

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**

Meeting of Wednesday, January 29, 2014 -- 9:30 A. M.

Room 252, Edgar A. Brown Building

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**REGULAR SESSION AGENDA INDEX**

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<b>Item No.</b>	<b>Agency</b>	<b>Subject</b>
<b>A.</b>	<b>ADOPTION OF PROPOSED AGENDA</b>	
<b>B.</b>	<b>REGULAR SESSION</b>	
1.	Tobacco Settlement Revenue Management Authority	Adoption of Budget
2.	Tobacco Settlement Revenue Management Authority	Financial Statement for the Fiscal Year Ended June 30, 2013
<b>C.</b>	<b>ADJOURNMENT</b>	

TOBACCO SETTLEMENT  
REVENUE MANAGEMENT AUTHORITY  
MEETING OF January 29, 2014

REGULAR SESSION  
ITEM NUMBER   1  

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AGENCY: Office of the State Treasurer

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SUBJECT: Adoption of Budget

In accord with South Carolina Code of Laws Section 11-49-60 (12), the Authority is asked to adopt the attached proposed fiscal year budget for the period July 1, 2014, through June 30, 2015, as submitted by the State Treasurer. The proposed budget is anticipated to cover, in part, expenses including, but is not limited to, professional services, payment of insurance premiums for members of the Authority Board, and other expenses related to the operation and administration of the Authority.

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AUTHORITY ACTION REQUESTED:

Adopt the operating budget for the Authority's fiscal year budget for the period July 1, 2014, through June 30, 2015.

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ATTACHMENTS:

Loftis 1/13/14 letter; Proposed Budget; Code Section 11-49-60 (12)

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**  
COLUMBIA, SOUTH CAROLINA

NIKKI R. HALEY, CHAIR  
CURTIS M. LOFTIS, JR.  
RICHARD ECKSTROM, CPA  
HUGH K. LEATHERMAN, SR.  
W. BRIAN WHITE

CURTIS M. LOFTIS, JR.  
AUTHORITY TREASURER  
POST OFFICE BOX 11778  
COLUMBIA, SOUTH CAROLINA 29211  
(803) 734-2101

January 13, 2014

Mr. Delbert Singleton  
Secretary, Tobacco Settlement  
Revenue Management Authority  
600 Wade Hampton State Office Building  
Columbia, South Carolina 29201

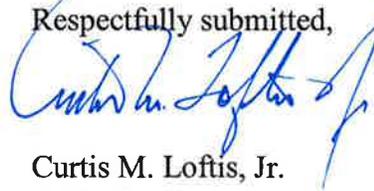
Re: Tobacco Settlement Revenue Management Authority  
Annual Budget 2014-2015

Dear Delbert:

In accordance with South Carolina Code of Laws Section 11-49-60(12), I am pleased to submit herewith the annual budget proposed for the Tobacco Settlement Revenue Management Authority for the Fiscal Year beginning July 1, 2014 and ending June 30, 2015.

Please place this item on the agenda for the Authority's meeting on January 29, 2014.

Respectfully submitted,



Curtis M. Loftis, Jr.  
Authority Treasurer

Enclosure

**Tobacco Settlement Revenue Management Authority**  
(A Component Unit of the State of South Carolina)

Operating Budget for the Authority's Budget Year Ending June 30, 2015

(Cash Basis)

	<u>Base Year</u> <u>7/1/2013 - 6/30/2014</u>	<u>Budget Year</u> <u>7/1/2014 - 6/30/2015</u>
<b>Revenue</b>		
Tobacco settlement revenue	74,260,529	68,000,000
Funds released from trust	82,117,561	-
Investment earnings	30,518	-
Funds carried forward from prior year	-	50,000
	156,408,608	68,050,000
<b>Expense</b>		
<b>Debt Service</b>		
Principal	-	-
Interest	-	-
<b>Administrative and operating expense</b>		
<b>Professional fees and expenses</b>		
Audit and accounting	20,000	20,000
Arbitrage, deallocation and disclosure	25,000	25,000
Legal and enforcement	-	-
Bond ratings	-	-
Trustee fees	-	-
<b>Insurance</b>		
Tort insurance for authority members	3,000	3,000
<b>General operating</b>		
Postage and shipping	100	100
Other operating expense	-	-
Contingency	2,400	1,900
Total	50,500	50,000
<b>Net revenue</b>	<b>156,358,108</b>	<b>68,000,000</b>

**SECTION 11-49-60.** Powers of board to operate and administer authority.

In addition to the powers contained elsewhere in this chapter, the board has all power necessary, useful, or appropriate to operate and administer the authority, to effectuate the purposes of the authority, and to perform its other functions including, but not limited to, the power to:

- (1) have perpetual succession;
- (2) sue and be sued in its own name;
- (3) adopt, promulgate, amend, and repeal bylaws, not inconsistent with provisions in this chapter for the administration of the authority's affairs and the implementation of its functions;
- (4) have a seal and alter it at its pleasure, although the failure to affix the seal does not affect the validity of an instrument executed on behalf of the authority;
- (5) enter into contracts, arrangements, and agreements with government units and other persons and execute and deliver all financing agreements, including bonds issued to support the borrowing by such government units to pay eligible costs of qualified projects, and other instruments necessary or convenient to the exercise of the powers granted in this chapter;
- (6) enter into agreements with a department, agency, political subdivision or instrumentality of the United States or of this State or of another State for the purpose of planning and providing for the financing of qualified projects or for the administration of the purposes and programs of this chapter;
- (7) enter into agreements with the tobacco trust fund for the purpose of managing and controlling the transfer of funds between the authority and the tobacco trust fund and governing the investment and the monitoring and recordkeeping of these funds, for purposes of maintaining the exemption from federal income tax of interest on bonds and for other purposes;
- (8) enter into, amend, and terminate agreements in the nature of interest rate swaps, forward security supply contracts, agreements for the management of interest rate risks, agreements for the management of cash flow, and other agreements of a similar nature, with respect to bonds issued pursuant to this chapter;
- (9) procure insurance, guarantees, letters of credit, and other forms of collateral or security or credit support from any public or private entity, including any department, agency, or instrumentality of the United States or this State, for the payment of any bonds, including the power to pay premiums or fees on any insurance, guarantees, letters of credit, and other forms of collateral or security or credit support;
- (10) borrow money through the issuance of bonds as provided in this chapter, and through the issuance of notes in anticipation of the issuance of these bonds;
- (11) enter into contracts and expend funds to obtain accounting, management, legal, financial consulting, trusteeship and other professional services necessary or convenient to the operations of the authority; however, all matters relating to the designation and selection of bond counsel to the authority is within the discretion of the State Treasurer;
- (12) in order to pay budgeted items pursuant to a budget adopted in accordance with Section 11-49-100, to expend funds for the costs of administering the operations of the authority;

(13) direct the escrow agent with respect to the disbursement to the authority of the State's tobacco receipts and receive and accept the State's tobacco receipts;

(14) enter into contracts or agreements necessary, proper, or convenient for the effectuation of the powers and purposes of the board and the authority;

(15) invest funds held by the authority under this chapter in any investment permitted for funds of this State, other than the State's retirement funds, or for funds of the political subdivisions of this State, in revenue bonds of government units, and in general obligations of other States whose general obligation debt is rated not lower than the general obligation debt of this State;

(16) direct the Attorney General of this State to enforce in the name of the State of South Carolina, and if permissible to enforce directly through its own attorneys in the name of the State, the Master Settlement Agreement. This power is a part of the contractual obligation owed to the holders of any bonds; and

(17) do all other things necessary or convenient to exercise powers granted or reasonably implied by this chapter or that may be necessary for the furtherance and accomplishments of the purposes of the authority.

Before the date which is one year and one day after which the authority no longer has any bonds outstanding, the authority has no authority to file a voluntary petition under Chapter 9 of the United States Bankruptcy Code or corresponding chapters or sections as may, from time to time, be in effect, and neither any public officer or any organization, entity, or other person shall authorize the authority to be or become a debtor under Chapter 9 or any successor or corresponding chapter or sections during the periods. The provisions of this paragraph are for the benefit of the holders of any bonds and are a part of the contractual obligation owed to such bondholders, and the State shall not modify or delete the provisions of this paragraph during the periods described in this chapter.

In the exercise of its powers in this chapter, the board and the authority may obtain services in accordance with the procedures, guidelines, and criteria established by the board for that purpose and are not restricted by Chapter 35 of Title 11 or any successor provision.

TOBACCO SETTLEMENT REVENUE

MANAGEMENT AUTHORITY

MEETING OF January 29, 2014

REGULAR SESSION

ITEM NUMBER 2

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AGENCY: Tobacco Settlement Revenue Management Authority

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SUBJECT: Financial Statement for the Fiscal Year Ended June 30, 2013

South Carolina Code of Laws Section 11-49-100 requires that the Tobacco Settlement Revenue Management Authority “keep an accurate account of all of its activities and all of its receipts and expenditures and annually, in the month of January shall make a report of its activities to the State Budget and Control Board, the report to be in a form prescribed by the State Budget and Control Board.” The Authority is asked to approve the submittal of its Financial Statement to the Budget and Control Board in accord with Section 11-49-100.

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AUTHORITY ACTION REQUESTED:

In accord with Code Section 11-49-100, receive as information the Tobacco Settlement Revenue Management Authority’s Financial Statement for the Fiscal Year Ended June 30, 2013, and approve the submittal of the Financial Statement to the Budget and Control Board.

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ATTACHMENTS:

Loftis 1/13/14 letter with attachment; Code Section 11-49-100

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**  
COLUMBIA, SOUTH CAROLINA

NIKKI R. HALEY, CHAIR  
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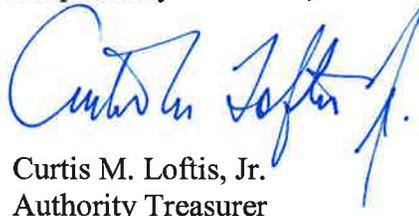
January 13, 2014

To the members of the Tobacco Settlement Revenue Management Authority and  
the State Budget and Control Board

In accordance with S.C. Code Section 11-49-100, which requires that the Authority provide an annual report of its activities to the State Budget and Control Board during the month of January, I am providing copies of the Authority's audited financial statements for the fiscal year ended June 30, 2013. Management's Discussion and Analysis and the Notes to Financial Statements contained therein describe the Authority's activities in all material respects.

I have asked Mr. Singleton to place this item on the agenda for the Authority's meeting on January 29, 2014.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Curtis M. Loftis, Jr.", is written over a printed name and title.

Curtis M. Loftis, Jr.  
Authority Treasurer

Enclosure

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Financial Statements  
June 30, 2013  
(With Independent Auditor's Report Thereon)

*State of South Carolina*



*Office of the State Auditor*

1401 MAIN STREET, SUITE 1200  
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RICHARD H. GILBERT, JR., CPA  
DEPUTY STATE AUDITOR

(803) 253-4160  
FAX (803) 343-0723

October 1, 2013

The Honorable Nikki R. Haley, Governor  
and  
Members of the Tobacco Settlement Revenue  
Management Authority  
Columbia, South Carolina

This report on the audit of the financial statements of the Tobacco Settlement Revenue Management Authority for the fiscal year ended June 30, 2013, was issued by The Hobbs Group, P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor

RHGjr/trb

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

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## INDEPENDENT AUDITORS' REPORT

Mr. Richard H. Gilbert, Jr., CPA,  
Deputy State Auditor  
State of South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Tobacco Settlement Revenue Management Authority (the "*Authority*"), component unit of the State of South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Tobacco Settlement Revenue Management Authority, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Tobacco Settlement Revenue Management Authority and do not purport to, and do not, present fairly the financial position of the State of South Carolina, as of June 30, 2013, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles general accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 20 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2013 on our consideration of Tobacco Settlement Revenue Management Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tobacco Settlement Revenue Management Authority's internal control over financial reporting and compliance.

Columbia, South Carolina  
September 16, 2013

*The Halls Group, P.A.*

# TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

(A Component Unit of the State of South Carolina)

Management's Discussion and Analysis (unaudited)

June 30, 2013

This section of the annual financial report of the Tobacco Settlement Revenue Management Authority (the "Authority") presents the analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the financial statements and their accompanying notes, which follow this section.

## **The Authority**

The Authority was created by Act No. 387 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 2000, as codified at Section 11-49-10 of the South Carolina Code of Laws 1976, as amended (the "Act"), as an instrumentality of the State of South Carolina (the "State"). The Act created the Authority to receive all of the State's payments under the Master Settlement Agreement (the "MSA"). The MSA was entered into on November 23, 1998, among the attorneys general of 46 states (including South Carolina), the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Commonwealth of the Northern Mariana Islands (collectively the "Settling States") and the four largest United States tobacco manufacturers: Philip Morris Incorporated, R. J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation, and Lorillard Tobacco Company (collectively the "Original Participating Manufacturers" or "OPMs"). The MSA resolved cigarette smoking-related litigation among the Settling States and the OPMs, released the OPMs from past and present smoking-related claims by the Settling States, and provides for a continuing release of future smoking-related claims in exchange for certain payments to be made to the Settling States. The MSA also provides for the imposition of certain tobacco advertising and marketing restrictions, among other things. The Authority is not a party to the MSA.

The State is entitled to certain periodic payments made under the MSA. Pursuant to the Act, the Authority has been assigned all Tobacco Settlement Receipts ("TSRs"), which are the State's right, title and interest in payments due after June 30, 2001 under the MSA. The assignment of the TSRs is irrevocable during any time when bonds are outstanding, plus one year and one day thereafter, and is a part of the contractual obligation owed to the Authority's bondholders.

## **Overview of the Financial Statements**

This analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements consist of three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements.

- *The Statement of Net Position and Governmental Fund Balance Sheet* include all of the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. The *Statement of Net Position* reports information about the Authority using accounting methods similar to those used by private sector companies and presents all assets and liabilities of the Authority – both current and long-term. The *Governmental Fund Balance Sheet* of the General Fund focuses only on the Authority's resources available for expenditure at the end of the fiscal year.
- All of the current year's activity is accounted for in the *Statement of Activities* and *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance*.

# TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

(A Component Unit of the State of South Carolina)

## Management's Discussion and Analysis (unaudited)

June 30, 2013

These statements measure the success of the Authority's operations over the past year and can be used to determine the Authority's credit-worthiness and ability to meet its financial objectives. The *Statement of Activities* presents information on how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance* focuses only on the Authority's near-term inflows and outflows of resources available for expenditure for the fiscal year.

### Summary of Financial Results

The Authority's financial results are summarized, discussed and compared to the prior fiscal year in the sections following.

#### *Government-Wide Financial Statements*

Statement of Net Position. Table 1 summarizes the Authority's Net Position for the period ending June 30, 2013, along with comparative data for the prior fiscal year.

*Table 1: Summary of net position*

	June 30, 2013	June 30, 2012	Difference	%
<b>Assets</b>				
Cash and cash equivalents	\$ 5,358,384	\$ 5,869,910	\$ (511,526)	-8.7%
Tobacco settlement payments receivable	37,072,513	37,130,264	(57,751)	-0.2%
Residual assets held by trustee	-	10,703,642	(10,703,642)	-100.0%
Total assets	<u>42,430,897</u>	<u>53,703,816</u>	<u>(11,272,919)</u>	-21.0%
<b>Liabilities</b>				
Accounts payable	<u>33,489</u>	<u>239,578</u>	<u>(206,089)</u>	-86.0%
Total liabilities	<u>33,489</u>	<u>239,578</u>	<u>(206,089)</u>	-86.0%
<b>Net position</b>				
Restricted by bond covenant	-	47,833,906	(47,833,906)	-100.0%
Restricted by statute	37,072,513	-	37,072,513	100.0%
Unrestricted	5,324,895	5,630,332	(305,437)	-5.4%
Total net position	<u>\$ 42,397,408</u>	<u>\$ 53,464,238</u>	<u>\$ (11,066,830)</u>	-20.7%

The Authority's assets include cash and cash equivalents, and accrued earnings on those cash and cash equivalents. Until June 2, 2013, certain of the Authority's assets were restricted by bond covenants and were comprised of receivables and investments held by the bond trustee. Subsequent to June 2, 2013, assets previously restricted by bond covenants have been classified as restricted by statute because they are subject to external legal constraint for appropriation by the State in accordance with the expenditure provisions of Section 11-11-170 of the South Carolina Code of Laws 1976, as amended (the "Expenditure Act"). The remaining assets are held by the Authority to pay its authorized operating expenses. Total liabilities consist of accounts payable.

The Authority's cash and cash equivalents declined 8.7% over the course of the fiscal year, due primarily to a decline in the balance of the Authority's operating fund. Tobacco settlement payments receivable also declined slightly by 0.2%. Total assets declined 21.0%, reflecting a non-recurring release and subsequent transfer during the fiscal year ended June 30, 2013 of

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**

(A Component Unit of the State of South Carolina)

Management's Discussion and Analysis (unaudited)

June 30, 2013

certain residual amounts previously held by the bond trustee as security prior to retirement of the Authority's debt. Accounts payable decreased by 86.0%, and are comprised of certain legal and other professional services provided to the Authority during the current fiscal year but paid subsequent to the close of the fiscal year.

Net position restricted by statute is comprised of that portion of TSRs forecasted to be earned in the current fiscal year but received in the ensuing fiscal year. The amount of TSRs is dependent on many factors including future tobacco consumption and the financial capability of the OPMs and consequently, except as noted above, do not meet asset recognition criteria under accounting principles generally accepted in the United States of America ("GAAP").

Statement of Activities. Table 2 summarizes the Authority's activities for the period ending June 30, 2013 with comparative amounts for the prior fiscal year.

*Table 2: Summary of activities*

	June 30, 2013	June 30, 2012	Difference	%
<b>Revenues</b>				
Tobacco settlement revenues	\$ 73,326,296	\$ 74,121,876	\$ (795,580)	-1.1%
Investment earnings	4,370	10,179	(5,809)	-57.1%
Total earnings	<u>73,330,666</u>	<u>74,132,055</u>	<u>(801,389)</u>	<u>-1.1%</u>
<b>Expenses</b>				
General government	2,472,437	2,716,283	(243,846)	-9.0%
Debt Service	-	11,825,622	(11,825,622)	-100.0%
Amortization of bond issuance costs	-	653,846	(653,846)	-100.0%
Total expenses	<u>2,472,437</u>	<u>15,195,751</u>	<u>(12,723,314)</u>	
<b>Transfers</b>				
Transfer to state fund pursuant to statute	<u>(81,925,059)</u>	<u>-</u>	<u>(81,925,059)</u>	100.0%
Total transfers				
Change in net position	(11,066,830)	58,936,304	(70,003,134)	-118.8%
Net position - beginning of year	53,464,238	(5,472,066)	58,936,304	-1077.0%
Net position - end of year	<u>\$ 42,397,408</u>	<u>\$ 53,464,238</u>	<u>\$ (11,066,830)</u>	<u>-20.7%</u>

General revenues of \$73.3 million reflect the receipt of and accrual for \$73.3 million in TSRs and investment earnings of \$4.4 thousand. Revenues declined year over year by \$801 thousand or 1.1% primarily as a result of a decline in TSRs. The decline in interest earnings reflects uncharacteristically low yields on the Authority's investments as well as a shortened time horizon for investment following retirement of the Authority's debt.

The Authority's expenses primarily consisted of costs of legal action to determine whether the state has diligently enforced its escrow fund statutes, and directed transfers to other state agencies for diligent enforcement. Total expenses decreased by \$12.7 million reflecting reductions in interest and bond issuance costs following retirement of the Authority's debt. The change in net position reflects the previously described non-recurring release and subsequent transfer during the fiscal year of certain residual amounts previously held by the bond trustee as security prior to retirement of the Authority's debt.

# TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

(A Component Unit of the State of South Carolina)

Management's Discussion and Analysis (unaudited)

June 30, 2013

## *Governmental Funds*

As of the end of the current fiscal year, the ending fund balance in the Authority's governmental fund was \$42.4 million, a decrease of \$11.1 million by comparison to the prior fiscal year. Of the total fund balance, \$37.1 million is committed to statutory expenditures. The factors contributing to the change in fund balance year over year are the same as those described above in the discussion and analysis of the government-wide financial statements.

## **Long-Term Debt Activity**

On March 18, 2001, the Authority issued \$934,530,000 aggregate principal amount of Tobacco Settlement Asset-Backed Bonds (the "Series 2001 Bonds") pursuant to an indenture between the Authority and United States Trust Company of New York (subsequently acquired by the Bank of New York), as trustee, dated as of March 1, 2001, and the Tobacco Settlement Revenue Management Authority Act. Proceeds of the Series 2001 Bonds were used to fund certain endowment trusts established pursuant to the Act and trust accounts established under the Trust Indenture, and to pay costs of issuance of the Series 2001 Bonds. On June 26, 2008, the Authority defeased a portion of the outstanding principal amount of the Series 2001 Bonds by depositing a portion of the proceeds of \$275,730,000 Tobacco Settlement Revenue Management Authority Tobacco Settlement Revenue Asset-Backed Refunding Bonds, Series 2008 (the "Series 2008 Bonds") issued pursuant to an indenture between The Bank of New York Trust Company, N.A., as trustee, and the Tobacco Settlement Revenue Management Authority, together with other available monies, with The Bank of New York Trust Company, N.A., as Trustee for the Series 2001 Bonds (the "Trustee") pursuant to the terms of an irrevocable Escrow Agreement (the "Escrow Agreement") dated June 26, 2008, by and between the Authority and the Trustee. All of the Series 2001 Bonds are deemed paid within the meaning of and with the effect expressed in, and accordingly are no longer outstanding under, the Trust Indenture.

The Series 2008 Bonds were issued by the Authority as ten-year obligations scheduled to retire in ordinary course on June 1, 2018; however, under early redemption provisions ("Turbo Redemptions"), any MSA payments exceeding annual debt service requirements of the Series 2008 Bonds were applied to early redemption of principal. On June 1, 2012, the Authority had sufficient funds to redeem as Turbo Redemptions the entire principal amount then outstanding; accordingly all of the Authority's debt has been fully discharged.

The Authority has no present plans to undertake the issuance of additional debt.

## **Budgetary Highlights**

The Authority annually adopts an operating budget as required by its by-laws. From a budgetary perspective, the Authority realized an \$11.9 million deficiency of revenues over expenditures during the fiscal year ended June 30, 2013, which deficiency arose due to factors described in the Summary of Financial Results contained herein.

## **Economic Factors and Outlook**

As noted above, all of the Authority's debt has been fully discharged and the Authority has no present plans to undertake the issuance of additional debt. Accordingly, the financial impact of various economic factors affecting its receipt of TSRs has been abated.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Management's Discussion and Analysis (unaudited)

June 30, 2013

**Contacting the Authority**

Persons needing additional information concerning this report or otherwise needing to contact the Authority may do so by writing or telephoning F. Richard Harmon, Jr., Senior Assistant State Treasurer, State of South Carolina, 122 Wade Hampton Office Building, Capitol Complex, Columbia, South Carolina 29201, telephone (803) 734-2114.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,358,384
Restricted assets	
Tobacco settlement payments receivable	<u>37,072,513</u>
Total assets	<u>42,430,897</u>
<b>Liabilities</b>	
Accounts payable	<u>33,489</u>
Total liabilities	<u>33,489</u>
<b>Net position</b>	
Restricted by statute	37,072,513
Unrestricted	<u>5,324,895</u>
Total net position	<u>\$ 42,397,408</u>

The Notes to Financial Statements are an integral part of this statement.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Statement of Activities

June 30, 2013

	Governmental Activities
Program expenses	
General government	\$ 2,472,437
Total expenses	2,472,437
Net program expense	2,472,437
General revenues	
Tobacco settlement revenues	73,326,296
Investment earnings	4,370
Total general revenues	73,330,666
Change in net position before transfers	70,858,229
Transfers	
Transfer to state fund pursuant to statute	(81,925,059)
Total transfers	(81,925,059)
Change in net position	(11,066,830)
Net position	
Beginning of the year	53,464,238
End of the year	\$ 42,397,408

The Notes to Financial Statements are an integral part of this statement.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Governmental Fund Balance Sheet

June 30, 2013

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,358,384
Tobacco settlement payments receivable	<u>37,072,513</u>
Total assets	<u>\$ 42,430,897</u>
<b>Liabilities</b>	
Accounts payable	<u>33,489</u>
Total liabilities	<u>33,489</u>
<b>Fund balance</b>	
Restricted by statute	37,072,513
Committed to operating expense	<u>5,324,895</u>
Total fund balance	<u>42,397,408</u>
Total liabilities and fund balance	<u>\$ 42,430,897</u>

The Notes to Financial Statements are an integral part of this statement.

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**  
 (A Component Unit of the State of South Carolina)  
**Governmental Fund Statement of**  
**Revenues, Expenditures and Changes in Fund Balance**  
**June 30, 2013**

	<u>General Fund</u>
Expenditures	
General government	\$ 2,472,437
Total expenditures	<u>2,472,437</u>
Revenues	
Tobacco settlement revenues	73,326,296
Investment earnings	<u>4,370</u>
Total revenues	<u>73,330,666</u>
Excess of revenues over expenditures before transfers	70,858,229
Transfers	
Transfer to state fund pursuant to statute	<u>(81,925,059)</u>
Total transfers	<u>(81,925,059)</u>
Excess (deficiency) of revenues over expenditures	(11,066,830)
Fund balance	
Beginning of the year	<u>53,464,238</u>
End of the year	<u>\$ 42,397,408</u>

The Notes to Financial Statements are an integral part of this statement.

# TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

(A Component Unit of the State of South Carolina)

## Notes to Financial Statements

June 30, 2013

### (1) Reporting Entity

The Tobacco Settlement Revenue Management Authority (the "Authority") is a public body and an instrumentality of the State of South Carolina (the "State") established in 2001 pursuant to Section 11-49-10 et seq. of the South Carolina Code of Laws 1976, as amended. The State transferred to the Authority all of its rights and interests under the Master Settlement Agreement (the "MSA") and the Consent Decree and Final Judgment (the "Decree") between all participating States and the participating Tobacco manufacturers. These rights include the State's share of all Tobacco Settlement revenue received after June 30, 2001 and in perpetuity to be received under the MSA.

The core of a financial reporting entity is the primary government which has a separately elected governing body. As required by accounting principles generally accepted in the United States of America, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The Authority has determined that it qualifies as a primary entity, it is a component unit of the State of South Carolina, and it has no component units.

A primary government or entity is financially accountable if its officials or appointees appoint a voting majority of an organization's governing body including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex-officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally independent if it holds all of the following powers:

- (1) Determines its budget without another government having the authority to approve and modify that budget.
- (2) Levies taxes or sets rates or charges without approval by another government.
- (3) Issues bonded debt without approval by another government.

The organization is fiscally dependent on the primary government or entity that holds one or more of the above powers. Based on these criteria, the Authority is a blended component unit of the primary government of the State. Accordingly, the financial statements are blended in the State's special revenue funds in the State's Comprehensive Annual Financial Report.

The Authority is governed by a board, which consists of five members. The members are the Governor or her designee, the State Treasurer, the Comptroller General, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. The Governor serves as chairman; in the absence of the Governor, the meeting is chaired by the State Treasurer. All members of the Board serve ex officio.

# TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

(A Component Unit of the State of South Carolina)

## Notes to Financial Statements

June 30, 2013

### (2) Summary of Significant Accounting Policies

- (a) General. In its accounting and financial reporting in conformity with accounting principles generally accepted in the United States of America, the Authority follows the pronouncements of the Governmental Accounting Standards Board (“GASB”).
- (b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation. GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Government-wide financial statements (i.e., the statement of net position and the statement of activities) do not provide information by fund. Significantly, the statement of net position may include non-current assets and liabilities, which generally are not included in the fund statements. The statement of net position includes three components of net position.
  - (1) Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The Authority does not have any capital assets, thus this classification is not used.
  - (2) Restricted net position consists of net position subject to external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The Authority reports that portion of its net position restricted by statutory constraints as restricted net position.
  - (3) Unrestricted net position consists of net position that does not meet the definition of restricted net position or invested in capital assets, net of related debt. The Authority reports that portion of its net position not externally constrained, primarily funds available for payment of its authorized operating expenses, as unrestricted net position.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues. The Authority has no program revenues.

# TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

(A Component Unit of the State of South Carolina)

## Notes to Financial Statements

June 30, 2013

In addition to the government-wide financial statements, the Authority has prepared financial statements for the Authority's only governmental fund. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. Tobacco Settlement Revenues ("TSRs") are recognized as soon as they are considered measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within one year after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

The Authority reports one governmental fund – the General Fund – which is the general operating fund of the Authority. It is used to account for all financial resources of the Authority. As a blended component unit of the State, the Authority's General Fund is reported as a special revenue fund in the financial statements of the State.

- (c) Asset Recognition Criteria for TSRs. The Authority implemented GASB Technical Bulletin No. 2004-1: Tobacco Settlement Recognition and Financial Reporting Entity Issues (the "Bulletin"), effective July 1, 2003. The Bulletin requires the Authority to recognize TSRs when the event giving rise to recognition occurs (the domestic shipment of cigarettes by the tobacco manufacturers) in the government-wide financial statements, and when the event occurs and the TSRs become available in the fund financial statements. Other than the asset recognition criteria required by the Bulletin, future collections are not measurable and are therefore not recorded as assets in either the government-wide financial statements or the government fund financial statements.
- (d) Cash and Cash Equivalents. Cash includes cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date acquired by the Authority.
- (e) Investments. Investments, if any, are recorded on the Statement of Net Position and the Governmental Fund Balance Sheet at fair value. All investment income, including changes in the fair value of investments, is reported as revenue in the Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance.
- (f) Fund Balance. The Authority reports fund balance in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement establishes fund balance classifications for governmental funds that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported therein. The Statement requires governments to disclose information in the notes about the processes through which constraints are imposed, as well as accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to be spent.

The Authority conforms its fund balance reporting to the classification and hierarchy structure of the State, generally as follows:

# TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY

(A Component Unit of the State of South Carolina)

## Notes to Financial Statements

June 30, 2013

- (1) Restricted. Fund balance is reported as restricted when constraints placed on resource use are either (a) externally imposed by creditors, grantors, contributors, laws or regulation of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payments of resources from resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party can compel the government to honor.
- (2) Committed. Fund balance is reported as committed if the Authority's by-laws or official actions, including adoption of its annual budget, constrain the use of its resources. Committed constraints can be removed only through similar action that created the constraint.
- (3) Assigned. Fund balance is reported as assigned if the fund balance is constrained by the Authority's intent to expend resources for specific purposes. Such intent may be expressed by an official or body pursuant to delegation by the Authority.
- (4) Non-spendable. Fund balance is reported as non-spendable if the balance has a lack of availability in form or substance of the assets and liabilities reported in the fund to meet its obligations in the near future.
- (5) Unassigned. Fund balance is reported as unassigned for all residual amounts not otherwise classified.

The Authority has no assigned, non-spendable or unassigned fund balance.

The Authority's bond enabling act provides and the Trust Indenture contains a covenant for the irrevocable assignment of certain of the Authority's assets during any time bonds are outstanding, plus one year and one day thereafter. All of the Authority's outstanding bonds were retired on June 1, 2012. Accordingly, until June 2, 2013, certain of the Authority's assets were classified as restricted by bond covenants because they were subject to a legally enforceable external constraint by the terms of the Trust Indenture.

Subsequent to June 2, 2013, assets previously restricted by bond covenants are available to the State in accordance with the expenditure provisions of Section 11-11-170 of the South Carolina Code of Laws 1976, as amended (the "Expenditure Act"). The Authority classifies all TSRs held at, or received or receivable subsequent to June 2, 2013, as restricted by statute, since the Expenditure Act constrains the use of that portion of the Authority's resources. The remaining portion of net position is reported as Unrestricted.

Likewise, in the Governmental Fund Balance Sheet, the portion of fund balance that is subject to the Expenditure Act is reported as restricted by statute; however, the remaining portion of fund balance is reported as committed to operating expense inasmuch as that portion of fund balance is constrained by the Authority's annually adopted budget. The Authority has full statutory power to adopt, revise and rescind its budget, and to expend funds for the costs of administering its operations.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Notes to Financial Statements

June 30, 2013

The Authority classifies the expenditure of funds when incurred based on the nature of the expenditure, with externally directed expenditures generally made from restricted funds, and expenditures made within the discretion of the Authority or subject to its own budget, primarily its authorized operating expenditures, made from committed funds.

- (g) Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position; Items Previously Reported as Assets and Liabilities. The Authority implemented for the fiscal year ended June 30, 2013, GASB Statement No. 63, Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position. Among other things, this Statement amends net asset reporting requirements by incorporating deferred inflows and outflows of resources into the definitions of the required components presented in a statement of financial position, with the residual measure identified as net position. The Authority has incorporated the term “net position” from this Statement into its financial statements but has determined that no amounts were required to be reclassified or otherwise recognized as deferred inflows or outflows of resources for the year ended June 30, 2013.
- (h) Administrative Expenses. The State of South Carolina and certain of its agencies perform certain accounting, administrative, legal and enforcement services for the Authority, and the value of these services is accounted for as general government expenses in the financial statements. Note 6 – Related Party Transactions contains descriptions of and amounts expended for these purposes.
- (i) Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(3) Deposits and Investments**

Prior to June 2, 2013, the Authority’s cash deposits and investments held by the trustee were held in several restricted accounts in the name of the Authority, subject to investment restrictions imposed by the Trust Indenture. The Authority has not adopted a formal policy for these investments because the Trust Indenture contains these restrictions.

Subsequent to June 2, 2013, all of the Authority’s cash deposits and investments are under the control of the State Treasurer who, by law, has sole authority for investing State funds. State law requires full collateralization of all bank balances under the control of the State Treasurer, who must correct any deficiencies in collateral within two days. At June 30, 2013, all bank balances under the control of the State Treasurer were fully insured or collateralized with securities held by the State’s agent in the name of the State Treasurer.

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**  
(A Component Unit of the State of South Carolina)

Notes to Financial Statements

June 30, 2013

The following schedule reflects the Authority's deposits and investments at their fair and reported values at June 30, 2013, and reconciles the amounts reported in the statement of net position to the notes.

	Notes		Statements
Deposits			Cash
Held by State Treasurer	\$ 5,358,384		and cash equivalents \$ 5,358,384
Totals	\$ 5,358,384		\$ 5,358,384

Further information concerning among other things values and risks of deposits and investments under the control of the State Treasurer, including disclosure under GASB Statement No. 40, Deposits and Investments - Risk Disclosures, is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina, which may be accessed at [www.cg.sc.gov](http://www.cg.sc.gov).

**(4) Bonds Payable**

On March 22, 2001, the Authority issued \$934,530,000 of Tobacco Settlement Asset Backed Bonds pursuant to an indenture between the Authority and United States Trust Company of New York, as trustee, dated as of March 1, 2001. The State transferred to the Authority all of its rights and interests under the MSA and the Decree, including the State's share of all Tobacco Settlement revenue received after June 30, 2001 and in perpetuity to be received under the MSA. On June 26, 2008, the Authority defeased the outstanding principal amount of the Series 2001 Bonds by depositing a portion of the proceeds of \$275,730,000 Tobacco Settlement Revenue Management Authority Tobacco Settlement Revenue Asset-Backed Refunding Bonds, Series 2008 (the "Series 2008 Bonds") issued pursuant to an indenture between The Bank of New York Trust Company, N.A., as trustee, and the Tobacco Settlement Revenue Management Authority (the "Trust Indenture"), together with other available monies, with The Bank of New York Trust Company, N.A., as Trustee for the Series 2001 Bonds (the "Trustee") pursuant to the terms of an irrevocable Escrow Agreement (the "Escrow Agreement") dated June 26, 2008, by and between the Authority and the Trustee.

At June 30, 2013, all of the Authority's Series 2008 Bonds had been retired. A total of \$64,890,000 of the Authority's legally and economically defeased Series 2001 Bonds remained outstanding; however, all of the Authority's Series 2001 Bonds are deemed paid within the meaning of and with the effect expressed in, and accordingly are no longer outstanding under, the Trust Indenture.

**(5) Disputed Payments**

During the periods ending June 30, 2006 through June 30, 2013, a number of participating manufacturers ("PMs") deposited a portion of their tobacco settlement payments due on or about April 15 into a disputed payments account, incidental to findings by an independent arbitrator that MSA disadvantages were a significant factor in market share losses experienced by the PMs in calendar years 2003 through 2007. Under the provisions of the MSA, PMs are potentially entitled to an adjustment of their required payments under the MSA (a Non-Participating Manufacturer or NPM Adjustment) in the event that all of the PMs, in the aggregate, lose more than two percentage points of market share compared to the market share of the PMs in 1997. However, the adjustment cannot be applied against settling states that have enacted and diligently enforced

**TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY**  
(A Component Unit of the State of South Carolina)

Notes to Financial Statements

June 30, 2013

an escrow fund statute under the MSA. As a result of the PMs' deposit into the disputed payments account, South Carolina's share of payments under the MSA has been reduced for the past eight fiscal years. A summary of these disputed payments follows:

Twelve months ended June 30	Total Payments Expected by the Authority	Actual Receipts	Estimated Impact of NPM Adjustment at the State's Allocation Percentage	Estimated Impact of Factors Other than the NPM Adjustment
2006	\$ 76,829,052	\$ 68,612,916	\$ 9,197,098	\$ (980,962)
2007	77,834,167	71,406,465	8,189,888	(1,762,186)
2008	91,427,527	83,474,567	6,191,878	1,761,082
2009	91,979,199	84,866,705	1,296,101	5,816,393
2010	92,553,878	76,308,650	6,777,105	9,468,123
2011	93,678,502	72,001,411	10,392,432	11,284,659
2012	94,782,263	73,416,493	9,165,062	12,200,708
2013	95,871,931	73,336,798	9,766,336	12,768,797
Total	<u>\$ 714,956,519</u>	<u>\$ 603,424,005</u>	<u>\$ 60,975,900</u>	<u>\$ 50,556,614</u>

Factors other than the NPM Adjustment principally reflect declines in cigarette consumption and variances in forecasts and actual results.

In May 2013, South Carolina joined 21 other states and the PMs in a global settlement of the NPM adjustment disputes for the years 2003 to 2012, under which the State will initially receive approximately \$60 million. The legislature has determined to receive the settlement in two parts, in September 2013, and in April 2014, and made provision under Part IB, Section 118.17 in the fiscal year 2013-14 appropriation act for the settlement funds to be transferred to the State general fund.

Under the settlement agreement, the PMs will take certain credits from MSA payments due in the years 2014 to 2017. The PMs will not withhold disputed funds in 2014 and 2015, and have agreed to reduce withholding amounts for disputed funds thereafter. In addition to the financial terms of the settlement, the 22 settling states have agreed to a modification of future NPM adjustment disputes.

The Authority has not recorded in its financial statements any amounts due pursuant to the settlement agreement because (i) it is not a party to the agreement; (ii) it is unable to determine with precision the amounts and timing of payments to be received thereunder; and (iii) the fiscal year 2013-14 appropriation act provides for any payments received thereunder to be transferred to the State general fund without reference to the Authority.

**(6) Related Party Transactions**

The State of South Carolina, through the Office of Attorney General, the State Law Enforcement Division, and the South Carolina Department of Revenue, provides certain legal and enforcement services to the Authority. During the fiscal year ended June 30, 2013, the Authority made or provided for \$1,200,000 in expenditures from its general fund to these state agencies to cover costs of providing these services. The Office of State Treasurer provides administrative, investment, operations, record keeping, and other support services to the Authority.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Notes to Financial Statements

June 30, 2013

Reimbursements totaling \$100,000 were made by the Authority during the fiscal year ended June 30, 2013 to cover costs of providing these services.

**(7) Risk Management**

The Authority is exposed to risks of loss from torts and maintains State coverage for these risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. The insurer promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits except for the deductibles. The Authority and other entities pay premiums to the State's Insurance Reserve Fund ("IRF") which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to torts. The IRF is a self-insurer whose rates are determined actuarially.

No payments for uninsured losses were made during the fiscal year ended June 30, 2013.

**(8) Subsequent Events**

The Authority has evaluated all events subsequent to the statement of net position date of June 30, 2013 through the date of issuance of these financial statements, September 16, 2013, and has determined that there are no subsequent events requiring disclosure.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Required Supplementary Information (unaudited)

Budgetary Comparison Schedule  
General Fund

Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Tobacco settlement receipts	\$ 72,849,763	\$ 72,849,763	\$ 73,326,296	\$ 476,533
Investment income	89,156	89,156	4,370	(84,786)
Total revenues	<u>72,938,919</u>	<u>72,938,919</u>	<u>73,330,666</u>	<u>391,747</u>
<b>Expenditures</b>				
Contractual services	219,600	219,600	2,469,947	(2,250,347)
Fixed charges and contributions	3,000	3,000	2,490	510
Miscellaneous administrative	2,400	2,400	-	2,400
Total expenditures	<u>225,000</u>	<u>225,000</u>	<u>2,472,437</u>	<u>(2,247,437)</u>
<b>Transfers</b>				
Transfers to other state agencies	(1,300,000)	(1,300,000)	(81,925,059)	(80,625,059)
Total transfers	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(81,925,059)</u>	<u>(80,625,059)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 71,413,919</u>	<u>\$ 71,413,919</u>	<u>\$(11,066,830)</u>	<u>\$(82,480,749)</u>

See accompanying notes to required supplementary information.

TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY  
(A Component Unit of the State of South Carolina)

Notes to Required Supplementary Information (unaudited)

Budgetary Comparison Schedule  
General Fund

Year ended June 30, 2013

**(1) Basis of Presentation**

Section 11-49-60 of the South Carolina Code of Laws 1976, as amended requires the Authority to adopt an annual budget for its operational expenditures. The accompanying budgetary comparison schedule compares the Authority's legally adopted budget to actual results on the budgetary basis.

**(2) Budgetary Revisions**

The Authority maintains budgetary control at the object category of expenditure and must approve any transfer of appropriations between the object categories.

**(3) Differences in Budgetary and GAAP Reporting**

The accompanying budgetary comparison schedule compares the Authority's legally adopted budget with actual results in accordance with the Authority's basis of budgeting. The Authority's primarily cash basis budgetary accounting principles, however, differ significantly from GAAP. These different accounting principles may result in basis differences in the excess (deficiency) of revenues over (under) expenditures. Basis differences arise because the basis of budgeting differs from the GAAP basis used to prepare the governmental fund statement of revenues, expenditures and changes in fund balance. No such differences were reflected in the budgetary comparison schedule for the fiscal year ended June 30, 2013.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. Richard Gilbert, Jr., CPA,  
Deputy State Auditor  
State of South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Tobacco Settlement Revenue Management Authority (the "Authority") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 16, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Columbia, South Carolina  
September 16, 2013

*The Halle Group, P.A.*

**SECTION 11-49-100.** Accounts to be maintained separately; annual report.

All accounts of the authority must be held and maintained separately from all other funds, properties, assets, and accounts of this State and its other agencies. The board shall keep an accurate account of all of its activities and all of its receipts and expenditures and annually, in the month of January, shall make a report of its activities to the State Budget and Control Board, the report to be in a form prescribed by the State Budget and Control Board. Audited financial statements must be submitted to the Comptroller General by October fifteenth following the end of the fiscal year.

**STATE BUDGET AND CONTROL BOARD**  
**Meeting of Wednesday, January 29, 2014 -- 9:30 A. M.**  
**Room 252, Edgar A. Brown Building**  
*BLUE AGENDA INDEX*

<u>Item</u>	<u>Agency</u>	<u>Subject</u>
1.	State Treasurer's Office	Bond Counsel Selection
2.	Division of General Services	Easements
3.	Division of General Services	Real Property Conveyances
4.	Division of Procurement Services	Procurement Audit and Certification
5.	Executive Director	Revenue Bonds

STATE BUDGET AND CONTROL BOARD  
MEETING OF January 29, 2014

BLUE AGENDA  
ITEM NUMBER   1  

---

AGENCY: State Treasurer's Office

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SUBJECT: Bond Counsel Selection

The State Treasurer's Office has provided the following notification of the assignment of bond counsel for conduit issues for which Board approval is requested:

CONDUIT ISSUES: (For ratification of Issuer's Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel
\$30,000,000 SC JEDA	SC Episcopal Home at Still Hopes	Haynsworth Sinkler Boyd	Howell, Linkous & Nettles
\$11,800,000 SC JEDA	Southern Wesleyan University	Haynsworth Sinkler Boyd	McNair Law Firm
\$9,000,000 SC JEDA	Homes of Hope, Inc.	Haynsworth Sinkler Boyd	Pope Zeigler

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BOARD ACTION REQUESTED:

Approve the referenced bond counsel assignment.

---

ATTACHMENTS:

Bond Counsel Selection Approved by the State Treasurer's Office

Items for January 29, 2014 Budget & Control Board Meeting  
 Bond Counsel and Issuer Counsel Selections by the State Treasurer's Office are as follows:

CONDUIT ISSUES: (For ratification of Issuer's Counsel only)

Description of Issue	Agency/Institution (Borrower)	Borrower's Counsel	Issuer's Counsel	Date STO Approved
\$30,000,000 SC JEDA	SC Episcopal Home at Still Hopes	Haynsworth Sinkler Boyd	Howell, Linkous & Nettles	11/20/13
\$11,800,000 SC JEDA	Southern Wesleyan University	Haynsworth Sinkler Boyd	McNair Law Firm	11/20/13
\$9,000,000 SC JEDA	Homes of Hope, Inc.	Haynsworth Sinkler Boyd	Pope Zeigler	11/21/13

OTHER REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel	Date STO Approved

SPECIAL ASSIGNMENT OF BOND COUNSEL:

Description of Issue	Agency/Institution	Approved Bond Counsel	Date STO Approved

---

AGENCY: Division of General Services

---

SUBJECT: Easements

The Division of General Services requests approval of the following easement in accordance with SC Code of Laws:

- (a) County Location: Spartanburg  
From: Budget and Control Board  
To: Duke Energy Carolinas, LLC  
Consideration: \$1  
Description/Purpose: To grant a 0.115 acre easement for the installation, operation and maintenance of underground electric lines and facilities to provide electrical upgrades to the Prison Industries building at the Livesay Correctional Institution. The easement is being sought by the Department of Corrections for the benefit of the property.

The Division of General Services requests that the Board concur and acquiesce in granting the following easements in accordance with SC Code of Laws:

- (b) County Location: Charleston  
From: Medical University of South Carolina  
To: South Carolina Electric & Gas Company  
Consideration: \$3 (\$1 each)  
Description/Purpose: To grant three utility easements totaling 0.20 acre for the replacement, construction, operation and maintenance of electric transmission lines and facilities on property of MUSC. The easement is part of a project to rebuild the transmission line from SCE&G's Hagood Plant to the Bee Street Substation to increase capacity and service reliability. The easement will be of mutual benefit to SCE&G and MUSC.

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AGENCY: Division of General Services

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SUBJECT: Easements

- (c) County Location: Georgetown  
From: Department of Natural Resources  
To: The Yawkey Foundation  
Consideration: \$1  
Description/Purpose: To grant a temporary easement for the purpose of replacing the existing South Island Ferry facility with a floating swing bridge on and adjacent to Esterville-Minim Creek Canal, which is part of the Atlantic Intracoastal Waterway, and on property of the Tom Yawkey Wildlife Center. The easement will enable the Yawkey Foundation to construct the floating swing bridge in order to provide improved access to the Yawkey Center, including Cat Island and South Island, for the continued maintenance and management of the Yawkey Center in accordance with the requirements of the bequeathment of the properties by Mr. Tom Yawkey to the Department of Natural Resources. The easement will terminate upon the donation of the swing bridge to the Department of Natural Resources.

---

BOARD ACTION REQUESTED:

Approve and concur and acquiesce in granting the referenced easements.

---

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Sections 10-1-130

## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 29, 2014

Blue Agenda

**1. Submitted by:**

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



Nolan L. Wiggins, Jr., Director

**2. Subject:**

**EASEMENTS**

**3. Summary Background Information:**

The Division of General Services requests approval of the following easement in accordance with SC Code of Laws:

- (a) County Location: Spartanburg
- From: Budget and Control Board
- To: Duke Energy Carolinas, LLC
- Consideration: \$1
- Description/Purpose: To grant a 0.115 acre easement for the installation, operation and maintenance of underground electric lines and facilities to provide electrical upgrades to the Prison Industries building at the Livesay Correctional Institution. The easement is being sought by the Department of Corrections for the benefit of the property.

The Division of General Services requests that the Board concur and acquiesce in granting the following easements in accordance with SC Code of Laws:

- (b) County Location: Charleston
- From: Medical University of South Carolina
- To: South Carolina Electric & Gas Company
- Consideration: \$3 (\$1 each)
- Description/Purpose: To grant three utility easements totaling 0.20 acre for the replacement, construction, operation and maintenance of electric transmission lines and facilities on property of MUSC. The easement is part of a project to rebuild the transmission line from SCE&G's Hagood Plant to the Bee Street Substation to increase capacity and service reliability. The easement will be of mutual benefit to SCE&G and MUSC.

(c) County Location: Georgetown  
From: Department of Natural Resources  
To: The Yawkey Foundation  
Consideration: \$1  
Description/Purpose: To grant a temporary easement for the purpose of replacing the existing South Island Ferry facility with a floating swing bridge on and adjacent to Esterville-Minim Creek Canal, which is part of the Atlantic Intracoastal Waterway, and on property of the Tom Yawkey Wildlife Center. The easement will enable the Yawkey Foundation to construct the floating swing bridge in order to provide improved access to the Yawkey Center, including Cat Island and South Island, for the continued maintenance and management of the Yawkey Center in accordance with the requirements of the bequeathment of the properties by Mr. Tom Yawkey to the Department of Natural Resources. The easement will terminate upon the donation of the swing bridge to the Department of Natural Resources.

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**4. What is the Board asked to do?** Approve the referenced easements.

---

**5. What is recommendation of the Division of General Services?** Recommend approval of the referenced easements.

---

**6. List of Supporting Documents:**  
SC Code of Laws Sections 1-11-80, 1-11-100 and 10-1-130

## **SOUTH CAROLINA CODE OF LAWS**

### **SECTION 1-11-80. Board authorized to grant easements for public utilities on vacant State lands.**

The State Budget and Control Board is authorized to grant easements and rights of way to any person for construction and maintenance of power lines, pipe lines, water and sewer lines and railroad facilities over, on or under such vacant lands or marshland as are owned by the State, upon payment of the reasonable value thereof.

