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Joint Bond Review Committee**

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DIRECTOR OF RESEARCH
SFAA LIAISON
803-212-6682

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

JOINT BOND REVIEW COMMITTEE MEETING

DATE: Wednesday, February 24, 2016
TIME: 9 a.m.
LOCATION: Room 105, Gressette Building

AGENDA

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Gary T. Pope, Jr. Pope Flynn, LLC
Attorney 1411 Gervais St., Suite 300
gpope@popeflynn.com Post Office Box 11509 (29211)
DIRECT 803 354.4917 Columbia, SC 29201
FAX 803 354.4899 www.popeflynn.com

January 26, 2016

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

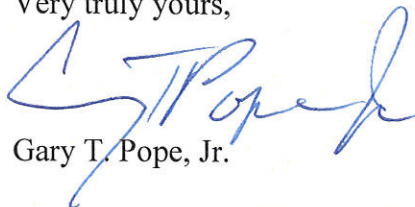
Re: Not exceeding \$39,000,000 Revenue Bonds, Series 2016 of Coastal Carolina University, South Carolina (the "Bonds")

Dear Dianne:

In accordance with the policy adopted by the Joint Bond Review Committee following its October 7, 2014 meeting regarding any agency/institution request for a project approval that results in the addition of bond funds to the project budget, please find enclosed the required documentation detailing the proposed financing. On behalf of Coastal Carolina University, we respectfully request that the Joint Bond Review Committee consider the request for approval of the use of bond funds from the proceeds of the proposed Bonds at its February 2016 meeting.

Please let us know should you require anything further or if you have any questions regarding the enclosed.

Very truly yours,



Gary T. Pope, Jr.

c: Stacie A. Bowie, Vice President, Finance and Administration, Coastal Carolina University
Kevin Kibler, Senior Assistant State Treasurer, Office of State Treasurer

Enclosures

Coastal Carolina University Bond Information Report
Prepared in Connection with the Proposed Authorization of
Not Exceeding \$39,000,000 of Revenue Bonds, Series 2016

January 26, 2016

Amount and Type of Bond. Coastal Carolina University (the “University”) is authorized to issue revenue bonds secured by the Net Revenues of the University (as defined below) pursuant to Title 59, Chapter 136, Article 3 of the Code of Laws of South Carolina 1976, as amended. The proposed not exceeding \$39,000,000 Revenue Bonds, Series 2016 of the University are anticipated to finance an expansion of the University’s football stadium.

Revenues Pledged to Pay the Bonds. The University’s revenue bonds are payable from, and are secured by a pledge of the Net Revenues of the University, which are defined as all revenues of the University (not including revenues derived from appropriations received from the South Carolina General Assembly or tuition moneys collected to pay debt service on State Institution Bonds), less expenses. The sum of these recurring revenues for the fiscal year ended June 30, 2015 totaled \$16,459,744 after expenses. The debt service requirements on all existing, authorized, and proposed University revenue bonds are attached as Exhibit A. Exhibit B reflects maximum annual debt service of \$14,740,238 in fiscal year 2018 and debt service coverage ranging from 2.31 to 27.18 times annual debt service, holding fiscal year ended June 30, 2015 Net Revenues constant and giving effect to certain pro forma and anticipated incremental revenues (as discussed below).

New Revenue Generation. The anticipated financing provides for the addition of approximately 10,000 seats to Brooks Stadium. The University anticipates receiving \$600,000 in aggregate, annual revenue from its athletic department and athletic foundation in connection with the expansion. The impact of these incremental revenues is reflected in the Incremental Pro Forma Net Revenues (Brooks Stadium) column in Exhibit B.

Other Funds Available to Pay Bonds. Should the Net Revenues prove insufficient to provide for debt service on the bonds, the University at June 30, 2015 had \$29.6 million dollars of unrestricted funds that could be applied to pay debt service at the discretion of the University.

Student Fees, Credit of the State, Mortgages. No special student fee is contemplated to be imposed, and no increase in existing student fees is planned, in connection with the Bonds. Neither the full faith and credit of Coastal Carolina University nor the State of South Carolina has been pledged to the payment of any University revenue bonds. Further, no mortgage or lien has been or will be given on any real property of Coastal Carolina University.

Exhibit A

Revenue Bonds - Debt Service

Debt Service on Proposed Bond Issue						
Debt Service On						Total Composite
Fiscal Year	Existing Debt Service	Authorized but Unissued Bonds	Principal	Interest	Debt Service	
6/30/2016	\$ 9,364,953	\$ -	\$ -	\$ -	\$ 9,364,953	
6/30/2017	11,695,045	-	850,000	1,512,693	14,057,738	
6/30/2018	12,380,082	-	995,000	1,365,156	14,740,238	
6/30/2019	12,017,229	-	1,015,000	1,345,256	14,377,485	
6/30/2020	12,014,349	-	1,060,000	1,304,656	14,379,005	
6/30/2021	12,015,417	-	1,100,000	1,262,256	14,377,673	
6/30/2022	12,014,984	-	1,145,000	1,218,256	14,378,240	
6/30/2023	12,021,430	-	1,200,000	1,161,006	14,382,436	
6/30/2024	12,012,455	-	1,260,000	1,101,006	14,373,461	
6/30/2025	12,013,569	-	1,325,000	1,038,006	14,376,575	
6/30/2026	12,013,349	-	1,390,000	971,756	14,375,105	
6/30/2027	10,453,224	-	1,460,000	902,256	12,815,480	
6/30/2028	10,448,480	-	1,505,000	858,456	12,811,936	
6/30/2029	10,447,768	-	1,550,000	813,306	12,811,074	
6/30/2030	10,451,268	-	1,595,000	766,806	12,813,074	
6/30/2031	10,443,193	-	1,645,000	718,956	12,807,149	
6/30/2032	10,448,205	-	1,695,000	667,550	12,810,755	
6/30/2033	10,442,968	-	1,750,000	614,581	12,807,549	
6/30/2034	10,455,661	-	1,805,000	557,706	12,818,367	
6/30/2035	10,451,705	-	1,865,000	499,044	12,815,749	
6/30/2036	10,772,180	-	1,925,000	438,431	13,135,611	
6/30/2037	10,775,375	-	1,990,000	373,463	13,138,838	
6/30/2038	10,775,863	-	2,055,000	306,300	13,137,163	
6/30/2039	10,771,638	-	2,130,000	234,375	13,136,013	
6/30/2040	10,775,075	-	2,205,000	159,825	13,139,900	
6/30/2041	7,532,725	-	2,280,000	82,650	9,895,375	
6/30/2042	7,529,525	-	-	-	7,529,525	
6/30/2043	2,103,600	-	-	-	2,103,600	
6/30/2044	2,100,800	-	-	-	2,100,800	
Totals	\$ 296,742,115	\$ -	\$ 38,795,000	\$ 20,273,756	\$ 355,810,871	

Exhibit B

Revenue Bonds - Coverage

Fiscal Year	Composite Debt Service	FY15 Revenues Pledged to Debt Service	Pro-Forma Revenues*	Incremental Pro- Forma Revenues (Brooks Stadium)	Total Pro Forma Pledged Revenues	Pro Forma Coverage Ratio
6/30/2016	\$ 9,364,953	\$ 16,459,744	\$ 12,114,122	\$ 600,000	29,173,866	3.12
6/30/2017	14,057,738	16,459,744	16,574,128	600,000	33,633,872	2.39
6/30/2018	14,740,238	16,459,744	16,999,101	600,000	34,058,845	2.31
6/30/2019	14,377,485	16,459,744	17,453,545	600,000	34,513,289	2.40
6/30/2020	14,379,005	16,459,744	17,929,518	600,000	34,989,262	2.43
6/30/2021	14,377,673	16,459,744	18,424,191	600,000	35,483,935	2.47
6/30/2022	14,378,240	16,459,744	18,942,352	600,000	36,002,096	2.50
6/30/2023	14,382,436	16,459,744	19,492,979	600,000	36,552,723	2.54
6/30/2024	14,373,461	16,459,744	20,070,179	600,000	37,129,923	2.58
6/30/2025	14,376,575	16,459,744	20,674,973	600,000	37,734,717	2.62
6/30/2026	14,375,105	16,459,744	21,307,241	600,000	38,366,985	2.67
6/30/2027	12,815,480	16,459,744	21,975,039	600,000	39,034,783	3.05
6/30/2028	12,811,936	16,459,744	22,674,659	600,000	39,734,403	3.10
6/30/2029	12,811,074	16,459,744	23,407,460	600,000	40,467,204	3.16
6/30/2030	12,813,074	16,459,744	24,174,906	600,000	41,234,650	3.22
6/30/2031	12,807,149	16,459,744	24,984,928	600,000	42,044,672	3.28
6/30/2032	12,810,755	16,459,744	25,835,530	600,000	42,895,274	3.35
6/30/2033	12,807,549	16,459,744	26,729,846	600,000	43,789,590	3.42
6/30/2034	12,818,367	16,459,744	27,669,211	600,000	44,728,955	3.49
6/30/2035	12,815,749	16,459,744	28,655,186	600,000	45,714,930	3.57
6/30/2036	13,135,611	16,459,744	29,682,906	600,000	46,742,650	3.56
6/30/2037	13,138,838	16,459,744	30,772,208	600,000	47,831,952	3.64
6/30/2038	13,137,163	16,459,744	31,913,292	600,000	48,973,036	3.73
6/30/2039	13,136,013	16,459,744	33,107,601	600,000	50,167,345	3.82
6/30/2040	13,139,900	16,459,744	34,363,233	600,000	51,422,977	3.91
6/30/2041	9,895,375	16,459,744	35,681,467	600,000	52,741,211	5.33
6/30/2042	7,529,525	16,459,744	37,063,760	600,000	54,123,504	7.19
6/30/2043	2,103,600	16,459,744	38,517,862	600,000	55,577,606	26.42
6/30/2044	2,100,800	16,459,744	40,044,675	600,000	57,104,419	27.18

