of New Facility

Because of the nature of the program -- a Sexually Violent Predator treatment program -- SCDMH concluded that any new facility would need to be located on a site on available State property, and sites were identified and offered to potential respondents as part of the RFP, including the Stevenson Correctional Institution located on the Broad River Campus of the South Carolina Department of Corrections..

The Stevenson Correctional Institution (SCI) was identified during the RFP process as the selected available location for the purpose of the proposed contractor constructing a new separate facility (New Facility) for the SVPTP.

Construction of New Facility

The Proviso authorized the State to seek proposals that offered: *"a single source solution with responsibility for all aspects of the program including but not limited to housing, security, food, clothing, health care, transport, and treatment services. The RFP shall allow for, but not require, respondents to include in their responses the use of other private or public partners (subcontractors) and/or the lease or use or purchase of state owned real property."*

The proposed contractor provided plans for a 250 bed facility, with the potential to be expanded to house as many as 500 residents.

Projected Cost of the New Facility

The cost of the New Facility will be approximately \$40,329,524 inclusive of construction costs and development fees. Financing/legal fees are not included.

Financing Mechanism for the New Facility

Section 11-1-110 of the South Carolina Code authorizes limited obligation bond financing as a method for constructing facilities for the use by state agencies where the bonds are payable from the lease or acquisition payments by the agency to the State Authority. SCDMH believes that this is an approach is the most affordable and expedient method for the State to obtain a much needed secure building designed to meet the space needs of the SVPTP now and in the future, as it would permit the cost of construction and maintenance of the facility to be amortized in a long-term agreement.

Ground Lease and Lease/Purchase

SCDMH will enter into a Ground Lease with SCDC for the Stevenson site, a second sub-Ground Lease with the State Authority, and a Use and Purchase Agreement with the Authority whereby SCDMH will use and acquire the New Facility building under terms that will fully repay the cost of the bond financing over a 20 year term. The source of funds for the payments would be increased State appropriations to SCDMH for the operation of the SVPTP.

Approvals:

- Approval of Section 11-1-110 Financing is needed from the Joint Bond Review Committee (JBRC) as well as the State Fiscal Accountability Authority.
- Although the private construction of a new facility for housing the SVPTP is authorized in the Proviso, because it will be a State owned building on State owned land, SCDMH has also submitted an A-1, Permanent Improvement Project Request, for approval by JBRC and the Authority.

SCDMH will not contract for the private operation (Services Agreement) unless/until it receives approval to proceed with the financing and construction of the New Facility.

Services Agreement

The SVPTP is fundamentally different from SCDMH's mental health treatment services and its veteran's nursing homes. Because of the nature of the resident population and security issues, it has been difficult for the agency to recruit and retain clinical staff. A number of other States have contracted out the operation of their SVP treatment programs, and that is the preferred direction of SCDMH leadership. The Agreement under consideration would provide for the private operation of the SVPTP by the proposed contractor based on a per-resident/per-day rate. The initial rate would be \$216.89 per resident/per day. Upon the move to the New Facility, the rate would drop to \$210.67 for up to 180 residents and \$200.00 for each resident over 180.

Increased Cost

The cost projections of entering into the Services Agreement and bond financing for the New Facility would represent an estimated increase in expense to SCDMH for the SVPTP of \$4.2 million in year one.

FOR DEPARTMENT USE ONLY	
CHE	_____
JBRC	_____
SFAA	_____
JBRC Staff	_____
ADMIN Staff	_____
A-1 Form Mailed	_____
SPIRS Date	_____
Summary	_____

RECEIVED

By Jennifer LoPresti at 10:42 am, Aug 12, 2016

(For Department Use Only)
2-2017(A)
SUMMARY NUMBER
FORM NUMBER

PERMANENT IMPROVEMENT PROJECT REQUEST

1. AGENCY Code J12 Name South Carolina Department of Mental Health
 Contact Person Ken Roey Phone 803-935-5655

2. PROJECT Project # 9748 Name SVP Program Renovation and New Construction of a 250 Bed Capacity Facility
 Facility # _____ Facility Name _____

County Code	40 - Richland
New/Revised Budget	\$41,461,921.00

Project Type	4 - Replace Existing Facilities/Systems
Facility Type	3 - Health Care/Medical

3. CPIP PROJECT APPROVAL FOR CURRENT FISCAL YEAR
 CPIP priority number _____ of _____ for FY _____

4. PROJECT ACTION PROPOSED (Indicate all requested actions by checking the appropriate boxes.)

Establish Project	<input checked="" type="checkbox"/>	Decrease Budget	<input type="checkbox"/>	Close Project	<input type="checkbox"/>
Establish Project - CPIP	<input type="checkbox"/>	Change Source of Funds	<input type="checkbox"/>	Change Project Name	<input type="checkbox"/>
Increase Budget	<input type="checkbox"/>	Revise Scope	<input type="checkbox"/>	Cancel Project	<input type="checkbox"/>

5. PROJECT DESCRIPTION AND JUSTIFICATION
 (Explain and justify the project or revision, including what it is, why it is needed, and any alternatives considered. Attach supporting documentation/maps to fully convey the need for the request.)

Pursuant to Part IB Section 117.115 of the 2013-2014 Appropriation Act (the "Appropriation Act"), the Legislature of the State of South Carolina (the "State") directed DMH to cooperate with the Budget and Control Board, Division of Procurement Services, to develop and cause to be issued a Request for Proposals ("RFP") seeking long-term solutions for securely housing and treating the growing population of individuals adjudicated as Sexually Violent Predators and civilly committed to DMH pursuant to the Sexually Violent Predators Act (the "Program"). The Appropriation Act further directed DMH to word the RFP broadly to allow respondents to propose creative and cost-effective long-term solutions for the operation of the Program, and specified that respondents shall be allowed, but not required, to propose a single source solution with responsibility for all aspects of the Program, including housing, security, food, clothing, health care, transport, and treatment services. In addition, the Appropriation Act provided that the RFP should allow for, but not require, respondents to include in their responses the use of other private or public partners (subcontractors) and/or the lease or use or purchase of State-owned land.

6. OPERATING COSTS IMPLICATIONS
 Attach Form A-49 if any additional operating costs or savings will result from this request. This includes costs to be absorbed with current funding.

7. ESTIMATED PROJECT SCHEDULE AND EXPENDITURES
 Estimated Start Date: Oct 2016 Estimated Completion Date: Sep 2018
 Estimated Expenditures: Thru Current FY: \$10,000,000.00 After Current FY: \$31,461,921.00

8. ESTIMATES OF NEW/REVISED PROJECT COSTS

PROJECT # 9748

- | | | | |
|---------------------------------------------|---------------------------------------|------------------------------|-------------------|
| 1. _____ | Land Purchase ----> | Land: _____ | Acres |
| 2. _____ | Building Purchase ----> | Floor Space: _____ | Gross Square Feet |
| 3. <u>2,935,000.00</u> | Professional Services Fees | | |
| 4. <u>1,680,000.00</u> | Equipment and/or Materials ----> | Information Technology _____ | |
| 5. <u>300,000.00</u> | Site Development | | |
| 6. <u>31,246,921.00</u> | New Construction ----> | Floor Space: <u>99,805</u> | Gross Square Feet |
| 7. <u>3,000,000.00</u> | Renovations - Building Interior ----> | Floor Space: <u>26,600</u> | Gross Square Feet |
| 8. _____ | Renovations - Utilities | | |
| 9. _____ | Roofing - _____ Roof Age | | |
| 10. _____ | Renovations - Building Exterior | | |
| 11. _____ | Other Permanent Improvements | | |
| 12. _____ | Landscaping | | |
| 13. _____ | Builders Risk Insurance | | |
| 14. _____ | Other Capital Outlay | | |
| 15. _____ | Labor Costs | | |
| 16. _____ | Bond Issue Costs | | |
| 17. <u>500,000.00</u> | Other: Major Maintenance | | |
| 18. <u>1,800,000.00</u> | Contingency | | |
| <u>\$41,461,921.00</u> TOTAL PROJECT BUDGET | | | |

ENVIRONMENTAL HAZARDS

Identify all types of significant environmental hazards (including asbestos, PCB's, etc.) present in the project and the financial impact they will have on the project.
Type: _____

Cost Breakdown

Design Services	\$ _____
Monitoring	\$ _____
Abate/Remed	\$ _____
Total Costs	\$ <u>0.00</u>

9. PROPOSED SOURCE OF FUNDING

Source	Previously Approved Amount	Increase/Decrease	Original/Revised Budget	Transfer to/from Proj. #	Rev Object Code	Treasurer's ID Number	Rev Sub Fund	Exp Sub Fund
(0) CIB, Group Lease Revenue Bond		41,461,921.00	0.00 41,461,921.00		8115		3043	3043
(1) Dept. CIB, Group			0.00 0.00		8115		3143	3143
(2) Institution Bonds			0.00 0.00					3235
(3) Revenue Bonds			0.00 0.00					3393
(4) Excess Debt Service			0.00 0.00					3497
(5) Capital Reserve Fund			0.00 0.00		8895		3603	3603
(6) Appropriated State			0.00 0.00		8895	68800100	1001	3600
(7) Federal			0.00 0.00			78800100		5787
(8) Athletic			0.00 0.00			88800100		3607
(9) Other (Specify)			0.00 0.00 0.00			98800100		3907
TOTAL BUDGET	\$0.00	\$41,461,921.00	\$41,461,921.00					