### **SECTION 1-11-100. Execution of instruments conveying rights of way or easements over marshlands or vacant lands.**

Deeds or other instruments conveying such rights of way or easements over such marshlands or vacant lands as are owned by the State shall be executed by the Governor in the name of the State, when authorized by resolution of the Budget and Control Board, duly recorded in the minutes and records of such Board and when duly approved by the office of the Attorney General; deeds or other instruments conveying such easements over property in the name of or under the control of State agencies, institutions, commissions or other bodies shall be executed by the majority of the governing body thereof, shall name both the State of South Carolina and the institution, agency, commission or governing body as grantors, and shall show the written approval of the majority of the members of the State Budget and Control Board.

### **SECTION 10-1-130. State institutions and agencies may grant easements and rights of way on consent of Budget and Control Board.**

The trustees or governing bodies of State institutions and agencies may grant easements and rights of way over any property under their control, upon the concurrence and acquiescence of the State Budget and Control Board, whenever it appears that such easements will not materially impair the utility of the property or damage it and, when a consideration is paid therefor, any such amounts shall be placed in the State Treasury to the credit of the institution or agency having control of the property involved.

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**AGENCY:** Division of General Services

---

**SUBJECT:** Real Property Conveyances

---

The Division of General Services recommends approval of the following property conveyances:

- (a) **Agency:** **Medical University of South Carolina**  
**Acreage:** .0619± acre and a 2,020 square foot building  
**Location:** 166 Ashley Avenue in Charleston  
**County:** Charleston  
**Purpose:** To dispose of surplus real property.  
**Price/Purchaser:** Not less than appraised value/To be determined  
**Disposition of Proceeds:** To be retained by MUSC and reinvested into capital assets.  
**Additional Information:** On March 18, 2008, the Board approved the sale of the property for not less than the appraised value which was \$450,000. However, the sale never took place. The MUSC Foundation will serve as the broker for the University and market the property.
- (b) **Agency:** **Medical University of South Carolina**  
**Acreage:** .0493± acre and a 2,450 square foot building  
**Location:** 168 Ashley Avenue in Charleston  
**County:** Charleston  
**Purpose:** To dispose of surplus real property.  
**Price/Purchaser:** Not less than appraised value/To be determined  
**Disposition of Proceeds:** To be retained by MUSC and reinvested into capital assets.  
**Additional Information:** On March 18, 2008, the Board approved the sale of the property for not less than the appraised value which was \$695,000. However, the sale never took place. The MUSC Foundation will serve as the broker for the University and market the property.
- (c) **Agency:** **University of South Carolina**  
**Acreage:** 1,503.19± acres and improvements known as The Wedge Plantation  
**Location:** Wedge Plantation Road, McClellanville  
**County:** Charleston and Georgetown  
**Purpose:** To dispose of surplus real property.  
**Price/Transferred To:** Not less than appraised value/To be determined  
**Disposition of Proceeds:** To be retained by USC.

---

**BOARD ACTION REQUESTED:**

Approve the property conveyances as requested.

---

**ATTACHMENTS:** Agenda item worksheet and attachments

## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: January 29, 2014

Blue Agenda

**1. Submitted by:**

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

  
Nolan L. Wiggins, Jr. Director

**2. Subject: REAL PROPERTY CONVEYANCES**

**3. Summary Background Information:**

- (a) **Agency:** Medical University of South Carolina  
**Acreage:** .0619± acre and a 2,020 square foot building  
**Location:** 166 Ashley Avenue in Charleston  
**County:** Charleston  
**Purpose:** To dispose of surplus real property.  
**Price/Purchaser:** Not less than appraised value/To be determined  
**Disposition of Proceeds:** To be retained by MUSC and reinvested into capital assets.  
**Additional Information:** On March 18, 2008, the Board approved the sale of the property for not less than the appraised value which was \$450,000. However, the sale never took place. The MUSC Foundation will serve as the broker for the University and market the property.
- (b) **Agency:** Medical University of South Carolina  
**Acreage:** .0493± acre and a 2,450 square foot building  
**Location:** 168 Ashley Avenue in Charleston  
**County:** Charleston  
**Purpose:** To dispose of surplus real property.  
**Price/Purchaser:** Not less than appraised value/To be determined  
**Disposition of Proceeds:** To be retained by MUSC and reinvested into capital assets.  
On March 18, 2008, the Board approved the sale of the property for not less than the appraised value which was \$695,000. However, the sale never took place. The MUSC Foundation will serve as the broker for the University and market the property.

- (c) **Agency:** **University of South Carolina**  
**Acreage:** 1,503.19± acres and improvements known as The Wedge Plantation  
**Location:** Wedge Plantation Road, McClellanville  
**County:** Charleston and Georgetown  
**Purpose:** To dispose of surplus real property.  
**Price/Transferred To:** Not less than appraised value/To be determined  
**Disposition of Proceeds:** To be retained by USC.
- 

**4. What is Board asked to do?** Approve the property conveyances as requested.

---

**5. What is recommendation of Board Division involved?** Recommend approval of the property conveyances as requested.

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**6. List of Supporting Documents:**

1. SC Code of Laws Section 1-11-65
2. 2013-2014 Appropriations Bill H.3710, Part 1B, Proviso 101.24
3. (a) Medical University of South Carolina – Charleston County  
(b) Medical University of South Carolina – Charleston County  
(c) University of South Carolina – Charleston and Georgetown Counties

## SOUTH CAROLINA CODE OF LAWS

### **SECTION 1-11-65. Approval and recordation of real property transactions involving governmental bodies.**

(A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution.

**South Carolina General Assembly**

120th Session, 2013-2014

**H. 3710**

General Appropriations Bill for fiscal year 2013-2014

As Ratified by the General Assembly

**PART IB**

**OPERATION OF STATE GOVERNMENT**

**SECTION 101 – F03-BUDGET AND CONTROL BOARD**

**101.24.** (BCB: Sale of Surplus Real Property) Up to fifty percent of the proceeds, net of selling expenses, from the sale of surplus real properties shall be retained by the Budget and Control Board and used for the deferred maintenance of state-owned buildings. The remaining fifty percent of the net proceeds shall be returned to the agency that the property is owned by, under the control of, or assigned to and shall be used by that agency for non-recurring purposes. This provision applies to all state agencies and departments except: institutions of higher learning; the Public Service Authority; the Ports Authority; the MUSC Hospital Authority; the Myrtle Beach Air Force Redevelopment Authority; the Department of Transportation; the Columbia State Farmers Market; the Department of Agriculture's Columbia Metrology Lab building and property; the Charleston Naval Complex Redevelopment Authority; the Department of Commerce's Division of Public Railways; the Midlands Technical College Enterprise Campus Authority; the Trident Technical College Enterprise Campus Authority; the Commissioners residence at the Department of Corrections and the Educational Television Commission's Key Road property.

The Educational Television Commission shall be authorized to retain the net proceeds from the sale of its property on Key Road, and such proceeds may be used for the renovation of the ETV Telecommunications Center and other maintenance and operating expenses. If it is determined that sufficient net proceeds are not to be derived from the sale of its property on Key Road to cover the cost of all renovations of the Telecommunications Center, the property on Key Road shall not be sold. Any proposed sale hereunder shall, prior to said sale, be submitted to the Budget and Control Board for approval as being in compliance with the requirements of this subsection.

The Department of Corrections shall be authorized to retain the net proceeds from the sale of the residence provided for the Commissioner of the Department of Corrections and use such proceeds for deferred maintenance needs at the Department of Corrections.

The Forestry Commission shall be authorized to retain the net proceeds from the sale of surplus land for use in firefighting operations and replacement of firefighting equipment.

The Department of Mental Health shall be authorized to retain the net proceeds it receives for sale of the property sold in accordance with, and identified in Exhibit A of the Sale and Purchase Agreement dated December 16, 2010 between the Department of Mental Health and Hughes Development Corporation for the sale of 165.79± acres on the Bull Street Campus, as approved by the Budget and Control Board on June 14, 2011.

The Department of Natural Resources shall be authorized to retain the net proceeds from the sale of existing offices originally purchased with a federal grant or with restricted revenue from hunting and fishing license sales for the improvement, consolidation, and/or establishment of regional offices and related facilities.

The Department of Vocational Rehabilitation shall be authorized to retain the net proceeds from the sale of 3.205 acres located at 22861 Highway 76 East in Clinton, South Carolina to be used for capital projects and deferred maintenance.

The Department of Agriculture, the Educational Television Commission, the Department of Corrections, the Department of Natural Resources, the Department of Mental Health, the Forestry Commission, and the Department of Vocational Rehabilitation shall annually submit a report, within sixty days after the close of the fiscal year, to the Senate Finance Committee and the House Ways and Means Committee on the status of the sale of the identified property and a detailed accounting on the expenditure of funds resulting from such sale.

This provision is comprehensive and supersedes any conflicting provisions concerning disposition of state owned real property whether in permanent law, temporary law or by provision elsewhere in this act.

Any unused portion of these funds may be carried forward into succeeding fiscal years and used for the same purposes.

**(a) Medical University of South Carolina  
Charleston County**

**List of Supporting Documents:**

1. Letter from MUSC
2. Map



Engineering and Facilities  
97 Jonathan Lucas St.  
MSC 190  
Charleston SC 29425  
Tel 843 792 2721  
Fax 843 792 0251

[www.musc.edu/vpfa/eandf](http://www.musc.edu/vpfa/eandf)

December 6, 2013

Ms. Linda M. Gordon  
Real Property Services - Division of General Services  
South Carolina Budget & Control Board  
Wade Hampton Building, Suite 460  
Columbia, SC 29201

Dear Linda:

The Medical University of South Carolina (MUSC) requests approval to sell property located at 166 and 168 Ashley Avenue to our MUSC Foundation. Our Board of Trustees and the Budget & Control Board (BCB) approved these property sales back in December 2007 and March 2008 to our Foundation. The appraisal values were based at "pre-cash" market conditions. Unfortunately, the sales never took place back then because the buyers changed their minds. Now that the market has improved, we have interest once again and would like to move forward with the sales. Recently, we had the properties re-appraised and their current values are much less than what the BCB approved back in March 2008. We are taking this to our Board of Trustees next week, December 12<sup>th</sup> & 13<sup>th</sup>, as informational items, since they initially approved the sales back in December 2007. I have attached the following information for your review and consideration:

- Property Deeds
- Property Appraisals
- MUSC Board of Trustees Meeting Minutes – 12/14/07
- Budget & Control Board Meeting Minutes – 3/18/08
- MUSC Board of Trustees Agenda Items for Information – 12/13/13

Upon approval of this request, we will relocate the current occupants of 168 Ashley Avenue. The first floor student study space will be comingled with existing space in our Colbert Education Center/Library Building. The second floor occupants will be relocated to available office space in our Harborview Office Tower. 166 Ashley Avenue is vacant.

I have copied our contacts at the SC Commission on Higher Education for their information as required, with no formal approval(s) necessary.

Please let me know if additional information is needed.

Sincerely –

A handwritten signature in black ink that reads "Jennifer Pearce Aldrich". The signature is written in a cursive, flowing style.

Jennifer Pearce Aldrich  
Quality & Compliance Manager

Enclosures

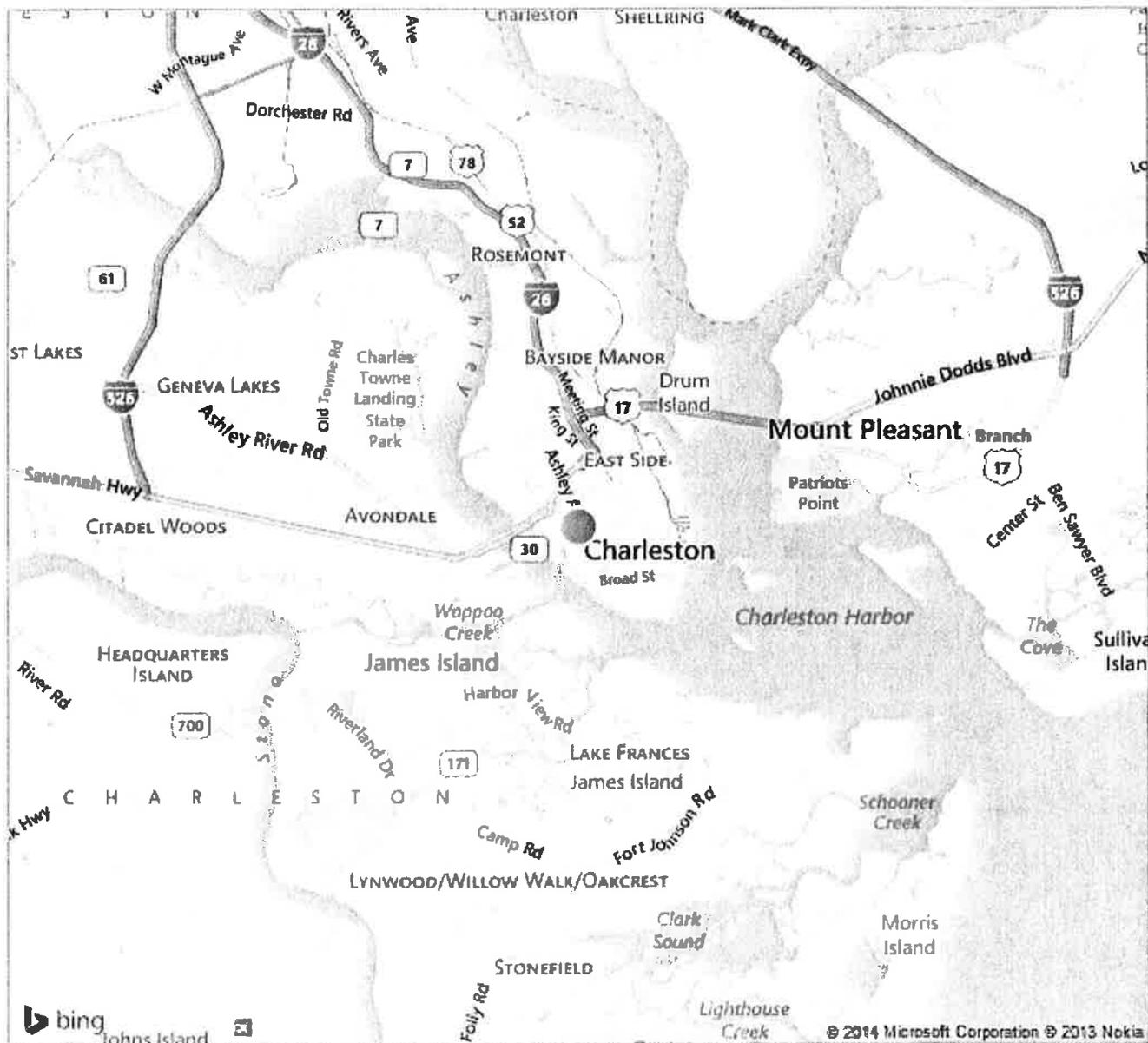
Cc: Gary Glenn/Courtney Blake (CHE)  
Carol Routh/Allyn Powell/Charles Shawver (BCB)  
Tom Anderson (MUSC Foundation)  
Gregory Weigle (MUSC Engineering & Facilities)



166 Ashley Ave, Charleston, SC 29425

My Notes

On the go? Use [m.bing.com](http://m.bing.com) to find maps, directions, businesses, and more



**(b) Medical University of South Carolina  
Charleston County**

**List of Supporting Documents:**

1. Letter from MUSC
2. Map



Engineering and Facilities  
97 Jonathan Lucas St.  
MSC 190  
Charleston SC 29425  
Tel 843 792 2721  
Fax 843 792 0251

[www.musc.edu/vpfa/eandf](http://www.musc.edu/vpfa/eandf)

December 6, 2013

Ms. Linda M. Gordon  
Real Property Services - Division of General Services  
South Carolina Budget & Control Board  
Wade Hampton Building, Suite 460  
Columbia, SC 29201

Dear Linda:

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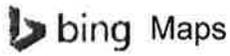
Sincerely –

A handwritten signature in black ink that reads "Jennifer Pearce Aldrich". The signature is written in a cursive, flowing style.

Jennifer Pearce Aldrich  
Quality & Compliance Manager

Enclosures

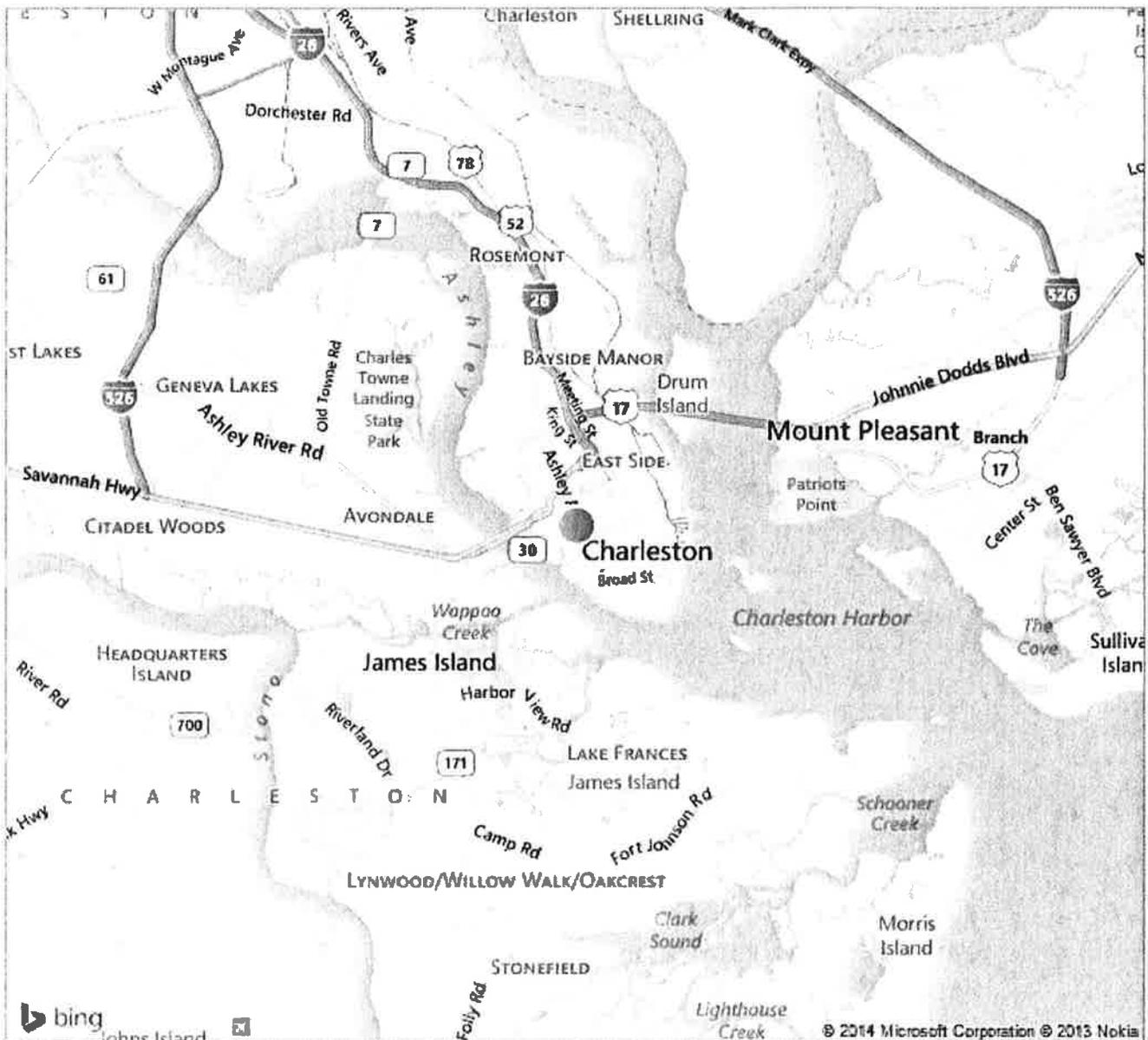
Cc: Gary Glenn/Courtney Blake (CHE)  
Carol Routh/Allyn Powell/Charles Shawver (BCB)  
Tom Anderson (MUSC Foundation)  
Gregory Weigle (MUSC Engineering & Facilities)



168 Ashley Ave, Charleston, SC 29425

My Notes

On the go? Use [m.bing.com](http://m.bing.com) to find maps, directions, businesses, and more



**(b) University of South Carolina  
Charleston and Georgetown Counties**

**List of Supporting Documents:**

1. Letter from University of South Carolina
2. Map



December 4, 2013

Linda M. Gordon  
Real Property Services, Division of General Services  
SC Budget & Control Board  
Wade Hampton Building, Suite 460  
Columbia, SC 29201

Dear Ms. Gordon,

The University of South Carolina has fee simple ownership of approximately 1500 acres of land that is comprised of a 500 acre parcel in Charleston County and a 1000 acre parcel in Georgetown County separated by the Santee River. The property is commonly known as The Wedge. The University has owned the property since 1990. The property contains a historic house and numerous non-historic outbuildings. The University used the property for research many years ago; however, the property no longer contributes to our mission. On November 22, 2013, the USC Buildings and Grounds Committee, a sub-committee of our Board of Trustees, approved the property being declared surplus to our needs and being disposed of through appropriate state processes. This decision is expected to be ratified by our full Board of Trustees at its meeting of December 17, 2013.

We respectfully request that you accept this letter as our declaration that the property is surplus to our needs and that you seek Budget and Control Board approval to dispose of the property. It is our desire to have this item on the January 28, 2014, Budget and Control Board agenda. With this letter we include a current appraisal, a survey of the property and a copy of the deed. If we can offer further documentation or explanation, please do not hesitate to contact our office.

With Kind Regards,

Derek S. Gruner  
University Architect and Director of Planning and Programming  
University of South Carolina  
743 Greene Street  
Columbia, SC 29208  
Tel: 803 777-1184  
Email: [dgruner@fmc.sc.edu](mailto:dgruner@fmc.sc.edu)

cc: Helen Zeigler  
Ashlie Lancaster



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AGENCY: Division of Procurement Services

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SUBJECT: Procurement Audit and Certification

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The Division of Procurement Services, in accord with Section 11-35-1210, has audited the following agency and recommends certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi-year contracts are used):

Coastal Carolina University (for a period of three years): supplies and services, \$300,000\* per commitment; consultant services, \$200,000\* per commitment; revenue generating management services, \$1,000,000\* per commitment; construction contract award, \$200,000 per commitment; construction contract change order, \$150,000 per change order; architect/engineer contract amendment; \$50,000 per amendment.

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

The audit confirms the Coastal Carolina University's Procurement Office has the internal controls and expertise to ensure compliance with the applicable requirements of the South Carolina Consolidated Procurement Code and regulations for the certification levels requested. Additionally, the certification levels requested are consistent with procurement certifications granted by the Board to similar sized agencies.

---

BOARD ACTION REQUESTED:

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

Coastal Carolina University (for a period of three years): supplies and services, \$300,000\* per commitment; consultant services, \$200,000\* per commitment; revenue generating management services, \$1,000,000\* per commitment; construction contract award, \$200,000 per commitment; construction contract change order, \$150,000 per change order; architect/engineer contract amendment; \$50,000 per amendment.

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

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ATTACHMENTS:

Agenda item worksheet and attachment

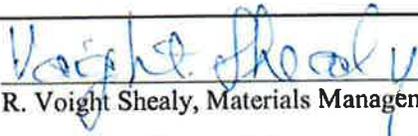
## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: January 29, 2014

Blue Agenda

**1. Submitted by:**

- (a) Agency: Division of Procurement Services  
(b) Authorized Official Signature:

  
R. Voight Shealy, Materials Management Officer

**2. Subject:** Procurement Certification for Coastal Carolina University

**3. Summary Background Information:**

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services has reviewed the procurement system of Coastal Carolina University and recommends its certification within the parameters described in the audit report for the following limits for a period of three years.

	<u>Current Certification</u>	<u>Certification Recommended</u>
I. Supplies and Services	*\$ 200,000 Per Commitment	*\$ 300,000 Per Commitment
II. Consultant Services	*\$ 100,000 Per Commitment	*\$ 200,000 Per Commitment
III. Revenue Generating Management Services	*\$ 1,000,000 Per Commitment	*\$ 1,000,000 Per Commitment
IV. Construction Contract Award	\$ 100,000 Per Commitment	\$ 200,000 Per Commitment
V. Construction Contract Change Order	\$ 100,000 Per Change Order	\$ 150,000 Per Change Order
VI. Architect/Engineer Contract Amendment	\$ 15,000 Per Amendment	\$ 50,000 Per Amendment

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

The audit confirms Coastal Carolina University's Procurement Office has the internal controls and expertise to ensure compliance with the applicable requirements of the South Carolina Consolidated Procurement Code and regulations for the certification levels requested. Additionally, the certification levels requested are consistent with procurement certifications granted by the Board to similar sized agencies.

**4. What is Board asked to do?**

Grant procurement certification for Coastal Carolina University by approval of the Blue Agenda.