* Pro Forma Revenues consist of (i) the Adjustment for University Place Lease Cancellation and (ii) pro forma revenue from Elvington Residential Halls. Revenue from Elvington assumes vacancy rates of 10% in Fall and 20% in Spring terms, with a 5% increase in rates in 2015, a 2% increase in 2016-2018, and a 1% increase in 2019-2044. The Elvington Residential Halls were financed with the proceeds of revenue bonds issued in 2013 and 2014 of Coastal Carolina University. The first portion of the residential halls will be placed in service in fiscal year 2015-2016 and the second in 2016-2017.

ARTICLE 3.

REVENUE BONDS

SECTION 59-136-300. Equipment defined.

For purposes of this article "equipment" means items with a useful life of at least fifteen years.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-310. Authority to issue revenue bonds.

Coastal Carolina University, in this article referred to as the university, may issue revenue bonds of the university for the purpose of financing or refinancing in whole or in part the cost of construction, reconstruction, improvement, and equipment of buildings for the purposes of the university including, without limiting the generality of the foregoing, dormitories, apartment buildings, dwelling houses, dining halls, cafeterias, parking facilities, sports facilities, and inns or for any one or more of these purposes.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-320. Authorizing resolution; resolution to be part of contract; contents of resolution.

Revenue bonds issued under this article must be authorized by a resolution or resolutions of the board of trustees of the university. The resolution of the university may, in the discretion of the board, contain provisions, which must be a part of the contract between the university and the several holders of the bonds, as to any of the following:

- (1) the custody, security, use, expenditure, or application of the proceeds of the bonds;
- (2) the construction and completion of the building or equipment for which the bonds are issued;
- (3) the use, regulation, operation, maintenance, insurance, or disposition of the building or equipment for which the bonds are issued or restrictions on the exercise of the powers of the board of trustees to dispose of or to limit or regulate the use of the building or equipment;
- (4) the payment of the principal of or interest on the bonds and the sources and methods of the payment, the rank or priority of the bonds as to any lien or security or the acceleration of the maturity of the bonds;
- (5) the use and disposition of the revenues derived or to be derived from the operation of the building or equipment;

- (6) the pledging, setting aside, depositing, or trusteeing of the revenues from which the bonds are made payable to secure the payment of the principal of and interest on the bonds or the payment of expenses of operation and maintenance of the building or equipment;
- (7) the setting aside out of the revenues of reserves or sinking funds and the source, custody, security, regulation, and disposition of them;
- (8) the determination of the definition of the revenues or of the expenses of operation and maintenance of the building or equipment for which the bonds are issued;
- (9) the rentals, fees, or other charges from students, faculty members, and others using or being served by, or having the right to use or be served by, the building or equipment for which the bonds are issued and any parts, extensions, replacements, or improvements of them constructed or acquired and the fixing, establishment, collection, and enforcement of them, the amount or amounts of revenues to be produced by them, and the disposition and application of the amounts charged or collected;
- (10) limitations on the issuance of additional bonds or any other obligations or the incurrence of indebtedness payable from the same revenues from which the bonds are payable;
- (11) parietal rules to ensure the use of the building or equipment by students or members of the faculty of the university to the maximum extent to which the building or equipment is capable of serving the students or faculty members;
- (12) the procedure, if any, by which the terms of any covenant or contract with, or duty to, the holders of the bonds may be amended or abrogated, the amount of bonds to which the holders of which must consent, and the manner in which the consent may be given or evidenced; and
- (13) any other matter or course of conduct which, by recital in the resolution or resolutions authorizing or providing for the bonds, is declared to further secure the payment of the principal of or interest on the bonds.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-330. Particulars of bonds; must be negotiable.

Revenue bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times, not exceeding forty years from their respective dates, may bear interest at such rate or rates, may be payable in such medium of payment and at such place or places, may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration privileges, may be subject to such terms of redemption before

maturity, with or without premium, and may contain such terms, covenants, and conditions as the resolution authorizing the issuance of the bonds may provide. The bonds must be fully negotiable within the meaning of and for all the purposes of the Uniform Commercial Code.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-340. Bonds tax exempt.

The bonds must be exempt from state, county, municipal, and school taxes.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-350. Signature on bonds and coupons.

The bonds must be signed in the corporate name of the university by the chairman of the board of trustees of the university, under the corporate seal of the university attested by the secretary of the board of trustees. Interest coupons attached to the bonds must be signed by the facsimile signatures of these officers. The bonds may be issued notwithstanding that any of the officials signing them or whose facsimile signatures appear on the coupons have ceased to hold office at the time of the issue or at the time of the delivery of the bonds to the purchaser.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-360. Sale of bonds.

The bonds must be sold at public or private sale upon such terms and conditions as the board of trustees of the university considers advisable.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-370. Filing with State Treasurer description of all obligations entered into by board.

The board of trustees or its proper administrative officers shall file with the State Treasurer within thirty days from the date of their issuance a complete description of all obligations entered into by the board, with the rates of interest, maturity dates, annual payments, and all pertinent data.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-380. Authorizing resolution constitutes binding contract; enforcement.

All provisions of a resolution authorizing or providing for the issuance of the bonds in accordance with Section 59-136-320 and of the covenants and agreements constitute valid and legally binding contracts between the university and the several holders of the bonds, regardless of the time of issuance of the bonds, and is enforceable by the holder or holders by mandamus or other appropriate action, suit, or proceeding at law or in equity in any court of competent jurisdiction.

HISTORY: 1993 Act No. 69, Section 1.

SECTION 59-136-390. Sources of payments of bonds; bonds not obligations of state.

The bonds must be made payable solely from the revenues derived by the university from the operation of the building or equipment for which the bonds are issued or, in the discretion of the board of trustees of the university, from the revenues and also from any other revenues of the university except revenues derived from appropriations received from the General Assembly. The bonds are not obligations of the State.

HISTORY: 1993 Act No. 69, Section 1.

AGENCY: Department of Administration, Division of General Services

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

The Medical University of South Carolina requests approval to continue leasing 794 parking spaces with an option to expand up to a total of 1,143 parking spaces from the City of Charleston. The properties are the parking lot of the Fishburne Ballpark located at Fishburne and Hagood Streets and the former SCRA parking lot located at Line and Hagood Streets.

The parking lots are used by 3,664 students and employees. The lots are operated 20 hours per day, Monday through Friday, and are connected to the campus by MUSC's shuttle bus service.

The term of the lease is five years beginning June 1, 2016, at a rate of \$40 per space per month for the first year, or a total of \$381,120 to \$548,640. Thereafter the rate will increase three percent per year to \$45.02 per space per month in the final year. The maximum payout over the five-year term is \$2,912,867 if the lease is expanded to 1,143 spaces for the entire term.

A solicitation was conducted, and three responses were received. The proposed lease represents the lowest bid and the only proposal with space currently available.

MUSC reports comparable rates for parking in the vicinity range from \$98.41 to \$119.50 per space per month.

Rent payments will be paid from revenues generated from all MUSC parking facilities. MUSC has adequate funds to cover the lease according to the Budget Approval Form. The Division of General Services recommends approval. JBRC review per Section 1-11-56.