10. SUBMITTED BY:

Mark W. B... Deputy Director, Admin. Services
Signature of Authorized Official and Title

8-9-2016
Date

11. APPROVED BY:

(For Department Use Only)

Authorized Signature and Title

Date

Pursuant to Part 1B Section 117.115 of the 2013-2014 Appropriation Act (the "Appropriation Act"), the Legislature of the State of South Carolina (the "State") directed DMH to cooperate with the Budget and Control Board, Division of Procurement Services, to develop and cause to be issued a Request for Proposals ("RFP") seeking long-term solutions for securely housing and treating the growing population of individuals adjudicated as Sexually Violent Predators and civilly committed to DMH pursuant to the Sexually Violent Predators Act (the "Program"). The Appropriation Act further directed DMH to word the RFP broadly to allow respondents to propose creative and cost-effective long-term solutions for the operation of the Program, and specified that respondents shall be allowed, but not required, to propose a single source solution with responsibility for all aspects of the Program, including housing, security, food, clothing, health care, transport, and treatment services. In addition, the Appropriation Act provided that the RFP should allow for, but not require, respondents to include in their responses the use of other private or public partners (subcontractors) and/or the lease or use or purchase of State-owned land.

The preferred financing mechanism of SCDMH, taking into account all available alternatives and after consultation with the Office of State Treasurer, is a financing pursuant to Section 11-1-110 of the South Carolina Code. Section 11-1-110 allows for the State Fiscal Accountability Authority (SFAA) to lease property to an agency and to then issue lease revenue bonds of the SFAA secured by such lease payments for the purpose of providing funds to acquire, construct, renovate or maintain facilities for the State agency. This mechanism was created by the General Assembly in 1995 and was used to finance State agency projects in 1997, 1998, 1999, 2001, and 2002. Despite prior use of Section 11-1-110 and its precursors, this would be the first to be completed since the reorganization of the Budget and Control Board and the first to be undertaken in connection with a design, build, operate and maintain procurement. The recently passed FY 2016-17 State budget includes the recurring funds requested by the Department to cover the anticipated cost of the public financing.

The New Facility is proposed to be located on SCDC property. In order for the SFAA to obtain sufficient property rights to lease the New Facility to SCDMH to issue the bonds, SCDMH proposes to ground lease the site from SCDC (40-year term), in turn sublease the site to the SFAA (20 year term), and then enter into a lease and use agreement with the SFAA (automatically renewing one year terms; renewal subject to non-appropriation) whereby SCDMH agrees to make lease payments, cause the development of the New Facility, and use the New Facility for SVPTP purposes.

**ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS
RESULTING FROM PERMANENT IMPROVEMENT PROJECT**

1. AGENCY Code J12 Name SC Department of Mental Health
2. PROJECT Project # _____ Name SVP Program Renovation and New Construction of a 250 Bed Capacity Facility

3. ADDITIONAL ANNUAL OPERATING COSTS / SAVINGS. (Check whether reporting costs or savings.)

COSTS SAVINGS NO CHANGE

4.

TOTAL ADDITIONAL OPERATING COSTS / SAVINGS				
Projected Financing Sources				
(1)	(2)	(3)	(4)	(5)
Fiscal Year	General Funds	Federal	Other	Total
1) 2018	\$ 3,900,000.00	\$	\$	\$ 3,900,000.00
2) 2019	\$ 4,300,000.00	\$	\$	\$ 4,300,000.00
3) 2020	\$ 5,400,000.00	\$	\$	\$ 5,400,000.00


5. If "Other" sources are reported in Column 4 above, itemize and specify what the other sources are (revenues, fees, etc.).

6. Will the additional costs be absorbed into your existing budget? YES NO
If no, how will additional funds be provided?
State appropriations.

7. Itemize below the cost factors that contribute to the total costs or savings reported above in Column 5 for the first fiscal year.

<u>COST FACTORS</u>	<u>AMOUNT</u>
1. Debt Service	\$2,700,000.00
2. Increased Operating Costs by Vendor (2018)	1,200,000.00
3. Increased Operating Costs by Vendor (2018/19) Driven	1,500,000.00
4. by Increased Bed Count and 1.5% CPI Increases	
5. Beginning in 2019	
6. _____	
7. _____	
8. _____	
TOTAL	\$5,400,000.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved.

9. Submitted By:  Director, Physical Plant Services 6/3/2016
Signature of Authorized Official and Title Date

**PERMANENT IMPROVEMENT PROJECT INFORMATION FORMAT
FOR PHASE II CONSTRUCTION BUDGET**

1. What is the total projected cost of the project and what is it based on? Please attach a summary of the costs prepared during the A&E pre-design phase to support the total cost.

\$41,461,921. This is a not to exceed cost proposed by the developer which has been supported by an independent cost estimate by the State.

2. What is/are the source(s) of funds for the construction? If any private or federal funds are included, please attach a letter guaranteeing the availability of the funds.

The preferred financing mechanism of SCDMH, taking into account all available alternatives and after consultation with the Office of State Treasurer, is a financing pursuant to Section 11-1-110 of the South Carolina Code. Section 11-1-110 allows for the State Fiscal Accountability Authority (SFAA) to lease property to an agency and to then issue lease revenue bonds of the SFAA secured by such lease payments for the purpose of providing funds to acquire, construct, renovate or maintain facilities for the State agency. This mechanism was created by the General Assembly in 1995 and was used to finance State agency projects in 1997, 1998, 1999, 2001, and 2002. Despite prior use of Section 11-1-110 and its precursors, this would be the first to be completed since the reorganization of the Budget and Control Board and the first to be undertaken in connection with a design, build, operate and maintain procurement. The recently passed FY 2016 -17 State budget includes the recurring funds requested by the Department to cover the anticipated cost of the public financing.

3. What is your agency/institution's definition of each fund source to be used for construction? (If any type of fee makes up a portion of the source, what is the fee called, what is the fee amount, and when it was put in place. If there is a statutory authority authorizing the use of the funds for capital projects, please cite the code section.)

NA

4. What is the current uncommitted balance of funds for each source listed in 3 above?

NA

5. If institution or revenue bonds are included as a source, when were the bonds issued? If not issued yet, when is the bond resolution expected to be brought for State Fiscal Accountability Authority approval?

September 20, 2016.

6. If a student fee is used to fund debt service, what is the current amount of the fee annually or by semester? Please specify which.

NA

7. Will the use of any funds for construction require an increase in any student fee or tuition? If so, please explain in detail.

No.

8. Will the project be LEED certified for energy savings and conservation and if so, at what level will it be certified? For projects requiring or using LEED certification, please attach the required cost-benefit analysis and a checklist of items to be used to achieve LEED points or a description of the energy measures to achieve LEED.

Will be designed to LEED Silver standards but not certified.

9. What energy savings/conservation measures will be implemented within the project if the project will not be LEED certified? For projects that do not require/use LEED, please provide a paragraph on energy savings measures to be implemented as part of the project. If there are no energy savings measures included, please state that and explain why.

The building will be compliant with the South Carolina adopted International Building Codes.

10. What is the projected date (month and year) for execution of the construction contract?

October 2016

11. What is the projected date (month and year) for completion of construction?

September 2018

12. What program(s) are to be included in the constructed or renovated space?

SVP Treatment Program.

13. What is the total square footage of the building to be renovated or constructed?

The proposed project consists of demolition of a 50,000 square-foot housing unit which was constructed in 1938, the construction of two new buildings totaling 99,805 square feet, and the renovation of 26,600 square feet of three existing buildings which were built in 2001, 2007, and 2008.

14. If a portion of the building is to be renovated, what is the square footage of the portion that will be included in the renovation?

26,600 square feet.

15. What is the current age of the building or building systems to be renovated?

Over 50 years old.

16. If any new space is being added to the facility, please provide demand/usage data to support the need.

The program census as of August 2016 is 184.

Admissions/Releases

Year Commitments Releases/Deaths

1999	13	0/0
2000	14	1/0
2001	17	0/0
2002	16	0/0
2003	14	3/2
2004	14	12/1
2005	10	13/0
2006	20	3/1
2007	19	9/2
2008	26	8/0
2009	22	15/0
2010	12	9/0
2011	26	4/1
2012	17	0/1
2013	13	5/2
2014	20	4/1
2015	13	8

At the current and projected rate of growth of the SVPTP it is projected that the program will again be at maximum capacity by late 2016, or early 2017.

17. What are the estimated numbers of students, faculty, staff and/or clients that are expected to use the space affected by the project or the entire building? (Answer for as many as are applicable.)

200 residents and approximately 140 staff, eventually reaching a total population of approximately 500.

18. If the construction cost increased significantly from the internal estimate (30% or more), what factors caused the cost to increase?

NA

19. If the contingency is more than 10%, please explain why.

NA

20. If funds are being transferred from another project, what is the current status of the project from which funds are being transferred?