**5. What is recommendation of Board division involved?** Approve.

**6. Recommendation of other office (as required)?**

- (a) Authorized Signature: \_\_\_\_\_  
(b) Division/Agency Name: \_\_\_\_\_

**7. List of supporting documents:**

- (a) Section 11-35-1210 of the Consolidated Procurement Code

## **South Carolina Consolidated Procurement Code**

### **Auditing and Fiscal Reporting**

#### **§ 11-35-1210. Certification**

- (1) Authority. The board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The designated board office shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract.
- (2) Policy. Authorizations granted by the board to a governmental body are subject to the following:
  - (a) adherence to the provisions of this code and the ensuing regulations, particularly concerning competitive procurement methods;
  - (b) responsiveness to user needs;
  - (c) obtaining of the best prices for value received.
- (3) Adherence to Provisions of the Code. All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

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AGENCY: Executive Director

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SUBJECT: Revenue Bonds

The required reviews on the following proposal to issue revenue bonds have been completed with satisfactory results. The project requires approval under State law.

- a. Issuing Authority: College of Charleston
- Amount of Issue: N/E \$62,000,000 Academic and Administrative Facilities Revenue Bonds, Series 2014A
- Allocation Needed: -0-
- Name of Project: Not Exceeding \$62,000,000 Academic and Administrative Facilities Revenue Bonds, Series 2014A
- Employment Impact: n/a
- Project Description: renovation and expansion of the Rita Hollings Science Center
- Bond Counsel: Rion D. Foley, McNair Law Firm, P. A.

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BOARD ACTION REQUESTED:

Adopt the resolution approving the referenced proposal to issue revenue bonds.

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ATTACHMENTS:

Resolutions

## A RESOLUTION

### AUTHORIZING THE ISSUANCE BY THE COLLEGE OF CHARLESTON OF NOT EXCEEDING \$62,000,000 ACADEMIC AND ADMINISTRATIVE FACILITIES REVENUE BONDS, SERIES 2014A AND OTHER MATTERS RELATED THERETO

As an incident to the adoption of this Resolution and based upon certain representations made to it in the Petition referred to herein, the South Carolina State Budget and Control Board (the "State Budget and Control Board") makes the following findings:

A. The College is an institution of higher education of the State of South Carolina authorized by Title 59, Chapter 130, Article 5, Code of Laws of South Carolina, 1976, as amended (the "Academic Act") to issue academic and administrative facilities revenue bonds for the purpose of financing or refinancing in whole or in part the cost of acquisition, construction, reconstruction, renovation and improvement of land, buildings, and other improvements to real property and equipment for the purpose of providing certain academic and administrative buildings as defined under the Academic Act and constituting Higher Education Facilities within the meaning of the General Bond Resolution hereinafter referred to.

B. The Board of Trustees of the College (the "Board of Trustees") is the governing body of the College, constituted pursuant to Section 59-130-10, Code of Laws of South Carolina, 1976, as amended.

C. The College has determined there is a need for the renovation and expansion of the Rita Hollings Science Center (the "Series 2014A Project").

D. By an authorizing resolution adopted on August 2, 2013, the Board of Trustees authorized the Executive Vice President for Business Affairs to begin making arrangements necessary for the offering of Not Exceeding \$62,000,000 Academic and Administrative Facilities Revenue Bonds, Series 2014A in consultation with the State Treasurer of South Carolina, including, without limitation, the preparation of a preliminary official statement, an official statement, the publication of an official notice of bond sale and official bid form and other documents necessary for the offering and sale of the Series 2014A Bonds.

E. Under the Academic Act, the issuance of the Series 2014A Bonds will be subject to approval by the South Carolina State Budget and Control Board.

F. The Series 2014A Bonds will be the thirteenth Series of Bonds issued under a "GENERAL BOND RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF HIGHER EDUCATION FACILITIES REVENUE BONDS OF THE COLLEGE OF CHARLESTON; PRESCRIBING THE FORM OF BONDS; LIMITING THE PAYMENT OF THE BONDS SOLELY TO CERTAIN DESIGNATED REVENUES AND PLEDGING THE REVENUES TO SUCH PAYMENT; CREATING CERTAIN FUNDS AND PROVIDING FOR PAYMENTS INTO SUCH FUNDS; AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING" (the "General Bond Resolution").

G. The General Bond Resolution requires a Debt Service Reserve Fund to be funded to the extent of the Reserve Fund Requirement for each series of bonds. All issues thus far under the General

Bond Resolution have satisfied these requirements with a surety bond. If such a surety bond is obtained for the Series 2014A Bonds, cash will not be needed to fund the Debt Service Reserve Fund to the extent of the Reserve Fund Requirement for the Series 2014A Bonds.

H. The Series 2014A Bonds would be sold in a private placement, negotiated sale or competitive sale at the discretion of and under the direction of the Office of the State Treasurer. If such Series 2014A Bonds are sold pursuant to a public sale, bids therefore would be received in the Offices of the State Treasurer of South Carolina and awarded to the bidder offering the lowest true interest cost to the College with such methodology to be determined and set forth in greater detail in the Official Notice of Bond Sale and Official Bid Form for this issue.

I. The Executive Vice President for Business Affairs of the College has advised the Board of Trustees that, under Section 3.3.D. of the General Bond Resolution, the College may designate additional sources of revenue for the payment of Academic and Administrative Facilities Revenue Bonds to be issued thereunder. In order to meet the Additional Bonds test of Section 3.3 of the General Bond Resolution or the debt service coverage covenants of Section 7.1 of the General Bond Resolution, it may be necessary for the Board of Trustees to designate such an additional source of revenue.

J. The State Budget and Control Board has received a Petition and supporting documentation from the Executive Vice President for Business Affairs of the College requesting the approval by the State Budget and Control Board of the issuance by the College of the Series 2014A Bonds.

NOW THEREFORE, BE IT RESOLVED by the State Budget and Control Board in meeting duly assembled:

1. The issuance by the College of not exceeding \$62,000,000 Academic and Administrative Facilities Revenue Bonds, Series 2014A is hereby approved.

2. The State Treasurer of South Carolina is hereby authorized to make arrangements necessary for the offering of the Series 2014A Bonds, and to award the Series 2014A Bonds through a private placement, negotiated sale or public sale.

# STATE BUDGET AND CONTROL BOARD

Meeting of Wednesday, January 29, 2014 -- 9:30 A. M.

Room 252, Edgar A. Brown Building

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## AGENDA INDEX

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<u>Item</u>	<u>Agency</u>	<u>Subject</u>
<b>I.</b>	<b>MEETING OF THE TOBACCO SETTLEMENT REVENUE MANAGEMENT AUTHORITY</b>	
<b>II.</b>	<b>MEETING OF THE BUDGET AND CONTROL BOARD</b>	
<b>A.</b>	<b>ADOPTION OF PROPOSED AGENDA</b>	
<b>B.</b>	<b>MINUTES OF PREVIOUS MEETING</b>	
<b>C.</b>	<b>BLUE AGENDA</b>	
1.	State Treasurer's Office	Bond Counsel Selection
2.	Division of General Services	Easements
3.	Division of General Services	Real Property Conveyances
4.	Division of Procurement Services	Procurement Audits and Certifications
5.	Executive Director	Revenue Bonds
<b>D.</b>	<b>REGULAR SESSION</b>	
1.	Division of State Budget	Permanent Improvement Projects
2.	Division of State Budget	Real Property Acquisitions
3.	Budget and Control Board	Future Meeting

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AGENCY: Division of State Budget

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SUBJECT: Permanent Improvement Projects

Budget and Control Board approval is requested for the following permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

**Establish Project for A&E Design**

- (a) Summary 4-2014: JBRC Item 1. Coastal Carolina University  
Project: 9602, Academic Office/Classroom Building #2 Construction  
Funding Source: \$270,000 Other, One Cent Sales Tax Funds which are Horry County Education Capital Sales and Use Tax funds, of which Coastal Carolina receives 13.3 of the sales tax collections to be used for construction, renovation, land acquisition and debt service payments.  
Request: Establish project and budget for \$270,000 (Other, One Cent Sales Tax funds) to begin design work to construct an approximately 52,000 square foot office and classroom facility at Coastal Carolina. The facility will house approximately 100 faculty and staff offices and 15 to 18 general purpose classrooms ranging in size to provide approximately 500 to 600 additional classroom seats. The facility is needed to support faculty growth and the expanding student population, which is growing each year toward 12,500 students in 2020. Office space has been carved out of every academic building on campus and many faculty members are sharing offices, which hinders student counseling and advisement.
- (b) Summary 4-2014: JBRC Item 2. State Board for Technical and Comprehensive Education  
Project: 6088, Spartanburg - Tyger River Building CBED Renovation  
Funding Source: \$25,000 Other, College Plant funds which are defined as total revenue and fund balance less college capital expenses less college plant fund carry forward projects, resulting in the remaining college revenue and fund balance.  
Request: Establish project and budget for \$25,500 (Other, College Plant funds) to begin design work to renovate a portion of the Tyger River Building for Spartanburg Community College's Center for Business and Entrepreneurial Development (CBED). The work will include renovating approximately 22,000 square feet of unused space to create additional office and meeting spaces, training classrooms and workstations and to provide the necessary equipment and technology for the CBED. It will also include upgrading the roof, restrooms, wall and floor finishes and the HVAC, plumbing, lighting, fire protection, and security systems in the space. The CBED expansion is needed because it is currently occupied at capacity and because of increasing business demand for office and training spaces for starting and expanding businesses, product lines and manufacturing processes in Spartanburg County.

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AGENCY: Division of State Budget

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SUBJECT: Permanent Improvement Projects

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**Establish Construction Budget**

(c) Summary 4-2014: JBRC Item 3. College of Charleston

Project: 9647, Rita Hollings Science Center Renovation

Funding Source: \$60,000,000 which includes \$55,000,000 Revenue Bond funds which are Academic and Administrative Facilities Revenue Bonds for which debt service is paid from a student Capital Improvement Fee of \$744 per semester, \$2,000,000 Capital Reserve Funds which were appropriated in 2012-13 by the General Assembly specifically for this project, and \$3,000,000 Other, College Fee funds which are apportion of the student bill not specifically earmarked or dedicated for debt service, auxiliary enterprises, or student clubs and activities.

Request: Increase budget to \$60,000,000 (add \$59,385,000 - \$55,000,000 Revenue Bonds, \$2,000,000 Capital Reserve Fund and \$2,385,000 Other, College Fee funds) to renovate the Rita Hollings Science Center at the College of Charleston. The project was established in June 2011 for pre-design work and the project scope was revised, based on completed pre-design, in October 2013. The work will include renovating the Science Center and demolishing and reconstructing the adjoining Physicians Auditorium to create teaching and instructional spaces, research labs, faculty offices, event space, and other academic support spaces for the biology, physics, and psychology departments and an animal research center. The existing facilities have numerous health issues which have led to problems with air quality and programmatic design deficiencies, which result in space that does not meet the functional needs of 21<sup>st</sup> century instruction and research. The renovation will mitigate the need for an additional science building on the main campus for the next 15 years. The renovation will be constructed to Green Globes Two Globe certification and will include installation of sustainable sites, water efficiency, energy and atmosphere and other measures. The Green Globes cost benefit analysis shows a positive cost benefit of \$4,519,478 over 30 years. The agency reports the total projected cost of this project is \$60 million and additional annual operating costs of \$127,919 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is October 2014 and for completion of construction is March 2016. (See Attachment 1 for additional annual operating costs.)

(d) Summary 4-2014: JBRC Item 4. Department of Natural Resources

Project: 9936, Georgetown - Yawkey Wildlife Center Swing Bridge Construction Gift

Funding Source: \$2,500,000 Other, Construction Gift which will be constructed and provided to the Department of Natural Resources by the Yawkey Foundation requiring the use of no funds for construction by DNR.

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AGENCY: Division of State Budget

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SUBJECT: Permanent Improvement Projects

Request: Establish budget and project for \$2,500,000 (Other, Construction Gift fund) to accept a gift of construction of a floating swing bridge at the Tom Yawkey Wildlife Center in Georgetown County for DNR. The floating swing bridge will be constructed by the Yawkey Foundation across the Intercoastal Waterway between Cat Island and the mainland at the Yawkey Center. Currently, access to this island is from the use of a ferry system which is maintenance intensive, unreliable, limited in size and weight capacity, and cannot accommodate larger vehicles. Access is needed to enable DNR to manage and maintain the property. The bridge, valued at \$2.5 million, will be constructed and funded by the Yawkey Foundation, reviewed and monitored by the Office of State Engineer and, upon completion, will be donated to DNR for management of the Center. Energy savings and conservation measures are not applicable to this site development project. The agency reports the total projected value of this project is \$2.5 million and no additional annual operating costs will result from the project. The agency also reports the projected date for the start of construction is January 2014 and for completion of construction is June 2014.

(e) Summary 4-2014: JBRC Item 8. Office of Adjutant General

Project: 9787, Armory Maintenance and Repairs

Funding Source: \$1,300,000 which includes \$650,000 Appropriated, State funds appropriated by the legislature specifically for this project and \$650,000 Federal funds, which are funds from the National Guard Bureau Armory Maintenance Funds awarded to the agency for this project.

Request: Increase budget to \$1,300,000 (add \$650,000 Federal funds) to make maintenance repairs to National Guard armories statewide. The project was established in December 2013 with appropriated state funds legislatively authorized for armory maintenance and repairs and requires no pre-design work. The state funds were appropriated to match federal funds from the National Guard Bureau which requires a 50/50 state match. The work in approximately 10 to 12 readiness centers and armories will vary and will include replacing roofs, windows, doors and an HVAC system, as well as repairing parking and renovating latrines. Energy savings and conservation measures will include the installation of energy efficient roofs, windows and lighting. The agency reports the total projected cost of this project is \$1.3 million and no additional operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is June 2014 and for completion of construction is December 2014.

(f) Summary 4-2014: JBRC Item 9. Budget and Control Board

Project: 9928, Rutledge Building Emergency AHU Fan Replacement

Funding Source: \$490,000 Other, Depreciation Reserve funds, which are derived from the rent account, which receives rent charged to agencies.

Request: Establish budget and project for \$490,000 (Other, Depreciation Reserve funds) to repair the HVAC system in the Rutledge Building. The work will include

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AGENCY: Division of State Budget

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SUBJECT: Permanent Improvement Projects

replacement of the air handler unit, including the fan coil system. The existing fan is 48 years old and suffered a catastrophic failure on December 27, 2013, leaving the 2<sup>nd</sup> through 12<sup>th</sup> floors of the building completely without heating and air conditioning. Temporary heating units have been put in place, but without the fan unit there is little air circulation in the building. The agency is requesting Phase I and Phase II approval simultaneously due to the cost of the temporary heating units. The estimated construction budget is based on similar recent projects in the Gressette and Brown buildings. The agency reports the total projected cost of this project is \$490,000 and anticipates no additional operating costs associated with this project. The agency also reports the projected date for execution of the construction contract is January 2014 and the projected date for completion of construction is February 2014.

- (g) Summary 4-2014: JBRC Item 10. Department of Vocational Rehabilitation  
Project: 9598, Marlboro VR Center Reroofing  
Funding Source: \$445,000 Workshop Training Center Program Income which is revenue generated by production contracts in the agency's work training centers providing clients opportunity to learn work skills.  
Request: Increase budget to \$445,000 (add \$434,000 Other, Workshop Training Center Program Income funds) to replace the roof of the Marlboro VR Center for the Vocational Rehabilitation Department. The project was established in October 2013 for pre-design work, which is now complete. The work will include removing the existing built-up roof and applying a new built-up roof with associated insulation flashings and metal work. The roof is 25 years old and leaks. Numerous leaks have been repaired, but the size and frequency of leaks are increasing. The roof needs to be replaced before water further deteriorates the deck, ceiling and contents of the building. The agency reports the total projected cost of this project is \$445,000.00 and anticipates no additional annual operating costs associated with this project. The agency also reports the projected date for execution of the construction contract March 2014 and the projected date for completion of construction is May 2014.
- (h) Summary 4-2014: JBRC Item 11. Department of Mental Health  
Project: 9727, Roddey Nursing Home Roof Replacement  
Funding Source: \$5,150,000 which includes \$5,100,000 Other, Deferred Maintenance funds which are funds authorized pursuant to Proviso 35.14 and may include operating revenue transfers, legal settlements and other one-time funding sources, and \$50,000 Other, Legal Settlements funds which are part of a legal settlement awarded to the agency.  
Request: Increase budget to \$5,150,000 (add \$5,100,000 Other, Deferred Maintenance Fund) to replace the roof on the Department of Mental Health's Roddey Nursing Home in Columbia. The project was established in June 2013 for pre-design work, which is now complete. The work will include replacing the purlins, plywood decking, fascia framing, metal fascia and shingles. The

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AGENCY: Division of State Budget

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SUBJECT: Permanent Improvement Projects

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existing roof is 22 years old, leaking and in poor condition. When it was reroofed in 1991, plywood deck and shingles were installed over existing fire retardant treated wood (FRTW) decking. The FRTW purlins and deck are splitting and cracking at numerous locations and need to be replaced or the FRTW materials will continue to deteriorate over time, creating a safety issue. As a result of prior litigation, the Department of Mental Health received a total of \$4,345,854 from the companies which supplied the FRTW chemicals used in the roofing materials of the agency's buildings. The Department of Mental Health plans to use a portion of this money to fund this project. The new roof will be a metal roof system. The agency reports the total projected cost of this project is \$5,150,000 and anticipates no additional operating costs associated with this project. The agency also reports the projected date for execution of the construction contract is April 2014 and for completion of construction is December 2014.

(i) Summary 4-2014: JBRC Item 12. Department of Transportation

Project: 9721, Upstate Salt Storage Facility Construction

Funding Source: \$1,200,000 which includes \$313,500 Appropriated, State funds appropriated by the legislature specifically for this project and \$886,500 Other, State Highway funds which are derived from 10.34 cent per gallon of the gasoline user fee which must be turned over to the Department of Transportation for the purposes of that department.

Request: Increase budget to \$1,200,000 (add \$1,177,400 - \$313,500 Appropriated State and \$863,900 Other, State Highway Funds) to construct a new salt storage facility to serve the Upstate area for the Department of Transportation. The project was established in October 2012 for pre-design work, which is now complete. The new storage facility, which will serve the counties that are the state's biggest salt users, will be approximately 18,000 square feet and will hold 10,000 tons of salt. This will provide enough salt storage to meet the needs of the Upstate area for most South Carolina winters. The facility will be constructed of salt-resistant materials and will be constructed on right of way property in Spartanburg County. The new facility will allow for purchasing and storing salt during warm weather when costs are lowest, and will reduce transportation costs for salt as salt is currently distributed from Columbia. The agency reports the total projected cost of this project is \$1,200,000 and anticipates minimal additional operating costs of less than \$100 per year associated with the facility. The agency also reports the projected date for execution of the construction contract is June 2014 and for completion of construction is December 2014.

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BOARD ACTION REQUESTED:

Approve permanent improvement project establishment requests and budget revisions. All items have been reviewed favorably by the Joint Bond Review Committee.

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ATTACHMENTS: Attachments

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

1. AGENCY Code H15 Name College of Charleston

2. PROJECT Project # 9647 Name Rita Hollings Science Center Renovation

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) <u>2015-16</u>	\$	\$	\$ 63,959.00	\$ 63,959.00
2) <u>2016-17</u>	\$	\$	\$ 127,919.00	\$ 127,919.00
3) <u>2017-18</u>	\$	\$	\$ 127,919.00	\$ 127,919.00

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?

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. <u>Utilities</u>	<u>\$9,966.75</u>
2. <u>Maintenance</u>	<u>53,992.75</u>
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
TOTAL	<u>\$63,959.50</u>

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: Stephen C. Osborne                      October 23, 2013  
 Signature of Authorized Official and Title                      Date

## Permanent Improvement Project Information for January 29, 2014 B&CB Meeting

Agency/ Project No.	Agency/Project Name	Original Approved Budget	Date of Original Approval	Phase I Amount	Date of Phase I Approval	Included in CPIP	Total Projected Project Cost
H17-9602	Coastal Carolina - Academic Office/Classroom Building #2 Construction	\$270,000 for pre-design	1/29/14	\$270,000	1/29/14	No	To Be Determined
H59-6088	Spartanburg Community College - Tyger River Building CBED Renovation	\$25,500 for pre-design	1/29/14	\$25,500	1/29/14	No	To Be Determined
H15-9647	College of Charleston - Rita Hollings Science Center Renovation	\$615,000	6/14/11	\$615,000	6/14/11	No	\$60,000,000
P24-9936	Department of Natural Resources - Georgetown - Yawkey Wildlife Center Swing Bridge Construction Gift	N/A	N/A	N/A	N/A	No	\$2,500,000
E24-9787	Office of Adjutant General - Armory Maintenance and Repairs	\$650,000	12/5/13	N/A	N/A	No	\$1,300,000
F03-9928	Budget and Control Board - Rutledge Building Emergency AHU Fan Replacement	N/A	N/A	N/A	N/A	No	\$490,000
H73-9598	Vocational Rehabilitation Department - Marlboro VR Center Reroofing	\$11,000 for pre-design	10/31/13	\$11,000	10/31/13	No	\$445,000
J12-9727	Department of Mental Health - Roddey Nursing Home Roof Replacement	\$50,000 for pre-design	10/31/13	\$50,000	10/31/13	No	\$4,150,000
U12-9721	Department of Transportation - Upstate Salt Storage Facility Construction	\$22,600 for pre-design	10/30/12	\$22,600	10/30/12	No	\$1,200,000

**Additional Information on Funding Sources for  
Higher Education Permanent Improvement Projects**

**Item (a) – Coastal Carolina Academic Office/Classroom Building 2 Construction**

The source of funds for A&E pre-design is \$270,000 Other, Once Cent Sales Tax funds. One Cent sales are Horry County Education Capital Sales and Use tax funds and were approved in November 2008, started on March 1, 2009, and run for 15 years. This funding can be used for construction, renovation, and land acquisition or to offset debt service payments. The legislation, 2008 Bull1232, guarantees that Coastal Carolina will receive 13.3% of the sales tax collections. The university's portion has been approximately \$8.5 million per year and the balance with the State Treasurer earns interest. The current balance in the sales tax account is \$12.4 million. By the end of 2015, the balance will be \$16 million after current fiscal year spending.

The proposed source of funds for construction, estimated at \$18 million, is Other, One Cent Sales Tax funds, defined and described above. Conservative projection of One Cent Sales Tax funding for this project is \$5,401,427 by June 2015, with full funding in place by December 2016.

The agency reports that no increase in any student fee or tuition will be required for design or construction of this facility.

**Item (b) – Spartanburg Community College Tyger River Building CBED Renovation**

The source of funds for A&E pre-design is \$25,500 Other, College Plant funds. College Plant funds are defined as total revenue and fund balance less college capital expenses less college plant fund carry forward projects, resulting in the remaining college revenue and fund balance. No fee is imposed to fund this project. The current uncommitted balance of College Plant funds is \$2,679,035.

The proposed source of funds for construction, estimated at \$1.7 million, is a combination of College Plant funds of \$417,555, Economic Development Administration grant funds of \$782,445 and funds from the Appalachian Regional Commission of \$500,000. The college has received award notification from EDA for \$782,445, ARC for \$370,866 and an award balance of \$129,134 is anticipated after December 2013. The current uncommitted balance of College Plant funds is \$2,679,035.

The agency reports that no increase in any student fee or tuition will be required for design or renovation of this facility.

### **Item (c) – College of Charleston Rita Hollings Science Center Renovation**

The source of funds for construction is \$60 million, which includes \$55 million Revenue Bond funds, \$2 million Capital Reserve Funds, and \$3 million Other, College Fee funds.

The Revenue Bond funds are Academic and Administrative Facilities Revenue Bond funds, the debt service for which is funded by a portion of the Capital Improvement Fee, a student fee established in 1971-72. Currently, \$284 of the \$744 per semester fee is earmarked for debt service. An additional \$199 of the Capital Improvement Fee will be allocated per semester in relation to those 2014 revenue bonds. The Capital Improvement Fee will not be increased to fund the debt service. Approval of the bond issue is planned for the January 29, 2014 B&CB meeting at the same time the construction budget is approved.

Other, College Fee funds is that portion of the student bill not specifically earmarked or dedicated for debt service, auxiliary enterprises, or student clubs and activities. It is generated through charges for course credit as well as ancillary charges for labs, transcripts and other miscellaneous items. As of October 23, 2013, the uncommitted balance of College Fees was \$3,504,919.

This agency reports that no increase in any student fee or tuition will be required for design or renovation of this facility.