COMMITTEE ACTION:

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

ATTACHMENTS:

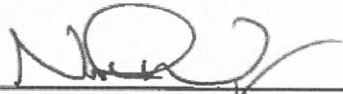
- 1) Division of General Services Lease Summary dated February 24, 2016
- 2) MUSC Request Letter dated January 22, 2016
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws

JBRC AGENDA ITEM WORKSHEET

Meeting Scheduled for: February 24, 2016

1. Submitted by:

- (a) Agency: Department of Administration,
Division of General Services
- (b) Authorized Official Signature:


Nolan L. Wiggins, Jr. Director

2. **Subject:** Medical University of South Carolina Lease at Fishburne Street, Charleston, SC

3. Summary Background Information:

The Medical University of South Carolina ("MUSC") requests approval to continue leasing 794 parking spaces with an option to expand up to a total of 1,143 parking spaces from the City of Charleston at the Fishburne Ballpark parking lot at Fishburne and Hagood Streets and on the former SCRA parking lot on the SE corner of Line and Hagood Streets. This lot is a low-cost parking option for students and employees. As of December, 2015 MUSC had 3,664 employees and students registered to park at this location. Parking is available on a first come, first serve basis to those who have paid a one-time registration fee of \$5.00 for the option to use this parking lot. The parking lot is in use 20 hours a day, Monday through Friday and is connected by the MUSC Transportation Department's shuttle bus service to the MUSC campus. Without this critical parking lot, MUSC advises that the MUSC commuter park-and-ride system would be effectively eliminated. This space is currently leased by the Agency thus eliminating any downtime or relocation costs, estimated at \$200,000.00 for booth, gates, bumpers and call boxes.

A solicitation was conducted and three (3) responses were received, of which the selected location represents the lowest bid and the only proposal with space currently available. The term of the Lease will be five (5) years beginning on June 1, 2016. Rent will be charged at a rate of \$40.00 per month per space. Initially there will be 794 parking spaces available with an option to expand to an additional 349 parking spaces should they become available over the five year lease term. The monthly rate will increase by 3% per year. MUSC will pay these fees with Parking Revenues, generated from all parking income received from all parking spaces (for students, employees and guests). Below is a chart of the rental costs of the lease over the full term.

TERM	PERIOD: FROM-TO	Monthly Rent Per Space	TOTAL MONTHLY RENT	TOTAL ANNUAL RENT
YEAR 1	6/01/2016 - 5/31/2017	\$40.00	\$31,760.00 – 45,720.00	\$381,120.00 – 548,640.00
YEAR 2	6/01/2017 - 5/31/2018	\$41.20	\$32,712.80 – 47,091.60	\$392,553.60 – 565,099.20
YEAR 3	6/01/2018 - 5/31/2019	\$42.44	\$33,697.36 – 48,508.92	\$404,368.32 – 582,107.04
YEAR 4	6/01/2019 - 5/31/2020	\$43.71	\$34,705.74 – 49,960.53	\$416,468.88 – 599,526.36
YEAR 5	6/01/2020 - 5/31/2021	\$45.02	\$35,745.88 – 51,457.86	\$428,950.56 – 617,494.32

MUSC reports that parking rates in the vicinity run from \$98.41 per space per month to \$119.50 per space per month.

There are adequate funds for the lease according to a Budget Approval Form and multi-year plan submitted by the Agency.

This lease was approved by the MUSC Board of Trustees on February 12, 2016 and was approved by the Commission on Higher Education (CHE) on February 4, 2016.

4. What is JBRC asked to do? Approve the proposed 5 year lease for up to 1,143 spaces at Fishburne Street, Charleston, SC to MUSC

5. What is recommendation of the Division of General Services? Recommend approval of the proposed the proposed 5 year lease for up to 1,143 spaces at Fishburne Street, Charleston, SC to MUSC

6. List of Supporting Documents:

- Request Letter MUSC
- SC Code of Laws Section 1-11-55 and 1-11-56



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

January 22, 2016

Shawn Lavery DeJames
Assistant Director
Division of General Services
Department of Administration
1200 Senate Street, Suite 408
Columbia, SC 29201

RE: Fishburne Street (Hagood Lot) #002529

Dear Ms. DeJames:

The Medical University of South Carolina requests approval by the State Fiscal Accountability Authority (SFAA) at its meeting on March 1, 2016, for the lease extension of the Fishburne Street parking lease in Charleston South Carolina. Real Property Services conducted a solicitation and the response from the City of Charleston is attached.

The City of Charleston has proposed the following lease terms including an option to expand to an additional 349 parking spaces should they become available over the 5 year lease term.

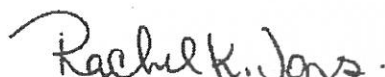
Landlord:	City of Charleston
Parking Spaces:	794
Option to Expand:	349 (total 1,143 spaces)
Lease Term:	5 Years [6/1/2016-5/31/2021]

Annual Rent:

Year 1:	\$40.00 per space / \$381,120.00
Year 2:	\$41.20 per space / \$392,553.60
Year 3:	\$42.44 per space / \$404,368.32
Year 4:	\$43.71 per space / \$416,468.88
Year 5:	\$45.02 per space / \$428,950.56

Total Lease Rent:	\$2,023,461.36
Extended Terms:	To be negotiated

Sincerely,


Rachel K. Jones
Leasing Manager

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

- (1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, agency, government corporation, or other establishment or official of the executive branch of this State. Governmental body excludes the General Assembly, Legislative Council, the Legislative Services Agency, the judicial department and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.
- (2) The Division of General Services of the Department of Administration is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section. However, a technical college, with the approval by the State Board for Technical and Comprehensive Education, and a public institution of higher learning, may enter into any lease agreement or renew any lease agreement up to one hundred thousand dollars annually for each property or facility.
- (3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Division of General Services of its requirement on rental request forms prepared by the division. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the division agree meets necessary requirements and standards for state leasing as prescribed in procedures of the department as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.
- (4) The department shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.
- (5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Division of General Services of the Department of Administration or his designee.

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

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

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

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

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

(a) a nonappropriation for the renting agency;

(b) a dissolution of the agency; and

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

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

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

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

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

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

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

JOINT BOND REVIEW COMMITTEE
Meeting of February 24, 2016

Item Number 3

AGENCY: Department of Administration, Division of General Services

PROJECT/SUBJECT: Department of Commerce, Division of Public Railways Proposal to Lease-Out Office Space

The Department of Commerce, Division of Public Railways (Palmetto Railways), requests approval to lease 12,150 square feet at 1360 Truxton Avenue, Suite 300, in North Charleston, to Equiscript, LLC.

Palmetto Railways retained NAI Avant Charleston to market the property which has been vacant since October 2013. The term of the lease will be five years, 8 months beginning March 1, 2016. The initial base rent will be \$22 per square foot, or \$267,300 for the first year, with increases of 2.5% per year. The base rent includes operating expenses with the tenant responsible for its pro rata share of increases in operating costs capped at 2.5% per year.

The lease provides for Palmetto Railways to provide provide renovations of the space not to exceed \$277,425. (*See Permanent Improvement Item No. 6.*)

The tenant will pay a security deposit of \$22,275. If Palmetto Railways cannot provide 3,000 to 12,000 square feet of additional space within a quarter mile of the building, the tenant has the right to terminate the lease after the 38th month, with three months prior written notice.

Palmetto Railways will pay a commission of 6% to NAI Avant, or \$96,000, and half will be paid to the tenant's broker, Caldwell Commercial Real Estate Services.

JBRC review is required per Section 1-11-56(C) of the South Carolina Code of Laws.

COMMITTEE ACTION:

Review and make recommendation regarding the proposed lease-out of 1360 Truxton Avenue, North Charleston

ATTACHMENTS:


- 1) Division of General Services Lease Summary dated February 24, 2016
- 2) Letter from Department of Commerce, dated February 8, 2016
- 3) Sections 1-11-55 and 1-11-56 of the South Carolina Code of Laws

JBRC AGENDA ITEM WORKSHEET

Meeting Scheduled for: February 24, 2016

1. Submitted by:

- (a) Agency: Department of Administration,
Division of General Services
(b) Authorized Official Signature:


Nolan L. Wiggins, Jr., Director

2. Subject: Palmetto Railways lease of 12,150 RSF office space at 1360 Truxtun Ave. North Charleston, SC to Equiscript, LLC

3. Summary Background Information:

Palmetto Railways ("Railways") requests approval to lease 12,150 rentable square feet (RSF) at 1360 Truxtun Ave., Suite 300, North Charleston, SC to Equiscript, LLC ("Tenant") located at 474 Wando Park Blvd. Suite 200, Mount Pleasant, SC 24464.

Railways retained NAI AvantCharleston LLC ("Landlord Broker") to market this property which has been vacant since October, 2013. The term of the Lease will be five (5) years and 8 months. The Commencement Date is expected to be April 1, 2016. The initial base rent will be at a rate of \$22.00 per rentable square foot. On the Commencement Date Tenant will prepay seven months of rental for a total of \$155,925.00, thereafter beginning January 1, 2017 Tenant shall pay base rent monthly. Beginning June 1, 2017 the rental rate will increase by 2.5% to \$22.55 per rentable square foot and will thereafter increase annually at that same rate. The base rent includes Tenant's proportionate share of operating expenses, including but not limited to, taxes, insurance, common area maintenance, utilities (power and water) and janitorial services. Below is a chart of the rental costs of the lease over the full term.