NA

21. Has the project been included in a previous year's CPIP? If so, what was the last year the project was included and for which year, 1-5?

The Department of Mental Health and the Department of Corrections have had discussions as far back as 1999 about how to meet the need for additional space for this program. SCDMH received approval in early 2000 to establish a construction project for a stand-alone facility for the SVPTP on SCDC property, and contracted with an Architect/Engineering Firm to design a building for the site. That plan was completed in December, 2000 and printed in final form on January 26, 2001. SCDMH subsequently unsuccessfully sought funding for the building from the General Assembly for a number of years. The report of the 2004 Legislative Committee appointed by the General Assembly to review the Sexually Violent Predator Act included the recommendation that work begin on a new building, or renovations be made to an existing building, for the increasing census of the program. (Report of the Sexually Violent Predator Act Review Committee, dated January 12, 2005, can be found at: <http://www.scstatehouse.net/reports/sexualviolencepredatoractreport.pdf>)

22. What are the economic impacts of the project, including job creation and retention? If there are none, please explain.

The project will generate significant regional economic impact, particularly during the construction phase which will take approximately 18 months. Once the program is occupied, the economic impact will continue with the daily operation of the facility, with approximately 140 new positions created in the private sector.

23. How will your agency/institution address and fund maintenance of this facility construction/renovation?

Through a management and operational services contract with the vendor. The per bed price includes all corrective and preventive maintenance associated with the facility, as well as capital maintenance required to maintain the integrity of the facility. SCDMH will use \$500,000 from the proceeds of the bond sale to create a revolving capital fund which is intended to help fund major system upgrades and minimize deferred maintenance requirements at the end of the contract term.

24. If your agency/institution has a deferred maintenance account, what is the name of the account and what is its current uncommitted balance?

NA

25. If how maintenance will be addressed and funded for this facility construction/renovation has not been determined yet, what steps are in place to begin to address how your agency/institution will fund maintenance to this and other agency/institution facilities?

See answer to question 23.

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.

SECTION 11-1-110. State Fiscal Accountability Authority to issue and sell bonds, notes, or other obligations; review by Joint Bond Review Committee.

The State Fiscal Accountability Authority is authorized to issue and sell bonds, notes, or other obligations for the purpose of acquiring, constructing, renovating, or maintaining facilities for the use of and occupancy of state departments and agencies or to refund such bonds, notes, or other obligations, provided that these obligations must be payable solely from revenues derived from the renting, leasing, or sale of all or any designated portion of such facilities held by the State Fiscal Accountability Authority for the use of and occupancy by state departments and agencies and must be secured by a pledge of the revenues from such designated facilities and, at the option of the State Fiscal Accountability Authority, may be additionally secured by a mortgage of these facilities; provided, further, that the issuance and the sale of the bonds, notes, or other obligations provided for in this section are subject to the review of the Joint Bond Review Committee.

Sexually Violent Predator Treatment Program

Summary of the Operations Agreement

South Carolina Department of Mental Health
July 14, 2016

I. Services Agreement

The SVPTP is fundamentally different from SCDMH's mental health treatment services and its State Veteran's nursing homes. Because of the nature of the resident population and security issues, it has been difficult for the agency to recruit and retain clinical staff. A number of other States have contracted out the operation of their SVP treatment programs, and that is the preferred direction of SCDMH leadership. The Agreement under consideration would provide for the private operation of the SVPTP by the proposed contractor (Correct Care) based on a per-bed/per-day rate. Contingent upon contract approval by the State Fiscal Accountability Authority ("SFAA") and the Joint Bond Review Committee ("JBRC"), and upon receiving Notice to Proceed from DMH, Correct Care shall begin an approximately sixty (60) day transition of existing services. At the end of the transition period, Correct Care shall provide management and operational services for the Program pursuant to the requirements of the RFP and the Response, subject to the terms and conditions set forth in the Record of Negotiations.

Note that SCDMH will not contract for the private operation (Services Agreement) unless/until it receives approval to proceed with the financing and construction of the New Facility.

Contract Term: SCDMH has asked the Division of Procurement Services to assist in seeking Authority approval to authorize SCDMH to award a contract for up to forty (40) years for operations of the Sexually Violent Predator Treatment Program (SVPTP). The contract will have a 2-year initial contract term, followed by an optional 10-year renewal, and four optional 7-year renewals. SCDMH officials believe the resulting contract with the maximum 40 year term fulfills the directives set forth by Proviso 117.115 of the 2013-14 Appropriations Act for a cost effective long-term solution for the operation of SVPTP while maintaining the stability as well as providing for the anticipated expansion of these services.

Existing Facility: The initial rate would be \$216.89 per bed/per day, with a minimum guarantee of 180 residents. There are 185 residents as of July 14, 2016.

New Facility: Upon the move to the New Facility, the rate would drop to \$210.67 per bed/per day, with a minimum guarantee of 180 residents. For the number of residents in excess of 180 up to 300, the rate would decrease to \$200.00 per bed/per day. For any beds in excess of 300, the parties shall, in good faith, negotiate a mutually agreed upon fixed per diem rate.

Price Adjustments during the Contract: Once the initial two year contract term is completed, Correct Care may request price adjustments on an annual basis based on any documented cost increase(s), as limited by the CPI – South Urban Medical Care Services Average. Price increases are limited by the increase the agency receives in appropriations for the program or the contractor documented cost increases, whichever is less.

Increased Cost:

The cost projections of entering into the Services Agreement and bond financing for the new facility would represent an estimated increase in expense to SCDMH for the SVPTP of \$4.3 million which includes projected census increases in FY 2018 and FY 2019. The estimated increase is based on a projected increase in operations cost of \$1.6 million and a projected annual debt service payment of \$2.7 million. The projected increase in costs solely attributable to outsourcing the management and operation

of the program is marginal in the short term (just over 1%), but overall costs will ultimately be reduced in the long term due to the efficiencies created by being in a newer facility.

Termination Rights: Correct Care may terminate this Agreement without cause by providing SCDMH with two hundred seventy (270) days written notice. This provision applies only to the management and operational services component of the contract.



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GROUP

COLUMBIA | CHARLOTTE | SPARTANBURG

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gpopc@popeflynn.com Post Office Box 11509 (29211)
DIRECT 803 354.4917 Columbia, SC 29201
FAX 803 354.4899 www.popeflynn.com

August 24, 2016

Ms. Dianne Carraway
Senate Finance
111 Gressette Building
Columbia, South Carolina 29202

Re: Not exceeding \$45,000,000 Lease Revenue Bonds (State Department of Mental Health Project), Series 2016 of the South Carolina State Fiscal Accountability Authority (the "Bonds")

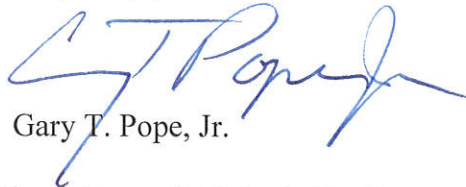
Dear Dianne:

The Department of Mental Health (the "Department") has proposed a financing pursuant to Section 11-1-110 of the Code of Laws of South Carolina 1976, as amended. The Department is requesting authorization of the Bonds by the South Carolina State Fiscal Accountability Authority (the "Authority") at its meeting scheduled for September 20, 2016 and requests review of the Bonds by the Joint Bond Review Committee at its meeting preceding the September Authority meeting. The following documents are respectfully enclosed for consideration by the committee and comprise part of a larger package of approval items necessary to undertake the construction and ongoing operation of the proposed facility to house the Department's Sexually Violent Predator Treatment Program. In connection with the committee's review, we respectfully enclose the following:

1. Project Background and Request for Consideration and Action;
2. A request of the Department's Commission regarding the Bonds;
3. A Bond Information Report;
4. A memorandum regarding financing alternatives;
5. A proposed opinion regarding the leases contemplated by Section 11-1-110 of the Code of Laws of South Carolina 1976, as amended;
6. A proposed opinion of Bond Counsel; and
7. A proposed form of Bond Resolution of the Authority.

Please let us know should you need anything further or if you have any questions or concerns.

Very truly yours,

A handwritten signature in blue ink, appearing to read "G. T. Pope, Jr.", written in a cursive style.