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AGENCY: Division of State Budget

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SUBJECT: Real Property Acquisitions

The Division of State Budget recommends approval of the following real property acquisitions:

- (a) Agency: **Spartanburg Community College**  
Acreage: 8.548 ± acres of undeveloped land  
Location: Peachoid Road in Gaffney  
County: Cherokee  
Purpose: Future campus development  
Appraised Value: \$441,500  
Price/Seller: \$440,000 / Walker Investors, LLC  
Source of Funds: Other, College Plant Funds  
Project Number: H59-6086  
Environmental Study: Approved  
Building Condition: N/A  
Assessment:  
Additional Annual Op Cost/SOF: Additional annual operating costs for ground maintenance are estimated at \$4,000 and will be paid for from college plant funds.  
Current Year Property Tax: \$16.96  
Approved By: CHE on 12/20/13; JBRC on 1/15/13
- b) Agency: **Spartanburg Community College**  
Acreage: 7.18 ± acres of land and 2 residential properties containing 831 square feet and 1,840 square feet respectively. They do not contribute value to the property and will be removed.  
Location: 266 Peachoid Road in Gaffney  
County: Cherokee  
Purpose: Future campus development  
Appraised Value: \$350,000  
Price/Seller: \$350,000 / William M. Degner  
Source of Funds: Other, College Plant Funds  
Project Number: H59-6087  
Environmental Study: Approved  
Building Condition Assessment: N/A  
Additional Annual Op Cost/SOF: Additional annual operating costs for ground maintenance are estimated at \$4,000 and will be paid for from college plant funds.  
Current Year Property Tax: \$2,826  
Approved By: CHE on 12/20/13; JBRC on 1/15/14

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**AGENCY:** Division of State Budget

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**SUBJECT:** Real Property Acquisitions

- (c) Agency: **Greenville Technical College**  
Acreage: 29.33 ± acres  
Location: North side of Millennium Boulevard, Millennium Campus in Greenville.  
County: Greenville  
Purpose: To construct the Enterprise Campus.  
Appraised Value: \$2,850,000  
Price/Seller: \$2,295,000 / BCD, LLC  
Source of Funds: Greenville County  
Project Number: H59-6090  
Environmental Study: Approved  
Building Condition Assessment: N/A  
Additional Annual Op Cost/SOF: No additional annual operating will result from the acquisition. The college will develop the site and construct new facilities with a projected cost of \$22.7 million. Once completed they anticipate additional annual operating costs ranging from \$723,750 to \$963,662 to be supported by tuition and fees, as well as incubator space rental revenue.  
Current Year Property Tax: \$187  
Approved By: CHE on 11/18/13; JBRC on 1/15/14
- (d) Agency: **Department of Natural Resources**  
Acreage: 25 ± Acres of undeveloped land  
Location: North of and adjacent to SC Highway 31 in Horry County.  
County: Horry  
Purpose: To protect upland wildlife habitat and reduce/eliminate encroachment issues for the heritage preserve.  
Appraised Value: N/A  
Price/Seller: Donation / Cottonpatch Timber Company, LLC  
Source of Funds: N/A  
Project Number: P24-9937  
Environmental Study: Approved  
Building Condition Assessment: N/A  
Additional Annual Op Cost/SOF: None  
Current Year Property Tax: \$14.00  
Approved By: JBRC on 1/15/14

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AGENCY: Division of State Budget

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SUBJECT: Real Property Acquisitions

(e) Agency:	<b>Department of Parks, Recreation and Tourism</b>
Acreage:	75.7 ± acres of lake and adjacent land located in Little Pee Dee State Park.
Location:	Little Pee Dee State Park
County:	Dillon
Purpose:	Conservation and protection of resources.
Appraised Value:	N/A
Price/Seller:	Donation / Ray Brown Family Limited Partnership
Source of Funds:	N/A
Project Number:	P28-9731
Environmental Study:	Approved
Building Condition Assessment:	N/A
Additional Annual Op	None
Cost/SOF:	
Current Year Property Tax:	None
Approved By:	JBRC on 1/15/14
Additional Information:	Currently leased from the Donors for \$1 per year.

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BOARD ACTION REQUESTED:

Approve the real property acquisitions as requested.

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ATTACHMENTS:

Agenda item worksheet and attachments

## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

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Meeting Scheduled for: January 29, 2014

Regular Agenda

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1. Submitted by:

- (a) Agency: State Budget Division  
(b) Authorized Official Signature:

  
Les Boles, Director

---

2. Subject: REAL PROPERTY ACQUISITIONS

---

3. Summary Background Information:

(a) Agency:	<b>Spartanburg Community College</b>
Acreage:	8.548 ± acres of undeveloped land
Location:	Peachoid Road in Gaffney
County:	Cherokee
Purpose:	Future campus development
Appraised Value:	\$441,500
Price/Seller:	\$440,000 / Walker Investors, LLC
Source of Funds:	Other, College Plant Funds
Project Number:	H59-6086
Environmental Study:	Approved
Building Condition Assessment:	N/A
Additional Annual Op Cost/SOF:	Additional annual operating costs for ground maintenance are estimated at \$4,000 and will be paid for from college plant funds.
Current Year Property Tax:	\$16.96
Approved By:	CHE on 12/20/13; JBRC on 1/15/13

(b) Agency: **Spartanburg Community College**  
Acreage: 7.18 ± acres of land and 2 residential properties containing 831 square feet and 1,840 square feet respectively. They do not contribute value to the property and will be removed.  
Location: 266 Peachoid Road in Gaffney  
County: Cherokee  
Purpose: Future campus development  
Appraised Value: \$350,000  
Price/Seller: \$350,000 / William M. Degner  
Source of Funds: Other, College Plant Funds  
Project Number: H59-6087  
Environmental Study: Approved  
Building Condition Assessment: N/A  
Additional Annual Op Cost/SOF: Additional annual operating costs for ground maintenance are estimated at \$4,000 and will be paid for from college plant funds.  
Current Year Property Tax: \$2,826  
Approved By: CHE on 12/20/13; JBRC on 1/15/14

(c) Agency: **Greenville Technical College**  
Acreage: 29.33 ± acres  
Location: North side of Millennium Boulevard, Millennium Campus in Greenville.  
County: Greenville  
Purpose: To construct the Enterprise Campus.  
Appraised Value: \$2,850,000  
Price/Seller: \$2,295,000 / BCD, LLC  
Source of Funds: Greenville County  
Project Number: H59-6090  
Environmental Study: Approved  
Building Condition Assessment: N/A  
Additional Annual Op Cost/SOF: No additional annual operating will result from the acquisition. The college will develop the site and construct new facilities with a projected cost of \$22.7 million. Once completed they anticipate additional annual operating costs ranging from \$723,750 to \$963,662 to be supported by tuition and fees, as well as incubator space rental revenue.  
Current Year Property Tax: \$187  
Approved By: CHE on 11/18/13; JBRC on 1/15/14

(d) Agency: **Department of Natural Resources**  
 Acreage: 25 ± Acres of undeveloped land  
 Location: North of and adjacent to SC Highway 31 in Horry County.  
 County: Horry  
 Purpose: To protect upland wildlife habitat and reduce/eliminate encroachment issues for the heritage preserve.  
 Appraised Value: N/A  
 Price/Seller: Donation / Cottonpatch Timber Company, LLC  
 Source of Funds: N/A  
 Project Number: P24-9937  
 Environmental Study: Approved  
 Building Condition Assessment: N/A  
 Additional Annual Op Cost/SOF: None  
 Current Year Property Tax: \$14.00  
 Approved By: JBRC on 1/15/14

(e) Agency: **Department of Parks, Recreation and Tourism**  
 Acreage: 75.7 ± acres of lake and adjacent land located in Little Pee Dee State Park.  
 Location: Little Pee Dee State Park  
 County: Dillon  
 Purpose: Conservation and protection of resources.  
 Appraised Value: N/A  
 Price/Seller: Donation / Ray Brown Family Limited Partnership  
 Source of Funds: N/A  
 Project Number: P28-9731  
 Environmental Study: Approved  
 Building Condition Assessment: N/A  
 Additional Annual Op Cost/SOF: None  
 Current Year Property Tax: None  
 Approved By: JBRC on 1/15/14  
 Additional Information: Currently leased from the Donors for \$1 per year.

**4. What is Board asked to do?**

Approve the property acquisitions as requested.

**5. What is recommendation of Board Division involved?**

Recommend approval of the property acquisitions requested.

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**6. Recommendation of other Division/Agency (as required)?**

- (a) Authorized Signature: \_\_\_\_\_  
(b) Division/Agency Name: \_\_\_\_\_
- 

**7. List of Supporting Documents:**

1. Code Section 1-11-65
  - (a) Spartanburg Community College - H59-6086
  - (b) Spartanburg Community College - H59-6087
  - (c) Greenville Technical College - H59-6090
  - (d) Department of Natural Resources - P24-9937
  - (e) Department of Parks, Recreation and Tourism-- P28-9731

**(a) Spartanburg Community College  
Cherokee County  
H59-6086**

1. Letter from Agency
2. Appraisal Results
3. Environmental Results
4. Map
5. Cost Implications



January 3, 2014

SC Budget and Control Board  
Attn: Charles Shawver  
1205 Pendleton Street  
Edgar A. Brown Building, Suite 529  
Columbia, SC 29201

Dear Mr. Shawver,

Spartanburg Community College would like to ask that our Cherokee County Blanton Property Land Acquisition, Project #6086, be presented for approval at the next available Joint Bond Review Committee and Budget & Control Board meetings.

Attached is the Property Acquisition Information Format, and the South Carolina Commission on Higher Education staff approval.

Thank you,

Ray Switzer  
Vice President for Business Affairs



MARION R. GRIFFIN & CO., INC. / *Real Estate Consultants ... Appraisals ... Sales*

TELEPHONE 864/585-2459  
135 ARCHER ST. • P.O. BOX 2366  
SPARTANBURG, S.C. 29304

MARION R. GRIFFIN, SRPA, MAI - 1926 - 2010  
M. RALPH GRIFFIN, JR., MAI  
STEPHEN R. GRIFFIN, MAI



December 17, 2013

Spartanburg Co. Commission for Technical Education  
c/o Mr. Ray Switzer  
Vice President for Business Affairs  
Spartanburg Community College  
Post Office Box 4386  
Spartanburg, South Carolina 29305

Re: Summary Appraisal Report  
±8.548 Acre Tract  
Peachoid Road  
Gaffney, South Carolina

Dear Mr. Switzer:

In accordance with your request, I have for the purpose of appraisal, personally inspected the above mentioned property currently owned by Walker Investments, located on Peachoid Road, (a/k/a Interstate 85 Frontage Road), in Gaffney, South Carolina, being more particularly known as follows:

All that certain piece, parcel, or tract of land lying, being, and situate in the County of Cherokee, State of South Carolina, on the north side of Peachoid Road, containing approximately 11.90 acres as shown on a survey prepared for L. Emerson Blanton by Lavender Smith and Associates, Inc. Land Surveyors and Mappers dated October 3, 1986.

**Less:**

All that certain piece, parcel, or tract of land lying, being, and situate in the County of Cherokee, State of South Carolina, on the north side of Peachoid Road, containing approximately 1.672 acres as shown on a survey prepared for Café Enterprises, Inc., prepared by Professional Surveying Services, dated September 19, 2001. This property is further known and designated as having Cherokee County Tax Map Number: 080-00-00-064.002.

December 17, 2013

Mr. Ray Switzer  
Spartanburg Community College

**And Less:**

All that certain piece, parcel, or tract of land lying, being, and situate in the County of Cherokee, State of South Carolina, on the north side of Peachoid Road, containing approximately 1.68 acres as sketched on a copy the Plat of 11.90 acres referenced above, a copy of which is made a part of the Site Data section of this report.

The subject property being further known and designated as a portion of Cherokee County Tax Map 080-00-00-064.001 and 080-00-00-065.000.

There is no plat of the subject property as it currently exists. The 1.672 acre tract referenced above was surveyed and sold off from the 11.90 acre tract in 2001, and at the inspection of the subject property for this appraisal, the owner of the subject property stated that he wanted to retain a  $\pm 1.68$  acre tract adjacent to the east side of the Fatz restaurant and fronting 200 ft on Peachoid Road and having the same depth of the Fatz restaurant. This leaves approximately 8.548 acres as the subject property. The subject tract is a vacant tract of land.

**Summary Appraisal Report:** A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under Standard 1. (USPAP, 2012-2013 edition)

**Note:** *This report contains summary discussions of the data, reasoning, and analysis that were used to develop the opinion of value. It also includes summary descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of the highest and best use. Any data, reasoning, and analysis not discussed in the Summary Appraisal Report are retained in the appraiser's work file.*

Mr. Ray Switzer  
Spartanburg Community College

December 17, 2013

I have considered all of the necessary pertinent data affecting the valuation including location, type, use, sales and asking prices of comparable properties, the trend of the neighborhood, and of business conditions generally, and am of the opinion that the Market Value of the properties as of December 16, 2013 is . . .

**Indicated Market Value of the Subject Property Including the  
Contributory Value of the Outdoor Billboard Income  
FOUR HUNDRED FORTY-ONE THOUSAND FIVE HUNDRED DOLLARS  
\$441,500.00\***

**\*This appraisal is based on the subject property containing 8.548 acres. If a new survey indicates that the total area of the subject property changes, then this value may be subject to change.**

The property is appraised as Fee Simple Title Ownership, assuming no indebtedness, and that title to the property is good and marketable. The appraiser has no present or contemplated future interest in the property. This appraisal is based on the legal description as furnished, and no survey was made by the appraiser. This letter of transmittal is followed by a Summary Appraisal Report. Please contact the undersigned if there are any questions.

Yours truly,



Stephen R. Griffin, MAI

SC Certified General Real Estate Appraiser #34

## SUMMARY OF SALIENT FACTS

Date of Inspection:	December 16, 2013
Effective Date of Value:	December 16, 2013
Market Value of the Subject Tract:	\$441,500.00
Indicated Value of the Subject Property As Vacant:	\$427,500.00
Indicated Contributory Value of the Outdoor Billboard Income:	\$14,000.00
Marketing Time:	6 – 18 Months
Highest and Best Use:	General Commercial
2013 Property Taxes: (See Property Tax Section)	
Parcel 080-00-00-064.001:	\$11.07
Parcel 080-00-00-065.000:	\$ 5.89
Land Size:	± 8.548 Acres
Hazardous Material:	None Known
Zoning:	None
Block Map Ref.:	080-00-00-064.001 080-00-00-065.000
Utilities Available:	Public water, sewer, telephone, and electricity
Flood Map #:	45021C0156D

**SITE VALUATION****FINAL INDICATION OF VALUE**

Indicated Value of the Subject Site As Vacant:	\$427,500
Indicated Contributory value of the Billboard Income:	<u>\$ 14,000</u>
Total Indicated Value of the Subject Property:	\$441,500

**Indicated Market Value of the Subject Property Including the  
Contributory Value of the Outdoor Billboard Income  
FOUR HUNDRED FORTY-ONE THOUSAND FIVE HUNDRED DOLLARS  
\$441,500.00\***

**\*This appraisal is based on the subject property containing 8.548 acres. If a new survey indicates that the total area of the subject property changes, then this value may be subject to change.**

**CERTIFICATION**

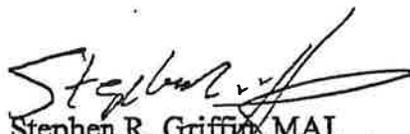
**Appraisal:**                    **Summary Appraisal Report**  
                                     **±8.548 Acre Vacant Tract**  
                                     **Peachoid Road**  
                                     **Gaffney, South Carolina**

The undersigned does hereby certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.

**CERTIFICATION**

- no one provided significant professional assistance to the person signing this report.
- as of the date of this report, I am in compliance with the continuing education program of the Appraisal Institute.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- I have not made performed a valuation service on the subject property of this appraisal within the last three year period of the effective date of this appraisal report.



Stephen R. Griffin MAI

SC Certified General Real Estate Appraiser #34



December 18, 2013

Spartanburg Community College  
Post Office Box 4386  
Spartanburg, South Carolina 29305

Attention: Mr. Ray Switzer

Reference: Report of Phase I Environmental Site Assessment  
Louie Blanton Property  
Peachoid Road  
Gaffney, Cherokee County, South Carolina  
S&ME Project No. 1264-13-251

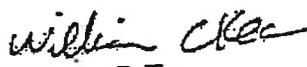
Dear Mr. Switzer:

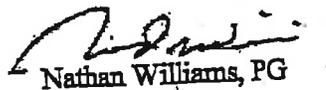
S&ME, Inc. has completed a Phase I Environmental Site Assessment (ESA) for the referenced property. The attached report presents the findings of S&ME's Phase I Environmental Site Assessment which was performed in accordance with ASTM E1527-13 and S&ME Proposal No. 13742, dated December 9, 2013.

ASTM E 1527-13 states that an Environmental Site Assessment "meeting or exceeding" this practice and completed less than 180 days prior to the date of acquisition or intended transaction is presumed to be valid if the report is being relied on by the User for whom the assessment was originally prepared and the following components were completed: interviews, the regulatory review, site visit, and the declaration by the environmental professional responsible for the assessment. Based on this requirement, this report is presumed to be valid for 180 days after December 18, 2013.

S&ME appreciates the opportunity to provide this Phase I ESA for this project. Please contact us at your convenience if there are questions regarding the information contained in this report.

Sincerely,  
S&ME, Inc.

  
William C. Kea  
Environmental Scientist  
[bkea@smenc.com](mailto:bkea@smenc.com)

  
Nathan Williams, PG  
Senior Geologist  
[nwilliams@smenc.com](mailto:nwilliams@smenc.com)

WCZNDW S:\ENTRON\2013\1264 Projects\6413251 peachoid road site\Phase I Update\1527-13 Phase I Report.doc

## **EXECUTIVE SUMMARY**

S&ME, Inc. has performed a Phase I Environmental Site Assessment (ESA) for the *Louie Blanton Property* located on Peachoid Road in Gaffney, Cherokee County, South Carolina. This Phase I ESA was authorized by Mr. Ray Switzer with the Spartanburg Community College. The following summary is intended as an overview of the Phase I ESA, and does not include the complete findings and opinions of the full report.

The purpose of this Phase I ESA was to identify *recognized environmental conditions (RECs)* in connection with the subject property. This Phase I ESA was prepared in general accordance with American Society for Testing and Materials (ASTM) E 1527-13, *Standard Practice for Environmental Assessments: Phase I Environmental Site Assessment Process*. This standard practice was published in November 2013 to satisfy new requirements for *All Appropriate Inquiries (AAI)* as per 40 CFR Part 312 to permit the User to qualify for certain CERCLA *Landowner Liability Protections (LLPs)*. We will also follow the requirements of the South Carolina Budget and Control Board Policy for Obtaining Environmental Studies for Land Acquisitions.

The subject site is a portion of Cherokee County tax parcel number 080-00-00-064.01 and a portion of parcel 080-00-00-065.00. The property is approximately 8.5 acres of mostly overgrown and undeveloped land.

### **On-Site Findings**

1. The subject property was previously farm land, which can be a concern because agricultural chemicals (insecticides, pesticides, herbicides, etc.) are typically used in crop production. Problems associated with agricultural chemical usage are generally associated with storage, mixing and disposal areas. However, no evidence of structures, mixing areas or pesticide container disposal areas was observed. Based on the time since the property was last farmed and the absence of any observed storage, mixing or disposal areas, the former agricultural usage of the property is not considered a REC.

### **Off-Site Findings**

No off-site facilities appeared on databases within the ASTM designated minimum search distance of the subject property or were revealed in historical sources.

**In summary, this Phase I ESA has revealed no evidence of RECs in connection with the subject property.**

## **7. FINDINGS**

### **7.1 On-Site Findings**

The property was previously farm land, which can be a concern because agricultural chemicals (insecticides, pesticides, herbicides, etc.) are typically used in crop production. Problems associated with agricultural chemical usage are generally associated with storage, mixing and disposal areas. However, no evidence of structures, mixing areas or pesticide container disposal areas was observed.

### **7.2 Off-Site Findings**

No off-site findings were revealed during this Phase I ESA.

## **8. OPINIONS**

### **8.1 On-Site Opinions**

Based on the time since the property was last farmed and the absence of any observed storage, mixing or disposal areas, the former agricultural usage of the property is not considered a REC.

### **8.2 Off-Site Opinions**

No off-site findings were revealed during this Phase I ESA.

### **8.3 Data Gaps**

The following data gaps were encountered during the performance of the Phase I ESA.

- Title records were not searched for environmental liens or AULs.
- There are gaps of greater than five years between some historical sources.

It is our opinion that these data gaps are not significant and did not affect the environmental professional's ability to identify possible RECs on the subject site.

### **8.4 Additional Investigation**

In the opinion of the environmental professionals in responsible charge of this assessment, no additional investigation is required at this time to establish greater certainty in identifying RECs.

## **9. CONCLUSIONS**

We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM E1527-13 of the *Louie Blanton Property* located on Peachoid Road in Gaffney, Cherokee County, South Carolina. Limitations or exceptions to this standard practice are described in Section 1.4 of this report. Any deviations are described in Section 10.

**This assessment has revealed no evidence of RECs in connection with the subject property.**

## **10. DEVIATIONS**

S&ME, Inc. has endeavored to perform this Phase I ESA in conformance with our understanding of the scope and limitations of ASTM Standard Practice E 1527-13 without deviation. However, the lack of a review of title and judicial records for environmental liens and AULs is a deviation.

## **11. ADDITIONAL SERVICES**

S&ME also visually evaluated the property for areas that are suspect wetlands, which was discussed in Section 5.2.5. An area located on the southeastern corner is a seep that forms a stream that subsequently flows easterly from the subject property.

S&ME reviewed ownership history of the property dating back at least 40 years as required by the Budget and Control Board. Our review indicated ownership of the property by private individuals and the current LLC over the past 40 years.

## **12. REFERENCES**

ASTM Standard on Environmental Site Assessments for Commercial Real Estate E1527-13, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*. American Society for Testing and Materials (ASTM), Philadelphia, PA, 2005.

ASTM E 2600-10 *Standard Guide for Vapor Encroachment Screening on Properties Involved in Real Estate Transactions*.

South Carolina Budget and Control Board Policy for Obtaining Environmental Studies for Land Acquisitions.

Aerial Photographs from 2008 reviewed at Google Earth web site.

Aerial Photograph from 2012 reviewed at Bing maps web site.

U.S. Geological Survey (USGS) 7.5 minute series Topographic Map, Gaffney, South Carolina Quadrangle, dated 1971.

U.S. Geological Survey (USGS) 15 minute series Topographic Map, Gaffney, South Carolina Quadrangle, dated 1908.

*The Geology of the Carolinas*, (Horton, Jr. J. Wright and Zullo A. Victor, University of Tennessee Press, 1991.

*EDR-Radius Map Report, Peachoid Road Site*, Inquiry Number 3810322, dated July 19, 2013.

*EDR-Certified Sanborn® Map Report, Peachoid Road Site*, Inquiry Number 3810322, dated July 19, 2013.

*EDR Aerial Photo Decade Package, Peachoid Road Site*, Inquiry Number 3670886, dated July 22, 2013.

Federal Indian tribes website - [www.nationalatlas.gov/mld/indlanp.html](http://www.nationalatlas.gov/mld/indlanp.html).

South Carolina Indian tribes web site - [www.sciwav.net/hist/indians/geo.html](http://www.sciwav.net/hist/indians/geo.html).

### 13. SIGNATURE(S) OF ENVIRONMENTAL PROFESSIONAL(S)

We declare that, to the best of our professional knowledge and belief, we meet the definition of Environmental Professional as defined in §312.10 of 40 CFR 312. We have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. We have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.



William C. Kea  
Environmental Scientist/EP



Nathan Williams, P.G.  
Senior Geologist/EP

### 14. QUALIFICATION(S) OF ENVIRONMENTAL PROFESSIONAL(S)

The environmental professionals for this project are Mr. William C. Kea and Mr. Nathan Williams, P.G. Mr. Kea conducted the assessment and prepared the report. He holds a BS and MS degree in Entomology from Clemson University and has 36 years work experience in agricultural research and environmental consulting. He has performed over 700 environmental assessments for real estate transactions. Mr. Kea has attended ASTM training for Phase I Environmental Site Assessments.

Mr. Williams, a Senior Geologist with S&ME, Inc., has over 26 years of experience. Mr. Williams provided senior review for the project. He holds a BS degree in Geology from the University of South Carolina and is a registered professional geologist. He has managed and provided senior review for numerous environmental assessments for real estate transactions and has also attended ASTM training for Phase I Environmental Site Assessments.

Resumes of these individuals are included in Appendix H.



## PROPERTY ACQUISITION INFORMATION FORMAT

### PART I

1. Project Number: 6086
2. County: Cherokee
3. Description of Property: Blanton Property
4. Grantor(s) Name and Address: Walker Investors, LLC  
104 Plantation Dr.  
Spartanburg, SC 29302  
Attn: Louie Blanton
5. Grantee(s) Name and Address: Spartanburg Community College  
PO Box 4386  
Spartanburg, SC 29305  
Attn: Ray Switzer, VP Business Affairs
6. County Location: Peachoid Rd, Gaffney, SC
7. Acreage: +/- 8.548
8. Purpose for Acquisition: To expand the SCC Cherokee County Campus
9. Demonstrate the need to acquire the property: The SCC Cherokee County Campus is increasingly becoming land locked with its present location fronting Business I-85 and connecting to Hwy 11. Adjacent properties are being developed by residential, commercial, service-oriented, and institutional properties. The increase in acreage allows for future growth and expansion, and enhanced visibility from I-85.
10. Purchase Price: \$440,000.
11. Current Year Property Tax Amount: \$7,574.45 \*as denoted in the appraisal

### PART II

1. How many sites were evaluated? Only two sites contiguous to the SCC Cherokee County Campus were available for sale.
2. Please list the selection criteria used to evaluate sites. The property needs to be in very close proximity to the SCC Cherokee County Campus. Preferably the property needs to be contiguous to the campus for student, faculty, and staff safety and convenience to access buildings, and for effective utilization of administration, faculty, and staff. The topography needs to lend itself for future campus site development.
3. How was the final selection of the site made? The property owner was desiring to sell the property and SCC had funds budgeted to acquire the property.
4. Why was this specific site selected? This property is located adjacent to the SCC Cherokee County Campus.
5. What is the estimated costs of any construction or renovations to be done on the property and the anticipated source of funds for such work? No costs anticipated except for annual grounds maintenance.
6. What are the estimated additional annual operating costs which will result from acquisition of the property and the anticipated source of funds? Explain the factors that determine the cost. If no costs, explain why not. \$4,000.00 per year for grounds maintenance, as denoted on Form A-49.
7. What are the estimated additional annual operating costs which will result from construction/renovation on the property and the anticipated source of funds? Explain the factors that determine the costs. If no costs, explain why not. No costs are anticipated in the near term.