PERIOD: FROM-TO	MONTHLY RENT	ANNUAL RENT	RENT/RSF
4/01/2016 -5/31/2017*	\$22,275.00	\$267,300.00	\$22.00
6/01/2017 - 5/31/2018	\$22,831.88	\$273,982.50	\$22.55
6/01/2018 - 5/31/2019	\$23,402.67	\$280,832.06	\$23.11
6/01/2019 - 5/31/2020	\$23,987.74	\$287,852.86	\$23.69
6/01/2020 - 5/31/2021	\$24,587.43	\$295,049.19	\$24.28

*Lease provides that the first two months of rental are free, and Tenant shall prepay 7 months rental on 4/1/16 with monthly rental payments beginning January 1, 2017.

State agencies leasing space in the North Charleston area pay blended rates between \$14.54 per rentable square foot to \$17.25 per rentable square foot. Lee & Associates Commercial Real Estate Services reports rates in the North Charleston area average \$19.27 per square foot and the Colliers International 2015 Fourth Quarter Market Report indicates an average commercial lease rate per square foot between \$18.71 and \$20.25 in the North Charleston market area.

This is a modified gross lease. Tenant will pay as additional rent its pro rata share of increases in building operating costs with the first increase calculated at the conclusion of calendar year 2016 (Base Year), however, Tenant shall not be liable for or obligated to pay any portion of the building operating cost increases which exceed 102.5% of their pro rata share of building operating cost in the Base Year.

Railways will make renovations to the premises in accordance with construction drawings as agreed to by Tenant. Railways shall provide a tenant improvement allowance not to exceed a total amount of \$277,425. The tenant improvement allowance may not be utilized towards furniture, fixtures, equipment or rent due. Railways shall select a general contractor and coordinate and oversee all construction and Tenant shall remit to Railways the balance of the final total construction cost to the extent the improvements exceed \$277,425.00.

Tenant shall pay a security deposit of \$22,275.00 to be held by Railways without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations. Tenant has a right, at any time after the 38th full month, with three months prior written notice, to terminate the lease if Railways cannot supply Tenant with additional office space (between 3,000 – 12,000 square feet) within the building or within a quarter mile of the building and cannot meet this need within six months. If Tenant exercises this termination right, Tenant will pay Railways an amount equal to any and all unamortized tenant improvement allowance and real estate commission expenses.

Railways will pay a real estate commission to Landlord Broker in the amount of 6%, a total of \$96,000.00, half of which will be paid to the Tenant's Broker, Caldwell Commercial Real Estate Services.

4. What is JBRC asked to do? Approve the proposed 5 year 8 month lease-out of 1360 Truxtun Avenue, North Charleston, SC 29405 to Equiscript, LLC.

5. What is recommendation of the Division of General Services? Consider approval of the proposed 5 year 8 month lease-out of 1360 Truxtun Avenue, North Charleston, SC 29405 to Equiscript, LLC.

6. List of Supporting Documents:

- Request Letter from Railways
- SC Code of Laws Section 1-11-55 and 1-11-56



Nikki R. Haley
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt III
Secretary

February 8, 2016

Nolan L. Wiggins, Jr.
Department of Administration
Division of General Services
1200 Senate Street, Suite 408
Columbia, SC 29201

Dear Mr. Wiggins:

The South Carolina Department of Commerce, Division of Public Railways (Palmetto Railways) requests that the Joint Bond Review Committee (JBRC) and the State Fiscal Accountability Authority approve the following lease agreement for 12,150 rentable square feet of space at 1360 Truxtun Avenue, North Charleston, South Carolina.

Tenant:	Equiscipt, LLC
Lease Term:	Sixty-eight (68) months commencing April 1, 2016
Square Feet:	12,150
Annual Rent 1 st Year:	\$267,300
Base Rent 1 st year:	\$22.00 per sq. ft

In June 2013, JBRC and the Budget and Control Board approved the acquisition of the remaining 50 acres of real property at the former Navy Base under control of various Noisette entities. The \$10 million purchase from non-appropriated Palmetto Railways funds of the remaining Noisette properties provided the opportunity for Palmetto Railways to unify its real property holdings in and around the NBIF such that Palmetto Railways would be able to facilitate the future development of the former Navy Base in collaboration with its partners and stakeholders. The transaction also allowed Palmetto Railways to settle three (3) pending court cases involving The Noisette Company.

The building to be leased at 1360 Truxtun Avenue was included in the above-referenced acquisition and has been vacant since the purchase. After extensive effort, a tenant for the property has been found with competitive rates.

Several employees of the Department of Commerce and Palmetto Railways will attend the Joint Bond Review Committee and State Fiscal Accountability Authority meeting when this request is considered. Please let me know if any additional information is needed.

Sincerely,

Chris Huffman
Chief Financial 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 Commerce, Division of Public Railways

PROJECT/SUBJECT: Real Property Acquisitions Related to the Navy Base Intermodal Facility

The Department of Commerce, Division of Public Railways (Palmetto Railways), requests approval to acquire properties necessary to provide a 100-foot buffer between the western border of the Navy Base Intermodal Facility (NBIF) and adjoining neighborhood and a waiver of JBRC policy requiring a letter of support from the school district in which the property is located.

Since 2010, the Department has acquired approximately 296 acres associated with the implementation of NBIF (following review and approval of the JBRC, former Budget and Control Board, and Department of Administration, as appropriate). As part of an exchange of properties included in a settlement with the City of North Charleston in 2012, Palmetto Railways has retained approximately 266 acres. Acreage not necessary for NBIF project is available for mitigation associated with the NBIF and/or revenue generating development. Palmetto Railways expects the NBIF to be operational by the end of 2018.

Transactions for which Palmetto Railways is seeking approval must be initiated prior to the release of the draft environmental impact statement (EIS), which is expected in April 2016. Palmetto Railways plans to create an earthen berm adjacent to the NBIF to serve as a buffer between the facility and the adjacent neighborhood to mitigate noise, vibration, and air quality. The residential area, consisting of 46 parcels and 7.75 total acres, is currently 70 percent occupied with single and multi-family homes, most of which is rental property. Palmetto Railways will provide relocation assistance to the displaced residents in accordance with federal guidelines.

The source of funds for the acquisitions is Palmetto Railways' resources and will not impact the General Fund. Palmetto Railways has obtained 23 appraisals to date ranging from \$8,500 for unimproved land to \$1,086,000 for a large multi-family housing unit for a collective appraised value of \$3.4 million. The total estimated appraisal value for all 46 parcels is currently anticipated to be approximately \$6.3 million. Palmetto Railways anticipates that all acquisitions can be undertaken at or below the appraised value for each parcel. (To date, prospective sellers have expressed willingness to sell rather than go through condemnation proceedings. Palmetto Railways will notify the Department of Administration and JBRC if any parcel cannot be obtained at or below appraised value and the reasons therefor.)

Palmetto Railways will secure Voluntary Cleanup Contracts to ensure that Palmetto Railways and the State do not assume liability for existing environmental contamination.

Palmetto Railways has obtained letters of support from the City of North Charleston and Charleston County for the proposed acquisitions. Because Palmetto Railways is involved in litigation issues on behalf of Clemson University with the school district and because the NBIF is expected to generate significantly increased tax revenues for industrial property in the area,

Palmetto Railways is requesting that JBRC waive its policy requiring a letter of support from the impacted school district.

The Department of Commerce reports that additional real property acquisitions are likely to be necessary after release of the draft EIS, which will specify whether additional buffering is required and will determine the northern and southern connection routes to the NBIF. Additional approvals will be requested at that time.

COMMITTEE ACTION:

- 1) Approve acquisition of properties necessary to provide a 100-foot buffer between the western border of the NBIF and the adjoining neighborhood.
- 2) Waive JBRC policy which requires that a letter of support be obtained from the Charleston County School District.

ATTACHMENTS:

- 1) Letter from Department of Commerce, dated January 20, 2016
- 2) Map identifying the parcels included in the proposed acquisitions
- 3) Letter of support from City of North Charleston dated January 12, 2016
- 4) Letter for support from Charleston County Council dated January 12, 2016



Nikki R. Haley
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt III
Secretary

January 20, 2016

Ms. Dianne Carraway
Joint Bond Review Committee
Gressette Building, Room 109
Columbia, South Carolina 29201

Mr. Delbert Singleton
State Fiscal Accountability Authority
1200 Senate Street
Columbia, SC 29201

Ms. Ashlie Lancaster
South Carolina Department of Administration
1200 Senate Street, Ste. 460
Columbia, SC 29201

Dear Dianne, Delbert and Ashlie:

The purpose of this letter is to notify you of the intention of the South Carolina Department of Commerce ("Commerce") and its Division of Public Railways ("Palmetto Railways") to seek the approval of the Joint Bond Review Committee ("JBRC"), the State Fiscal Accountability Authority ("SFAA"), and/or the Department of Administration ("DOA") for certain transactions associated with the implementation of the state's intermodal container transfer facility, which is now known as the Navy Base Intermodal Facility ("NBIF").