Gary T. Pope, Jr.

c: Keith McCook, General Counsel, State Fiscal Accountability Authority
Mark Binkley, Deputy Director, Department of Mental Health
Kevin Kibler, Senior Assistant State Treasurer, Office of State Treasurer

Enclosures



State of South Carolina
Department of Mental Health

MENTAL HEALTH COMMISSION:

Alison Y. Evans, PsyD, Chair
Joan Moore, Vice Chair
Beverly Cardwell
Bob Hiott, MEd
Everard Rutledge, PhD
J. Buxton Terry
Sharon L. Wilson

2414 Bull Street • P.O. Box 485
Columbia, SC 29202
Information: (803) 898-8581

John H. Magill
State Director of Mental Health

South Carolina Mental Health Commission

Resolution

Whereas, the Sexually Violent Predator Treatment Program (SVPTP) is nearing maximum capacity at its current location; and

Whereas, it has been recognized that the State is in need of a stand-alone facility adequate in size and design to house the growing census of the SVPTP for the foreseeable future; and

Whereas, a Request for Proposals (RFP) was developed by the South Carolina Department of Mental Health (SCDMH) and State Procurement seeking proposals to design, build, operate and maintain a facility for the SVPTP; and

Whereas, SCDMH in evaluating a responsive proposal with assistance from State Procurement and other Department of Administration staff, has determined that it would be in the economic best interest of the State to utilize public funding (bond financing) for the construction of the facility; and

Whereas, State law authorizes the State Fiscal Accountability Authority to issue and sell bonds for the purpose of acquiring, constructing, renovating, or maintaining facilities for the use of and occupancy of state departments and agencies;

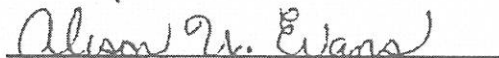
MISSION STATEMENT

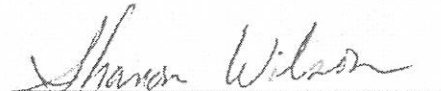
To support the recovery of people with mental illnesses.

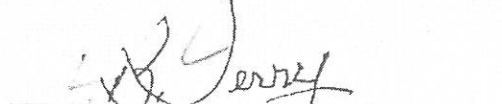



Now Therefore, the Mental Health Commission hereby formally and respectfully requests that the State Fiscal Accountability Authority approve the issuance of bonds in an amount sufficient for the construction funding for the proposed new facility to house the State's Sexually Violent Predator Treatment Program.

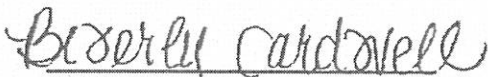
June 3, 2016

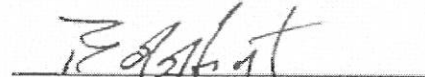

Alison Y. Evans, Psy.D., Chair

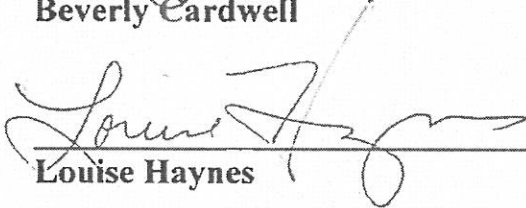

Sharon Wilson


J. Buxton Terry


Everard Rutledge, Ph.D.


Beverly Cardwell


Bob Hiott


Louise Haynes

Bond Information Report

Prepared in Connection with the Proposed Authorization of
Not Exceeding \$45,000,000
South Carolina State Fiscal Accountability Authority Lease Revenue Bonds
(Department of Mental Health Project)
Series 2016

August 24, 2016

Amount and Type of Bond. The Department of Mental Health (the “Department”) is requesting the South Carolina State Fiscal Accountability Authority (the “Authority”) to issue not exceeding \$45,000,000 of South Carolina State Fiscal Accountability Authority Lease Revenue Bonds (Department of Mental Health Project), Series 2016 (the “Bonds”), pursuant to Section 11-1-110 of the South Carolina Code (the “Enabling Act”), in order to provide funds to: (i) construct, improve, renovate and equip an approximately 250-bed facility to house and treat individuals adjudicated as Sexually Violent Predators and civilly committed to the Department pursuant to the Sexually Violent Predators Act on a portion of the land located at 4546 Broad River Road, Columbia, South Carolina known as the Stevenson Correctional Institution (the “Project”); and (ii) pay for expenses related to the issuance of the Bonds.

Revenues Pledged to Pay the Bonds. The Enabling Act contemplates that the revenues paid from a lease of the project from the Authority to a state agency shall secure any bonds issued thereunder. The land on which the project will be located is owned by the Department of Corrections (“Corrections”). The Department contemplates ground leasing the land from Corrections for a period of 40 years. The Department contemplates then subleasing the land to the Authority for a period of 20 years (the final maturity of the Bonds). The Department will then enter into a lease and use agreement whereby it agrees to cause the construction of the Project from the proceeds of the Bonds and make lease payments to the Authority in an amount necessary to provide for the debt service on the Bonds and any other obligations under the lease and use agreement. The Authority, in a bond resolution, will pledge the revenues derived from the lease and use agreement to the payment of the Bonds (the “Pledged Revenues”).

The Department has sought and obtained an increased recurring appropriation of \$4.2 million from the General Assembly in order to pay debt service on the Bonds and make payments to a vendor that will design, build, operate and maintain the Project. Debt service is anticipated to be approximately \$2.8 million in each year and the lease and use agreement requires the payment of actual debt service in each year.

Until the issuance of the Bonds and the execution of the lease and use agreement, there will be no Revenues as defined in the Enabling Act. The anticipated sum of the Pledged Revenues, for the purposes of the Enabling Act, will be the amount of actual debt service on the Bonds due in each fiscal year. The anticipated debt service requirements for the proposed Bonds are attached as Exhibit A (there is no parity debt outstanding or authorized). Exhibit B reflects estimated maximum annual debt service of \$2,729,423 in fiscal year 2021. Pro-forma debt service coverage is planned to be 100% of Revenues in each year. The Department will covenant that it shall pay

the Revenues to the Authority by September 1 each year. It will also represent that such payment represents a first budget priority.

New Revenue Generation. The Project will not generate additional new revenue.

Other Funds Available to Pay Bonds. All payments to the Authority under the lease and use agreement and from which the Pledged Revenues are derived are subject to obtaining a sufficient appropriation. In the event that the \$4.2 million incremental recurring appropriation anticipated to begin in the fiscal year ending June 30, 2017, is not appropriated in future fiscal periods or otherwise proves insufficient to offset the debt service, the Department may, but is not required to, divert revenues currently devoted to other Department programs to make rental payments to the Authority. Total Department expenditures totaled \$406,370,203.00, for the fiscal year ended June 30, 2016.

Student Fees, Credit of the State, Mortgages. The full faith and credit of the State of South Carolina would not be pledged to the payment of the Bonds. No Special Student Fee is applicable to this transaction or otherwise authorized to be imposed in connection with the Bonds. No mortgage or lien has been or will be given in connection with the issuance of the Bonds.

Exhibit A

Lease Revenue Bonds - Department of Mental Health SVP Project

Fiscal Year	Existing Debt Service	Debt Service on		Proposed Issue		Composite Debt Service
		Authorized but Unissued		Principal	Interest	
6/30/2017	\$ -	\$ -		\$ -	\$ 338,046	\$ 338,046
6/30/2018	-	-		1,925,000	802,360	2,727,360
6/30/2019	-	-		1,945,000	783,489	2,728,489
6/30/2020	-	-		1,965,000	762,566	2,727,566
6/30/2021	-	-		1,990,000	739,423	2,729,423
6/30/2022	-	-		2,015,000	713,985	2,728,985
6/30/2023	-	-		2,040,000	686,202	2,726,202
6/30/2024	-	-		2,070,000	655,986	2,725,986
6/30/2025	-	-		2,105,000	623,203	2,728,203
6/30/2026	-	-		2,140,000	587,749	2,727,749
6/30/2027	-	-		2,175,000	549,552	2,724,552
6/30/2028	-	-		2,220,000	508,448	2,728,448
6/30/2029	-	-		2,260,000	464,875	2,724,875
6/30/2030	-	-		2,310,000	419,283	2,729,283
6/30/2031	-	-		2,355,000	371,460	2,726,460
6/30/2032	-	-		2,405,000	321,234	2,726,234
6/30/2033	-	-		2,460,000	268,441	2,728,441
6/30/2034	-	-		2,515,000	213,087	2,728,087
6/30/2035	-	-		2,570,000	155,238	2,725,238
6/30/2036	-	-		2,630,000	94,912	2,724,912
6/30/2037	-	-		2,695,000	32,071	2,727,071
Totals	\$ -	\$ -		\$ 44,790,000	\$ 10,091,604	\$ 54,881,604

Exhibit B

Lease Revenue Bonds - Department of Mental Health SVP Project

Fiscal Year	Composite Debt Service	FY15 Pledged Revenues	Pro Forma Pledged Revenues	Pro Forma Coverage Percentage
6/30/2017	\$ 338,046	\$ -	\$ 338,046	100%
6/30/2018	2,727,360	-	2,727,360	100%
6/30/2019	2,728,489	-	2,728,489	100%
6/30/2020	2,727,566	-	2,727,566	100%
6/30/2021	2,729,423	-	2,729,423	100%
6/30/2022	2,728,985	-	2,728,985	100%
6/30/2023	2,726,202	-	2,726,202	100%
6/30/2024	2,725,986	-	2,725,986	100%
6/30/2025	2,728,203	-	2,728,203	100%
6/30/2026	2,727,749	-	2,727,749	100%
6/30/2027	2,724,552	-	2,724,552	100%
6/30/2028	2,728,448	-	2,728,448	100%
6/30/2029	2,724,875	-	2,724,875	100%
6/30/2030	2,729,283	-	2,729,283	100%
6/30/2031	2,726,460	-	2,726,460	100%
6/30/2032	2,726,234	-	2,726,234	100%
6/30/2033	2,728,441	-	2,728,441	100%
6/30/2034	2,728,087	-	2,728,087	100%
6/30/2035	2,725,238	-	2,725,238	100%
6/30/2036	2,724,912	-	2,724,912	100%
6/30/2037	2,727,071	-	2,727,071	100%

PUBLIC RESOURCES ADVISORY GROUP

MEMORANDUM TO: State of South Carolina Department of Mental Health (“SCDMH”)

FROM: Public Resources Advisory Group (“PRAG”)

SUBJECT: Financing Alternatives of the Sexually Violent Predator Treatment Program (“SVPTP”)

DATE: July 15, 2016

The South Carolina Department of Mental Health (“SCDMH”) is reviewing debt issuance alternatives to finance housing and treatment of the growing population of individuals adjudicated as Sexually Violent Predators and civilly committed to the SCDMH pursuant to the Sexually Violent Predators Act. The considered debt financing structures include Lease Revenue Bonds, Certificates of Participation (“COPs”) and debt issued by a 63-20 not-for-profit organization. Although the security behind each financing option is practically the same – lease payments appropriated by the State of South Carolina – there would be pricing differentials. As the State’s Financial Advisor, we were asked to calculate the magnitude of such pricing differences.

Assuming \$41.5 million in project funding and debt repayment over twenty years, Lease Revenue Bonds would provide the lowest borrowing cost under current market conditions. The COPs would be more expensive, with an annual debt service approximately \$40,000 higher than debt service on Lease Revenue Bonds. Over the life of the financing, the increased cost is approximately \$630,000 on a present value basis or 1.5% of the project proceeds. The cost of the 63-20 alternative would be on the level of COPs or higher. The polled underwriters were not familiar with that structure although it has been used in the past and it would require additional marketing efforts to explain it to potential investors. Vendor financing at 4.25% is substantially more expensive than a public debt issuance.

<u>Credit</u>	<u>Borrowing Yield</u>	<u>Total Debt Service</u>
Lease Revenue Bonds	2.03%	\$54,881,604
Certificates of Participation	2.18%	\$55,732,816
Vendor Financing	4.25%	\$65,285,049

We hope this information is helpful. Please contact Monika Conley or Daniel Forman at 212-566-7800 if you have any questions or comments.

JOINT BOND REVIEW COMMITTEE

Meeting of September 13, 2016

Item Number 6

AGENCY: Department of Administration, Executive Budget Office

PROJECT/SUBJECT: Permanent Improvement Project Requests

There are 20 additional Permanent Improvement projects pending as follows:

- 8 Establish Phase I, Pre-Design Budget
- 8 Establish Phase II, Construction Budget
- 1 Increase Construction Budget
- 2 Establish Project for Preliminary Land Studies
- 1 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 2-2017

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
July 5, 2016 through August 19, 2016

Item: 1. Agency: H12 Clemson University Project: 9925, Clemson House Demolition

CHE Approval Date: 08/02/16
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Project for A&E Design

Budget After Action Proposed

<u>Source</u>	<u>Amount</u>
Other, Maintenance and Stewardship Funds	95,000.00
Total Funds	95,000.00

Total budget.....\$95,000.00
 [9] Other, Maintenance and Stewardship Funds.....\$95,000.00

Purpose: To begin design work for the demolition of the Clemson House located adjacent to the Douthitt Hills Student Community Construction at Clemson University. The 135,000 square foot building was constructed in 1950 and has been the most expensive housing facility to operate. It is no longer in use by University Housing and Dining. The Phase I pre-design budget is requested at 2.50% of the estimated project cost and the additional amount will allow the University to procure the services of professionals to do additional environmental investigation of hazardous materials and investigations of demolition procedures needed for the building's demolition. The Clemson House does not have "good bones" worthy of reinvestment or renovation. Originally constructed as a hotel, the quality of construction and materials used are not institutional quality. Renovation of the building would require replacing the building's exterior skin, a complete seismic retrofit, and removing the slab to create more space, resulting in only 50% space utilization. The cost to renovate the facility for use as classroom, meeting, and office or conference space would exceed the cost to construct a new building on the site. The existing facility is located on a prominent site on campus which merits a building of approximately 200,000 square feet. Renovating the existing building would result in inefficient space and leave prime University land underutilized. After demolition the Clemson House site will be developed as green space with some parking. With Douthitt Hills opening in 2018 and the Business School opening in 2019, both immediately adjacent to the Clemson House site, the additional area will be put to good use. The agency estimates that the completed project will cost approximately \$3,800,000.

Ref: Supporting document pages 1-6

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
July 5, 2016 through August 19, 2016

Item. 2. Agency: H12 Clemson University Project: 9931, IPTAY Center Expansion/Renovation

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

Action Proposed: Establish Project for A&E Design

Budget After Action Proposed

<u>Total budget</u>	\$250,000.00
[9] Other, Athletic Private Gifts.....	\$250,000.00
<u>Source</u>	<u>Amount</u>
Other, Athletic Private Gifts	250,000.00
Total Funds	250,000.00

Purpose: To begin design work for the renovation and expansion of facilities for IPTAY at Memorial Stadium. The IPTAY Center at Memorial Stadium is approximately 14,000 square feet and approximately 28 years old. The Phase I pre-design budget is requested at 2.50% of the estimated project cost and the additional amount will provide the pre-construction services of a Construction Manager-at-Risk during the pre-design phase of the project and will provide for additional geotechnical investigations and surveys of the site. The current IPTAY space is not sufficient to house the increased and growing development staff and has not had any major renovations since constructed in the late 1980's. The space will be expanded to include office space for staff working with major gifts, annual fund, gifts and estate planning, stewardship and ticketing, and will also include support spaces. The existing facilities will be updated to improve interior finishes and functionality to enhance the overall fundraising capabilities of IPTAY. In addition, the work will include the creation of premium seating areas adjacent to and accessible from Memorial Stadium for utilization on football game days that will allow for new revenue generation. Currently, all premium spaces in the stadium are sold out with wait lists. The total square footage of the building to be renovated and expanded is 21,500 square feet. Of that, approximately 14,000 square feet is used for the IPTAY Center. The expansion for IPTAY will be approximately 9,500 square feet. Minor renovations to the remaining 7,500 square feet will be necessary to expand and renovate the IPTAY Center. The renovated space will house 20 fulltime IPTAY staff along with dozens of part-time and student workers. Additionally, up to 510 high level IPTAY members will be able to use the space for football game day functions, as meeting space throughout the year, and for other related events. The agency estimates that the completed project will cost approximately \$10,000,000.

Ref: Supporting document pages 7-12

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
July 5, 2016 through August 19, 2016

Item. 3. Agency: H12 Clemson University Project: 9932, Tennis Center Construction

CHE Approval Date: 08/04/16
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Project for A&E Design

Budget After Action Proposed

Total budget.....	\$312,500.00
[9] Other, Athletic Improvement Funds.....	\$312,500.00
<u>Source</u>	<u>Amount</u>
Other, Athletic Improvement Funds	312,500.00
Total Funds	312,500.00

Purpose: To begin design work for the construction of a new state-of-the-art tennis center for the men's and women's varsity tennis teams. The existing tennis center and indoor practice facilities were constructed between 1987 and 1993 and are not sufficient for today's needs. The Phase I pre-design budget is requested at 2.50% of the estimated project cost and the additional amount will provide the pre-construction services of a Construction Manager-at-Risk during the pre-design phase of the project and will provide for additional geotechnical investigations, surveys of the site, and the required LEED cost benefit analysis. The new center will retain and continue to utilize existing tennis facilities, including outdoor competition courts and a 700 seat permanent stadium. The new approximately 48,000 square foot tennis center will include a new six-court, indoor tennis facility, a clubhouse containing locker rooms, a training room, equipment rooms, a players' lounge, laundry and coaches' offices, a ticket office and public restroom building, two new outdoor courts, and related site work. The existing indoor facility lacks two needed courts for practice and competition in inclement weather. There is currently no designated tennis parking or suitable vehicular or disabled access to the site, which is located along Highway 93. Existing office and support facilities are too small for today's needs. The new facilities will enhance recruiting efforts, improve student athlete playing experiences, improve opportunities for NCAA regionals and other championships, and provide for better pedestrian circulation and vehicular access. The primary users of the new facilities will remain the NCAA varsity men's and women's tennis programs. Each program has approximately three coaches, three support staff members and ten student athletes, totaling approximately 32 individuals who will use the facility. Additionally and as available, Clemson Campus Recreation will host intramurals, club team, and other recreation activities at the facility, as well as community-centered events such as summer tennis camps and City of Clemson sponsored tennis tournaments. Further, Clemson anticipates a total of 5,000 spectators per year for men's and women's tennis matches will also use the facilities. Renovating the existing indoor court building was considered but demolishing it and constructing a new facility was determined to be a more feasible alternative due to siting, ventilation, seismic and other issues. The construction portion of the project is planned to be funded by the issuance of Athletic Facilities Revenue Bonds that will be serviced fully with private donations. The agency estimates that the completed project will cost approximately \$12,500,000.

Ref: Supporting document pages 13-18

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 July 5, 2016 through August 19, 2016**

Item. 4. Agency: D50 Department of Administration Project: 9972, SC Commission for the Blind-Building A and D Renovations

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

Action Proposed: Establish Project for A&E Design

Budget After Action Proposed

Total budget.....\$4,725.00
 [9] Other, SC Commission for Blind Grants.....\$4,725.00

<u>Source</u>	<u>Amount</u>
Other, SC Commission for Blind Grants	4,725.00
Total Funds	4,725.00

Purpose: To begin design work for renovations in Building A and Building D at the SC Commission for the Blind located at 1430 Confederate Avenue, Columbia SC. Building A is 42 years old and 21,939 square feet and Building D is 42 years old and 10,478 square feet. Renovation work in Building A will include the relocation of existing reception desk into a space adjacent to the current reception lobby. The new reception desk will look out onto the existing reception lobby through a reception window added as part of this project, providing greater physical security for the receptionist. Building A renovations also include new carpet and rubber wall base on the first floor of the building. The portion of this building to be renovated is 9,500 square feet. Renovation work in Building D will include renovations of the public restrooms in the building for current code compliance, including, but not limited to the Americans with Disabilities Act, International Building Code and International Plumbing Code. Building D renovations also include a new Accessible Route from the parking lot, including parking lot signs, pavement stripping, curb cuts, and accessible ramp. Finally, a new rubber gymnasium floor will be provided in Building D. The portion of this building to be renovated is 2,458 square feet. The facilities house a total of 75 employees, and 100 visitors use the facilities each day. The agency estimates that the completed project will cost approximately \$443,500.

Ref: Supporting document pages 19-32

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 July 5, 2016 through August 19, 2016**

Item. 5. Agency: J16 Department of Disabilities and Special Needs Project: 9902, Statewide-Community Facilities Preventive Maintenance

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

Action Proposed: Establish Project for A&E Design

Budget After Action Proposed

Total budget.....\$7,499.25
 [4] Excess Debt Service.....\$7,499.25

Source
 Excess Debt Service 7,499.25

Amount
 Total Funds 7,499.25

Purpose: To begin design work for the replacement of windows, sanitizers, HVAC systems, bathroom accessibility upgrades, routine life-cycle repair and replacement of building systems and components in the Coastal, Midlands, Whitten, and Pee Dee Regions facilities. DDSN owns and maintains 65 community residences, administration, and day program buildings around the state. The total potential square footage for the 65 community facilities is 234,073. Specific buildings for repair and component replacement will be determined based on priority of needed work. The sixty five buildings and systems vary in age from 72 years to 21 years in age. The estimated number expected to use the community residences affected is 432 consumers plus staff. The estimated number expected to use the community day program and administration buildings is 317 consumers plus staff. The agency estimates that the completed project will cost approximately \$499,950.

Ref: Supporting document pages 33-42

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 July 5, 2016 through August 19, 2016**

<p><u>Item. 6. Agency:</u> N04 Department of Corrections</p> <p><u>Action Proposed:</u> Establish Project for A&E Design</p> <p>Total budget.....\$49,800.00</p> <p>[6] Appropriated State, Carry-Forward FY 2016\$49,800.00</p>	<p><u>Project:</u> 9731, Deferred Maintenance and Renovations</p>	<p>CHE Approval Date: N/A Committee Review Date: SFAA Approval Date:</p>						
<p><u>Purpose:</u> To begin design work for the most critical maintenance repairs, renovations, and system and equipment replacement for the Agency's 26 institutions and support service buildings located statewide which is more than 6.5 million square feet of building space. The Division of Facilities Management performs a yearly detailed assessment report of the Agency's facilities to determine the physical defects that must be corrected to maintain the buildings operationally. None of the building deficiencies are merely due to the failure to maintain the systems, equipment or structures. The project will address life cycle replacement issues for fire/life safety, accessibility, energy conservation, HVAC and electrical/electronic and environmental health, including asbestos and indoor air quality. The buildings age range from 25 years to over 45 years with an average of 173,076 square feet. The specific systems to be replaced in this project include the following: 1) Evans Correctional Institution Chiller # 2 (Central Energy Plant), for \$360,000. 2) Camille Graham Correctional Institution Fire Alarm System (less the Dana Dorm) for \$750,000. 3) Broad River Correctional Institution Underground emergency power cabling system for \$300,000. 4) MacDougall Correctional Institution Chiller for Kitchen/Dining Building for \$250,000. 5) Lieber Correctional Institution Cooling Tower Central Energy Plant for \$375,000. 6) Evans Correctional Institution Cooling Tower (Central Energy Plant) for \$375,000. 7) Trenton Correctional Institution Chillers (total of six) for \$910,000. The agency estimates that the completed project will cost approximately \$3,320,000.</p>		<p>Budget After Action Proposed</p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: right;"><u>Source</u></td> <td style="text-align: right;"><u>Amount</u></td> </tr> <tr> <td style="text-align: right;">Appropriated State, Carry-Forward FY 2016</td> <td style="text-align: right;">49,800.00</td> </tr> <tr> <td style="text-align: right;">Total Funds</td> <td style="text-align: right;">49,800.00</td> </tr> </table>	<u>Source</u>	<u>Amount</u>	Appropriated State, Carry-Forward FY 2016	49,800.00	Total Funds	49,800.00
<u>Source</u>	<u>Amount</u>							
Appropriated State, Carry-Forward FY 2016	49,800.00							
Total Funds	49,800.00							

Ref: Supporting document pages 43-48

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 July 5, 2016 through August 19, 2016**

Item 7. Agency: N04 Department of Corrections Project: 9732, Cell Phone Interdiction System

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

Action Proposed: Establish Project for A&E Design

Budget After Action Proposed

Total budget.....\$20,490.00
 [9] Other, FY 2017, Proviso 65.25.....\$20,490.00

Source
 FY 2017, Proviso 65.25 Amount
 20,490.00

Total Funds 20,490.00

Purpose: To begin design work to furnish and install a Cell Phone Interdiction System (CPIS) at Broad River (BRCL), Lieber (LCI) and McCormick (MCI) Correctional Institutions. The buildings range in age from 23 year to 30 years. The square footage and users of the facilities affected are as follows: 19,185 sq. ft. @ BRCL with 59 inmates and approximately 20 staff; 46,114 sq. ft. @ Lee with 307 inmates and approximately 20 staff; 47,328 sq. ft. @ LCI with 295 inmates and approximately 20 staff and 16,948 sq. ft. @ MCI with 76 inmates and approximately 20 staff. The CPIS will be installed in the (1) Restrictive Housing Unit (RHU) at BRCL, in two (2) RHU's at Lee, in the one (1) RHU and in one the (1) Death Row unit at LCI, and in the one (1) RUHU at MCI. The system will provide real-time coverage to detect the use of unauthorized cell phones anywhere within the specified housing units and will enable facility personnel to locate the contraband cellular phone(s) being utilized by the inmate(s). The CPIS is self-monitoring and customizable to each correctional institution's housing unit. The ability to customize the interdiction system within the individual housing units will enable the system to detect multiple cellular devices by minimizing spillover from the range of one cellular device into the range of another cellular device within the housing unit(s). In addition, the system can be configured for instantaneous notification and automatic reporting of system activity to authorized SCDC personnel. The agency estimates that the completed project will cost approximately \$1,366,000.

Ref: Supporting document pages 49-55

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 July 5, 2016 through August 19, 2016**

Item. 8. Agency: P24 Department of Natural Resources Project: 9954, Darlington - Great Pee Dee HP/Hurricane Creek Bridge Replacement CHE Approval Date: N/A
 Committee Review Date:
 SFAA Approval Date:

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

Total budget.....	\$5,250.00	<u>Amount</u>
[9] Other, Heritage Trust Fund.....	\$5,250.00	5,250.00
		5,250.00

Purpose: To begin design work for the replacement of an existing concrete bridge across Hurricane Creek on the Great Pee Dee River Heritage Preserve located in Darlington County. The existing bridge was determined to be deficient by SCDOT and was confirmed as such by an independent structural inspection. The condition of the existing bridge limits the ability of the agency to provide rock for maintenance of roads as well as preventing implementation of the timber management plan within the Great Pee Dee Heritage Preserve. The Department proposes to replace the existing concrete span with a pre-engineered steel deck free span bridge. The free span eliminates bridge piers as waterway obstructions and restores bridge load capacity enabling a return to land management activities. Installation of a new bridge will enable the Department to fulfill its mission to act as a steward for the state's natural resources. The department expects to offset the cost of replacement costs within eighteen months once timber management activities resume. The agency estimates that the completed project will cost approximately \$350,000.

Ref: Supporting document pages 56-69

Item. 9. Agency: H51 Medical University of South Carolina Project: 9834, Psych Institute Chiller #1 Replacement

Action Proposed: Establish Construction Budget for \$1,600,000.00 Budget After Action Proposed

(Add \$1,576,750.00 [9] Other, Institution Deferred Maintenance)	<u>Amount</u>
	1,600,000.00
	1,600,000.00

Purpose: To begin final design and construction to replace chiller # 1 at the Psychiatric Institute Building. This project was established in June 2016 for Phase I, which is now complete. The existing chiller is original to the building making it 39 years old. It is beyond its useful life, undersized, and needs replacement. The existing 250 ton chiller will be replaced with a 350 ton chiller. Existing pumps and cooling tower will also be upgraded to match the new chiller capacity. The facility is 62,300 gross square feet and houses 25 faculty/doctors, 50 staff, 30 students, and approximately 75 patients per day. When brought for Phase I, the total projected cost of the project was \$1,550,000. The agency reports, with the addition of \$50,000 in design cost erroneously excluded from Phase I, the total projected cost of this project is \$1,600,000 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 March 2017 and for completion of construction is December 2017.

Ref: Supporting document pages 70-96

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 July 5, 2016 through August 19, 2016**

Item: 10. Agency: H59 State Board for Technical and Comprehensive Education Project: 6124, Greenville - Demolition of Building 602

CHE Approval Date: 07/26/16
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$1,380,639.00

(Add \$1,340,739.00 [9] Other, Local)

Budget After Action Proposed

<u>Source</u>	<u>Amount</u>
Other, Local	1,380,639.00
Total Funds	1,380,639.00

Purpose: To begin solicitation and construction work for abatement, demolition, and mall exterior renovations. This project was established in June 2016 for Phase I, which is now complete. The 137,000 square foot building is 43 years old. Renovation and restoration to current building code and sustainability certification (Green Globes or LEEDS) is estimated to cost in excess of eight million dollars. Structural deterioration of the roof is leading to water penetration resulting in mold growth inside the building. Asbestos-containing material throughout the building will require abatement prior to demolition. The project will include asbestos abatement, structural demolition, mall facade restoration concept, and re-routing HVAC chilled water lines supplying tenant spaces on Bldg. 602 side of McAlister Square. When brought for Phase I, the total projected cost of the project was \$1,330,000. The agency reports, with the addition of the cost for the restoration of the mall rear entrance and relocation of a chill water line, the total projected cost of this project is \$1,380,639 with annual operating savings of \$6,707 in years 1 through 3. The agency also reports the projected date for execution of the construction contract is September 2016 and for completion of construction is April 2017.

Ref: Supporting document pages 97-116

Item. 11. Agency: H59 State Board for Technical and Comprehensive Education Project: 6125, Tri-County - Industrial Technology Center Renovation CHE Approval Date: 08/04/16
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$1,800,000.00

<u>Source</u>	<u>Amount</u>
[5] Capital Reserve Fund	\$1,800,000.00
[9] Other, TCTC Cumulative Maintenance Funds	\$ 800,000.00
Total Funds	1,800,000.00

Purpose: To begin the design and renovation of the Industrial Technology Center (ITC) and Engineering & Industrial Technology (EIT) areas at the Pendleton Campus for industrial technology programs. The project is being requested bypassing Phase I because a portion of the funding is legislatively authorized through FY15-16 Capital Reserve Funds. The facilities are approximately 25 years old and are designed to accommodate 534 individuals. EIT programs are currently housed at both Pendleton Campus and the ITC facility in Sandy Springs. The ITC has approximately 7,500 square foot of space reserved for future expansion. This project is to up fit this space to cost-effectively achieve optimal utilization and allow their industrial-focused programs to be centrally located at the ITC. Project goals include: 1) Develop a "showcase" CNC (Computer Numerical Controls) area to promote the program and the College. 2) Consolidate CNC Programming and Operations and relocate from Pendleton Campus to the ITC. 3) Move HVAC from the ITC to occupy vacated space in Cleveland Hall on the Pendleton Campus. 4) Relocate Welding Technology's grinding and fabrication areas to the vacated HVAC area. 5) Re-purpose vacated space in Cleveland and Wilson Halls on the Pendleton Campus for GET, Automotive Technology, Mechatronics, and Engineering transfer classes. The College's programs in CNC Machining and Mechatronics are growing rapidly. In addition to being able to meet student demand, employers are also asking the College to provide training for their employees which cannot currently be accommodated in existing space. The Industrial Technology Center is designed to mimic a real-world manufacturing environment which best serves the growth of these critical programs in available space at relatively low cost. The agency reports the total projected cost of this project is \$1,800,000 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 November 2017.

Ref: Supporting document pages 117-128

**Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
July 5, 2016 through August 19, 2016**

Item. 12. Agency: N04 Department of Corrections Project: 9726, Headquarters Building Chiller Replacement N/A

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

Budget After Action Proposed

<u>Source</u>	<u>Amount</u>
Appropriated State, Carry-Forward FY 2016	538,000.00
Total Funds	538,000.00

Action Proposed: Establish Construction Budget for \$538,000.00

(Add \$529,900.00 [6] Appropriated State - Carry-Forward FY 2016)

Purpose: To begin the replacement of the chiller system at the Department of Corrections' Headquarters building on Broad River Road. The project was established in August 2016 for Phase I, which is now complete. The 51,000 square foot office building is approximately 47 years old. There are 184 employees assigned to the building and a varying number of inmate workers (maintenance & janitorial crews) and outside visitors. The scope of work includes the following: replace the 160-ton chiller, replace chill water pump, replace heat exchanger, replace control system for chiller/cooling tower, add a hand auto switch for condenser water pump, and replace all necessary/associated piping. The agency reports the total projected cost of this project is \$538,000 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 June 2017 and for completion of construction is November 2017.

Ref: Supporting document pages 129-135

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

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

Budget After Action Proposed

<u>Source</u>	<u>Amount</u>
Other, Law Enforcement Surcharge	469,600.00
Total Funds	469,600.00

Action Proposed: Establish Construction Budget for \$469,600.00

(Add \$462,600.00 [9] Other, Law Enforcement Surcharge)

Purpose: To begin the replacement of the existing fire alarm system in the Dana Dorm of the Camille Graham Correctional Institution. The project was established in August 2016 for Phase I, which is now complete. This Dorm, which is approximately 41 years old, is 19,610 SF and currently houses 48 inmates and provides educational programming for 100+ inmates housed at CGCI. The scope of work will include the demolition of the existing system, new detection devices, control panels and control system. The existing fire system, which is currently not operational, was installed in 1975 when the dorm was constructed and is therefore 41 years old. The system is obsolete and cannot be repaired or replaced without updating the fire alarm system to current code requirements. Currently, the housing unit is operating under a 15-minute fire watch which is encumbering work effort of the understaffed institution and endangering the life and safety of the inmates and staff. A fire watch is the action of an on-site person whose sole duty is to watch for the occurrence of fire which requires patrols of the entire facility for any type of fire incident. The inspections must be accomplished every 15 minutes with the entire facility inspected in under 15 minutes. The agency reports the total projected cost of this project is \$469,600 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 2017 and for completion of construction is March 2018.

Ref: Supporting document pages 136-145

Summary of Permanent Improvement Project Actions Proposed by Agencies
July 5, 2016 through August 19, 2016

Item. 14. Agency: N04 Department of Corrections Project: 9728, MacDougall CI - Elevated Water Storage Tank Renovations CHE Approval Date: N/A
 Committee Review Date: N/A
 SFAA Approval Date:

Action Proposed: Establish Construction Budget for \$293,000.00
 (Add \$288,605.00 [6] Appropriated State, Carry-Forward - FY 2016) Budget After Action Proposed Amount
 Appropriated State, Carry-Forward 293,000.00
 Total Funds 293,000.00

Purpose: To begin to address deficiencies with the 150,000 gallon elevated water storage tank that had been found during a DHEC required inspection (interior and exterior) of the SCDC owned and operated water system. The project was established in August 2016 for Phase I, which is now complete. The inspection report denoted critical deficiencies, non-critical deficiencies, OSHA structural and preventative maintenance. Per the Consent Order the repairs are to be completed by August 4, 2016 and the coatings by March 4, 2017. The Order also stipulates a \$5,000 per day per violation civil penalty and a \$12,000 civil penalty for failure to comply with the implementation schedule. The Water Tank is approximately 40 years old. There are two wells which provide water to the elevated storage tank which serves population of approximately 670 inmates and 160 staff at the MacDougall Correctional Institution plus provides fire protection for facilities of the institution. On July 13, 2016 DHEC responded to the Department of Corrections second extension request granting an extension to September 5, 2016 for the repair of the critical deficiencies and structural deficiencies as listed on the February 22, 2016 tank inspection report. Additionally, they approved an extension until July 31, 2017 for the remaining repairs to the tank and coating of the tank. The agency reports the total projected 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 February 2017 and for completion of construction is July 2017.

Ref: Supporting document pages 146-163

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

Action Proposed: Establish Construction Budget for \$780,500.00
 (Add \$769,200.00 [6] Appropriated State, Carry-Forward FY 2016) Budget After Action Proposed Amount
 Appropriated State, Carry-Forward 780,500.00
 Total Funds 780,500.00

Purpose: To begin to furnish and install motion detection camera systems on the rooftops of each inmate housing unit within two correctional facilities. The project was established in August 2016 for Phase I, which is now complete. Broad River Correctional and Lieber Correctional Institutions are level 3 – High Security, which house the most violent offenders with the longest sentences, and all movement within these institutions are highly restricted. Broad River CI can house as many as 1,425 inmates at any given time along with Lieber CI which houses up to 1,379 inmates. The Staff for these institutions is 301 for Broad River and 235 for Lieber. These camera systems will also allow the agency to detect items being thrown over into or out of the housing areas. These new motion cameras will be integrated into the existing surveillance system. When brought for Phase I, the total projected cost of the project was \$787,500. The agency reports, with a decrease in the contingency amount required, the total projected cost of this project is \$780,500 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 August 2017 and for completion of construction is July 2019.

Ref: Supporting document pages 164-171

**Executive Budget Office – Capital Budgeting Unit
 Summary of Permanent Improvement Project Actions Proposed by Agencies
 July 5, 2016 through August 19, 2016**

<p><u>Item.</u> 16. <u>Agency:</u> U12 Department of Transportation</p>	<p>Project: 9732, SHEP Greenville/Spartanburg Office Phase 2</p>	<p>CHE Approval Date: Committee Review Date: SFAA Approval Date:</p>	<p>N/A</p>
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<u>Action Proposed:</u> Establish Construction Budget for \$1,080,000.00	
(Add \$ 20,000.00 [5] Capital Reserve Fund)	<u>Amount</u>
(Add \$852,000.00 [7] Federal)	20,000.00
(Add \$193,000.00 [9] Other, State Highway Fund)	864,000.00
	196,000.00
	1,080,000.00

Purpose: To begin construction of a 2,950 square foot office to house the State Highway Emergency Program (SHEP) employees located in the Greenville/Spartanburg area. The project was established in June 2015 for Phase I, which is now complete. The scope of work includes the construction of an office to house 16 SHEP employees, their personal vehicles, and secure parking for the SHEP vehicles. The employees must physically report to an office to receive instructions/briefing, gather materials, etc. to prepare for their shift patrolling the interstates in the area. The purpose of the SHEP program is to assist motorists whose vehicles are experiencing mechanical problems and to provide support and assistance to emergency response teams during incidents. The building will be constructed on the same site as the Upstate Salt Storage Structure at exit 58 on Interstate I-85 at the Greenville/Spartanburg County line. The staff are presently located in a 360 square foot construction trailer located at a closed rest area. The trailer is 17 years old, in poor condition, and is too small to accommodate the SHEP shift employees. The trailer and location were intended to be temporary at the time the program was implemented (in 1996) in the Greenville/Spartanburg area. Since the facility is remote from the Greenville Traffic Management Center and view of the roadway is imperative at times, a backup viewing room was added to the facility/project to provide access to video of the interstates. This allows strategic deployment of the SHEP vehicles; however, this added space to the building. When brought for Phase I, the total projected cost of the project was \$750,000. The agency reports, with the addition of the backup viewing room, the total projected cost of this project is \$1,080,000 with additional operating costs of \$3,000 in year 1, \$6,000 in year 2 and \$6,200 in year 3. The agency also reports the projected date for execution of the construction contract is February 2017 and for completion of construction is December 2017.

Ref: Supporting document pages 172-216

Item. 17. Agency: J16 Department of Disabilities and Special Needs Project: 9891, Coastal Center - Highlands 510 Roof Replacement CHE Approval Date: N/A
 Committee Review Date:
 SFAA Approval Date:

Action Proposed: Increase Budget from \$249,000.00 to \$273,900.00
 (Add \$24,900.00 [4] Excess Debt Service) Budget After Action Proposed Amount
 Excess Debt Service 273,900.00
 Total Funds 273,900.00

Purpose: To provide additional funding for the replacement of the leaking existing shingle and low-slope roofing with new roofing at Coastal Center's Highlands 510 residential unit. This project was established for pre-design in October 2015 by JBRC Staff, and the construction budget was approved in March 2016 by JBRC Staff. Bids were received 6/28/16 and roofing costs are higher due to increased construction in the area. The funds will be transferred from project J16-9842, which has been completed. The 6,988 square foot building is used for program space by 45 stakeholders. The roof is more than 23 years old and the entire building will be reroofed. Work includes removal and replacement of approximately 8,156 square foot of modified bitumen roofing and approximately 14,458 square foot of asphalt shingle roofing complete with flashings, insulation, accessories, and other related work. The roofing warranty will be for a period of 20 years from date of substantial completion. The agency reports the total projected cost of this project is \$273,900 and no additional annual operating costs will result from the project. The agency also reports the construction contract was executed in June 2016 and estimates completion of the project is June 2017.

Ref: Supporting document pages 217-229

Item. 18. Agency: H59 State Board for Technical and Comprehensive Education Project: 6126, Conway - Construction Trades Building Acquisition

Action Proposed: Establish Project for Preliminary Land Studies

Total budget.....\$10,000.00
 [9] Other, College Funds.....\$10,000.00

Purpose: To procure investigative studies required to adequately evaluate property prior to purchase. Horry

Georgetown Technical College is considering the purchase of a 7,500 square foot commercial/light industrial building and approximately .64 acres of land located in the Business Park within 1 mile from its Conway Campus. The building (constructed in 2008), and land, is being offered to the College by Conway National Bank at a proposed purchase price of \$375,000. The proposed price is an estimate based on the seller's asking price. It is not based on an appraisal, as the appraisal is yet to be approved/completed. The College has been leasing the building for the past 6 months until the purchase can be made. They believe that the purchase option is far less costly than a lease and the bank desires to sell the property and not continue leasing it. The building will be used to support the College's plumbing, electrical, and construction trades programs. The projected number of students expected to use the building each semester is 30-50 students and approximately 2-3 faculty. Depending on the addition of future programs, the building may support as many as 85 students per semester and 3-4 faculty. Local contractors have requested the College add/expand these programs to address the shortage of skilled workers in these fields. The College has no readily available space to support adding these programs and desperately requires this space to meet local workforce training needs. The building will not have to be renovated. The building is currently configured to meet their instructional requirements including concrete floors, garage doors, HVAC, 14 foot ceilings and commercial electrical supply. The agency estimates that the completed project will cost approximately \$385,000.

Ref: Supporting document pages 230-245

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

Budget After Action Proposed

<u>Source</u>	<u>Amount</u>
Other, College Funds	10,000.00
Total Funds	10,000.00

Item. 19. Agency: P28 Department of Parks, Recreation and Project: 9758, Caesars Head - Greylogs Acquisition

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

Action Proposed: Establish Project for Preliminary Land Studies

Budget After Action Proposed

Total budget.....\$5,000.00
 [9] Other, Recreation Land Trust Fund.....\$5,000.00

Source Amount
 Other, Recreation Land Trust Fund 5,000.00

Total Funds 5,000.00

Purpose: To procure investigative studies required to adequately evaluate property prior to purchase. The Department of Parks, Recreation & Tourism is considering the purchase of a 17.23 acre tract adjacent to Caesars Head State Park in the Mountain Bridge Wilderness Area. The property is currently being purchased by Naturaland Trust and PRT is seeking funding from the SC Conservation Bank to purchase this property from them at a proposed purchase price of \$250,000.00. This land is a key component of the overall Mountain Bridge vision for connecting over 50,000 acres of mountain lands from Table Rock Watershed to the Poinsett Watershed. Additionally, this property is needed to protect the boundaries of Caesars Head State Park from adverse development and to allow for future development of parking areas and trails for access to the Mountain Bridge area. The agency estimates that the completed project will cost approximately \$255,000.

Ref: Supporting document pages 246-256

Item. 20. Agency: P24 Department of Natural Resources

Project: 9952, Colleton-Bear Island WMA Land Acquisition

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

Action Proposed: Final Land Acquisition

Budget After Action Proposed

(Add \$286,000.00 [9] Other, SC Conservation Bank)

Source Amount
 Other, Fish & Wildlife Project Fund 10,000.00
 Other, SC Conservation Bank 286,000.00

Total Funds 296,000.00

Purpose: To acquire approximately 91 acres of land in southern Colleton County. This project was established in June 2016 for Phase I, which is now complete and found no obvious evidence of environmental concerns. The undeveloped property is located in the ACE Basin Focus Area and is part of an Audubon Globally Important Area. The property adjoins the Bear Island Wildlife Management Area and will provide additional habitat for waterfowl, wading birds, migratory songbirds and game species in addition to outdoor recreational opportunities to the public. The appraised value of the property is \$286,000 and the purchase price is \$286,000. The agency is funding the purchase with a \$286,000 SC Conservation Bank Grant. The agency reports the total projected cost of this project, including investigative studies, is \$296,000 and additional annual operating costs of \$500.00 will result from this acquisition, which can be absorbed within existing resources. The agency reports the estimated date to complete the land acquisition is October 2016.

Ref: Supporting document pages 257-283

JOINT BOND REVIEW COMMITTEE

Item Number 7

Meeting of September 13, 2016

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
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FEBRUARY

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MARCH

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APRIL

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NOVEMBER

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DECEMBER

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The next tentatively-scheduled meeting of the State Fiscal Accountability Authority is November 1, 2016.

COMMITTEE ACTION:

Schedule next meeting.

ATTACHMENTS:

None