There are two dwellings on the property that will not be used for any purpose by the College. The buildings will be demolished at a later date as they are considered for future building sites.

12. What program(s) will use the land/building to be acquired?

For future expansion of the SCC Cherokee County Campus general education, sciences, and advanced manufacturing and industrial technologies programs.

13. What is the current age of the building to be acquired, if applicable? The present residential dwellings situated on the property are late 1960's to 1970's of which the College will not use for any purpose. The buildings will be demolished at a later date as they are considered for future building sites.

14. Please provide demand/usage data to support the need for the acquisition.

The Cherokee County Campus is approximately ½ mile southwest of the SC Hwy 11 interchange and approximately 1 mile northeast of the SC Hwy 105 and I-85 interchange inside the city limits of Gaffney, SC. I-85 serves as a major north/south traffic artery through the western portion of SC, with a traffic count of 49,500 vpd. The campus connects to the SC Hwy 11 which is the primary retail corridor from I-85 into the City of Gaffney. The City has annexed the property north of the campus for development which now includes an expanding apartment complex and YMCA. The south side of the campus now includes a Fatz restaurant and other commercial, service-oriented, and institutional properties leading westward toward the SC Hwy 105 and I-85 interchange which situates a large, regional outlets mall with nationally recognized retail anchors. Presently, the College has a building project (Cherokee County Campus-Center for Advanced Manufacturing & Industrial Technologies) that is in Phase 1 Pre-Design with construction planned for 2014. For the campus to future expand its educational services to the Cherokee County and surrounding areas this property acquisition will become increasingly necessary.

15. What are the estimated numbers of students, faculty, staff and/or clients that are expected to use the property to be acquired? (Answer for as many as are applicable.)

The Cherokee County Campus presently has a student head count of 650 students with 50 full-time and part-time adjunct faculty and 10 staff. The acquisition of the property will not result in an immediate increase of students, faculty or staff. However, future development of the acquired property will allow for infrastructure and building sites for expanding programs resulting in increased students and the required faculty and staff.

16. Has the acquisition 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 land acquisition project was included in the 2013-14 CPIP as priority number 2 of 4 in the amount of \$900,000. This CPIP project covered two (2) properties encompassing ±16 acres which included the ± 7.18 acre tract owned by Mr. William Degner.

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

This project is to acquire adjoining property contiguous to the SCC Cherokee County Campus for future campus expansion. The present campus location surrounding properties are rapidly being developed commercially that would result in the campus being land locked from future expansion should this property not be acquired. As the educational and manufacturing training demands in Cherokee County and surrounding areas continue to grow the campus will need additional acreage beyond its present 42.5 acres. Any campus development efforts will result in a considerable economic benefit to local businesses in the site development, construction trades, and service industries.

**(b) Spartanburg Community College  
Cherokee County  
H59-6087**

1. Letter from Agency
2. Appraisal Results
3. Environmental Results
4. Map
5. Cost Implications



**SPARTANBURG  
COMMUNITY  
COLLEGE**

January 3, 2014

SC Budget and Control Board  
Attn: Charles Shawver  
1205 Pendleton Street  
Edgar A. Brown Building, Suite 529  
Columbia, SC 29201

Dear Mr. Shawver,

Spartanburg Community College would like to ask that our Cherokee County Degner Property Land Acquisition, Project #6087, be presented for approval at the next available Joint Bond Review Committee and Budget & Control Board meetings.

Attached is the Property Acquisition Information Format, and the South Carolina Commission on Higher Education staff approval.

Thank you,

Ray Switzer  
Vice President for Business Affairs



MARION R. GRIFFIN & CO., INC. / *Real Estate Consultants ... Appraisals ... Sales*

TELEPHONE 864/585-2459  
135 ARCHER ST. • P.O. BOX 2368  
SPARTANBURG, S.C. 29304

MARION R. GRIFFIN, SRPA, MAI - 1926 - 2010  
M. RALPH GRIFFIN, JR., MAI  
STEPHEN R. GRIFFIN, MAI



December 17, 2013

Spartanburg Co. Commission for Technical Education  
c/o Mr. Ray Switzer  
Vice President for Business Affairs  
Spartanburg Community College  
Post Office Box 4386  
Spartanburg, South Carolina 29305

Re: Summary Appraisal Report  
±7.18 Acre Tract  
266 Peachoid Road  
Gaffney, South Carolina

Dear Mr. Switzer:

In accordance with your request, I have for the purpose of appraisal, personally inspected the above mentioned property currently owned by William M. Degner, located at 266 Peachoid Road, (a/k/a Interstate 85 Frontage Road), in Gaffney, South Carolina, being more particularly known as follows:

All that certain piece, parcel, or tract of land lying, being, and situate in the County of Cherokee, State of South Carolina, on the north side of Peachoid Road, containing approximately 7.18 acres as described in Deed Book 35 page 27-39. The subject property being further known and designated as Cherokee County Tax Map 080-00-00-063.001.

Mr. Ray Switzer  
Spartanburg Community College

December 17, 2013

The subject property is a ±7.18 acre tract that fronts Peachoid Road, which is a frontage road for the south bound lane of I-85, and has two residential dwellings situated on the subject tract. As will be explained in more detail in the Highest and Best Use section of this report, the residential dwellings do not have any contributory value to the subject property for its highest and best use. However it is possible someone may have the larger dwelling moved if it was given to them. Therefore it is valued as a vacant tract, less the estimated demolition and removal cost of the smaller dwelling.

**Summary Appraisal Report:** A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under Standard 1. (USPAP, 2012-2013 edition)

*Note: This report contains summary discussions of the data, reasoning, and analysis that were used to develop the opinion of value. It also includes summary descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of the highest and best use. Any data, reasoning, and analysis not discussed in the Summary Appraisal Report are retained in the appraiser's work file.*

I have considered all of the necessary pertinent data affecting the valuation including location, type, use, sales and asking prices of comparable properties, the trend of the neighborhood, and of business conditions generally, and am of the opinion that the Market Value of the properties as of December 16, 2013 is . . .

**Indicated Market Value of the Subject Property**  
**THREE HUNDRED FIFTY THOUSAND DOLLARS**  
**\$350,000.00\***

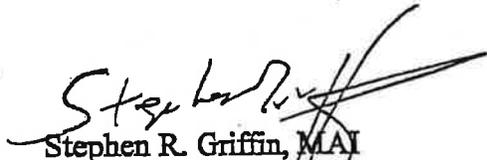
**\*This appraisal is based on the subject property containing 7.18 acres. If a new survey indicates that the total area of the subject property changes, then this value may be subject to change.**

Mr. Ray Switzer  
Spartanburg Community College

December 17, 2013

The property is appraised as Fee Simple Title Ownership, assuming no indebtedness, and that title to the property is good and marketable. The appraiser has no present or contemplated future interest in the property. This appraisal is based on the legal description as furnished, and no survey was made by the appraiser. This letter of transmittal is followed by a Summary Appraisal Report. Please contact the undersigned if there are any questions.

Yours truly,



Stephen R. Griffin, MAI

SC Certified General/Real Estate Appraiser #34

## SUMMARY OF SALIENT FACTS

Date of Inspection:	December 16, 2013
Effective Date of Value:	December 16, 2013
Total Market Value Estimate:	\$350,000.00
Estimated Demolition and Removal Cost:	\$ 3,500.00
Marketing Time:	6 - 18 Months
Highest and Best Use:	General Commercial
2013 Property Taxes: (See Property Tax Section)	\$2,825.79
Land Size:	± 7.18 Acres
Hazardous Material:	None Known
Zoning:	PDD-MU
Block Map Ref.:	080-00-00-063.001
Utilities Available:	Public water, telephone, and electricity
Flood Map #:	45021C0156D

**SITE VALUATION****Final Indication of Value**

$\pm 7.18$ acres @ \$49,500 per acre =	\$355,410.00
Indicated Value of the Subject Tract as Vacant:	Rounded to \$355,500.00
Less:	
Estimated Demolition and Removal Costs of Dwellings:	<u>(\$ 3,500.00)</u>
<b>Total Indicated Market Value of the Subject Property:</b>	<b>\$352,000.00</b>
	Rounded to <b>\$350,000.00</b>

**SITE VALUATION****FINAL INDICATION OF VALUE**

**Indicated Market Value of the Subject Property**  
**THREE HUNDRED FIFTY THOUSAND DOLLARS**  
**\$350,000.00\***

**\*This appraisal is based on the subject property containing 7.18 acres. If a new survey indicates that the total area of the subject property changes, then this value may be subject to change.**

**CERTIFICATION**

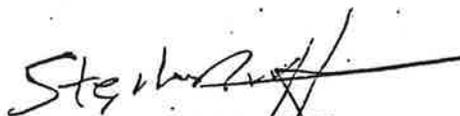
**Appraisal:**                      **Summary Appraisal Report**  
   **±7.18 Acre Tract**  
   **266 Peachoid Road**  
   **Gaffney, South Carolina**

The undersigned does hereby certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.

**CERTIFICATION**

- no one provided significant professional assistance to the person signing this report.
- as of the date of this report, I am in compliance with the continuing education program of the Appraisal Institute.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- I have not made performed a valuation service on the subject property of this appraisal within the last three year period of the effective date of this appraisal report.



Stephen R. Griffin, MAI

SC Certified General Real Estate Appraiser #34



December 18, 2013

Spartanburg Community College  
Post Office Box 4386  
Spartanburg, South Carolina 29305

Attention: Mr. Ray Switzer

**Reference: Report of Phase I Environmental Site Assessment  
William Degner Property  
266-272 Peachoid Road  
Gaffney, Cherokee County, South Carolina  
S&ME Project No. 1264-13-292**

Dear Mr. Switzer:

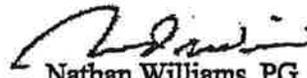
S&ME, Inc. has completed a Phase I Environmental Site Assessment (ESA) for the referenced property. The attached report presents the findings of S&ME's Phase I Environmental Site Assessment which was performed in accordance with ASTM E1527-13 and S&ME Proposal No. 13742, dated December 9, 2013.

ASTM E 1527-13 states that an Environmental Site Assessment "meeting or exceeding" this practice and completed less than 180 days prior to the date of acquisition or intended transaction is presumed to be valid if the report is being relied on by the User for whom the assessment was originally prepared and the following components were completed: interviews, the regulatory review, site visit, and the declaration by the environmental professional responsible for the assessment. Based on this requirement, this report is presumed to be valid for 180 days after December 17, 2013.

S&ME appreciates the opportunity to provide this Phase I ESA for this project. Please contact us at your convenience if there are questions regarding the information contained in this report.

Sincerely,  
S&ME, Inc.

  
William C. Kea  
Environmental Scientist  
[bkea@smeinc.com](mailto:bkea@smeinc.com)

  
Nathan Williams, PG  
Senior Geologist  
[nwilliams@smenc.com](mailto:nwilliams@smenc.com)

WCE/NDW S:\ENVIRON\2013\1264 Projects\6413292 266 Peachoid Road\Phase I Update 266 Peachoid Road\1527-13 Phase I Report.doc

## EXECUTIVE SUMMARY

S&ME, Inc. has performed a Phase I Environmental Site Assessment (ESA) for the *William Degner Property* located at 266-272 Peachoid Road in Gaffney, Cherokee County, South Carolina. This Phase I ESA was authorized by Mr. Ray Switzer with the Spartanburg Community College. The following summary is intended as an overview of the Phase I ESA, and does not include the complete findings and opinions of the full report.

The purpose of this Phase I ESA was to identify *recognized environmental conditions (RECs)* in connection with the subject property. This Phase I ESA was prepared in general accordance with American Society for Testing and Materials (ASTM) E 1527-13, *Standard Practice for Environmental Assessments: Phase I Environmental Site Assessment Process*. This standard practice was published in November 2013 to satisfy new requirements for *All Appropriate Inquiries (AAI)* as per 40 CFR Part 312 to permit the User to qualify for certain CERCLA *Landowner Liability Protections (LLPs)*. We will also follow the requirements of the South Carolina Budget and Control Board Policy for Obtaining Environmental Studies for Land Acquisitions.

The subject site is an approximate seven acre parcel developed with two residences and a shed. The property is identified as Cherokee County tax parcel number 080-00-00-063.01.

### On-Site Findings

1. The property was previously farm land, which can be a concern because agricultural chemicals (insecticides, pesticides, herbicides, etc.) are typically used in crop production. Problems associated with agricultural chemicals are generally associated with storage, mixing and disposal areas. Based on the time since the property was last farmed and the absence of any observed storage, mixing or disposal areas, the historical agricultural usage of the property is not considered a REC.
2. A small quantity of debris was observed on the property. Based on the limited quantity of debris and its composition, it is not considered a REC.
3. An out of use water supply well on the property has been partially filled with debris that included florescent light tubes. The light tubes are the newer tubes that have a reduced amount of mercury. Because only few light tubes were observed in the well and they contain a reduced amount of mercury compared to the older style tubes, the debris in the well is considered a *de minimis* condition and not a REC.
4. An unlabeled electrical transformer was observed on the property. Based on its good condition with no evidence of a release, it is not considered a REC.
5. An empty 55 gallon drum and two small containers of gear oil were observed on the property. Because we observed no evidence the drum or small containers had impacted the subject site they are not considered a REC.

6. The residences have septic tanks for sewage disposal. However, it is our opinion that septic tanks at private residences are not considered a REC unless there are unusual circumstances (i.e. clandestine drug lab).

**Off-Site Findings**

One off-site facility appeared on databases within the ASTM designated minimum search distance of the subject property, but is not considered a REC based on its distance from the subject property.

**In summary, this Phase I ESA has revealed no evidence of a REC in connection with the subject property.**

## **7. FINDINGS**

### **7.1 On-Site Findings**

1. The property was previously farm land, which can be a concern because agricultural chemicals (insecticides, pesticides, herbicides, etc.) are typically used in crop production. Problems associated with agricultural chemicals are generally associated with storage, mixing and disposal areas. However, no evidence of a storage structure, mixing area or pesticide container disposal area was observed. The current owner of the property once helped his father-in-law farm the land and he indicated there were no pesticide storage buildings or mixing areas on the property of which he was aware.
2. A small quantity of debris was observed on the property.
3. An out of use water supply well on the property has been partially filled with debris that included florescent light tubes. The light tubes are the newer tubes that have a reduced amount of mercury.
4. An unlabeled electrical transformer was observed on the property.
5. An empty 55 gallon drum and two small containers of gear lube and bar oil were observed on the property. No evidence that these containers had leaked and impacted the site was observed.

### **7.2 Off-Site Findings**

*Highway 11 Food Mart*, located at 322 Chesnee Highway, is approximately 2,300 feet northeast of the subject and appears on the UST and LUST databases. A petroleum release reported at the facility was issued NFA status.

## **8. OPINIONS**

### **8.1 On-Site Opinions**

1. Based on the time since the property was last farmed and the absence of any observed storage, mixing or disposal areas, the historical agricultural usage of the property is not considered a REC.
2. Based on the limited quantity of debris and its inert composition, it is not considered a REC.
3. Because only few light tubes were observed in the well and they contain a reduced amount of mercury from the older style tubes, the debris in the well is considered a *de minimis* condition and not a REC.
4. Based on its good condition with no evidence of a release, the transformer is not considered a REC.
5. Because we observed no evidence the drum or small containers had impacted the subject site they are not considered a REC.

### **8.2 Off-Site Opinions**

Based on its distance from the subject property, *Highway 11 Food Mart* is not considered a REC.

### **8.3 Data Gaps**

Usage of the subject property was not researched in five year intervals back to before first development because the standard historical sources to achieve that level of documentation were not reasonably ascertainable. The lack of a review of title and judicial records for environmental liens and AULs is a data gap. Based on the lack of significant change between the sources reviewed and information from the current owner, these data gap are not considered significant.

### **8.4 Additional Investigation**

In the opinion of the environmental professionals in responsible charge of this assessment, no additional investigation is required at this time to establish greater certainty in identifying RECs.

## **9. CONCLUSIONS**

We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM E1527-13 of the *William Degner Property* located at 266-272 Peachoid Road in Gaffney, Cherokee County, South Carolina. Limitations or exceptions to this standard practice are described in Section 1.4 of this report. Any deviations are described in Section 10.

**This assessment has revealed no evidence of RECs in connection with the subject property.**

## 10. DEVIATIONS

Not reviewing title and judicial records for environmental liens and AULs (to be provided by the user) is considered a deviation. It is our understanding this search will be performed in the near future.

## 11. ADDITIONAL SERVICES

S&ME performed a Limited Asbestos and Lead-Based Paint Evaluation of the structures on the property, which were submitted under separate cover. In summary, no lead-based paint and no asbestos-containing materials were found in either residence. The shed did not have any suspect asbestos or painted surfaces.

S&ME visually evaluated the property for areas that are suspect wetlands, which was discussed in Section 5.2.5. An area located on or near the western border is a potential wetland.

S&ME reviewed ownership of the property dating back at least 40 years. Tax cards and deeds were reviewed at the Cherokee County Administration Building that revealed private individuals have owned the property from 1929 to the present. The owners and the dates they acquired the property include: William Degner (April 1, 2010); Helen Crawford (October 13, 1992); R.E. Crawford (December 31, 1954); Dever Morgan (January 4, 1929); and Ms. Elizabeth Morgan, et al (date of acquisition not listed).

## 12. REFERENCES

*ASTM Standards on Environmental Site Assessments for Commercial Real Estate. E 1527-05, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process.* American Society for Testing and Materials (ASTM), Philadelphia, PA, 2005.

*ASTM E 2600-10 Standard Guide for Vapor Encroachment Screening on Properties Involved in Real Estate Transactions.*

South Carolina Budget and Control Board Policy for Obtaining Environmental Studies for Land Acquisitions.

Aerial Photograph from 2012 reviewed at Bing maps web site.

Aerial Photographs from 1995, 2005, and 2008 reviewed at Google Earth web site.

U.S. Geological Survey (USGS) 7.5 minute series Topographic Map, Gaffney, South Carolina Quadrangle, dated 1971.

U.S. Geological Survey (USGS) 15 minute series Topographic Map, Gaffney, South Carolina Quadrangle, dated 1908.

*The Geology of the Carolinas*, (Horton, Jr. J. Wright and Zullo A. Victor, University of Tennessee Press, 1991.

*EDR-Radius Map Report, Peachoid Road Site, Inquiry Number 3810322, dated July 19, 2013.*

*EDR-Certified Sanborn® Map Report, Peachoid Road Site, Inquiry Number 3810322, dated July 19, 2013.*

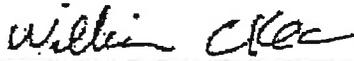
*EDR Aerial Photo Decade Package, Peachoid Road Site, Inquiry Number 3670886, dated July 22, 2013.*

Federal Indian tribes website - [www.nationalatlas.gov/mld/indlanp.html](http://www.nationalatlas.gov/mld/indlanp.html).

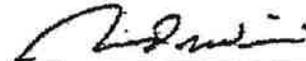
South Carolina Indian tribes web site - [www.sciwav.net/hist/indians/geo.html](http://www.sciwav.net/hist/indians/geo.html).

### **13. SIGNATURE(S) OF ENVIRONMENTAL PROFESSIONAL(S)**

We declare that, to the best of our professional knowledge and belief, we meet the definition of Environmental Professional as defined in §312.10 of 40 CFR 312. We have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. We have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.



William C. Kea  
Environmental Scientist/EP



Nathan Williams, P.G.  
Senior Geologist/EP

### **14. QUALIFICATION(S) OF ENVIRONMENTAL PROFESSIONAL(S)**

The environmental professionals for this project are Mr. William C. Kea and Mr. Nathan Williams, P.G. Mr. Kea conducted the assessment and prepared the report. He holds a BS and MS degree in Entomology from Clemson University and has 36 years work experience in agricultural research and environmental consulting. He has performed over 700 environmental assessments for real estate transactions. Mr. Kea has attended ASTM training for Phase I Environmental Site Assessments.

Mr. Williams, a Senior Geologist with S&ME, Inc., has over 26 years of experience. Mr. Williams provided senior review for the project. He holds a BS degree in Geology from the University of South Carolina and is a registered professional geologist. He has managed and provided senior review for numerous environmental assessments for real estate transactions and has also attended ASTM training for Phase I Environmental Site Assessments.

Resumes of these individuals are included in Appendix H.



## PROPERTY ACQUISITION INFORMATION FORMAT

### PART I

1. Project Number: 6087
2. County: Cherokee
3. Description of Property: Degner Property
4. Grantor(s) Name and Address: William M. Degner  
20 President St.  
Mt. Pleasant, SC 29464
5. Grantee(s) Name and Address: Spartanburg Community College  
PO Box 4386  
Spartanburg, SC 29305  
Attn: Ray Switzer, VP Business Affairs
6. County Location: 266 Peachoid Rd, Gaffney, SC
7. Acreage: +/- 7.18
8. Purpose for Acquisition: To expand the SCC Cherokee County Campus
9. Demonstrate the need to acquire the property: The SCC Cherokee County Campus is increasingly becoming land locked with its present location fronting Business I-85 and connecting to Hwy 11. Adjacent properties are being developed by residential, commercial, service-oriented, and institutional properties. The increase in acreage allows for future growth and expansion, and enhanced visibility from I-85.
10. Purchase Price: \$350,000
11. Current Year Property Tax Amount: \$8,295.00 \*as denoted in the appraisal

### PART II

1. How many sites were evaluated? Only two sites contiguous to the SCC Cherokee County Campus were available for sale.
2. Please list the selection criteria used to evaluate sites. The property needs to be in very close proximity to the SCC Cherokee County Campus. Preferably the property needs to be contiguous to the campus for student, faculty, and staff safety and convenience to access buildings, and for effective utilization of administration, faculty, and staff. The topography needs to lend itself for future campus site development.
3. How was the final selection of the site made? The property owner was desiring to sell the property and SCC had funds budgeted to acquire the property.
4. Why was this specific site selected? This property is located adjacent to the SCC Cherokee County Campus.
5. What is the estimated costs of any construction or renovations to be done on the property and the anticipated source of funds for such work? No costs anticipated except for annual grounds maintenance.
6. What are the estimated additional annual operating costs which will result from acquisition of the property and the anticipated source of funds? Explain the factors that determine the cost. If no costs, explain why not. \$4,000.00 per year for grounds maintenance, as denoted on Form A-49.
7. What are the estimated additional annual operating costs which will result from construction/renovation on the property and the anticipated source of funds? Explain the factors that determine the costs. If no costs, explain why not. No costs are anticipated in the near term.

**(c) Greenville Technical College  
Greenville County  
H59-6090**

1. Letter from Agency
2. Appraisal Results
3. Environmental Results
4. Map
5. Cost Implications



November 5, 2013

Greenville Technical College  
Mr. Bill Tripp  
Eng/Assoc Eng III  
Project Manager  
Facilities Management  
506 S. Pleasantburg Drive  
Greenville, South Carolina 29607

Re: 29.333± Acres  
Millennium Campus  
North side of Millennium Boulevard at Innovation Drive  
Greenville, Greenville County, South Carolina

Dear Mr. Tripp:

At your request, the above referenced property was inspected and appraised including gathering the necessary data and conducting the investigations and analyses necessary to form an opinion of the Market Value of the Fee Simple Interest of the subject. This report outlines the most pertinent data assembled and includes discussions of the analyses and conclusions.

The subject property of this report is 29.333± acres of undeveloped land located within the Millennium Campus. Millennium Campus is located on the southern side of Interstate 85, east and west of Laurens Road, inside the city limits of Greenville, in Greenville County, South Carolina. The subject is further identified by the Greenville County Tax Assessor as Greenville County Map Nos. M010.06-01-002.07 & M010.06-01-002.08. The subject is located on the north side of Millennium Boulevard at its intersection with Innovation Drive.

The purpose of this appraisal is to develop an opinion of the Market Value of the Fee Simple Interest of the subject as of November 2, 2013. Market Value as used herein is

defined in Chapter 12, Code of Federal Regulation, Part 34.42(f) is, "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." This definition is further defined and qualified.

Pertinent data affecting the valuation of the property was considered, including location, demand, highest and best use, type and condition of improvements, and the trends and business conditions of the area. It is, therefore, our opinion that the Market Value of the Fee Simple Interest of the subject property as of November 2, 2013 is:

**TWO MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS**  
**(\$2,850,000)**

The appraisal is of the Fee Simple Interest, assuming no indebtedness against the property, which cannot be satisfied without penalty. This appraisal is expressly made subject to the limiting conditions and comments appearing herein.

This appraisal has been made in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. By USPAP definition, this is a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraisers' opinion of value. This appraisal is based solely on the Sales Comparison Approach. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraisers are not responsible for unauthorized use of this report.