The NBIF project is extremely complex and involves many and varied transactions, most if not all of which arise out of real property at the former Navy Base. The transactions for which Palmetto Railways is currently seeking approval are ones that must be initiated prior to the release of the draft environmental impact statement ("EIS") expected in April 2016. After release of the draft EIS, Palmetto Railways will likely know what additional real property transactions it must undertake in order to implement the NBIF and will seek additional approvals at that time.

As background, Commerce and Palmetto Railways have already sought the approval of JBRC, the former State Budget and Control Board ("B&CB"), and/or the DOA for prior real property and other transactions related to the initiation and implementation of the NBIF.

I. PRIOR APPROVALS

A. Project 2010

In December 2010, the B&CB approved a confidential series of transactions under the code name Project 2010, which involved acquisition by Palmetto Railways of approximately 240 acres (+/-) of property in close proximity to existing Port of Charleston terminals. The acreage acquired represented a majority of the remaining acreage associated with a failed private development by the Noisette Company. Acquisition of the property by Palmetto Railways was necessary to provide a rail solution in the North Charleston area that would accommodate the State's plan to construct an intermodal container transfer facility (nka "NBIF") in North Charleston providing the Class I rail carriers equal dual access to State Ports Authority facilities. Acquisition costs for the mortgages on the 240 acres were approximately \$23 million and were paid from non-appropriated Palmetto Railways' funds available for capital projects. Palmetto Railways subsequently took possession of the property out of foreclosure for no additional consideration.

B. Settlement with City of North Charleston

After B&CB approval of Project 2010, Palmetto Railways initiated a series of condemnation actions for the purpose of acquiring additional properties required for the NBIF. Those condemnation actions were followed by a series of right to take challenges by the City of North Charleston and other related litigation, which hampered the ability of Palmetto Railways to implement the State's rail plan and construct the NBIF, a project that both parties agreed is essential for the Port of Charleston and the State.

After extensive efforts to identify a mutually satisfactory rail solution and after protracted litigation, the parties reached a comprehensive Settlement Agreement that the B&CB approved in December 2012. That settlement included the following key elements:

- (1) the exchange of properties between Palmetto Railways and the City of North Charleston;
- (2) \$8 million in cash compensation to the City;
- (3) assumption of an approximately \$6.5 million Tax Increment Financing Obligation of the City in connection with the Navy Base property;
- (4) the agreement to fund a comprehensive Surface Transportation Study to identify impacts of rail and highway traffic related to state port and rail operations throughout North Charleston;
- (4) the agreement by the City of North Charleston to partner with Commerce/Palmetto Railways to support and facilitate administrative and other issues arising at the former Navy Base; and
- (5) the agreement by Palmetto Railways to assist the City of North Charleston with ongoing litigation costs arising out of the settlement.

C. Remainder of Noisette Property

In June 2013, JBRC and the B&CB approved the acquisition of the remaining 50 acres of real property at the former Navy Base under control of various Noisette entities. The \$10 million purchase from non-appropriated Palmetto Railways funds of the remaining Noisette properties provided the opportunity for Palmetto Railways to unify its real property holdings in and around the NBIF such that Palmetto Railways would be able to facilitate the future development of the former Navy Base in collaboration

with its partners and stakeholders. The transaction also allowed Palmetto Railways to settle three (3) pending court cases involving The Noisette Company.

D. Access to Industrial Property Owned by Palmetto Railways

In August 2015, JBRC and the DOA approved the acquisition of 3.36 acres of industrial property at the former Navy Base to enable Palmetto Railways to retain access to industrial property it currently owns that is adjacent to the NBIF site (because otherwise Palmetto Railways was going to lose access to the property during and upon implementation of the NBIF).

II. REQUEST TO APPROVE REAL PROPERTY TRANSACTIONS

Palmetto Railways expects the NBIF to be operational no later than year-end 2018. The real property transactions for which Palmetto Railways is presently seeking approval involve mitigation of noise, vibration, and air quality. These transactions will be undertaken with resources available to Palmetto Railways and will not impact the State's general fund. All transactions will be at or below fair market value,¹ and Palmetto Railways will continue to take steps to protect the State from environmental liability associated with properties it has acquired or will acquire at the former Navy Base by securing Voluntary Cleanup Contracts (or VCCs). These VCCs will ensure that Palmetto Railways does not assume liability for existing environmental contamination.

The transactions at issue are reflected on the attached map and/or referenced below:

1. Properties Required to Mitigate Noise, Air and Vibration

Immediately west and adjacent to the NBIF facility is a residential area that is currently 70 percent occupied with single and multi-family homes. (See attached Potential Property Acquisition, Navy Base Intermodal Facility map.) Most residents are renters. Palmetto Railways seeks to create a 100-foot buffer between the facility and the adjacent neighborhood to mitigate the effects of noise, vibration, and air quality. The affected area includes 53 parcels. (See map: GREEN [Purchase/Easement] properties west of the NBIF.) By acquiring these parcels, Palmetto Railways will be able to construct an earthen berm on the western edge of the facility to provide a buffer instead of a wall.² Additionally, with the support of the City of North Charleston, Palmetto Railways will provide relocation assistance to displaced residents.

¹ Should any transaction require payment in excess of fair market value, Palmetto Railways will notify the approving entity(ies) of such transaction and the reason such property cannot be acquired for fair market value. Palmetto Railways intends to use condemnation only as a last resort.

² Comments made at a recent community scoping meeting included a request to create a 500-foot buffer on the western edge of the NBIF. These comments will be taken into account by the United States Army Corps of Engineers (USACE) during NEPA process, and Palmetto Railways may be required in the EIS to acquire additional properties to provide a larger buffer between the NBIF and the adjacent neighborhood. A larger buffer is consistent with terms and spirit of the Settlement Agreement pursuant to which the City of North Charleston and Palmetto Railways are collaborating to divide the former Navy Base into an area east and north of the facility that is more suitable for recreational (and possibly residential) use and an area west and south of the facility that is more suitable for industrial development. Accordingly, the Mayor of North Charleston has requested that Palmetto Railways purchase all residential properties west of the facility up to Spruill Avenue, allowing Spruill to serve as a natural buffer for the new industrial area. (See Letter from Mayor Keith Summey attached.)

2. Easements

Palmetto Railways may be required to grant easements for utilities or to provide access in connection with the proposed real property transactions at issue and, accordingly, seeks approval for same.

3. JBRC Policy Waiver

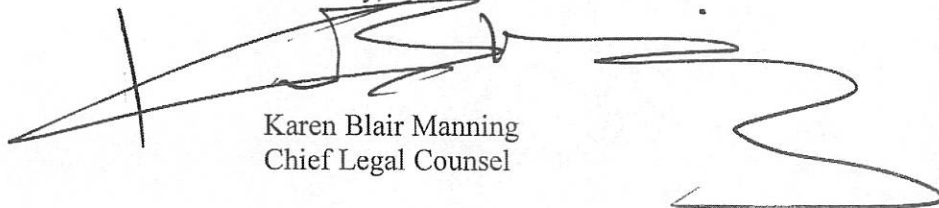
Palmetto Railways has obtained letters of support from the City of North Charleston and Charleston County for the proposed acquisition of the buffer properties (see attached letters), but requests that JBRC waive any requirement that Palmetto Railways obtain a letter of support from the Charleston County School District. Palmetto Railways is currently litigating issues on behalf of Clemson University involving real property interest claims at the former Navy Base by the school district. Accordingly, even though the NBIF project will enable taxable industrial development at the former Navy Base that is anticipated to generate significantly increased tax revenues for all affected governmental entities, Palmetto Railways cannot reasonably expect the Charleston County School District to provide a support letter.

III. REQUEST FOR APPROVAL

As described more fully above, the Department of Commerce and Palmetto Railways respectfully request, as is appropriate for each entity, that the JBRC, the SFAA, and/or the DOA take the following actions, subject to appropriate due diligence and fair market value limitations:

1. Approve acquisition of properties necessary to provide a 100-foot buffer between the western border of the NBIF and the adjoining neighborhood and to provide relocation assistance within federal guidelines.
2. Approve the granting of easements to facilitate any of the real property transactions at issue associated with the implementation of the NBIF.
3. With regard to JBRC, waive any requirement that a letter of support be required from the Charleston County School District.

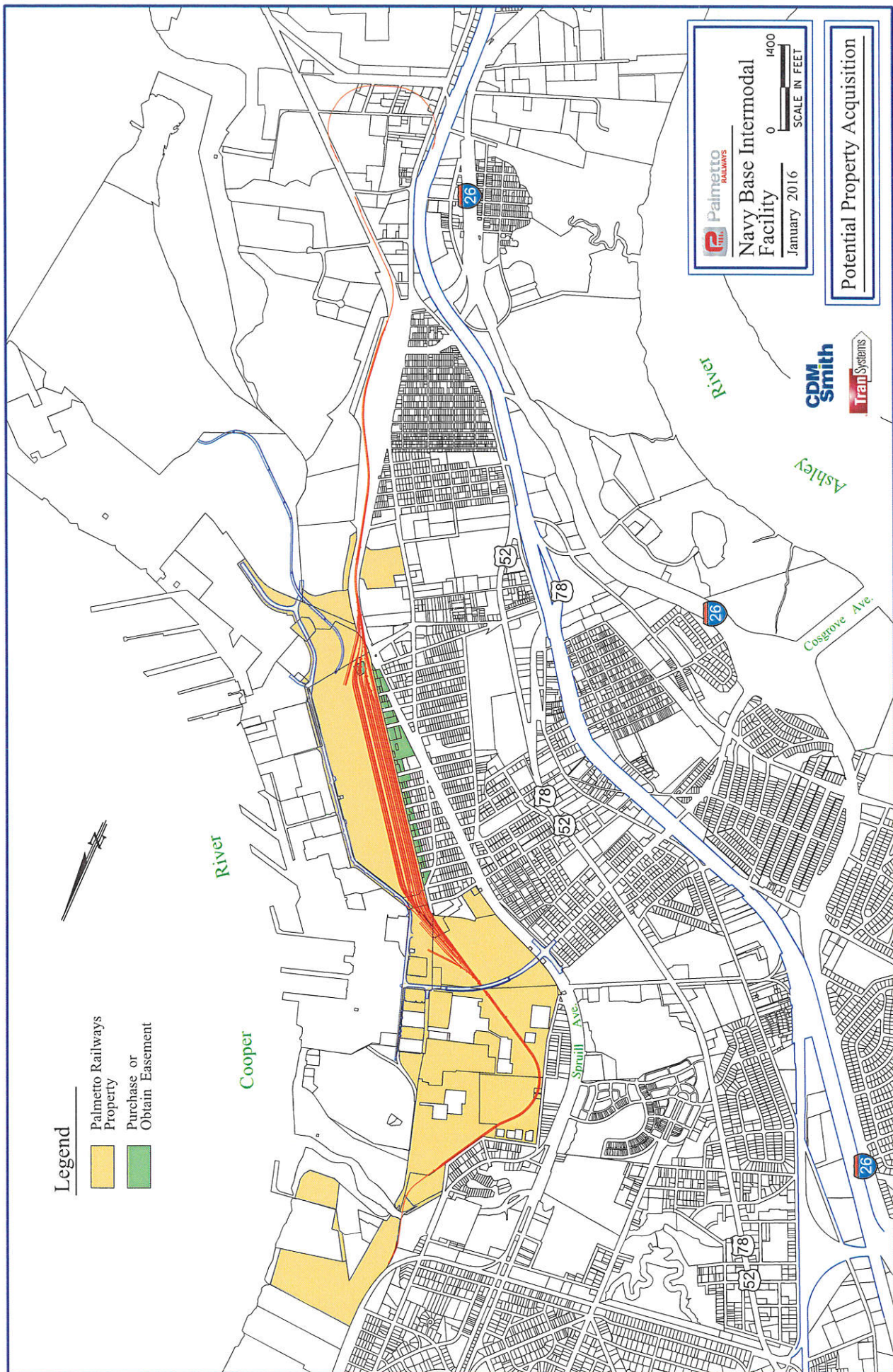
Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'K. Manning', is written over the name and title of the signatory.

Karen Blair Manning
Chief Legal Counsel

cc: Robert M. Hitt III
Jeff McWhorter, President, Palmetto Railways
Chris Huffman, Chief Financial Officer

KBM
Attachments



January 12, 2016

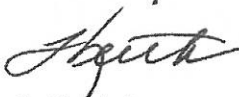
The Honorable Robert M. Hitt III
Secretary
S C Department of Commerce
1201 Main Street, Ste. 1600
Columbia, S C 29201

Dear Secretary Hitt:

On behalf of the City of North Charleston, I support the effort by Palmetto Railways to acquire the residential properties that are immediately west of the Naval Base Intermodal Facility ("NBIF") for the purpose of establishing a buffer to mitigate noise, vibration and air quality. I understand Palmetto Rails is currently looking to utilize a 100' buffer. I have previously discussed this issue with them and requested that a larger buffer be established by acquisition of all residential properties in this area up to the eastern border of Spruill Avenue, allowing Spruill to serve as a natural buffer for the new industrial area.

In connection with the proposed property acquisitions, I will support any relocation of displaced residents so long as such relocation complies with federal guidelines.

Sincerely,



R. Keith Summey
Mayor

/mo

cc: Jeffrey McWhorter, President Palmetto Railways

J. Elliott Summey - Chairman
A. Victor Rawl - Vice Chairman
Colleen T. Condon
Henry E. Darby
Anna B. Johnson
Teddie E. Pryor
Joseph K. Qualey
Herbert R. Sass, III
Henry D. Schweers



Beverly T. Craven, Clerk
(843) 958-4030
1-800-524-7832
FAX (843) 958-4035
E-mail: bcraven@charlestoncounty.org

CHARLESTON COUNTY COUNCIL
LONNIE HAMILTON, III PUBLIC SERVICES BUILDING
4045 BRIDGE VIEW DRIVE
CHARLESTON, SOUTH CAROLINA
29405-7464

January 12, 2016

The Honorable Robert M. Hitt III
Secretary
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201

Dear Secretary Hitt:

On behalf of Charleston County, I support the effort of Palmetto Railways to acquire the residential properties that are immediately west of the Naval Base Intermodal Facility ("NBIF") for the purpose of establishing a buffer to mitigate noise, vibration and air quality. I have discussed this issue with the Mayor of North Charleston and am in agreement that a buffer between the NBIF and adjacent residential properties is a necessary component of any plan to mitigate the effects of the intermodal facility. My understanding is that displaced residents will be relocated as prescribed by federal guidelines.

Sincerely,

A handwritten signature in dark ink, reading "J. Elliott Summey". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

J. Elliott Summey
Chairman
Charleston County Council

cc: Jeffrey McWhorter, President, Palmetto Railways

AGENCY: Executive Budget Office, Capital Budgeting Unit

PROJECT/SUBJECT: Permanent Improvement Project Requests

There are 13 Permanent Improvement projects pending as follows:

- 1 Establish Phase I, Pre-Design Budget
- 2 Establish Phases I and II, Pre-Design and Construction Budgets
- 3 Establish Phase II, Construction Budget
- 1 Increase Construction Budget
- 2 Establish Project for Preliminary Land Studies
- 4 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 5-2016

Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
December 17, 2015 through January 28, 2016

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<u>Item. 1.</u>	<u>Agency:</u> H15 College of Charleston	<u>Project:</u> 9622, Avery Envelope Renovation and Mechanical System Replacement	<u>CHE Approval Date:</u> 02/05/16 <u>Committee Review Date:</u> <u>SFAA Approval Date:</u>
	<u>Action</u> <u>Proposed:</u> Establish Project for A&E Design		<u>Budget After Action Proposed</u>
	<u>Total budget:</u>	\$18,889.00	<u>Source</u>
	[9] Other, Capital Project Institutional Funds.....	\$18,889.00	<u>Amount</u>
	<u>Purpose:</u> To begin design work to provide for envelope repair and mechanical system replacement for the Avery Research Center for African American History and Culture at the College of Charleston. The Avery Research Center is 17,054-gross-square-feet and is approximately 148 years old. The mechanical system being replaced is approximately 16 years old. The building envelope and mechanical systems are failing and are in need of repair and replacement in order to properly preserve the important archival and exhibition materials housed within the facility. The building envelope is failing to control moisture intrusion through areas of the roof, exterior walls, windows, and sealants. The planned envelope repair includes selective roof repair and modification, masonry wall repairs, removal, repair, resetting or replacement of windows, and total replacement of all exterior sealant systems. The mechanical system has exceeded its normal service life and is not holding the temperature and humidity set points required for archive areas. New computer room-style HVAC units, DDC controllers, sensors, central station air handlers, and fan coil units will be installed. The agency estimates that the complete project will cost approximately \$1,259,300.	Other, Capital Project Institutional Funds 18,889.00	
		Total Funds 18,889.00	
<u>Ref:</u>	Supporting document pages 1-6		
<u>Item. 2.</u>	<u>Agency:</u> H15 College of Charleston	<u>Project:</u> 9663, McConnell Residence Hall HVAC System Replacement and Renovation	<u>CHE Approval Date:</u> 02/05/16 <u>Committee Review Date:</u> <u>SFAA Approval Date:</u>
	<u>Action</u> <u>Proposed:</u> Establish Project and Construction Budget for \$3,442,180.00		<u>Budget After Action Proposed</u>
	<u>Total budget:</u>	\$3,442,180.00	<u>Source</u>
	[9] Other, Housing Revenue.....	\$3,442,180.00	<u>Amount</u>
	<u>Purpose:</u> To begin design work and to begin Phase II to replace the HVAC system distribution piping and associated major mechanical equipment and air distribution in the Glenn McConnell Residence Hall at the College of Charleston. The McConnell Residence Hall is 71,603-gross-square-feet and is approximately 36 years old. The HVAC piping and pump system is original to the building, and the chiller and roof top unit are 16 years old. The system is leaking and is excessively corroded. It is beyond repair and needs to be replaced in order to avoid catastrophic system failure. Select ceilings, lighting, and plumbing fixtures will be replaced as part of this project. The agency reports the total projected cost of this project is \$3,442,180 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 2016 and for completion of construction is December 2017.	Other, Housing Revenue 3,442,180.00	
		Total Funds 3,442,180.00	
<u>Ref:</u>	Supporting document pages 7-12		

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Executive Budget Office – Capital Budgeting Unit
Summary of Permanent Improvement Project Actions Proposed by Agencies
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Item. 5.	Agency: R40 Department of Motor Vehicles	Project: 9610, Florence DMV Renovations	CHE Approval Date: Committee Review Date: SFAA Approval Date:	N/A
<u>Action Proposed:</u> Establish Construction Budget for \$525,000.00				
(Add	\$519,000.00	[9] Other, DMV Operating Revenue)	Budget After Action Proposed	
<u>Purpose:</u>			<u>Source</u>	<u>Amount</u>
To renovate the facility for the Department of Motor Vehicles Operations located in Florence County. The project was established in December 2015 for pre-design work, which is now complete. The renovations of an underused DMV District Office would allow the agency to better serve the customers in the Florence area. The building to be renovated is approximately 5,372-square-feet and was constructed in 1981. The only items that have been replaced to date are the HVAC and interior lighting, which were replaced in 2010. This location is one of the 15 busiest DMV locations in the State and this renovation would allow the agency to double the current customer service counters from 8 to 16. The renovation would include upgrades in data, telephone, modular furniture and building renovations, including complete asbestos abatement, to accommodate the special needs of DMV. This project will include updating the restrooms for ADA compliance and replacing the current flooring with slip resistant VCT. This location will be similar to the recently renovated Rock Hill DMV office when complete. The agency reports the total projected cost of this project is \$525,000 and no additional annual operating costs will result from this project. The agency also reports the projected date for execution of the construction contract is September 2016 and for completion of construction is June 2017.			Other, DMV Operating Revenue	525,000.00
			Total Funds	525,000.00
<u>Ref:</u>			Supporting document pages 29-36	

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Summary of Permanent Improvement Project Actions Proposed by Agencies
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Item. 6.	Agency: Y08 Department of Commerce-Public Railways	Project: 9501, Tenant Improvements 1360 Truxtun Avenue Street	CHE Approval Date: Committee Review Date: SFAA Approval Date:	N/A
<u>Action</u>				
<u>Proposed:</u> Establish Construction Budget for \$277,425.00				
Total budget.....		\$277,425.00	<u>Amount</u>	
[9] Other, Housing Revenue.....		\$277,425.00	Other, Agency Revenues	277,425.00
			Total Funds	277,425.00
<u>Purpose:</u>				
To begin design work and to begin Phase II to renovate the 1360 Truxtun building in North Charleston. The 1360 Truxtun building is approximately 36,000-square-feet and was built in 1900 and renovated most recently in 2002. The renovations will include approximately 12,150-square-feet. The first and second floors of this third story building are occupied, but the third floor is not. This floor had been vacant since the Charleston Naval Base Redevelopment Authority moved out in 2011. The space had been built-out specifically for that tenant. Between the specific configuration and the wear and tear over the years, the suite needs a signification amount of work done on it to make it marketable. After two years of searching, a tenant has been located. This project will include the removal of walls, modular partitions, doors, frames, windows, cabinetry, wood base, ceiling grids, carpet and various other building components. New interior walls will be constructed. Four existing doors will be relocated. Existing base, wall cabinets, and a counter top will be relocated. Laminated counter tops will be installed in the bathrooms. Paint will be applied to walls, door frames, window frames, wood base and exterior window frames. The ceiling grid and tile will be reworked. Carpet tile will be installed. HVAC, electrical, plumbing, life safety, sprinkler heads, and other general conditions will be addressed in this renovation. The agency reports the total projected cost of this project is \$277,425 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 2016 and for completion of construction is April 2016.				
<u>Ref:</u>			Supporting document pages 37-46	

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Summary of Permanent Improvement Project Actions Proposed by Agencies
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Item. 7.	Agency: P24 Department of Natural Resources	Project: 9942, Beaufort - Waddell Mariculture Center Infrastructure Renovation	CHE Approval Date: Committee Review Date: SFAA Approval Date:	N/A
<u>Action Proposed:</u> Increase Budget from \$1,100,000.00 to \$1,350,000.00				
(Add	\$250,000.00	[7] Federal, Sportfish Restoration Grant Funds)	Budget After Action Proposed	<u>Amount</u>
<u>Purpose:</u>	To provide additional funding to renovate the infrastructure at the Waddell Mariculture Center in Beaufort County for the Department of Natural Resources. The project construction budget was established in October 2014 by Budget and Control Board staff as the project was legislatively authorized through non-recurring revenue funds. The Waddell Mariculture Center is approximately 14,000-square-feet and is approximately 32 years old. The renovation project will restore walls and floors that are in need of repair due to 32 years of saltwater corrosion. The projects seek to mitigate salt damage to the electrical system by replacing and/or upgrading electrical boxes and wiring in an effort to meet existing safety codes. As some of the Center's ponds no longer hold water due to concrete and pond liner damage, these would be replaced in an effort to increase the Center's ability to produce fish for stocking. The recently returned bids were higher than anticipated. This was due to higher HVAC costs attributed to the fish house space. The agency will fund the additional cost with federal Sportfish Restoration funds. The grant application is in the process of being submitted to the US Fish and Wildlife Service. The agency reports the total projected cost of this project is \$1,350,000 and no additional annual operating costs will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is March 2016 and for completion of construction is June 2016.			
			Appropriated State Federal, Sportfish Restoration Grant Funds	1,100,000.00 250,000.00
			Total Funds	1,350,000.00
Ref: Supporting document pages 47-52				

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Item. 8.	Agency: H59 State Board for Technical and Comprehensive Education	Project: 6122, Florence-Darlington County Cosmetology Building and Land Acquisition	CHE Approval Date: Committee Review Date: SFAA Approval Date:	01/08/16
<div> <div> <div> <div>Action</div> <div>Proposed: Establish Project for Preliminary Land Studies</div> </div> <div> <div>Total budget.....</div> <div>[9] Other, College Funds.....</div> </div> <div> <div>\$20,000.00</div> <div>\$20,000.00</div> </div> </div> </div>				
<div> <div> <div>Purpose:</div> <div> To procure the investigative studies required to adequately evaluate property prior to purchase. The Florence-Darlington Technical College is considering the purchase of an 11,600-square-foot building it currently leases for its cosmetology program and approximately 50.74 acres of land. The property is adjacent to two other separated pieces of land, comprised of 16 acres and 1.7 acres, which is currently owned by the college. This acquisition would place the entire 68.44 acre tract under ownership of the college. The acquisition also includes a 6.36 acre tract near the college's main campus. The college has grown from 3,956 to 6,215 students in the last 7 years. From 2007 to 2014, the college was the fastest growing technical college in the state system, growing by 57%. Facilities on the existing campuses are limiting the growth in many programs. The main campus is essentially landlocked, limiting options for new buildings and parking areas. This property will allow relocation of the Continuing Education Healthcare programs from the downtown Florence Health Science Campus. Thus, opening up space there for the growth of the academic Health Science programs, which have student waiting lists. The acreage available in this acquisition will allow the college the opportunity to add additional buildings to meet academic and instructional expansion needs in the future. The agency estimates that the complete project will cost approximately \$1,875,000. </div> </div> </div>				
			<div> <div>Budget After Action Proposed</div> <div> <div>Source</div> <div>Amount</div> </div> </div>	
			Other, College Funds	20,000.00
			Total Funds	20,000.00
<div> <div>Ref:</div> <div>Supporting document pages 53--58</div> </div>				

Item. 9.	Agency: H73 Vocational Rehabilitation Department	Project: 9610, Richland VR Center Land Acquisition	CHE Approval Date: Committee Review Date: SFAA Approval Date:	N/A
	<div> <div>Action</div> <div>Proposed: Establish Project for Preliminary Land Studies</div> </div>			
	<div> <div>Total budget.....</div> <div>[7] Federal.....</div> </div>			
	<div> <div>Purpose:</div> <div>To procure the investigative studies required to adequately evaluate property prior to purchase. Vocational Rehabilitation is considering the acquisition of approximately 10 acres of vacant land on Farrow Road in Richland County from the Department of Mental Health. The land will be used to consolidate various Vocational Rehabilitation programs, some of which are in leased space, into one location. The land is centrally located to approximately 85% of the client population served in the county and the consolidation is estimated to save approximately \$250,000 in operation expenditures annually. The alternative to acquiring this land is to operate from two separate locations, which is not efficient and cost effective. The agency estimates that the complete project will cost approximately \$400,000.</div> </div>			
	<div> <div>Ref:</div> <div>Supporting document pages 59-66</div> </div>			
	<div> <div>Budget After Action Proposed</div> <div> <div>Source</div> <div>Federal</div> <div>Total Funds</div> </div> <div> <div>Amount</div> <div>20,000.00</div> <div>20,000.00</div> </div> </div>			

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Item. 10. <u>Agency:</u>	H15 College of Charleston	Project:	9661, The Inn at 32 George Street Acquisition	CHE Approval Date:	1/26/16
				Committee Review Date:	
				SFAA Approval Date:	
<u>Action</u>	Budget After Action Proposed				
<u>Proposed:</u>					
	Final Land Acquisition			<u>Source</u>	<u>Amount</u>
(Add	\$3,400,000.00	[9]	Other, Capital Institutional Project Funds)	Other, Capital Institutional Project Funds	3,420,000.00
				Total Funds	3,420,000.00

Purpose: To acquire approximately 0.2 acres of land, a 5,613-gross-square foot inn and a 1,560-gross-square-foot carriage house for College of Charleston. The project was established in December 2015 to procure the preliminary studies required to adequately evaluate property prior to purchase, which are now complete. The acquisition of the property at 32 George Street in Charleston, SC is currently operating as the King George IV Inn. The Inn would be used to consolidate the College's guest services, which would allow several facilities in the core of campus to be repurposed and more efficiently used. The College's guest services program consists of several historic buildings in the core of campus and serves the institution's guest lecturers, speakers, and researchers as well as the Board of Trustees and other distinguished guests. The acquisition of the Inn would allow guest services to be consolidated in a single facility already designed, furnished and equipped to serve as guest housing. Consolidating guest services into one facility would be a much more efficient and cost-effective use of space, which is particularly valuable on the College's land locked urban campus. The Inn is located along the eastern perimeter of the campus, contiguous to several College facilities, zoned for use, and was approved by the Commission on Higher Education as part of the 2012 Master Land Acquisition. The College's current guest housing facilities would be repurposed as faculty and administrative offices. This would be a more appropriate and effective use of these facilities, given their location in the core of campus. The property has been appraised for \$3,200,000 and the seller has agreed to sell for \$3,400,000. The College intends to purchase the property's furnishings for \$200,000 and will retain and utilize the existing contents. The Executive Budget Office has reviewed the appraisal and environmental study and approves their use in granting this request. The agency reports the total projected cost of this project, including the investigative studies, is \$3,420,000 and annual operating costs of \$50,211 will result in the three years following the acquisition.

Ref: Supporting document pages 67-82

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Item. 11. <u>Agency:</u>	P24 Department of Natural Resources	Project: 9947, Pickens - Jocassee Gorges WMA Land Acquisition	CHE Approval Date: Committee Review Date: SFAA Approval Date:	N/A
<u>Action</u> <u>Proposed:</u>	Budget After Action Proposed			
(Add	\$400,000.00	[9] Other, Fish & Wildlife Timber Revenue)	<u>Source</u>	<u>Amount</u>
<u>Purpose:</u>	To acquire approximately 96 acres of land in Pickens County that adjoins the Jocassee Gorges Wildlife Management Area for the Department of Natural Resources. The project was established in November 2015 to procure the preliminary studies required to adequately evaluate property prior to purchase, which are now complete. The property provides habitat for deer, quail, turkey and small game. After the land is acquired, the property will be managed as part of the Jocassee Gorges WMA and will be open to the public for hunting, hiking, viewing wildlife and enjoying nature. The property is being sold by the Clemson University Real Estate Foundation, Inc. The property has been appraised for \$460,000 and the seller has agreed to sell for \$400,000. The Executive Budget Office has reviewed the appraisal and environmental study and approves their use in granting this request. The agency reports the total projected cost of this project, including the investigative studies, is \$420,000, and no additional annual operating costs will result from the acquisition.			Other, Fish & Wildlife Timber Revenue 420,000.00 Total Funds 420,000.00
<u>Ref:</u>	Supporting document pages 83-98			

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Item. 12.	Agency:	P24	Department of Natural Resources	Project:	9948, Laurens - Cliff Pitts WMA Land Acquisition	CHE Approval Date: Committee Review Date: SFAA Approval Date:	N/A
<u>Action</u>							
<u>Proposed:</u> Final Land Acquisition							
(Add	\$760,000.00	[9]	Other, Fish & Wildlife Deer Tags)	<u>Source</u>		<u>Amount</u>	
(Add	\$530,000.00	[9]	Other, Reedy River Mitigation Trust Fund)	Other, Fish & Wildlife Deer Tags		780,000.00	
(Add	\$ 10,000.00	[9]	Other, National Wild Turkey Federation)	Other, Reedy River Mitigation Trust Fund		530,000.00	
				Other, National Wild Turkey Federation		10,000.00	
				Total Funds		1,320,000.00	
<u>Purpose:</u>							
To acquire approximately 589 acres of land in Laurens County that adjoins the Cliff Pitts Wildlife Management Area for the Department of Natural Resources. This property is located on the south side of Hood Creek Road. The project was established in November 2015 to procure the preliminary studies required to adequately evaluate property prior to purchase, which are now complete. The property is being sold by the Clemson University Land Stewardship Foundation (71.1 acres) and Clemson University (518.23 acres). The property provides habitat for deer, quail, turkey and small game. After the land is acquired, the property will be managed as part of the Cliff Pitts WMA and will be open to the public for hunting, fishing, hiking, viewing wildlife and enjoying nature. The approximately 518 acres has an appraised value of \$1,475,000 and the sellers have agreed to sell for \$1,300,000. The Executive Budget Office has reviewed the appraisal and environmental study and approves their use in granting this request. The agency reports the total projected cost of this project, including the investigative studies, is \$1,320,000, and additional annual operating costs of \$5,000 will result in the three years following acquisition.							

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Item. 13.	Agency:	H59 State Board for Technical and Comprehensive Education	Project: 6113, Grand Strand Campus Property Acquisition	CHE Approval Date: Committee Review Date: SFAA Approval Date:	02/03/16
	<u>Action Proposed:</u>	Final Land Acquisition			
	(Add	\$260,000.00	[9] Other, College Funds)		
	<u>Purpose:</u>	To acquire an approximately 0.8 acre parcel of land from the Horry-Georgetown Technical College's Foundation that is located adjacent to the College's Grand Strand Campus. The land would be used to provide approximately 75 additional parking spaces for faculty, staff and students. There is a 8,700-square-foot building currently situated on the property that is more than 35 years old, does not conform to existing building codes, and is not deemed cost effective to repair and restore. Because of its poor condition, the building has no market value and would be demolished. The Grand Strand Campus at HGTC has enrollment of approximately 3,000 students and supports more than 30 academic programs of study. HGTC has the 3 rd most affordable tuition within the State, and would not increase tuition or fees associated with this project. The approximately .08 acres has an appraised value of \$267,000 and the sellers have agreed to sell for \$260,000. The Executive Budget Office has reviewed the appraisal and environmental study and approves their use in granting this request. The agency reports the total projected cost of this project, including the investigative studies, is \$280,000, and additional annual operating costs of \$2,500 will result in the three years following acquisition.			
		<u>Source</u>	Other, College Funds		<u>Amount</u>
			Total Funds		280,000.00
				Budget After Action Proposed	280,000.00

Ref: Supporting document pages 123-132

JOINT BOND REVIEW COMMITTEEMeeting of February 24, 2016**Item Number 6****AGENCY:** Joint Bond Review Committee**PROJECT/SUBJECT:** Future Meeting Schedule**JANUARY**

S	M	T	W	T	F	S
					1	2
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
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31						

FEBRUARY

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MARCH

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APRIL

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MAY

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JUNE

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JULY

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AUGUST

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SEPTEMBER

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OCTOBER

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NOVEMBER

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DECEMBER

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**Next tentatively-scheduled meeting of the State Fiscal Accountability Authority is
June 7, 2016.**

COMMITTEE ACTION:

Schedule next meeting.

ATTACHMENTS:

None