We certify that we have the experience and knowledge to complete an appraisal of this type property in a competent manner, and that we have made other appraisals of similar properties in the past. We certify that the property, which is the subject of this report, was inspected by Mark T. Selby, MAI

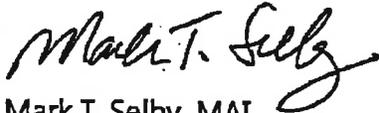
We certify that we have no financial interest in the subject property, present or contemplated, and that the employment of the appraisers was not conditional upon the appraisers producing a specified value within a given range. Future employment prospects are not dependent upon the appraisers producing a specified value.

Mr. Bill Tripp  
Page 3  
November 5, 2013

Employment of the appraisers and payment of the fee is not based on whether a loan application is approved or disapproved.

We appreciate the opportunity of providing you with this appraisal.

Respectfully submitted,



Mark T. Selby, MAI  
S.C. Certified General Real Estate Appraiser  
Certificate No. CG4755



H. Corbin Haskell, MAI  
S.C. Certified General Real Estate Appraiser  
Certificate No. CG296

## EXECUTIVE SUMMARY

This report provides a Phase I Environmental Site Assessment (ESA) of an undeveloped property located on the southeast side of the City of Greenville, in Greenville County, South Carolina. The ESA was completed in accordance with the guidelines published in ASTM-E 1527-05. This executive summary provides limited information regarding the subject property. The User of this report should read the report in its entirety.

Greenville Technical College is considering purchasing the subject property and is interested in satisfying one of the requirements to qualify for the bona fide prospective purchaser limitations on CERCLA liability by determining if recognized environmental conditions are present on or near the site. SynTerra was retained by Greenville Technical College to conduct a Phase I ESA of the subject property.

SynTerra conducted a visit to the subject site on November 4, 2013. The subject site consists of two adjoining tracts of land containing a total of approximately 29.3 acres, and is located on the north side of Millennium Boulevard, in the Clemson University International Center for Automotive Research (CU-ICAR) campus.

The site is generally wooded and undeveloped. A small wood barn is located near the northeast side of the site. A partially paved road extends across the site, generally parallel with Millennium Boulevard. A small creek originates on the east side of the site and flows to a small man-made pond on the southeast side of the site.

The historical information and interviews indicated several hundred acres of land, including the subject site and the area in the vicinity of the subject property, were purchased by John D Hollingsworth in the 1940s. Most of the acreage purchased by Hollingsworth was in use as a farm at the time of the purchase. Following the purchase, pines were planted on a portion of the property and the subject site remained generally wooded and undeveloped.

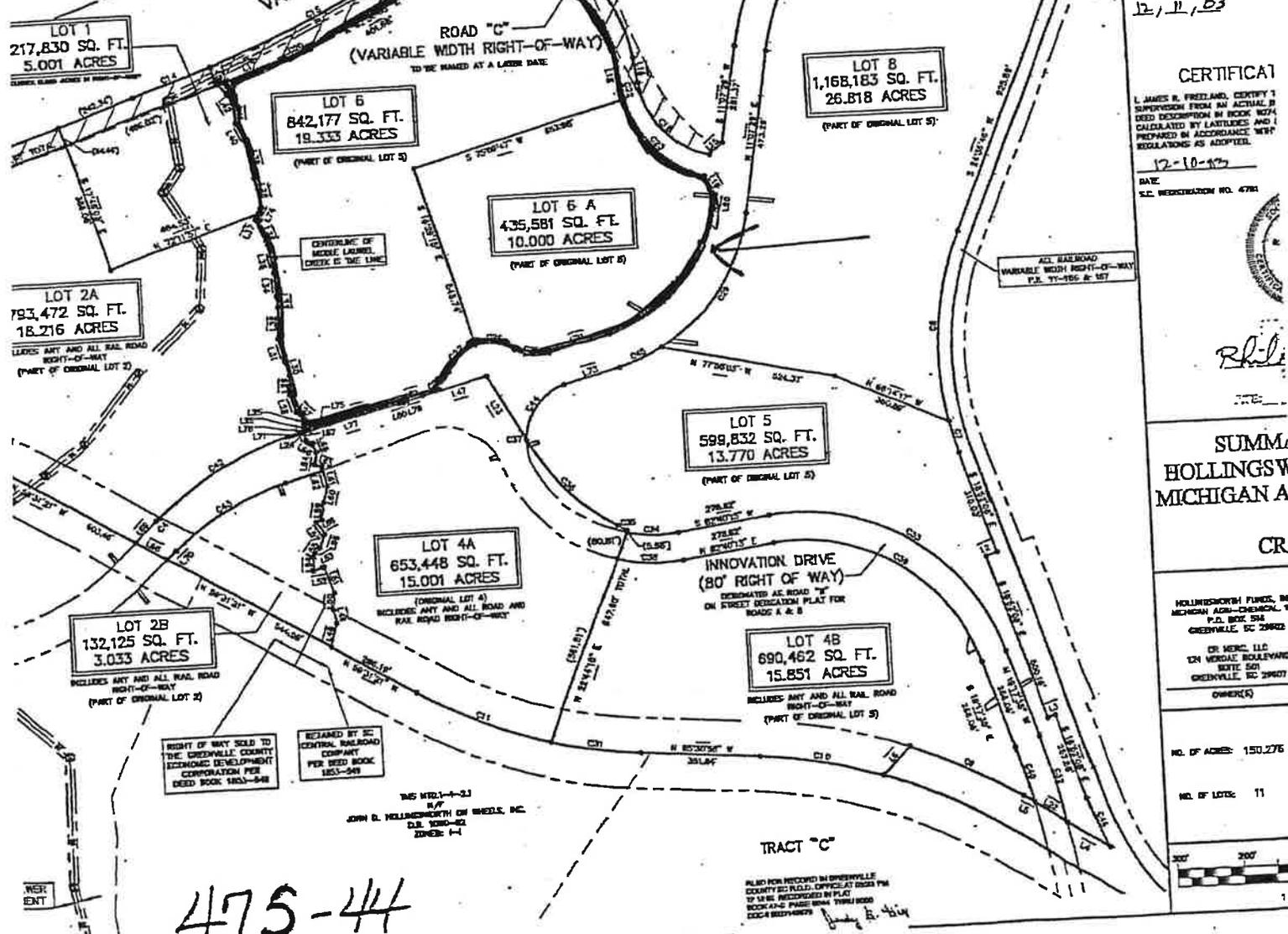
A small pond was constructed by Hollingsworth on the subject site and a mobile home installed near the pond. A drinking water well and septic tank were also installed near the residence. Mr. Hollingsworth occupied the residence on the site until approximately 2001.

Rosen Associates purchased several hundred acres of the Hollingsworth property in 2002 and the CU-ICAR campus was developed. Several tracts in the CU-ICAR campus near the subject site have been developed with large commercial or research buildings; the site and other tracts near the site have remained wooded and undeveloped. No indications of industrial use or waste disposal activities were identified on the subject site

An environmental database report reviewed for this assessment indicated that the subject site was not listed on any of the searched databases, and no sites were identified on properties adjoining the subject site.

The activities performed during this Phase I ESA were conducted to identify recognized environmental conditions (RECs) on and near the subject site. Based on our site visits, review of historic documentation and records and interviews, this assessment has revealed no evidence of RECs on the subject property. No environmental concerns were noted on properties adjoining the subject site.

LINE	LENGTH	BEARING	LINE	LENGTH	BEARING
1	11.72	N 45°00'00" E	103	60.27	N 82°00'00" W
2	12.00	S 75°00'00" W	104	14.22	N 82°00'00" W
3	13.00	N 75°00'00" E	105	43.80	N 82°00'00" W
4	14.00	S 75°00'00" W	106	90.00	N 82°00'00" W
5	15.00	N 75°00'00" E	107	141.00	N 82°00'00" W
6	16.00	S 75°00'00" W	108	200.00	N 82°00'00" W
7	17.00	N 75°00'00" E	109	260.00	N 82°00'00" W
8	18.00	S 75°00'00" W	110	320.00	N 82°00'00" W
9	19.00	N 75°00'00" E	111	380.00	N 82°00'00" W
10	20.00	S 75°00'00" W	112	440.00	N 82°00'00" W
11	21.00	N 75°00'00" E	113	500.00	N 82°00'00" W
12	22.00	S 75°00'00" W	114	560.00	N 82°00'00" W
13	23.00	N 75°00'00" E	115	620.00	N 82°00'00" W
14	24.00	S 75°00'00" W	116	680.00	N 82°00'00" W
15	25.00	N 75°00'00" E	117	740.00	N 82°00'00" W
16	26.00	S 75°00'00" W	118	800.00	N 82°00'00" W
17	27.00	N 75°00'00" E	119	860.00	N 82°00'00" W
18	28.00	S 75°00'00" W	120	920.00	N 82°00'00" W
19	29.00	N 75°00'00" E	121	980.00	N 82°00'00" W
20	30.00	S 75°00'00" W	122	1040.00	N 82°00'00" W
21	31.00	N 75°00'00" E	123	1100.00	N 82°00'00" W
22	32.00	S 75°00'00" W	124	1160.00	N 82°00'00" W
23	33.00	N 75°00'00" E	125	1220.00	N 82°00'00" W
24	34.00	S 75°00'00" W	126	1280.00	N 82°00'00" W
25	35.00	N 75°00'00" E	127	1340.00	N 82°00'00" W
26	36.00	S 75°00'00" W	128	1400.00	N 82°00'00" W
27	37.00	N 75°00'00" E	129	1460.00	N 82°00'00" W
28	38.00	S 75°00'00" W	130	1520.00	N 82°00'00" W
29	39.00	N 75°00'00" E	131	1580.00	N 82°00'00" W
30	40.00	S 75°00'00" W	132	1640.00	N 82°00'00" W
31	41.00	N 75°00'00" E	133	1700.00	N 82°00'00" W
32	42.00	S 75°00'00" W	134	1760.00	N 82°00'00" W
33	43.00	N 75°00'00" E	135	1820.00	N 82°00'00" W
34	44.00	S 75°00'00" W	136	1880.00	N 82°00'00" W
35	45.00	N 75°00'00" E	137	1940.00	N 82°00'00" W
36	46.00	S 75°00'00" W	138	2000.00	N 82°00'00" W
37	47.00	N 75°00'00" E	139	2060.00	N 82°00'00" W
38	48.00	S 75°00'00" W	140	2120.00	N 82°00'00" W
39	49.00	N 75°00'00" E	141	2180.00	N 82°00'00" W
40	50.00	S 75°00'00" W	142	2240.00	N 82°00'00" W



LOCATION  
**SUMMA**  
CERTIFICATE OF D

"THE UNDERSIGNED HEREBY ACKNOWLEDGE THE PROPERTY SHOWN AND ADOPT THIS PLAN OF SUBDIVISION AND THIS ESTATE IN THE LANDS HEREIN TO PUBLIC USE AS ROADS, STREETS OR

12, 11, 03  
12, 11, 03

**CERTIFICATE**  
I, JAMES R. FREEMAN, CERTIFY I SUPERVISED FROM AN ACTUAL SURVEY THE DESCRIPTION IN BOOK 1074 PREPARED BY LANTIERE AND I PREPARED IN ACCORDANCE WITH REGULATIONS AS ADOPTED.

12-10-03  
DATE  
S.C. REGISTRATION NO. 4781

**SUMMA HOLLINGSWORTH MICHIGAN A CR**

HOLLINGSWORTH FUNDS, INC.  
MICHIGAN ACR-CHEMICAL, S  
P.O. BOX 584  
GREENVILLE, SC 29602

OR MEMO, LLC  
124 WOODLAND BOULEVARD  
SUITE 500  
GREENVILLE, SC 29607

OWNER(S)

NO. OF ACRES: 150.276  
NO. OF LOTS: 11

475-44

APPENDIX F Revised

**PROPERTY ACQUISITION INFORMATION FORMAT**

**PART 1**

Project Number: **H59-6090**

County: **Greenville**

Description of Property: **Vacant land on Millennium Blvd, adjacent to I-85 near Laurens Road**

Grantor Name and Address:

**BCD, LLC  
2665 S Bayshore Dr  
Suite 701  
Miami, FL 33133**

Grantee Name and Address

**Greenville Technical College  
PO Box 5616  
Greenville, SC 29606**

County Location: **Millennium Blvd**

Acreage: **19.333 + 10 = 29.333 total acres**

Purpose for Acquisition: **Construction of Enterprise Campus**

Purchase price: **approximately \$2,295,000**

Current Year Property Tax Amount: **None. In Greenville County, non-profit corporations do not incur property tax.**

**PART II**

How many sites were evaluated? **Seven**

Please list the selection criteria used to evaluate sites? **There were 3 main categories, Desired Characteristics, Financial and Risks and several sub categories as listed below.**

**DESIRED CHARACTERISTICS**

- **Site Characteristics**
  - Available Site Size
  - Utilities
  - Site Readiness
  - Infrastructure
  - Environmental
  - Zoning
- **Location**
  - Site Visibility
  - Proximity to Public Transportation
  - Road Access

APPENDIX F Revised

**PROPERTY ACQUISITION INFORMATION FORMAT**

**PART II – continued**

- **Synergy**
  - Proximity to Academic/Research /Mfg Institutions
  - Proximity to Partner Mfg Organizations
  - Proximity to bike routes and green space
  - Proximity to Large Retail Corridor
- **Student Population**
  - Population to be Served
  - Future Expansion of Community
  - Distance to County Center of Gravity

**FINANCIAL**

- **Site Constructability**
  - Mitigation of Wetlands
  - Elevation Changes
  - Fit for Construction
  - Parking
  - Soil Conditions
- **Site eligible for New Market Tax Credits**
  - Eligible based on census tract
- **Access**
  - Sidewalks
  - Bike Paths
  - Street Access
- **Site Cost**
  - Land Costs

**RISK**

- **Zoning**
- **Constructability**
- **Use Conflict**

How was the final selection of this site made?

**Seven sites were evaluated based on the above criteria. The two sites that scored the highest were examined and this site was determined to be the optimal location.**

**Why was this specific site selected? The Site is very close to the geographic center of the County, it is close to the College's Barton Campus, partner organizations, other academic institutions, it is easily accessible using public transportation, it is visible from I-85, it provides additional acreage for expansion and it was the least expensive alternative.**

**What is the estimated cost of any construction or renovations to be done on the property and the anticipated source of funds for such work? \$22,700,000 Greenville County Bond proceeds**

**What are the estimated additional annual operating costs which will result from the acquisition of the property and the anticipated source of funds? Explain the factors that determine the cost. If no cost, explain why not. No additional annual operating cost will be associated with the land acquisition.**

APPENDIX F Revised

**PROPERTY ACQUISITION INFORMATION FORMAT**

What are the estimated annual operating cost which will result from construction/renovation on the property and the anticipated source of funds? Explain the factors that determine the costs. If no costs, explain why not.

**Additional operating costs associated with the construction of the property will be instructor salaries and benefits, utilities and supply costs. The costs are expected to be \$723,750, year one; \$963,662, year two. The source of funds for the costs will be tuition revenue from students taking classes, companies renting incubator space and companies sending employees to take classes and create prototypes for their businesses.**

**(d) Department of Natural Resources  
Horry County  
P24-9937**

1. Letter from Agency
2. Environmental Results
3. Maps
4. Cost Implications

South Carolina Department of  
**Natural Resources**



**DNR**

Alvin A. Taylor  
Director

October 28, 2013

Carol Routh and  
Charles Shawver  
Office of State Budget  
1201 Main Street  
Columbia, SC 29201

**RE: Horry - Lewis Ocean Bay Property Donation (B-FY14)**

Dear Carol and Charles:

Please accept this letter as a request for State Budget and Control Board approval of the acceptance of +/- 25 acres of land in Horry County which is being donated to the Department of Natural Resources by Waccamaw Land & Timber. The property contains both upland and wetland areas and is completely surrounded by Agency property near the Northeast corner of the property. It is comprised of a series of Carolina bays, and also contains relic pine savanna and xeric longleaf plant communities. The adjoining preserve protects the largest number (23) of undisturbed Carolina bays in the State and provides habitat for numerous plant and animal species, including Venus flytraps, pitcher plants, quail, deer, black bears, and red-cockaded woodpeckers. Acquisition of this property will provide additional habitat for these species and offer added recreational opportunities for the public.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Speares".

Scott Speares  
Assistant Deputy Director - Outreach & Support Services



## Horry County Council

Mark Lazarus  
Chairman

Harold Worley  
District 1

Brent J. Schulz  
District 2

Marion D. Foxworth, III  
District 3

Gary Loftus  
District 4

Paul D. Price, Jr.  
District 5

Robert P. Grabowski  
District 6

James R. Frazier  
District 7

Carl H. Schwartzkopf  
District 8

W. Paul Prince  
District 9

Jody Prince  
District 10

Al Allen  
District 11

Patricia S. Hartley  
Clerk to Council

(843) 915-5100  
(843) 915-6020 Fax

December 10, 2013

Mr. Kenneth Prosser  
Rembert C. Dennis Building  
1000 Assembly Street  
PO Box 157  
Columbia, SC 29202

RE: DNR Property Acquisition in Horry County – Letter of Support

Dear Mr. Prosser:

Thank you for the recent information concerning the property donation of Cottonpatch Timber Company of approximately 25 acres within DNR's Lewis Ocean Bay Heritage Preserve/Wildlife Management Area. We understand the property will help stem potential management problems regarding encroachments and access issues in the area.

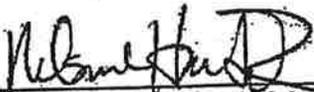
This letter serves as Horry County Council's Letter of Support of the acquisition of this property. Please let us know if you require anything further.

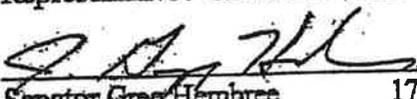
Sincerely,

Mark Lazarus  
Chairman

Project No. 9937

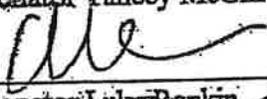
We, a majority of the members of the Horry County Legislative Delegation, pursuant to §51-17-140 of the South Carolina Code of Laws, do hereby approve the acquisition of approximately 25 acres in Horry County, by the South Carolina Department of Natural Resources.

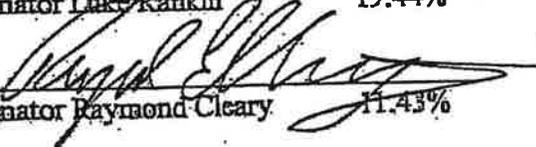
  
Representative Nelson Hardwick 6.79%

  
Senator Greg Hembree 17.83%

Senator Kent Williams 0.45%

Senator Yancey McGill 0.85%

  
Senator Luke Rankin 19.44%

  
Senator Raymond Cleary 11.43%

Representative Jackie Hayes 0.54%

  
Representative Mike Ryhal 7.06%

Representative Wayne George 0.56%

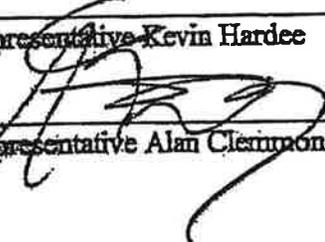
Representative Liston Barfield 6.76%

Representative Heather Crawford 7.02%

Representative Carl Anderson 0.52%

Representative Tracy Edge 6.85%

Representative Kevin Hardee 6.99%

  
Representative Alan Clemmons 6.91%



October 24, 2013

South Carolina Department of Natural Resources  
P.O. Box 167  
Columbia, South Carolina 29202

Attention: Mr. Ken Prosser

Reference: **Reliance Letter**  
Phase I ESA Report of October 2, 2013  
Remainder of Tracts 29-33  
Horry County, South Carolina  
S&ME Project No. 1634-13-340

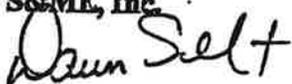
Dear Mr. Prosser,

The above referenced Phase I Environmental Site Assessment (ESA) report was prepared by S&ME, Inc., on behalf of Cottonpatch Timber Co., LLC. This work was performed in general accordance with ASTM E 1527-05 and S&ME Proposal No. 1634-0425-13, dated September 19, 2013.

The findings, opinions and conclusions presented in the October 2, 2013 report reflect conditions and information available to S&ME, Inc. at that time. The subject property is comprised of two parcels of land totaling approximately 25 acres, located north of and adjacent to Highway 31, in Horry County, South Carolina. The October 2, 2013 Phase I ESA did not identify any Recognized Environmental Conditions (RECs) in connection with the subject property.

We understand that Cottonpatch Timber Co., LLC plans to provide a copy of the report to you for use in the pending real estate transaction. South Carolina Department of Natural Resources may rely on this report as though it were addressed to them at the time of issuance, with the expressed understanding that S&ME, Inc. will not be responsible for problems arising from events or changes that may have occurred subsequent to our preparation of said report. Further, your use of the report shall also indicate your acceptance of the terms and conditions in the S&ME Proposal No. 1634-0425-13, dated September 19, 2013, between Cottonpatch Timber Co., LLC, and S&ME, Inc.

Sincerely,  
S&ME, Inc.

  
Dawn Schoolcraft  
Environmental Technologist

  
Thomas C. Still, P.E.  
Vice President





October 2, 2013

Cottonpatch Timber Co., LLC  
Post Office Box 1373  
Myrtle Beach, South Carolina 29578

Attention: Mr. Roger Grigg

Reference: Report of Phase I Environmental Site Assessment  
Remainder of Tracts 29-33  
Horry County, South Carolina  
S&ME Project No. 1634-13-340

Mr. Grigg:

S&ME, Inc. has completed a Phase I Environmental Site Assessment for the referenced property. The attached report presents the findings of S&ME's Phase I Environmental Site Assessment which was performed in general accordance with ASTM E 1527-05 and S&ME Proposal No. 1634-0425-13, dated September 19, 2013.

S&ME appreciates the opportunity to provide the Environmental Site Assessment for this project. Please contact us at your convenience if there are questions regarding the information contained in this report.

Sincerely,

S&ME, Inc.

Dawn Schoolcraft  
Environmental Technologist

Thomas C. Still, P.E.  
Environmental Professional



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## **SUMMARY**

S&ME, Inc. has completed a Phase I Environmental Site Assessment (ESA) on two parcels of land totaling approximately 25 acres, located north of and adjacent to Highway 31, in Horry County, South Carolina. This summary is intended as an overview of the Phase I ESA for the convenience of the reader. The complete report must be reviewed in its entirety prior to making decisions regarding this site.

The purpose of this Phase I ESA was to identify, to the extent feasible pursuant to ASTM E 1527-05, Recognized Environmental Conditions (RECs) in connection with the site. The ASTM Standard Practice E 1527-05 defines "good commercial and customary practice for conducting an environmental site assessment of a parcel of commercial real estate with respect to the range of contaminants within the scope of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and to petroleum products". This practice is intended to permit a user to satisfy one of the requirements to qualify for the "innocent landowner, contiguous property owner, or bona fide prospective purchaser limitations to CERCLA liability."

On September 24, 2013, Mrs. Dawn Schoolcraft, an environmental technologist with S&ME, under the guidance of Thomas Still, P.E., an environmental professional, conducted a site reconnaissance to evaluate the subject property for drainage patterns, vegetation patterns, stains, discoloration, surrounding land use, and other visual aspects suggestive of the presence of recognized environmental conditions. The subject property is primarily undeveloped wooded land with an unpaved road that traverses the northwest property boundaries of each parcel. The adjacent properties consist of wooded land and the Dunes Club Golf Club and residential community.

S&ME contracted Environmental Data Resources (EDR) to prepare a Field Check™ Radius Report compiling federal and state environmental database information. S&ME also viewed historical aerial photographs to determine past uses of the subject site and its adjacent properties. Interviews with the current property owner and with the local fire department were also conducted to further determine the environmental status of the subject site. This process revealed that the subject property has historically been mostly wooded and undeveloped land.

In summary, this assessment has revealed no evidence of RECs in connection with the subject property.

exception of a forest fire that occurred in 2011, on the subject property, as well as the northern and western adjoining properties.

## 6.5 Interviews with Others

No others were interviewed.

## 7. FINDINGS

### 7.1 On-Site Findings

There were no on-site findings.

### 7.2 Off-Site Findings

There were two off-site findings identified within the ASTM-designated search radii that primarily included ERNS and SPILL sites; however, ten reports to ERNS for the same address (Grande Dunes Marina) were identified regarding oil/fuel spills occurring from private vessels docked at the marina.

## 8. OPINION

### 8.1 On-Site Opinions

There were no on-site findings.

### 8.2 Off-Site Opinions

Due to the distance from the subject property and interpreted groundwater flow direction, the two off-site findings identified in this Phase I are not considered *recognized environmental conditions*.

### 8.3 Data Gaps

- Some gaps greater than five years existed between the historical sources. This is not considered a significant data gap, as it does not represent a major hindrance to the identification of possible RECs on the site. No evidence was noted which suggested the subject site has been anything other than wooded undeveloped land since at least the 1940's.
- The complete land title records were not provided to S&ME by the user, and therefore, S&ME could not review these documents for environmental liens and or activity use limitations. This is not considered a significant data gap, as no evidence was noted which suggested the subject site has been anything other than wooded undeveloped land since at least the 1940's.

## 9. CONCLUSIONS

S&ME has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of the ASTM E 1527-05 for a parcel of land totaling approximately 25 acres, located north of and adjacent to Highway 31, in Horry County, South Carolina. Exceptions to this practice are described in Section 1.4 of this report.

This assessment has revealed no evidence of RECs in connection with the subject property.

## **10. DEVIATIONS**

S&ME, Inc. has endeavored to perform this Phase I ESA in conformance with the scope and limitations of ASTM E 1527-05. The environmental professional in responsible charge of the Phase I ESA did not feel the need to deviate from the standard.

## **11. ADDITIONAL SERVICES**

No additional services have been provided for the subject property.

## **12. REFERENCES**

1. Soil Survey of Horry County, South Carolina, United States Department of Agriculture, Soil Conservation Service, issued date 1974.
2. United States Geological Survey (USGS), 7.5-minute Series, Topographic Map, Hand, South Carolina Quadrangle 1984.
3. <http://www.epa.gov/mvenvironment/>
4. <http://southcarolinaindianaffairs.com/members.html>
5. <http://peedeeindiantribeofsc.com>
6. [http://www.waccamaw.us/FRAME HOME.htm](http://www.waccamaw.us/FRAME_HOME.htm)
7. <http://sc.edu/library/digital/index.php>
8. <http://www.horrycounty.org/hcgPortal.asp>

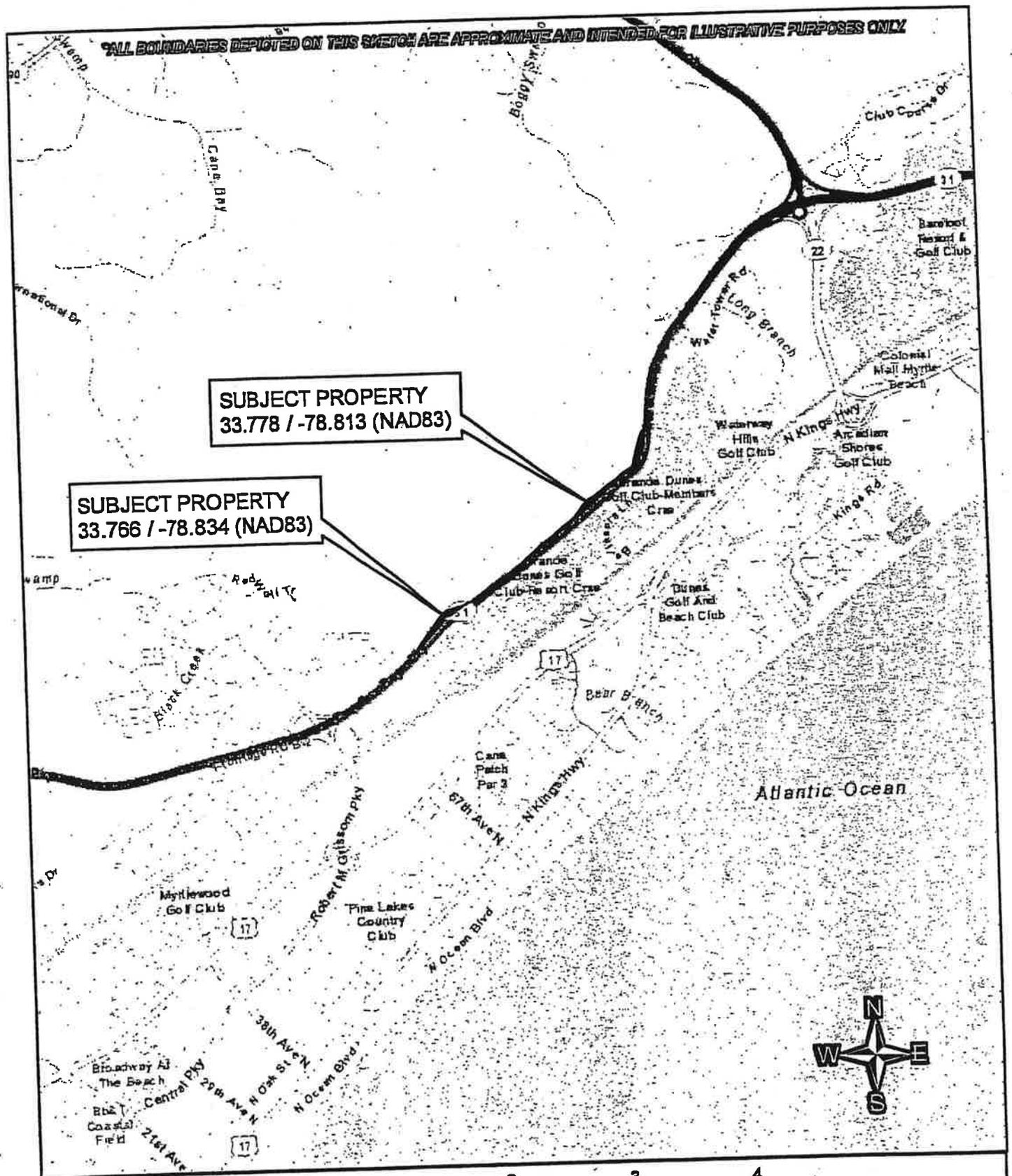
## **13. SIGNATURE(S) OF ENVIRONMENTAL PROFESSIONAL(S)**

I, Thomas C. Still, declare that, to the best of my knowledge, I meet the definition of Environmental Professional as defined in paragraph 312.10 of 40 CFR 312, and I have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. I have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.



Thomas C. Still, P.E.  
Environmental Professional

ALL BOUNDARIES DEPICTED ON THIS SKETCH ARE APPROXIMATE AND INTENDED FOR ILLUSTRATIVE PURPOSES ONLY



SUBJECT PROPERTY  
33.778 / -78.813 (NAD83)

SUBJECT PROPERTY  
33.766 / -78.834 (NAD83)

SCALE:	1" = 1 MILE
SOURCE:	ESRI
SOURCE DATE:	2010
DATE:	SEPTEMBER 2013



WWW.SMEINC.COM

**SITE VICINITY MAP  
REMAINDER OF TRACTS 29-33  
HORRY COUNTY, SC**

S&ME PROJECT NO.: 1634-13-340

FIGURE #  
**1**

ALL BOUNDARIES DEPICTED ON THIS SKETCH ARE APPROXIMATE AND INTENDED FOR ILLUSTRATIVE PURPOSES ONLY.



SCDNR LEWIS OCEAN BAY  
HERTIAGE PRESERVE

FIGURES 6

FIGURES 5

FIGURES 4

LEGEND

SUBJECT PROPERTY



SCALE:	1" = 2,000'	 <b>S&amp;ME</b> WWW.SMEINC.COM	<b>SITE PHOTOGRAPH INDEX          REMAINDER OF TRACTS 29-33          Horry County, SC</b>	FIGURE #
SOURCE:	ESRI			<b>3</b>
SOURCE DATE:	2010			
DATE:	SEPTEMBER 2013		S&ME PROJECT NO.: 1634-13-340	

## BUDGET AND CONTROL BOARD PROPERTY INFORMATION

### Part I

1. PROJECT NUMBER: P24-9937
2. COUNTY: Horry
3. DESCRIPTION: Fee-simple donation of 25 acres adjoining the DNR's Lewis Ocean Bay Heritage Preserve/Wildlife Management Area.
4. GRANTOR(S): Cottonpatch Timber Company, LLC, PO Box 1373, Myrtle Beach, SC 29578.
5. GRANTEE(S): South Carolina Department of Natural Resources, 1000 Assembly Street, PO Box 167, Columbia, SC 29202.
6. COUNTY LOCATION: West side of SC Highway 31 northeast of the City of Myrtle Beach.
7. ACREAGE: 25 acres.
8. PURPOSE/PROJECT: To accept a property donation of two separate parcels totaling 25 acres within DNR's Lewis Ocean Bay Heritage Preserve that will protect upland wildlife habitat.
9. NEED TO ACQUIRE PROPERTY: See above. The property is a donation that will secure two tracts within the preserve and help stem potential management problems regarding encroachments and access issues commonly associated with residential development in the area.
10. PURCHASE PRICE: \$0.00 – property is a donation.
11. CURRENT YEAR PROPERTY TAX AMOUNT: \$14.00.

### Part II

1. HOW MANY SITES WERE EVALUATED? Numerous sites are evaluated throughout the year for participation in DNR's Heritage Trust and Wildlife Management Area Programs.
2. SELECTION CRITERIA USED TO EVALUATE SITES? Eligibility criteria for the Heritage Trust Program and Forest Legacy Program were used to evaluate the site. They include scenic values, forest production potential, fish and wildlife habitat values, threatened and endangered species values, water quality issues, level of conversion threat, and links to other habitat protection initiatives.

## BUDGET AND CONTROL BOARD PROPERTY INFORMATION

3. HOW WAS THE FINAL SELECTION MADE? Approval by the DNR Board.
4. WHY WAS THIS SPECIFIC SITE SELECTED? The land contains upland wildlife habitat, adjoins DNR property, and has been offered to the agency as a donation.
5. ESTIMATED COST OF ANY CONSTRUCTION COST OR RENOVATIONS TO BE DONE ON THE PROEPRTY AND THE ANTICIPATED SOURCE OF FUNDS FOR SUCH WORK. No construction or renovations will be done on the property.
6. ESTIMATED ADDITIONAL ANNUAL OPERATING COSTS WHICH WILL RESULT FROM ACQUISITION OF THE PROPERTY AND THE ANTICIPATED SOURCE OF FUNDS. IF NONE, EXPLAIN WHY. No additional annual operating costs are anticipated for the acquisition because DNR is currently managing the adjoining area and this acquisition does not constitute a large increase in acreage.
7. ESTIMATED ADDITIONAL ANNUAL OPERATING COSTS WHICH WILL RESULT FROM CONSTRUCTION/RENOVATION OF THE PROPERTY AND THE ANTICIPATED SOURCE OF FUNDS. EXPLAIN FACTORS THAT DETERMINE THE COSTS. IF NONE, EXPLAIN WHY. N/A

**(e) Department of Parks, Recreation and Tourism  
Dillon County  
P28-9731**

5. Letter from Agency
6. Environmental Results
7. Maps
8. Cost Implications

# South Carolina

Department of Parks, Recreation & Tourism

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Nikki R. Haley  
Governor

Duane N. Parrish  
Director

December 5, 2013

Mr. Charles Shawver  
State Budget and Control Board  
Office of State Budget  
1205 Pendleton Street  
Columbia, SC 29201

RE: Little Pee Dee Brown Tract Donation (75.7 Acres) P28-9731

Dear Mr. Shawver:

The South Carolina Department of Parks, Recreation and Tourism is hereby requesting that the Little Pee Dee Brown Tract Donation be taken to the Joint Bond Review Committee and the Budget and Control board for approval at the next available opportunity.

If you have any questions regarding this submission, please call me at 734-0258.

Sincerely,



David R. Simms, P.E.  
Chief of Engineering and Construction  
State Park Service

cc: Phil Gaines  
Frances Miley





December 30, 2013

South Carolina Department of Parks, Recreation, and Tourism  
1205 Pendleton Street, Suite 251  
Columbia, South Carolina 29201

Attention: Mr. David Simms

Reference: Report of Phase I Environmental Site Assessment  
Little Pee Dee State Park Brown Donation Tract  
Dillon County, South Carolina  
S&ME Project No. 1634-13-438

Dear Mr. Simms:

S&ME, Inc. (S&ME) has completed a Phase I Environmental Site Assessment (ESA) for the referenced property (i.e. "the Property"). The attached report presents the findings of S&ME's Phase I ESA which was performed in accordance with ASTM E1527-13, S&ME Proposal No. 1634-0502-13, dated November 5, 2013, and our Agreement for Services (AS-071). The purpose of the Phase I ESA was to identify, to the extent feasible, recognized environmental conditions in connection with the Property.

ASTM E 1527-13 states that an Environmental Site Assessment "meeting or exceeding" this practice and completed less than 180 days prior to the date of acquisition or intended transaction is presumed to be valid if the report is being relied on by the User for whom the assessment was originally prepared and the following components were completed: interviews, the regulatory review, site visit, and the declaration by the environmental professional responsible for the assessment. Based on this requirement, this report is presumed to be valid for 180 days after the date of this report.

S&ME appreciates the opportunity to provide this Phase I ESA for this project. Please contact us at your convenience if there are questions regarding information contained in this report.

Sincerely,  
S&ME, Inc.

Charles C. Oates, Jr.  
Environmental Department Manager

Tom Behnke, P.G.  
Environmental Professional



## **EXECUTIVE SUMMARY**

S&ME has completed a Phase I Environmental Site Assessment (ESA) of an approximately 75.7-acre tract located in the Little Pee Dee State Park, south of and adjacent to Joann Branch Road in Dillon County, South Carolina (i.e. the Property). The majority of the Property consists of Lake Norton and the associated swampland and woodlands.

The historical resources reviewed indicated the Property was forested land prior to 1950. The majority of the Property was converted to an open water lake (Lake Norton) in 1951. Since the construction of Lake Norton, the Property has been utilized for recreational purposes.

A site reconnaissance was conducted by Charles Oates, an S&ME staff professional, under the guidance of Mr. Tom Behnke, P.G., an S&ME Environmental Professional, on December 12, 2013, to evaluate the subject site for drainage patterns, vegetation patterns, stains, discoloration, surrounding land use, and other visual aspects suggestive of the presence of Recognized Environmental Conditions (RECs).

### **On-Site Findings**

One pole mounted electrical transformer was identified on the subject property. No visual evidence of leaks were noted, and the transformer was confirmed to be non-PCB containing by Pee Dee Electric Cooperative.

### **Off-Site Findings**

The adjoining property, Little Pee Dee State Park, is listed on the NPDES and FINDS database; however, no violations are listed.

In summary, the results of the Phase I ESA identified no evidence of RECs Historical Recognized Environmental Conditions (HRECs) or Controlled Recognized Environmental Conditions (CRECs) relative to current or former on-site or off-site uses of nearby sites. In addition, a Vapor Encroachment Condition (VEC) can be ruled out at this time.

## **6. INTERVIEWS**

Interviews were conducted by Charles Oates, an S&ME Staff Professional, to obtain information from individuals who have knowledge of current and past activities at the Property and to clarify observations made during the site reconnaissance or data review of the site. Copies of interview correspondence are located in Appendix D.

### **6.1 Interview with Past and Present Owners**

On December 19, 2013, S&ME interviewed Mr. W. Ray Brown. Mr. Brown indicated that his family has owned the property since 1951, and he was unaware of existing environmental issues associated with the Property.

### **6.2 Interview with Key Site Manager**

Mr. David Senter, Park Ranger at the Little Pee Dee State Park, was interviewed during the site visit on December 12, 2013. Mr. Senter stated that he has been the Park Ranger at the Little Pee Dee State Park for 23 years. Mr. Senter stated that he was not aware of any environmental concerns with the Property. The property has been leased from the owners by the South Carolina Department of Parks, Recreation and Tourism for recreational use by park visitors.

### **6.3 Interview with Occupants**

There are no occupants of the Property.

### **6.4 Interview with Local Government Officials**

S&ME contacted the Dillon County Fire and Rescue Station #3, by telephone, on December 30, 2013. Mr. Russell Elliott, Paramedic and Fire Fighter stated that he has been with the department for approximately 20 years, and to his knowledge, he is unaware of any major fires, hazardous material, or petroleum related emergency responses in the vicinity of the subject property.

### **6.5 Interviews with Others**

Mr. Jack Dearhart, Vice President of Operations at Pee Dee Electric Cooperative was interviewed, by telephone, on December 18, 2013 to obtain knowledge of potential PCB containing transformers on the Property. Mr. Dearhart stated that the pole mounted transformer located on the Property did not contain PCBs.

## **7. FINDINGS**

The results of the Phase I ESA are summarized in the following sections.

### **7.1 On-Site Findings**

A pole mounted transformer was identified on the subject property. No visual evidence of leaks were noted, and the transformer was confirmed to be non-PCB containing by Pee Dee Electric Cooperative.

### **7.2 Off-Site Findings**

Little Pee Dee State Park is listed on the NPDES and FINDS database.

## 8. OPINIONS

### 8.1 On-Site Opinions

Based on the current condition and absence of PCB fluids, the pole mounted transformer identified on the Property is not considered a REC.

### 8.2 Off-Site Opinions

The off-site findings are not considered a REC in connection with the property due to current regulatory status.

### 8.3 Data Gaps

The following data gaps were encountered during the Phase I ESA:

- Failure to document Property use in approximately 5-year intervals back to its first developed use, or back to 1940, whichever earlier. Site use could not be documented prior to 1941, as historical resources were not readily available or reasonably ascertainable (data failure). However, available aerial photographs, and topographic maps and interviews indicated the use of the Property as a recreational lake and forestland since at least 1951.
- The absence of a review of judicial records for environmental liens or activity and use limitations; however, the client reported no knowledge of environmental liens or activity and use limitations associated with the subject Property on the User. No mention of environmental liens or activity and use limitations was included in the client-provided information. In addition, the land owner reported no knowledge of environmental liens or activity and use limitations associated with the subject property.

Considering the history of known land use as documented on historical sources (aerial photographs, topographic maps, and User-provided information), it is our opinion that these data gaps are not significant and did not affect the environmental professional's ability to identify possible RECs on the subject Property.

## 9. CONCLUSIONS

We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM E1527-13 of an approximate 75-acre tract of land located in the Little Pee Dee State Park south of and adjacent to Joann Branch Road, in Dillon County, South Carolina. Any exceptions to, or deletions from, this practice are described in Sections 1.4 and 10.0 of this report.

This assessment has revealed no evidence of RECs, CRECs or HRECs in connection with the subject Property.

Additionally, a VEC in connection with the Property can be ruled out at this time.

## 10. DEVIATIONS

No deviations from the standard were made.

## 11. ADDITIONAL SERVICES

At the request of the Client, and in accordance with our proposal, the following additional services were performed in an attempt to satisfy the State Budget and Control Board Criteria for Environmental Studies:

### Review of ownership history for the last 40 years

On December 19, 2013, S&ME interviewed Mr. W. Ray Brown. Mr. Brown indicated that his family has owned the property since 1951.

### Identification of suspected wetlands

S&ME reviewed remote sensing sources such as the USGS 7.5-min. Fork, S.C. topographic quadrangle (Appendix A, Figure 2), National Wetland Inventory (NWI) data (Appendix A, Figure 9), and soil survey data (Appendix A, Figure 10) for the Property to determine the likelihood of wetlands existing on the Property. Based on our review of the noted data, and a site reconnaissance on December 12, 2013, we believe that the majority of the Property would be considered a wetland. The client should recognize that the United States Army Corps of Engineers is the sole authority responsible for certifying the presence or absence of jurisdictional and non-jurisdictional wetlands and future changes in their regulations/guidelines may affect the previous statement.

### Suspected presence of lead-based paint and/or drinking water

The subject Property is undeveloped and S&ME is unaware of any current municipal or private water sources. Additionally, S&ME reviewed the City of Dillon 2012 Consumer Confidence Report (CCR) System #1710001, dated May 14, 2013, for the purpose of investigation for the presence of lead in the drinking water. A review of this report revealed that the minimal amount of lead detected in the drinking water was not considered a drinking water violation.

The subject Property is undeveloped and S&ME is unaware of any current municipal or private water sources. Additionally,

## 12. REFERENCES

- Aerial photographs obtained from the Google Earth, World Imagery, and USC Map Library, dated 1941-2013;
- *Fork, South Carolina* Quadrangles, U.S. Geological Survey (USGS) 7.5-minute series Topographic Map, dated 1959;
- *Soil Survey of Dillon County, SC*, United States Department of Agriculture, Soil Conservation Service, issued November 1978;
- *National Wetland Inventory* data, United States Fish & Wildlife Service, dated 1994;
- *EDR-Radius Map, Little Pee Dee Brown Tract Donation Site*, Inquiry Number 3792602.1s, dated November 21, 2013;

- *EDR-Certified Sanborn® Map Report, Little Pee Dee Brown Tract Donation Site, Inquiry Number 37792602.2, dated November 21, 2013;*
- *ASTM Standards on Environmental Site Assessments for Commercial Real Estate. E 1527-13, Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process. American Society for Testing and Materials (ASTM), Philadelphia, PA, 2013;*
- *ASTM Standard Guide for Vapor Encroachment Screening on Property Involved in Real Estate Transactions. E 2600-10. American Society for Testing and Materials (ASTM), Philadelphia, PA, 2010, and;*
- *City of Dillon 2012 Consumer Confidence Report (CCR) System #1710001, dated May 14, 2013.*

### **13. SIGNATURE(S) OF ENVIRONMENTAL PROFESSIONAL(S)**

"I declare that, to the best of my professional knowledge and belief, I meet the definition of Environmental Professional as defined in §312.10 of 40 CFR 312" and I have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. I have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.



Tom Behnke, P.G.  
Environmental Professional

### **14. QUALIFICATION(S) OF ENVIRONMENTAL PROFESSIONAL(S)**

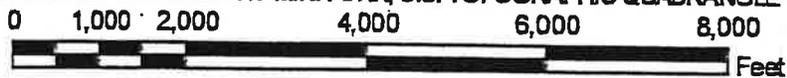
S&ME provides a broad range of environmental services, including site assessments for real estate transactions. S&ME has over 1,000 employees located in twenty six offices throughout the southeast. ENR ranked S&ME as one of the 200 largest environmental firms in the country.

The environmental professional who contributed to this project is Mr. Tom Behnke, P.G., CHMM. Mr. Behnke is the Environmental Department Manager in the S&ME Columbia, South Carolina office and is a Senior Hydrogeologist with over 23 years of experience. Projects he has managed include groundwater contaminant and flow evaluations; and Phase I & Phase II environmental assessments for real estate transactions. Mr. Behnke is a senior reviewer for S&ME and has also attended ASTM training for Phase I ESAs.

ALL BOUNDARIES DEPICTED ON THIS SKETCH ARE APPROXIMATE AND INTENDED FOR ILLUSTRATIVE PURPOSES ONLY.



PORTION OF THE USGS 7.5-MIN. FORK, S.C. TOPOGRAPHIC QUADRANGLE



SCALE:	1" = 2,000'
SOURCE:	USGS
SOURCE DATE:	1959
DATE:	DECEMBER 2013



WWW.SMEFNO.COM

SITE TOPOGRAPHIC MAP  
 LITTLE PEE DEE STATE PARK  
 BROWN TRACT DONATION TRACT  
 DELON COUNTY, SC

FIGURE #

2

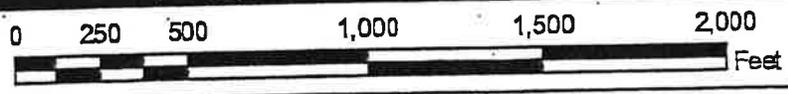
ALL BOUNDRIES DEPICTED ON THIS SKETCH ARE APPROXIMATE AND INTENDED FOR ILLUSTRATIVE PURPOSES ONLY



**LEGEND**

- SUBJECT PROPERTY
- 
 USF&WS NATIONAL WETLAND INVENTORY (NWI) DATA

NOTE: BOUNDARY DATA WAS PROVIDED BY HARRY F. BRUTON & ASSOCIATES PROFESSIONAL LAND SURVEYING & DESIGN



SCALE:	1" = 500'
SOURCE:	SCDNR GIS SITE
SOURCE DATE:	1994



**SITE NWI MAP**  
 LITTLE PEE DEE STATE PARK  
 BROWN TRACT DONATION TRACT  
 DILLON COUNTY, SC

FIGURE #  
**9**

**PROPERTY ACQUISITION FORMAT**  
**PART I**

1. Project Number: P28-
2. County: 17-Dillon
3. Description: 75.7 Acre Tract Little Pee Dee State Park Dillon County TMS 108-00-00-014
4. Grantor(s) Name and Address: Ray Brown family Limited Partnership
5. Grantee(s) Name and Address: SC Department of Parks, Recreation and Tourism  
1205 Pendleton Street  
Columbia, SC 29201
6. County Location: Dillon County adjacent to Little Pee Dee State Park
7. Acreage: 75.7 Acres
8. Purpose for Acquisition: Conservation & Protection of resources
9. Demonstrate the need to acquire the property: Conservation & protection
10. Purchase Price: \$0 - Donation
11. Current Year Property Tax Amount: \$0

**PART II**

1. How many sites were evaluated? 1
2. Please list the selection criteris used to evaluate sites? N/A
3. How was the final selection made? N/A
4. Why was this specific site selected? Only site possible
5. Whai is the estimated costs of any construction or renovations to be done on the property and the anticipated source of funds for such work: None.
6. What are the estimated additional annual operating costs which will result from acquisition of the property and the anticipated source of funds? Explain the factors that determine the cost.. if no costs, explain why. None, SCPRT currently leases this property.
7. What are the estimated additional annual operating costs which will result from construction/renovation on the property and the anticipated source of funds? Explain the factors that determine the costs. If no costs, explain why not. None, SCPRT currently leases this property.

STATE BUDGET AND CONTROL BOARD  
MEETING OF January 29, 2014

REGULAR SESSION  
ITEM NUMBER 3

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AGENCY: Budget and Control Board

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SUBJECT: Future Meeting

The next regular meeting of the Budget and Control Board will be held at 9:30 a.m. on Wednesday, February 26, 2014, in Room 252, Edgar A. Brown Building.

Remaining Meetings in 2014

Tuesday, April 29  
Tuesday, June 17  
Tuesday, August 12  
Tuesday, October 14  
Tuesday, December 9

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BOARD ACTION REQUESTED:

Agree to meet at 9:30 a.m. on Wednesday, February 26, 2014, in Room 252, Edgar A. Brown Building.

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ATTACHMENTS: