STATE BUDGET AND CONTROL BOARD

Meeting of Thursday, November 3, 2011 -- 10:00 A. M.

Room 252, Edgar A. Brown Building

AGENDA INDEX

Item	Agency	Subject
A.	**ADOPTION OF PROPOSED AGENDA**	
B.	**MINUTES OF PREVIOUS MEETING**	
C.	**BLUE AGENDA**	
1.	State Treasurer	Bond Counsel Selection
2.	State Budget Division	Report of FTE Positions Recommended for Deletion in Accordance with Proviso 80A.7
3.	Division of General Services	Easements
4.	Division of General Services	Real Property Conveyance
5.	Division of Procurement Services	Procurement Audit and Certification
6.	Division of Procurement Services	Ninety Day Report – John de la Howe School
7.	South Carolina Energy Office	Barnwell County Economic Development Fund – Project Funding Requests
8.	Executive Director	Revenue Bonds
9.	Executive Director	Economic Development (2011 Ceiling Allocation)
D.	**REGULAR SESSION**	
1.	State Budget Division	Permanent Improvement Projects
2.	State Budget Division	Real Property Acquisition
3.	Division of General Services	Department of Commerce Savannah Valley Development Division Transfer of All Property, Leases, Assets and Obligations
4.	Division of Human Resources	Approval of Sales Incentive Pay Plan for the Department of Commerce
5.	Retirement Division	Appointments to the Retirement and Pre-Retirement Advisory Board
6.	Retirement Division	System Valuations and Parallel Systems Valuations as of July 1, 2010 and Experience Study for the Period Ending June 30, 2010
7.	State Treasurer	Department of Transportation Cash Flow
8.	Budget and Control Board	Future Meeting

STATE BUDGET AND CONTROL BOARD — REGULAR SESSION

MEETING OF November 3, 2011 — ITEM NUMBER 1

AGENCY: State Budget Division

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 3-2012: JBRC Item 1. University of South Carolina
Project: 6090, Indoor Practice Facility Construction
Funding Source: $210,000 Athletic Operating funds which are athletic revenues derived from ticket sales, SEC Conference distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships.
Request: Establish project and budget for $210,000 (Athletic Operating funds) to begin design work to construct a new football indoor practice facility at USC. The approximately 86,000 square foot facility will be located on the site of the former Farmer's Market. It will be large enough to contain a full length football field and tall enough to accommodate field goal kicking. The facility will also include minimal support facilities including a training room for injuries, restrooms and storage. Construction of the new building will provide the university with a facility that is already an existing athletic component at a majority of other SEC schools. It will serve as an important recruiting tool, provide functional benefits associated with being able to conduct practice in inclement weather, and will be available for use by other teams when not being used for football.

(b) Summary 3-2012: JBRC Item 2. University of South Carolina
Project: 6091, Student Health Center Construction
Funding Source: $682,500 Other, Health Center Capital Reserve funds which are derived from the student health services operating budget, including student health fees, ancillary services fees and interest.
Request: Establish project and budget for $682,500 (Other, Health Center Capital Reserve funds) to begin design work to construct a new student health center at USC. The approximately 100,000 square foot facility will include clinics, labs, pharmacy, health education, counseling and disability services spaces. The facility will be constructed in phases with a 60,000 square foot addition to be constructed initially. When it is completed, the existing health center will relocate to the new facility, the existing center will be demolished, and a 40,000 square foot replacement facility will be constructed. The existing health center has been cited in the past four accreditation reports as inadequate

AGENCY: State Budget Division

SUBJECT: Permanent Improvement Projects

for the size of the student body. It was built in 1972 when enrollment was approximately 19,000 students and enrollment today totals nearly 30,000. The facility is inefficient and has significant deferred maintenance and building code issues.

(c) Summary 3-2012: JBRC Item 3. Medical University of South Carolina
Project: 9819, College of Nursing Floors 2-5 Interior Renovation
Funding Source: $120,000 Other, Institutional Capital Project Funds which are excess debt service funds transferred each June from MUSC's State Treasurer's Office General Debt Service Account.
Request: Establish project and budget for $120,000 (Other, Institutional Capital Project Funds) to begin design work to renovate floors two through five of the College of Nursing building at MUSC. The work will include demolishing and completely reconfiguring the interior floor space of the four floors, increasing classroom seating by 70, creating a student services area, a computer lounge, conference and research space, and offices, and replacing the HVAC, plumbing, electrical, and fire alarm systems, and elevators. The building was constructed in 1956 and initially designed as a nursing dormitory with shared bathrooms between rooms. Except for the simulation lab on the first floor, the building has had no substantial renovation since its construction. The deteriorated condition of the building's systems and the lack of efficient space threaten the growth of the college.

(d) Summary 3-2012: JBRC Item 4. Budget and Control Board
Project: 9904, DEW - David Building Chiller Replacement
Funding Source: $8,600 Other, Miscellaneous Revenue funds transferred to the Budget and Control Board from the Department of Workforce and Revenue's Contingency Assessment Fund, which is a portion of the unemployment insurance tax used to fund administrative costs and employment services.
Request: Establish project and budget for $8,600 (Other, Miscellaneous Revenue from DEW funds) to begin design work to replace the chiller in the Department of Workforce and Employment's Robert E. David Building. The work will include replacing the chiller, associated piping, valves, and pumps and making any structural modifications that may be needed to ensure an efficient and maintainable installation. The chiller is 35 years old and at the end of its service life. Because this is the building's only chiller, the building would not be habitable most times during the year if the chiller failed. The chiller is also

AGENCY: State Budget Division

SUBJECT: Permanent Improvement Projects

inefficient and uses an obsolete, environmentally restricted coolant. Replacing it will result in operational cost savings and will enhance the environment.

(e) Summary 3-2012: JBRC Item 5. Department of Corrections
Project: 9702, Kirkland Correctional Chiller System Replacement
Funding Source: $12,500 Capital Improvement Bond funds which is part of a balance remaining of a 1997 bond authorization for construction and allowed by Proviso 51.14 to be also used for renovations and repairs.
Request: Establish project and budget for $12,500 (Capital Improvement Bond funds) to begin design work to replace the chiller system at Kirkland Correctional Institution for the Department of Corrections. The work will include replacing the existing chiller, cooling tower, condenser water pumps and condenser water piping in the boiler house. The chiller system is original to the institution, which is more than 35 years old. It has undergone numerous costly repairs in the past few years and has worked well beyond its useful life. The new system will be more energy efficient.

Establish Construction Budget

(f) Summary 3-2012: JBRC Item 6. University of South Carolina
Project: 6088, Softball Stadium Construction
Funding Source: $7,880,000 Athletic Revenue Bond funds which are authorized by act of the General Assembly, the debt service of which is paid by the admissions fee, special student fee and net revenues of the Athletics Department operations, and $120,000 Athletic Operating funds which are athletic revenues derived from ticket sales, SEC Conference distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships.
Request: Increase budget to $8,000,000 (add $7,880,000 Athletic Revenue Bond funds) to construct a new women's softball stadium at USC. The project was established in June 2011 for pre-design work which is now complete. The work will include demolishing the existing softball stands and support structures and constructing a new top-loading, 1,350-seat stadium with restrooms, a press box, concession facilities, lighting, dugouts, batting cages, and locker rooms. The existing support facilities are inadequate, the press box is too small, and there is not adequate seating to host a major tournament. A new stadium will provide a competitive venue for women's softball, addressing equity in athletic facilities for women with amenities similar to and of the same

AGENCY: State Budget Division

SUBJECT: Permanent Improvement Projects

quality as those in the baseball stadium. Energy savings and conservation measures will include the installation of low flow plumbing fixtures, high-efficiency water heaters, a dedicated outdoor air system, and a distributed refrigerant fan coil system. The agency reports the total projected cost of this project is $8 million and additional annual operating costs of $136,000 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is May 2012 and for completion of construction is February 2013. (See Attachment 1 for additional annual operating costs.)

(g) Summary 3-2012: JBRC Item 7. University of South Carolina
Project: 6089, Williams-Brice Stadium Video Board Support Construction
Funding Source: $6,500,000 Other, Private funds which are donations or gifts to the USC Athletics Department.
Request: Increase budget to $6,500,000 (add $6,462,500 Other, Private funds) to install a new video board at Williams-Brice Stadium for USC. The project was established in September 2011 for pre-design work which is now complete. The work will include removing the existing scoreboard, constructing a self-supporting structural frame, foundation and electrical and data infrastructure, and installing the video board above the north end zone of the stadium. The video board will be larger than the existing board and will have high definition quality to provide better visibility throughout the stadium. It will provide for live action and instant replays to be viewed and will serve as the official scoreboard. Energy savings and conservation measures will include the installation of energy efficient LED lighting. The agency reports the total projected cost of this project is $6.5 million and additional annual operating costs of $526 will result in the three years following project completion. The agency also reports the projected date for execution of the construction contract is February 2012 and for completion of construction is August 2012. (See Attachment 2 for additional annual operating costs.)

(h) Summary 3-2012: JBRC Item 8. Budget and Control Board
Project: 9897, Columbia Mills Building Fire Suppression System Repairs
Funding Source: $397,580 Other, Depreciation Reserve funds which are revenues derived from the rent account which receives rent charges from state agencies.
Request: Increase budget to $397,580 (add $380,580 Other, Depreciation Reserve funds) to repair the fire suppression system in the Columbia Mills Building. The

AGENCY: State Budget Division

SUBJECT: Permanent Improvement Projects

project was established in April 2011 for pre-design work which is now complete. The work will include adding heat detectors, replacing damaged sprinkler heads, adding or relocating sprinkler heads, and replacing obsolete pre-action system control panels which are at the end of their service life. The work is needed to address areas of inadequate sprinkler coverage, to maintain the status of a fully sprinkled building, and to ensure the code-required level of fire protection for the facility. Energy savings and conservation measures are not applicable to this fire suppression system repair project. The agency reports the total projected cost of this project is $397,580 and no additional annual operating costs will result from the project. The agency also reports the projected date for execution of the construction contract is April 2012 and for completion of construction is October 2012.

BOARD ACTION REQUESTED:

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

ATTACHMENTS:

Attachments

ATTACHMENT 1

ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY
   Code H27 Name USC Columbia

2. PROJECT
   Project # 6088 Name Softball Stadium Construction

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) 2012/13 (partial year)	$	$	$45,333.33	$45,333.33
2) 2013/14	$	$	$136,000.00	$136,000.00
3) 2014/15	$	$	$136,000.00	$136,000.00

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

   Athletic Revenue

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.

	COST FACTORS	AMOUNT
1.	Utilities	$17,000.00
2.	Grounds, Custodial, Maintenance	$28,333.33
3.		
4.		
5.		
6.		
7.		
8.		
	Total	$45,333.33

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 0

9. Submitted By: Thomas D. Cleary
   Signature of Authorized Official and Title

   9/23/11
   Date

ATTACHMENT 2

ADDITIONAL ANNUAL OPERATING COSTS/SAVINGS RESULTING FROM PERMANENT IMPROVEMENT PROJECT

1. AGENCY
Code H27 Name USC Columbia

2. PROJECT
Project # 6089 Name Williams-Brice Stadium Video Board Support Construction

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) 2012/2013	$	$	$526.00	$ 526.00
2) 2013/2014	$	$	$526.00	$ 526.00
3) 2014/2015	$	$	$526.00	$ 526.00

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

Athletic Operating Funds.

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.

COST FACTORS	AMOUNT
1. Utilities	526.00
2.	
3.	
4.	
5.	
6.	
7.	
8.	
TOTAL	526.00

8. If personal services costs or savings are reported in 7 above, please indicate the number of additional positions required or positions saved. 0

9. Submitted By: Thomas D. Quarrey 9/30/11
Signature of Authorized Official and Title Date

Permanent Improvement Project Information for November 3, 2011 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
H27-6090	USC - Indoor Practice Facility Construction	$210,000 for pre-design	11/3/11	$210,000	11/3/11	No	To Be Determined
H27-6091	USC - Student Heatlh Center Construction	$682,500 for pre-design	11/3/11	$682,500	11/3/11	2010 CPIP Year 1	To Be Determined
H51-9819	MUSC - College of Nursing Floors 2-5 Interior Renovation	$120,000 for pre-design	11/3/11	$120,000	11/3/11	No	To Be Determined
F03-9904	Budget and Control Board - DEW David Building Chiller Replacement	$8,600 for pre-design	11/3/11	$8,600	11/3/11	No	To Be Determined
N04-9702	Corrections - Kirkland Correctional Chiller System Replacement	$12,500 for pre-design	11/3/11	$12,500	11/3/11	No	To Be Determined
H27-6088	USC - Softball Stadium Construction	$120,000 for pre-design	6/14/11	$120,000	6/14/11	2011 CPIP Year 1	$8,000,000
H27-6089	USC - Williams-Brice Stadium Video Board Support Construction	$37,500 for pre-design	9/20/11	$37,500	9/20/11	2011 CPIP Year 1	$6,500,000
F03-9897	Budget and Control Board - Columbia Mills Building Fire Suppression System Repairs	$17,000 for pre-design	4/20/11	$17,000	4/20/11	No	$397,580

ATTACHMENT 3

Attachment 4
Additional Information on Funding Sources for
Higher Education Permanent Improvement Projects

Item (a) - USC Indoor Practice Facility Construction

The source of funds for A&E pre-design work for $210,000 is Athletic Operating funds. Athletic Operating funds are generated from Athletic revenues which consist of ticket sales, SEC Conference Distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships. Athletic funds are auxiliary funds of the University and are self supporting. Athletics currently has an operational fund balance of $11.8 million as of June 30, 2011, and a debt reserve funds balance (savings to fund debt) of $5 million.

Proposed sources of funds for construction are Private funds and Athletic Revenue Bonds. Private funding will be sought to fund construction of this project. Athletic Revenue Bonds will be issued if necessary. Private funds are donations/gifts to the Athletics Department. Athletic Revenue bonds are issued by the University pursuant to Part II, Section 9, of Act No. 518 of 1980, as amended by Act No. 545 of 1986, No. 302 of 1996, No.6 of 1997, No. 182 of 2005 and No. 17 of 2007. The purpose of these bonds is to raise money to provide permanent financing for the costs of the construction, enlargement of, and improvements to Williams-Brice Stadium and other athletic facilities. There is a $200 million statutory cap on the bonds outstanding. Current athletic debt is $112.7 million, leaving approximately $87.3 million remaining. With the issuance of bonds for the Softball Stadium Construction and Farmers Market Development, outstanding debt will be $128.2 million.

No increase in any student fee or tuition will be required for pre-design or to construct this facility.

Item (b) - USC Student Health Center Construction

The source of funds for A&E pre-design work for $682,500 is Health Center Capital Reserve Funds. Health Center Capital Reserve Funds are derived from student health services operating budget to include student health fees, ancillary services fees, and interest. The fee is authorized based on SC Code of Law Section 59-117-40(9). The Student Health Fee is $169 per semester, of which $23 is internally dedicated for renovation reserve. The renovation reserve portion of the fee was added in FY 06 to plan for facility expansion based on a changing, more integrated health care delivery model and the growth of the student body. The initial renovation reserve portion of the fee was $6 in FY 06, based on student government resolution to improve student health facilities, and has been increased gradually on an annual basis to $23. No additional increase in the renovation reserve portion of the fee is anticipated. The current uncommitted fund balance is approximately $12 million for A&E pre-design and construction. $682,500 is dedicated for A&E pre-design.

Proposed sources of funds for construction are Health Center Capital Reserve Funds and Revenue Bonds. Health Center Capital Reserve funds are defined above. Revenue Bonds are bonds issued by the institution pursuant to Code Section 59-147-30, and are supported by the revenues from the related activity (e.g., housing, parking, student activity fees). In this case, the renovation reserve portion of the Student Health Fee will service the issued bonds. The uncommitted balance of Health Center Capital Reserve Funds is $12 million. There is no existing bond

balance for the revenue bonds. The University has determined the bonding capacity is sufficient to cover the anticipated cost of this project.

There are no anticipated increases in the renovation reserve portion of the fee associated with pre-design or construction on this project.

Item (c) - MUSC College of Nursing Floors 2-5 Interior Renovation

The source of funds for A&E pre-design work is $120,000 in Institutional Capital Project Funds. Institutional Capital Project Funds are excess debt service funds transferred each June from MUSC's State Treasurer's Office General Debt Service Account. The current fund balance of uncommitted funds in the Institutional Capital Project Fund is $8,990,000.

Proposed sources of funds for construction are College of Nursing Tuition and University Institutional Capital Project Funds. Institutional Capital Project Funds are defined above. College of Nursing Tuition is tuition fees collected from students at the College of Nursing. Tuition per semester for nursing students is currently $7,009 for an undergraduate, fulltime in-state student and $11,912 for an undergraduate, fulltime out-of-state student. Tuition per semester is $7,725 for a graduate, fulltime in-state student and $9,553 for a graduate, fulltime out-of-state student. No portion of the tuition fee is placed in a renovation reserve account. The current fund balance of uncommitted funds is $8,990,000 for Institutional Capital Project Funds and $3,000,000 in College of Nursing Tuition to be used toward the renovation.

No increase in any student fee or tuition will be required for pre-design or to renovate this facility.

Item (f) - USC Softball Stadium Construction

The source of funds for pre-design work, already approved, was $120,000 Athletic Operating funds. Athletic Operating funds are generated from Athletic revenues which consist of ticket sales, SEC Conference Distributions, Gamecock Club contributions, seat premiums, and corporate sponsorships. Athletic funds are auxiliary funds of the University and are self supporting.

The source of funds for construction is $7,880,000 Athletic Revenue Bonds. Athletic Facilities Revenue Bonds are issued by the University pursuant to Part II, Section 9 of Act No. 518 of 1980, as amended by Act No. 545 of 1986, No. 302 of 1996, No.6 of 1997, No. 182 of 2005 and No. 17 of 2007. The purpose of these bonds is to raise money to provide permanent financing for the costs of the construction, enlargement of, and improvements to Williams-Brice Stadium and other athletic facilities. There is a $200 million statutory cap on the bonds outstanding. Current athletic debt is $112.7 million, leaving approximately $87.3 million capacity remaining. This project with a budget of $8 million, combined with planned issuance of bonds for Farmers Market Development, results in a grand total of $128.2 million. It is currently anticipated that approval to issue the Athletic Revenue Bonds for this project will be submitted for B&C Board approval in Spring 2012.

Debt service on the Athletic Revenue Bonds is paid by the admissions fee, special student fee and net revenues of the Athletics Department operations. The admissions fee is pledged to the payment of bonds and currently is $3 per ticket sold at Williams-Brice Stadium and $4 and $1,

per ticket sold for all men's and women's basketball games, respectively, played at Colonial Life Arena. The special student fee is pledged to the payment of bonds and debt service on bonds. The special student fee is $34.50 per semester or $69 per year for each fulltime student at the Columbia campus.

No increase to the admissions fee or the special student fee is required to construct this project.

Item (g) – USC Williams-Brice Video Board Support Construction

The source of funds for pre-design work, already approved, was $37,500 in private funds. The source of funds for construction is $6,500,000 in private funds. Private funds are donations or gifts to the Athletics Department. There is no uncommitted balance of private funds. To date, $6.5 million in private funds have been raised and allocated to this project. The USC Educational Foundation confirms it has received gifts and will contribute $6.5 million from private funds for the purpose of financing the project costs associated with the new Video Board Project at Williams-Brice Stadium.

No increase in any student fee or tuition is required to construct this project.

STATE BUDGET AND CONTROL BOARD REGULAR SESSION

MEETING OF November 3, 2011 ITEM NUMBER 2

AGENCY: State Budget Division

SUBJECT: Real Property Acquisition

The Office of State Budget recommends approval of the following real property acquisition

(a)	**Agency:**	**Department of Parks, Recreation and Tourism**
	Acreage:	190.89± acres
	Location:	Adjacent to Jones Gap State Park in the Mountain Bridge Wilderness Area of northern Greenville County.
	County:	Greenville County
	Purpose:	To protect and conserve a natural area and connect mountain lands between Table Rock watershed and Poinsett watershed.
	Appraised Value:	$1,434,000
	Price/Seller:	$250,000 / The Nature Conservancy, Arlington, Virginia
	Source of Funds:	Federal
	Project Number:	P28-9717
	Environmental Study:	Approved
	Building Condition Assessment:	N/A
	Additional Annual Op Cost/SOF:	No additional annual operating costs are anticipated because management of the land will be conducted by existing park staff.
	Current Year Property Tax:	N/A
	Approved By:	JBRC on 10/26/11
	Additional Information:	Title to all property held in a state agency or department name has been transferred to the State under the control of the Budget and Control Board. These properties must be titled to the State of South Carolina. Also, this request includes approval of the establishment of a permanent improvement project of $250,000 from the fund source noted above.

BOARD ACTION REQUESTED:

Approve the property acquisition and permanent improvement project establishment as requested.

ATTACHMENTS:

Agenda item worksheet and attachments

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 3, 2011 **Regular Agenda**

1. **Submitted by:**

   (a) Agency: State Budget Division
   (b) Authorized Official Signature: Les Boles, Director

2. **Subject:** **REAL PROPERTY ACQUISITION**

3. **Summary Background Information:**

(a) **Agency:**	**Department of Parks, Recreation and Tourism**
Acreage:	190.89± acres
Location:	Adjacent to Jones Gap State Park in the Mountain Bridge Wilderness Area of northern Greenville County.
County:	Greenville County
Purpose:	To protect and conserve a natural area and connect mountain lands between Table Rock watershed and Poinsett watershed.
Appraised Value:	$1,434,000
Price/Seller:	$250,000 / The Nature Conservancy, Arlington, Virginia
Source of Funds:	Federal
Project Number:	P28-9717
Environmental Study:	Approved
Building Condition Assessment:	N/A
Additional Annual Op Cost/SOF:	No additional annual operating costs are anticipated because management of the land will be conducted by existing park staff.
Current Year Property Tax:	N/A
Approved By:	JBRC on 10/26/11
Additional Information:	Title to all property held in a state agency or department name has been transferred to the State under the control of the Budget and Control Board. These properties must be titled to the State of South Carolina. Also, this request includes approval of the establishment of a permanent improvement project of $250,000 from the fund source noted above.

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

Approve the property acquisition and permanent improvement project establishment as requested.

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

Recommend approval of the property acquisition and permanent improvement project establishment requested.

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

(a) Authorized Signature:_____
(b) Division/Agency Name:_____

7. **List of Supporting Documents:**

(a) Code Section 1-11-65
(b) Letter from Agency
(c) Appraisals
(d) Map
(e) Environmental Studies
(f) Cost Implications

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
Department of Parks, Recreation & Tourism

Nikki R. Haley
Governor

Duane N. Parrish
Director

September 23, 2011

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

RE: Mountain Bridge White Tract Acquisition (191 Acres)

Dear Mr. Shawver:

The South Carolina Department of Parks, Recreation and Tourism is hereby requesting that the Mountain Bridge White Tract Acquisition 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

STONE & ASSOCIATES, INC.

219 EAST WASHINGTON STREET • SUITE B • GREENVILLE, S.C. 29601

TEL (864) 232-3051 • FAX (864) 232-3053 • E-MAIL cbstone@stoneandassoc.com

(1)

September 9, 2010

Mr. Ryan A. Olson
Assistant Director of Land Protection
The Nature Conservancy
960 Morrison Drive, Suite 100
Charleston, SC 29403

Mr. Phil Gaines
Director of State Parks
The SC Department of Parks – Recreation and Tourism
1205 Pendleton Street
Columbia, SC 29201

Subject: Vacant Land
Misty Mountain Way
Greenville County, South Carolina

Dear Mr. Olson & Mr. Gaines:

In accordance with your request, we have personally inspected the above referenced tract and have made a Summary Appraisal. We are summating herewith a Summary Appraisal Report with applicable exhibits and addenda, which summarize the process used in completing this assignment.

This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses 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 below. The appraisers are not responsible for unauthorized use of this report.

The subject tract contains a total allocated land area of approximately 116.52 acres. The subject tract is located off the north side of Misty Mountain Way, northeast of Cedar Road Drive and Gap Creek Road, within Greenville County, South Carolina. The subject is located in northern Greenville County, just south of the North Carolina state line. The subject is currently identified on Greenville County Tax Map Number 0671.02, Block 01, as a portion of Parcel 014.06.

The purpose of this appraisal is to estimate the Market Value of the Fee Simple Interest of the subject property. Market Value and Fee Simple Interest are further defined and qualified in the following appraisal report.

After analyzing the subject tract and it's market, and considering the various factors entering into the appraisal analysis, including the Assumptions and Limiting Conditions contained in the attached report, it is our opinion that the Market Value of the Fee Simple Interest of the subject property as of August 12, 2010 is:

EIGHT HUNDRED SEVENTY FOUR THOUSAND DOLLARS
($874,000)

In this assignment, the existence of hazardous waste material, which may or may not be present on or in the subject tract, was not observed by this appraiser. We have no knowledge of the existence of such materials on or near the subject tract; however, we are not qualified to detect such substances. The presence of such material may have an effect on the value or use of the subject tract. It is assumed that there are no hazardous material spills resulting from underground storage tanks or other causes associated with the subject tract. Full compliance with all environmental laws is assumed. The client is urged to retain an expert in this field, if further clarification is desired. We wish to clearly emphasize that the detection of any such hazardous materials is beyond the scope of this valuation analysis. Furthermore, it is assumed that the presence of any hazardous materials, gases or toxic substances that would cause a loss in value is assumed not to exist on the subject tract.

The value estimate assumes no impact on value because of "Section 404 - Wetlands" as defined by the US Army Corp. of Engineers. We have found no evidence of wetlands; however, we are not qualified in this field and urge the client to seek the advice of an expert to determine any potential impact of wetlands on the above referenced property.

The appraisal analysis, opinions and conclusions were developed and this appraisal report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP) 2010-2011 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

We certify that we have the experience and knowledge to competently complete an appraisal of this type, and have made other appraisals of similar properties in the past. We further certify that the subject tract was inspected by Allen D. McCravy, MAI.

This appraisal assignment was not conditional upon the production of a specified value, or a value within a given range. Future employment prospects are not dependent upon a specified value. Employment and the payment of the fee are not based on whether a loan application is approved or disapproved.

We appreciate the opportunity to be of service. If you have any questions, or require any additional information, please feel free to contact us anytime.

Respectfully submitted,

STONE & ASSOCIATES, INC.

Allen D. McCravy, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG3617

Charles B. Stone, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG188

STONE & ASSOCIATES, INC.

(2)

July 18, 2011

Ms. Ashley D. Demosthenes
Associate Director of Land Protection
The Nature Conservancy
960 Morrison Drive, Suite 100
Charleston, SC 29403

Mr. Phil Gaines
Director of State Parks
The SC Department of Parks – Recreation and Tourism
1205 Pendleton Street
Columbia, SC 29201

Subject: Vacant Land
Cedar Rock Road & Bear Cove Trail
Greenville County, South Carolina

Dear Ms. Demosthenes & Mr. Gaines:

In accordance with your request, we have personally inspected the above referenced tracts and have made a Summary Appraisal. We are submitting herewith a Summary Appraisal Report with applicable exhibits and addenda, which summarize the process used in completing this assignment.

This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses 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 below. The appraisers are not responsible for unauthorized use of this report.

The subject property consists of two separate tracts of land. These are referred to as the Reserved Tract and Tract 3. Tract 3 contains a total allocated land area of approximately 74.37 acres, while the Reserved Tract contains a total of 10.0 acres. Tract 3 is located along the north and south sides of Cedar Rock Road, while the Reserved Tract is located on the eastern side of the end of Bear Cove Trail. Both tracts are north of Rhodes Lane and Gap Creek Road, within Greenville County, South Carolina. The subject is located in northern Greenville County, just south of the North Carolina state line. The subject tracts are currently identified on Greenville County Tax Map Number 0671.02, Block 01, Parcels 014.00 and 014.06.

The purpose of this appraisal is to estimate the Market Value "As Is" of the Fee Simple Estate of the subject property. "As Is" Market Value, Market Value and Fee Simple Estate are further defined and qualified in the following appraisal report.

After analyzing the subject tract and it's market, and considering the various factors entering into the appraisal analysis, including the Assumptions and Limiting Conditions contained in the attached report, it is our opinion that the Market Value of the Fee Simple Interest of the subject tracts as of July 8, 2011 is:

74.37-Acre Tract (Tract 3)
FIVE HUNDRED SIXTY THOUSAND DOLLARS
($560,000)

10-Acre Tract (Reserved Tract)
ONE HUNDRED FIFTEEN THOUSAND DOLLARS
($115,000) (NOT A PART OF THIS ACQUISITION)

In this assignment, the existence of hazardous waste material, which may or may not be present on or in the subject tract, was not observed by this appraiser. We have no knowledge of the existence of such materials on or near the subject tract; however, we are not qualified to detect such substances. The presence of such material may have an effect on the value or use of the subject tract. It is assumed that there are no hazardous material spills resulting from underground storage tanks or other causes associated with the subject tract. Full compliance with all environmental laws is assumed. The client is urged to retain an expert in this field, if further clarification is desired. We wish to clearly emphasize that the detection of any such hazardous materials is beyond the scope of this valuation analysis. Furthermore, it is assumed that the presence of any hazardous materials, gases or toxic substances that would cause a loss in value is assumed not to exist on the subject tract.

The value estimate assumes no impact on value because of "Section 404 - Wetlands" as defined by the US Army Corp. of Engineers. We have found no evidence of wetlands; however, we are not qualified in this field and urge the client to seek the advice of an expert to determine any potential impact of wetlands on the above referenced property.

The appraisal analysis, opinions and conclusions were developed and this appraisal report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP) 2010-2011 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

We certify that we have the experience and knowledge to competently complete an appraisal of this type, and have made other appraisals of similar properties in the past. We further certify that the subject tracts were inspected by Allen D. McCravy, MAI.

This appraisal assignment was not conditional upon the production of a specified value, or a value within a given range. Future employment prospects are not dependent upon a specified value. Employment and the payment of the fee are not based on whether a loan application is approved or disapproved.

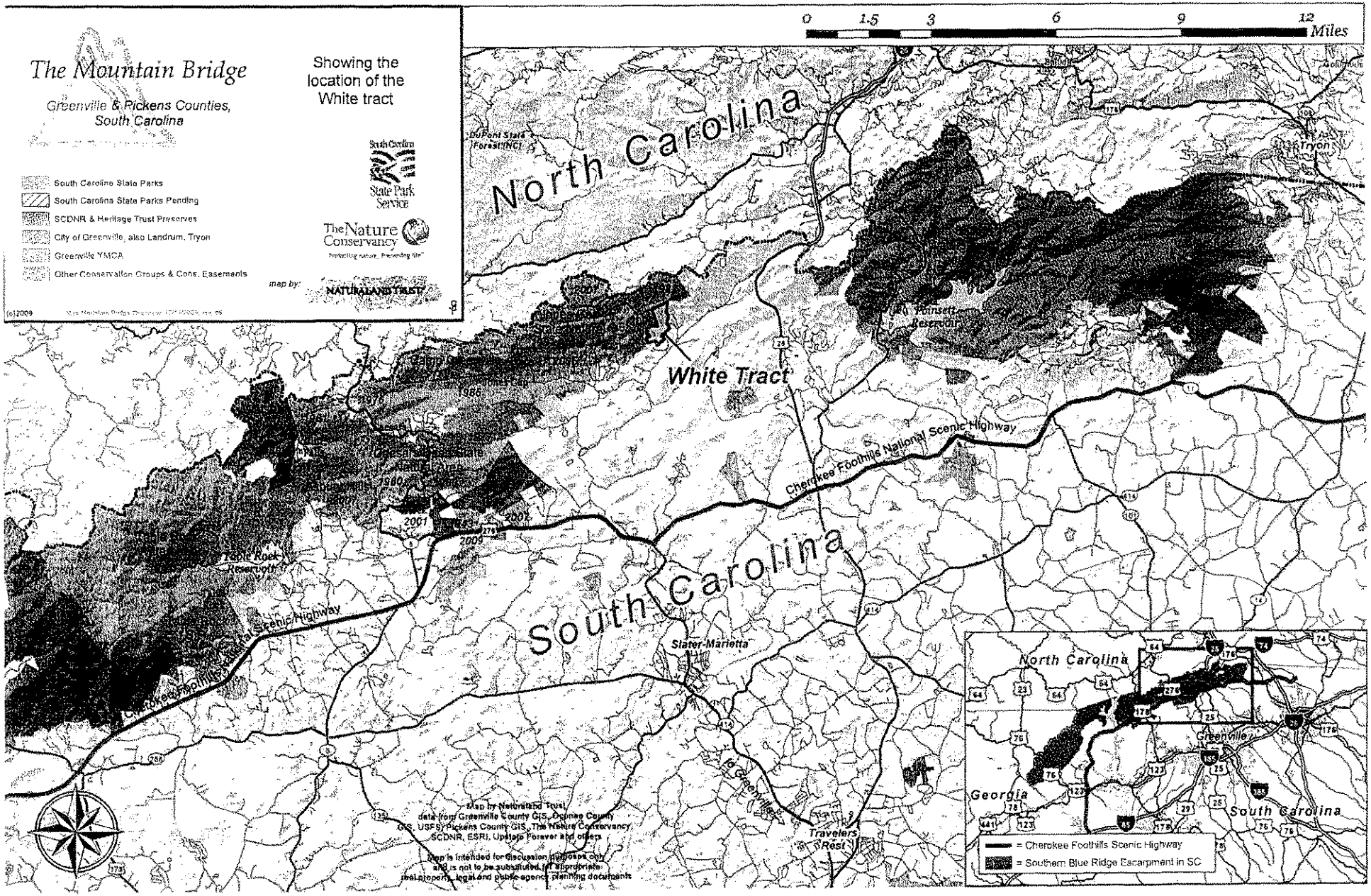
We appreciate the opportunity to be of service. If you have any questions, or require any additional information, please feel free to contact us anytime.

Respectfully submitted,

STONE & ASSOCIATES, INC.

Allen D. McCravy, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG3617

Charles B. Stone, MAI
State Certified General Real Estate Appraiser
SC Certificate No. CG188



The Mountain Bridge
Greenville & Pickens Counties, South Carolina
Showing the location of the White tract
South Carolina State Parks
South Carolina State Parks Pending
SCDNR & Heritage Trust Preserves
City of Greenville, also Landrum, Tryon
Greenville YMCA
Other Conservation Groups & Cons. Easements
map by:
NATURAL AND TRUST
0 1.5 3 6 9 12 Miles
North Carolina
South Carolina
White Tract
Cherokee Foothills National Scenic Highway
Slater-Marietta
Travelers Rest
Table Rock Reservoir
Poinsett Reservoir
Tryon
Georgia
Greenville
= Cherokee Foothills Scenic Highway
= Southern Blue Ridge Escarpment in SC
Map by Naturaland Trust
data from Greenville County GIS, Oconee County GIS, USFS, Pickens County GIS, The Nature Conservancy, SCDNR, ESRI, Upstate Forever and others
Map is intended for discussion purposes only and is not to be substituted for appropriate real property, legal and public agency planning documents

5. CONCLUSIONS AND RECOMMENDATIONS

HRI performed a Phase 1 Environmental Site Assessment of the White Property – East Tract located off Gap Creek Road in northern Greenville County. The Phase 1 ESA was performed in general conformance with ASTM Standard E1527-05.

At the time of this ESA the property was owned by Richard M. White, Jr. There are no structures or improvements on the property. TNC intends to acquire the property for conservation purposes. This property is strategically critical to provide connectivity between Caesars Head State Park, and various mountain recreational trails in the Blue Ridge escarpment area.

Based on HRI's research of site history, review of available environmental database information, interviews with knowledgeable persons, and inspection of the site pursuant to the scope of this Phase 1 ESA, no known or suspected releases of hazardous substances or petroleum compounds were identified on the property.

Environmental records did not reveal on-site or off-site contamination sources relevant to the property within the general vicinity or within standard search distances customary for ESAs.

One area of encroachment by the activities of an adjacent property owner was observed during the site inspections. This encroachment is associated with the adjacent Mitchell property and consists of 1) a significant volume of construction materials, junk, and debris scattered on the eastern portion of the East Tract, and 2) apparent traffic across the White Property to gain vehicular access to the Mitchell compound. Because these activities have been uncontrolled, the resulting conditions should be considered a Recognized Environmental Condition. No specific sampling activity is prescribed here based on these observations. However, as the encroaching materials are removed care should be taken to identify any residual hazardous materials or fuels that may result in a contamination condition. Phase 2 sampling may be warranted as a result of this site cleanup.

Based on the site inspections performed on 04 and 09 August 2010, the information provided in the EDR report, interviews with knowledgeable persons, and other sources reviewed, the above encroachment is the only Recognized Environmental Condition identified by HRI on the White Property – East Tract. Otherwise, conditions observed through this ESA do not warrant further assessment, and therefore HRI does not recommend Phase 2 Environmental Site Assessment testing.

In the course of conducting this ESA HRI discovered no conditions that would likely interfere with TNC's stated intent and purpose of acquiring and managing the White Tract as a conservation property.

ESA Update – Property Inspection

On 14 July 2011, Dave Hargett conducted a limited physical site inspection of the two remaining White Tracts, as identified above. This inspection consisted of surveillance of the margins of the property from all existing perimeter roads, notably Cedar Rock Drive. This road winds through the southwest tract (PIN 1406) as it traverses up Cedar Rock Mountain to access the Cedar Rock community. The author also inspected the most accessible points adjacent to the northwest tract (PIN 1400) from areas adjacent to the property of Mr. Tommy Wyche, at the terminus of Cedar Rock Drive. In addition, the auditor inspected roadside conditions at several other potential access locations along Cedar Rock Drive on foot.

Through this limited reconnaissance, HRI observed no material changes in the condition or management of the property since Dr. Hargett's inspections in 2010 and 2008.

ESA Update – Review of Previous ESA Reports, Aerial Imagery, and EDR Environmental Database

HRI has re-reviewed the Phase 1 ESA Report on the subject property, published in August 2010 by HRI. Based on this review, the information provided through the above-cited interviews, the limited site inspection, and especially considering the extremely remote and inaccessible nature of the subject tracts, HRI has determined that it is reasonable and appropriate to consider the information provided in the August 2010 EDR report as accurate and current, and reflective of current conditions on the subject tracts.

HRI also reviewed previous aerial photo imagery (2008 and preceding) for the subject property. In addition HRI reviewed recently available 2011 black and white, and color infrared imagery available through Greenville County GIS. Based on this review, no apparent changes to site conditions or property management have occurred on the subject tracts over the past three years.

HRI has not requested an update of the EDR environmental database review for the property. However, given current land use of the subject tracts, and the surrounding areas, as verified by the limited site inspection, it is reasonable to assume there have been no reportable environmental events, spills, or releases likely to affect the property within the last several months. Also, TNC is advised that per ASTM Standard E1527-05, for Phase 1 ESAs, the original published ESA report remains valid for 180 days from the time of publication, making the sunset date on this report approximately 30 March 2011.

ESA Update – Summary and Statement of Opinion

Based on the limited scope of review conducted in this consultation, it is HRI's opinion that no new "Recognized Environmental Conditions" have developed on the White Remainder Tracts (Tracts 3 & 4) since HRI performed the previous Phase 1 ESAs of these properties in

2008, and the adjacent tract in 2010. No RECs had been identified on the property in the course of the previous assessments. Further, HRI asserts that the conditions represented in its October 2008 and August 2010 Phase 1 ESA Reports appear to remain accurate and current at this time and reflect conditions at this time on the subject tracts. To that end, it is reasonable for TNC to utilize the previous Phase 1 ESA report (Oct 2008 and Aug 2010), combined with this ESA Update Report and Opinion, as meeting the general standard of care of "due diligence" for acquisition of similar conservation properties. This acceptance should be considered to be representative of the condition of the subject properties through at least 01 February 2012, unless, of course, there are material changes in environmental conditions on the property, or nearby surrounding properties. TNC is advised that, as with any property, environmental conditions could change at any time, and this update opinion should not be considered as valid beyond the above date, or of course, if there are any relevant changes in the environmental condition of the property.

TNC is also advised that the summary conclusions and recommendations offered in the previous Phase 1 ESA Reports are still considered to be appropriate actions for site management and security of the White property in general, including Tracts 3 and 4.

HRI appreciates the opportunity to assist TNC in its important conservation work and would be pleased to work with your organization again in the future.

Please contact me if you have any questions regarding this report or HRI's previous work on the White Property.

Sincerely yours,

HARGETT RESOURCES, INC.

David L. Hargett, Ph.D., Principal Auditor
Principal and Senior Consultant

Enclosure: Figure 1

PROPERTY ACQUISITION FORMAT

PART I

1. Project Number: P28- 9717

2. County: 23- Greenville

3. Description: 190.89 Acre tract in northern Greenville County TMS 0671020101406

4. Grantor(s) Name and Address: The Nature Conservancy
   4245 North Fairfax Drive, Suite 100
   Arlington, VA 22203-1606

5. Grantee(s) Name and Address SC Department of Parks, Recreation and Tourism
   1205 Pendleton Street
   Columbia, SC 29201

6. County Location: Northern Greenville County adjacent toJjones Gap State Park

7. Acerage: 190.89 Acres

8. Purpose for Acquisition: Conservation & Protection of resources

9. Demonstrate the need to acquire the property: Conservation & protection

10. Purchase Price: $250,000

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. $0 – property is being purchased for conservation/protection.. Management of this land will be conducted by the existing park staff.

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. Same as #6

STATE BUDGET AND CONTROL BOARD REGULAR SESSION

MEETING OF November 3, 2011 ITEM NUMBER 3

AGENCY: Division of General Services

SUBJECT: Department of Commerce Savannah Valley Development Division Transfer of All Property, Leases, Assets and Obligations

In accordance with 2011 S.C. Act No. 73, Part 1B, §40.17, the South Carolina Department of Commerce requests approval to transfer its Savannah Valley Development Division's (SVDD) remaining various assets and obligations consisting of a lease with the United States Army Corps of Engineers (USACE) for the Blue Hole Recreation Area in Abbeville County; a lease with USACE for lands known as the Abbeville Tract, Hester Tract and Manor Tract lying south of SC Highway 72 in Abbeville County; the balance of funds in the SVDD account; ownership of 690 acres of state-owned land in Abbeville County; and ownership and easement rights to the Anderson Branch right-of-way (ROW) in Abbeville and McCormick Counties.

SVDD became a division of the Department of Commerce in 1993 and had the following primary functions: (1) to support a residential real estate development at Richard B. Russell Lake in Abbeville County (Lake Russell Project), (2) to serve as a cost-share partner with USACE as to public amenities on lands leased to SVDD by USACE, (3) to hold certain railroad rights-of-way acquired from Seaboard Railroad (Anderson Branch ROW), and (4) to serve as a conduit for a $20 Million loan to McCormick County to support the development of Savannah Lakes Village. SVDD has no remaining contractual or other obligations concerning the Lake Russell Project. Additionally, since 2007, McCormick County has been remitting payments towards its loan obligations with the Insurance Reserve Fund for the development of Savannah Lakes Village directly to the State Treasurer's Office, and the Treasurer's Office has agreed to continue administering the loan. SVDD still has assets and obligations concerning property along the Anderson Branch ROW, and property leased from USACE and owned between Highway 81 and Lake Russell; however, with no appropriations being provided to it, SVDD lacks the financial resources to maintain its remaining assets and meet its ongoing obligations and, therefore, requests the transfer of these various assets and obligations in order to preserve those assets for public use and enjoyment as follows:

1. SVDD has a 50-year lease with USACE dated November 12, 1997, for the Blue Hole Recreation Area in Abbeville County consisting of 123 acres (Blue Hole Recreation Area Lease). SVDD requests approval to terminate the lease so that USACE can enter into a new lease with the Town of Calhoun Falls. The Town of Calhoun Falls has requested and USACE has approved entering into a new lease with the Town upon termination of its lease with SVDD, and the Town has been approved to receive a $250,000 grant to refurbish the public infrastructure at the Blue Hole Recreation Area.

2. SVDD has a 99-year lease with USACE dated July 5, 1994, for various tracts of land lying south of Highway 72 in Abbeville County (Abbeville, Hester and Manor Tracts Lease) consisting of a total of 1,675 acres. SVDD requests approval to terminate the lease so that

AGENCY: Division of General Services

SUBJECT: Department of Commerce Savannah Valley Development Division Transfer of All Property, Leases, Assets and Obligations

USACE can enter into a new lease with the South Carolina Department of Natural Resources (DNR), and further requests to transfer the balance of funds remaining in SVDD accounts to DNR. Under its new lease with USACE, DNR will assume the same cost-share obligations SVDD currently has to maintain public amenities and DNR will apply the funds its receives from the SVDD accounts for this purpose. The lease between USACE and DNR will be reviewed by and subject to the approval of the Division of General Services.

3. SVDD controls three tracts of state-owned land containing approximately 690 acres in Abbeville County that is currently under DNR management for public hunting and recreation. SVDD requests approval to transfer control of the state-owned property to DNR for nominal consideration so that they may continue to maintain the property for public use.

4. SVDD controls approximately 194.3 acres of easement rights and state-owned land consisting of a railroad ROW and related parcels known as the Anderson Branch ROW. The property lies between the Town of Calhoun Falls and the Town of McCormick in Abbeville and McCormick Counties. SVDD requests approval to divide and transfer the property to two separate entities as follows:

    a. SVDD proposes transferring all rights in the largest portion of the ROW spanning approximately 19.3 miles in McCormick County to the Ninety-Six District Resource Conservation and Development Council, Incorporated (Ninety-Six District RCDC), a 501(c)(3) focused on conservation, development and utilization of area natural resources to improve social, economic and environmental conditions for area citizens in the counties of Abbeville, Edgefield, Greenwood, Laurens, McCormick and Saluda. The transfer of rights in the ROW was offered to the County of McCormick; however, they declined acceptance of the ROW property. The possibility of transferring rights in the ROW was not discussed with any local municipality of McCormick County because the portion of the ROW lying in McCormick County does not lie within or near the town limits of any municipality in the county. The Ninety-Six District RCDC has already established a public recreational trail on a portion of the ROW and would like to continue to maintain the trail. SVDD requests to transfer to property to the Ninety-Six District RCDC for nominal consideration due to the significant funding and resources required to improve and/or maintain the ROW.

AGENCY: Division of General Services

SUBJECT: Department of Commerce Savannah Valley Development Division Transfer of All Property, Leases, Assets and Obligations

b. SVDD proposes transferring all rights in the portion of the ROW located in Abbeville County spanning approximately 4.3 miles to the Town of Calhoun Falls. The Town would like the opportunity to acquire the property from SVDD in order to attract commercial businesses to the area and establish "greenways" for public recreational activities. SVDD requests to transfer to property to the Town of Calhoun Falls for nominal consideration due to the significant funding and resources required to improve and/or maintain the ROW.

The Department of Commerce requests the transfer of SVDD assets as outlined above due to the lack of funding to continue its financial obligations. If approved, the assets will be transferred to those entities best positioned and motivated to preserve and keep these assets available for public use and enjoyment.

BOARD ACTION REQUESTED:

(a.) Approval of the termination of SVDD's 50-year Blue Hole Recreation Area Lease with USACE;

(b.) Approval of the termination of SVDD's 99-year Abbeville, Hester and Manor Tracts lease with USACE;

(c.) Approval of the transfer of the balance of the SVDD account to DNR;

(d.) Approval of the transfer of 690 acres in Abbeville County to DNR for nominal consideration;

(e.) Approval of the transfer of the portion of the Anderson Branch ROW in McCormick County to the Ninety-Six District Resource Conservation and Development Council, Incorporated for nominal consideration; and

(f.) Approval of the transfer of the portion of the Anderson Branch ROW in Anderson County to the Town of Calhoun Falls for nominal consideration.

ATTACHMENTS: Letter from the Department of Commerce dated August 17, 2011; Map of SVDD Properties; Map of Anderson Branch ROW; Memorandum from the Department of the Army, Savannah District, Corps of Engineers dated June 29, 2011; Letter from the Department of Commerce date June 28, 2011; Letter from the Department of Natural Resources dated June 2, 2011; Letter from the Town of Calhoun Falls dated June 20, 2011; Letter from the Ninety-Six District Resource Conservation and Development Council, Incorporated dated June 28, 2011; Letter from the Town of Calhoun Falls dated July 20, 2011; 2011 S.C. Act No. 73, Part 1B, §40.17; SC Code of Laws Section 1-11-65

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 3, 2011 **Regular Agenda**

1. **Submitted by:**
   (a) Agency: Division of General Services
   (b) Authorized Official Signature: Carla Griffin, Deputy Director

2. **Subject:** Department of Commerce Savannah Valley Development Division Transfer of all Property, Leases, Assets and Obligations

3. **Summary Background Information:**

In accordance with 2011 S.C. Act No. 73, Part 1B, §40.17, the South Carolina Department of Commerce requests approval to transfer its Savannah Valley Development Division's (SVDD) remaining various assets and obligations consisting of a lease with the United States Army Corps of Engineers (USACE) for the Blue Hole Recreation Area in Abbeville County; a lease with USACE for lands known as the Abbeville Tract, Hester Tract and Manor Tract lying south of SC Highway 72 in Abbeville County; the balance of funds in the SVDD account; ownership of 690 acres of state-owned land in Abbeville County; and ownership and easement rights to the Anderson Branch right-of-way (ROW) in Abbeville and McCormick Counties.

SVDD became a division of the Department of Commerce in 1993 and had the following primary functions: (1) to support a residential real estate development at Richard B. Russell Lake in Abbeville County (Lake Russell Project), (2) to serve as a cost-share partner with USACE as to public amenities on lands leased to SVDD by USACE, (3) to hold certain railroad rights-of-way acquired from Seaboard Railroad (Anderson Branch ROW), and (4) to serve as a conduit for a $20 Million loan to McCormick County to support the development of Savannah Lakes Village. SVDD has no remaining contractual or other obligations concerning the Lake Russell Project. Additionally, since 2007, McCormick County has been remitting payments towards its loan obligations with the Insurance Reserve Fund for the development of Savannah Lakes Village directly to the State Treasurer's Office, and the Treasurer's Office has agreed to continue administering the loan. SVDD still has assets and obligations concerning property along the Anderson Branch ROW, and property leased from USACE and owned between Highway 81 and Lake Russell; however, with no appropriations being provided to it, SVDD lacks the financial resources to maintain its remaining assets and meet its ongoing obligations and, therefore, requests the transfer of these various assets and obligations in order to preserve those assets for public use and enjoyment as follows:

1. SVDD has a 50-year lease with USACE dated November 12, 1997 for the Blue Hole Recreation Area in Abbeville County consisting of 123 acres (Blue Hole Recreation Area Lease). SVDD requests approval to terminate the lease so that USACE can enter into a new lease with the Town of Calhoun Falls. The Town of Calhoun Falls has requested and USACE has approved entering into a new lease with the Town upon termination of its lease with SVDD, and the Town has been approved to receive a $250,000 grant to refurbish the public infrastructure at the Blue Hole Recreation Area.

2. SVDD has a 99-year lease with USACE dated July 5, 1994 for various tracts of land lying south of Highway 72 in Abbeville County (Abbeville, Hester and Manor Tracts Lease) consisting of a total of 1,675 acres. SVDD requests approval to terminate the lease so that USACE can enter into a new lease with the South Carolina Department of Natural Resources

(DNR), and further requests to transfer the balance of funds remaining in SVDD accounts to DNR. Under its new lease with USACE, DNR will assume the same cost-share obligations SVDD currently has to maintain public amenities and DNR will apply the funds its receives from the SVDD accounts for this purpose. The lease between USACE and DNR will be reviewed by and subject to the approval of the Division of General Services.

3. SVDD controls three tracts of state-owned land containing approximately 690 acres in Abbeville County that is currently under DNR management for public hunting and recreation. SVDD requests approval to transfer control of the state-owned property to DNR for nominal consideration so that they may continue to maintain the property for public use.

4. SVDD controls approximately 194.3 acres of easement rights and state-owned land consisting of a railroad ROW and related parcels known as the Anderson Branch ROW. The property lies between the Town of Calhoun Falls and the Town of McCormick in Abbeville and McCormick Counties. SVDD requests approval to divide and transfer the property to two separate entities as follows:
    a. SVDD proposes transferring all rights in the largest portion of the ROW spanning approximately 19.3 miles in McCormick County to the Ninety-Six District Resource Conservation and Development Council, Incorporated (Ninety-Six District RCDC), a 501(c)(3) focused on conservation, development and utilization of area natural resources to improve social, economic and environmental conditions for area citizens in the counties of Abbeville, Edgefield, Greenwood, Laurens, McCormick and Saluda. The transfer of rights in the ROW was offered to the County of McCormick; however, they declined acceptance of the ROW property. The possibility of transferring rights in the ROW was not discussed with any local municipality of McCormick County because the portion of the ROW lying in McCormick County does not lie within or near the town limits of any municipality in the county. The Ninety-Six District RCDC has already established a public recreational trail on a portion of the ROW and would like to continue to maintain the trail. SVDD requests to transfer to property to the Ninety-Six District RCDC for nominal consideration due to the significant funding and resources required to improve and/or maintain the ROW.

    b. SVDD proposes transferring all rights in the portion of the ROW located in Abbeville County spanning approximately 4.3 miles to the Town of Calhoun Falls. The Town would like the opportunity to acquire the property from SVDD in order to attract commercial businesses to the area and establish "greenways" for public recreational activities. SVDD requests to transfer to property to the Town of Calhoun Falls for nominal consideration due to the significant funding and resources required to improve and/or maintain the ROW.

The Department of Commerce requests the transfer of SVDD assets as outlined above due to the lack of funding to continue its financial obligations. If approved, the assets will be transferred to those entities best positioned and motivated to preserve and keep these assets available for public use and enjoyment.

4. **What is the Board asked to do?**
   (a) Approve the termination of SVDD's 50-year Blue Hole Recreation Area Lease with USACE.
   (b) Approve the termination of SVDD's 99-year Abbeville, Hester and Manor Tracts lease with USACE.
   (c) Approve the transfer of the balance of the SVDD account to DNR.
   (d) Approve the transfer of 690 acres in Abbeville County to DNR for nominal consideration.
   (e) Approve the transfer of the portion of the Anderson Branch ROW in McCormick County to the Ninety-Six District Resource Conservation and Development Council, Incorporated for nominal consideration.
   (f) Approve the transfer of the portion of the Anderson Branch ROW in Anderson County to the Town of Calhoun Falls for nominal consideration.

---

5. **What is recommendation of the Division of General Services?**
   (a) Approval of the termination of SVDD's 50-year Blue Hole Recreation Area Lease with USACE.
   (b) Approval of the termination of SVDD's 99-year Abbeville, Hester and Manor Tracts lease with USACE.
   (c) Approval of the transfer of the balance of the SVDD account to DNR.
   (d) Approval of the transfer of 690 acres in Abbeville County to DNR for nominal consideration.
   (e) Approval of the transfer of the portion of the Anderson Branch ROW in McCormick County to the Ninety-Six District Resource Conservation and Development Council, Incorporated for nominal consideration.
   (f) Approval of the transfer of the portion of the Anderson Branch ROW in Anderson County to the Town of Calhoun Falls for nominal consideration.

---

6. **List of Supporting Documents:**
   (a) Letter from the Department of Commerce dated August 17, 2011
   (b) Map of SVDD Properties
   (c) Map of Anderson Branch ROW
   (d) Memorandum from the Department of the Army, Savannah District, Corps of Engineers dated June 29, 2011
   (e) Letter from the Department of Commerce date June 28, 2011
   (f) Letter from the Department of Natural Resources dated June 2, 2011
   (g) Letter from the Town of Calhoun Falls dated June 20, 2011
   (h) Letter from the Ninety-Six District Resource Conservation and Development Council, Incorported dated June 28, 2011
   (i) Letter from the Town of Calhoun Falls dated July 20, 2011
   (j) 2011 S.C. Act No. 73, Part 1B, §40.17
   (k) SC Code of Laws Section 1-11-65

Nikki R. Haley
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt III
Secretary

August 17, 2011

Lisa H. Catalanotto, Esq.
South Carolina Budget and Control Board
Division of General Services
Real Property Services
1200 Senate Street, Suite 460
Columbia, SC 29201

Dear Ms. Catalanotto:

The South Carolina Department of Commerce ("Commerce") is seeking approval by the State Budget and Control Board (the "Board") to transfer the various assets and obligations of its Savannah Valley Development Division ("SVDD") to other entities pursuant to Proviso No. 40.17, which states:

40.17. (CMRC: Savannah Valley Development Division) The Department of Commerce is authorized to transfer any and all assets and obligations of its Savannah Valley Development Division, including, but not limited to, accounts, notes payable, contracts, licenses, leases, real property, rights of way, and easements, to appropriate state and local authorities upon the approval of the State Budget and Control Board.

BACKGROUND

SVDD, formerly the Savannah Valley Authority, became a division of Commerce after restructuring in 1993. *See* S.C. Code Ann. §13-1-10, §§ 13-1-610-1090. While at Commerce, the SVDD has had several primary functions: (1) to support a residential real estate development at Richard B. Russell Lake in Abbeville County (the "Lake Russell Project"); (2) to serve as a cost-share partner with the United States Army Corps of Engineers ("USACE") as to certain public amenities on public lands leased to SVDD by USACE; (3) to hold certain railroad right of ways acquired from the Seaboard Railroad; and (4) to serve as a conduit for a $20 million loan to McCormick County to support the development of Savannah Lakes Village.

RATIONALE FOR TRANSFER OF SVDD ASSETS & OBLIGATIONS

SVDD has tried unsuccessfully for the better part of the last 20 years to facilitate the development of the Lake Russell Project, which was likely the primary reason SVDD was restructured under Commerce. The latest attempt ended in foreclosure after the developer defaulted. The foreclosure only affected the 420 +/- acres of fee simple property that comprised Phase I of the

1201 Main Street, Suite 1600, Columbia, SC 29201
Tel: (803) 737-0400 • Fax: (803) 737-0418 • www.sccommerce.com

Project. SVDD has no ownership interest in the Phase I property.[1] The property was purchased out of foreclosure by Key Bank, the mortgage holder, and later sold to GS&H LLC, an entity controlled by an Atlanta developer who intends to complete the residential community currently known as The Sanctuary. Approximately 24 lots in The Sanctuary were previously sold to individual purchasers.

While Commerce and SVDD have no further contractual or other obligations regarding the Lake Russell Project, the division has other assets and obligations for which the division is responsible. However, in the absence of new appropriations, SVDD lacks the financial resources to maintain SVDD's assets and meet its ongoing obligations.

PLAN FOR TRANSFER OF ASSETS & OBLIGATIONS

SVDD has a plan to transfer its assets and obligations to other entities, subject to Board approval pursuant to Proviso 40.17, without creating any unfunded liabilities for those other entities. A summary of the proposed plan is as follows:

1. Termination of Existing Leases & Approval of New Leases with Other Entities

A. Blue Hole Lease

SVDD currently has a 50-year lease with USACE for the Blue Hole Recreation Area located in Abbeville County. *(See Exhibit I, Map of SVDD Properties.)* SVDD desires to terminate this lease. After terminating its lease with SVDD, USACE will enter into a new lease with the Town of Calhoun Falls. *(See Exhibit A, Memo from USACE with Letters from SCDOC, SCDNR, & Town of Calhoun Falls.)* On June 2, 2011, the South Carolina Coordinating Council for Economic Development approved a grant from Rural Infrastructure Funds to provide up to $250,000 to the Town to refurbish the infrastructure at the Blue Hole Recreation Area and provide several years of maintenance funds so the Town can preserve and maintain these facilities for public use and enjoyment. Upon termination of SVDD's lease, the state will have no further financial or other liability for Blue Hole Recreation Area.

B. Lease for Lands South of SC Highway 72

SVDD currently has a 99-year lease with USACE for the lands south of Highway 72. *(See Exhibit I, Map of SVDD Properties.)* After terminating its lease with SVDD, USACE will enter into a new lease with the South Carolina Department of Natural Resources ("SCDNR") so the leased lands will remain available for public use and enjoyment. *(See Exhibit A.)* The consideration for and obligations under the SCDNR lease will be the same as those in SVDD lease. The only consideration required will be the same cost-share obligations SVDD currently has to maintain the public amenities on the leased premises (i.e., boat ramps with associated parking areas and restrooms). The term of the new lease will be 25 years, subject to approval by USACE and the Division of General Services. Commerce will transfer funds remaining in

[1] In 2004, the Board approved transfer of the Phase I property to the developer as part of a settlement associated with the previous development, which also failed.

SVDD accounts to provide for near term cost-share obligations under the lease. As of June 30, 2011, the balance in the SVDD account was $52,648.96.

2. Transfer of Fee Simple Lands

SVDD will also transfer to SCDNR approximately 690 acres[2] of fee simple lands located in Abbeville County that are currently under SCDNR management for public hunting and recreation. *(See Exhibit 1.)* The acreage will remain available for public use while providing a revenue source (via timber and/or land sales) to meet long-term cost-share obligations to USACE.

3. Transfer of Savannah Lakes Village Loan to STO

SVDD is the obligor on a note payable to the Insurance Reserve Fund concerning the development of Savannah Lakes Village in McCormick County. As of June 30, 2011, the loan balance was $5,781,722. Since 2007, McCormick County has been collecting and remitting directly to the State Treasurer special taxes collected from Savannah Lakes Village lot owners to repay the principal and interest on the loan. The State Treasurer's Office, which currently administers the loan, has agreed to continue administering the loan. No action is required by the Board.

4. Anderson Branch Railroad Right of Way

SVDD has fee simple title and/or easements rights to the Anderson Branch right-of-way ("ROW"), a railroad ROW and related parcels located in Abbeville and McCormick Counties. The ROW is comprised of approximately 194.3 acres and stretches between the Town of Calhoun Falls and the Town of McCormick. *(See Exhibit 2, Map of ROW.)* SVDD proposes to transfer portions of the ROW to two separate entities. The largest portion of the ROW located in McCormick County will be transferred to the Ninety- Six District Resource Conservation and Development Council, Inc., ("Ninety-Six District RCDC") a 501(c)(3) organization that has already established a public recreational trail on the ROW. The smaller portion of the ROW located in Abbeville County will be transferred to the Town of Calhoun Falls. *(See Exhibit B, Letters from Ninety-Six District RCDC and Town of Calhoun Falls.)*

To date, the Ninety-Six District RCDC has invested and anticipates investing significant resources in the ROW for the purpose of establishing and maintaining a public recreational trail. Local volunteers have donated several thousand hours to the same end. Because doing anything with the ROW, including establishing and maintaining it as a public trail, requires significant funding and other resources, SVDD proposes that transfer of the ROW to the Ninety-Six District RCDC and to the Town of Calhoun Falls be for nominal consideration.

[2] GIS in Abbeville County shows 703 acres.

POLITICAL SUPPORT FOR TRANSFER

Commerce has confirmed with Representative Paul Agnew and Senator Shane Massey the support of the local delegation for the transfer of SVDD assets. The primary interest of the local delegation is preservation of the public assets in Abbeville and McCormick Counties.

BOARD ACTIONS REQUESTED

The Department respectfully requests approval by the Budget and Control Board to approve the following actions:

1. Termination of SVDD's 50-year USACE lease for the Blue Hole Recreation Area.
2. Termination of SVDD's 99-year USACE lease for the lands south of SC Hwy. 72.
3. Transfer of the balance of the SVDD account to SCDNR for the purpose of near term cost-share obligations associated with the new USACE lease.
4. Transfer of 690 acres of fee simple lands in Abbeville County to SCDNR for nominal consideration.
5. Transfer to the Ninety-Six District Resource Conservation and Development Council, Inc. (for nominal consideration) that portion of the Anderson Branch ROW situated in McCormick County.
6. Transfer to the Town of Calhoun Falls (for nominal consideration) that portion of the Anderson Branch ROW situated in Abbeville County.

Thank you for your consideration of this request.

Sincerely,

Robert M. Hitt III

Enclosures

cc: The Honorable Shane A. Massey
The Honorable Paul L. Agnew
M. Keith Crowe, Operations Project Manager, Richard B. Russell Project
John E. Frampton, Director, SC Department of Natural Resources
Forrest Lee Garrett, Mayor, Town of Calhoun Falls
Elyse Benson, Ninety-Six District Resource Conservation and Development Council, Inc.

RMHIII/km/vw

Exhibit 1

(Map of SVDD Properties)

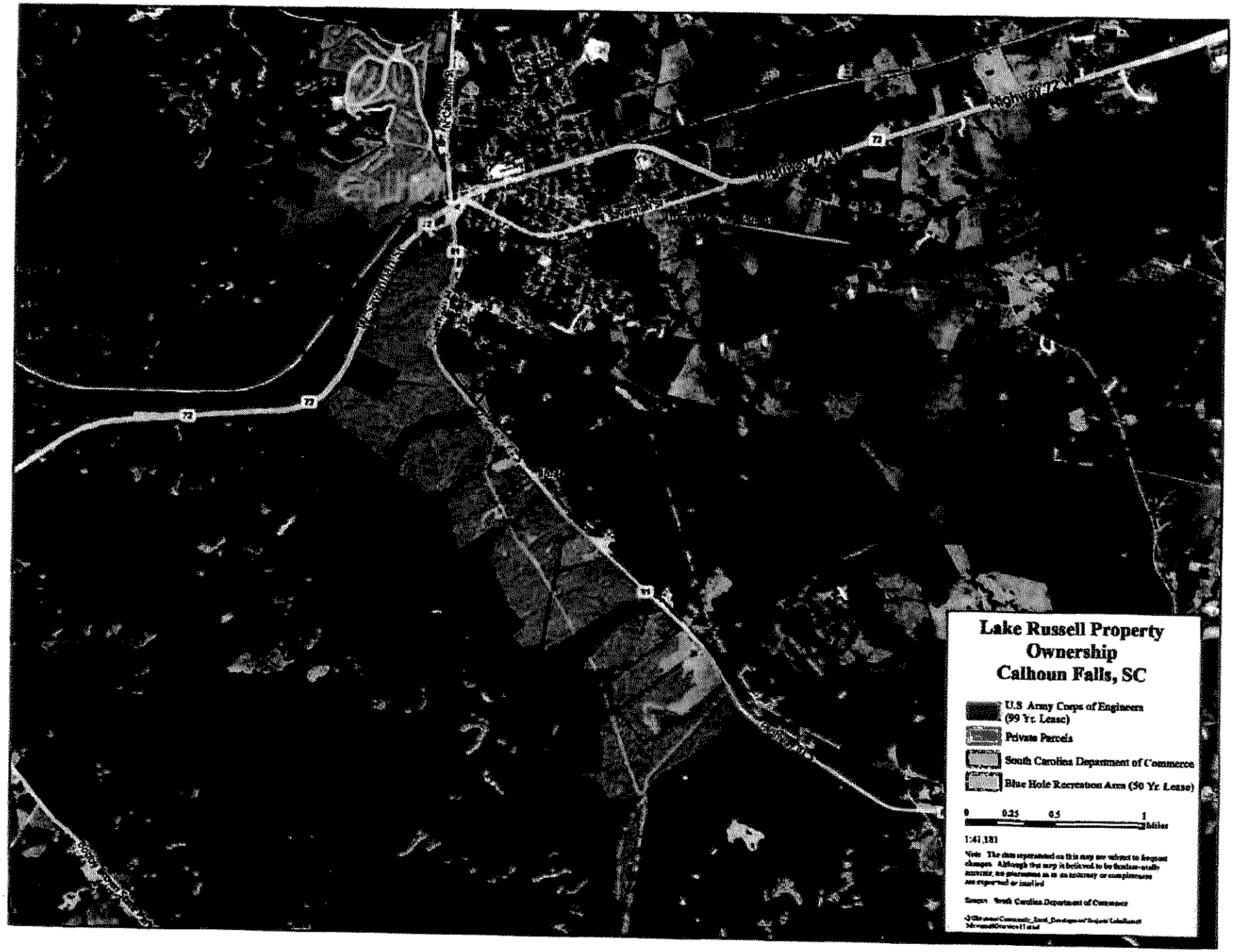

Lake Russell Property
Ownership
Calhoun Falls, SC
U.S Army Corps of Engineers
(99 Yr. Lease)
Private Parcels
South Carolina Department of Commerce
Blue Hole Recreation Area (50 Yr. Lease)
0 0.25 0.5 1
Miles
1:41,181
Note: The data represented on this map are subject to frequent
changes. Although this map is believed to be fundamentally
accurate, no guarantees as to its accuracy or completeness
are expressed or implied
Source: South Carolina Department of Commerce

Exhibit 2

(Map of Anderson Branch ROW)

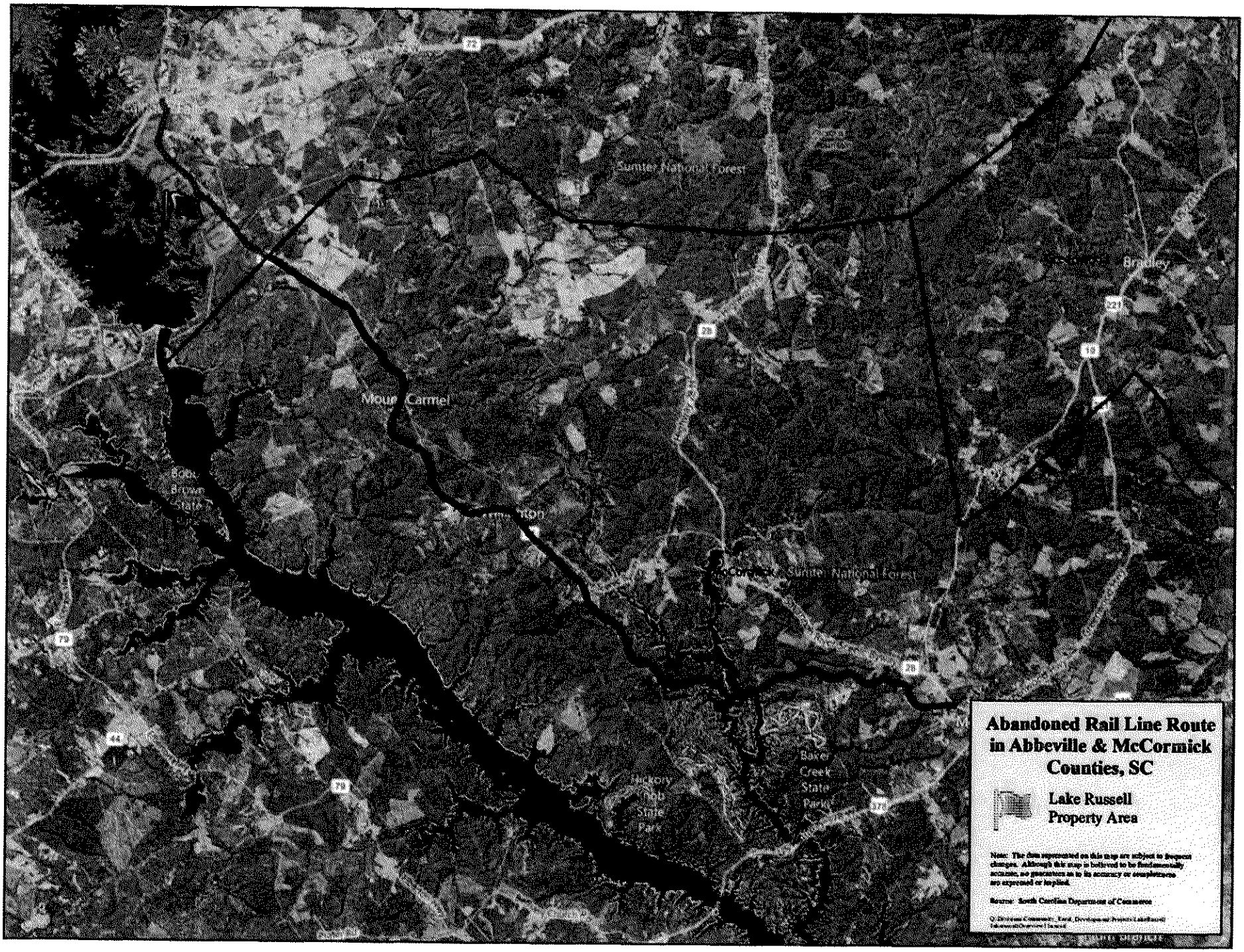

Abandoned Rail Line Route in Abbeville & McCormick Counties, SC
Lake Russell Property Area
Note: The data represented on this map are subject to frequent changes. Although this map is believed to be fundamentally accurate, no guarantees as to its accuracy or completeness are expressed or implied.
Source: South Carolina Department of Commerce
Sumter National Forest
Mount Carmel
Bradley
Baker Creek State Park
72
78
221
10
28
79
44
72
178

Exhibit A

(Memo from USACE with Letters from SCDOC, SCDNR, & Town of Calhoun Falls)

DEPARTMENT OF THE ARMY
SAVANNAH DISTRICT, CORPS OF ENGINEERS
RICHARD B. RUSSELL LAKE AND POWERPLANT
4144 RUSSELL DAM DRIVE
ELBERTON, GA 30635

CESAS-OP-R

29 June 2011

MEMORANDUM FOR CESAS-RE-RM (Jewell)

SUBJECT: License No. DACW21-1-92-0500 and DACW21-1-97-0134

1. I have enclosed a request from the South Carolina Department of Commerce (SCDOC) and its Division of Savannah Valley Development to terminate Lease No. DACW21-1-92-0500, lands associated with Abbeville, Hester and Manor tracts. They also request to terminate Lease No. DACW21-1-97-0134, land associated with Blue Hole Recreation Area.

2. Enclosed are letters from the South Carolina Department of Natural Resources (SCDNR) and the Town of Calhoun Falls requesting to lease the Abbeville tract, Hester tract, Manor Tract and Blue Hole Recreation Areas. The SCDNR requests a new lease for the Abbeville, Hester and Manor tracts, which are currently subject to Lease No. DACW 21-1-92-0500, be issued to them for public recreation and fish and wildlife management. The Town of Calhoun Falls requests a new lease for Blue Hole Recreation Area, which is currently subject to Lease No. DACW21-1-97-0134, for public recreation.

3. I have reviewed these requests and concur with each agency. Please initiate the termination of Lease No. DACW21-1-92-0500 and DACW21-1-97-0134 and new leases be issued to the requesting agencies.

Encls

M. KEITH CROWE
Operations Project Manager

CF: OP (O'Bryan)
OP-SR (Wolf)

Printed on Recycled Paper

Nikki R. Haley
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt III
Secretary

June 28, 2011

M. Keith Crowe
Operations Project Manager, Richard B. Russell Project
US Army Corps of Engineers, Savannah District
4144 Russell Dam Drive
Elberton, GA 30635

Dear Mr. Crowe:

The purpose of this letter is to request, on behalf of the South Carolina Department of Commerce ("SCDOC") and its Division of Savannah Valley Development ("SVDD"), that the United States Army Corps of Engineers ("USACE") terminate its leases with SVDD. Specifically, SVDD requests termination of Lease No. DACW21-1-97-0134 dated November 12, 1997 between the Secretary of the Army and SVDD concerning the Blue Hole Recreation Area and Lease No. DACW21-1-92-0500 dated July 5, 1994 between the Secretary of the Army and SVDD concerning lands south of SC Highway 72.

SVDD has identified new entities to which USACE can issue leases for the purpose of promoting public recreation. As reflected in the enclosed letter from the Town of Calhoun Falls (the "Town"), the Town is interested in leasing the Blue Hole Recreation Area in order to enhance and preserve that amenity for public recreation and enjoyment. Similarly, and as reflected in the enclosed letter, the South Carolina Department of Natural Resources ("SCDNR") is interested in leasing USACE lands south of SC Highway 72 for the purpose of continuing to manage those lands for public recreation and fish and wildlife management.

SVDD respectfully requests that termination of the leases and issuance of leases to the Town and SCDNR be made effective upon approval by the South Carolina State Budget and Control Board at its regularly scheduled meeting on or about August 9, 2011 or as soon thereafter as such terminations and new lease agreements can be finalized.

Please note that any and all agreements by, between, and/or among SCDOC, SVDD, the South Carolina Department of Parks, Recreation, and Tourism ("SCPRT"), US Land Development, LLC ("US Land"), and/or Lakeside at Russell Marina, LLC ("Lakeside") have been terminated and are null and void based on the default by US Land and Lakeside with regard to each and every agreement to which US Land and Lakeside were parties.

Sincerely,

Robert M. Hitt III

Enclosures
RMH/km/vw

1201 Main Street, Suite 1600, Columbia, SC 29201
Tel: (803) 737-0400 • Fax: (803) 737-0418 • www.sccommerce.com

South Carolina Department of
Natural Resources
DNR

John E. Frampton
Director

June 2, 2011

M. Keith Crowe
Operations Project Manager, Richard B. Russell Project
US Army Corps of Engineers, Savannah District
4144 Russell Dam Drive
Elberton, GA 30635

Dear Mr. Crowe:

The purpose of this letter is to request on behalf of the South Carolina Department of Natural Resources ("SCDNR") that the United States Army Corps of Engineers ("USACE") transfer the lease interest currently subject to Lease No. DACW21-1-92-0500 dated July 5, 1994, between the Secretary of the Army and the South Carolina Department of Commerce, Division of Savannah Valley Development ("SVDD") concerning lands south of SC Highway 72 to SCDNR.

Our understanding is that SVDD is seeking approval to transfer all the assets and obligations currently held by SVDD to other entities for the purpose of preserving those assets for public use and enjoyment. SCDNR is currently managing the USACE lands south of SC Highway 72 pursuant to a Wildlife Management Agreement along with adjacent fee simple lands currently owned by SVDD and is willing to enter into a lease with USACE for the purpose of continuing to manage those lands for public recreation and fish and wildlife management. SVDD is also seeking approval to transfer ownership of the fee simple lands to SCDNR in order for SCDNR to continue managing those lands for public use.

It is also our understanding that if the USACE agrees to allow SCDNR to lease said lands, the agreement will be handled through a new lease which SCDNR will negotiate with USACE. We think this is necessary as some of the requirements of Lease No. DACW21-1-92-0500 may not be appropriate for SCDNR to assume as SCDNR has a different mission from the SVDD. SCDNR will manage the property consistent with other properties which SCDNR leases from the USACE and we expect that the lease for this area will be similar to other such leases that SCDNR holds with the USACE. Please note that this lease will be subject to approval by the State Budget and Control Board at its regularly scheduled meeting on or about August 9, 2011, or as soon thereafter as is practicable.

If you have any questions or concerns regarding SCDNR's interest in this project or would like to discuss this effort, please do not hesitate to contact me at (803) 734-4007.

Sincerely,

John E. Frampton
Director

TOWN OF CALHOUN FALLS

P.O. Box 246
Calhoun Falls, SC 29628
Phone: (864) 418-8512
Fax: (864) 418-9299

MAYOR
F. Lee Garrett

MAYOR PRO-TEMP
D. Keith Ashley

TOWN COUNCIL
Mindy Boggs Rogers
David Back
Lillie Bell Tinch

PUBLIC UTILITIES DIRECTOR
Joseph Cade

CLERK/TREASURE
Peggy Lee Waters
418-8512 Ext. 21

UTILITY BILLING
Brenda V. Scott
418-8512 Ext. 22

CHIEF OF POLICE
J. M. Alewine
418-8502

FIRE CHIEF
Darrell Manning
418-8038

June 20, 2011

M. Keith Crowe
Operations Project Manager, Richard B. Russell Project
US Army Corps of Engineers, Savannah District
4144 Russell Dam Drive
Elberton, GA 30635

Dear Mr. Crowe:

The purpose of this letter is to request on behalf of the Town of Calhoun Falls (the "Town") that the United States Army Corps of Engineers ("USACE") issue a new lease to the Town for the Blue Hole Recreation Area, which is currently subject to Lease No. DACW21-1-97-0134 dated November 12, 1997 between the Secretary of the Army and the South Carolina Department of Commerce, Division of Savannah Valley Development ("SVDD").

Our understanding is that SVDD is seeking approval to transfer all assets and obligations currently held by SVDD to other entities for the purpose of preserving those assets for public use and enjoyment. The Town has a keen interest in maintaining the Blue Hole Recreation Area for use by the residents of the Town and Abbeville County and for the purpose of promoting public recreation at and in the area of Richard B. Russell Lake. The South Carolina Coordinating Council for Economic Development has approved a grant to the Town for funds to refurbish the public infrastructure at Blue Hole and the town wishes to maintain that infrastructure pursuant to a lease with USACE.

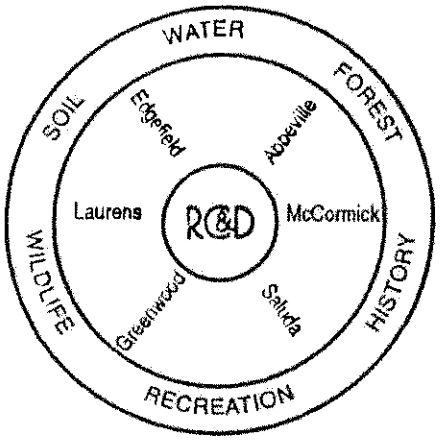
Accordingly, the Town respectfully requests that USACE issue a new lease to the Town for the Blue Hole Recreation Area subject to approval by the State Budget and Control Board at its regularly scheduled meeting on or about August 9, 2011 or as soon thereafter as is practicable.

Sincerely,

Forrest Lee Garrett
Mayor

Exhibit B

(Letters from Ninety Six District RCDC and Town of Calhoun Falls)



NINETY SIX DISTRICT
Resource Conservation and Development
Council, Incorporated

RECEIVED
JUL 05 2011
SECRETARY OF COMMERCE

June 28, 2011

Mr. Robert M. Hitt, Secretary of Commerce

South Carolina Department of Commerce

1201 Main Street, Ste. 1600

Columbia, SC 29201

The Ninety Six District Resource Conservation & Development Council, a 501(c)3 non-profit organization that serves a six-county area in the upstate, is writing to express interest in obtaining the McCormick County portion of the Anderson Branch ROW for the purpose of continuing to develop and maintain a public hiking and cycling trail. Thank you for considering this request.

Sincerely,

Brenda Galloway

Brenda Galloway, Chair

Ninety Six district RC&D

6717 Hwy 25 N

Hodges, SC 29653

864-374-3352 (w)

864-941-7935 (c)

RECEIVED
JUL 22 2011
SECRETARY OF COMMERCE

TOWN OF CALHOUN FALLS

P.O. Box 246
Calhoun Falls, SC 29628
Phone: (864) 418-8512
Fax: (864) 418-9299

MAYOR
F. Lee Garrett

MAYOR PRO-TEMP
D. Keith Ashley

TOWN COUNCIL
Mindy Boggs Rogers
David Back
Lillie Bell Tinch

PUBLIC UTILITIES DIRECTOR
Joseph Cade

CLERK/TREASURE
Peggy Lee Waters
418-8512 Ext. 21

UTILITY BILLING
Brenda V. Scott
418-8512 Ext. 22

CHIEF OF POLICE
J. M. Alewine
418-8502

FIRE CHIEF
Darrell Manning
418-8038

July 20, 2011
Mr. Robert M. Hitt, Secretary of Commerce
South Carolina Department of Commerce
1201 Main Street, Ste. 1600
Columbia, SC 29201

The Town of Calhoun Falls is requesting the opportunity to obtain the Abbeville County portion of the Anderson Branch ROW. The railway traverses our municipality and breaks up numerous properties that would be of great commercial interest if combined. Our opportunity to leverage partnerships to that end would be greatly enhanced.

Further, the portions in the county offer opportunity to establish "greenways" that would richly support our efforts to be branded as a recreational and nature-based activities destination in the upstate region. Our woodlands, wildlife, and proximities to Lakes Thurmond and Russell have value in serving families in the high growth areas along the I-85 business corridor in upstate SC, rural western SC and eastern portions of the state of Georgia.

Sincerely,

Lee Garrett
Mayor
Town of Calhoun Falls

2011 S.C. Act No. 73, Part 1B, §40.17

CMRC: Savannah Valley Development Division. The Department of Commerce is authorized to transfer any and all assets and obligations of its Savannah Valley Development Division, including, but not limited to, accounts, notes payable, contracts, licenses, leases, real property, rights of way, and easements, to appropriate state and local authorities upon the approval of the State Budget and Control Board.

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.

STATE BUDGET AND CONTROL BOARD | REGULAR SESSION

MEETING OF November 3, 2011 | ITEM NUMBER 4

AGENCY: Division of Human Resources

SUBJECT: Approval of Sales Incentive Pay Plan for the Department of Commerce

Section 8-1-190 of the South Carolina Code of Laws, 1976, provides as follows: "Notwithstanding other provisions of law, the Budget and Control Board is authorized to enter into pilot programs with individual agencies or groups of agencies in order to create innovations in State Government." Pursuant to that statute, the Secretary of Commerce, Mr. Robert M. Hitt III, is requesting approval for a Sales Incentive Pay Plan for the Global Business Development Department. The Department will use the incentive plan to help recruit, retain and motivate staff members with direct responsibility for recruiting industry to South Carolina.

In addition, the Division of Human Resources is requesting that the Budget and Control Board delegate to it the authority to approve revisions to the pilot program that do not substantially alter the fundamental components of the approved program.

An annual assessment will be reported to the Budget and Control Board.

BOARD ACTION REQUESTED:

Approve the Sales Incentive Pay Plan for the Department of Commerce as a two year pilot program, beginning in January 2012; and delegate to the Division of Human Resources the authority to make revisions to this pilot program that do not substantially alter the fundamental components of the approved program.

ATTACHMENTS:

Agenda item worksheet; Fact Sheet; Letter of Request from the Secretary of Commerce, Robert M. Hitt III; Department of Commerce's Sales Incentive Pay Plan Proposal; Section 8-1-190 of the South Carolina Code of Laws

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/91)

For meeting scheduled for:

November 3, 2011

____Blue Agenda
_X_Regular Session
____Executive Session

1. Submitted by:
   (a) Agency: Division of Human Resources
   (b) Authorized Official Signature: Samuel L. Wilkins

2. Subject: Approval of Sales Incentive Pay Plan for the Department of Commerce

3. Summary Background Information:

Section 8-1-190 of the South Carolina Code of Laws, 1976, provides as follows: "Notwithstanding other provisions of law, the Budget and Control Board is authorized to enter into pilot programs with individual agencies or groups of agencies in order to create innovations in State Government." Pursuant to that statute, the Secretary of Commerce, Mr. Robert M. Hitt III, is requesting approval for a Sales Incentive Pay Plan for the Global Business Development Department. The Department will use the incentive plan to help recruit, retain and motivate staff members with direct responsibility for recruiting industry to South Carolina.

In addition, the Division of Human Resources requesting that the Budget and Control Board delegate to it the authority to approve revisions to the pilot program that do not substantially alter the fundamental components of the approved program.

An annual assessment will be reported to the Budget and Control Board.

4. What is the Board asked to do?

Approve the Sales Incentive Pay Plan as a two year pilot program, beginning in January, 2012. Delegate to the Division of Human Resources the authority to make revisions to this pilot program that do not substantially alter the fundamental components of the approved program.

5. What is the recommendation of the Board division involved?

Approve the Sales Incentive Pay Plan as a two year pilot program, beginning in January, 2012. Delegate to the Division of Human Resources the authority to make revisions to this pilot program that do not substantially alter the fundamental components of the approved program.

6. Recommendation of other office (as required)?

Office Name:_____ Authorized Signature(s):_____

7. Supporting Documents:
   List those attached:
   (1) Fact Sheet
   (2) Letter of Request from the Secretary of Commerce, Robert M. Hitt III
   (3) Department of Commerce's Sales Incentive Pay Plan Proposal
   (4) Section 8-1-190 of the South Carolina Code of Laws

   List those not attached but available:

FACT SHEET

DEPARTMENT OF COMMERCE SALES INCENTIVE PROGRAM

Overview:

In support of the Department of Commerce's mission to increase capital investment and jobs throughout South Carolina, the agency requests a pilot Sales Incentive Plan for employees in the Global Business Development Department. The Global Business Development staff is responsible for promoting economic growth through recruiting new industry to the State. The Incentive Plan will help the agency recruit, retain and motivate Global Business Development employees while shifting from a focus on individual goals to team goals for the department.

Background:

- On February 10, 1998, The Budget and Control Board approved a three year pilot program for a Sales Incentive Pay Plan for the Business Development Division sales employees at the Department of Commerce.
- On March 27, 2001, The Budget and Control Board approved a three year continuation of the pilot program for a Sales Incentive Pay Plan for the Business Development Division sales employees at the Department of Commerce.
- Upon the expiration of the three year continuation of the pilot program, the Department of Commerce discontinued the sales incentive pay plan.
- On May 17, 2005, The Budget and Control Board approved a three and a half year pilot program for a Sales Incentive Pay Plan for the Global Business Development Division at the Department of Commerce.
- On December 11, 2008, The Budget and Control Broad approved a five-year pilot program for a Sales Incentive Plan for the Global Business Development Division at the Department of Commerce.
- The proposed plan will be in effect for 2 years from January 1, 2012 through December 31, 2013.
- Previously, the Sales Incentive Plan provided monetary awards when sales employees reach specific individual goals for capital investment, job creation and wins. Under the new plan, employees will be awarded monetary awards when the department reaches its annual goals for capital investment, total job creation and rural job creation.
- Nine employees in the Global Business Development Department, with direct responsibility for recruiting industry to South Carolina, will be eligible to participate in the plan. The Director and Deputy Director of Global Business will no longer be eligible for the Sales Incentive Plan.

Funding:

- The Plan will be funded by a Sales Incentive Pool, which cannot exceed 10% of the total salaries or anticipated salaries for vacant positions of the employees eligible for the Plan.
- Funding for the Plan will be provided through state appropriations, carry forward funds, federal funds or other sources of revenue.
- The projected Sales Incentive Pool for the 2012 year is approximately $70,000.

Incentive Plan Design:

Eligibility:

- Project Managers, Senior Project Managers, temporary and contract employees are eligible to participate.
- Employees who are placed on substandard performance are ineligible to participate until satisfactory completion of the substandard performance process.
- Employees must receive 2.3 or greater on their EPMS for the calendar year in order to be eligible for the Plan.

Goals:

- Department goals will be developed by the Director of Global Business Development with the approval of the Secretary of Commerce.
- Project Managers will no longer have individual sales goals.
- Department Goals for Project Managers and Senior Project Managers consist of the following components: capital investment, total job creation, and job creation in rural counties. Rural job creation replaces wins as a component of department goals. Wins were announced projects with at least 2 million dollars of capital investment and 10 new jobs.
- Rural counties will be "Tier III" and "Tier IV" counties as defined by Section 12-6-3360 (B) of the South Carolina Code of Laws.
- Economic and business trends will be considered in developing goals.

Incentive Payment:

- Incentive payments will be based on the percentage of goal attainment by the team and the amount of money in the Sales Incentive Pool.
- All awards are calculated as a percentage of the employee's earned salary during the plan year.
- The maximum annual award for Project Managers is 10% of their earned salary for the calendar year. Previously, the maximum amount was 20%.
- Performance will be measured every January for the previous calendar year. Incentive payments will be awarded in February of each year.
- The incentive payment is not a part of the employee's base salary and is not earnable compensation for purposes of employee and employer contributions to respective retirement systems.
- In the event that an employee is placed on substandard performance during the goal cycle and successfully completes the process, the award will be prorated to exclude the timeframe of the substandard performance.

- An employee who terminates from employment before the end of the goal cycle will be ineligible for any incentive earned year-to-date.

Reporting:

- An annual assessment will be reported to the Budget and Control Board. The assessment will reflect the activity for the previous year.

Prepared by the Division of Human Resources /Budget and Control Board
October 2011

SC DEPARTMENT OF COMMERCE
GLOBAL BUSINESS DEVELOPMENT
SALES INCENTIVE PLAN
PROCEDURES AND GUIDELINES

THE LANGUAGE USED IN THIS DOCUMENT DOES NOT CREATE ANY EXPRESSED OR IMPLIED EMPLOYMENT CONTRACT BETWEEN THE EMPLOYEE AND THE SC DEPARTMENT OF COMMERCE. NO PROMISES OR ASSURANCES, WHETHER WRITTEN OR ORAL, WHICH ARE CONTRARY TO OR INCONSISTENT WITH THE TERMS OF THIS PARAGRAPH CREATE ANY CONTRACT OF EMPLOYMENT.

Purpose

The purpose of the Sales Incentive Plan is to provide a strategic tool to assist the Global Business Development Department of the SC Department of Commerce in achieving its goal of improving the economic well being of South Carolinians in a manner that supports and enhances a high quality of life by linking specific performance measures to incentive pay. The plan is designed to reward eligible employees for exceptional performance for assigned capital investment, job creation, and job creation in rural areas of the state (as defined by Tier III and Tier IV counties in Section 12-6-3360(B)) based on the strategic initiatives and objectives of the department.

Term of Program - The Sales Incentive Plan will be in effect for a period of 2.0 years, from January 1, 2012 through December 31, 2013.

1. **Goal Cycle and Performance Review Dates** - Incentive goal achievement is based on the calendar year (January 1 to December 31).

2. **Sales Incentive Pool** - At the beginning of each goal cycle, the agency will establish a sales incentive pool which will be established by the Secretary of Commerce, Director of Global Business Development, and the Chief Financial Officer. This pool can not exceed 10% of the total salaries or anticipated salaries for vacant positions of the employees eligible for the plan.

3. **Employee Performance Management System (EPMS)** - The official performance review date is February 2nd of each year. New planning stages and goals for the upcoming performance period should be prepared and completed by January 20th of each year. Performance evaluations and incentive award calculations are also due by January 20th. Individual goals will be included on each employee's EPMS and will be used to determine overall performance ratings, base salaries, promotions, and substandard performance. A mid-year review will be conducted by July 20th of the review period.

Due Date	Incentive Stage
January 1 – December 31	Performance Review Dates
February 2	Official Review Due Date

January 20	Planning Stage Document Completed Incentive Plan Agreement Signed by Supervisor/Employee New year Sales Incentive Pool established
July 20	Mid-year Review
January 20	Previous Year EPMS Evaluation submitted Previous Year Incentive Award Calculations & documentation submitted New year EPMS Planning document submitted New year Incentive Plan Agreement Signed and submitted
Month of February	Previous Year Incentive Pay Awarded

4. **Incentive Plan Agreement**

   a. Individuals must elect to participate in the program by completing and signing an Incentive Plan Agreement by January 31st of the Goal Cycle.

   b. Individuals who elect not to participate in the program will still be held responsible for meeting individual goals as determined by their supervisor and listed in their EPMS planning document.

5. **Eligibility** – Employees must meet all requirements listed below for eligibility to participate in the Sales Incentive Plan.

   a. Participation in the program is limited to project manager positions within the Global Business Development Department. Such positions as the Director of Global Business Development and Deputy Director of Global Business Development are not eligible to participate in the Sales Incentive Plan.

   b. Temporary and contract employees will be eligible to participate in the program at the discretion of the Secretary of Commerce.

   c. An employee who terminates from employment before the end of the calendar year (end of goal cycle) will be ineligible for any incentive earned year-to-date.

   d. Employees who are placed in a substandard performance status are ineligible to participate in the program until satisfactory completion of the substandard performance process. In the event that an employee is eligible for an incentive award at the end of the goal cycle, the award will be prorated to exclude the timeframe of the substandard performance process.

   e. Employees must receive 2.3 or greater in accordance with their competed EPMS for the calendar year. Employees received less than 2.3 will not be eligible for this plan

6. **Eligibility Classifications** - The following classifications within the Global Business Development Department are eligible to participate in the Sales Incentive Plan:

   a. Project Managers and Senior Project Managers– (Economic Development Managers and Program Managers identified as Project Managers) Project Managers must demonstrate the knowledge and skills required to manage projects through the achievement of quantitative goals.

7. **Payment Process** - The final, one-time, annual incentive will be calculated by dividing the sales incentive pool by the number of eligible employees. Under no circumstances can an employee received more than 10% of their earned salary for the year salary. For example for plan year 2012, If seven employees were eligible and the pool was $70,000, then each employee would be eligible by a payment of $10,000 or up to 10% of their earned salary for the year whichever is less. This incentive amount will be paid during the month of February of the calendar year immediately following the end of the goal period. Payments will be reflected as a one-time lump sum payment (incentive award) which will not become a part of the employee's base salary and will not be earnable compensation for purposes of employee contributions to respective retirement systems.

8. **Plan Administration** - The plan will be administered by the Director of Global Business Development subject to the approval of the Secretary of Commerce. Upon written approval, the Director of Global Business Development will prepare a report of annual incentives with documentation and present it to the Chief Financial Officer for processing of incentive payouts with final approval by Secretary of Commerce.

8. **Appeals Process** - Any disputes or disagreements arising out of or as a part of this Plan, including but not limited to interpretation of these procedures and guidelines, definition of a sale or when a sale actually occurs, shall be resolved by the Director of Global Business Development with the right of appeal to the Secretary of Commerce. The Secretary's decision shall be final.

9. **Source of Funds** – State appropriated funds, carry forward funds, federal funds or other sources of revenue may be used for incentive pay awards.

10. **Amendment and Termination** – While it is intended that the Plan will become part of the Agency's compensation policy for employees, the Agency reserves the right to terminate, suspend, or amend the Plan, in whole or in part, from time to time as conditions warrant. The plan is designed to be flexible in response to changing competitive environments and the Agency's financial status. Modifications may be made to this plan with appropriate approval from the Secretary of Commerce and the State Office of Human Resources.

Goal Development and Award Calculation

Annual Goal Establishment

Goals are developed annually by calendar year. Department goals are developed by the Secretary of Commerce, the Director of Global Business Development, and other members of the executive staff at the Department of Commerce based on the economy and business trends.

- Project Managers – Goals will be developed by the Director of Global Business Development with the approval of the Secretary of Commerce.

  Final ratings for each Project Manager will be determined by evaluating team goal achievement within each category.

DEPARTMENT GOALS

Goals and Objectives
Department goals and objectives represent strategic initiatives that can be attained within one calendar year or less for the Global Business Development Department of the SC Department of Commerce. Agency goals and objectives represent strategic initiatives that can be attained within one calendar year or less for the all departments within the SC Department of Commerce. Department Goals and Objectives are developed by the Director of Global Business Development with the approval of the Secretary of Commerce and include specific attainment parameters and time frames. Economic and business trends will be used in developing these strategic initiatives.

Project Manager Award Criteria

- Categories for Project Managers are Capital Investment, Job Creation, and Job Creation in rural areas of the State.

Reporting Requirements – The Director is required to report the department's goals and objectives status on a –bi-monthly basis to the Secretary of Commerce.

Validation of Goal Achievement

a. **Incentive Deadline** - Sales incentive payments will be awarded based on accomplishments achieved between January 1 and December 31 of each year.

b. **Reporting Requirements** –

- Capital Investment/Job Creation/ Job Creation Rural Areas
  It is the responsibility of the program participant to provide a summary report and supporting documentation including the estimated date of the location or expansion as well as the number of jobs and amount of capital investment associated with the project. A sale shall be credited to the goal when a verified date of commitment is received by December 31st of the goal year, either by (1) a press release or other public announcement approved by the company, or (2) a written letter of project commitment issued by a company official recognized by the Director of Global Business Development or Chief Operating Officer of the Department of Commerce. In some rare circumstances, other documentation, such as a letter or other correspondence from a local economic developer, an approved application for Qualification of Enterprise Program Incentives, etc may be acceptable. It is the responsibility of the program participant to ensure that the other documentation is sufficient to validate the sale by submitting the documentation to their immediate supervisor for approval as soon as they become aware of the company's decision.

c. **Program Administration** –
To facilitate this, the Director of Global Business Development will conduct –bi-annual or as needed performance meetings with each project manager to advise individual Project Manager's progress toward achieving their individual Goals and Objectives. Additionally, progress towards the team goal will be reviewed in team meetings as well as displayed in the Division's work area.

Documentation Deadline - The calculation document along with all supporting documentation must be submitted to the Chief Financial Officer by January 20th following the plan year.

THIS PAGE INTENTIONALLY LEFT BLANK

SC Department of Commerce

Sales Incentive Plan Agreement

Calendar Year 2012

Employee Name: _____

I elect to participate in the Sales Incentive Plan for calendar year 2012. As an employee in an eligible position for the Sales Incentive Plan within the Global Business Development Department of the Department of Commerce, I also understand that my performance review period will be January 1 through December 31, 2012.

My signature below signifies my receipt and understanding of my goals and the team goals for this Calendar Year. I have been provided with a copy of my EPMS Planning Stage and the Sales Incentive Plan Procedures and Guidelines. I have been given an opportunity to ask questions and discuss my goals with my supervisor.

☐ I elect to participate ☐ I elect NOT to participate

_____ _____

Employee Signature Date

_____ _____

Supervisor Signature Date

Appendix A
Accrued Incentive Calculation Example
Project Manager A –Earned Salary $60,000

Annual Team Goals

Capital Investment:	$3.4 Billion
Jobs:	15,000
Rural Jobs:	5,000

Results	
Capital Investment:	$3.6 Billion
Jobs:	16,500
Rural Jobs:	3,500
Accrued Incentive	
Capital Investment:	100%
Jobs:	100%
Rural Jobs:	70%
Percentage of Overall Goal	270% / 3 goals = 90%
Sales Incentive Pool	$50,000
Eligible Employees	8
Pool/Eligible Employee	$6,250
Maximum Incentive if all goals met	**$6,000**
Incentive $6,000 * 90% =	**$5,400**

STATE BUDGET AND CONTROL BOARD — REGULAR SESSION

MEETING OF November 3, 2011 — ITEM NUMBER 5

AGENCY: Retirement Division

SUBJECT: Appointments to the Retirement and Pre-Retirement Advisory Board

Section 9-2-20 of the South Carolina Code of Laws governs membership of the Retirement and Pre-Retirement Advisory Board (Board) and includes guidelines for its terms of office, vacancies, and appointment of officers. All seats on the Board are based on four-year terms, with each member being allowed to serve two consecutive four-year terms. To comply with the provisions of Section 9-2-20(a), four members of the Board must either be reappointed or replaced, two of which are included in this item. The statute also requires that at least one appointment must be an individual receiving benefits from the Police Officers Retirement Systems, either in an active or retired capacity, and two members representing public school teachers, one of whom shall be retired (one public school teacher seat is currently filled).

Members must wait four years from the end of their second consecutive term to be eligible for reappointment as provided in Section 9-2-20 (b).

New appointments must be made to fill the following seats, with terms to expire April 2014.

Appointment Capacity	Incumbent	Nominee	Recommendation
Municipal Employee	Melissa Carter	Melissa Carter	Municipal Association of South Carolina
Retired State Employee (PORS)	Charley McDonald	J. Douglas Connelly	SC Law Enforcement Officers

BOARD ACTION REQUESTED:

Appoint two members to the Retirement and Pre-Retirement Advisory Board.

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws – Title 9, Chapter 2; Letters of Recommendation

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

For meeting scheduled for:

DATE

November 3, 2011

___**Blue Agenda**
_X_**Regular Session**
___**Executive Session**

1. Submitted by:

(a) Agency: B&CB Retirement Division
(b) Authorized Official Signature

William M. Blume, Jr, CPA, Director

2. Subject: Appointments to the Retirement and Pre-Retirement Advisory Board

3. Summary Background Information: Section 9-2-20 of the South Carolina Code of Laws governs membership of the Retirement and Pre-Retirement Advisory Board (Board) and includes guidelines for its terms of office, vacancies, and appointment of officers. All seats on the Board are based on four-year terms, with each member being allowed to serve two consecutive four-year terms. To comply with the provisions of Section 9-2-20(a), four members of the Board must either be reappointed or replaced, two of which are included in this item. The statute also requires that at least one appointment must be an individual receiving benefits from the Police Officers Retirement Systems, either in an active or retired capacity, and two members representing public school teachers, one of whom shall be retired (one public school teacher seat is currently filled).

Members must wait four years from the end of their second consecutive term to be eligible for reappointment as provided in Section 9-2-20 (b).

New appointments must be made to fill the following seats, with terms to expire April 2014.

Appointment Capacity	Incumbent	Nominee	Recommendation
Municipal Employee	Melissa Carter	Melissa Carter	Municipal Association of South Carolina
Retired State Employee (PORS)	Charley McDonald	J. Douglas Connelly	SC Law Enforcement Officers

4. What is Board asked to do? Appoint two members to the Retirement and Pre-Retirement Advisory Board.

5. What is recommendation of the Board division involved? Appoint two members to the Retirement and Pre-Retirement Advisory Board.

6. Recommendation of other office (as required)?

Office Name _____ **Authorized Signature** _____

7. Supporting Documents:

List those attached:
1) SC Code of Laws- Title 9 , Chapter 2
2) Letters of Recommendation

List those not attached but available:

Title 9 - Retirement Systems
CHAPTER 2.
RETIREMENT AND PRE-RETIREMENT ADVISORY BOARD

SECTION 9-2-10. South Carolina Retirement and Pre-Retirement Advisory Board created; purpose.

There is hereby created the South Carolina Retirement and Pre-Retirement Advisory Board for the purpose of advising the Director of the South Carolina Retirement System and the Director of the State Personnel Division on matters relating to retirement and pre-retirement programs and policies.

SECTION 9-2-20. Membership of board; terms of offices; vacancies; officers.

(a) The board shall consist of eight members appointed by the State Budget and Control Board and must be constituted as follows:

(1) one member representing municipal employees;

(2) one member representing county employees;

(3) three members representing state employees, one of whom must be retired and one of whom must be an active or retired law enforcement officer who is contributing to or receiving benefits from the Police Officers Retirement System. If this law enforcement member is retired, the other two members representing state employees do not have to be retired;

(4) two members representing public school teachers, one of whom must be retired;

(5) one member representing the higher education teachers. The Budget and Control Board shall invite the appropriate associations, groups, and individuals to recommend persons to serve on the board.

(b) The terms of the members shall be for four years and until their successors have been appointed and qualify. No member shall serve more than two consecutive terms. After serving two consecutive terms a member shall be eligible to serve again four years after the expiration of his second term. Provided, that of those first appointed four of the members shall serve for a term of two years. In the event of a vacancy, a successor shall be appointed in the same manner as the original appointment to serve the unexpired term.

(c) A chairman, vice chairman and secretary shall be elected from among the membership to serve for terms of two years.

SECTION 9-2-30. Meetings of board.

The board shall meet once a year with the Director of the South Carolina Retirement System; once a year with the State Personnel Director; and once a year with the State Budget and Control Board. The chairman may call additional meetings of the board at such other times as deemed necessary and shall give timely notice of such meetings.

SECTION 9-2-40. Duties of board.

The board shall review retirement and pre-retirement programs and policies, propose recommendations, and identify major issues for consideration.

SECTION 9-2-50. Staff assistance from other agencies; other resources.

The board is authorized to seek reasonable staff assistance from the South Carolina Retirement System, the State Personnel Division and other State agencies which may be concerned with a particular area of study. The board is also encouraged to use such resources as faculty and students at public universities, colleges and technical education schools in South Carolina.

MASC
Municipal Association of South Carolina℠
1411 Gervais Street, P.O. Box 12109
Columbia, SC 29211
tel: 803.799.9574
fax: 803.933.1299
www.masc.sc
Advocacy. Service. Innovation.

RECEIVED
JUL 25 2011
ADMINISTRATION

July 20, 2011

Ms. Dianne Poston
SC Retirement Systems
PO Box 11960
Columbia, SC 29211

Dear Ms. Poston:

I am writing to request Melissa Carter, research analyst at the Municipal Association of SC, be reappointed to the Retirement and Pre-Retirement Advisory Board. Ms. Carter's contact information is as follows:

Melissa Carter, Research Analyst
Municipal Association of SC
1411 Gervais Street
Columbia, SC 29201
803.933.1251
mcarter@masc.sc

Thank you for your consideration.

Sincerely,

Miriam Hair

Miriam Hair
Executive Director

South Carolina Department of Public Safety
S.C. Highway Patrol

October 12, 2011

Ms. Dianne Poston
SC Retirement Systems
Post Office Box 11960
Columbia, SC 29211

Dear Ms. Poston:

I appreciate the opportunity to nominate a member of the Highway Patrol staff to serve on the Retirement and Pre-Retirement Advisory Board with the State Retirement System.

I am submitting the name of J. Douglas (Doug) Connelly to serve in this capacity. Connelly retired from the South Carolina Highway Patrol at the rank of captain in February 2009 after 27 years of service to the state.

Connelly is also a member of the South Carolina Law Enforcement Officers Association (SCLEOA) and has monitored closely the current issues regarding the retirement system. I believe he would be an outstanding candidate to represent the interests of both active and retired members of the Police Officers Retirement System.

Should you need further information on this candidate, please feel free to call me at 803-896-7888.

Sincerely,

M.R. Oliver

Lt. Col. M.R. Oliver
Acting Commander

MRO/si

STATE BUDGET AND CONTROL BOARD — REGULAR SESSION

MEETING OF November 3, 2011 — ITEM NUMBER 6

AGENCY: Retirement Division

SUBJECT: System Valuations and Parallel Systems Valuations as of July 1, 2010; and Experience Study for the Period Ending June 30, 2010

A) The laws governing the operation of the South Carolina Retirement Systems (Retirement Systems) provide that actuarial valuations of the assets and liabilities of the Systems shall be made annually (Sections 9-1-260 [SCRS], 9-8-30 [JSRS], 9-9-30 [GARS], 9-11-30 [PORS], 9-10-20 [NGRS]).

Each year a valuation is conducted on the five defined benefit plans administered by the Retirement Division. The purpose of these valuations is to, in the opinion of the consulting actuary, correctly present the condition of the Retirement Systems as to those benefits that are funded on an actuarial reserve basis. Cavanaugh Macdonald performed System valuations as of July 1, 2010. Based on volatile economic and market conditions, a second independent valuation for the Cavanaugh Macdonald valuations of SCRS and PORS was sought.

Accordingly, an RFP was issued and contractual arrangements were entered with Gabriel, Roeder, Smith and Co.(GRS) to conduct parallel valuations of SCRS and PORS for the July 2010 principal valuation results provided by Cavanaugh Macdonald. The parallel valuations performed by GRS confirm the results reached by Cavanaugh Macdonald and confirm the required employer contribution rate increases necessary to maintain a 30 year funding period for purposes of the 2010 valuations. As described below, the Cavanaugh Macdonald valuations gives the Board two options for implementing the required increases to employer contribution rates for SCRS and PORS. It should also be noted that, should the General Assembly amend the retirement code such that the valuation is affected, the Board may consider implementing changes to employer contribution rates as needed.

(B) In addition to the requirement for annual valuations, at least once every five years an experience study is conducted for the Retirement Systems. Again based on volatile economic and market conditions and as part of the above mentioned RFP and contract with GRS, the Board had GRS perform an experience study in the summer of 2011 for SCRS and PORS rather than waiting five years from the last experience study done in 2007. GRS has now completed the experience study for the Board's consideration for the period ending June 30, 2010. GRS has recommended adjustments to several actuarial assumptions, methods and policies related to the funding of SCRS and PORS. Some of the more significant changes recommended by GRS include changing the assumed annual inflation rate from 3% to 2.75%; reducing the payroll growth rate assumption from 4% to 3.5%; changing the assumed rate of return from 8% to 7.5%; updating the mortality tables to reflect continuous increases by projecting future mortality improvements; and changing the smoothing period for recognizing investment gains/losses from 10 years to 5 years. A complete listing of the recommended assumptions, methods and policies is attached hereto. GRS has indicated that the recommended assumptions, methods and policies

AGENCY: Retirement Division

SUBJECT: System Valuations and Parallel Systems Valuations as of July 1, 2010; and Experience Study for the Period Ending June 30, 2010

as part of the experience study must be taken as a set. If any single assumption, method or policy change or group consisting of less than the entire set of changes is not accepted by the Board, the entire set would have to be re-examined for appropriateness. If accepted by the Board, the assumptions, methods and policies will be applied to future actuarial valuations for SCRS and PORS beginning with the valuation for the fiscal year ending June 30, 2011. Finally, as the assets of all five plans that make up the Retirement Systems are pooled for investment purposes in a group trust, the recommended changes to the assumed rate of return and the period for smoothing the recognition of investment gains and losses will also be applied to future actuarial valuations for GARS, JSRS and NGRS beginning with the valuation for the fiscal year ending June 30, 2011.

BOARD ACTION REQUESTED:

A) Adopt the Cavanaugh Macdonald Systems Valuations and the Parallel Systems Valuation summary provided by GRS and consider implementing one of the following options[1]:

Adopt a one-step Annual Employer Contribution Rate Increase (increase the employer contribution all at once); or

Adopt a two-step Annual Employer Contribution Rate Increase (increase the employer contribution over a two year period of time)

Should the General Assembly amend the retirement code such that the valuation is affected, the Board may consider implementing changes to employer contribution rates as needed.

B) Consider adopting changes to assumptions, methods and policies as indicated by the Experience Study performed by GRS for the period ending June 30, 2010.

ATTACHMENTS: Agenda item worksheet; SCRS Valuation; PORS Valuation; GARS Valuation; JSRS Valuation; NGRS Valuation; Summary of Results; Copy of Statutes; Parallel Valuation Summary; Spreadsheet – Employer Contribution Rates Proposed; 2011 Actuarial Experience Study; GRS' Summary of Recommendations; Memorandum from Pension Consulting Alliance, Inc. (PCA)

1 Cavanaugh Macdonald's valuation includes an option using an alternative actuarial assumption involving a temporary adjustment dampening expected salary increases over the next few years. As GRS was performing a contemporaneous experience study reviewing all assumptions, a parallel valuation was not performed using the alternate salary assumption.

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

For meeting scheduled for:

DATE
November 3, 2011

___Blue Agenda
_X_Regular Session
___Executive Session

1. Submitted by:

(a) Agency: B&CB Retirement Division
(b) Authorized Official Signature

William M. Blume, Jr, CPA, Director

2. Subject: (A) System Valuations and Parallel Systems Valuations as of July 1, 2010; and (B) Experience Study for the period ending June 30, 2010.

3. Summary Background Information:

(A) The laws governing the operation of the South Carolina Retirement Systems (Retirement Systems) provide that actuarial valuations of the assets and liabilities of the Systems shall be made annually (Sections 9-1-260 [SCRS], 9-8-30 [JSRS], 9-9-30 [GARS], 9-11-30 [PORS], 9-10-20 [NGRS]).

Each year a valuation is conducted on the five defined benefit plans administered by the Retirement Division. The purpose of these valuations is to, in the opinion of the consulting actuary, correctly present the condition of the Retirement Systems as to those benefits that are funded on an actuarial reserve basis. Cavanaugh Macdonald performed System valuations as of July 1, 2010. Based on volatile economic and market conditions, a second independent valuation for the Cavanaugh Macdonald valuations of SCRS and PORS was sought.

Accordingly, an RFP was issued and contractual arrangements were entered with Gabriel, Roeder, Smith and Co.(GRS) to conduct parallel valuations of SCRS and PORS for the July 2010 principal valuation results provided by Cavanaugh Macdonald. The parallel valuations performed by GRS confirm the results reached by Cavanaugh Macdonald and confirm the required employer contribution rate increases necessary to maintain a 30 year funding period for purposes of the 2010 valuations. As described below, the Cavanaugh Macdonald valuations gives the Board two options for implementing the required increases to employer contribution rates for SCRS and PORS. It should also be noted that, should the General Assembly amend the retirement code such that the valuation is affected, the Board may consider implementing changes to employer contribution rates as needed.

(B) In addition to the requirement for annual valuations, at least once every five years an experience study is conducted for the Retirement Systems. Again based on volatile economic and market conditions and as part of the above mentioned RFP and contract with GRS, the Board had GRS perform an experience study in the summer of 2011 for SCRS and PORS rather than waiting five years from the last experience study done in 2007. GRS has now completed the experience study for the Board's consideration for the period ending June 30, 2010. GRS has recommended adjustments to several actuarial assumptions, methods and policies related to the funding of SCRS and PORS. Some of the more significant changes recommended by GRS include changing the assumed annual inflation rate from 3% to 2.75%; reducing the payroll growth rate assumption from 4% to 3.5%; changing the assumed rate of return from 8% to 7.5%; updating the mortality tables to reflect continuous increases by projecting future mortality improvements; and changing the smoothing period for recognizing investment gains/losses from 10 years to 5 years. A complete listing of the recommended assumptions, methods and policies is attached hereto. GRS has indicated that the recommended assumptions, methods and policies as part of the experience study must be taken as a set. If any single assumption, method or policy change or group consisting of less than the entire set

of changes is not accepted by the Board, the entire set would have to be re-examined for appropriateness. If accepted by the Board, the assumptions, methods and policies will be applied to future actuarial valuations for SCRS and PORS beginning with the valuation for the fiscal year ending June 30, 2011. Finally, as the assets of all five plans that make up the Retirement Systems are pooled for investment purposes in a group trust, the recommended changes to the assumed rate of return and the period for smoothing the recognition of investment gains and losses will also be applied to future actuarial valuations for GARS, JSRS and NGRS beginning with the valuation for the fiscal year ending June 30, 2011.

4. What is Board asked to do?

A) Adopt the Cavanaugh Macdonald Systems Valuations and the Parallel Systems Valuation summary provided by GRS and consider implementing one of the following options[1]:

Adopt a one-step Annual Employer Contribution Rate Increase (increase the employer contribution all at once); or

Adopt a two-step Annual Employer Contribution Rate Increase (increase the employer contribution over a two year period of time)

Should the General Assembly amend the retirement code such that the valuation is affected, the Board may consider implementing changes to employer contribution rates as needed.

B) Consider adopting changes to assumptions, methods and policies as indicated by the Experience Study performed by GRS for the period ending June 30, 2010.

5. What is recommendation of the Board division involved?

A) Adopt the valuations and act on the recommendation of the actuary now regarding employer contribution rate increases. Should the General Assembly amend the retirement code such that the valuation is affected, the Board may consider implementing changes to employer contribution rates as needed.

B) Consider adopting changes in assumptions, methods and policies as recommended by the actuary.

6. Recommendation of other office (as required)?

Office Name _____ **Authorized Signature** _____

7. Supporting Documents:

List those attached:

- SCRS Valuation
- PORS Valuation

List those not attached but available:

[1] Cavanaugh Macdonald's valuation includes an option using an alternative actuarial assumption involving a temporary adjustment dampening expected salary increases over the next few years. As GRS was performing a contemporaneous experience study reviewing all assumptions, a parallel valuation was not performed using the alternate salary assumption.

- GARS Valuation
- JSRS Valuation
- NGRS Valuation
- Summary of Results
- Copy of Statutes
- Parallel Valuation Summary
- Spreadsheet – Employer Contribution Rates Proposed
- 2011 Actuarial Experience Study
- GRS' Summary of Recommendations
- Memorandum from Pension Consulting Alliance, Inc. (PCA)

South Carolina Retirement Systems – Summary of Results

	SCRS July 1,		PORS July 1,	
	2010	2009	2010	2009
Number of Active Members and Compensation				
State Employees	53,142	54,347		
Compensation	$ 2,367,943	$ 2,396,568		
Teachers	83,935	85,491		
Compensation	$ 3,372,435	$ 3,378,593		
Others	53,162	52,481		
Compensation	$ 2,029,442	$ 1,986,645		
Total Number of Active Members	190,239	192,319	26,568	26,598
Total Compensation	$ 7,769,820	$ 7,761,808	$ 1,076,467	$ 1,084,154
Number of Persons Receiving Benefits and Benefits				
Total Number Receiving Benefits	111,394	108,014	12,566	11,950
Total Amount of Benefits	$ 2,081,376	$ 1,974,077	$ 234,376	$ 217,499
Trust Fund Assets				
Market Value	$ 19,681,137	$ 17,724,414	$ 2,851,474	$ 2,483,581
Actuarial Value	$ 25,400,331	$ 25,183,062	$ 3,612,700	$ 3,482,220
Unfunded Actuarial Accrued Liability (UAAL)	$ 13,373,698	$ 11,967,253	$ 1,237,757	$ 1,081,891
Remaining Liquidation Period (Years)	30	30	30	30
Required Contribution as a Percent of Compensation				
Normal Cost Contribution	3.51%	3.36%	7.24%	7.04%
UAAL Contribution	6.17%	5.88%	4.755%	4.09%
Incidental Death Contribution	N/A	0.15%	N/A	0.20%
Accidental Death Contribution (PORS Only)	N/A	N/A	N/A	0.20%
Total	9.68%	9.39%	11.995%	11.53%
Employer Contribution Rate for 30-Year Funding				
One-step Rate Increase Alternative				
FYE 2012		9.535%		11.7625%
FYE 2013	10.60%	9.68%	12.30%	11.995%
FYE 2014	10.60%		12.30%	
Two-step Rate Increase Alternative				
FYE 2012		9.535%		11.7625%
FYE 2013	10.16%	9.68%	12.1525%	11.995%
FYE 2014	10.64%		12.31%	
Contribution Rate - Alternate Salary Assumption				
One-step Rate Increase Alternative				
FYE 2012	9.535%	9.535%		11.7625%
FYE 2013	10.37%	9.68%	11.995%	11.995%
FYE 2014	10.37%		11.995%	
Two-step Rate Increase Alternative				
FYE 2012	9.535%	9.535%		11.7625%
FYE 2013	10.04%	9.68%	11.995%	11.995%
FYE 2014	10.40%		11.995%	

South Carolina Retirement Systems – Summary of Results

	GARS July 1,		JSRS July 1,	
	2010	2009	2010	2009
Number of Active Members and Compensation				
Total Number of Active Members	170	170	141	144
Total Compensation	$ 3,854	$ 3,854	$ 18,661	$ 18,661
Number of Persons Receiving Benefits and Benefits				
Total Number Receiving Benefits	346	353	194	184
Total Amount of Benefits	$ 6,412	$ 6,525	$ 14,361	$ 13,745
Trust Fund Assets				
Market Value	$ 32,770	$ 31,505	$ 111,226	$ 99,989
Actuarial Value	$ 43,712	$ 45,891	$ 142,871	$ 141,797
Unfunded Actuarial Accrued Liability (UAAL)	$ 24,959	$ 22,600	$ 72,952	$ 72,566
Remaining Liquidation Period (Years)	15	16	16	16
Required Contribution as a Percent of Compensation				
Normal Cost Contribution	$ 298	$ 299	12.16%	12.02%
UAAL Contributions	$ 2,534	$ 2,233	32.93%	33.07%
Total	$ 2,832	$ 2,532	45.09%	45.09%

South Carolina Retirement Systems – Summary of Results

	NGRS July 1,	
	2010	2009
Number of Active Members and Compensation		
Total Number of Active Members	12,445	12,599
Total Compensation	N/A	N/A
Number of Persons Receiving Benefits and Benefits		
Total Number Receiving Benefits	3,951	3,785
Total Amount of Benefits	$ 3,436	$ 3,436
Trust Fund Assets		
Market Value	$ 15,053	$ 12,773
Actuarial Value	$ 19,458	$ 18,600
Unfunded Actuarial Accrued Liability (UAAL)	$ 34,695	$ 34,821
Remaining Liquidation Period (Years)	22	23
Required Contribution as a Percent of Compensation		
Normal Cost Contribution	$ 524	$ 534
UAAL Contribution	$ 3,413	$ 3,371
Total	$ 3,937	$ 3,905

SECTION 9-1-250. Investigation and valuation by actuary every five years.

At least once in each five-year period, the first of which began in 1947, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the System and shall make a valuation of the contingent assets and liabilities of the System and the Board, after taking into account the results of such investigations and valuations, shall adopt for the System such mortality, service and other tables as shall be deemed necessary.

SECTION 9-1-260. Annual valuation by actuary.

On the basis of regular interest and tables last adopted by the Board the actuary shall make an annual valuation of the contingent assets and liabilities of the System.

SECTION 9-8-30. Administration of System; actuary; salaries and expenses.

(1) The administration and responsibility for the operation of the System and for making effective the provisions of this chapter are vested in the State Budget and Control Board.

(2) The Board shall engage such actuarial and other services as shall be required to transact the business of the System.

(3) The Board shall designate an actuary who shall be the technical advisor of the Board on matters regarding the operation of the System and who shall perform such other duties as are required in connection therewith.

(4) At least once in each five-year period following the date of establishment, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the System and shall make a valuation of the contingent assets and liabilities of the System. The Board, after taking into account the results of the investigations and valuations, shall adopt for the System such mortality, service and other tables as shall be deemed necessary.

(5) On the basis of regular interest and tables last adopted by the Board, for purposes of actuarial valuations, the actuary shall make a valuation of the contingent assets and liabilities of the system at least every other year.

(6) The Board shall keep in convenient form such data as shall be necessary for the actuarial valuation of the contingent assets and liabilities of the System and for checking the experience of the System.

(7) The Board shall determine from time to time the rates of regular interest for use in calculations, with the rate of four percent per annum applicable for all purposes other than for actuarial valuations unless changed by the Board.

(8) Subject to the limitations hereof, the Board shall, from time to time, establish regulations for the administration of the System and for the transaction of business.

(9) The Board shall keep a record of all its proceedings under this chapter which shall be open to public inspection. Notwithstanding any other provisions of law governing the System, all persons employed by the Board and the expenses of the Board to carry out the provisions of this chapter shall be paid from the interest earnings of the System.

SECTION 9-9-30. Administration of and responsibility for System vested in State Budget and Control Board; powers and duties of Board; actuary; salaries of employees and expenses.

(1) The general administration and responsibility for the proper operation of the System and for making effective the provisions hereof are hereby vested in the State Budget and Control Board.

(2) The Board shall engage such actuarial and other services as shall be required to transact the business of the System.

(3) The Board shall designate an actuary who shall be the technical advisor of the Board on matters regarding the operation of the System and shall perform such other duties as are required in connection therewith.

(4) At least once in each five-year period following the date of establishment, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the System and shall make a valuation of the contingent assets and liabilities of the System. The Board, after taking into account the results of such investigations and valuations, shall adopt for the System such mortality, service and other tables as shall be deemed necessary.

(5) On the basis of regular interest and tables last adopted by the Board, the actuary shall make a valuation of the contingent assets and liabilities of the system at least every other year.

(6) The Board shall keep in convenient form such data as shall be necessary for the actuarial valuation of the contingent assets and liabilities of the System and for checking the experience of the System.

(7) The Board shall determine from time to time the rate of regular interest for use in all calculations, with the rate of four percent per annum applicable unless changed by the Board.

(8) Subject to the limitations hereof, the Board shall, from time to time, establish rules and regulations for the administration of the System and for the transaction of business.

(9) The Board shall keep a record of all its proceedings under this chapter which shall be open to public inspection. Notwithstanding any other provisions of law governing the System, all persons employed by the Board and the expenses of the Board to carry out the provisions of this chapter shall be paid from the interest earnings of the System.

SECTION 9-11-30. State Budget and Control Board shall administer System; powers and duties.

(1) The general administration and responsibility for the proper operation of the System and for making effective the provisions hereof are hereby vested in the State Budget and Control Board.

(2) [Reserved]

(3) The Board shall engage such actuarial and other services as shall be required to transact the business of the System.

(4) The Board shall designate an actuary who shall be the technical adviser of the Board on matters regarding the operation of the System and shall perform such other duties as are required in connection therewith and shall be a member of the American Academy of Actuaries.

(5) At least once in each five-year period following the date of establishment, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the System and shall make a valuation of the contingent assets and liabilities of the System and the Board, after taking into account the results of such investigations and valuations, shall adopt for the System such mortality, service and other tables as shall be deemed necessary.

(6) On the basis of regular interest and tables last adopted by the Board the actuary shall make an annual valuation of the contingent assets and liabilities of the System.

(7) The Board shall keep in convenient form such data as shall be necessary for the actuarial valuation of the contingent assets and liabilities of the System and for checking the experience of the System.

(8) The Board shall determine from time to time the rate or rates of regular interest for use in all calculations.

(9) Subject to the limitations hereof, the Board shall, from time to time, establish rules and regulations for the administration of the System and for the transaction of business.

(10) The Board shall keep a record of all its proceedings under this article which shall be open to public inspection. It shall publish an annual report showing the fiscal transactions of the System for the preceding year, the amount of the accumulated cash and securities of the System and the last balance sheet showing the financial condition of the System by means of an actuarial valuation of the contingent assets and liabilities of the System. Notwithstanding any other provisions of law governing the System, all persons employed by the Board and the expenses of the Board to carry out the provisions of this chapter shall be paid from the interest earnings of the System.

SECTION 9-10-20. Retirement system established; administration; Director; actuarial investigations; public records.

(A) A retirement system is established to provide pension benefits for members of the National Guard of South Carolina who became members of the National Guard of South Carolina before July 1, 1993. This retirement system has the powers and privileges of a corporation and must be known as the National Guard Retirement System. By this name all of its business must be transacted, all of its funds invested, and all of its cash, securities, and other property held.

(B) The general administration and responsibility for the proper operation of the system and for making effective the provisions of this chapter are vested in the board.

(C) There is created an office of Director of the National Guard Retirement System. The Director of the South Carolina Retirement System shall serve as director.

(D) The board shall engage the actuarial and other services as required to transact the business of the system.

(E) The board shall designate an actuary to be the technical advisor of the board on matters regarding the operation of the system and who shall perform other duties as are required in connection with the system.

(F) At least once in each five year period following July 1, 2006, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the participants of the system and make a valuation of the contingent assets and liabilities of the system. The board, after taking into account the results of these investigations and valuations, shall adopt for the system the mortality, service, and other tables as are necessary.

(G) On the basis of regular interest and tables last adopted by the board, the actuary shall make a valuation of the contingent assets and liabilities of the system at least every other year.

(H) The board shall keep in convenient form the data as necessary for the actuarial valuation of the contingent assets and liabilities of the system and for checking the experience of the system.

(I) Subject to the limitations of this chapter, the board shall establish regulations for the administration of the system and for the transaction of business.

(J) The board shall keep a record of all its proceedings under this chapter, which must be open to public inspection. Notwithstanding any other provisions of law governing the system, all persons employed by the board and the expenses of the board to carry out the provisions of this chapter must be paid from the interest earnings of the system.

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

5605 N. MacArthur Blvd.
Suite 870
Irving, TX 75038-2631

469.524.0000 phone
469.524.0003 fax
www.gabrielroeder.com

September 27, 2011

State Budget and Control Board
South Carolina Retirement Systems
P.O. Box 11960
Columbia, SC 29211

Re: Parallel Valuation Results for SCRS and PORS

Dear Members of the Board:

We have completed our comparison of the principal valuation results for the July 1, 2010 valuation of the South Carolina Retirement System (the actuarial valuations for SCRS and PORS). We have compared the results in Cavanaugh MacDonald's (CavMac's) actuarial valuation reports dated February 24, 2011, for the above mentioned plans, with the results we have independently calculated using the census data we received directly from South Carolina and the actuarial assumptions described in the valuation report by CavMac. This letter is not expressing an opinion as to the appropriateness of the methods and assumptions used by CavMac except as noted herein. However, we will note that part of the scope of GRS's engagement with South Carolina includes performing an experience study and recommend actuarial assumptions to use in performing actuarial valuations for SCRS.

An actuarial valuation is a complex set of calculations that requires the interpretation of details regarding census data, statutes of benefit provisions, plan administration practices, and the application of these things in conjunction with actuarial mathematics. Differences in valuation results can arise from different interpretations of the data, benefits, and operation of the plan and from subtle differences in the ways complex actuarial valuation software programs encompass this data and assumptions to calculate these results.

We should note for reference that when a new actuary is retained in the private sector, the IRS accepts the new actuary's results, without additional explanation, if the liabilities are within 2.00% of the prior actuary's liabilities. As you will find, we have matched the actuarial accrued liabilities to those calculated by CavMac within 0.14% (i.e. 14 basis points) for SCRS and 0.11% (i.e. 11 basis points) for PORS. Additionally, due to SCRS funding policy, we made considerable effort to match the calculated amortization period based on current contribution rates as well as the contribution necessary to attain a 30-year amortization period. Note, that small differences in the unfunded actuarial accrued liability and/or estimated payroll can result in differences in calculated contribution rates by several basis points or amortization periods that differ by several years (especially when calculating amortization periods that are greater than 20 years).

We are comfortable with the relative small differences in results between our calculated funding periods and contribution rates for both SCRS and PORS, which can be found on lines 13. and 14. of the attached exhibits.

As a result, we have attained a calculation baseline that is appropriate to begin performing an assumption review and plan design assessment.

Please do not hesitate to contact either of the consultants below if you have any questions or wish to discuss any of the information provided.

Sincerely,

Joseph P. Newton, FSA, EA, MAAA
Senior Consultant

Daniel J. White, FSA, EA, MAAA
Senior Consultant

Attachement

Exhibit 1. Parallel Valuation Results – SCRS
($ amounts in '000s)

	CavMac	GRS	% Difference
	(1)	(2)	(3)
Membership Information			
1. Active Members	190,239	190,273	0.02%
2. Members in Payment Status [1]	111,394	111,571	0.16%
3. Other Members	156,871	156,902	0.02%
4. Payroll[2]	$ 7,769,820	$ 7,750,215	-0.25%
Liability Information			
5. Actuarial Present Value of Benefits			
a. Active Members	$ 20,986,309	$ 20,840,075	-0.70%
b. Members in Payment Status	22,585,243	22,652,703	0.30%
c. Other Members	794,381	795,064	0.09%
d. Total Present Value of Future Benefits	$ 44,365,933	$ 44,287,841	-0.18%
6. Total Normal Cost	10.01%	10.01%	0.02%
7. Actuarial Accured Liability			
a. Active Members	$ 15,394,405	$ 15,379,576	-0.10%
b. Members in Payment Status	22,585,243	22,652,703	0.30%
c. Other Members	794,381	795,064	0.09%
d. Total Actuarial Accrued Liability	$ 38,774,029	$ 38,827,342	0.14%
8. Actuarial Value of Assets	$ 25,400,331	$ 25,400,331	0.00%
9. Unfunded Actuarial Accured Liability (6.d. - 7.)	$ 13,373,698	$ 13,427,011	0.40%
Statutory Contribution Rate Information			
10. Employer Normal Cost	3.51%	3.51%	0.00%
11. Amortization of Unfunded Liability	6.17%	6.17%	0.00%
12. Total Employer Contribution Rate	9.68%	9.68%	0.00%
13. Amortization Period - Current Contribution Rate	37.6	37.9	0.83%
14. 30-Year Funding Contribution Rate	10.60%	10.56%	-0.41%

[1] Includes members in TERI.

[2] Projected payroll for fiscal year 2011 (excludes compensation attributable to members in TERI and return to work retirees).

Exhibit 2. Parallel Valuation Results – PORS
($ amounts in '000s)

	CavMac	GRS	% Difference
	(1)	(2)	(3)
Membership Information			
1. Active Members	26,568	26,568	0.00%
2. Members in Payment Status	12,566	12,559	-0.06%
3. Other Members	11,899	11,901	0.02%
4. Payroll[1]	$ 1,076,467	$ 1,075,203	-0.12%
Liability Information			
5. Actuarial Present Value of Benefits			
a. Active Members	$ 3,256,790	$ 3,248,716	-0.25%
b. Members in Payment Status	2,577,772	2,580,981	0.12%
c. Other Members	110,574	110,930	0.32%
d. Total Present Value of Future Benefits	$ 5,945,136	$ 5,940,627	-0.08%
6. Total Normal Cost	13.74%	13.82%	0.57%
7. Actuarial Accured Liability			
a. Active Members	$ 2,162,111	$ 2,163,764	0.08%
b. Members in Payment Status	2,577,772	2,580,981	0.12%
c. Other Members	110,574	110,930	0.32%
d. Total Actuarial Accrued Liability	$ 4,850,457	$ 4,855,675	0.11%
8. Actuarial Value of Assets	$ 3,612,700	$ 3,612,700	0.00%
9. Unfunded Actuarial Accured Liability (6.d. - 7.)	$ 1,237,757	$ 1,242,975	0.42%
Statutory Contribution Rate Information			
10. Employer Normal Cost	7.240%	7.320%	1.10%
11. Amortization of Unfunded Liability	4.755%	4.675%	-1.68%
12. Total Employer Contribution Rate	11.995%	11.995%	0.00%
13. Amortization Period - Current Contribution Rate	32.8	34.7	5.92%
14. 30-Year Funding Contribution Rate	12.30%	12.44%	1.11%

[1] Projected payroll for fiscal year 2011 (excludes compensation attributable to return to work retirees).

SCRS Employer Contribution Rates[1]	7/1/2010	7/1/2011	7/1/2012	7/1/2013
Current Scheduled Employer Contribution Rates based on July 1, 2009 valuation	9.390%	9.535%	9.680%	9.680%
Employer Rates Recommended by Actuary based on July 1, 2010 valuation[3]				
1) One-step Increase - 0.92% increase	9.390%	9.535%	10.600%	10.600%
2) Two-step Increase - two 0.48% increases	9.390%	9.535%	10.160%	10.640%

PORS Employer Contribution Rates[2]	7/1/2010	7/1/2011	7/1/2012	7/1/2013
Current Scheduled Employer Contribution Rates based on July 1, 2009 valuation	11.170%	11.763%	11.995%	11.995%
Employer Rates Recommended by Actuary based on July 1, 2010 valuation[3]				
1) One-step Increase - 0.305% increase	11.170%	11.763%	12.300%	12.300%
2) Two-step Increase - two 0.1575% increases	11.170%	11.763%	12.153%	12.310%

[1] *Includes .15% employer contribution for incidental death benefits*

[2] *Includes .2% employer contribution for incidental death benefits and .2% for accidental death benefits*

[3] *Cavanaugh Macdonald's valuation also includes an option using an alternative actuarial assumption involving a temporary adjustment dampening expected salary increases over the next few years. As GRS was performing a contemporaneous experience study reviewing all assumptions, a parallel valuation was not performed using the alternate salary assumption. Specific information related to the assumption for the expected salary increases can be found in Cavanaugh Macdonald's 2010 valuation or the Summary of Results.*

SECTION II

SUMMARY OF RECOMMENDATIONS

Summary of Recommendations

Our recommended changes to the current actuarial assumptions may be summarized as follows:

Economic Assumptions

1. We recommend reducing the current 3.00% inflation assumption to 2.75%, placing it closer to recent inflation levels and closer to the levels expected in the financial markets, forecasts by economists, and investment professionals. As you will see, this change affects other economic assumptions.

2. Reduce the nominal investment return assumption from 8.00% to 7.50%, taking into account the lower inflation assumption and decreasing the expected net real return by 0.25%. Based on current capital market assumptions from NEPC and PCA, a 7.50% investment return would be in an ideal range that is between the expected arithmetic return based on the target asset allocation and the median expected geometric return (compounded over a 10 year period).

3. Reduce the productivity component of the salary scale assumption by 0.25%, from 1.00% to 0.75% for SCRS and from 1.50% to 1.25% for PORS. This recommendation reflects a reduction in the spread between inflation and salary increases experienced in the overall economy and the expectation of lower future salary increases due to continued budgetary constraints for employers. Combining with the inflation rate of 2.75% results in an ultimate wage inflation assumption of 3.50% for SCRS and 4.00% for PORS.

4. In accordance with the observed experience, increase the service-based promotional/longevity component of the salary scale for all groups.

5. In conjunction with the reduced price and wage inflation assumptions, reduce the payroll growth rate assumption from 4.00% to 3.50%. In addition, we recommend changing the current assumption that the proportion of payroll represented by members in TERI or RTW status will remain consistent throughout time. Due to changing demographics and the size of the baby boomer generation, the total number of members in these two programs will decrease from current levels over the next 10-15 years. We recommend an assumption that the payroll in this category will remain flat for 10 years and then begin to grow at the payroll growth rate. Changing the payroll growth assumption has no impact on the liabilities, but does assume there is a lower growth in the future payroll to amortize the UAAL, which results in an increase in the current contribution requirements.

6. It is our understanding that the Board's adoption of an investment return assumption that is less than 8.00% will lower the maximum amount of the automatic COLA from 2.0% to 1.0% for SCRS and completely eliminate the 2% automatic COLA for PORS. If correct, then we will need to discuss with Staff and Board the likelihood of granting future ad hoc COLAs for these

groups to identify whether a COLA assumption should be incorporated into the assumptions for these future increases.

Mortality Assumptions

7. Update the post-retirement mortality tables for non-disabled retirees to the RP-2000 mortality tables with adjustments to better fit the Plan's experience. In addition, we are proposing to add an explicit assumption for continuous increases in life expectancy by projecting future mortality improvements by scale AA. Because of this assumption of continuous improvement, life expectancies for today's younger active members are expected to be materially longer than those of today's retirees. This recommended assumption change has a significant impact on costs and liabilities.

8. Update the disabled post-retirement mortality assumption to the RP-2000 disabled mortality tables with adjustments to be a better fit to the Plan's experience.

9. Recommend adjustments to the current client specific table used for active mortality across all groups.

Other Demographic Assumptions

10. Change the structure of the retirement pattern from solely being age based with an additional increase at first eligibility to a distinct age based table if the member attains the age retirement condition first (age 65 for SCRS and age 60 for PORS) and service related pattern if the member attains the service retirement condition first (28 years of eligibility service for SCRS and 25 years of eligibility service for PORS). Overall, there were fewer actual retirements during the experience period than expected under the current assumption which is consistent with national trends. The recommended tables expect slightly lower patterns of retirement.

11. Recommend no change to the current termination assumptions for the first 10 years of employment for SCRS. Recommend changing the assumption during the ultimate period (after 10 years) to be based on years from retirement eligibility instead of the current age related assumptions. This methodology has shown to more closely match the experience for a plan with multiple retirement eligibility conditions (age 60&5, age 55&25, 28&out). Overall, the recommended assumptions will assume more members reach retirement once they are within 10 years of retirement.

    For PORS, the entry ages for members are clustered closer together at younger ages and a majority of members attain the 25&out condition for retirement eligibility. Therefore, we recommend modifying the structure of the termination assumption to be based only on the member's service. We also recommend increasing the overall termination rates to better match anticipated experience.

12. Recommend continued methodology for modeling the TERI and return to work (RTW) provisions by accruing all the liability for active members before they enter TERI or initially retire. This is a conservative approach versus accruing the liability over the total active career (including time in TERI or while returned to work).

    Recommend no longer differentiating between members who will enter the TERI program in the future from members who will utilize the RTW provisions. From the Plan's perspective, these two programs are similar in cost and in many circumstances the RTW provisions are slightly more favorable to the member.

13. Recommend adding an explicit assumption to model the experience that members often purchase service to enable them to immediately become eligible for retirement. An assumption will be added for portions of the active population to begin purchasing service to enable them to retire under the service only eligibility conditions when they are within five years away from retirement.

14. Make no change to the rates of disability.

15. Make no change to the current 100% marriage assumption and spousal age difference.

16. Make no change to the current unused sick leave or annual leave adjustments used in the calculation of a member's retirement benefit.

Actuarial Methods and Policies

17. Our recommendation is to change to a 5-year asset smoothing method without a corridor. Under this method, investment gains and losses will be recognized at the rate of 20% per year for each of the five years after they occur. Alternatively, if the 10-year smoothing method is continued to be used, we recommend adopting an asset corridor, such that the actuarial value of assets does not deviate more than 20% of the market value as of that date. If either recommendation is adopted, they would be applied on a prospective basis; so there will be no change to actuarial value of assets calculated as of June 30, 2010.

18. The individual Entry Age Normal cost method (EAN) is the current funding method being used to allocate the actuarial costs of the System. The Entry Age Normal method will generally produce relatively level contribution amounts as a percentage of payroll from year to year, and allocates costs among various generations of taxpayers in a reasonable manner. It is by far the most commonly used actuarial cost method for large public retirement systems. We continue to believe this is the most appropriate funding method and recommend no change.

    For members who have correlated service with another employer, the cost method will assume the member has no accrued liability at the date of hire and will accrue all benefits from the hire

date with the current employer. Service from the other employers will be used in determining retirement eligibilities, but not in allocating the accruals over the career of the employee.

19. Recommend the valuation process use correlated service from other Systems (SCRS and PORS) in the determination of the liabilities and contribution requirements. This service should be used in the valuation to determine the retirement eligibility for each member, which will more accurately calculate the projected liability.

20. Recommend using the actual aggregate valuation payroll from the prior year rolled forward with one year's payroll growth rate to determine the estimated valuation payroll for the next fiscal year as well as projecting covered payroll for future fiscal years. The current methodology performs this calculation at the individual member basis, increasing each currently active member's salary by one salary scale, including annualizing the salary for new members, and totaling the projected salaries. While the current method is commonly used, it can have a bias to overestimate covered payroll and can be inconsistent in the handling of TERI and RTW payroll because it will not include the payroll for members who left TERI or RTW status during the year. By using the projected aggregate covered payroll from the prior fiscal year for these groups, the entry and exit of members during the year will be more appropriately reflected.

Table 1.
Impact of Recommended Assumption Changes on SCRS

	UAAL ($000s) (1)	30-Year Contribution Rate (2)
June 30, 2010 Valuation (Current Assumptions):	$ 13,373,698	10.60%
Increase / (Decrease) due to:		
a. Replication of valuation results by GRS	53,313	-0.04%
b. Other changes[1]	264,818	0.31%
c. Modification to the termination assumption	123,685	0.09%
d. New assumption to reflect service purchase behavior	158,810	0.17%
e. Update post-retirement mortality assumption	1,062,459	0.93%
f. Decrease inflation assumption from 3.00% to 2.75%[2]	972,570	0.86%
g. Decrease the rate of compensation increases from 4% to 3.5%	(204,655)	0.14%
h. Decrease the payroll growth rate from 4% to 3.50%	0	0.66%
i. Decrease the interest rate assumption from 8% to 7.50%	1,216,486	1.04%
j. Total for all assumption changes (items a. though i.)	$ 3,647,486	4.16%
k. Effect of decreasing the COLA from 2.00% to 1.00%	$ (3,692,845)	-3.20%
June 30, 2010 Valuation (Recommended Assumptions):	$ 13,328,339	11.56%

[1] Inclusion of correlated service for determining retirement eligibility, no longer differentiating the different types of working retirees (i.e. TERI and return to work), updated mortality assumption for active employees, and updated rates of retirement.

[2] Includes a 0.25% decrease in the nominal investment return assumption.

Table 2.
Impact of Recommended Assumption Changes on PORS

	UAAL ($000s) (1)	30-Year Contribution Rate (2)
June 30, 2010 Valuation (Current Assumptions):	$ 1,237,757	12.30%
Increase / (Decrease) due to:		
a. Replication of valuation results by GRS	5,218	0.14%
b. Other changes[1]	54,012	0.23%
c. New assumption to reflect service purchase behavior	32,212	0.35%
d. Update post-retirement mortality assumption	281,685	2.33%
e. Decrease inflation assumption from 3.00% to 2.75%[2]	133,252	1.10%
f. Decrease the rate of compensation increases from 4.5% to 4%	41,653	-0.03%
g. Decrease the payroll growth rate from 4% to 3.5%	0	0.62%
h. Decrease the interest rate assumption from 8% to 7.50%	93,321	1.02%
i. Total for all assumption changes (items a. though h.)	$ 641,353	5.76%
j. Effect of decreasing the COLA from 2.00% to 0.00%	$ (927,524)	-7.19%
June 30, 2010 Valuation (Recommended Assumptions):	$ 951,586	10.87%

[1] Inclusion of correlated service for determining retirement eligibility, updated rates of disability incidence, termination, retirement, and mortality while actively employed.

[2] Includes a 0.25% decrease in the nominal investment return assumption.

MEMORANDUM

To: Joe Newton, FSA, EA, Senior Consultant
Gabriel Roeder Smith & Company (GRS)

Date: August 1, 2011

From: Neil Rue, CFA, Managing Director
Pension Consulting Alliance, Inc. (PCA)

cc: William Blume - SCBCB
Allan Emkin – PCA
John Linder, CFA, CPA – PCA

Summary

PCA has been retained by GRS (the South Carolina Budget & Control Board's (SCBCB) actuary) to assist GRS in developing its long-term return assumption for the South Carolina Retirement System (SCRS), the administrator of overall State retirement benefits. Assets of the SCRS are managed by a separate entity, the South Carolina Retirement System Investment Council (SCRSIC).

Utilizing PCA's 2011 Capital Market Assumptions, PCA found that the long-term (10 year horizon) expected compound return of SCRS' portfolio to be 7.4%. We note that this level is a point estimate and actual results will likely vary (possibly significantly) from this figure. In addition, these assumptions are net of investment expenses.

PCA determined the above expected return level through a mean-variance approach, which is a standard estimation approach utilized by the investment industry. The mean-variance approach assumes investment returns behave randomly over the investment horizon and are distributed within a normal bell curve. These assumptions may or may not hold over future investment cycles.

Discussion

To conduct any forward-looking analysis, decision makers must rely upon expectations for the future. For investment practitioners, one very important set of expectations are capital market assumptions that attempt to provide a reasonable estimate of (i) the future investment return and (ii) volatility for each major type of investment category (or "class"), as well as (iii) how each investment class interrelates with the other investment classes. Utilizing these three inputs, investors can quantify (to some degree) the return-and-risk tradeoffs of a wide array of investment portfolios. Investors then assess these tradeoffs to select an investment portfolio that most appropriately meets their preferences and addresses their concerns.

To develop capital market assumptions pertinent to the SCRS portfolio, PCA began with its standard strategic class capital market assumptions (see attachment) and then modified them to some degree to match up with the strategic allocation applied by the SCRSIC. One important note is that it is PCA's practice to focus on major strategic classes throughout the strategic allocation process. So, for this project, we modeled 10 major SCRS strategic classes. By contrast, based on SCRSIC and consultant reports, SCRSIC utilizes 19 investment classes. This difference in class count highlights

that PCA did consolidate several of investment classes into more broadly-defined classes for this project.

In addition, PCA's capital market assumptions assume that each class's investment return is net-of-investment-fees, but not net of other administrative fees. Therefore, each arithmetic average return is deducted for an appropriate management fee to capture the exposure intended for each class. For the major public market classes such as public equity and public fixed-income, the fees for a large scale fund such as the SCRS to capture specific class exposure is very low, if not close to zero. For the other classes such as real estate, private equity, and other strategies, fees to simply capture exposure can be significant (at least 1.0%/year and substantially higher in the case of private equity and certain hedge funds structures). All net-of-fee levels do not necessarily account for active management capabilities, although some investment classes (such as real estate, private equity, portable alpha, etc.) do not offer viable passive investment options.

Finally, we note that these returns are in nominal return space, not real return space. Given this format, PCA's nominal returns include PCA's inflation assumption, which is currently 2.75% per year over the next 10 years. We understand this assumption is consistent with the inflation assumption that will be utilized by the SCRS for planning/funding purposes over its planning horizon (typically several decades).

To summarize, PCA utilized the following mean-variance capital market assumptions to determine a long-term expected return for the SCRS portfolio (see table below). Importantly, PCA assumes a 10-year horizon. This horizon contrasts with the five-to-seven year horizon often utilized by the SCRSIC and its investment consultant. And these two horizons contrast with the 30-to-40-year horizon that is typically utilized by the SCRS actuary.

PCA 2011 Capital Market Assumptions for SCRS Investment Portfolio

Expected Returns and Risks

	Avg. Arith. Return	Annualized SD	Geometric Compound Return
Credit Strategies (1)	7.8%	15.0%	6.8%
US Equity w Port. Alpha (2)	10.2%	19.2%	8.5%
Core Fixed	3.3%	4.5%	3.2%
Intl. Equity w Port. Alpha (2)	10.7%	23.0%	8.3%
Global Tactical AA	8.6%	9.5%	8.2%
Cash	3.0%	2.0%	3.0%
Private Equity	12.0%	25.0%	9.2%
Real Estate (3)	7.0%	10.0%	6.5%
Hedge Funds	8.0%	10.0%	7.5%
Emerg. Mkt. Equity	10.8%	24.0%	8.1%

(1) Combined Opportunistic Credit, High Yield Bonds, and EMD into one major class

(2) Combined Traditional Equity class(es) with the Portable Alpha classes; assumed low-volatility hedge funds utilized in Portable Alpha.

(3) Assumed unlevered core real estate.

(see next page)

Expected Correlations Among Strategic Classes

	Credit	USEqPA	CoreFxd	IntlEqPA	GTAA	Cash	PrivEq	RealEst	HedgFds	EMEQ
Credit Strategies (1)	1.0	0.7	0.5	0.5	0.8	0.0	0.6	-0.2	0.5	0.6
US Equity w Port. Alpha (2)	0.7	1.0	0.3	0.9	0.8	0.0	0.9	0.4	0.5	0.6
Core Fixed	0.5	0.3	1.0	0.1	0.4	0.3	0.0	0.0	0.2	0.1
Intl. Equity w Port. Alpha (2)	0.5	0.9	0.1	1.0	0.7	0.0	0.8	0.4	0.4	0.8
Global Tactical AA	0.8	0.8	0.4	0.7	1.0	0.0	0.6	0.3	0.6	0.7
Cash	0.0	0.0	0.3	0.0	0.0	1.0	0.0	0.3	0.5	0.0
Private Equity	0.6	0.9	0.0	0.8	0.6	0.0	1.0	0.4	0.6	0.5
Real Estate (3)	-0.2	0.4	0.0	0.4	0.3	0.3	0.4	1.0	0.3	0.2
Hedge Funds	0.5	0.5	0.2	0.4	0.6	0.5	0.6	0.3	1.0	0.4
Emerg. Mkt. Equity	0.6	0.6	0.1	0.8	0.7	0.0	0.5	0.2	0.4	1.0

(1) Combined Opportunistic Credit, High Yield Bonds, and EMD into one major class

(2) Combined Traditional Equity class(es) with the Portable Alpha classes; assumed low-volatility hedge funds utilized in Portable Alpha.

(3) Assumed unlevered core real estate.

The table above presents both arithmetic average return and compound average returns. The arithmetic return is that return that a class is expected to produce *in any one year*. The compound average return is the return expected from that class *over the investment horizon*. Compound average returns are always less than arithmetic returns because, for every investment class, there is risk and volatility that is incurred over an investment horizon. It is the compound average return of a diversified portfolio that is most analogous and appropriate for analysis and study of the assumed rate of return utilized for actuarial/funding purposes.

We also note that for determining the return and risk expectations of the public equity classes, which include substantial proportions of portable alpha mandates, we adhered to the assumptions of the SCRSIC as closely as possible. Two key assumptions are as follows: (i) that leverage/capital market exposure is captured *within* each of the two portable alpha programs separately and (ii) that market exposure *within* each program equals the full amount allocated to that program (i.e., 100% market exposure). While these assumptions are reasonable, they may differ from SCRSIC's actual practices. Finally, we also note that given the high cash allocation, there is some likelihood that a portion of that cash is being utilized for the portable alpha programs. We did not make that assumption, but rather assume that the strategic cash allocation is not serving as collateral for other strategic classes.

Finally, we believe it is important to point out that, under normal circumstances, PCA does not typically model an "alpha" increment (i.e., the ability of active managers to outperform their benchmarks). The rationale is that alpha typically lacks enough consistency to develop a high level of confidence about its outcome. As a result, it is difficult to count on its contribution from a strategic perspective. Nonetheless, given the materiality of the portable alpha programs at SCRSIC and the desire to develop a conclusion that is consistent across the agencies, PCA modeled an added value contribution coming from the portable alpha programs. Excluding the portable alpha programs, PCA estimates that the overall expected annualized compound return would be 0.3%-0.4% lower.

Utilizing the inputs from the tables above, PCA developed an expected long-term compound return for the following SCRS strategic allocation (see table below). PCA has reorganized the 19 SCRSIC strategic classes into 10 major classes, based on certain areas of commonality. In summary, Credit Strategies combine Credit, High Yield Bonds, and EMD classes, the public equity classes include their commensurate portable alpha classes and cash includes both straight cash and the short-term fixed income class. The outcome of these reclassifications upon the return expectations for the investment portfolio is immaterial.

SCRS Strategic Allocation

	Allocation -%
Credit Strategies	14%
US Equity w Port. Alpha	14%
Core Fixed	13%
Intl. Equity w Port. Alpha	12%
Global Tactical AA	12%
Cash	10%
Private Equity	10%
Real Estate	6%
Hedge Funds	5%
Emerg. Mkt. Equity	4%
Total	100%
Expected Arith. Avg. Return	8.0%
Expected Geo. Compound Return	7.4%
Expected Annual SD	11.3%

Source: SCRSIC, NEPC, PCA

As the table shows, the expected compound return for the SCRS portfolio under PCA's capital market assumptions is 7.4%. Under this assumption, and assuming normally-distributed returns, the portfolio has an approximate 49% probability of outperforming a 7.5% long-term return threshold, as well as a 51% probability of underperforming the same threshold.

ATTACHMENT 1

Summary of PCA's 2011 Standard M-V Capital Market Assumptions

Expected Inflation, Average Annual Risk Free Rates & Annual Risk Premiums for Various Classes - %

Category	Expectation – Annual %	Comments
Inflation	2.75	The 10-year TIPS breakeven inflation rate was 2.3% as of December 31, 2010. PCA believes that while the TIPS breakeven inflation rate is one important data point indicative of equilibrium pricing of inflation expectations, there are other considerations. Buyers of TIPS may be bidding up TIPS to gain inflation protection. 2010 inflation was low. CPI for calendar 2010 was 1.5%, but trended up in December. The University of Michigan Survey of 5-to-10 year annual inflation expectations have centered around 2.8% during the fall. The unemployment rate has stabilized, declining in December. Commodity prices have risen since mid-year, and are trending upward. While excess capacity and current unemployment levels indicate significant slack in the U.S. economy, large tax stimulus, loose monetary policy, quantitative easing two, exploding Federal deficit spending and a resurgent global economy, point to higher future inflation long-term.
Real Risk-Free Rates		
Short-term (Cash)	0.25	Federal Reserve short-term lending rates remain between 0.0% and 0.25%, currently much lower than long-term inflation expectations and below recent realized inflation. Thus, the Fed's current short-term rates establish real lending rates that are significantly negative. Expectations are for negative real, short-term lending rates over the next year or two, rising only when economic growth improves. Extrapolated trend shows real risk free trend barely above 0%.
Longer-term (10-year TIPS yield)	1.00	The expected long-term real yield is projected as the current 10-year TIPS real yield. As of 12/31/2010, the 10-Year TIPS real yield was 1.00%, which fell significantly over the past year.
Risk Premiums over Short-term Real Risk-free Rate:		
Domestic US Fixed Income International Fixed Income Global Fixed Income	0.30	Yield-to-maturity on the Barclays Capital Universal as of 12/31/10 was 3.3%. The end of 2010 saw credit spreads narrow towards pre-crisis levels, as well as steepening of the yield curve. Fed was successful in holding down short-term interest rates, but long-term rates rose at the end of the year when Quantitative Easing Two and an extension of tax cuts was announced. Most of the levers of expected future bond returns have already been pulled. Current expected return represents negligible yield spread compression as a source of return. In addition, long-term rates are expected to remain stable or rise. Our longer-term, higher expected inflation level is expected to prove detrimental to fixed income returns. Thus, our estimate reflects extrapolation of recent declining trend in fixed income risk premium. At the margin, future fixed income net issuance is likely to be government tilted, further depressing market average yields.
Core Real Estate	4.00	Assumes a mix of private core real estate and an allocation of 15% to public real estate securities. Premium decrease from 2010 reflects price gains in 2010, rising interest rates (cost of leverage), and a stable to rising cap rate level, reverting towards historical averages.
Basic Real Return	3.50	Combination of TIPS, Timber, Commodities, and Hedge Funds of Funds. The projected return premium to TIPS is lower than last year. The trend for commodity price appreciation is up, but this doesn't translate neatly to commodity strategy returns. Extrapolation of historical premium trends is justified. Slightly lower than last year based on the heavy weight of TIPS in the class.
Domestic Equity International Equity Global Equity	5.75 6.00 5.90	Equity premium return reached a trough in its long-term cycle two years ago, trend is expected to adjust upward over next several years. Fundamental expectations are in line with trend extrapolations. Valuations appear fair on a earnings yield basis, but are slightly higher than last year's level. Downside risk of an extended recession / depression caused by a banking sector collapse has passed. For long-term planning purposes the Non-U.S. equity risk premiums are assumed to be slightly higher than that of the U.S., due to EM growth premium.
Hedged International Equity	5.90	International equity premium less frictional cost of hedging.
Alternative Investments/Private Equity	9.00	Expected long-term illiquidity premium over global public equity of 3.0%. Current expectation adjusted upward to reflect extrapolated trends and healed debt financing markets.

Summary of Investment Class Assumptions

	Expected Avg. Nominal Annual Return	Expected Geo. Compound Nominal Annual Return	Expected Risk of Nominal Returns (Annl. SD)	Cash	TIPS	CoreFxd	IntlBds	GlblBds	RealEst	RealRet	USEq	IntlEq	GlblEq	HIntlEq	PrivEq
Cash	3.00	3.00	2.00												
Treasury Infl. Protected Securities	3.75	3.60	6.00	0.20											
Domestic US Fixed Income	3.30	3.20	4.50	0.30	0.60										
International Fixed Income	3.30	2.80	10.00	-0.10	0.40	0.40									
Global Fixed Income	3.30	3.00	8.00	0.00	0.50	0.60	0.95								
Core Real Estate	7.00	6.50	16.00	0.30	0.00	0.00	-0.20	-0.20							
Real Return	6.50	6.20	8.00	0.20	0.60	0.30	0.00	0.00	0.25						
Domestic Equity	8.75	7.30	17.00	0.00	0.00	0.30	0.00	0.00	0.40	0.25					
International Equity	9.00	7.00	20.00	0.00	0.00	0.10	0.10	0.10	0.40	0.25	0.85				
Global Equity	8.90	7.40	17.50	0.00	0.00	0.20	0.05	0.05	0.40	0.25	0.90	0.90			
Hedged International Equity	8.90	7.10	19.00	0.10	0.00	-0.10	-0.10	-0.10	0.50	0.35	0.90	0.90	0.90		
Private Equity/Venture Capital	12.00	8.90	25.00	0.00	0.00	0.00	0.00	0.00	0.40	0.25	0.90	0.80	0.85	0.90	
Inflation	2.75	2.75	2.00	0.50	0.50	-0.20	-0.15	-0.20	0.40	0.60	0.20	0.20	0.20	0.20	0.10

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

SOUTH CAROLINA RETIREMENT SYSTEM
2011 ACTUARIAL EXPERIENCE STUDY
FOR THE PERIOD ENDING JUNE 30, 2010

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

5605 N. MacArthur Blvd.
Suite 870
Irving, TX 75038-2631

469.524.0000 phone
469.524.0003 fax
www.gabrielroeder.com

October 23, 2011

State Budget and Control Board
South Carolina Retirement System
P.O. Box 11960
Columbia, SC 26211-1960

Dear Members of the Board:

Subject: Results of 2011 Experience Study

We are pleased to present our report of the 2011 Experience Investigation Study for the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS). Our report includes a discussion of the recent experience of the System, it presents our recommendations for new actuarial assumptions and methods, and it provides information about the actuarial impact of these recommendations on the liabilities and other key actuarial measures of SCRS.

Using the recommended set of actuarial assumptions should present a more accurate portrayal the of the System's financial condition and should reduce the magnitude of future experience gains and losses.

This experience investigation study was conducted in accordance with generally accepted actuarial principles and practices, and in full compliance with the Actuarial Standards of Practice as issued by the Actuarial Standards Board. All of the undersigned are members of and meet the Qualification Standards of the American Academy of Actuaries.

We wish to thank the SCRS staff for their assistance in this project.

Sincerely,

Joseph P. Newton, FSA, EA, MAAA
Senior Consultant and Actuary

Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary

K:\2626SCRS\2011ExpSt\Report\SCRS_ES2011.doc

Table of Contents

	PAGE	
		COVER LETTER
	2	SUMMARY OF PROCESS
SECTION I	4	INTRODUCTION
SECTION II	8	SUMMARY OF RECOMMENDATIONS
SECTION III	13	ANALYSIS OF EXPERIENCE AND RECOMMENDATIONS
SECTION IV	40	ACTUARIAL IMPACT OF RECOMMENDATIONS
SECTION V	47	SUMMARY OF NEW ASSUMPTIONS (SCRS)
SECTION VI	59	SUMMARY OF NEW ASSUMPTIONS (PORS)
SECTION VII	68	SUMMARY OF DATA AND EXPERIENCE

Summary of Process

A periodic review and selection of the actuarial assumptions is one of many important components of understanding and managing the financial aspects of the South Carolina Retirement System. Use of outdated or inappropriate assumptions can result in understated costs which will lead to higher future contribution requirements or perhaps an inability to pay benefits when due; or, on the other hand, produce overstated costs which place an unnecessarily large burden on the current generation of members, employers, and taxpayers.

A single set of assumptions is typically not expected to be suitable forever. As the actual experience of the retirement changes, the assumptions should be reviewed and adjusted accordingly.

It is important to recognize that the impact from various outcomes and the ability to adjust from experience deviating from the assumption are not symmetric. Due to compounding economic forces, legal limitations, and moral obligations outcomes from underestimating future liabilities are much more difficult to manage than outcomes of overestimates, and that un-symmetric risk should be considered when the assumption set, investment policy and funding policy are created. As such, the assumption set used in the valuation process needs to represent the best estimate of the future experience of the System and be at least as likely, if not more than likely, to overestimate the future liabilities versus underestimate them.

Using this strategic mindset, each assumption was analyzed compared to the actual experience of SCRS and general experience of other large public employee retirement systems. Changes in certain assumptions and methods are suggested upon this comparison to remove any bias that may exist and to perhaps add in a slight margin for future adverse experience where appropriate. Next, the assumption set as a whole was analyzed for consistency and to ensure that the projection of liabilities was reasonable and consistent with historical trends.

The following report provides our recommended changes to the current actuarial assumptions.

SECTION I
INTRODUCTION

Introduction

In determining liabilities, contribution rates and funding periods for retirement plans, actuaries must make assumptions about the future. Among the assumptions that must be made are:

- Retirement rates
- Mortality rates
- Termination rates
- Disability rates
- Investment return rate
- Salary increase rates
- Inflation rate

For some of these assumptions, such as the mortality rates, past experience provides important evidence about the future. For other assumptions, such as the investment return rate, the link between past and future results is much weaker. In either case, though, actuaries should review their assumptions periodically and determine whether these assumptions are consistent with actual past experience and with anticipated future experience.

This study is generally based on experience during the five-year period of July 1, 2005 to June 30, 2010. The last experience study was prepared in 2008 by Milliman following completion of the July 1, 2007 actuarial valuation report.

In conducting experience studies, actuaries generally use data over a period of several years. This is necessary in order to gather enough data so that the results are statistically significant. In addition, if the study period is too short, the impact of the current economic conditions may lead to misleading results. It is known, for example, that the health of the general economy can impact salary increase rates and termination rates. Using results gathered during a short-term boom or bust will not be representative of the long-term trends in these assumptions. Also, the adoption of legislation, plan improvements or changes in salary schedules will sometimes cause a short-term distortion in the experience. For example, if an early retirement window was opened during the study period, we would usually see a short-term spike in the number of retirements followed by a dearth of retirements for the following two-to-four years. Using a longer period prevents giving too much weight to such short-term effects. On the other hand, using a much longer period increases the difficulty of identifying changes in behavior that may be occurring, such as mortality improvement or a change in the ages at which members retire. In our view, using a four to five-year period is reasonable. However, note that in our analysis of termination and salary increases, we incorporated eight years of experience to reduce the likelihood the assumptions are over adjusted due to short-term economic effects.

In an experience study, we first determine the number of deaths, retirements, etc. that occurred during the period. Then we determine the number expected to occur, based on the current actuarial assumptions. The number "expected" is determined by multiplying the probability of the occurrence at the given age, by the "exposures" at that same age. For example, let's look at a rate of retirement of 15% at age 55. The number of exposures can only be those members who are age 55 and eligible for retirement at that time. Thus they are considered "exposed" to that assumption. Finally we calculate the A/E ratio, where "A" is the actual number (of retirements, for example) and "E" is the expected number. If the current assumptions were "perfect", the A/E ratio would be 100%. When it varies much from this figure, it is a sign that a new assumption may be needed. (However, in some cases we prefer to set our assumptions to produce an A/E ratio a little above or below 100%, in order to introduce some conservatism.) Of course we not only look at the assumptions as a whole, but we also review how well they fit the actual results by gender, by age, and by service.

Finally, if the data leads the actuary to conclude that new tables are needed, the actuary "graduates" or smoothes the results since the raw results can be quite uneven from age to age or from service year to service year.

Please bear in mind that, while the recommended assumption set represents our best estimate, there are other reasonable assumption sets that could be supported. Some reasonable assumption sets would show higher or lower liabilities or costs.

ORGANIZATION OF REPORT

Section II of this report summarizes our recommended changes. Section III contains our findings and a more detailed analysis of our recommendation for each actuarial assumption. The impact of adopting our recommendations on liabilities and contribution rates is shown in Section IV. Section V & VI show a summary of the recommended assumptions. Finally, Section VII presents detailed summaries of the data and comparisons of the A/E ratios.

PLANS

This study pertains to the following plans:

- South Carolina Retirement System (SCRS)
- Police Officers Retirement System (PORS)

Throughout the report, we will refer to each individual plan by SCRS and PORS. We will use the term "System" to refer to both plans.

SECTION VI EXHIBITS

The exhibits in Section VI should generally be self-explanatory. For example, on page 101, we show the exhibit analyzing the police service-based termination rates. The second column shows the total number of members who terminated during the study period. This excludes members who died, became disabled or retired. Column (3) shows the total exposures. This is the number of members who could have terminated during any of the years. In this exhibit, the exposures exclude anyone eligible for retirement. A member is counted in each year they could have terminated, so the total shown is the total exposures for the study period. Column (4) shows the probability of termination based on the raw data. That is, it is the result of dividing the actual number of terminations (col. 2) by the number exposed (col. 3). Column (5) shows the current termination rate and column (6) shows the new recommended termination rate. Columns (7) and (8) show the expected numbers of terminations based on the current and proposed termination assumptions. Columns (9) and (10) show the Actual-to-Expected ratios under the current and proposed termination assumptions.

SECTION II
SUMMARY OF RECOMMENDATIONS

Summary of Recommendations

Our recommended changes to the current actuarial assumptions may be summarized as follows:

Economic Assumptions

1. We recommend reducing the current 3.00% inflation assumption to 2.75%, placing it closer to recent inflation levels and closer to the levels expected in the financial markets, forecasts by economists, and investment professionals. As you will see, this change affects other economic assumptions.

2. Reduce the nominal investment return assumption from 8.00% to 7.50%, taking into account the lower inflation assumption and decreasing the expected net real return by 0.25%. Based on current capital market assumptions from NEPC and PCA, a 7.50% investment return would be in an ideal range that is between the expected arithmetic return based on the target asset allocation and the median expected geometric return (compounded over a 10 year period).

3. Reduce the productivity component of the salary scale assumption by 0.25%, from 1.00% to 0.75% for SCRS and from 1.50% to 1.25% for PORS. This recommendation reflects a reduction in the spread between inflation and salary increases experienced in the overall economy and the expectation of lower future salary increases due to continued budgetary constraints for employers. Combining with the inflation rate of 2.75% results in an ultimate wage inflation assumption of 3.50% for SCRS and 4.00% for PORS.

4. In accordance with the observed experience, increase the service-based promotional/longevity component of the salary scale for all groups.

5. In conjunction with the reduced price and wage inflation assumptions, reduce the payroll growth rate assumption from 4.00% to 3.50%. In addition, we recommend changing the current assumption that the proportion of payroll represented by members in TERI or RTW status will remain consistent throughout time. Due to changing demographics and the size of the baby boomer generation, the total number of members in these two programs will decrease from current levels over the next 10-15 years. We recommend an assumption that the payroll in this category will remain flat for 10 years and then begin to grow at the payroll growth rate. Changing the payroll growth assumption has no impact on the liabilities, but does assume there is a lower growth in the future payroll to amortize the UAAL, which results in an increase in the current contribution requirements.

6. It is our understanding that the Board's adoption of an investment return assumption that is less than 8.00% will lower the maximum amount of the automatic COLA from 2.0% to 1.0% for SCRS and completely eliminate the 2% automatic COLA for PORS. If correct, then we will need to discuss with Staff and Board the likelihood of granting future ad hoc COLAs for these

groups to identify whether a COLA assumption should be incorporated into the assumptions for these future increases.

Mortality Assumptions

7. Update the post-retirement mortality tables for non-disabled retirees to the RP-2000 mortality tables with adjustments to better fit the Plan's experience. In addition, we are proposing to add an explicit assumption for continuous increases in life expectancy by projecting future mortality improvements by scale AA. Because of this assumption of continuous improvement, life expectancies for today's younger active members are expected to be materially longer than those of today's retirees. This recommended assumption change has a significant impact on costs and liabilities.

8. Update the disabled post-retirement mortality assumption to the RP-2000 disabled mortality tables with adjustments to be a better fit to the Plan's experience.

9. Recommend adjustments to the current client specific table used for active mortality across all groups.

Other Demographic Assumptions

10. Change the structure of the retirement pattern from solely being age based with an additional increase at first eligibility to a distinct age based table if the member attains the age retirement condition first (age 65 for SCRS and age 60 for PORS) and service related pattern if the member attains the service retirement condition first (28 years of eligibility service for SCRS and 25 years of eligibility service for PORS). Overall, there were fewer actual retirements during the experience period than expected under the current assumption which is consistent with national trends. The recommended tables expect slightly lower patterns of retirement.

11. Recommend no change to the current termination assumptions for the first 10 years of employment for SCRS. Recommend changing the assumption during the ultimate period (after 10 years) to be based on years from retirement eligibility instead of the current age related assumptions. This methodology has shown to more closely match the experience for a plan with multiple retirement eligibility conditions (age 60&5, age 55&25, 28&out). Overall, the recommended assumptions will assume more members reach retirement once they are within 10 years of retirement.

    For PORS, the entry ages for members are clustered closer together at younger ages and a majority of members attain the 25&out condition for retirement eligibility. Therefore, we recommend modifying the structure of the termination assumption to be based only on the member's service. We also recommend increasing the overall termination rates to better match anticipated experience.

12. Recommend continued methodology for modeling the TERI and return to work (RTW) provisions by accruing all the liability for active members before they enter TERI or initially retire. This is a conservative approach versus accruing the liability over the total active career (including time in TERI or while returned to work).

    Recommend no longer differentiating between members who will enter the TERI program in the future from members who will utilize the RTW provisions. From the Plan's perspective, these two programs are similar in cost and in many circumstances the RTW provisions are slightly more favorable to the member.

13. Recommend adding an explicit assumption to model the experience that members often purchase service to enable them to immediately become eligible for retirement. An assumption will be added for portions of the active population to begin purchasing service to enable them to retire under the service only eligibility conditions when they are within five years away from retirement.

14. Make no change to the rates of disability.

15. Make no change to the current 100% marriage assumption and spousal age difference.

16. Make no change to the current unused sick leave or annual leave adjustments used in the calculation of a member's retirement benefit.

Actuarial Methods and Policies

17. Our recommendation is to change to a 5-year asset smoothing method without a corridor. Under this method, investment gains and losses will be recognized at the rate of 20% per year for each of the five years after they occur. Alternatively, if the 10-year smoothing method is continued to be used, we recommend adopting an asset corridor, such that the actuarial value of assets does not deviate more than 20% of the market value as of that date. If either recommendation is adopted, they would be applied on a prospective basis; so there will be no change to actuarial value of assets calculated as of June 30, 2010.

18. The individual Entry Age Normal cost method (EAN) is the current funding method being used to allocate the actuarial costs of the System. The Entry Age Normal method will generally produce relatively level contribution amounts as a percentage of payroll from year to year, and allocates costs among various generations of taxpayers in a reasonable manner. It is by far the most commonly used actuarial cost method for large public retirement systems. We continue to believe this is the most appropriate funding method and recommend no change.

    For members who have correlated service with another employer, the cost method will assume the member has no accrued liability at the date of hire and will accrue all benefits from the hire

date with the current employer. Service from the other employers will be used in determining retirement eligibilities, but not in allocating the accruals over the career of the employee.

19. Recommend the valuation process use correlated service from other Systems (SCRS and PORS) in the determination of the liabilities and contribution requirements. This service should be used in the valuation to determine the retirement eligibility for each member, which will more accurately calculate the projected liability.

20. Recommend using the actual aggregate valuation payroll from the prior year rolled forward with one year's payroll growth rate to determine the estimated valuation payroll for the next fiscal year as well as projecting covered payroll for future fiscal years. The current methodology performs this calculation at the individual member basis, increasing each currently active member's salary by one salary scale, including annualizing the salary for new members, and totaling the projected salaries. While the current method is commonly used, it can have a bias to overestimate covered payroll and can be inconsistent in the handling of TERI and RTW payroll because it will not include the payroll for members who left TERI or RTW status during the year. By using the projected aggregate covered payroll from the prior fiscal year for these groups, the entry and exit of members during the year will be more appropriately reflected.

SECTION III

ANALYSIS OF EXPERIENCE AND RECOMMENDATIONS

Analysis of Experience and Recommendations

We will begin by discussing the economic assumptions: inflation, expenses, the investment return rate, the salary increase assumption, and the rate of payroll growth. Next are the demographic assumptions: mortality, disability, termination and retirement. Finally, we will discuss all of the actuarial methods used.

ECONOMIC ASSUMPTIONS

Actuaries are guided by the Actuarial Standards of Practice (ASOP) adopted by the Actuarial Standards Board (ASB). One of these standards is ASOP No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. This standard provides guidance to actuaries giving advice on selecting economic assumptions for measuring obligations under defined benefit plans.

As no one knows what the future holds, the best an actuary can do is to use professional judgment to estimate possible future economic outcomes. These estimates are based on a mixture of past experience, future expectations, and professional judgment. The economic assumptions are much more subjective in nature than the demographic assumptions. The actuary should consider a number of factors, including the purpose and nature of the measurement, and appropriate recent and long-term historical economic data. However, the standard explicitly advises the actuary not to give undue weight to recent experience.

Recognizing that there is not one right answer, the current standard calls for the actuary to develop a best estimate range for each economic assumption, and then recommend a specific point within that range. (This standard is currently being revised, and an Exposure Daft of a revised standard has been published. Under the revised standard, the range concept is eliminated because it is considered too broad. Instead, the new standard will require the actuary to set an assumption, generally a single-point estimate)

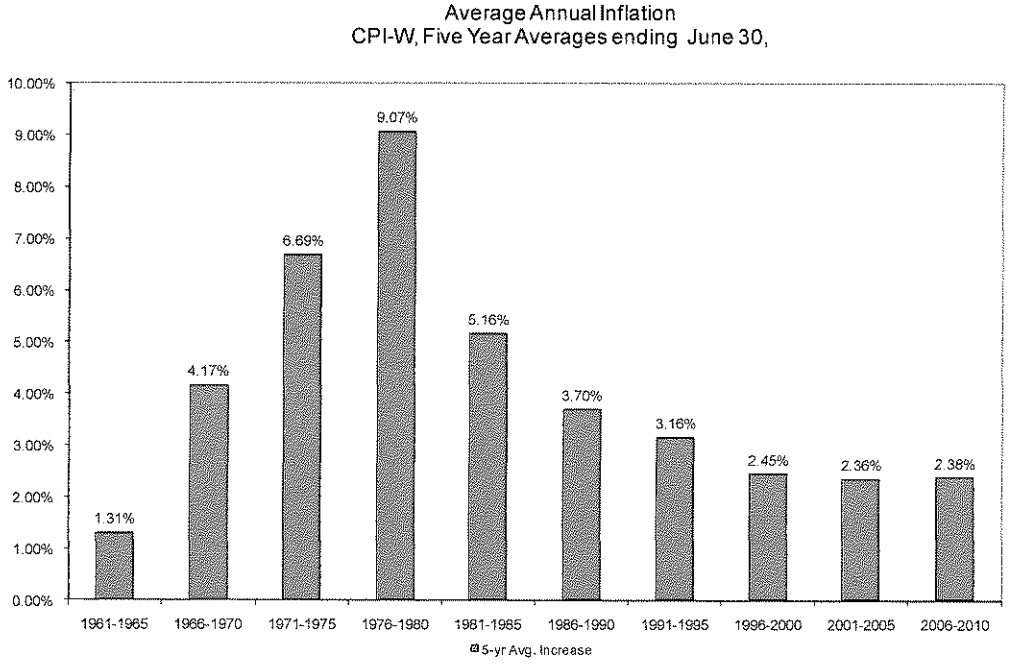
Each economic assumption should individually satisfy this standard. Furthermore, with respect to any particular valuation, each economic assumption should be consistent with every other economic assumption over the measurement period. This last point will be emphasized in this report as we are recommending a decrease to the inflation assumption, which impacts all of the other economic assumptions, as well as recommending a decrease in the spread above inflation for all of the individual assumptions to reflect lower anticipated economic growth.

Inflation rate

By "inflation," we mean price inflation, as measured by annual increases in the Consumer Price Index (CPI). This inflation assumption underlies most of the other economic assumptions. It impacts investment return, salary increases, payroll growth, and cost-of-living increases. The current annual inflation assumption is 3.00%.

It should be noted that for most Retirement Systems, a higher inflation assumption is more aggressive when valuing the liability and cost. Even though a higher inflation assumption will project higher salary increases and possibly higher cost of living adjustments, a higher inflation assumption also provides a means to inflate the nominal investment return assumption which results in a lower liability and cost, and overstate the payroll growth assumption which will result in a lower cost over the short term.

The chart on the next page shows the average annual inflation in each of the ten consecutive five-year periods over the last fifty years:



The following table shows the average inflation over various periods, ending June 30, 2010:

Periods Ending June 30, 2010	Average Annual Increase in CPI-W
Last five (5) years	2.38%
Last ten (10) years	2.37%
Last fifteen (15) years	2.40%
Last twenty (20) years	2.59%
Last twenty-five (25) years	2.81%
Last thirty (30) years	3.20%
Since 1913 (first available year)	3.23%

Source: Bureau of Labor Statistics, CPI-W, all items, not seasonally adjusted

As you can see, while inflation has been relatively low over the last twenty-five years, if we look back over a period of 30 or more years, inflation has averaged slightly above 3.00% per year. However, it is hard to ignore the steady decline in inflation statistics over the last 25 years shown in the charts above.

Most of the investment consulting firms, in setting their capital market assumptions, currently assume that inflation will be less than 3.00%. However, the investment consulting firms typically set their assumptions based on a five or ten year outlook, while actuaries must make much longer projections. We examined the 2011 capital market assumption sets from several investment consulting firms and found their average assumption for inflation was 2.64%, with a range of 2.30% to 3.00%. NEPC, SCRS's investment consulting assumes an inflation rate of 3.00%.

Another source of information about future inflation is the market for US Treasury bonds. For example, the July 1, 2011 yield for 20-year inflation indexed Treasury bonds was 1.47% plus actual inflation. The yield for 20-year non-indexed US Treasury bonds was 4.12%. Simplistically, this means that on that day the bond market was predicting that inflation over the next twenty years would average 2.65% (4.12% – 1.47%) per year. A few years ago the US Treasury recently began reissuing 30-year TIPs, and the imputed 30-year inflation level is close to the 20-year level. The calculation using the 10 year bond projects 2.45%. This is consistent with most forecasts of inflation and overall economic growth being lower over the next decade.

However, this analysis is known to be imperfect. It ignores the inflation risk premium that buyers of US Treasury bonds often demand, and it ignores the differences in liquidity between US Treasury bonds and TIPS.

In the Social Security Administration's 2011 Trustees Report, the Office of the Chief Actuary is projecting a long-term average annual inflation rate of 2.8% under the intermediate cost assumption. (The inflation assumption is 1.8% and 3.8% respectively in the low cost and high cost projection scenarios.) These inflation assumptions were unchanged from their prior year's report.

The Philadelphia Federal Reserve conducts a quarterly survey of the Society of Professional Forecasters. Their most recent forecast (second quarter of 2011) was for inflation over the next ten years to average 2.40%. Most observers expect inflation to continue to be low as the economy works out of the recession. However, the Society of Professional Forecasters is implicitly assuming a 2.45% inflation rate from 2016-2020, so it is not just the next 2-3 years that is depressing inflation forecasts.

Using these sources, we believe the reasonable range for inflation is between 2.50% and 3.25%. We recommend reducing the current 3.00% assumption to 2.75%, placing it closer to recent inflation levels and closer to the levels expected in the financial markets. This is equal to PCA's forecast and 25 basis points lower than NEPC's inflation assumption. As you will see, this change also affects other economic assumptions.

Investment and administrative expenses

Since the trust fund pays investment and administrative expenses from plan assets, it is appropriate to make an assumption about expected expenses. The 2009-2010 Annual Investment Report disclosed that the total expenses for the plan, net of security lending activities, was $316,497,000 for fiscal year 2010. This is approximately 1.40% of total assets. Plan expenses may be explicitly assumed as a direct increase to the annual normal cost or implicitly assumed by developing an investment return assumption as a net return after payment of plan expenses. We believe the development of an implicit expense assumption to net against investment returns is an appropriate method for the valuation of the System.

It is prevalent practice for investment consulting firms to develop their forward-looking capital market and return assumptions as net of investment fees. This means the significant portion of future investment expenses such as advisory, management, performance based, and brokerage fees will be reflected by fact that the investment consultant's forward-looking return expectations have been lowered to reflect these anticipated expenses. This is especially the case for the investments that require intensive management or often have performances based fees, such as the case with alternative type investments.

However, there are numerous types of expenses that are incurred by the retirement system and we believe the investment consulting firms do not capture all of them in their estimates. These other expenses would be more administrative in nature such as internal administration, actuarial, audit, and custodial type's fees. These types of fees are smaller than investment related expenses, but nevertheless, also need to be reflected into developing a valuation interest rate assumption.

We believe a reasonable method to determine the amount of these other expenses is to identify those that are separately disclosed in the Systems Comprehensive Annual Financial Report (CAFR), which are presumably directly paid by the System, rather than as an offset to gross investment returns. The table below shows those administrative and other investment expenses

separately reported by the CAFR for each of the last five years expressed as a percentage of the assets, adjusted for cash flow:

Direct Expenses Expressed as a Percentage Assets			
Fiscal Year	Administrative	Investment	Total
2010	0.10%	0.25%	0.35%
2009	0.08%	0.17%	0.25%
2008	0.08%	0.24%	0.32%
2007	0.07%	0.14%	0.21%
2006	0.07%	0.12%	0.19%
Average	0.08%	0.18%	0.26%

The increase in the investment related expenses in 2008 through 2010 are likely as a result of the change in investment policy to utilize more active investment strategies as well as dedicate an increased portion of the System's portfolio to alternative investments.

Based on this information, we have assumed that other investment and administrative expenses will consume 0.30% (30 basis points) of each year's investment return. This other expense assumption is based on the 5-year average of the administrative expenses and the last 3-year average of the separately disclosed investment related expenses in the CAFR.

Therefore, in total, we are explicitly assuming a 0.30% expense assumption and the forward-looking capital market return estimates include an implicit annual expense assumption of 1.0% for a total annual expense assumption that is 1.30% of plan assets.

Investment Return Assumption

The investment return assumption is one of the principal assumptions in any actuarial valuation of a retirement plan. It is used to discount future expected benefit payments to the valuation date, in order to determine the liabilities of the plans. Even a small change to this assumption can produce significant changes to the liabilities and contribution rates.

ASOP 27 – Current Standard of Practice

Actuaries are required to comply with Actuarial Standard of Practice No. 27 (ASOP 27) in setting economic assumptions for retirement plans, including the assumed investment return rate.

In a public retirement system like SCRS, it is ultimately the Retirement Board's responsibility, as fiduciaries, to set the actuarial assumptions used in the actuarial valuations and used to set the contribution rates. It is the actuary's duty to provide the Board with information needed to make those decisions, and to make recommendations to the Board. Although the Board is the ultimate decision-making body, we are still bound by ASOP 27 in providing advice or recommendations to the Board.

The standard requires the actuary to identify the components of each assumption, to evaluate relevant data, and to set a best-estimate range. Then the actuary selects a point within this best-

estimate range. Alternatively, the actuary may simply set the assumption without specifying a best-estimate range. Additionally, the ASOP requires that all economic assumptions be consistent with one another.

The best-estimate range is "the narrowest range within which the actuary reasonably anticipates that the actual results, compounded over the measurement period, are more likely than not to fall." Therefore, we must believe that just over half the time the actual compound rate of return in the future will be within this range.

ASOP 27 – Proposed New Standard of Practice

For several reasons, the actuarial profession has decided that ASOP 27 should be updated, and a new exposure draft has been published. One criticism of the current standard is that the range of potential investment return assumptions that could be considered reasonable under the current standard is too wide and the new standard will require the actuary to set an assumption, based on a narrower range, perhaps even a single-point estimate. The standard does not conclude that any other assumption would be deemed unreasonable; there is some leeway for rounding and it's unlikely that a 0.25% difference is large enough to make one "right" and the other "unreasonable." Nonetheless, an actuary who believes x% is the single-point estimate may conclude that x+0.75% or even x+0.50% is unreasonable, even if it falls within an acceptable range under the current standard.

While the new standard is not yet effective and could be changed, we believe it is appropriate to consider the new standard in performing our analysis since the recommended valuation interest rate assumption would almost certainly be used for performing actuarial valuations in years after the new standard becomes in effect.

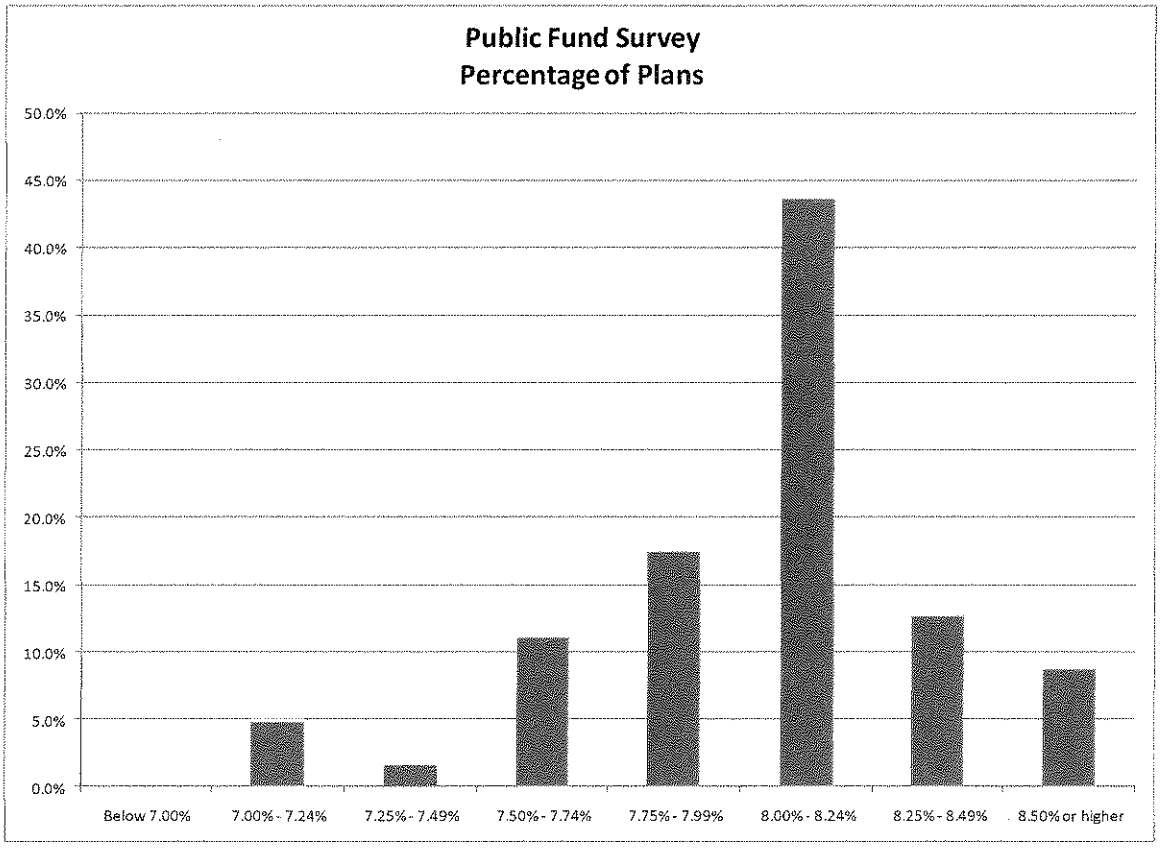
Structure of the Investment Return Assumption

We view the investment return assumption as having three components: the assumed rate of (price) inflation, the real return and an offset for expected investment and administrative expenses. The current 8.00% assumption is composed of a 3.00% assumed inflation rate plus a 5.00% assumed real return net of expenses. This "building block" approach is one explicitly permitted under ASOP 27.

We have already discussed the inflation assumption and the offset for expenses. The next section is an analysis of the real rate of return. However, the reader should note that the 0.25% decrease in the expected inflation rate implies that, even if the expected real return were unchanged, the nominal rate of return assumption should decrease by the same amount.

Comparison to Peers

Below is a table providing the prevalence of different investment return assumptions used by other statewide retirement systems. While we do not recommend the Board select an assumption based on prevalence information, it is still informative to see where SCRS is compared to its peers.

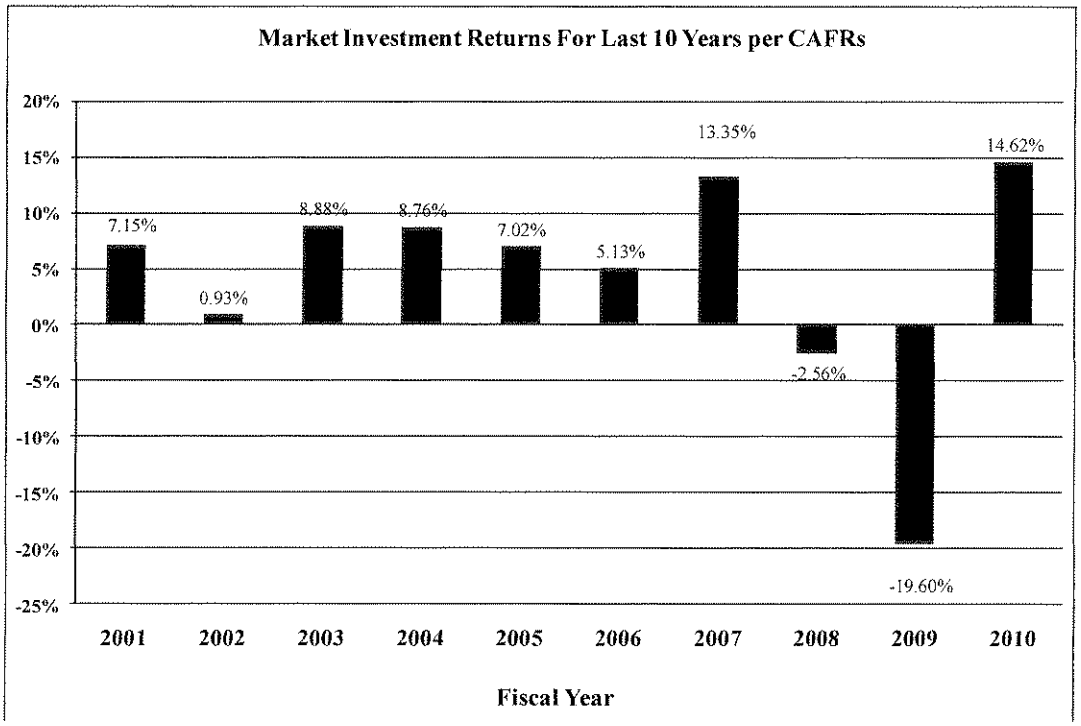


SCRS' current assumption is 8.00%.
Source: 2010 Public Funds Survey updated for known changes (n=126). Median investment return assumption: 8.00% nominal return.

While the table shows that an 8.00% assumption is currently the median, you should be aware that a comparison with this survey conducted in prior years shows there has been significant movement towards lower return assumptions. For example, in the last two years we are aware of at least 13 statewide retirement systems that have decreased their investment return assumption.

Experience

The following chart shows the year-by-year returns, for the last ten years, through 2010. While the plan did exceed the expected return assumption in four of the last ten years, the average market return during this period was only 3.96%, which is significantly less than the System's long-term return assumption.



However, for this assumption, past performance is not a reliable indicator of future performance. The actual asset allocation of the trust fund will significantly impact the overall performance, so returns achieved under a different allocation are not meaningful. Also, the rates of return for many asset classes continue to evolve as new forecast information becomes available.

Therefore, we believe the appropriate approach to selecting an investment return assumption is to determine the median expected portfolio return given the fund's target allocation and given a set of capital market assumptions.

Expected Real Returns

The allocation of assets within the universe of investment options will significantly impact the overall performance. Therefore, it is meaningful to identify the range of expected returns based on the fund's targeted allocation of investments and an overall set of capital market assumptions.

Since GRS does not provide investment consulting services, we reviewed capital market assumptions developed by NEPC, SCRSIC's investment consultant, as well as PCA, an investment consulting firm that GRS engaged to assist in the independent assessment.

The SCRS Investment Commission has employed an investment policy that includes the use of active investment management, alternative investments as well as a strategic initiative designed to generate portable alpha, i.e. a return in excess of the benchmark without materially adding risk to the investment portfolio.

When an analysis is performed to determine historical investment performance, calculating an average return based on a geometric basis is more appropriate for measuring the accumulation of wealth because it takes into account the return volatility (a.k.a. volatility drag). However, forecasting returns using a geometric average measure will generally result in a downward biased measure. On the other hand, forecasting a return using a measure based on an arithmetic average tends to have an upward bias in forward-looking estimates. The following is the synopsis from a 2003 article on this subject in the Financial Analysts Journal:

> *An unbiased forecast of the terminal value of a portfolio requires compounding of its initial value at its arithmetic mean return for the length of the investment period. Compounding at the arithmetic average historical return, however, results in an upwardly biased forecast. This bias does not necessarily disappear even if the sample average return is itself an unbiased estimator of the true mean, the average is computed from a long data series, and returns are generated according to a stable distribution. In contrast, forecasts obtained by compounding at the geometric average will generally be biased downward. The biases are empirically significant. For investment horizons of 40 years, the difference in forecasts of cumulative performance can easily exceed a factor of 2. And the percentage difference in forecasts grows with the investment horizon, as well as with the imprecision in the estimate of the mean return. For typical investment horizons, the proper compounding rate is in between the arithmetic and geometric values.*
>
> *Geometric or Arithmetic Mean: A Reconsideration* ©2003, *Eric Jacquier, Alex Kane, and Alan J. Marcus*

Because of these effects, we recommend developing a single best point estimate that is somewhere between these two averages.

We begin our analysis with the return estimates calculated by NEPC and PCA, and applied adjustments for differences in inflation assumptions and expenses to identify a reasonable assumption to use for the actuarial valuation. The table below shows how we have applied those adjustments to derive the adjusted return averages shown in lines 6. The adjusted geometric return estimate shown in line 7 was determined in a similar manner.

Investment Consultant (IC)	**NEPC**	**PCA**
1. Expected Arithmetic Return – IC	**8.11%**[1]	**8.00%**[2]
2. IC's Inflation Assumption	3.00%	2.75%
3. Real Return (2. – 1.)	5.11%	5.25%
4. Actuary's Recommend Inflation	2.75%	2.75%
5. Actuary's Expense Assumption	(0.30%)	(0.30%)
6. Adjusted Arithmetic Return Estimate (3. + 4. + 5.)	**7.56%**	**7.70%**
7. Adjusted Geometric Return Estimate[3]	**6.95%**	**7.10%**

[1] Approximate arithmetic return developed using a 7.50% geometric return and an 11.0% standard deviation documented in the NEPC document titled 2011 Asset Allocation Update dated June 16, 2011.
[2] Per summary of PCA analysis dated August 1, 2011.
[3] Developed from the investment consultants' 5-year geometric returns.

The expected returns shown above include the expected benefit from the Investment Commission's active management style and a portable alpha program. However, we should note that generating alpha returns in the proposed manner has warrant in theory, but it may be many years, before the effectiveness of this strategy can be quantified.

We also reviewed the results of calculating the expected return based on the capital market assumptions developed by Callan, RV Kuhns, and Towers Watson. The results of this analysis show their capital market assumptions, anticipate returns between 7.65% and 7.75% on an arithmetic basis and 7.09% and 7.33% on a geometric basis, which are consistent with results shown on lines 6 and 7 in the table above.

Recommendation

Given all this information, we recommend decreasing the investment return assumption from 8.00% to 7.50%. This assumption would be composed of a 0.25% decrease in the price inflation and 0.25% decrease in the real rate of return (net of expenses) components of the investment return. The 7.50% assumption is closer to the arithmetic average than the geometric average. We believe this is reasonable because the return assumptions developed by the investment consulting firms are focused on a five to ten year time horizon, which factor in the currently stressed economy. But, it is also uncertain whether investment returns after ten years will return to historical levels; therefore, we do not believe that setting a return assumption above the current arithmetic averages is appropriate.

Decreasing the investment return assumption will increase the plan's cost and liabilities. Not only is this the most subjective assumption, but it is also the most volatile. Lowering the investment return assumption will increase the probability that the return assumption is met and decrease the size of the investment loss that is incurred during years the actual investment return is less than assumed.

In addition, it is important to realize that the impact from various outcomes and the ability to adjust from experience deviating from the assumption are not symmetric. Due to compounding returns, legal limitations, and moral obligations it is much more difficult to manage a scenario of under-performance than over-performance. Therefore, scenarios of under-performance should be given more emphasis than those of over-performance.

Cost of Living Increase Assumption

It is our understanding that the Board's adoption of an investment return assumption that is less than 8.00% will lower the maximum amount of the automatic COLA from 2.0% to 1.0% for SCRS and completely eliminate the 2.0% automatic COLA for PORS. Retirees of SCRS and PORS may receive ad hoc COLAs up to the increase in CPI (4% cap) if certain financial conditions regarding the funding period and employer contribution rates are satisfied. If this correct, then we will need to discuss with Staff and Board the likelihood of granting future ad hoc COLAs for these groups to identify whether a COLA assumption should be incorporated into the assumptions for these future increases.

Based on current provisions, all annuitants in SCRS receive an automatic cost-of-living adjustment (COLA) each year equal to the annual percentage increase in the CPI, subject to a maximum of 2.00%. Although we assume price inflation will average 2.75%, inflation in any given year may be greater than or less than this. When it is less than 2.00%, the full increase will be given, based on the change in the CPI. However, when inflation is greater than 2.00%, only a 2.00% increase will be given. Therefore, the average COLA increase depends on the distribution of the CPI increases.

We performed an analysis based on an assumption that CPI increases are distributed normally with a mean of 2.75% and a standard deviation of 1.30% that would suggest the average COLA granted based on CPI limited to 2.0%% would be 1.77%. However, there are other mechanisms that could result in increases above the 2.00% limit which should be considered. Therefore, if the future expectations are for COLAs equal to current policy, we are recommending no change to the current 2.00% assumption.

Salary increase rates

In order to project future benefits, the actuary must project future salary increases. Salaries may increase for a variety of reasons:

- Across-the-board increases for all employees;
- Across-the-board increases for a given group of employees;
- Increases to a minimum salary schedule;
- Additional pay for additional duties;
- Step or service-related increases;
- Increases for acquisition of advanced degrees or specialized training;
- Promotions; or
- Merit increases, if available.

Our salary increase assumption is meant to reflect all of these types of increases, since all of these affect the salaries used in benefit calculations and upon which contributions are made.

The actuary should not look at the overall increases in payroll in setting this assumption, because payroll can grow at a rate different from the average pay increase for individual members. There are two reasons for this. First, when older, longer-service employees terminate, retire or die, they are generally replaced with new employees who have a lower salary. Because of this, in most populations that are not growing in size, the growth in total payroll is smaller than the average pay increase for members. Second, payroll can change due to an increase or decrease in the size of the group. Therefore, to analyze salary increases, we examine the actual increases for individuals.

We analyzed the salary increases based on the change in the member's reported pay from one year to the next. That is, we looked at each member who appeared as an active member in two consecutive valuations—these are called continuing members—and measured his/her salary increase.

Salary increases for governmental employees can vary significantly from year to year. When the employer's tax revenues stall or increase slowly, salary increases often are small or nonexistent. During good times, salary increases can be larger. Our experience across many governmental plans also shows many occasions in which salary increases will be low for a period of several years followed by a significant increase in one year. Therefore, for this assumption in particular, we prefer to use data over a longer period in establishing our assumptions. We used an eight-year period to analyze this assumption.

Below is a table showing the average increase given to continuing members by year for members in various groups:

Year Prior versus Year Ending	General Employees	Public School District Employees	PORS
2003	3.7%	3.8%	3.7%
2004	3.3%	3.6%	4.0%
2005	5.7%	6.7%	5.5%
2006	6.5%	5.8%	7.7%
2007	5.4%	6.3%	5.6%
2008	6.1%	6.8%	6.4%
2009	3.6%	5.7%	3.9%
2010	1.8%	3.0%	1.5%
Average	4.3%	5.2%	4.8%

The salary assumption can be thought of as consisting of wage inflation (that part of the pay increase which is given to all employees) and an additional component to reflect step increases and other increases correlated with service. Most actuaries recommend salary increase assumptions that include an element that depends on the member's age or service, especially for large, public retirement systems. It is typical to assume larger pay increases for younger or shorter-service employees. The experience shows salaries have been more closely correlated to service rather than age, as promotions and productivity increases tend to be greater in the first few years of a career, even if the new employee is older than the average new hire.

The current assumptions follow this pattern for all groups. Therefore, we divide the task of setting the salary increase into two pieces:

1. Determining the assumption for long-service employees (wage inflation)

2. Determining the additional increases to be applied to shorter-service employees

The next two subsections will discuss these components of the salary assumption.

Salary increase assumptions for long-service employees (wage inflation)

Many of the factors that result in pay increases are largely inapplicable or have diminished importance for longer-service employees. Step or service-related increase have stopped or are minimal. Promotions occur with less frequency. Additional training or acquisition of advanced degrees usually occurs early in the career. In theory, then, salary increases for longer-service employees are almost entirely driven by wage inflation. Wage inflation is the increase in the average wage of all members of the workforce. The current assumption for wage inflation is 4.00%. This can be thought of as the prior 3.00% price inflation assumption and 1.00% addition for productivity gains.

The Chief Actuarial Office for Social Security assumes a wage inflation of 4.00% (2.80% price inflation plus an additional 1.20%) in their 75 year projection forecasts under their intermediate projection assumptions.

Historically, wage inflation almost always exceeds price inflation. This is because wage inflation is in theory the result of (a) price inflation, and (b) productivity gains being passed through to wages. Since 1951, wage inflation has been about 1.00% a year larger than price inflation for the economy as a whole. However, for the last twenty years, overall wage inflation has outpaced price inflation by about 0.79%, and for the last ten years, wage inflation has exceeded price inflation by only 0.30%. This steady decline in the spread between wage growth and price inflation indicates that increases in productivity are not necessarily being shared with employees in the form of salary increases. The reasons provided by experts for this change in pattern range from increases in benefit (medical) costs being substituted for increases in salaries to corporations providing more rewards to shareholders and less to its employees.

Whatever the reason, note that the currently assumed 1.00% productivity growth is consistent with the 50-year average but noticeably larger than the last ten-year average for the economy as a whole. It is important that the wage inflation assumption be client specific and therefore we analyzed the assumption for SCRS experience.

When we examine SCRS's experience for long service members (i.e. members with more than 20 years of service), we find that over the last eight years, their increases have averaged as follows:

Employee Group	Average Salary Increase	Price Inflation	Difference
General Employees	3.72%	2.43%	1.29%
Public School District Employees	3.52%	2.43%	1.09%
PORS	3.91%	2.43%	1.48%

As you can see, on average, pay increases for long-service employees were 1.00% or more over inflation during the study period.

However, we believe the last decade will be viewed historically as a period with abnormally high wage increases in the public sector. Of the 0.30% increase above inflation for the overall economy, all of the real salary growth was from the public sector as private sector wages increased less than inflation. Also, salaries for public safety were increased dramatically post 9/11, and the effect of this is reflected in the 1.48% experience shown above. On the other hand, we know that the salary increases over the last couple of years have been very low and included very small productivity increases. With continued high unemployment and increasing budget pressures on employers, salary increases are likely to be below average for the next 5-10 years. With private sector wages being observed 0.30%-0.50% above inflation, we believe the public sector wage inflation will be closer to the private sector experience over time.

We are proposing a decrease in the productivity component of wage inflation for SCRS from 1.00% to 0.75%. Combined with the lower inflation assumption, the new long term salary scale assumption of 3.50% is composed of a 2.75% inflation rate plus 0.75% for productivity growth.

The current long term salary scale for PORS is 4.50%, which is comprised of 2.75% for inflation, 1.25% for productivity and 0.50% for a merit/seniority increase that extends throughout the member's entire career. We recommended a 0.50% decrease to the overall long term salary scale for members in PORS which will result in a 4.00% individual salary increase assumption for those long-career members.

Salary increase assumptions for shorter-service employees

To analyze the service-related salary assumption, we looked at the excess in the average increases for shorter employees over the average for longer-service employees. For example, public school district employees with three years of service received an average increase of 6.59%, which was 3.07% more than the average increase of 3.52% for the same type of employee with twenty-one or more years of service.

We then determined new service-related assumptions reflecting this data. In all cases, we increased the serve-related increases. This piece of the salary scale assumption behaves more like a demographic assumption than an economic assumption, and therefore, we have given high creditability to historical patterns.

Details of our analysis are shown in Section VII beginning on page 67.

Salary Increases – Combined Effect

The overall effect of the changes to the wage inflation assumption and to the step increases was to decrease the average increase for General Employees and PORS, but to increase the average increase for public school district employees.

Here is a table showing the average increases for continuing members for the eight years, reconciling the changes from the current to proposed assumptions:

Group	Current Assumptions	Change to Inflation	Change in Productivity	Change in Step Increases for Short Service Members	Proposed Assumptions
General Employees	4.37%	-0.25%	-0.25%	+0.35%	4.22%
Public School District Employees	4.51%	-0.25%	-0.25%	+1.11%	5.13%
PORS	5.16%	-0.25%	-0.25%	+0.29%	4.95%

Payroll growth rate

The salary increase rates discussed above are assumptions applied to individuals and are used in projecting future benefits. A separate payroll growth assumption (currently 4.00% annually) is used for determining the annual payment needed to amortize the unfunded actuarial accrued liability. The amortization payments are calculated to be a level percentage of payroll. Therefore, as payroll increases over time, these amortization payments will also increase.

Payroll can grow at a rate different from the average pay increase for individual members. There are two reasons for this. First, when older, longer-service members terminate, retire or die, they are generally replaced with new members who have a lower salary. Because of this, in most populations that are not growing in size, the growth in total payroll will be smaller than the average pay increase for members. Second, payroll can grow due to an increase in the size of the group. However, Governmental Accounting Standards Board Statements No. 25 and 27 (GASB 25 and GASB 27) prohibit actuaries from using anticipated membership growth in setting the payroll growth assumption.

In theory, payroll growth in the absence of membership growth should approximate the wage inflation assumption (proposed to be 3.50%). However, it may be preferred to set this assumption more conservatively, because we anticipate slower growth over the next twenty years as baby boomers retire and are replaced by younger members with lower salaries.

Over the last ten years, the payroll, adjusted for changes in membership, for SCRS and PORS has grown an average of 3.16% and 3.45% per year, respectively. We believe this information and analysis supports a 3.50% payroll growth rate (0.75% above inflation), which is a 50 basis point decrease from the current assumption for both SCRS and PORS. This change will increase the contribution rate needed to amortize the UAAL over the short term.

In addition, we recommend changing the current assumption that the proportion of payroll represented by members in TERI or RTW status will remain consistent throughout time. Due to changing demographics and the size of the baby boomer generation, the total number of members in these two programs will decrease from current levels over the next 10-15 years. We recommend an assumption that the payroll in this category will remain flat for 10 years and then begin to grow at the payroll growth rate. This has no impact on the calculation of the plan's liability, but assumes

the future payroll increases at a lower rate. However, since payroll is projected to be lower, the amortization of the UAAL will increase a percentage of pay (i.e. the contribution rate will increase).

DEMOGRAPHIC ASSUMPTIONS

Actuaries are guided by the Actuarial Standards of Practice (ASOP) adopted by the Actuarial Standards Board (ASB). One of these standards is ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*. This standard provides guidance to actuaries giving advice on selecting noneconomic assumptions for measuring obligations under defined benefit plans. We believe the recommended assumptions in this report were developed in compliance with this standard.

POST-RETIREMENT MORTALITY RATES (LIABILITY AND COST CALCULATIONS)

SCRS's actuarial liabilities depend in part on how long retirees live. If members live longer, benefits will be paid for a longer period of time, and the liability will be larger.

The current assumption uses separate mortality tables for: (a) Public School District Employees, (b) General Employees, and (c) PORS. Of course, we also use separate tables for males and females. Separate tables are also used for disabled retirees; these are discussed in the following subsection. We use different tables for Public School District Employees because our studies have consistently shown that they live longer on average than other state and local government employees. We have historically used different tables for the uniformed retirees, because the effects of their hazardous occupations were believed to have a negative effect on their life expectancy, however there has been a reversal of this trend because public safety members often must pass certain physical exams to be considered fit to perform their duties and evidence suggest that retiree mortality experience of public safety members are closing the gap when compared to retirees of general state and local governments.

For general employees, the current assumption is the 1994 Group Annuity Mortality Table. For females, the table is used without adjustment, but for males, the table is forward one year. (Set-backs and set-forwards are traditional actuarial techniques used to adjust a table to match the actual observed data. When a table is set forward one year, the actuary uses the table's rate for an age one year older than the person actually is. For example, the mortality rate used for a 60-year old male retiree is the rate in the 1994 Group Annuity Mortality Table for males at age 61.)

To analyze the data, we began by determining the expected number of deaths in each year at each age for males and females. For this analysis, we focused only on retirees and excluded beneficiaries due to the higher probability of inconsistent data from beneficiaries and the complexity of a member being a retiree and a beneficiary simultaneously. Disabled retirees, however, are excluded from this portion of the analysis. Next we compare the actual number to the expected number. The ratio of the actual deaths to the expected deaths—the A/E ratio—tells us whether the assumptions are reasonable. While 100% might indicate a match between the assumption and experience, for mortality we historically have aimed for a ratio between 110%

and 120%, i.e., 10% - 20% more actual deaths than expected, to introduce some conservatism since we expect life expectancies to continue to increase in the future. We also examined the results in five-year age groups, checking how well the pattern in the table matched actual experience. A summary of the results of this analysis are shown below:

Group	Public School District Employees		PORS		General Employees	
Gender	Males	Females	Males	Females*	Males	Females
Number of actual deaths	1,026	3,620	788	82	2,915	2,270
Number of expected deaths (under current assumptions)	1,084	3.687	924	64	3,141	2,181
A/E ratio (current)	95%	98%	85%	128%	93%	104%

* Female PORS does not have enough data to be credible. We have mimicked the PORS female assumptions based on the same adjustments made to PORS males.

More detail is shown on the tables in Section VII. See pages 70-75. As shown, for four of the five groups, the actual number of deaths in the covered group is less than the current assumption would expect, and for the other group the assumption and the experience is almost equal. As discussed above, there needs to be margin built into this assumption for anticipated future increases in life expectancy, and any margin built into the assumption when it was set in 2008 has been passed. It is worth noting that we have observed similar improvements in life expectancy with several other retirement systems.

What also stands out is the pace at which the experience appears to be changing over the last decade, especially for PORS. The following table provides the life expectancy of a 65 year old retiree developed using data from 2000-2003 and then from 2007-2010. As shown, the life expectancy is increasing for all SCRS retirees.

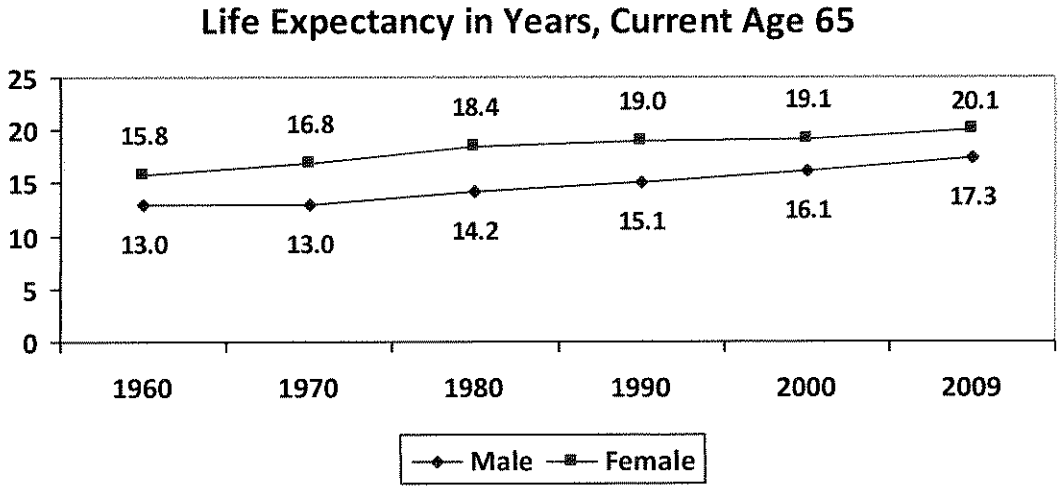
Group	Public School District Employees		PORS		General Employees	
Gender	Males	Females	Males	Females	Males	Females
Life Expectancy at Age 65 (Years)						
Using data from 2000-2003	17.2	21.3	14.8	N/A	17.0	20.8
Using data from 2007-2010	18.7	22.0	16.7	N/A	18.4	21.5
Increase	1.5	0.7	1.9	N/A	1.4	0.7

A recent trend in actuarial models is to use mortality tables that incorporate projected mortality improvements over time. This type of table (or series of tables) is called generational mortality. Historically, actuarial models have been constrained to static mortality tables due to two reasons (1) a general belief that there was a limit on the ultimate longevity and (2) the added complexity of

a generational mortality type model and limitations in valuation software capabilities. Thus, a static mortality table would be used and periodically updated to reflect the continued mortality improvements. Unfortunately, every time the System adopted lower mortality rates, a loss or increase in the unfunded liability would occur.

With advances in computing power, it has become more mainstream practice to incorporate generational mortality into the valuation models. The idea behind adopting a generational mortality model is to avoid the experience study "correction" factor. While minor adjustments may need to be made in the future, the constant bias towards needing to reduce mortality rates is avoided.

The expectation of continued increases in longevity is supported by national trends. The following graph provides the expected remaining lifetime in years for a 65 year old retiree measured beginning in 1960. Notice the recent uptrend in female longevity after almost two decades of relatively minimal improvement. This significant change in pattern (most of which has occurred since 2004) has led most of the profession to agree that future improvements will likely continue.



National Vital Statistics Reports, Vol 58, No 21, June 2010
National Vital Statistics Reports, Vol 59, No 4, March 2011

The issue of future mortality improvement is one that the governing bodies of our profession have recently become more concerned about. This has resulted in recent changes to the relevant Actuarial Standard of Practice, ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations. The standard now requires pension actuaries to make and disclose an assumption as to expected mortality improvement after the valuation date. However, even without the revision to the standard, we would feel compelled to make a large allowance for mortality improvement based on the current trends.

Based on this analysis, we believe two changes are necessary:

- First, we need to select new base tables that better match current experience, and
- Second, establish a new approach to projecting future increases in life expectancy, since setting a 10-20% margin on the A/E ratios is has been insufficient to keep up with the actual increases in life expectancy

Therefore, we are recommending, first, the adoption of the following new base tables:

- For nondisabled general retirees (state and municipal employees): the RP-2000 Combined mortality table for males and females
  - With the male rates multiplied by 100%
  - With the female rates setback one year and multiplied by 90%
- For nondisabled retired public school district employees: the RP-2000 Combined mortality table for males and females with white collar adjustment,
  - With male rates multiplied by 110%
  - With female rates multiplied by 95%
- For nondisabled retired PORS members: the RP-2000 Combined mortality table for males and females with blue collar adjustment,
  - With male and female rates multiplied by 115%

Second, we will apply Scale AA, an industry standard mortality improvement table used in both pension and life insurance work. By doing this, future mortality rates will be projected to continually decrease each year in the future. Therefore, the life expectancy at age 65 for someone reaching 65 now will not be as long as the life expectancy for someone reaching 65 in 2020, and her life expectancy will not be as long as someone reaching 65 in 2040, etc. The following table provides the life expectancy for individuals retiring in future years based on the proposed assumption with full generational projection.

Proposed Life Expectancy for an Age 65 Retiree in Years					
Group	Year of Retirement				
	2010	2015	2020	2025	2030
General Employee - Male	19.3	19.6	20.0	20.4	20.7
General Employee - Female	22.1	22.3	22.5	22.7	22.9
Public School District Employees - Male	19.2	19.5	19.9	20.3	20.6
Public School District Employees - Female	22.1	22.4	22.6	22.8	22.9
PORS - Male	17.4	17.8	18.2	18.6	19.0
PORS - Female	19.4	19.7	19.9	20.1	20.4

Scale AA was released in conjunction with the RP-2000 tables, and is the most current projection table published by the profession. Under Scale AA, mortality rates will decrease 0.1% - 2.0% each year, depending on the age and sex.

Because of this assumption of continuous improvement, life expectancies for today's younger active members are expected to be materially longer than those of today's retirees, and this has a significant impact on costs and liabilities.

The base year for both tables is 2000. That is, improvement is projected from that year to each year in the future. In setting the multipliers on the base tables, we compared the base tables, projected to 2008, roughly the midpoint of the experience study data, with actual deaths. This is what is shown on the detailed tables in Section VII, pages 70-75. As you can see from these tables, the multipliers were set to produce an A/E ratio, before projection into the future, of about or just over 100%. Unlike a static mortality table where an A/E ratio between 110% and 120% is generally desired to allow for a margin, an A/E ratio of 100% is desirable when using generational mortality because the margin is built into *future* mortality rates.

Disabled Retiree Mortality Rates

This is a minor assumption, and it has little impact on the liabilities of SCRS. We recommend no change for General Employees and Public School District Employees who already use a multiple of the RP2000 Disabled Mortality table. For PORS, we are recommending updating the current assumption to use a multiple of the same table for consistency with the other mortality assumptions. Details are shown in Section VII on pages 76-81.

Active Mortality Rates

Similar to experience in other plans we work with, mortality rates for active members are much lower than mortality rates for retired members. Currently, for active mortality, a multiplier is applied the underlying client-specific table to provide an appropriate fit. We have recommended slight changes to better fit the recent experience.

Details are shown in Section Vii on pages 82-87.

Disability Rates

We analyzed disability separately for males and females, state employees and Public School District Employees and PORS, as well as for ordinary and accidental disability.

We compared the number of actual and expected disabilities by group, taking into account the fact that members with less than five years of service and members eligible for retirement are not eligible for ordinary disability.

The analysis shows a reasonably close match across the groups. Given the relatively small number of members becoming disabled each year, we are recommending no change to the current assumption. Details are shown in Section VII on pages 88-92.

TERMINATION RATES

Termination rates reflect members who leave for any reason other than death, disability, or service retirement. They apply whether the termination is voluntary or involuntary, and whether the member takes a refund or keeps his/her account balance on deposit. The current termination rates are separated between a select period for members with less than 10 years of service which reflect the member's age, service and sex, and an ultimate period which is based age and sex. The current termination rate structure for the first ten years of service provides a reasonable fit the observed experience and we do not recommend any changes to this segment of the rate structure for General Employee and Public School District Employees. However, as discussed below, we are recommending a change to the structure of the assumption to better model the behavior of members with more than 10 years of service.

General Employees and Public School District Employees

Select Period (Members less than 10 years of service)

In the aggregate, the current assumptions produce desired A/E ratios at or above 100%. For this assumption, A/E ratios over 100% are conservative. The results are shown below:

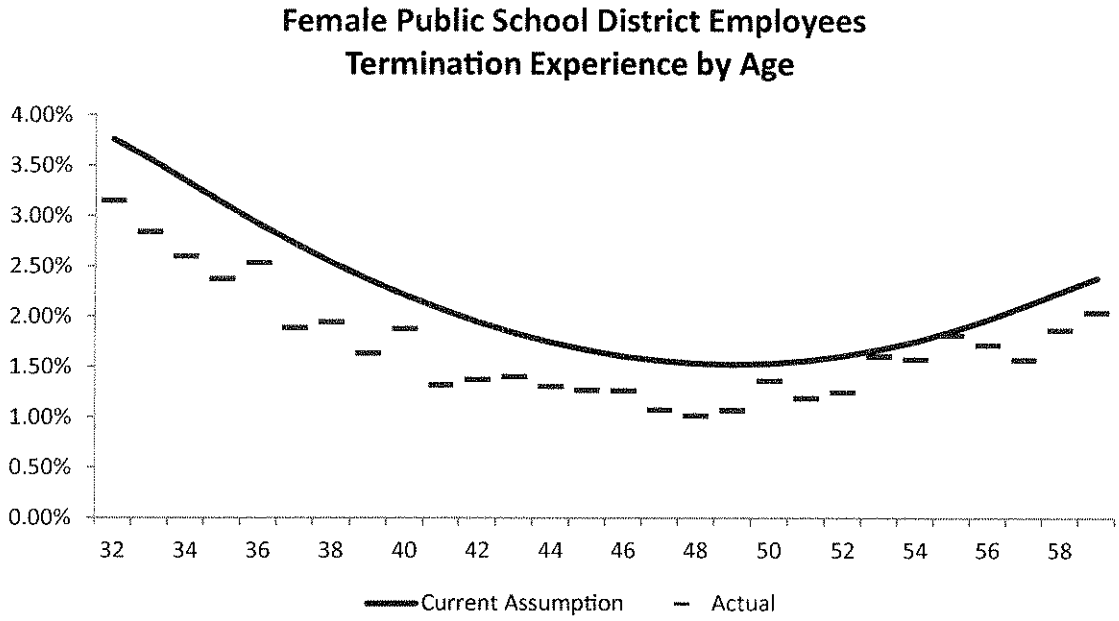
Termination Experience – Members with less than 10 years of Service				
	General Employees		Public School District Employees	
	Males	Females	Males	Females
Actual number	24,804	40,638	7,693	26,839
Expected number	24,632	40,726	7,220	25,186
A/E ratio (Current)	101%	100%	107%	107%

The above tables show the current tables match the current experience very well for General Employees and have some margin for conservatism for the Public School District Employees. Combined, they produce a desired level of margin at around 104%. Therefore, we are recommending no change to the current "select" termination assumptions.

Ultimate Period (Members with more than 10 years of service)

It is important to study the methodology of the assumptions to ensure that no unwanted bias exists. This is especially true for the termination assumption. The current assumption is based on age and service for the first ten years of a member's career, and then move into a table solely based on the member's age once they have more than ten years of service. This is a common approach for applying termination tables.

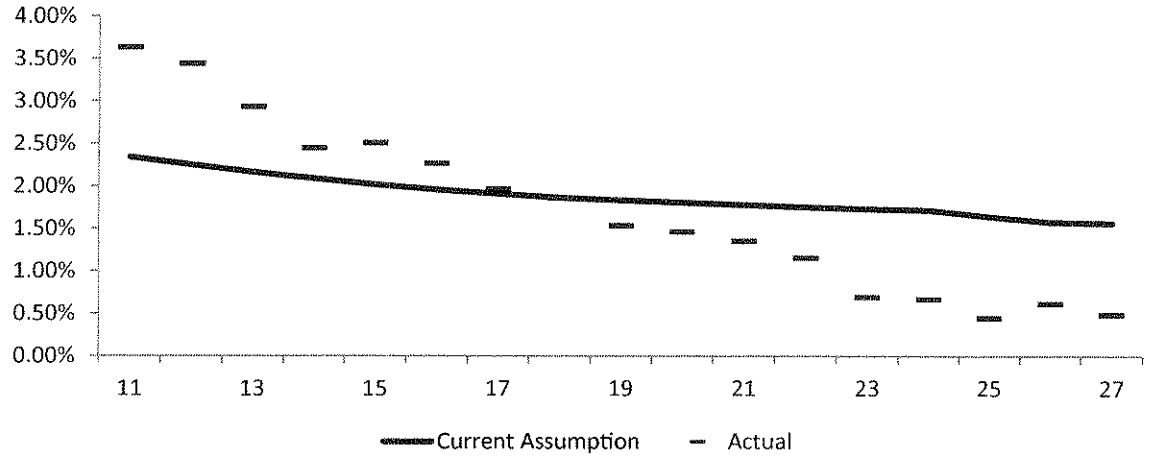
In the last few years, we have investigated the varying ways of setting up the "ultimate" rates. The following exhibit shows the current table for female Public School District Employees, along with the actual terminations during the period:



There are two interesting trends in this exhibit: (1) actual experience is significantly lower than the current assumption across the entire age spectrum, and (2) the unintuitive rise in the actual incidence of termination after age 50. This is not only counterintuitive, but also against most actuarial standards of setting withdrawal assumptions. This occurs because members with high service begin to reach retirement eligibility (28 years of service), leave the termination exposure, thus leaving members who have more than ten years of service, but not yet retirement eligible. In fact, if you look at the average service of the members who are in the exposure of the above trend past age 50, the average service is decreasing as age increases.

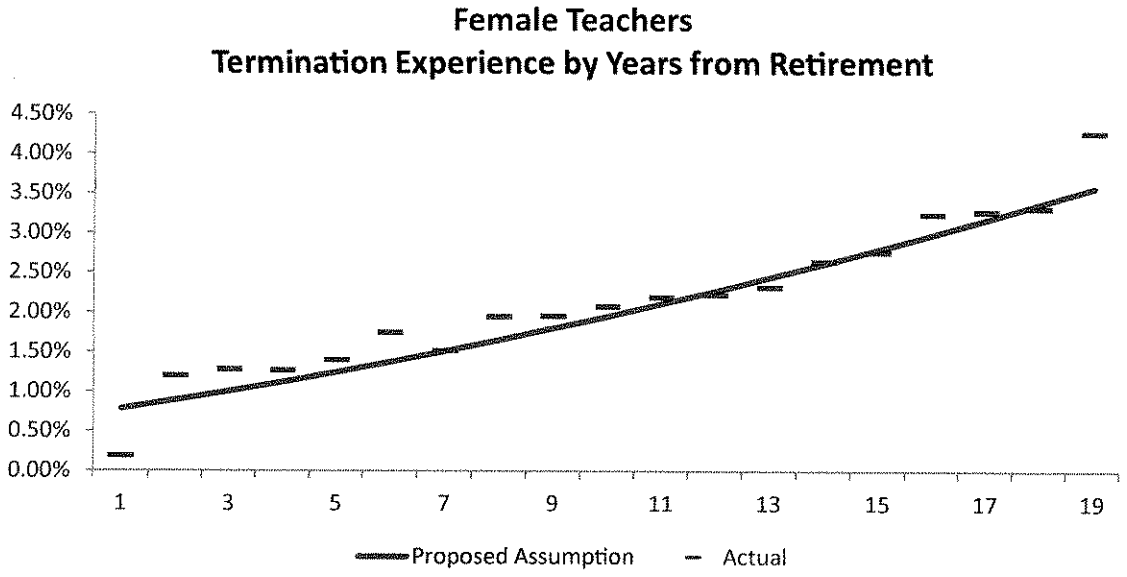
Actuarially, the limitation of this type of methodology is the fact that all members of the same age are treated equally, regardless of service. This leads to overstating the termination probabilities for members with lots of service and are nearing retirement. To show this effect, we have shown the same data from above, but distributed by service:

Female Public School District Employees
Termination Experience by Service



The difference between the current assumption and the actual experience for members with 20 or more years of experience create actuarial losses.

We could react to this effect by moving to service-based rates during the ultimate period, but this would result in the biased as above if we charted the results be age. What we have determined through testing is that the termination structure used during the select period should be tied to the retirement eligibility patterns. If the retirement eligibility pattern is strictly age-based, then age-based select rates should be utilized, and likewise, if the retirement eligibility is service-based, then a service-based pattern should be utilized. However, SCRS has multiple retirement eligibilities, one based on age, one on service, and a subsidized early retirement eligibility condition based on both. Therefore, the best structure to utilize is based on years from retirement. The idea being that all members one year from retirement will be behave the same, and all members two years from retirement will be treated the same, and so on. The following exhibit portrays the same experience prior two analysis discussed above, but based on the number of years before the member is eligible for retirement:



Notice that the assumption consistently models the actual experience, the probability of termination decreases as the member nears retirement. This type of structure more closely mimics how liabilities are accrued throughout a career and are not biased to produce actuarial gains or losses. Details are shown in Section VII on pages 93-100.

PORS

Members of PORS have entry ages that are more closely grouped together at younger ages. Therefore, the majority of members attain the 25 years of service retirement eligibility condition before the age 55 eligibility requirement. Therefore, a termination structure based solely on service is sufficient without introducing unwanted bias in assumption set. The current assumption underestimated the termination rates for members with less than 15 years of service, and overestimated the rate of terminations for members with 15 or more years of service. Therefore, the rates have been adjusted to better fit the historical and expected experience. Details are shown in Section VII on page 101.

Retirement Rates

The retirement rates are currently only applied to members eligible for retirement. There are separate assumptions for males and females, and for General Employees, Public School District Employees, and PORS. The current assumption is based on the member's age, meaning the same rate of retirement is applied to all members of the same age, regardless of differences in service. There is an additional retirement probability applied for the first year a member becomes eligible for retirement. Under the current assumptions, members of PORS are assumed to retire by age 65. All members of SCRS are assumed to retire by age 70.

It is important to note that members in TERI are considered to be retirees for purposes of calculating the liability in the actuarial valuation and so any reference to retirement will include members entering TERI as well as members who retire directly from active status.

For this assumption, an A/E ratio between 90% and 100% is desirable for conservatism. Generally, the experience shows there is a fairly good match to the current assumptions. While we recommend slightly lowering the rates of retirement for some age groups where the expected number of retirements was just a little high, overall, the change in the expected number of retirements was minor.

However, we also recommend adding a new structure to the retirement assumptions to move away from the age-indexed rates for members who reach 28 years of service before age 65, since we believe their retirement patterns are driven more by a function of service, rather than age.

Therefore, we created new assumptions for members who first become eligible for unreduced retirement before age 65 for SCRS and 55 for PORS, which are a function of service. For this group, we assumed everyone would be retired by the time they reached 40 years of service. For other members who retire after age 65, we use the age-based retirement rates. Experience also shows a small group of members who continue to work into their mid-70s, and a few work even longer. Therefore, the recommended assumptions now assume everyone retires by age 75. The new rates are shown in Section VII pages 102-115.

SERVICE PURCHASE

Members of SCRS and PORS can purchase service for benefits and retirement eligibility on a qualified and a non-qualified basis. Qualified service is purchase at a member cost of 16% of salary per year and non-qualified service costs the member 35% of salary per year. Members can purchase eligible service at any time while they are actively employed. Experience shows that the majority of members who purchase service, do so just before retirement. Because the purchase price is a fixed percentage of payroll, waiting until late in their career to purchase the service causes the price of the service purchase to be insufficient to cover the increased value in the benefit, resulting in the plan subsidizing the cost of the member's service purchase. Also, since the purchase can change the eligibility for retirement, an actuarial loss in the actuarial valuation will result due decrease in the member's retirement eligibility age.

As a result, the Staff provided us with data to enable us to develop an assumption to anticipate future service purchases by members before retirement. This assumption will be added to portions of the member population who begin purchasing needed service to retire under the service only eligibility conditions when they are within five years away from retirement. Detail on the new expected pattern is provided in the Sections V and VI.

OTHER ASSUMPTIONS

There are other assumptions made in the course of a valuation, such as the percentage of members who are married, the age difference between members and spouses, the likelihood that a

terminating employee will take a refund, etc. We have thoroughly reviewed all of these ancillary assumptions, and believe they are generally realistic and/or conservative. Therefore, we recommend no changes to these other assumptions.

ACTUARIAL METHODS

The individual Entry Age Normal cost method (EAN) is the current funding method being used to allocate the actuarial costs of the System. The Entry Age Normal method will generally produce relatively level contribution amounts as a percentage of payroll from year to year, and allocates costs among various generations of taxpayers in a reasonable manner. It is by far the most commonly used actuarial cost method for large public retirement systems. We continue to believe this is the most appropriate funding method and recommend no change.

For members who have correlated service with another employer, the cost method will assume the member has no accrued liability at the date of hire and will accrue all benefits from the hire date with the current employer. Service from the other employers will be used in determining retirement eligibilities, but not in allocating the accruals over the career of the employee.

We also recommend modifying the method for determining actuarial value of assets. We recommend the use of a 5-year asset smoothing method that recognizes 20% of each of the investment gains or losses each year after they occur. Alternatively, if continued use of the 10-year smoothing method is desired, then we recommend adopting a 20% asset corridor around the market value of assets to ensure the actuarial value of assets does not significantly deviate from the actual market value.

Any change in method to determine the actuarial value of assets would be prospective only and would not impact the June 30, 2010 valuation results.

SECTION IV
ACTUARIAL IMPACT OF RECOMMENDATIONS

Estimated Actuarial Impact of Recommendations

For illustrative purposes, the following tables compare key statistics from the June 30, 2010 actuarial valuation report before and after taking into account the recommended new assumptions.

The valuation results shown in the proposed assumptions include a 2% automatic COLA. Even though the automatic COLA will decrease from 2% to 1% for SCRS when the investment return assumption is decreased to 7.50%, we believe it is important to compare the costs assuming there is no change in benefits to provide a direct and unbiased comparison of the impact of the proposed assumption changes.

SCRS ($ amounts in '000s)

	6/30/2010 Valuation (1)	Proposed Assumptions (2)	$ Difference (3)	% Difference (4)
Liability Information				
1. Prior Year's Payroll provided by System	$ 7,392,244	$ 7,392,244	-	0.0%
2. Projected Payroll for Next Fiscal Year[1]	$ 7,769,820	$ 7,688,659	(81,161)	-1.0%
3. Actuarial Present Value of Benefits				
a. Active Members	$ 20,986,309	$ 23,835,913	$ 2,849,604	13.6%
b. Members in Payment Status	22,585,243	24,142,461	1,557,218	6.9%
c. Other Members	794,381	824,212	29,831	3.8%
d. Total Present Value of Future Benefits	$ 44,365,933	$ 48,802,587	$ 4,436,654	10.0%
4. Total Normal Cost	10.01%	11.76%	1.75%	17.5%
5. Actuarial Accured Liability				
a. Active Members	$ 15,394,405	$ 17,454,842	$ 2,060,437	13.4%
b. Members in Payment Status	22,585,243	24,142,461	1,557,218	6.9%
c. Other Members	794,381	824,212	29,831	3.8%
d. Total Actuarial Accrued Liability	$ 38,774,029	$ 42,421,515	$ 3,647,486	9.4%
6. Actuarial Value of Assets	$ 25,400,331	$ 25,400,331		
7. Unfunded Actuarial Accured Liability (5.d. - 6.)	$ 13,373,698	$ 17,021,184	$ 3,647,486	27.3%
8. Funding Ratio - Actuarial Value Assets Basis	65.5%	59.9%	-5.6%	-8.6%
9. Funding Ratio - Market Value of Assets Basis	50.8%	46.4%	-4.4%	-8.6%
Statutory Contribution Rate Information				
10. Employer Normal Cost	3.51%	5.26%	1.75%	49.9%
11. Amortization of Unfunded Liability	6.17%	4.42%	-1.75%	-28.4%
12. Total Employer Contribution Rate	9.68%	9.68%	0.00%	0.0%
13. Amortization Period - Current Contribution Rate	37.6	Never	N/A	N/A
14. 30-Year Funding Contribution Rate -AVA	10.60%	14.76%	4.16%	39.3%
15. 25-Year Funding Contribution Rate - AVA	11.34%	16.65%	5.31%	46.8%
16. 30-Year Funding Contribution Rate - MVA	13.84%	18.94%	5.09%	36.8%

[1] Projected payroll for fiscal year 2011 (excludes compensation attributable to members in TERI and return to work retirees).

We believe the Board's decision about whether or not to adopt our recommendations should be based not only on the appropriateness of each recommendation individually but also on the collective effect on the contribution rate or the actuarial liabilities. Therefore, we do not recommend individual changes be selectively picked based on their financial impact. However, for informational purposes, the table on the next page shows the changes in (i) the UAAL, (ii) the 30-year ARC expressed as a percent of payroll due to each of the recommended assumption changes.

	UAAL ($ 000s)	30-Year Contribution Rate
	(1)	(2)
Liability Information		
6/30/2010 Valuation	$ 13,373,698	10.60%
Increase/(Decrease) due to:		
Parallel Valuation	53,313	-0.04%
General Methodology Changes	264,818	0.31%
Withdrawal	123,685	0.09%
Service Purchase	158,810	0.17%
Longevity	1,062,459	0.93%
Inflation *	972,570	0.86%
Individual Salary Increases	(204,655)	0.14%
Overall Payroll Growth	0	0.66%
Investment Return	1,216,486	1.04%
All Changes Reflected	$ 17,021,184	14.76%

*The change to inflation includes a reduction of 0.25% in the nominal values across all economic assumptions, including the reduction in the nominal investment return assumption from 8.00% to 7.75%, decrease in the ultimate wage inflation from 4.00% to 3.75%, and decrease in the payroll growth assumption from 4.00% to 3.75%.

As can be seen, the changes in the inflation, life expectancy, and real rate of investment return above inflation were the most significant items, with the changes in the inflation and investment return assumption each increasing the UAAL by at least $1 billion.

We understand that lowering the investment return assumption below 8% may lower the automatic COLA by 1% for SCRS. If true, and the 1% reduction in future cost of living increases is reflected in the actuarial assumptions, the UAAL above would decrease by $3.7 B to $13.3B and the 30-year contribution rate would decrease from 14.76% of payroll to 11.56%. The following exhibit provides all of the financing detail assuming a 1% future automatic COLA.

	6/30/2010 Valuation (1)	Proposed Assumptions, Including 1% COLA (2)	$ Difference (3)	% Difference (4)
Liability Information				
1. Prior Year's Payroll provided by System	$ 7,392,244	$ 7,392,244	-	0.0%
2. Projected Payroll for Next Fiscal Year[1]	$ 7,769,820	$ 7,688,659	(81,161)	-1.0%
3. Actuarial Present Value of Benefits				
a. Active Members	$ 20,986,309	$ 21,622,606	$ 636,297	3.0%
b. Members in Payment Status	22,585,243	22,134,963	(450,280)	-2.0%
c. Other Members	794,381	802,439	8,058	1.0%
d. Total Present Value of Future Benefits	$ 44,365,933	$ 44,560,007	$ 194,074	0.4%
4. Total Normal Cost	10.01%	10.77%	0.76%	7.5%
5. Actuarial Accured Liability				
a. Active Members	$ 15,394,405	$ 15,791,269	$ 396,864	2.6%
b. Members in Payment Status	22,585,243	22,134,963	(450,280)	-2.0%
c. Other Members	794,381	802,439	8,058	1.0%
d. Total Actuarial Accrued Liability	$ 38,774,029	$ 38,728,670	$ (45,359)	-0.1%
6. Actuarial Value of Assets	$ 25,400,331	$ 25,400,331		
7. Unfunded Actuarial Accured Liability (5.d. - 6.)	$ 13,373,698	$ 13,328,339	$ (45,359)	-0.3%
8. Funding Ratio - Actuarial Value Assets Basis	65.5%	65.6%	0.1%	0.1%
9. Funding Ratio - Market Value of Assets Basis	50.8%	50.8%	0.1%	0.1%
Statutory Contribution Rate Information				
10. Employer Normal Cost	3.51%	4.27%	0.76%	21.7%
11. Amortization of Unfunded Liability	6.17%	5.41%	-0.76%	-12.3%
12. Total Employer Contribution Rate	9.68%	9.68%	0.00%	0.0%
13. Amortization Period - Current Contribution Rate	37.6	64.7	N/A	N/A
14. 30-Year Funding Contribution Rate -AVA	10.60%	11.56%	0.96%	9.1%
15. 25-Year Funding Contribution Rate - AVA	11.34%	13.14%	1.80%	15.9%
16. 30-Year Funding Contribution Rate - MVA	13.84%	15.67%	1.83%	13.2%

[1] Projected payroll for fiscal year 2011 (excludes compensation attributable to members in TERI and return to work retirees).

PORS ($ amounts in 000s)

The valuation results shown in the proposed assumptions include a 2% automatic COLA. Even though the automatic COLA will be reduced to 0% for PORS when the investment return assumption is decreased below 8.0%, we believe, for the same reasons described above regarding the comparison for effects of the assumption changes for SCRS, it is important to compare the costs assuming there is no change in benefits, including the automatic COLA.

	June 30, 2010 Valaution	Proposed Assumptions	$ Difference	% Difference
	(1)	(2)	(3)	(4)
Liability Information				
1. Prior Year's Payroll provided by System	$ 1,023,391	$ 1,023,391	$ -	0.0%
2. Projected Payroll for Next Fiscal Year[1]	$ 1,076,467	$ 1,058,003	$ (18,464)	-1.7%
3. Actuarial Present Value of Benefits				
a. Active Members	$ 3,256,790	$ 3,763,947	$ 507,157	15.6%
b. Members in Payment Status	2,577,772	2,811,452	233,680	9.1%
c. Other Members	110,574	124,396	13,822	12.5%
d. Total Present Value of Future Benefits	$ 5,945,136	$ 6,699,796	$ 754,660	12.7%
4. Total Normal Cost	13.74%	16.10%	2.36%	17.2%
5. Actuarial Accured Liability				
a. Active Members	$ 2,162,111	$ 2,555,961	$ 393,850	18.2%
b. Members in Payment Status	2,577,772	2,811,452	233,680	9.1%
c. Other Members	110,574	124,396	13,822	12.5%
d. Total Actuarial Accrued Liability	$ 4,850,457	$ 5,491,810	$ 641,353	13.2%
6. Actuarial Value of Assets	$ 3,612,700	$ 3,612,700		
7. Unfunded Actuarial Accured Liability (5.d. - 6.)	$ 1,237,757	$ 1,879,110	$ 641,353	51.8%
8. Funding Ratio - Actuarial Value Assets Basis	74.5%	65.8%	-8.7%	-11.7%
9. Funding Ratio - Market Value of Assets Basis	58.8%	51.9%	-6.9%	-11.7%
Statutory Contribution Rate Information				
10. Employer Normal Cost	7.240%	9.600%	2.360%	32.6%
11. Amortization of Unfunded Liability	4.755%	2.395%	-2.360%	-49.6%
12. Total Employer Contribution Rate	11.995%	11.995%		0.0%
13. Amortization Period - Current Contribution Rate	32.8	Never	N/A	N/A
14. 30-Year Funding Contribution Rate -AVA	12.30%	18.06%	5.76%	46.8%
15. 25-Year Funding Contribution Rate - AVA	13.00%	20.94%	7.93%	61.0%
16. 30-Year Funding Contribution Rate - MVA	16.07%	23.60%	7.54%	46.9%

[1] Projected payroll for fiscal year 2011 (excludes compensation attributable to return to work retirees).

We believe the Board's decision about whether or not to adopt our recommendations should be based not only on the appropriateness of each recommendation individually but also on the collective effect on the contribution rate or the actuarial liabilities. Therefore, we do not recommend individual changes be selectively chosen based on their financial impact. However, for informational purposes, the table on the next page shows the changes in (i) the UAAL, (ii) the 30-year ARC expressed as a percent of payroll due to each of the recommended assumption changes.

	UAAL ($ 000s)	30-Year Contribution Rate
Liability Information		
6/30/2010 Valuation	$ 1,237,757	12.30%
Increase/(Decrease) due to:		
Parallel Valuation	5,218	0.14%
General Methodology Changes	54,012	0.23%
Service Purchase	32,212	0.35%
Longevity	281,685	2.33%
Inflation *	133,252	1.10%
Individual Salary Increases	41,653	-0.03%
Overall Payroll Growth	0	0.62%
Investment Return	93,321	1.02%
All Changes Reflected	$ 1,879,110	18.06%

* The change to inflation includes the reduction in the nominal investment return assumption from 8.00% to 7.75%, decrease in the ultimate wage inflation from 4.50% to 4.25%, and decrease in the payroll growth assumption from 4.00% to 3.75%.

We understand that lowering the investment return assumption below 8% may lower the automatic COLA by 2% for PORS. If true, and the 2% reduction in future cost of living increases is reflected in the actuarial assumptions, the UAAL above would decrease by $927 M to $952 M and the 30-year contribution rate would decrease from 18.06% of payroll to 10.87%.

	June 30, 2010 Valaution (1)	Proposed Assumptions with 0% COLA (2)	$ Difference (3)	% Difference (4)
Liability Information				
1. Prior Year's Payroll provided by System	$ 1,023,391	$ 1,023,391	$ -	0.0%
2. Projected Payroll for Next Fiscal Year[1]	$ 1,076,467	$ 1,058,003	$ (18,464)	-1.7%
3. Actuarial Present Value of Benefits				
a. Active Members	$ 3,256,790	$ 3,098,273	$ (158,517)	-4.9%
b. Members in Payment Status	2,577,772	2,360,236	(217,536)	-8.4%
c. Other Members	110,574	107,494	(3,080)	-2.8%
d. Total Present Value of Future Benefits	$ 5,945,136	$ 5,566,003	$ (379,133)	-6.4%
4. Total Normal Cost	13.74%	13.37%	-0.37%	-2.7%
5. Actuarial Accured Liability				
a. Active Members	$ 2,162,111	$ 2,096,555	$ (65,556)	-3.0%
b. Members in Payment Status	2,577,772	2,360,236	(217,536)	-8.4%
c. Other Members	110,574	107,494	(3,080)	-2.8%
d. Total Actuarial Accrued Liability	$ 4,850,457	$ 4,564,286	$ (286,171)	-5.9%
6. Actuarial Value of Assets	$ 3,612,700	$ 3,612,700		
7. Unfunded Actuarial Accured Liability (5.d. - 6.)	$ 1,237,757	$ 951,586	$ (286,171)	-23.1%
8. Funding Ratio - Actuarial Value Assets Basis	74.5%	79.2%	4.7%	6.3%
9. Funding Ratio - Market Value of Assets Basis	58.8%	62.5%	3.7%	6.3%
Statutory Contribution Rate Information				
10. Employer Normal Cost	7.240%	6.870%	-0.370%	-5.1%
11. Amortization of Unfunded Liability	4.755%	5.125%	0.370%	7.8%
12. Total Employer Contribution Rate	11.995%	11.995%		0.0%
13. Amortization Period - Current Contribution Rate	32.8	19.9	(12.9)	-39.3%
14. 30-Year Funding Contribution Rate -AVA	12.30%	10.87%	-1.43%	-11.6%
15. 25-Year Funding Contribution Rate - AVA	13.00%	12.93%	-0.08%	-0.6%
16. 30-Year Funding Contribution Rate - MVA	16.07%	16.11%	0.05%	0.3%

[1] Projected payroll for fiscal year 2011 (excludes compensation attributable to return to work retirees).

SECTION V

SUMMARY OF NEW ASSUMPTIONS – SCRS

Summary Of Actuarial Methods And Assumptions

The following presents a summary of the actuarial assumptions and methods used in the valuation of the South Carolina Retirement System.

Investment Rate of Return

Assumed annual rate of 7.50% net of investment and administrative expenses composed of a 2.75% inflation component and a 4.75% real rate of return, net of investment and administration expenses.

Rates of Annual Salary Increase

Rates of annual salary increase are assumed to vary for the first 19 years of service due to expected merit and promotional increases which differs by employee group. Beginning with the 20th year of service, the assumed annual rate of increase is 3.50% for both groups and for all future years of service.

The 3.50% rate of increase is composed of a 2.75% inflation component and a 0.75% real rate of wage increase (productivity) component.

Active Male & Female Salary Increase Rate				
Years of Service	General Employees		Teachers	
	Annual Promotional/Longevity Rates of Increase	Total Annual Rate of Increase Including 3.50% Wage Inflation	Annual Promotional/Longevity Rates of Increase	Total Annual Rate of Increase Including 3.50% Wage Inflation
0	2.50%	6.00%	4.00%	7.50%
1	2.50%	6.00%	9.00%	12.50%
2	2.00%	5.50%	3.00%	6.50%
3	1.50%	5.00%	2.75%	6.25%
4	1.25%	4.75%	2.50%	6.00%
5	1.00%	4.50%	2.25%	5.75%
6	0.75%	4.25%	2.00%	5.50%
7	0.50%	4.00%	1.75%	5.25%
8	0.50%	4.00%	1.75%	5.25%
9	0.25%	3.75%	1.50%	5.00%
10	0.25%	3.75%	1.50%	5.00%
11	0.25%	3.75%	1.50%	5.00%
12	0.25%	3.75%	1.25%	4.75%
13	0.25%	3.75%	1.00%	4.50%
14	0.25%	3.75%	1.00%	4.50%
15	0.00%	3.50%	1.00%	4.50%
16	0.00%	3.50%	0.75%	4.25%
17	0.00%	3.50%	0.50%	4.00%
18	0.00%	3.50%	0.25%	3.75%
19	0.00%	3.50%	0.25%	3.75%
20+	0.00%	3.50%	0.00%	3.50%

Active Member Decrement Rates

a. Assumed rate of Service Retirement or TERI entry are shown in the following tables. The first table is for members who attain age 65 before attaining 28 years of service. The second table is based on service and is for members who attain 28 years of service before age 65.

Annual Age Based Retirement Rates								
Age	General Employees				Teachers			
	Reduced		Normal		Reduced		Normal	
	Male	Female	Male	Female	Male	Female	Male	Female
55	10%	9%	0%	0%	10%	9%	0%	0%
56	9%	10%	0%	0%	11%	9%	0%	0%
57	9%	10%	0%	0%	11%	10%	0%	0%
58	9%	11%	0%	0%	11%	10%	0%	0%
59	9%	11%	0%	0%	11%	10%	0%	0%
60	9%	11%	0%	0%	11%	10%	0%	0%
61	9%	11%	0%	0%	11%	13%	0%	0%
62	22%	20%	0%	0%	22%	20%	0%	0%
63	16%	18%	0%	0%	22%	20%	0%	0%
64	16%	18%	0%	0%	22%	20%	0%	0%
65	0%	0%	30%	30%	0%	0%	25%	30%
66	0%	0%	25%	25%	0%	0%	25%	30%
67	0%	0%	20%	20%	0%	0%	25%	30%
68	0%	0%	20%	20%	0%	0%	25%	25%
69	0%	0%	20%	20%	0%	0%	25%	25%
70	0%	0%	20%	20%	0%	0%	25%	25%
71	0%	0%	20%	20%	0%	0%	25%	25%
72	0%	0%	20%	20%	0%	0%	25%	25%
73	0%	0%	20%	20%	0%	0%	25%	25%
74	0%	0%	20%	20%	0%	0%	25%	25%
75	0%	0%	100%	100%	0%	0%	100%	100%

Annual Service Based Retirement Rates				
Years of Service	General Employees		Teachers	
	Male	Female	Male	Female
28	45%	50%	50%	55%
29	30%	30%	30%	30%
30	20%	20%	30%	30%
31	18%	18%	30%	30%
32	18%	16%	30%	30%
33	18%	16%	30%	30%
34	18%	16%	30%	30%
35	18%	16%	30%	40%
36	20%	16%	30%	40%
37	20%	16%	30%	40%
38	20%	16%	30%	40%
39	20%	16%	30%	40%
40	100%	100%	100%	100%
41	100%	100%	100%	100%
42	100%	100%	100%	100%
43	100%	100%	100%	100%
44	100%	100%	100%	100%
45	100%	100%	100%	100%
46	100%	100%	100%	100%
47	100%	100%	100%	100%
48	100%	100%	100%	100%

b. Members are assumed to purchase service and retire as they become within 5 years of a service related eligibility condition (23 years of service, Age 55 with more than 20 years of service). 80% of purchased service is expected to be at 16% of payroll and 20% at 35% of payroll. Members are assumed to purchase service based on the following probabilities:

	Less than Age 55	Over Age 55, but less than Age 65	
Years of Service	Assumed Probability of Purchasing Unreduced Eligibility Service	Assumed Probability of Purchasing Unreduced Eligibility Service	Assumed Probability of Purchasing Reduced Eligibility Service
20		0.50%	0.50%
21		0.75%	0.75%
22		1.00%	1.00%
23	1.00%	1.00%	2.50%
24	1.00%	1.00%	3.50%
25	2.00%	2.00%	
26	3.00%	3.00%	
27	7.00%	7.00%	

c. Assumed rates of disability are shown in the following table.

Disability Rates				
Age	General Employees		Teachers	
	Males	Females	Males	Females
25	0.0630%	0.0580%	0.0524%	0.0572%
30	0.1260%	0.0812%	0.0786%	0.0770%
35	0.1890%	0.1624%	0.1048%	0.0770%
40	0.3150%	0.2088%	0.1965%	0.1342%
45	0.4410%	0.3016%	0.3275%	0.2750%
50	0.6300%	0.5104%	0.5240%	0.4400%
55	1.0080%	0.8120%	0.8515%	0.7150%
60	1.2600%	1.2412%	1.3100%	1.1000%
64	1.5750%	1.7284%	1.6375%	1.3750%

d. Active Member Mortality

Rates of active member mortality are based upon a client specific table with applicable multipliers to match the experience.

Active Mortality Rates (Multiplier Applied)				
Age	General Employees		Teachers	
	Males	Females	Males	Females
25	0.0414%	0.0166%	0.0432%	0.0145%
30	0.0488%	0.0211%	0.0511%	0.0185%
35	0.0850%	0.0380%	0.0889%	0.0333%
40	0.1187%	0.0565%	0.1241%	0.0494%
45	0.1659%	0.0899%	0.1734%	0.0787%
50	0.2352%	0.1341%	0.2459%	0.1173%
55	0.3332%	0.2021%	0.3483%	0.1768%
60	0.5366%	0.3145%	0.5610%	0.2752%
64	0.7731%	0.4343%	0.8082%	0.3800%
Multiplier	110%	80%	115%	70%

e. Rates of Withdrawal

Rate of withdrawal for active members prior to eligibility for retirement are based upon actual experience from 2002 through 2010. Rates are developed for each employee group and differ by gender and service. Sample rates are shown in the tables below.

Withdrawal Rates - Male General Employees															
Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.329	0.247	0.190	0.155	0.134	0.117	0.096	0.078	0.065	0.059	0.066	0.000	0.000	0.000	0.000
30	0.294	0.221	0.173	0.142	0.124	0.109	0.095	0.082	0.070	0.060	0.053	0.047	0.044	0.042	0.039
35	0.268	0.200	0.155	0.129	0.112	0.101	0.092	0.082	0.072	0.059	0.042	0.047	0.044	0.042	0.039
40	0.246	0.180	0.138	0.114	0.100	0.092	0.086	0.079	0.069	0.055	0.033	0.042	0.042	0.042	0.039
45	0.226	0.164	0.123	0.100	0.088	0.082	0.078	0.073	0.064	0.049	0.027	0.039	0.036	0.034	0.032
50	0.208	0.150	0.111	0.089	0.077	0.072	0.068	0.063	0.055	0.042	0.022	0.029	0.029	0.029	0.029
55	0.194	0.141	0.104	0.081	0.069	0.060	0.054	0.049	0.042	0.033	0.021	0.020	0.020	0.020	0.020
60	0.183	0.135	0.100	0.077	0.063	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.036	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.036	0.034	0.032	0.029	0.027	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.036	0.034	0.032	0.029	0.027	0.025	0.023	0.022	0.020	0.018	0.017	0.000	0.000	0.000	
45	0.029	0.029	0.029	0.029	0.027	0.025	0.023	0.022	0.020	0.018	0.017	0.016	0.014	0.000	
50	0.029	0.027	0.025	0.023	0.022	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.014	0.000	
55	0.020	0.020	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.014	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Withdrawal Rates - Female General Employees															
Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.298	0.246	0.206	0.177	0.156	0.138	0.125	0.116	0.109	0.103	0.094	0.000	0.000	0.000	0.000
30	0.271	0.224	0.186	0.159	0.140	0.125	0.115	0.106	0.097	0.085	0.069	0.052	0.049	0.045	0.042
35	0.251	0.202	0.166	0.141	0.124	0.113	0.104	0.096	0.086	0.071	0.051	0.052	0.049	0.045	0.042
40	0.233	0.180	0.145	0.123	0.110	0.101	0.093	0.085	0.075	0.059	0.037	0.045	0.045	0.045	0.042
45	0.217	0.162	0.127	0.108	0.097	0.089	0.082	0.075	0.064	0.049	0.028	0.042	0.039	0.036	0.033
50	0.204	0.149	0.115	0.097	0.086	0.079	0.071	0.064	0.054	0.041	0.023	0.030	0.030	0.030	0.030
55	0.195	0.143	0.109	0.089	0.078	0.069	0.061	0.053	0.044	0.035	0.024	0.020	0.020	0.020	0.020
60	0.187	0.141	0.108	0.085	0.070	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.039	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.039	0.036	0.033	0.030	0.028	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.039	0.036	0.033	0.030	0.028	0.025	0.023	0.022	0.020	0.018	0.017	0.000	0.000	0.000	
45	0.030	0.030	0.030	0.030	0.028	0.025	0.023	0.022	0.020	0.018	0.017	0.016	0.015	0.000	
50	0.030	0.028	0.025	0.023	0.022	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.015	0.000	
55	0.020	0.020	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.015	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Withdrawal Rates - Male Teachers															
Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.296	0.203	0.138	0.097	0.072	0.058	0.051	0.051	0.052	0.054	0.056	0.000	0.000	0.000	0.000
30	0.272	0.192	0.136	0.099	0.078	0.066	0.061	0.058	0.054	0.048	0.039	0.027	0.026	0.025	0.025
35	0.253	0.182	0.132	0.099	0.081	0.071	0.066	0.061	0.054	0.043	0.027	0.027	0.026	0.025	0.025
40	0.237	0.173	0.127	0.098	0.082	0.073	0.068	0.062	0.053	0.039	0.020	0.025	0.025	0.025	0.025
45	0.224	0.165	0.123	0.096	0.081	0.073	0.067	0.060	0.050	0.036	0.017	0.025	0.024	0.023	0.023
50	0.214	0.159	0.119	0.094	0.079	0.070	0.063	0.055	0.046	0.034	0.017	0.022	0.022	0.022	0.022
55	0.206	0.155	0.117	0.091	0.074	0.065	0.056	0.048	0.040	0.032	0.022	0.017	0.017	0.017	0.017
60	0.200	0.152	0.114	0.087	0.067	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.024	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.024	0.023	0.023	0.022	0.021	0.020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.024	0.023	0.023	0.022	0.021	0.020	0.019	0.018	0.017	0.015	0.014	0.000	0.000	0.000	
45	0.022	0.022	0.022	0.022	0.021	0.020	0.019	0.018	0.017	0.015	0.014	0.012	0.009	0.000	
50	0.022	0.021	0.020	0.019	0.018	0.017	0.017	0.017	0.017	0.015	0.014	0.012	0.009	0.000	
55	0.017	0.017	0.017	0.017	0.017	0.017	0.015	0.014	0.012	0.009	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Withdrawal Rates - Female Teachers															
Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.230	0.161	0.121	0.101	0.089	0.084	0.083	0.080	0.073	0.066	0.060	0.000	0.000	0.000	0.000
30	0.227	0.166	0.126	0.101	0.088	0.080	0.075	0.070	0.062	0.053	0.043	0.032	0.030	0.028	0.026
35	0.217	0.160	0.121	0.097	0.083	0.075	0.068	0.062	0.054	0.043	0.030	0.032	0.030	0.028	0.026
40	0.204	0.148	0.111	0.088	0.076	0.068	0.062	0.055	0.048	0.037	0.021	0.028	0.028	0.028	0.026
45	0.193	0.136	0.100	0.080	0.068	0.062	0.056	0.050	0.044	0.033	0.016	0.026	0.024	0.023	0.021
50	0.187	0.130	0.094	0.074	0.063	0.057	0.052	0.048	0.042	0.032	0.015	0.020	0.020	0.020	0.020
55	0.188	0.131	0.094	0.073	0.063	0.054	0.051	0.047	0.042	0.033	0.019	0.013	0.013	0.013	0.013
60	0.195	0.138	0.099	0.076	0.066	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.024	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.024	0.023	0.021	0.020	0.018	0.017	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.024	0.023	0.021	0.020	0.018	0.017	0.015	0.014	0.013	0.011	0.010	0.000	0.000	0.000	
45	0.020	0.020	0.020	0.020	0.018	0.017	0.015	0.014	0.013	0.011	0.010	0.009	0.008	0.000	
50	0.020	0.018	0.017	0.015	0.014	0.013	0.013	0.013	0.013	0.011	0.010	0.009	0.008	0.000	
55	0.013	0.013	0.013	0.013	0.013	0.013	0.011	0.010	0.009	0.008	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Post Retirement Mortality

a. Healthy retirees and beneficiaries – The RP-2000 Mortality Table (Public School District Employees utilize the White Collar adjustment) projected using the AA projection table with multipliers based on plan experience. The following are sample rates:

Nondisabled Annuitant Mortality Rates Before Projection (Multiplier Applied)				
Age	General Employees		Teachers	
	Males	Females	Males	Females
50	0.2138%	0.1508%	0.2176%	0.1510%
55	0.3624%	0.2445%	0.3632%	0.2457%
60	0.6747%	0.4550%	0.6141%	0.4443%
65	1.2737%	0.8735%	1.2167%	0.8218%
70	2.2206%	1.5068%	2.1203%	1.4426%
75	3.7834%	2.5295%	3.6997%	2.4431%
80	6.4368%	4.1291%	6.5353%	4.0926%
85	11.0757%	6.9701%	11.5132%	7.0483%
90	18.3408%	11.8514%	19.6100%	11.9843%
Multiplier	100%	90%	110%	95%

b. A separate table of mortality rates is used for disabled retirees based on the RP-2000 Disabled Retiree Mortality Table. The following are sample rates:

Disabled Annuitant Mortality Rates (Multiplier Applied)				
Age	General Employees		Teachers	
	Males	Females	Males	Females
50	2.4629%	1.2689%	2.1731%	1.2689%
55	3.0126%	1.8198%	2.6581%	1.8198%
60	3.5736%	2.4023%	3.1531%	2.4023%
65	4.2648%	3.0829%	3.7631%	3.0829%
70	5.3196%	4.1398%	4.6937%	4.1398%
75	6.9757%	5.7453%	6.1550%	5.7453%
80	9.2966%	7.9543%	8.2029%	7.9543%
85	12.0363%	11.0223%	10.6202%	11.0223%
90	15.5897%	15.4054%	13.7556%	15.4054%
Multiplier	85%	110%	75%	110%

Asset Valuation Method

The actuarial value of assets is based on the market value of assets with five-year smoothing applied. This is accomplished by recognizing each year 20% of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return.

Actuarial Cost Method

The contribution rate is set by statute for both employees and employers. The funding period is determined, as described below, using the Entry Age Normal actuarial cost method. The Entry Age Normal actuarial cost method allocates the plan's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefites to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

The calculation of the amortization period takes into account scheduled increases to contribution rates applicable to future years and payroll growth. Also, the calculation of the amortization period reflects additional contributions the System receives with respect to post July 1, 2005 TERI participants, ORP participants and return to work retirees. These contributions are assumed to grow at the same payroll growth rate as for active SCRS employees. It is assumed that amortization payments are made monthly at the end of the month.

Unused Annual Leave

To account for the effect of unused annual leave on Annual Final Compensation, liabilities for active members are increased 2.14%.

Unused Sick Leave

To account for the effect of unused sick leave on members' final credited service, the service of active members who retire is increased 3 months.

Future Cost-of-living Increases

Benefits are assumed to increase 2% annually beginning on the July 1st following the receipt of 12 monthly benefit payments.

Payroll Growth Rate

The total annual payroll of active members (also applies to TERI, ORP and rehired retiree participants) is assumed to increase at an annual rate of 3.50%. This rate represents the underlying expected annual rate of wage inflation and does not anticipate increases in the number of members. The number of members in TERI or rehired positions is expected to decrease over the next 10-15 years as the baby boomer generation exits the workforce and so for the amortization credit applied due to the missing normal costs for these individuals, we have assumed the overall payroll for this group will remain constant for the next 10 years and then will begin to grow at the payroll growth rate above.

Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): Prior fiscal year payroll projected forward one year using the overall payroll growth rate. This was determined seperately for active employees, TERI, and return to work employees by dividing the actual member contributions received during the prior fiscal year by the member contribution rate of 6.50%, and then projecting forward at 3.50%.

2. Individual salaries used to project benefits: Actual salaries from the past fiscal year are used to determine the final average salary as of the valuation date. For future salaries, a the salary from the last fiscal year is projected forward with one year's salary scale.

3. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ended on the valuation date.

4. Percent married: 100% of male and 100% of female employees are assumed to be married.

5. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

6. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an immediate life annuity.

7. Inactive Population: All non-vested members are assumed to take an immediate refund. Vested members are assumed to take a deferred retirement benefit.

9. There will be no recoveries once disabled.

10. No surviving spouse will remarry and there will be no children's benefit.

11. Decrement timing: Decrements of all types are assumed to occur mid-year.

12. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

13. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

14. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

15. Benefit Service: All members are assumed to accrue 1 year of eligibility service each year.

Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birthdate, gender, service with the current city and total vesting service, salary, and employee contribution account balances. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Changes from Prior Valuation

Changes in the assumptions were made based on the 2011 Experience Study.

SECTION VI

SUMMARY OF NEW ASSUMPTIONS – PORS

Summary Of Actuarial Methods And Assumptions

The following presents a summary of the actuarial assumptions and methods used in the valuation of the South Carolina Police Officers Retirement System.

Investment Rate of Return

Assumed annual rate of 7.50% net of investment and administrative expenses composed of a 2.75% inflation component and a 4.75% real rate of return, net of administrative and investment expenses.

Rates of Annual Salary Increase

Rates of annual salary increase are assumed to vary for the first 11 years of service to include anticipated merit and promotional increases. The assumed annual rate of increase is 4.00% for all members with 12 or more years of service.

The 4.00% rate of increase is composed of a 2.75% inflation component and a 1.25% real rate of wage increase (productivity) component.

Active Male & Female Salary Increase Rate		
Years of Service	PORS	
	Annual Promotional/Longevity Rates of Increase	Total Annual Rate of Increase Including 3.50% Wage Inflation
0	6.00%	10.00%
1	5.00%	9.00%
2	2.00%	6.00%
3	1.00%	5.00%
4	0.75%	4.75%
5	0.50%	4.50%
6	0.25%	4.25%
7	0.25%	4.25%
8	0.25%	4.25%
9	0.25%	4.25%
10	0.25%	4.25%
11	0.25%	4.25%
12	0.00%	4.00%
13	0.00%	4.00%
14	0.00%	4.00%
15	0.00%	4.00%
16	0.00%	4.00%
17	0.00%	4.00%
18	0.00%	4.00%
19	0.00%	4.00%
20+	0.00%	4.00%

Active Member Decrement Rates

f. Assumed rates of Service Retirement are shown in the following tables. The first table is for members who attain age 55 before attaining 25 years of service. The second table is based on service and is for members who attain 25 years of service before age 55.

Annual Age Based Retirement Rates		
Age	PORS	
	Male	Female
55	20%	20%
56	14%	14%
57	12%	12%
58	12%	12%
59	12%	12%
60	12%	12%
61	12%	12%
62	35%	35%
63	25%	25%
64	25%	25%
65	30%	30%
66	30%	30%
67	30%	30%
68	30%	30%
69	30%	30%
70	100%	100%
71	100%	100%
72	100%	100%
73	100%	100%
74	100%	100%
75	100%	100%

Annual Service Based Retirement Rates		
Years of Service	PORS	
	Male	Female
25	35%	22%
26	22%	22%
27	22%	22%
28	22%	22%
29	22%	22%
30	35%	35%
31	35%	35%
32	35%	35%
33	35%	35%
34	35%	35%
35	100%	100%

g. Members are assumed to purchase service and retire as they become within 5 years of the service related eligibility condition (20 years of service). 80% of purchased service is expected to be at 16% of payroll and 20% at 35% of payroll. Members are assumed to purchase service based on the following probabilities:

Years of Service	Assumed Probability of Purchasing Unreduced Eligibility Service
20	4.00%
21	2.00%
22	3.25%
23	4.50%
24	6.50%

h. Assumed rates of disability are shown in the following table. 25% of disabilities are assumed to be duty-related.

Disability Rates		
Age	PORS	
	Males	Females
25	0.1376%	0.1376%
30	0.1835%	0.1835%
35	0.3441%	0.3441%
40	0.4588%	0.4588%
45	0.6882%	0.6882%
50	0.8602%	0.8602%
55	0.0000%	0.0000%
60	0.0000%	0.0000%
64	0.0000%	0.0000%

i. Active Member Mortality

Rates of active member mortality are based upon a client specific table with applicable multipliers to match the experience.

Active Mortality Rates (Multiplier Applied)		
Age	PORS	
	Males	Females
25	0.0338%	0.0186%
30	0.0653%	0.0264%
35	0.0978%	0.0467%
40	0.1234%	0.0790%
45	0.1614%	0.1248%
50	0.2171%	0.1767%
55	0.3776%	0.2516%
60	0.7443%	0.4454%
64	1.2430%	0.8222%
Multiplier	90%	90%

j. Rates of Withdrawal

Rate of withdrawal for active members prior to eligibility for retirement are based upon actual experience from 2002 through 2010. Rates are developed for each employee group and differ by gender and service. Sample rates are shown in the tables below.

Annual Withdrawal Rate		
Years of Service	PORS	
	Male	Female
0	0.2500	0.2500
1	0.1800	0.1800
2	0.1400	0.1400
3	0.1200	0.1200
4	0.1070	0.1070
5	0.0954	0.0954
6	0.0850	0.0850
7	0.0758	0.0758
8	0.0675	0.0675
9	0.0602	0.0602
10	0.0537	0.0537
11	0.0478	0.0478
12	0.0426	0.0426
13	0.0380	0.0380
14	0.0339	0.0339
15	0.0302	0.0302
16	0.0269	0.0269
17	0.0240	0.0240
18	0.0214	0.0214
19	0.0191	0.0191
20	0.0170	0.0170
21	0.0151	0.0151
22	0.0135	0.0135
23	0.0120	0.0120

Post Retirement Mortality

c. Healthy retirees and beneficiaries – The RP-2000 Mortality Table with Blue Collar Adjustment projected using the AA projection table. The following are sample rates:

Nondisabled Annuitant Mortality Rates Before Projection (Multiplier Applied)		
Age	PORS	
	Males	Females
50	0.2774%	0.2257%
55	0.4825%	0.3214%
60	0.9511%	0.5691%
65	1.7870%	1.1958%
70	3.0772%	2.1429%
75	4.9601%	3.5521%
80	8.1129%	5.6296%
85	13.2339%	9.5565%
90	20.9021%	15.7189%
Multiplier	115%	115%

d. A separate table of mortality rates is used for disabled retirees based on the RP-2000 Disabled Retiree Mortality Table. The following are sample rates:

Disabled Annuitant Mortality Rates (Multiplier Applied)		
Age	PORS	
	Males	Females
50	1.7385%	0.6921%
55	2.1265%	0.9926%
60	2.5225%	1.3103%
65	3.0104%	1.6816%
70	3.7550%	2.2581%
75	4.9240%	3.1338%
80	6.5623%	4.3387%
85	8.4962%	6.0122%
90	11.0045%	8.4029%
Multiplier	60%	60%

Asset Valuation Method

The actuarial value of assets is based on the market value of assets with five-year smoothing applied. This is accomplished by recognizing each year 20% of the difference between the market value of assets and the expected actuarial value of assets, based upon the assumed valuation rate of return.

Actuarial Cost Method

The contribution rate is set by statute for both employees and employers. The funding period is determined, as described below, using the Entry Age Normal actuarial cost method. The Entry Age Normal actuarial cost method allocates the plan's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of payroll necessary to fully fund the expected benefites to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

An unfunded accrued liability exists in the amount equal to the excess of accrued liability over valuation assets. The amortization period of the System is the number of years required to fully amortize the unfunded accrued liability with the expected amount of employer contributions in excess of the employers' portion of the normal cost.

The calculation of the amortization period takes into account scheduled increases to contribution rates applicable to future years and payroll growth. Also, the calculation of the amortization period reflects additional contributions the System receives with respect to return to work retirees. These contributions are assumed to grow at the same payroll growth rate as for active employees. It is assumed that amortization payments are made monthly at the end of the month.

Unused Annual Leave

To account for the effect of unused annual leave on Annual Final Compensation, liabilities for active members are increased 3.75%.

Unused Sick Leave

To account for the effect of unused sick leave on members' final credited service, the service of active members who retire is increased 3 months.

Future Cost-of-living Increases

Benefits are assumed to increase 2% annually beginning on the July 1st following the receipt of 12 monthly benefit payments.

Payroll Growth Rate

The total annual payroll of active members (also applies to rehired retiree participants) is assumed to increase at an annual rate of 4.00%. This rate represents the underlying expected annual rate of wage inflation and does not anticipate increases in the number of members. The number of members in rehired positions is expected to decrease over the next 10-15 years as the baby boomer generation exits the workforce and so for the amortization credit applied due to the missing normal costs for these individuals, we have assumed the overall payroll for this group will remain constant for the next 10 years and then will begin to grow at the payroll growth rate above.

Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): Prior fiscal year payroll projected forward one year using the overall payroll growth rate. This was determined seperately for active employees and return to work employees by dividing the actual member contributions received during the prior fiscal year by the member contribution rate of 6.50%, and then projecting forward at 3.50%.

2. Individual salaries used to project benefits: Actual salaries from the past fiscal year are used to determine the final average salary as of the valuation date. For future salaries, a the salary from the last fiscal year is projected forward with one year's salary scale.

3. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ended on the valuation date.

4. Percent married: 100% of male and 100% of female employees are assumed to be married.

5. Age difference: Male members are assumed to be four years older than their spouses, and female members are assumed to be four years younger than their spouses.

6. Percent electing annuity on death (when eligible): All of the spouses of vested, married participants are assumed to elect an immediate life annuity.

7. Inactive Population: All non-vested members are assumed to take an immediate refund. Vested members are assumed to take a deferred retirement benefit.

9. There will be no recoveries once disabled.

10. No surviving spouse will remarry and there will be no children's benefit.

11. Decrement timing: Decrements of all types are assumed to occur mid-year.

12. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

13. Decrement relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

14. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

15. Benefit Service: All members are assumed to accrue 1 year of eligibility service each year.

Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active members included birthdate, gender, service with the current city and total vesting service, salary, and employee contribution account balances. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Salary supplied for the current year was based on the annualized earnings for the year preceding the valuation date.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Changes from Prior Valuation

Changes in the assumptions were made based on the 2011 Experience Study.

SECTION VII
SUMMARY OF DATA AND EXPERIENCE

List of Tables

SALARY EXPERIENCE

a. GENERAL EMPLOYEES 68
b. PUBLIC SCHOOL DISTRICT EMPLOYEES 69
c. POLICE 70

POST-RETIREMENT MORTALITY EXPERIENCE

a. GENERAL EMPLOYEES (MALE) 71
b. GENERAL EMPLOYEES (FEMALE) 72
c. PUBLIC SCHOOL DISTRICT EMPLOYEES (MALE) 73
d. PUBLIC SCHOOL DISTRICT EMPLOYEES (FEMALE) 74
e. POLICE (MALE) 75
f. POLICE (FEMALE) 76
g. DISABLED GENERAL EMPLOYEES (MALE) 77
h. DISABLED GENERAL EMPLOYEES (FEMALE) 78
i. DISABLED PUBLIC SCHOOL DISTRICT EMPLOYEES (MALE) 79
j. DISABLED PUBLIC SCHOOL DISTRICT EMPLOYEES (FEMALE) 80
k. DISABLED POLICES (MALE) 81
l. DISABLED POLICE (MALE) 82

PRE-RETIREMENT MORTALITY EXPERIENCE

a. GENERAL EMPLOYEES (MALE) 83
b. GENERAL EMPLOYEES (FEMALE) 84
c. PUBLIC SCHOOL DISTRICT EMPLOYEES (MALE) 85
d. PUBLIC SCHOOL DISTRICT EMPLOYEES (FEMALE) 86
e. POLICE (MALE) 87
f. POLICE (FEMALE) 88

DISABILITY EXPERIENCE

a. GENERAL EMPLOYEES (MALE) 89
b. GENERAL EMPLOYEES (FEMALE) 90
c. PUBLIC SCHOOL DISTRICT EMPLOYEES (MALE) 91
d. PUBLIC SCHOOL DISTRICT EMPLOYEES (FEMALE) 92
e. POLICE (UNISEX) 93

List of Tables (Continued)

TERMINATION EXPERIENCE

a. GENERAL EMPLOYEES, SERVICE-BASED (MALE) 94
b. GENERAL EMPLOYEES, SERVICE-BASED (FEMALE) 95
c. GENERAL EMPLOYEES, YEARS FROM RETIREMENT (MALE) 96
d. GENERAL EMPLOYEES, YEARS FROM RETIREMENT (FEMALE) 97
e. PUBLIC SCHOOL DISTRICT EMPLOYEES, SERVICE-BASED (MALE) 98
f. PUBLIC SCHOOL DISTRICT EMPLOYEES, SERVICE-BASED (FEMALE) 99
g. PUBLIC SCHOOL DISTRICT EMPLOYEES, YEARS FROM RETIREMENT (MALE) 100
h. PUBLIC SCHOOL DISTRICT EMPLOYEES, YEARS FROM RETIREMENT(FEMALE) 101
i. POLICE (UNISEX) 102

NORMAL RETIREMENT EXPERIENCE

a. GENERAL EMPLOYEES, AGE-BASED (MALE) 103
b. GENERAL EMPLOYEES, AGE-BASED (FEMALE) 104
c. GENERAL EMPLOYEES, SERVICE-BASED (MALE) 105
d. GENERAL EMPLOYEES, SERVICE-BASED (FEMALE) 106
e. PUBLIC SCHOOL DISTRICT EMPLOYEES, AGE-BASED (MALE) 107
f. PUBLIC SCHOOL DISTRICT EMPLOYEES, AGE-BASED (FEMALE) 108
g. PUBLIC SCHOOL DISTRICT EMPLOYEES, SERVICE-BASED (MALE) 109
h. PUBLIC SCHOOL DISTRICT EMPLOYEES, SERVICE-BASED (FEMALE) 110
i. POLICE, AGE-BASED (UNISEX) 111
j. POLICE, SERVICE-BASED (UNISEX) 112

EARLY RETIREMENT EXPERIENCE

a. GENERAL EMPLOYEES, AGE-BASED (MALE) 113
b. GENERAL EMPLOYEES, AGE-BASED (FEMALE) 114
c. PUBLIC SCHOOL DISTRICT EMPLOYEES, AGE-BASED (MALE) 115
d. PUBLIC SCHOOL DISTRICT EMPLOYEES, AGE-BASED (FEMALE) 116

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
SALARY INCREASE EXPERIENCE

	Current Salary Scale		2002/2010 Actual Experience			Proposed Salary Scale	
Years of Service	Total	Step Rate/ Promotional	Total	Above Inflation	Step Rate/ Promotional	Total	Step Rate/ Promotional
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	5.75%	1.75%	7.33%	4.91%	3.62%	6.00%	2.50%
2	5.00%	1.00%	7.79%	5.36%	4.07%	6.00%	2.50%
3	4.75%	0.75%	5.50%	3.08%	1.79%	5.50%	2.00%
4	4.50%	0.50%	5.06%	2.64%	1.35%	5.00%	1.50%
5	4.50%	0.50%	4.83%	2.40%	1.12%	4.75%	1.25%
6	4.50%	0.50%	4.40%	1.97%	0.68%	4.50%	1.00%
7	4.50%	0.50%	4.35%	1.92%	0.63%	4.25%	0.75%
8	4.50%	0.50%	4.07%	1.64%	0.36%	4.00%	0.50%
9	4.50%	0.50%	4.13%	1.70%	0.42%	4.00%	0.50%
10	4.25%	0.25%	4.07%	1.64%	0.35%	3.75%	0.25%
11	4.25%	0.25%	3.84%	1.41%	0.12%	3.75%	0.25%
12	4.25%	0.25%	3.86%	1.43%	0.14%	3.75%	0.25%
13	4.25%	0.25%	3.80%	1.37%	0.09%	3.75%	0.25%
14	4.25%	0.25%	3.85%	1.42%	0.13%	3.75%	0.25%
15	4.00%	0.00%	3.72%	1.29%	0.00%	3.50%	0.00%

Current Inflation Assumption	3.00%	Proposed Inflation Assumption	2.75%
Current Productivity Component	1.00%	Proposed Productivity Component	0.75%
Actual CPI-U Inflation for Jun/00 - Jun/10	2.43%		
Apparent Productivity Component	1.29%		

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
SALARY INCREASE EXPERIENCE

	Current Salary Scale		2002/2010 Actual Experience			Proposed Salary Scale	
Years of Service	Total	Step Rate/ Promotional	Total	Above Inflation	Step Rate/ Promotional	Total	Step Rate/ Promotional
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	8.00%	4.00%	9.31%	6.88%	5.79%	7.50%	4.00%
2	5.50%	1.50%	13.28%	10.85%	9.76%	12.50%	9.00%
3	5.25%	1.25%	6.59%	4.16%	3.07%	6.50%	3.00%
4	5.00%	1.00%	5.83%	3.40%	2.31%	6.25%	2.75%
5	5.00%	1.00%	6.10%	3.67%	2.58%	6.00%	2.50%
6	5.00%	1.00%	5.67%	3.24%	2.15%	5.75%	2.25%
7	4.75%	0.75%	5.74%	3.31%	2.22%	5.50%	2.00%
8	4.75%	0.75%	5.41%	2.99%	1.89%	5.25%	1.75%
9	4.75%	0.75%	5.18%	2.75%	1.66%	5.25%	1.75%
10	4.75%	0.75%	5.10%	2.67%	1.58%	5.00%	1.50%
11	4.50%	0.50%	5.08%	2.65%	1.56%	5.00%	1.50%
12	4.40%	0.40%	4.96%	2.54%	1.44%	5.00%	1.50%
13	4.40%	0.40%	4.86%	2.43%	1.34%	4.75%	1.25%
14	4.40%	0.40%	4.61%	2.18%	1.09%	4.50%	1.00%
15	4.00%	0.00%	4.45%	2.02%	0.93%	4.50%	1.00%
16	4.00%	0.00%	4.57%	2.14%	1.05%	4.50%	1.00%
17	4.00%	0.00%	4.24%	1.82%	0.73%	4.25%	0.75%
18	4.00%	0.00%	4.07%	1.64%	0.55%	4.00%	0.50%
19	4.00%	0.00%	3.89%	1.46%	0.37%	3.75%	0.25%
20	4.00%	0.00%	3.83%	1.40%	0.31%	3.75%	0.25%
21	4.00%	0.00%	3.52%	1.09%	0.00%	3.50%	0.00%

Current Inflation Assumption	3.00%	Proposed Inflation Assumption	2.75%
Current Productivity Component	1.00%	Proposed Productivity Component	0.75%
Actual CPI-U Inflation for Jun/00 - Jun/10	2.43%		
Apparent Productivity Component	1.09%		

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
SALARY INCREASE EXPERIENCE

	Current Salary Scale		2002/2010 Actual Experience			Proposed Salary Scale	
Years of Service	Total	Step Rate/ Promotional	Total	Above Inflation	Step Rate/ Promotional	Total	Step Rate/ Promotional
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	10.50%	6.00%	5.89%	3.47%	1.99%	10.00%	6.00%
2	6.75%	2.25%	9.99%	7.56%	6.08%	9.00%	5.00%
3	5.75%	1.25%	6.22%	3.79%	2.31%	6.00%	2.00%
4	5.50%	1.00%	4.96%	2.53%	1.05%	5.00%	1.00%
5	5.25%	0.75%	4.62%	2.19%	0.71%	4.75%	0.75%
6	5.00%	0.50%	4.55%	2.12%	0.64%	4.50%	0.50%
7	4.75%	0.25%	4.44%	2.01%	0.53%	4.25%	0.25%
8	4.75%	0.25%	4.35%	1.92%	0.44%	4.25%	0.25%
9	4.75%	0.25%	3.94%	1.51%	0.03%	4.25%	0.25%
10	4.75%	0.25%	3.95%	1.52%	0.04%	4.25%	0.25%
11	4.75%	0.25%	4.20%	1.77%	0.29%	4.25%	0.25%
12	4.75%	0.25%	4.22%	1.79%	0.31%	4.25%	0.25%
13	4.50%	0.00%	3.91%	1.48%	0.00%	4.00%	0.00%

Current Inflation Assumption	3.00%	Proposed Inflation Assumption	2.75%
Current Productivity Component	1.50%	Proposed Productivity Component	1.25%
Actual CPI-U Inflation for Jun/00 - Jun/10	2.43%		
Apparent Productivity Component	1.48%		

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	23	4,984	0.0046	0.35%	0.23%	18	12	128%	192%
55-59	76	11,593	0.0066	0.60%	0.41%	73	49	104%	155%
60-64	149	17,175	0.0087	1.09%	0.78%	193	138	77%	108%
65-69	276	18,945	0.0146	1.94%	1.45%	367	274	75%	101%
70-74	433	16,225	0.0267	3.06%	2.42%	498	395	87%	110%
75-79	560	12,502	0.0448	4.86%	4.22%	607	526	92%	106%
80-84	612	7,857	0.0779	8.12%	7.55%	626	585	98%	105%
85-89	502	3,995	0.1257	12.44%	12.96%	484	502	104%	100%
90-94	224	1,151	0.1946	19.60%	21.15%	215	232	104%	97%
95-99	55	196	0.2806	28.90%	29.51%	54	55	102%	100%
100-104	5	17	0.2941	37.67%	37.17%	6	6	83%	83%
105-109	0	0	N/A	47.52%	40.00%	0	0	0%	0%
Total	2,915	94,640				3,141	2,774	93%	105%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	18	8,668	0.0021	0.17%	0.16%	15	15	120%	120%
55-59	42	14,580	0.0029	0.28%	0.30%	42	45	100%	93%
60-64	102	20,147	0.0051	0.55%	0.58%	115	120	89%	85%
65-69	163	22,091	0.0074	1.04%	1.05%	228	232	71%	70%
70-74	271	16,811	0.0161	1.61%	1.77%	273	297	99%	91%
75-79	354	12,253	0.0289	2.72%	2.90%	334	354	106%	100%
80-84	472	9,013	0.0524	4.73%	4.79%	424	430	111%	110%
85-89	463	5,016	0.0923	8.10%	8.40%	397	410	117%	113%
90-94	261	1,844	0.1415	13.84%	13.85%	245	247	107%	106%
95-99	110	454	0.2423	21.78%	19.22%	93	83	118%	133%
100-104	10	44	0.2273	31.90%	22.90%	13	10	77%	100%
105-109	4	6	0.6667	43.81%	29.05%	2	2	200%	200%
Total	2,270	110,927				2,181	2,245	104%	101%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	3	2,081	0.0014	0.31%	0.23%	7	5	43%	60%
55-59	37	6,415	0.0058	0.53%	0.39%	36	26	103%	142%
60-64	63	8,356	0.0075	0.97%	0.71%	82	61	77%	103%
65-69	95	7,342	0.0129	1.75%	1.39%	128	101	74%	94%
70-74	139	5,787	0.0240	2.79%	2.33%	162	136	86%	102%
75-79	207	4,412	0.0469	4.39%	4.20%	194	184	107%	113%
80-84	199	2,715	0.0733	7.38%	7.73%	197	206	101%	97%
85-89	168	1,473	0.1141	11.38%	13.65%	165	196	102%	86%
90-94	84	464	0.1810	17.98%	22.77%	80	101	105%	83%
95-99	24	102	0.2353	27.04%	32.46%	26	32	92%	75%
100-104	7	20	0.3500	35.86%	40.89%	7	8	100%	88%
105-109	0	0	N/A	46.00%	44.00%	0	0	0%	0%
Total	1,026	39,167				1,084	1,056	95%	97%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	21	11,269	0.0019	0.17%	0.16%	21	20	100%	105%
55-59	64	26,100	0.0025	0.28%	0.30%	75	81	85%	79%
60-64	122	30,729	0.0040	0.55%	0.55%	172	171	71%	71%
65-69	181	27,459	0.0066	1.04%	1.00%	282	273	64%	66%
70-74	297	21,232	0.0140	1.61%	1.70%	346	361	86%	82%
75-79	453	18,104	0.0250	2.72%	2.83%	497	514	91%	88%
80-84	693	13,962	0.0496	4.73%	4.79%	659	668	105%	104%
85-89	774	9,078	0.0853	8.10%	8.51%	726	757	107%	102%
90-94	634	4,085	0.1552	13.84%	14.00%	548	557	116%	114%
95-99	303	1,386	0.2186	21.78%	20.28%	289	269	105%	113%
100-104	71	213	0.3333	31.90%	24.18%	64	50	111%	142%
105-109	7	19	0.3684	43.81%	30.66%	8	6	88%	117%
Total	3,620	163,636				3,687	3,727	98%	97%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
POST-RETIREMENT MORTALITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	15	3,306	0.0045	0.48%	0.30%	16	10	94%	150%
55-59	55	6,416	0.0086	0.86%	0.59%	57	38	96%	145%
60-64	95	7,183	0.0132	1.56%	1.11%	113	80	84%	119%
65-69	97	5,772	0.0168	2.55%	1.99%	147	115	66%	84%
70-74	143	4,250	0.0336	4.00%	3.27%	170	139	84%	103%
75-79	153	2,760	0.0554	6.67%	5.40%	181	149	85%	103%
80-84	118	1,264	0.0934	10.46%	9.02%	130	114	91%	104%
85-89	81	483	0.1677	16.44%	14.70%	76	71	107%	114%
90-94	25	118	0.2119	25.12%	22.88%	29	27	86%	93%
95-99	6	15	0.4000	34.11%	33.33%	5	5	120%	120%
100-104	0	0	N/A	44.06%	0.00%	0	0	0%	0%
105-109	0	0	N/A	49.72%	0.00%	0	0	0%	0%
Total	788	31,567				924	748	85%	105%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
POST-RETIREMENT MORTALITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	3	681	0.0044	0.17%	0.17%	1	1	300%	300%
55-59	10	1,439	0.0069	0.28%	0.34%	4	5	250%	200%
60-64	6	1,555	0.0039	0.55%	0.68%	9	11	67%	55%
65-69	22	1,304	0.0169	1.04%	1.32%	13	17	169%	129%
70-74	18	777	0.0232	1.61%	2.24%	12	17	150%	106%
75-79	4	269	0.0149	2.72%	3.49%	7	9	57%	44%
80-84	10	145	0.0690	4.73%	5.69%	7	8	143%	125%
85-89	5	93	0.0538	8.10%	10.53%	7	9	71%	56%
90-94	3	18	0.1667	13.84%	16.96%	2	3	150%	100%
95-99	0	4	0.0000	21.78%	24.07%	1	1	0%	0%
100-104	1	2	0.5000	31.90%	29.27%	1	1	100%	100%
105-109	0	0	N/A	43.81%	37.11%	0	0	0%	0%
Total	82	6,287				64	82	128%	100%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - DISABLED MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
40-44	10	591	0.0169	1.92%	1.92%	11	11	88%	91%
45-49	33	1,175	0.0281	2.15%	2.14%	25	25	130%	132%
50-54	53	1,980	0.0268	2.71%	2.68%	54	54	99%	98%
55-59	105	2,833	0.0371	3.24%	3.23%	92	92	114%	114%
60-64	119	2,890	0.0412	3.83%	3.82%	111	111	108%	107%
65-69	118	2,282	0.0517	4.61%	4.63%	105	105	112%	112%
70-74	92	1,329	0.0692	5.85%	5.90%	78	78	118%	118%
75-79	71	703	0.1010	7.73%	7.83%	54	54	131%	131%
80-84	47	407	0.1155	10.28%	10.36%	42	42	112%	112%
85-89	35	186	0.1882	13.00%	13.19%	24	24	145%	146%
90-94	10	29	0.3448	16.76%	18.41%	5	5	206%	200%
95-99	0	0	N/A	N/A	25.49%	0	0	0%	0%
100-104	0	0	N/A	N/A	31.59%	0	0	0%	0%
105-109	0	0	N/A	34.00%	34.00%	0	0	0%	0%
Other	8	409	0.0196	0.00%	0.00%	8	10	102%	80%
Total	701	14,814				609	611	115%	115%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - DISABLED FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
40-44	19	582	0.0326	0.82%	0.82%	5	5	398%	380%
45-49	26	1,418	0.0183	1.01%	0.99%	14	14	181%	186%
50-54	60	2,504	0.0240	1.50%	1.48%	38	38	159%	158%
55-59	71	3,577	0.0198	2.06%	2.05%	74	74	96%	96%
60-64	115	3,874	0.0297	2.65%	2.65%	103	103	112%	112%
65-69	79	2,570	0.0307	3.42%	3.45%	88	88	90%	90%
70-74	60	1,461	0.0411	4.67%	4.71%	68	68	88%	88%
75-79	45	829	0.0543	6.49%	6.55%	54	54	84%	83%
80-84	38	471	0.0807	8.94%	9.05%	42	42	90%	90%
85-89	38	242	0.1570	12.29%	12.60%	30	30	128%	127%
90-94	15	75	0.2000	16.99%	17.59%	13	13	118%	115%
95-99	0	0	N/A	N/A	23.68%	0	0	0%	0%
100-104	0	0	N/A	N/A	27.99%	0	0	0%	0%
105-109	0	0	N/A	N/A	35.50%	0	0	0%	0%
Other	6	391	0.0153	0.00%	0.00%	3	8	188%	75%
Total	572	17,994				531	537	108%	107%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - DISABLED MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
40-44	8	108	0.0741	1.69%	1.69%	2	2	437%	400%
45-49	5	254	0.0197	1.90%	1.88%	5	5	104%	100%
50-54	17	489	0.0348	2.40%	2.37%	12	12	145%	142%
55-59	27	879	0.0307	2.87%	2.85%	25	25	107%	108%
60-64	35	901	0.0388	3.38%	3.37%	30	30	115%	117%
65-69	32	739	0.0433	4.06%	4.08%	30	30	107%	107%
70-74	24	399	0.0602	5.18%	5.21%	21	21	116%	114%
75-79	17	215	0.0791	6.87%	6.91%	15	15	115%	113%
80-84	14	147	0.0952	9.03%	9.14%	13	13	106%	108%
85-89	8	68	0.1176	11.51%	11.64%	8	8	102%	100%
90-94	6	31	0.1935	15.29%	16.25%	5	5	127%	120%
95-99	2	2	1.0000	19.50%	22.49%	0	0	513%	0%
100-104	0	0	N/A	N/A	27.88%	0	0	0%	0%
105-109	0	0	N/A	N/A	30.00%	0	0	0%	0%
Other	1	54	0.0185	0.00%	0.00%	1	1	110%	100%
Total	196	4,286				167	167	118%	117%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
POST-RETIREMENT MORTALITY EXPERIENCE - DISABLED FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
40-44	11	374	0.0294	0.82%	0.82%	3	3	359%	367%
45-49	41	1,017	0.0403	1.02%	0.99%	10	10	397%	410%
50-54	42	2,048	0.0205	1.52%	1.48%	31	31	135%	135%
55-59	88	3,563	0.0247	2.07%	2.05%	74	74	119%	119%
60-64	95	4,023	0.0236	2.64%	2.65%	106	106	89%	90%
65-69	88	2,544	0.0346	3.41%	3.45%	87	87	101%	101%
70-74	52	1,539	0.0338	4.69%	4.71%	72	72	72%	72%
75-79	50	955	0.0524	6.49%	6.55%	62	62	81%	81%
80-84	54	624	0.0865	8.98%	9.05%	56	56	96%	96%
85-89	41	355	0.1155	12.43%	12.60%	44	44	93%	93%
90-94	22	147	0.1497	17.12%	17.59%	25	25	87%	88%
95-99	3	19	0.1579	22.37%	23.68%	4	4	71%	75%
100-104	1	2	0.5000	30.50%	27.99%	1	1	164%	100%
105-109	0	0	N/A	N/A	35.50%	0	0	0%	0%
Other	6	271	0.0221	0.00%	0.00%	2	10	270%	60%
Total	594	17,481				578	585	103%	102%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
POST-RETIREMENT MORTALITY EXPERIENCE - DISABLED MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
40-44	5	675	0.0074	1.81%	1.69%	12	9	41%	56%
45-49	12	929	0.0129	2.06%	1.88%	19	14	63%	86%
50-54	15	1,167	0.0129	2.53%	2.37%	30	22	51%	68%
55-59	25	1,194	0.0209	3.17%	2.85%	38	27	66%	93%
60-64	24	756	0.0317	3.81%	3.37%	29	20	83%	120%
65-69	18	377	0.0477	4.17%	4.08%	16	12	114%	150%
70-74	14	199	0.0704	4.64%	5.21%	9	8	152%	175%
75-79	7	87	0.0805	5.43%	6.91%	5	5	148%	140%
80-84	9	54	0.1667	7.81%	9.14%	4	4	213%	225%
85-89	2	4	0.5000	10.50%	11.64%	0	0	476%	0%
90-94	0	0	N/A	N/A	16.25%	0	0	0%	0%
95-99	0	0	N/A	N/A	22.49%	0	0	0%	0%
100-104	0	0	N/A	N/A	27.88%	0	0	0%	0%
105-109	0	0	N/A	60.00%	30.00%	0	0	0%	0%
Other	18	696	0.0259	0.00%	0.00%	12	11	152%	164%
Total	149	6,138				174	132	86%	113%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
POST-RETIREMENT MORTALITY EXPERIENCE - DISABLED FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
40-44	7	204	0.0343	1.81%	0.45%	4	1	190%	700%
45-49	5	339	0.0147	2.06%	0.54%	7	2	72%	250%
50-54	5	417	0.0120	2.53%	0.81%	11	3	47%	167%
55-59	9	343	0.0262	3.16%	1.12%	11	4	83%	225%
60-64	5	195	0.0256	3.79%	1.44%	7	3	68%	167%
65-69	1	45	0.0222	4.13%	1.88%	2	1	54%	100%
70-74	0	11	0.0000	4.64%	2.57%	1	0	0%	0%
75-79	1	7	0.1429	5.43%	3.57%	0	0	263%	0%
80-84	0	1	0.0000	7.00%	4.94%	0	0	0%	0%
85-89	0	0	N/A	N/A	6.87%	0	0	0%	0%
90-94	0	0	N/A	N/A	9.60%	0	0	0%	0%
95-99	0	0	N/A	N/A	12.91%	0	0	0%	0%
100-104	0	0	N/A	N/A	15.27%	0	0	0%	0%
105-109	0	0	N/A	N/A	19.36%	0	0	0%	0%
Other	6	271	0.0221	0.00%	0.00%	5	6	129%	100%
Total	39	1,833				47	20	83%	195%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
ACTIVE MORTALITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	1	345	0.0029	0.03%	0.03%	0	0	0%	0%
20-24	8	7,663	0.0010	0.03%	0.04%	3	3	267%	267%
25-29	8	14,833	0.0005	0.04%	0.04%	6	6	133%	133%
30-34	21	18,335	0.0011	0.05%	0.06%	11	12	191%	175%
35-39	24	24,122	0.0010	0.09%	0.10%	22	24	109%	100%
40-44	39	26,903	0.0014	0.12%	0.13%	33	36	118%	108%
45-49	58	31,586	0.0018	0.16%	0.19%	55	61	105%	95%
50-54	99	31,156	0.0032	0.23%	0.27%	76	84	130%	118%
55-59	100	27,012	0.0037	0.34%	0.40%	99	109	101%	92%
60-64	107	17,327	0.0062	0.56%	0.65%	99	109	108%	98%
65-69	46	5,553	0.0083	0.82%	0.95%	46	51	100%	90%
Total	511	204,835				450	495	114%	103%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
ACTIVE MORTALITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	337	0.0000	0.01%	0.01%	0	0	0%	0%
20-24	0	8,702	0.0000	0.01%	0.02%	1	1	0%	0%
25-29	10	26,469	0.0004	0.01%	0.02%	4	5	250%	200%
30-34	11	31,207	0.0004	0.02%	0.03%	7	9	157%	122%
35-39	23	36,948	0.0006	0.03%	0.04%	14	17	164%	135%
40-44	40	43,034	0.0009	0.05%	0.07%	24	30	167%	133%
45-49	63	49,577	0.0013	0.08%	0.11%	43	53	147%	119%
50-54	75	49,605	0.0015	0.12%	0.16%	64	78	117%	96%
55-59	91	39,395	0.0023	0.19%	0.24%	77	95	118%	96%
60-64	61	21,902	0.0028	0.29%	0.37%	64	79	95%	77%
65-69	22	5,099	0.0043	0.41%	0.53%	21	26	105%	85%
Total	396	312,275				319	393	124%	101%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
ACTIVE MORTALITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	47	0.0000	0.02%	0.03%	0	0	0%	0%
20-24	1	1,457	0.0007	0.03%	0.04%	0	1	0%	100%
25-29	3	6,603	0.0005	0.03%	0.04%	2	3	150%	100%
30-34	8	8,371	0.0010	0.05%	0.06%	4	5	200%	160%
35-39	9	9,515	0.0009	0.09%	0.10%	6	10	150%	90%
40-44	12	9,632	0.0012	0.12%	0.13%	9	14	133%	86%
45-49	23	11,271	0.0020	0.16%	0.19%	15	23	153%	100%
50-54	29	11,409	0.0025	0.23%	0.27%	21	32	138%	91%
55-59	32	9,588	0.0033	0.34%	0.40%	26	40	123%	80%
60-64	40	6,204	0.0064	0.56%	0.65%	27	41	148%	98%
65-69	15	2,061	0.0073	0.82%	0.95%	13	20	115%	75%
Total	172	76,158				123	189	140%	91%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
ACTIVE MORTALITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	1	76	0.0132	0.01%	0.01%	0	0	0%	0%
20-24	0	5,267	0.0000	0.01%	0.01%	1	1	0%	0%
25-29	7	27,297	0.0003	0.01%	0.02%	3	4	233%	175%
30-34	6	33,875	0.0002	0.02%	0.02%	7	8	86%	75%
35-39	15	43,258	0.0003	0.03%	0.04%	13	17	115%	88%
40-44	20	46,123	0.0004	0.05%	0.06%	22	28	91%	71%
45-49	52	56,519	0.0009	0.07%	0.09%	42	53	124%	98%
50-54	79	55,576	0.0014	0.11%	0.14%	60	77	132%	103%
55-59	69	42,361	0.0016	0.17%	0.21%	70	89	99%	78%
60-64	64	21,677	0.0030	0.26%	0.33%	53	68	121%	94%
65-69	13	4,676	0.0028	0.36%	0.46%	16	21	81%	62%
Total	326	336,705				287	366	114%	89%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
ACTIVE MORTALITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
							0		
Under 20	0	74	0.0000	0.03%	0.03%	0	0	0%	0%
20-24	3	10,132	0.0003	0.03%	0.03%	2	3	150%	100%
25-29	14	26,816	0.0005	0.03%	0.03%	5	9	280%	156%
30-34	13	29,602	0.0004	0.05%	0.05%	8	15	163%	87%
35-39	17	33,642	0.0005	0.08%	0.08%	14	26	121%	65%
40-44	21	29,742	0.0007	0.10%	0.10%	16	31	131%	68%
45-49	17	23,690	0.0007	0.15%	0.15%	19	35	89%	49%
50-54	21	16,846	0.0012	0.21%	0.21%	19	35	111%	60%
55-59	19	11,314	0.0017	0.31%	0.31%	18	35	106%	54%
60-64	19	5,614	0.0034	0.51%	0.51%	14	27	136%	70%
65-69	4	174	0.0230	0.74%	0.74%	1	1	400%	400%
70-74	2	48	0.0417	2.35%	2.35%	1	1	200%	200%
Total	150	187,694				117	218	128%	69%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
ACTIVE MORTALITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	6	0.0000	0.03%	0.03%	0	0	0%	0%
20-24	1	2,634	0.0004	0.01%	0.01%	0	1	0%	100%
25-29	1	8,902	0.0001	0.01%	0.02%	2	3	50%	33%
30-34	4	9,010	0.0004	0.02%	0.02%	2	4	200%	100%
35-39	3	10,214	0.0003	0.03%	0.04%	4	8	75%	38%
40-44	2	9,970	0.0002	0.05%	0.06%	6	11	33%	18%
45-49	6	9,622	0.0006	0.07%	0.09%	8	14	75%	43%
50-54	3	7,830	0.0004	0.11%	0.14%	9	16	33%	19%
55-59	9	4,644	0.0019	0.17%	0.21%	8	14	113%	64%
60-64	4	2,174	0.0018	0.26%	0.33%	6	11	67%	36%
65-69	0	24	0.0000	0.36%	0.46%	0	0	0%	0%
70-74	0	12	0.0000	1.14%	1.45%	0	0	0%	0%
Total	33	65,042				45	82	73%	40%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
DISABILITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Disabilities	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	0	N/A	0.06%	0.06%	0	0	0%	0%
20-24	0	317	0.0000	0.06%	0.06%	0	0	0%	0%
25-29	9	4,259	0.0021	0.09%	0.09%	4	4	225%	225%
30-34	11	9,819	0.0011	0.15%	0.15%	15	15	73%	73%
35-39	50	15,931	0.0031	0.24%	0.24%	39	39	128%	128%
40-44	71	19,464	0.0036	0.37%	0.37%	72	72	99%	99%
45-49	137	23,983	0.0057	0.52%	0.52%	124	124	110%	110%
50-54	192	24,497	0.0078	0.78%	0.78%	191	191	101%	101%
55-59	244	21,365	0.0114	1.11%	1.11%	236	236	103%	103%
60-64	196	13,747	0.0143	1.42%	1.42%	191	191	103%	103%
65-69	4	4,012	0.0010	1.58%	1.58%	63	63	6%	6%
Total	914	137,394				935	935	98%	98%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
DISABILITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Disabilities	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	0	N/A	0.06%	0.06%	0	0	0%	0%
20-24	0	214	0.0000	0.06%	0.06%	0	0	0%	0%
25-29	6	5,537	0.0011	0.07%	0.07%	4	4	150%	150%
30-34	16	15,592	0.0010	0.11%	0.11%	18	18	89%	89%
35-39	53	23,451	0.0023	0.18%	0.18%	43	43	123%	123%
40-44	96	30,649	0.0031	0.25%	0.25%	76	76	126%	126%
45-49	182	38,105	0.0048	0.39%	0.39%	147	147	124%	124%
50-54	274	39,117	0.0070	0.63%	0.63%	246	246	111%	111%
55-59	306	31,849	0.0096	0.98%	0.98%	310	310	99%	99%
60-64	231	18,220	0.0127	1.48%	1.48%	261	261	89%	89%
65-69	7	4,148	0.0017	1.73%	1.73%	72	72	10%	10%
Total	1,171	206,882				1,177	1,177	99%	99%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
DISABILITY EXPERIENCE - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Disabilities	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	0	N/A	0.05%	0.05%	0	0	0%	0%
20-24	0	40	0.0000	0.05%	0.05%	0	0	0%	0%
25-29	0	1,649	0.0000	0.06%	0.06%	1	1	0%	0%
30-34	2	5,421	0.0004	0.09%	0.09%	5	5	40%	40%
35-39	6	7,203	0.0008	0.14%	0.14%	10	10	60%	60%
40-44	19	7,343	0.0026	0.25%	0.25%	18	18	106%	106%
45-49	25	8,812	0.0028	0.41%	0.41%	36	36	69%	69%
50-54	55	9,140	0.0060	0.65%	0.65%	59	59	93%	93%
55-59	88	7,274	0.0121	1.03%	1.03%	75	75	117%	117%
60-64	74	4,519	0.0164	1.47%	1.47%	65	65	114%	114%
65-69	3	1,399	0.0021	1.64%	1.64%	23	23	13%	13%
Total	272	52,800				292	292	93%	93%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
DISABILITY EXPERIENCE - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Disabilities	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	0	N/A	0.04%	0.04%	0	0	0%	0%
20-24	0	43	0.0000	0.04%	0.04%	0	0	0%	0%
25-29	2	8,330	0.0002	0.06%	0.06%	5	5	40%	40%
30-34	7	23,279	0.0003	0.08%	0.08%	18	18	39%	39%
35-39	38	31,642	0.0012	0.10%	0.10%	32	32	119%	119%
40-44	59	34,948	0.0017	0.19%	0.19%	68	68	87%	87%
45-49	146	46,724	0.0031	0.34%	0.34%	161	161	91%	91%
50-54	252	47,998	0.0053	0.55%	0.55%	262	262	96%	96%
55-59	291	36,524	0.0080	0.87%	0.87%	314	314	93%	93%
60-64	238	18,712	0.0127	1.24%	1.24%	225	225	106%	106%
65-69	4	3,697	0.0011	1.38%	1.38%	51	51	8%	8%
Total	1,037	251,897				1,136	1,136	91%	91%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
DISABILITY EXPERIENCE - MALE AND FEMALE COMBINED

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Disabilities	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	0	0	N/A	0.05%	0.05%	0	0	0%	0%
20-24	0	40	0.0000	0.05%	0.05%	0	0	0%	0%
25-29	0	1,649	0.0000	0.06%	0.06%	1	1	0%	0%
30-34	2	5,421	0.0004	0.09%	0.09%	5	5	40%	40%
35-39	6	7,203	0.0008	0.14%	0.14%	10	10	60%	60%
40-44	19	7,343	0.0026	0.25%	0.25%	18	18	106%	106%
45-49	25	8,812	0.0028	0.41%	0.41%	36	36	69%	69%
50-54	55	9,140	0.0060	0.65%	0.65%	59	59	93%	93%
55-59	88	7,274	0.0121	1.03%	1.03%	75	75	117%	117%
60-64	74	4,519	0.0164	1.47%	1.47%	65	65	114%	114%
65-69	3	1,399	0.0021	1.64%	1.64%	23	23	13%	13%
70-74	0	0	N/A	1.64%	1.64%	0	0	0%	0%
Total	272	52,800				292	292	93%	93%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
TERMINATION EXPERIENCE - SERVICE-BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Terminations	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0	4,531	17,009	0.2664	27.08%	27.08%	4,606	4,606	98%	98%
1	6,736	32,654	0.2063	19.92%	19.92%	6,503	6,503	104%	104%
2	3,970	26,563	0.1495	15.03%	15.03%	3,992	3,992	99%	99%
3	2,723	22,335	0.1219	12.06%	12.06%	2,693	2,693	101%	101%
4	1,975	18,661	0.1058	10.22%	10.22%	1,907	1,907	104%	104%
5	1,387	15,890	0.0873	8.92%	8.92%	1,418	1,418	98%	98%
6	1,110	14,401	0.0771	7.97%	7.97%	1,148	1,148	97%	97%
7	887	13,165	0.0674	7.09%	7.09%	933	933	95%	95%
8	761	12,114	0.0628	6.14%	6.14%	744	744	102%	102%
9	538	10,905	0.0493	4.88%	4.88%	532	532	101%	101%
10	451	9,800	0.0460	3.15%	3.15%	309	309	146%	146%
Total	25,069	193,497				24,784	24,785	101%	101%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
TERMINATION EXPERIENCE - SERVICE-BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Terminations	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0	6,578	25,305	0.2599	25.60%	25.60%	6,478	6,478	102%	102%
1	10,652	51,435	0.2071	20.16%	20.16%	10,370	10,370	103%	103%
2	6,599	41,900	0.1575	16.12%	16.12%	6,753	6,753	98%	98%
3	4,694	35,524	0.1321	13.36%	13.36%	4,748	4,748	99%	99%
4	3,406	30,052	0.1133	11.47%	11.47%	3,448	3,448	99%	99%
5	2,609	26,047	0.1002	10.09%	10.09%	2,628	2,628	99%	99%
6	1,975	23,361	0.0845	9.01%	9.01%	2,104	2,104	94%	94%
7	1,574	21,398	0.0736	8.04%	8.04%	1,719	1,719	92%	92%
8	1,281	19,652	0.0652	6.92%	6.92%	1,361	1,361	94%	94%
9	1,078	17,858	0.0604	5.46%	5.46%	975	975	111%	111%
10	804	15,975	0.0503	3.47%	3.47%	554	554	145%	145%
Total	41,250	308,507				41,136	41,138	100%	100%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
TERMINATION EXPERIENCE - YEAR(S) FROM RETIREMENT - MALE

Year(s) From Retirement	Actual Terminations	Total Count	Actual Rate	Assumed Rate		Expected Retirements		Actual/Expected	
				Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	8	655	0.0122	2.44%	1.44%	16	9	50%	89%
2	131	7,791	0.0168	2.26%	1.56%	176	122	74%	107%
3	155	8,079	0.0192	2.30%	1.70%	186	137	83%	113%
4	165	8,141	0.0203	2.33%	1.85%	190	150	87%	110%
5	164	8,203	0.0200	2.39%	2.00%	196	164	84%	100%
6	206	8,134	0.0253	2.45%	2.17%	199	177	104%	116%
7	193	8,055	0.0240	2.52%	2.35%	203	189	95%	102%
8	230	8,009	0.0287	2.61%	2.54%	209	203	110%	113%
9	231	7,906	0.0292	2.73%	2.74%	216	216	107%	107%
10	265	7,714	0.0344	2.86%	2.95%	221	227	120%	117%
11	239	7,338	0.0326	3.01%	3.17%	221	233	108%	103%
12	232	6,950	0.0334	3.14%	3.40%	218	236	106%	98%
13	230	6,544	0.0351	3.30%	3.64%	216	238	106%	97%
14	253	6,345	0.0399	3.50%	3.90%	222	247	114%	102%
15	279	6,066	0.0460	3.68%	4.16%	223	252	125%	111%
16	258	5,920	0.0436	4.19%	4.44%	248	263	104%	98%
17	277	5,774	0.0480	5.01%	4.72%	289	273	96%	101%
Total	3,516	117,624				3,449	3,336	102%	105%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
TERMINATION EXPERIENCE - YEAR(S) FROM RETIREMENT - FEMALE

Year(s) From Retirement	Actual Terminations	Total Count	Actual Rate	Assumed Rate		Expected Retirements		Actual/Expected	
				Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	5	1,008	0.0050	2.48%	1.49%	25	15	20%	33%
2	206	11,294	0.0182	2.61%	1.59%	295	179	70%	115%
3	252	11,730	0.0215	2.59%	1.70%	304	200	83%	126%
4	261	11,926	0.0219	2.59%	1.83%	309	219	84%	119%
5	294	12,099	0.0243	2.60%	1.98%	314	240	94%	123%
6	325	12,043	0.0270	2.62%	2.15%	315	259	103%	125%
7	351	11,952	0.0294	2.66%	2.34%	318	280	110%	125%
8	346	11,986	0.0289	2.72%	2.55%	326	306	106%	113%
9	320	11,969	0.0267	2.82%	2.78%	337	332	95%	96%
10	357	11,786	0.0303	2.94%	3.02%	347	356	103%	100%
11	388	11,352	0.0342	3.07%	3.28%	349	372	111%	104%
12	393	10,900	0.0361	3.25%	3.56%	354	388	111%	101%
13	375	10,321	0.0363	3.46%	3.86%	357	399	105%	94%
14	392	9,914	0.0395	3.68%	4.18%	365	414	107%	95%
15	431	9,551	0.0451	3.93%	4.52%	375	431	115%	100%
16	465	9,301	0.0500	4.60%	4.87%	428	453	109%	103%
17	485	9,008	0.0538	5.61%	5.24%	505	472	96%	103%
Total	5,646	178,140				5,623	5,315	100%	106%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
TERMINATION EXPERIENCE - SERVICE-BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Terminations	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0	2,466	9,536	0.2586	21.30%	21.30%	2,031	2,031	121%	121%
1	6,877	42,682	0.1611	15.33%	15.33%	6,542	6,542	105%	105%
2	4,636	37,229	0.1245	11.48%	11.48%	4,273	4,273	108%	108%
3	3,373	33,496	0.1007	9.26%	9.26%	3,102	3,102	109%	109%
4	2,593	29,911	0.0867	7.86%	7.86%	2,351	2,351	110%	110%
5	1,956	27,124	0.0721	6.96%	6.96%	1,887	1,887	104%	104%
6	1,630	25,685	0.0635	6.34%	6.34%	1,630	1,630	100%	100%
7	1,350	24,351	0.0554	5.71%	5.71%	1,391	1,391	97%	97%
8	1,064	23,077	0.0461	4.92%	4.92%	1,135	1,135	94%	94%
9	850	21,471	0.0396	3.85%	3.85%	827	827	103%	103%
10	717	19,747	0.0363	2.34%	2.34%	462	462	155%	155%
Total	27,512	294,309				25,631	25,631	107%	107%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
TERMINATION EXPERIENCE - SERVICE-BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Terminations	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0	968	9,536	0.1015	8.80%	8.80%	839	839	115%	115%
1	2,290	42,682	0.0537	5.12%	5.12%	2,187	2,187	105%	105%
2	1,365	37,229	0.0367	3.48%	3.48%	1,297	1,297	105%	105%
3	879	33,496	0.0262	2.51%	2.51%	841	841	104%	105%
4	622	29,911	0.0208	1.87%	1.87%	560	560	111%	111%
5	468	27,124	0.0173	1.51%	1.51%	410	410	114%	114%
6	356	25,685	0.0139	1.35%	1.35%	346	346	103%	103%
7	312	24,351	0.0128	1.23%	1.23%	301	301	104%	104%
8	211	23,077	0.0091	1.06%	1.06%	245	245	86%	86%
9	201	21,471	0.0094	0.83%	0.83%	178	178	113%	113%
10	132	19,747	0.0067	0.49%	0.49%	97	97	136%	136%
Total	7,804	294,309				7,299	7,301	107%	107%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
TERMINATION EXPERIENCE - YEAR(S) FROM RETIREMENT - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Year(s) From Retirement	Actual Terminations	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	1	195	0.0051	1.54%	0.89%	3	2	33%	50%
2	44	2,692	0.0163	2.23%	1.16%	60	31	73%	142%
3	48	2,767	0.0173	2.13%	1.36%	59	38	81%	126%
4	52	2,776	0.0187	2.02%	1.52%	56	42	93%	124%
5	73	2,788	0.0262	1.97%	1.66%	55	46	133%	159%
6	40	2,703	0.0148	1.89%	1.78%	51	48	78%	83%
7	55	2,625	0.0210	1.83%	1.89%	48	50	115%	110%
8	60	2,555	0.0235	1.80%	1.99%	46	51	130%	118%
9	54	2,396	0.0225	1.75%	2.08%	42	50	129%	108%
10	54	2,361	0.0229	1.78%	2.17%	42	51	129%	106%
11	60	2,276	0.0264	1.80%	2.25%	41	51	146%	118%
12	68	2,212	0.0307	1.81%	2.33%	40	51	170%	133%
13	49	2,129	0.0230	1.88%	2.40%	40	51	123%	96%
14	52	2,121	0.0245	1.98%	2.47%	42	52	124%	100%
15	59	2,189	0.0270	2.10%	2.54%	46	56	128%	105%
16	46	1,884	0.0244	2.34%	2.60%	44	49	105%	94%
17	33	1,642	0.0201	2.56%	2.67%	42	44	79%	75%
Total	848	38,311				757	763	112%	111%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
TERMINATION EXPERIENCE - YEAR(S) FROM RETIREMENT - FEMALE

Year(s) From Retirement	Actual Terminations	Total Count	Actual Rate	Assumed Rate		Expected Retirements		Actual/Expected	
				Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	2	1,080	0.0019	1.57%	0.79%	17	9	12%	22%
2	175	14,607	0.0120	1.95%	0.90%	285	131	61%	134%
3	191	14,932	0.0128	1.88%	1.01%	280	150	68%	127%
4	190	15,001	0.0127	1.81%	1.13%	271	169	70%	112%
5	209	14,932	0.0140	1.75%	1.25%	261	187	80%	112%
6	252	14,439	0.0175	1.70%	1.38%	246	199	102%	127%
7	213	14,034	0.0152	1.67%	1.52%	234	213	91%	100%
8	268	13,771	0.0195	1.66%	1.66%	228	228	118%	118%
9	258	13,196	0.0196	1.66%	1.80%	219	238	118%	108%
10	261	12,571	0.0208	1.69%	1.96%	213	246	123%	106%
11	258	11,772	0.0219	1.74%	2.11%	205	249	126%	104%
12	247	11,094	0.0223	1.82%	2.28%	202	253	122%	98%
13	247	10,640	0.0232	1.93%	2.45%	205	260	120%	95%
14	273	10,327	0.0264	2.07%	2.62%	214	271	128%	101%
15	283	10,236	0.0276	2.25%	2.80%	230	287	123%	99%
16	271	8,365	0.0324	2.56%	2.99%	214	250	127%	108%
17	232	7,086	0.0327	2.92%	3.18%	207	225	112%	103%
Total	2,811	123,092				2,371	2,720	119%	103%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
TERMINATION EXPERIENCE - SERVICE-BASED - MALE AND FEMALE COMBINED

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Terminations	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0	3,301	11,044	0.2989	24.47%	25.00%	2,702	2,761	122%	120%
1	4,452	20,599	0.2161	17.74%	18.00%	3,654	3,708	122%	120%
2	2,437	16,780	0.1452	13.14%	14.00%	2,205	2,349	111%	104%
3	1,726	14,454	0.1194	10.41%	12.00%	1,505	1,735	115%	99%
4	1,284	12,135	0.1058	9.07%	10.70%	1,101	1,298	117%	99%
5	984	10,102	0.0974	8.33%	9.54%	841	964	117%	102%
6	775	9,221	0.0840	7.80%	8.50%	719	784	108%	99%
7	632	8,571	0.0737	7.12%	7.58%	610	650	104%	97%
8	548	8,242	0.0665	6.20%	6.75%	511	557	107%	98%
9	438	7,747	0.0565	5.02%	6.02%	389	466	113%	94%
10	383	6,924	0.0553	3.44%	5.37%	238	372	161%	103%
11	275	6,063	0.0454	3.35%	4.78%	203	290	135%	95%
12	246	5,533	0.0445	3.24%	4.26%	179	236	137%	104%
13	197	5,194	0.0379	3.14%	3.80%	163	197	121%	100%
14	177	4,860	0.0364	3.05%	3.39%	148	165	120%	107%
15	160	4,569	0.0350	2.98%	3.02%	136	138	118%	116%
16	117	4,304	0.0272	2.90%	2.69%	125	116	94%	101%
17	113	3,956	0.0286	2.83%	2.40%	112	95	101%	119%
18	80	3,782	0.0212	2.78%	2.14%	105	81	76%	99%
19	86	3,467	0.0248	2.71%	1.91%	94	66	91%	130%
20	62	3,049	0.0203	2.62%	1.70%	80	52	78%	119%
21	49	2,709	0.0181	2.58%	1.51%	70	41	70%	120%
22	47	2,297	0.0205	2.53%	1.35%	58	31	81%	152%
23	24	1,923	0.0125	2.50%	1.20%	48	23	50%	104%
Total	18,593	177,525				15,996	17,175	116%	108%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - AGE BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
65	331	1,250	0.2648	40.00%	30.00%	500	375	66%	88%
66	246	908	0.2709	24.56%	25.00%	223	227	110%	108%
67	116	640	0.1813	24.53%	20.00%	157	128	74%	91%
68	88	516	0.1705	19.96%	20.00%	103	103	85%	85%
69	62	428	0.1449	20.09%	20.00%	86	86	72%	72%
70	89	551	0.1615	100.00%	20.00%	551	110	16%	81%
71	86	469	0.1834	100.00%	20.00%	469	94	18%	91%
72	80	419	0.1909	100.00%	20.00%	419	84	19%	95%
73	63	335	0.1881	100.00%	20.00%	335	67	19%	94%
74	38	281	0.1352	100.00%	20.00%	281	56	14%	68%
Subtotal	1,199	5,797				3,124	1,330	38%	90%
75 or more	232	1,486	0.1561	100.00%	100.00%	1,486	1,486	16%	16%
Total	1,431	7,283				4,610	2,816	31%	51%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - AGE BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
65	431	1,527	0.2823	44.99%	30.00%	687	458	63%	94%
66	288	997	0.2889	24.67%	25.00%	246	249	117%	116%
67	148	674	0.2196	24.63%	20.00%	166	135	89%	110%
68	95	466	0.2039	24.68%	20.00%	115	93	83%	102%
69	55	339	0.1622	24.78%	20.00%	84	68	65%	81%
70	70	376	0.1862	100.00%	20.00%	376	75	19%	93%
71	51	293	0.1741	100.00%	20.00%	293	59	17%	86%
72	38	222	0.1712	100.00%	20.00%	222	44	17%	86%
73	33	183	0.1803	100.00%	20.00%	183	37	18%	89%
74	23	138	0.1667	100.00%	20.00%	138	28	17%	82%
Subtotal	1,232	5,215				2,510	1,246	49%	99%
75 or more	113	602	0.1877	100.00%	100.00%	604	602	19%	19%
Totals	1,345	5,817				3,114	1,848	43%	73%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - SERVICE BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
28	793	1,736	0.4568	41.53%	45.00%	721	781	110%	102%
29	393	1,356	0.2898	16.96%	30.00%	230	407	171%	97%
30	176	858	0.2051	17.25%	20.00%	148	172	119%	102%
31	112	610	0.1836	17.54%	18.00%	107	110	105%	102%
32	69	418	0.1651	18.18%	18.00%	76	75	91%	92%
33	44	300	0.1467	18.67%	18.00%	56	54	79%	81%
34	35	228	0.1535	20.18%	18.00%	46	41	76%	85%
35	32	180	0.1778	20.56%	18.00%	37	32	86%	100%
36	27	126	0.2143	15.00%	20.00%	28	25	96%	108%
37	17	87	0.1954	15.00%	20.00%	22	17	77%	100%
38	6	57	0.1053	15.00%	20.00%	17	11	35%	55%
39	9	45	0.2000	15.00%	20.00%	14	9	64%	100%
40	5	20	0.2500	15.00%	100.00%	7	20	71%	25%
41	3	15	0.2000	15.00%	100.00%	6	15	50%	20%
42	0	11	0.0000	15.00%	100.00%	4	11	0%	0%
43	1	8	0.1250	20.00%	100.00%	2	8	50%	13%
44	0	5	0.0000	20.00%	100.00%	2	5	0%	0%
45	0	3	0.0000	20.00%	100.00%	1	3	0%	0%
46 & Over	2	15	0.1333	20.00%	100.00%	11	15	18%	13%
Total	1,724	6,078				1,535	1,811	112%	95%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
GENERAL EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - SERVICE BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
28	1,242	2,427	0.5117	50.64%	50.00%	1,229	1,214	101%	102%
29	533	1,693	0.3148	19.02%	30.00%	322	508	166%	105%
30	220	988	0.2227	19.23%	20.00%	190	198	116%	111%
31	106	619	0.1712	19.71%	18.00%	122	111	87%	95%
32	62	379	0.1636	20.58%	16.00%	78	61	79%	102%
33	40	235	0.1702	21.28%	16.00%	50	38	80%	105%
34	16	155	0.1032	23.23%	16.00%	36	25	44%	64%
35	13	112	0.1161	25.00%	16.00%	28	18	46%	72%
36	8	76	0.1053	26.32%	16.00%	20	12	40%	67%
37	4	50	0.0800	28.00%	16.00%	14	8	29%	50%
38	6	33	0.1818	27.27%	16.00%	9	5	67%	120%
39	3	20	0.1500	30.00%	16.00%	6	3	50%	100%
40	1	12	0.0833	33.33%	100.00%	4	12	25%	8%
41	3	12	0.2500	33.33%	100.00%	4	12	75%	25%
42	3	9	0.3333	33.33%	100.00%	3	9	100%	33%
43	1	5	0.2000	40.00%	100.00%	2	5	50%	20%
44	0	3	0.0000	66.67%	100.00%	2	3	0%	0%
45	2	3	0.6667	66.67%	100.00%	2	3	100%	67%
46 & Over	0	5	0.0000	0.00%	100.00%	1	5	0%	0%
Total	2,263	6,836				2,122	2,250	107%	101%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - AGE BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
65	113	450	0.2511	45.11%	25.00%	203	113	56%	100%
66	78	313	0.2492	28.75%	25.00%	90	78	87%	100%
67	55	244	0.2254	24.18%	25.00%	59	61	93%	90%
68	28	190	0.1474	24.21%	25.00%	46	48	61%	58%
69	44	156	0.2821	24.36%	25.00%	38	39	116%	113%
70	38	208	0.1827	100.00%	25.00%	208	52	18%	73%
71	27	185	0.1459	100.00%	25.00%	185	46	15%	59%
72	35	160	0.2188	100.00%	25.00%	160	40	22%	88%
73	30	128	0.2344	100.00%	25.00%	128	32	23%	94%
74	18	108	0.1667	100.00%	25.00%	108	27	17%	67%
Subtotal	466	2,142				1,225	536	38%	87%
75 or more	62	272	0.2279	100.00%	100.00%	272	272	23%	23%
Total	528	2,414				1,497	808	35%	65%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - AGE BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
65	364	1,285	0.2833	50.04%	30.00%	643	386	57%	94%
66	276	881	0.3133	29.28%	30.00%	258	264	107%	105%
67	134	564	0.2376	29.26%	30.00%	165	169	81%	79%
68	103	424	0.2429	24.53%	25.00%	104	106	99%	97%
69	57	322	0.1770	24.53%	25.00%	79	81	72%	70%
70	53	332	0.1596	100.00%	25.00%	332	83	16%	64%
71	56	284	0.1972	100.00%	25.00%	284	71	20%	79%
72	48	216	0.2222	100.00%	25.00%	216	54	22%	89%
73	41	179	0.2291	100.00%	25.00%	179	45	23%	91%
74	21	134	0.1567	100.00%	25.00%	134	34	16%	62%
Subtotal	1,153	4,621				2,394	1,293	48%	89%
75 or more	102	431	0.2367	100.00%	100.00%	436	431	23%	24%
Total	1,255	5,052				2,830	1,724	44%	73%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - SERVICE BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
28	251	821	0.3057	59.07%	50.00%	485	411	52%	61%
29	403	737	0.5468	24.15%	30.00%	178	221	226%	182%
30	79	270	0.2926	24.44%	30.00%	66	81	120%	98%
31	43	166	0.2590	25.90%	30.00%	43	50	100%	86%
32	31	110	0.2818	27.27%	30.00%	30	33	103%	94%
33	18	65	0.2769	29.23%	30.00%	19	20	95%	90%
34	9	36	0.2500	33.33%	30.00%	12	11	75%	82%
35	6	26	0.2308	34.62%	30.00%	9	8	67%	75%
36	4	17	0.2353	8.00%	30.00%	6	5	67%	80%
37	3	11	0.2727	8.00%	30.00%	4	3	75%	100%
38	2	7	0.2857	20.00%	30.00%	3	2	67%	100%
39	1	4	0.2500	20.00%	30.00%	2	1	50%	100%
40	0	3	0.0000	20.00%	100.00%	1	3	0%	0%
41	0	1	0.0000	20.00%	100.00%	1	1	0%	0%
42	0	1	0.0000	20.00%	100.00%	0	1	0%	0%
43	0	0	N/A	30.00%	100.00%	0	0	0%	0%
44	0	2	0.0000	30.00%	100.00%	1	2	0%	0%
45	1	2	0.5000	30.00%	100.00%	1	2	100%	50%
46 & Over	1	11	0.0909	30.00%	100.00%	10	11	10%	9%
Total	852	2,290				871	866	98%	98%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
UNREDUCED RETIREMENT EXPERIENCE - SERVICE BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
28	1,461	4,290	0.3406	61.07%	55.00%	2,620	2,360	56%	62%
29	2,192	3,788	0.5787	27.53%	30.00%	1,043	1,136	210%	193%
30	400	1,374	0.2911	28.24%	30.00%	388	412	103%	97%
31	209	836	0.2500	28.71%	30.00%	240	251	87%	83%
32	132	500	0.2640	29.60%	30.00%	148	150	89%	88%
33	73	293	0.2491	31.06%	30.00%	91	88	80%	83%
34	51	187	0.2727	31.02%	30.00%	58	56	88%	91%
35	29	129	0.2248	33.33%	40.00%	43	52	67%	56%
36	20	87	0.2299	34.48%	40.00%	30	35	67%	57%
37	9	61	0.1475	36.07%	40.00%	22	24	41%	38%
38	12	46	0.2609	41.30%	40.00%	19	18	63%	67%
39	10	31	0.3226	45.16%	40.00%	14	12	71%	83%
40	5	18	0.2778	50.00%	100.00%	9	18	56%	28%
41	3	15	0.2000	40.00%	100.00%	6	15	50%	20%
42	1	6	0.1667	33.33%	100.00%	2	6	50%	17%
43	1	6	0.1667	50.00%	100.00%	3	6	33%	17%
44	0	3	0.0000	66.67%	100.00%	2	3	0%	0%
45	0	5	0.0000	60.00%	100.00%	3	5	0%	0%
46 & Over	2	8	0.2500	50.00%	100.00%	7	8	29%	25%
Total	4,610	11,683				4,748	4,655	97%	99%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
UNREDUCED RETIREMENT EXPERIENCE - AGE BASED - MALE AND FEMALE COMBINED

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	269	1,403	0.1917	14.00%	20.00%	196	281	137%	96%
56	169	1,193	0.1417	14.00%	14.00%	167	167	101%	101%
57	123	1,079	0.1140	14.00%	12.00%	151	129	81%	95%
58	108	996	0.1084	14.00%	12.00%	139	120	77%	90%
59	107	959	0.1116	14.00%	12.00%	134	115	80%	93%
60	113	848	0.1333	15.00%	12.00%	127	102	89%	111%
61	92	718	0.1281	27.00%	12.00%	194	86	47%	107%
62	196	634	0.3091	40.00%	35.00%	254	222	77%	88%
63	101	440	0.2295	30.00%	25.00%	132	110	77%	92%
64	61	309	0.1974	25.00%	25.00%	77	77	79%	79%
65	65	230	0.2826	100.00%	30.00%	230	69	28%	94%
66	39	156	0.2500	100.00%	30.00%	156	47	25%	83%
67	23	108	0.2130	100.00%	30.00%	108	32	21%	72%
68	23	75	0.3067	100.00%	30.00%	75	23	31%	100%
69	6	54	0.1111	100.00%	30.00%	54	16	11%	38%
70	8	47	0.1702	100.00%	100.00%	47	47	17%	17%
71	6	37	0.1622	100.00%	100.00%	37	37	16%	16%
72	3	27	0.1111	100.00%	100.00%	27	27	11%	11%
73	7	22	0.3182	100.00%	100.00%	22	22	32%	32%
74	4	14	0.2857	100.00%	100.00%	14	14	29%	29%
Subtotal	1,523	9,349				2,342	1,743	65%	87%
75 or more	10	47	0.2128	100.00%	100.00%	47	47	21%	21%
Total	1,533	9,396				2,389	1,790	64%	86%

SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM (PORS)
UNREDUCED RETIREMENT EXPERIENCE - SERVICE BASED - MALE AND FEMALE COMBINED

				Assumed Rate		Expected Retirements		Actual/Expected	
Service	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
25	582	9,395	0.0619	20.00%	35.00%	406	200	143%	291%
26	219	746	0.2936	20.00%	30.00%	156	149	140%	147%
27	106	543	0.1952	20.00%	22.00%	108	109	98%	97%
28	96	457	0.2101	20.00%	22.00%	87	91	110%	105%
29	77	377	0.2042	20.00%	22.00%	70	75	110%	103%
30	60	309	0.1942	14.00%	22.00%	56	43	107%	140%
31	51	249	0.2048	14.00%	22.00%	44	35	116%	146%
32	42	204	0.2059	14.00%	22.00%	36	29	117%	145%
33	34	169	0.2012	14.00%	22.00%	31	24	110%	142%
34	28	133	0.2105	14.00%	22.00%	25	19	112%	147%
35	32	100	0.3200	15.00%	35.00%	19	15	168%	213%
36	19	63	0.3016	27.00%	35.00%	14	17	136%	112%
37	9	37	0.2432	40.00%	35.00%	9	15	100%	60%
38	14	43	0.3256	30.00%	35.00%	12	13	117%	108%
39	7	18	0.3889	25.00%	35.00%	6	5	117%	140%
40	3	21	0.1429	100.00%	100.00%	6	21	50%	14%
41	4	13	0.3077	100.00%	100.00%	6	13	67%	31%
42	2	12	0.1667	100.00%	100.00%	6	12	33%	17%
43	1	4	0.2500	100.00%	100.00%	2	4	50%	25%
44	2	6	0.3333	100.00%	100.00%	3	6	67%	33%
45	2	6	0.3333	100.00%	100.00%	3	6	67%	33%
46 & Over	5	55	0.0909	100.00%	100.00%	15	55	33%	9%
Total	1,395	12,960				1,120	956	125%	146%

GENERAL EMPLOYEES
REDUCED RETIREMENT EXPERIENCE - AGE BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	42	439	0.0957	8.00%	10.00%	35	44	120%	96%
56	33	392	0.0842	8.00%	9.00%	31	35	105%	94%
57	31	346	0.0896	8.00%	9.00%	28	31	112%	100%
58	29	367	0.0790	8.00%	9.00%	29	33	99%	88%
59	35	328	0.1067	8.00%	9.00%	26	30	133%	119%
60	269	3,419	0.0787	8.00%	9.00%	274	308	98%	87%
61	232	2,999	0.0774	12.00%	9.00%	360	270	64%	86%
62	536	2,589	0.2070	21.00%	22.00%	544	570	99%	94%
63	324	1,985	0.1632	14.00%	16.00%	278	318	117%	102%
64	227	1,511	0.1502	12.00%	16.00%	181	242	125%	94%
Total	1,758	14,375				1,786	1,879	98%	94%

GENERAL EMPLOYEES
REDUCED RETIREMENT EXPERIENCE - AGE BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	50	579	0.0864	10.00%	9.00%	58	52	86%	96%
56	53	547	0.0969	10.00%	10.00%	55	55	97%	97%
57	38	476	0.0798	10.00%	10.00%	48	48	80%	80%
58	50	440	0.1136	10.00%	11.00%	44	48	114%	103%
59	49	445	0.1101	10.00%	11.00%	45	49	110%	100%
60	501	4,925	0.1017	13.00%	11.00%	640	542	78%	92%
61	416	4,246	0.0980	14.00%	11.00%	594	467	70%	89%
62	654	3,505	0.1866	21.00%	20.00%	736	701	89%	93%
63	463	2,634	0.1758	18.00%	18.00%	474	474	98%	98%
64	322	1,924	0.1674	15.00%	18.00%	289	346	112%	93%
Total	2,596	19,721				2,982	2,782	87%	93%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
REDUCED RETIREMENT EXPERIENCE - AGE BASED - MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	13	152	0.0855	10.00%	10.00%	15	15	86%	87%
56	14	129	0.1085	10.00%	11.00%	13	14	109%	100%
57	10	109	0.0917	10.00%	11.00%	11	12	92%	83%
58	10	93	0.1075	10.00%	11.00%	9	10	108%	100%
59	17	93	0.1828	10.00%	11.00%	9	10	183%	170%
60	115	1,145	0.1004	11.00%	11.00%	126	126	91%	91%
61	108	1,032	0.1047	15.00%	11.00%	155	114	70%	95%
62	196	895	0.2190	25.00%	22.00%	224	197	88%	99%
63	164	726	0.2259	18.00%	22.00%	131	160	125%	103%
64	70	506	0.1383	22.00%	22.00%	111	111	63%	63%
Total	717	4,880				804	769	89%	93%

SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
PUBLIC SCHOOL DISTRICT EMPLOYEES
REDUCED RETIREMENT EXPERIENCE - AGE BASED - FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	68	787	0.0864	11.00%	9.00%	87	71	79%	96%
56	65	786	0.0827	11.00%	9.00%	86	71	75%	92%
57	84	778	0.1080	11.00%	10.00%	86	78	98%	108%
58	78	710	0.1099	11.00%	10.00%	78	71	100%	110%
59	64	708	0.0904	11.00%	10.00%	78	71	82%	90%
60	529	5,216	0.1014	14.00%	10.00%	730	522	72%	101%
61	553	4,308	0.1284	16.00%	13.00%	689	560	80%	99%
62	664	3,398	0.1954	21.00%	20.00%	714	680	93%	98%
63	473	2,505	0.1888	20.00%	20.00%	501	501	94%	94%
64	337	1,729	0.1949	15.00%	20.00%	259	346	130%	97%
Total	2,915	20,925				3,308	2,971	88%	98%

STATE BUDGET AND CONTROL BOARD REGULAR SESSION

MEETING OF November 3, 2011 ITEM NUMBER 7

AGENCY: State Treasurer's Office

SUBJECT: Department of Transportation Cash Flow

At its September 20, 2011, meeting the Budget and Control Board requested that the Secretary of the Department of Transportation provide the Board members and the Board Secretary with the following information in a written report no later than October 14, 2011. The Secretary of the Department of Transportation was further requested to attend the November 3, 2011, Board meeting to make a brief and concise report.

1. As of August 15, 2011, what were the totals of all DOT outstanding payables due to all parties and entities, including contractors, consultants and the State Infrastructure Bank, that were overdue by 30 days, 45 days, 60 days and 90 days?

2. What were the sources and amounts of the financial 'infusion" from all sources utilized by DOT to assist in resolving the DOT cash flow deficiency, including but not limited to the $12m from the State Infrastructure Bank projects which were "under runs", the $52m advance from the Federal government, interdepartmental "borrowing" from other projects and programs not in need of current funding and delayed and/or postponed projects or programs?

3. Identify each project and program that has been delayed or postponed, the dollar amount from each that will assist in resolving the cash flow problem, the location of each delayed or postponed project and program and the length of the delay or postponement.

4. What are DOT's current cash flow forecasts by month for the next 12 and 24 months?

5. A discussion of the State's capacity for and the Department's April, 2011, action to pursue issuance of up to $344 million General Obligation State Highway Bonds, with particular emphasis on the following considerations:

    a. How much of the Department's capacity will be depleted, and for what period of time, following issuance of this indebtedness?

    b. Are each of the projects to be funded from the proceeds of this issuance included in the Department's Statewide Transportation Improvement Plan, and if so, what is each project's priority ranking?

    c. In view of recent concerns about the Department's cash flow, and particularly in view of observations that tax revenues that would be pledged to the bonds are declining, what is the impact of debt service associated with the bonds on the cash flow of the

AGENCY: State Treasurer's Office

SUBJECT: Department of Transportation Cash Flow

operation of the Department, and what comfort can be given that the Department is in a position to absorb this additional, ongoing liability? What effect does this have on road and bridge maintenance and repair, as well as repaving?

6. A discussion of the State Transportation Infrastructure Bank's capacity and its collaboration with the Department of Transportation's Statewide Transportation Improvement Plan, and particularly:

   a. What is the Bank's current capacity to issue additional revenue indebtedness, and when does the Bank anticipate that additional capacity will become available?

   b. What process does the Bank follow in prioritizing its funding commitments? Is the Bank's approval process collaborative or otherwise integrated with the Statewide Transportation Improvement Plan?

   c. What is the total value of projects approved by the Bank for funding, both in terms of those that have present commitments to funding, and those that have been approved but are not funded because of limited bank resources?

   d. What portion of the Bank's financial resources are dependent on its funding and reimbursement agreements with the Department of Transportation, and how does or would the Bank address delays or disruptions in those reimbursements over the short and longer term?

The Secretary of the Department of Transportation has provided his response to the questions raised. The response is attached and incorporated as part of this agenda item.

BOARD ACTION REQUESTED:

Receive as information the Secretary of the Department of Transportation's report.

ATTACHMENTS:

Report of the Secretary of the Department of Transportation dated October 11, 2011; SCTIB response and attachments

South Carolina
Department of Transportation

Secretary of Transportation
Robert J. St. Onge, Jr.
(803) 737-[illegible] Fax (803) 737-[illegible]

October 11, 2011

Mr. Delbert Singleton
SC Budget and Control Board
Box 12444
Columbia, South Carolina 29211

Dear Mr. Singleton:

Pursuant to the Board's request, I am providing answers to the following questions:

1. **As of August 15, 2011, what were the totals of all DOT outstanding payables due to all parties and entities, including contractors, consultants and the State Infrastructure Bank, that were overdue by 30 days, 45 days, 60 days and 90 days?**

   On August 15, 2011, the total of all SCDOT outstanding payables more than 30 days old was $33M.

2. **What were the sources and amounts of the financial "infusion" from all sources utilized by DOT to assist in resolving the DOT cash flow deficiency, including but not limited to the $12m from the State Infrastructure Bank projects which were "under runs", the 52M advance from the Federal government, interdepartmental "borrowing" from other projects and programs not in need of current funding and delayed and/or postponed projects or programs?**

   The $12M in funding from under runs on the SCTIB projects has been designated for bridges and was not requested because of cash flow issues.

   The $52M payment from the FHWA was for reimbursement on federally eligible SCTIB projects that have been completed. These reimbursements are normally requested on a monthly basis, but SCDOT chose to seek current fiscal year reimbursement in one payment versus 12 payments.

   SCDOT has managed our various accounts to pay our obligations. We also used all available federal obligation authority for eligible projects to ensure the state's return of federal motor fuel dollars. We received an additional $27M of obligation authority from the federal government in September because other states did not utilize all that was made available to them.

3. **Identify each project and program that has been delayed or postponed, the dollar amount from each that will assist in resolving the cash flow problem, the location of each delayed or postponed project and program and the length of the delay or postponement.**

   In the month of August, SCDOT deferred lettings on state-funded projects estimated at approximately $24M. The list of projects is in Attachment 1, but the cost cannot be released because they have not been bid yet. There were $44M worth of state-funded projects that were let in July but SCDOT has deferred the start date of work until resources will allow it.

The project and relative information is in Attachment 2. Please note that these projects have been deferred, not canceled. They will be the first in the queue when appropriate resources are projected to be available.

4. **What are DOT's current cash flow forecasts by month for the next 12 and 24 months?**

   Please see Attachment 3.

5. **A discussion of the State's capacity for the Department's April, 2011, action to pursue issuance of up to 344 million General Obligation State Highway Bonds, with particular emphasis on the following considerations:**

   a. **How much of the Department's capacity will be depleted, and for what period of time, following issuance of this indebtedness?**

      Should the proposed bond package be approved, the issuance of the bonds would be over several years as each of the projects needed them (a time period of 2012 to 2017). The proposed package will take SCDOT to 80% of our current capacity if issued all at once. SCDOT's debt service on the current outstanding issues is declining over the next 12 years because the maximum payout for the debt has already occurred.

   b. **Are each of the projects to be funded from the proceeds of this issuance included in the Department's Statewide Transportation Improvement Plan, and if so what is each project's priority ranking.**

      The ranking of these projects is best described as follows:
      - I-73 –Commission action identifying it as the #1 new construction project in the state (2007) – Engineering staff has not ranked this project.
      - I-26 widening in Charleston County from Heirot Street to I-526 – Commission action of April 2011, placed the project as the # 11 interstate widening project. The engineering ranking of the project is #12.
      - I-85/US 276 interchange- Commission Action of April 2011 placed the project as the #13 interstate interchange project. The engineering ranking of the project is #23.
      - Airport Connector- This project is currently ranked in the Columbia Area Transportation Study (COATS) program as the #2 ranked new location priority for the COATS region.
      - I-26 widening from mile marker 194-199 – The Commission action of April 2011 placed the project as the #14 priority project for interstate widenings. The engineering rank of the project is #25.

   c. **In view of recent concerns about the Department's cash flow, and particularly in view of observations that tax revenue that would be pledged to the bonds are declining, what is the impact of debt service associated with the bonds on the cash flow of the operation of the Department, and what comfort can be given that the Department is in a position to absorb this additional, ongoing, liability? What effect does this have on road and bridge maintenance and repair, as well as repaving?**

SCDOT would not attempt to take the entire bonding package to the JBRC or to the BCB for approval until our financial situation was in order and it was clear that the new debt service requirements that would be generated by these bonds would not have a debilitating effect on system preservation and other requirements dictated by the STIP and Commission decisions. At the direction of the Commission certain projects with lesser impact could be presented to the JBRC and the BCB for decision if the conditions above were met.

The projects considered for the bond program are all eligible for federal aid. The bond issuance is an attempt to advance the projects to construction in a time and manner more expeditiously by using bonds. The impact to the cash flow of the agency would in essence be a net of 10% of the bond amount used, given that 90% of the expense would be borne by the federal program. The impact to the federal program would be that an annual amount sufficient to service the bond repayment would need to be "reserved." In general terms, if the full $340 million were to be issued, an amount of approximately $34 million would need to be included in each year's program.

The following answers to Question 6 were provided by the SCTIB:

6. **A discussion of the State Transportation Bank's capacity and its collaboration with the Department of Transportation's Statewide Transportation Improvement Plan, and particularly:**

   a. **What is the Bank's current capacity to issue additional revenue indebtedness, and when does the Bank anticipate that additional capacity will become available?**

      Currently, the Bank has no projected capacity to provide financial assistance to additional projects beyond those currently approved. When projects are approved for financial assistance, a projected payout schedule is included in the financial plan of the Bank. Timing of issuance of revenue bonds is determined based on the cash needs and cash availability of the Bank. The next projected issuances of revenue bonds are in fiscal year 2012 in the approximate amount of $151 million and in fiscal year 2013 in the amount of $206 million. These amounts and dates are subject to change based on updated cash payout projections. JBRC has approved all projects and revenue bonds to be issued to provide financial assistance to projects approved by the SCTIB Board.

      At least once each year, the financial position of the Bank is re-evaluated based on actual annual revenues collected and projected cash payouts to determine additional capacity, if any. This evaluation is currently underway with a report to be provided to the SCTIB Board at its next meeting.

   b. **What process does the Bank follow in prioritizing its funding commitments? Is the Bank's approval process collaborative or otherwise integrated with the Statewide Transportation Improvement Plan?**

      The Bank has a formal process for evaluating and ranking projects submitted to the Bank for financial assistance. The process is attached. As part of the process, SCDOT provides information to the Bank on the project's ranking in the STIP, congestion

information, accident information, and other pertinent information to assist with evaluation of the application.

c. **What is the total value of projects approved by the Bank for funding, both in terms of those that have present commitments to funding, and those that have been approved but are not funded because of limited bank resources?**

The total value of projects which have been approved for financial assistance from the Bank is $4.7 billion. This includes the Bank's share, local match amounts, and loan repayments. There have been a number of applications submitted for financial assistance, but no specific amounts approved beyond those for which funding is provided.

d. **What portion of the Bank's financial resources are dependent on its funding and reimbursement agreements with the Department of Transportation, and how does or would the Bank address delays or disruptions in those reimbursements over the short and longer term?**

The Bank's annual revenues are approximately $198 million. All of the revenues are pledged to the repayment of general obligation or revenue bonds. Of that amount, approximately $54 million is paid annually by SCDOT to the Bank, including approximately $24 million in an "amount equivalent to one-cent of the gasoline tax" as per Section 11-43-160 of the SC Code of Laws and Intergovernmental Agreements between SCDOT and the Bank. The Bank recently put in place a more formalized process to invoice SCDOT each month for amounts due per agreements and is monitoring payments received. The Bank coordinates with SCDOT and does not anticipate any further delays or disruptions in those reimbursements. Section 11-43-210 gives the Bank the authority to request the State Treasurer intercept funds from any governmental entity which fails to remit amounts due to the Bank. This provision has never been used since the creation of the Bank.

I hope this information is helpful. I look forward to seeing you on November 3.

Sincerely,

Robert J. St. Onge, Jr.
Secretary of Transportation

RJS/wbn
Attachments
cc: Honorable Members, SC General Assembly
Honorable Members, SCDOT Commission
SCDOT Deputy Secretaries

The following **SEVENTEEN (17)** projects from the Regular Highway Letting of August 9, 2011 WERE WITHDRAWN FROM THE LETTING BEFORE BIDS WERE RECEIVED.

COUNTY	SC FILE NO.	CONGRESS. DISTRICT
ABBEVILLE & GREENWOOD	1.101201 & 24.101201	3
ANDERSON	4.101201	3
BEAUFORT & JASPER	7.101201 & 27.101201	2
CALHOUN, CLARENDON & ORANGEBURG	9.101201, 14.101201 & 38.101201	2 & 6
CHEROKEE & UNION	11.101201 & 44.101201	4 & 5
CHESTER & YORK	12.101201 & 46.101201	5
COLLETON & DORCHESTER	15.101201 & 18.101201	1 & 6
DILLON & MARION	17.101201 & 34.101201	5 & 6
EDGEFIELD & MCCORMICK	19.101201 & 33.101201	3
GEORGETOWN & HORRY	22.101201 & 26.101201	1 & 6
GREENVILLE	23.101201	4
KERSHAW, LEE & SUMTER	28.101201, 31.101201, 43.101201 & 43.101202	5 & 6
LAURENS	30.101201	3 & 4
OCONEE & PICKENS	37.101201 & 39.101201	3
SPARTANBURG	42.101201	4
UNION	44.57121	4
ENGINEERING DISTRICT 3	47.321201	4

REASON: The above mentioned projects were deferred to a future letting as a proactive management decision based upon existing cash balances and expected future payouts for currently active construction contracts. As the cash balances approach the desired levels, these projects will be scheduled for a highway letting.

SOUTH CAROLINA
DEPARTMENT OF TRANSPORTATION
NOTICE TO CONTRACTORS
FOR
AUGUST 9, 2011 REGULAR HIGHWAY LETTING

***

BID EXPRESS CALL NO. 020
ABBEVILLE, GREENWOOD COUNTIES
SC FILE NOS.: 01.101201, 24.101201
PROJECT NO.: MR12
PCN: 040043MT01, 040046MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - ABBEVILLE & GREENWOOD COUNTIES
APPROXIMATE LENGTH: 6.2600 MILES

***

BID EXPRESS CALL NO. 030
ANDERSON COUNTY
SC FILE NO.: 04.101201
PROJECT NO.: MR12
PCN: 040044MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - ANDERSON COUNTY
APPROXIMATE LENGTH: 3.5500 MILES

***

***

BID EXPRESS CALL NO. 050
BEAUFORT, JASPER COUNTIES
SC FILE NOS.: 07.101201, 27.101201
PROJECT NO.: MR12
PCN: 040190MT01, 040233MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - BEAUFORT & JASPER COUNTIES
APPROXIMATE LENGTH: 3.3900 MILES

***

BID EXPRESS CALL NO. 060
CALHOUN, CLARENDON, ORANGEBURG COUNTIES
SC FILE NOS.: 09.101201, 14.101201, 38.101201
PROJECT NO.: MR12
PCN: 040245MT01, 040246MT01, 040253MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - CALHOUN, CLARENDON & ORANGEBURG COUNTIES
APPROXIMATE LENGTH: 18.1500 MILES

***

BID EXPRESS CALL NO. 080
CHEROKEE, UNION COUNTIES
SC FILE NOS.: 11.101201, 44.101201
PROJECT NO.: MR12
PCN: 040057MT01, 040065MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - CHEROKEE & UNION COUNTIES
APPROXIMATE LENGTH: 4.8500 MILES

***

BID EXPRESS CALL NO. 090
CHESTER, YORK COUNTIES
SC FILE NOS.: 12.101201, 46.101201
PROJECT NO.: MR12
PCN: 040060MT01, 040069MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - CHESTER & YORK COUNTIES
APPROXIMATE LENGTH: 7.0000 MILES

***

BID EXPRESS CALL NO. 100
COLLETON, DORCHESTER COUNTIES
SC FILE NOS.: 15.101201, 18.101201
PROJECT NO.: MR12
PCN: 040225MT01, 040227MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - COLLETON & DORCHESTER COUNTIES
APPROXIMATE LENGTH: 5.2400 MILES

***

BID EXPRESS CALL NO. 110
DILLON, MARION COUNTIES
SC FILE NOS.: 17.101201, 34.101201
PROJECT NO.: MR12
PCN: 040072MT01, 040105MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - DILLON & MARION COUNTIES
APPROXIMATE LENGTH: 7.4600 MILES

***

BID EXPRESS CALL NO. 130
EDGEFIELD, MCCORMICK COUNTIES
SC FILE NOS.: 19.101201, 33.101201
PROJECT NO.: MR12
PCN: 040045MT01, 040048MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - EDGEFIELD & MCCORMICK COUNTIES
APPROXIMATE LENGTH: 6.8200 MILES

***

BID EXPRESS CALL NO. 150
GEORGETOWN, HORRY COUNTIES
SC FILE NOS.: 22.101201, 26.101201
PROJECT NO.: MR12
PCN: 040082MT01, 040104MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - GEORGETOWN & HORRY COUNTIES
APPROXIMATE LENGTH: 8.8400 MILES

***

BID EXPRESS CALL NO. 160
GREENVILLE COUNTY
SC FILE NO.: 23.101201
PROJECT NO.: MR12
PCN: 040051MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - GREENVILLE COUNTY
APPROXIMATE LENGTH: 3.4100 MILES

***

BID EXPRESS CALL NO. 170
KERSHAW, LEE, SUMTER COUNTIES
SC FILE NOS.: 28.101201, 31.101201, 43.101201, 43.101202
PROJECT NO.: MR12
PCN: 040037MT01, 040038MT01, 040041MT01, 040583MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - KERSHAW, LEE & SUMTER COUNTIES
APPROXIMATE LENGTH: 10.7900 MILES

***

BID EXPRESS CALL NO. 180
LAURENS COUNTY
SC FILE NO.: 30.101201
PROJECT NO.: MR12
PCN: 040047MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - LAURENS COUNTY
APPROXIMATE LENGTH: 4.1900 MILES

***

BID EXPRESS CALL NO. 190
OCONEE, PICKENS COUNTIES
SC FILE NOS.: 37.101201, 39.101201
PROJECT NO.: MR12
PCN: 040052MT01, 040054MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - OCONEE & PICKENS COUNTIES
APPROXIMATE LENGTH: 3.6500 MILES

***

BID EXPRESS CALL NO. 210
SPARTANBURG COUNTY
SC FILE NO.: 42.101201
PROJECT NO.: MR12
PCN: 040056MT01
TYPE OF WORK: 2012 SECONDARY RESURFACING - SPARTANBURG COUNTY
APPROXIMATE LENGTH: 3.4100 MILES

***

BID EXPRESS CALL NO. 220
UNION COUNTY
SC FILE NO.: 44.57121
PROJECT NO.: MT12
PCN: 040755MT01
TYPE OF WORK: 2012 CROSS LINE PIPE - UNION COUNTY
APPROXIMATE LENGTH: 0.0000 MILES

***

BID EXPRESS CALL NO. 230
ENGINEERING DISTRICT 3
SC FILE NO. 47.321201
PROJECT NO.: FR12
PCN: 040945MT01
TYPE OF WORK: 2012 DISTRICT 3 FENCE REPAIR - GREENVILLE AND SPARTANBURG COUNTIES
APPROXIMATE LENGTH: 0.0000 MILES

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(01.221101R1) ABBEVILLE, GREENWOOD & MCCORMICK COUNTIES, SC FILE NOS. 01.221101R1, 24.221101R1, 33.221101R1, STATE PROJECT NO. CS11, PCN 040129MT01R1, 040132MT01R1, 040134MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - ABBEVILLE, GREENWOOD & MCCORMICK COUNTIES

TOTAL LENGTH OF PROJECT: 24.4700 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 1,100,383.31	0.0000%
2	1SA01S	SATTERFIELD CONSTRUCTION COMPANY, INC.	GREENWOOD, SC	$ 1,165,238.16	5.8938%
3	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 1,202,622.12	9.2912%
4	1EV006	EVERETT DYKES GRASSING CO., INC.	COCHRAN, GA	$ 1,296,036.30	17.7804%
5	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 1,302,026.00	18.3248%
6	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,339,818.61	21.7593%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/~~13~~11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

Attachment 2

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(01.101101R1) MCCORMICK & ABBEVILLE COUNTIES, SC FILE NOS. 01.101101R1, 33.101101R1, STATE PROJECT NO. MR11, PCN 039921MT01R1, 039926MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - ABBEVILLE & MCCORMICK COUNTIES

TOTAL LENGTH OF PROJECT: 5.4000 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1SA015	SATTERFIELD CONSTRUCTION COMPANY, INC.	GREENWOOD, SC	$ 1,168,045.91	0.0000%
2	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 1,264,450.76	8.2535%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

*(02.151101R1) AIKEN COUNTY, SC FILE NO. 02.151101r1, STATE PROJECT NO. UT11, PCN 040176MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY ULTRA THIN LIFT - AIKEN COUNTY

TOTAL LENGTH OF PROJECT: 16.5200 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1SA015	SATTERFIELD CONSTRUCTION COMPANY, INC.	GREENWOOD, SC	$ 1,022,963.38	0.0000%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

*(03.101101R1) ALLENDALE, BAMBERG, BARNWELL & HAMPTON COUNTIES, SC FILE NOS. 03.101101R1, 05.101101R1, 06.101101R1, 25.101101R1, STATE PROJECT NO. MR11, PCN 039955MT01R1, 039956MT01R1, 039957MT01R1, 039960MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - ALLENDALE, BAMBERG, BARNWELL & HAMPTON COUNTIES

TOTAL LENGTH OF PROJECT: 17.3500 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 2,410,530.56	0.0000%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

*(03.151101R1) ALLENDALE, BAMBERG, BARNWELL & HAMPTON COUNTIES, SC FILE NOS. 03.151101R1, 05.151101R1, 06.151101R1, 25.151101R1, STATE PROJECT NO. UT11, PCN 040177MT01R1, 040178MT01R1, 040179MT01R1, 040182MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY ULTRA THIN LIFT - ALLENDALE, BAMBERG, BARNWELL & HAMPTON COUNTIES

TOTAL LENGTH OF PROJECT: 21.76 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 1,589,226.65	0.0000%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR SB Jamison DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(04.221101R1) ANDERSON COUNTY, SC FILE NO. 04.221101R1, STATE PROJECT NO. CS11, PCN 040130MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - ANDERSON COUNTY

TOTAL LENGTH OF PROJECT: 11.1100 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 640,136.13	0.0000%
2	1FR001	F & R ASPHALT, INC.	EASLEY, SC	$ 696,002.05	8.7272%
3	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 717,798.68	12.1322%
4	1AS002	ASHMORE BROTHERS, INC.	GREER, SC	$ 734,874.68	14.7998%
5	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 768,379.13	20.0337%
6	1EV006	EVERETT DYKES GRASSING CO., INC.	COCHRAN, GA	$ 828,959.97	29.4975%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(07.101101R1) BEAUFORT & JASPER COUNTIES, SC FILE NOS. 07.101101R1, 27.101101R1, STATE PROJECT NO. MR11, PCN 039948MT01R1, 039953MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - BEAUFORT & JASPER COUNTIES

TOTAL LENGTH OF PROJECT: 4.5300 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1AP003	APAC-SOUTHEAST, INC.	SAVANNAH, GA	$ 959,923.02	0.0000%
2	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 984,819.77	2.5936%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

DATE : 07/13/11
PAGE : 1

VENDOR RANKING

*(07.151101R1) BEAUFORT & JASPER COUNTIES, SC FILE NOS. 07.151101R1, 27.151101R1, STATE PROJECT NO. UT11, PCN 040162MT01R1, 040164MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY ULTRA THIN LIFT - BEAUFORT & JASPER COUNTIES

TOTAL LENGTH OF PROJECT: 5.3300 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1AP003	APAC-SOUTHEAST, INC.	SAVANNAH, GA	$ 464,751.99	0.0000%
2	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 566,172.04	21.8224%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(07.221101R1) BEAUFORT COUNTY, SC FILE NO. 07.221101R1, STATE PROJECT NO. CS11, PCN 040153MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - BEAUFORT COUNTY

TOTAL LENGTH OF PROJECT: 8.7200 MILES. COMPLETION DATE: 04/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 174,919.35	0.0000%
2	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 201,775.02	15.3532%
3	1EV006	EVERETT DYKES GRASSING CO., INC.	COCHRAN, GA	$ 209,523.02	19.7826%
4	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 221,836.66	26.8223%
5	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 228,204.48	30.4627%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR SB Gomineck DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(08.101101R1) BERKELEY & DORCHESTER COUNTIES, SC FILE NOS. 08.101101R1, 18.101101R1, STATE PROJECT NO. MR11, PCN 039949MT01R1, 039952MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - BERKELEY & DORCHESTER COUNTIES

TOTAL LENGTH OF PROJECT: 6.2800 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1SA007	SANDERS BROTHERS CONSTR. CO., INC.	NORTH CHARLESTON, SC	$ 2,297,969.16	0.0000%
2	1BA007	BANKS CONSTRUCTION COMPANY	NORTH CHARLESTON, SC	$ 2,611,935.78	13.6628%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(08.221101R1) BERKELEY COUNTY, SC FILE NO. 08.221101R1, STATE PROJECT NO. CS11, PCN 040154MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - BERKELEY COUNTY

TOTAL LENGTH OF PROJECT: 30.3700 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 880,870.42	0.0000%
2	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 896,591.89	1.7848%
3	1EV006	EVERETT DYKES GRASSING CO., INC.	COCHRAN, GA	$ 905,966.03	2.8490%
4	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 937,000.77	6.3721%
5	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 979,744.42	11.2246%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR SB Johnson DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

"(09.101101R1) CALHOUN, CLARENDON & ORANGEBURG COUNTIES, SC FILE NOS. 09.101101R1, 14.101101R1, 38.101101R1, STATE PROJECT NO. MR11, PCN 039958MT01R1, 039959MT01R1, 039961MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - CALHOUN, CLARENDON & ORANGEBURG COUNTIES

TOTAL LENGTH OF PROJECT: 23.8300 MILES. COMPLETION DATE: 07/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 3,056,363.35	0.0000%
2	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 3,362,937.22	10.0307%
3	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 3,365,857.69	10.1262%
4	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 3,439,690.76	12.5419%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

"(09.151101R1) CALHOUN, CLARENDON, ORANGEBURG COUNTIES, SC FILE NOS. 09.151101R1, 14.151101R1, 38.151101R1, STATE PROJECT NO. UT11, PCN 040180MT01R1, 040181MT01R1, 040183MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY ULTRA THIN LIFT - CALHOUN, CLARENDON & ORANGEBURG COUNTIES

TOTAL LENGTH OF PROJECT: 39.1000 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 1,785,875.94	0.0000%
2	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 1,806,119.72	1.1335%
3	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,848,712.28	3.5185%
4	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 2,214,324.58	23.9910%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(10.101101R1) CHARLESTON COUNTY, SC FILE NO. 10.101101R1, STATE PROJECT NO. MR11, PCN 039950MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - CHARLESTON COUNTY

TOTAL LENGTH OF PROJECT: 6.8900 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1SA007	SANDERS BROTHERS CONSTR. CO., INC.	NORTH CHARLESTON, SC	$ 2,323,976.56	0.0000%
2	1BA007	BANKS CONSTRUCTION COMPANY	NORTH CHARLESTON, SC	$ 2,727,225.15	17.3517%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR SB Rominick DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(10.151101R1) CHARLESTON COUNTY, SC FILE NOS. 10.151101R1, 10.221101R1, 10.291101R1, STATE PROJECT NOS. DR11, UT11, CS11, PCN 040155MT01R1, 040163MT01R1, 040171MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY PRESERVATION - CHARLESTON COUNTY

TOTAL LENGTH OF PROJECT: 20.1700 MILES. COMPLETION DATE: 07/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1EV006	EVERETT DYKES GRASSING CO., INC.	COCHRAN, GA	$ 1,240,248.33	0.0000%
2	1SA007	SANDERS BROTHERS CONSTR. CO., INC.	NORTH CHARLESTON, SC	$ 1,460,378.42	17.7489%
3	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 1,516,228.01	22.2520%
4	1BA007	BANKS CONSTRUCTION COMPANY	NORTH CHARLESTON, SC	$ 1,593,963.86	28.5197%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

"(11.151101R1) CHEROKEE, LANCASTER, YORK COUNTIES, SC FILE NOS. 11.151101R1, 29.151101R1, 46.151101R1, STATE PROJECT NO. UT11, PCN 040159MT01R1, 040160MT01R1, 040161MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY ULTRA THIN LIFT - CHEROKEE, LANCASTER & YORK COUNTIES

TOTAL LENGTH OF PROJECT: 15.1800 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 1,167,992.63	0.0000%
2	1GR028	GRANITE CONTRACTING, LLC	CONCORD, NC	$ 1,270,409.13	8.7686%
3	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 1,299,346.38	11.2461%
4	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,349,240.78	15.5179%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR S B Jaminet DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

DATE : 07/13/11
PAGE : 1

VENDOR RANKING

*(11.221101R1) CHEROKEE, CHESTER, UNION, YORK COUNTIES, SC FILE NOS. 11.221101R1, 12.221101R1, 44.221101R1, 46.221101R1, STATE PROJECT NO. CS11, PCN 040138MT01R1, 040139MT01R1, 040143MT01R1, 040144MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - CHEROKEE, CHESTER, UNION & YORK COUNTIES

TOTAL LENGTH OF PROJECT: 37.4200 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 1,646,310.81	0.0000%
2	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 1,692,289.08	2.7928%
3	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,710,777.55	3.9158%
4	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 1,825,621.06	10.8916%
5	1EV006	EVERETT DYKES GRASSING CO., INC.	COCHRAN, GA	$ 1,842,236.00	11.9009%
6	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 1,849,952.11	12.3696%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

DATE : 07/13/11
PAGE : 1

VENDOR RANKING

*(13.221101R1) CHESTERFIELD, FAIRFIELD, LANCASTER COUNTIES, SC FILE NOS. 13.221101R1, 20.221101R1, 29.221101R1, STATE PROJECT NO. CS11, PCN 040140MT01R1, 040141MT01R1, 040142MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - CHESTERFIELD, FAIRFIELD & LANCASTER COUNTIES

TOTAL LENGTH OF PROJECT: 39.6700 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 1,395,814.62	0.0000%
2	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 1,449,746.57	3.8638%
3	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 1,548,418.87	10.9330%
4	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 1,637,978.33	17.3493%
5	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 1,751,852.62	25.5075%
6	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 1,762,522.68	26.2720%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

DATE : 07/13/11
PAGE : 1

VENDOR RANKING

*(15.101101R1) COLLETON COUNTY, SC FILE NO. 15.101101R1, STATE PROJECT NO. MR11, PCN 039951MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - COLLETON COUNTY

TOTAL LENGTH OF PROJECT: 3.4000 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 954,443.39	0.0000%
2	1SA007	SANDERS BROTHERS CONSTR. CO., INC.	NORTH CHARLESTON, SC	$ 1,165,581.06	22.1215%
3	1BA007	BANKS CONSTRUCTION COMPANY	NORTH CHARLESTON, SC	$ 1,348,689.71	41.3064%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/13/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(16.221101R1) DARLINGTON, DILLON, FLORENCE, MARLBORO COUNTIES, SC FILE NOS. 16.221101R1, 17.221101R1, 21.221101R1, 35.221101R1, STATE PROJECT NO. CS11, PCN 040145MT01R1, 040146MT01R1, 040147MT01R1, 040151MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - DARLINGTON, DILLON, FLORENCE & MARLBORO COUNTIES

TOTAL LENGTH OF PROJECT: 98.8500 MILES. COMPLETION DATE: 07/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 3,098,461.04	0.0000%
2	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 3,166,493.54	2.1957%
3	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 3,178,464.56	2.5820%
4	1PA005	PALMETTO CORP. OF CONWAY	CONWAY, SC	$ 3,371,763.69	8.8206%
5	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 3,384,023.30	9.2163%
6	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 3,404,262.37	9.8595%
7	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 3,621,269.11	16.8732%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(19.221101R1) EDGEFIELD, NEWBERRY, SALUDA COUNTIES, SC FILE NOS. 19.221101R1, 36.221101R1, 41.221101R1, STATE PROJECT NO. CS11, PCN 040131MT01R1, 040135MT01R1, 040136MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - EDGEFIELD, NEWBERRY & SALUDA COUNTIES

TOTAL LENGTH OF PROJECT: 26.0400 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 1,214,881.35	0.0000%
2	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 1,233,250.34	1.5120%
3	1SA015	SATTERFIELD CONSTRUCTION COMPANY, INC.	GREENWOOD, SC	$ 1,241,469.82	2.1886%
4	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 1,405,219.72	15.6672%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/13/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(22.221101R1) GEORGETOWN, HORRY, MARION, WILLIAMSBURG COUNTIES, SC FILE NOS. 22.221101R1, 26.221101R1, 34.291101R1 & 45.221101R1, STATE PROJECT NOS. DR11, CS11, PCN 040148MT01R1, 040149MT01R1, 040152MT01R1, 040170MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2010 SECONDARY SURFACE SEAL - GEORGETOWN, HORRY, MARION & WILLIAMSBURG COUNTIES

TOTAL LENGTH OF PROJECT: 29.1600 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1SO006	SOUTHERN ASPHALT, INC.	CONWAY, SC	$ 2,507,184.39	0.0000%
2	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 2,550,972.31	1.7465%
3	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 2,556,973.45	1.9859%
4	1PA005	PALMETTO CORP. OF CONWAY	CONWAY, SC	$ 2,715,183.86	8.2961%
5	1RE005	REEVES CONSTRUCTION COMPANY	MACON, GA	$ 2,767,995.77	10.4026%
6	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 2,860,754.20	14.1023%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR SB Adamuck DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(23.101102R1) GREENVILLE, OCONEE, SPARTANBURG COUNTIES, SC FILE NOS. 23.101102R1, 37.101102R1, 42.101102R1, STATE PROJECT NO. MR11, PCN 039977MT01R1, 039978MT01R1, 039979MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - GREENVILLE, OCONEE & SPARTANBURG COUNTIES

TOTAL LENGTH OF PROJECT: 2.9700 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1AS002	ASHMORE BROTHERS, INC.	GREER, SC	$ 1,802,171.95	0.0000%
2	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,827,570.13	1.4093%
3	1FR001	F & R ASPHALT, INC.	EASLEY, SC	$ 2,086,584.79	15.7817%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(23.151101R1) GREENVILLE, PICKENS COUNTIES, SC FILE NOS. 23.151101R1, 39.151101R1, STATE PROJECT NO. UT11, PCN 040157MT01R1, 040158MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY ULTRA THIN LIFT - GREENVILLE & PICKENS COUNTIES

TOTAL LENGTH OF PROJECT: 16.9600 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1AS002	ASHMORE BROTHERS, INC.	GREER, SC	$ 1,180,363.44	0.0000%
2	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,259,791.06	6.7291%
3	1FR001	F & R ASPHALT, INC.	EASLEY, SC	$ 1,284,295.41	8.8051%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

DATE : 07/13/11
PAGE : 1

VENDOR RANKING

*(24.101101R1) GREENWOOD, NEWBERRY COUNTIES, SC FILE NOS. 24.101101R1, 36.101101R1, STATE PROJECT NO. MR11, PCN 039924MT01R1, 039927MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RESURFACING - GREENWOOD & NEWBERRY COUNTIES

TOTAL LENGTH OF PROJECT: 6.0400 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,538,712.21	0.0000%
2	1SA015	SATTERFIELD CONSTRUCTION COMPANY, INC.	GREENWOOD, SC	$ 1,560,751.20	1.4323%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(28.221101R1) KERSHAW, LEE, SUMTER COUNTIES, SC FILE NOS. 28.221101R1, 31.221101R1, 43.221101R1, STATE PROJECT NO. CS11, PCN 040125MT01R1, 040126MT01R1, 040128MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - KERSHAW, LEE & SUMTER COUNTIES

TOTAL LENGTH OF PROJECT: 75.8200 MILES. COMPLETION DATE: 07/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 1,781,368.90	0.0000%
2	1EV006	EVERETT DYKES GRASSING CO., INC.	COCHRAN, GA	$ 1,838,005.79	3.1794%
3	1PA005	PALMETTO CORP. OF CONWAY	CONWAY, SC	$ 1,845,329.37	3.5905%
4	1LI022	LITTLEFIELD CONSTRUCTION COMPANY	WAYCROSS, GA	$ 1,997,878.46	12.1541%
5	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 2,067,913.19	16.0856%
6	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 2,077,406.95	16.6186%
7	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 2,327,314.04	30.6475%
8	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 2,607,941.32	46.4010%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR SB Jominick DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

*(32.221101R1) LEXINGTON COUNTY, SC FILE NOS. 32.221101R1, 32.291101R1, STATE PROJECT NOS. CS11, FD11, PCN 040127MT01R1, 040165MT01R1.
PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY SURFACE SEAL - LEXINGTON COUNTY

TOTAL LENGTH OF PROJECT: 43.2900 MILES. COMPLETION DATE: 07/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1CA005	CARNES SOUTH CAROLINA, INC.	GAINESVILLE, GA	$ 1,180,564.84	0.0000%
2	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 1,273,375.30	7.8615%
3	1EA001	EAGLE CONSTRUCTION COMPANY	NEWBERRY, SC	$ 1,286,206.60	8.9484%
4	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,328,262.23	12.5107%
5	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 1,684,427.45	42.6798%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR _____ DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(40.151101R1) RICHLAND COUNTY, SC FILE NOS. 40.151101R1, 40.291101R1, STATE PROJECT NOS. UT11, FD11, PCN 040156MT01R1, 040166MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY ULTRA THIN LIFT - RICHLAND COUNTY

TOTAL LENGTH OF PROJECT: 35.1800 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 1,547,581.82	0.0000%
2	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 1,625,323.97	5.0235%
3	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 1,657,659.77	7.1129%
4	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 1,714,547.00	10.7888%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

*(40.291102R2) RICHLAND COUNTY, SC FILE NO. 40.291102R2, STATE PROJECT NO. DR11, PCN 040167MT01R2. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 FULL DEPTH RECLAMATION - RICHLAND COUNTY

TOTAL LENGTH OF PROJECT: 2.3100 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 587,436.48	0.0000%
2	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 595,079.76	1.3011%
3	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 614,756.92	4.6508%
4	1RE010	REA CONTRACTING, A DIV OF THE LANE CONST	CHARLOTTE, NC	$ 637,520.85	8.5259%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/~~12~~11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

VENDOR RANKING

DATE : 07/13/11
PAGE : 1

*(42.141101R1) SPARTANBURG COUNTY, SC FILE NO. 42.141101R1, STATE PROJECT NO. MS11, PCN 040174MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY MICRO SURFACE - SPARTANBURG COUNTY

TOTAL LENGTH OF PROJECT: 13.8700 MILES. COMPLETION DATE: 06/30/2012. DBE GOAL: N/A

RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1AS002	ASHMORE BROTHERS, INC.	GREER, SC	$ 890,760.64	0.0000%
2	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 896,922.02	0.6917%
3	1FR001	F & R ASPHALT, INC.	EASLEY, SC	$ 944,624.77	6.0470%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR [signature] DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

DATE : 07/13/11
PAGE : 1

VENDOR RANKING

*(43.291101R1) SUMTER COUNTY, SC FILE NO. 43.291101R1, STATE PROJECT NO. DR11, PCN 040168MT01R1. PROJECT CONSISTS OF ROAD WORK INCLUDING 2011 SECONDARY RECLAMATION - SUMTER COUNTY

TOTAL LENGTH OF PROJECT: 1.3300 MILES. COMPLETION DATE: 05/31/2012. DBE GOAL: N/A

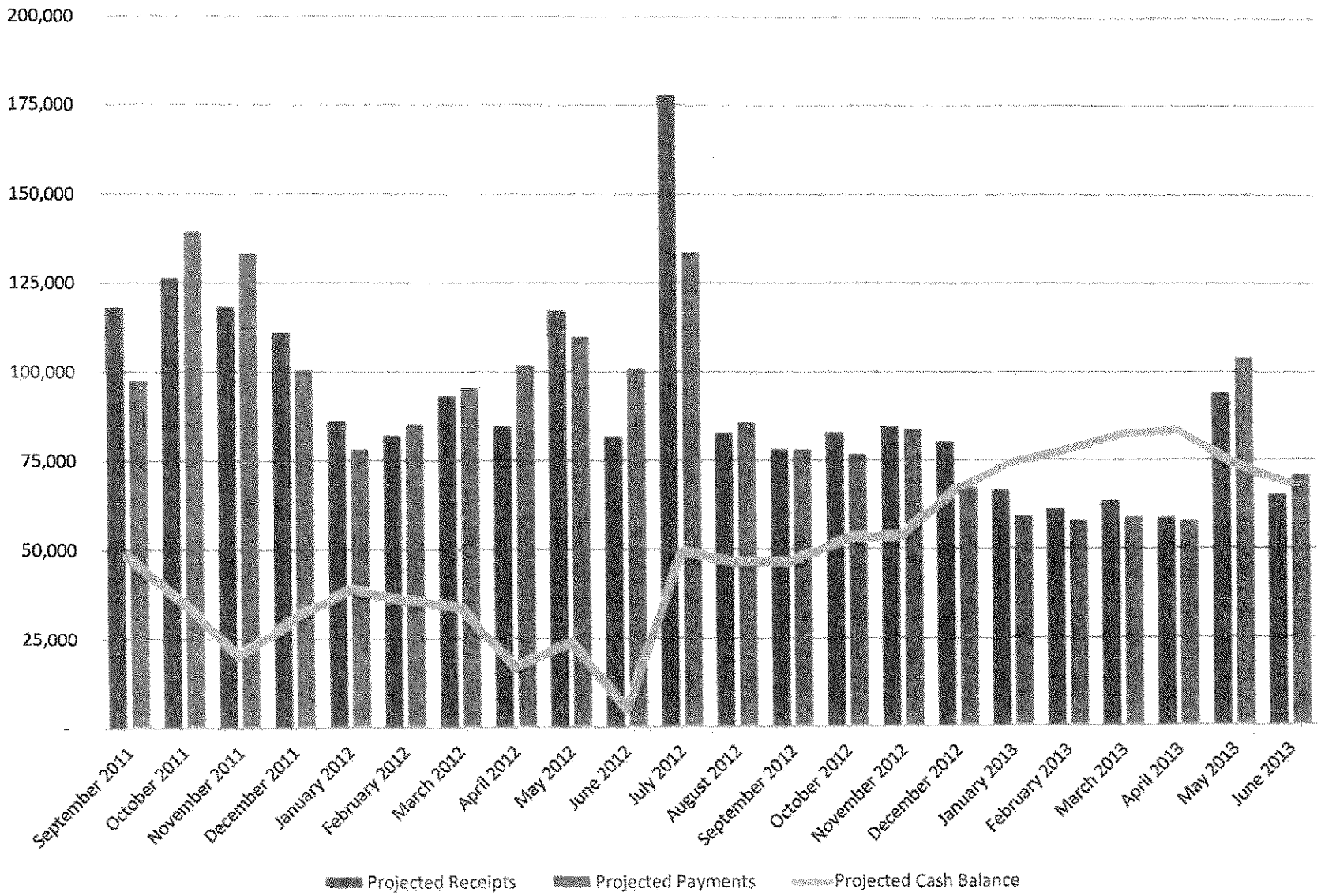
RANK	VENDOR NUMBER	NAME	LOCATION	TOTAL BID	% OVER LOW BID
1	1PA005	PALMETTO CORP. OF CONWAY	CONWAY, SC	$ 477,311.93	0.0000%
2	1CR001	C. R. JACKSON, INC.	COLUMBIA, SC	$ 509,563.32	6.7569%
3	1BO002	BOGGS PAVING, INC.	MONROE, NC	$ 510,612.20	6.9766%
4	1SL002	SLOAN CONSTRUCTION COMPANY, INC.	DUNCAN, SC	$ 563,009.84	17.9543%

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF ALL THE BIDS RECEIVED ON 07/12/11 FOR THIS PROJECT.
CONTRACT ADMINSTRATOR SB Osmond DATE 7/20/11

APPROVED BY: Robert J. St. Onge, Jr.
TITLE: Secretary of Transportation

SCDOT Projected Cash Receipts, Payments & Balance

Attachment 3



1. What is the Bank's current capacity to issue additional revenue indebtedness, and when does the Bank anticipate that additional capacity will become available?

When projects are approved for financial assistance, a projected payout schedule is included in the financial plan of the Bank. Timing of issuance of revenue bonds is determined based on the cash needs and cash availability of the Bank. The next projected issuance of revenue bonds is in fiscal year 2013 in the approximate amount of $214 million. The amount and date of Bank revenue bonds is subject to change based on updated cash payout and revenue projections. In addition the Bank will use projected revenues not needed to service debt to cash fund costs of approved projects. Together these sources of funding are estimated to be sufficient to fund all projects approved by the SCTIB Board and JBRC. JBRC has approved all projects and revenue bonds to be issued to provide financial assistance to projects approved by the SCTIB Board. Currently, the Bank has limited projected capacity to provide financial assistance to additional projects beyond those currently approved.

At least once each year, the financial position of the Bank is re-evaluated based on actual annual revenues collected and projected cash payouts to determine additional capacity, if any. This evaluation was recently completed for FY 2011 actual revenues and a report was provided to the SCTIB Board at its October 5th meeting.

2. What process does the Bank follow in prioritizing its funding commitments? Is the Bank's approval process collaborative or otherwise integrated with the Statewide Transportation Improvement Plan?

The purpose of the Bank is to provide financial assistance to approved major transportation projects (over $100 million) for which neither SCDOT, local governments, nor other state agencies have available funding capacity. This allows SCDOT to focus on its mission of improving and maintaining the existing road system. The Bank Board composition contained in Section 11-43-140 of the SC Code of Laws and its current membership is attached as Exhibit A. The Bank has a formal process for evaluating and ranking projects submitted to the Bank for financial assistance. The requirements of this process are included in Section 11-43-180 of the SC Code of Laws. (Attached as Exhibit B). The process of receiving and evaluating applications as approved by the Bank Board is attached as Exhibit C. The Evaluation Committee, comprised of three members of the Bank Board appointed by the Chairman, conducts an in-depth analysis and ranking of each application. As part of the process, SCDOT provides information to the Bank on the project's ranking in the STIP, congestion information, accident information, and other pertinent information to assist with evaluation of the application.

3. What is the total value of projects approved by the Bank for funding, both in terms of those that have present commitments to funding, and those that have been approved but are not funded because of limited bank resources?

The total value of projects which have been approved for financial assistance from the Bank is $4.7 billion. This includes the Bank's share, local match amounts, and loan repayments. There have been a number of applications submitted for financial assistance, but no specific amounts approved beyond those for which funding is provided. In addition, the Bank has received over $1 billion in financial assistance requests which have not yet been evaluated due to funding constraints.

4. What portion of the Bank's financial resources are dependent on its funding and reimbursement agreements with the Department of Transportation, and how does or would the Bank address delays or disruptions in those reimbursements over the short and longer term?

The Bank's annual revenues for FY 2011 were approximately $199 million. All of the revenues are pledged to the repayment of general obligation or revenue bonds. Of that amount, approximately $59 million is paid annually by SCDOT to the Bank, including approximately $26 million in an "amount equivalent to one-cent of the gasoline tax" as per Section 11-43-160 of the SC Code of Laws and Intergovernmental Agreements between SCDOT and the Bank. The Bank has a process in place to invoice SCDOT each month for amounts due per agreements and is monitoring payments received. The Bank coordinates with SCDOT and does not anticipate any further delays or disruptions in those reimbursements. Section 11-43-210 gives the Bank the Authority to request the State Treasurer

to intercept any state appropriated or allocated funds due a governmental entity that fails to make a payment to the Bank. It has not been necessary for the Bank to implement this intercept mechanism to obtain any payments from any obligor as of this date. The Bank has drafted and submitted to SCDOT amendments to the main funding agreement between them to enhance the security provisions applicable to SCDOT's payment obligations to the Bank. SCDOT has responded favorably to the proposed amendments. The Bank expects that the amendments will be finalized, signed and put into effect within the next 30 days.

EXHIBIT A

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK BOARD

SECTION 11-43-140. Board of directors; members; terms; vacancies.

The board of directors is the governing board of the bank. The board consists of seven voting directors as follows: the Chairman of the Department of Transportation Commission, ex officio; one director appointed by the Governor who shall serve as chairman; one director appointed by the Governor; one director appointed by the Speaker of the House of Representatives; one member of the House of Representatives appointed by the Speaker, ex officio; one director appointed by the President Pro Tempore of the Senate; and one member of the Senate appointed by the President Pro Tempore of the Senate, ex officio. Directors appointed by the Governor, the Speaker, and the President Pro Tempore shall serve terms coterminous with those of their appointing authority. The terms for the legislative members are coterminous with their terms of office. The vice chairman must be elected by the board. Any person appointed to fill a vacancy must be appointed in the same manner as the original appointee for the remainder of the unexpired term.

The current members of the SCTIB Board of Directors are:

Donald D. Leonard Chairman	Appointed by the Governor of South Carolina
Maxson "Max" K. Metcalf Vice Chairman	Appointed by the Speaker of the South Carolina House of Representatives
Richard L. Tapp Secretary	Appointed by the President Pro Tempore of the South Carolina Senate
Hugh K. Leatherman, Jr.	Member of the South Carolina Senate, appointed by the President Pro Tempore of the South Carolina Senate, ex officio
Representative H. B. Limehouse, III	Member of the South Carolina House of Representatives, appointed by the Speaker of the South Carolina House of Representatives, ex officio
Ernest L. Duncan	Appointed by the Governor of South Carolina
Daniel H. Isaac, Jr.	Chairman, South Carolina Department of Transportation Commission, ex officio

EXHIBIT B

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

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

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

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

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

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

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

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

(6) whether the governing bodies of the county or the incorporated municipality in which the project is to be located provides to the bank a resolution which makes a finding that the project is essential to economic development in the political subdivisions, or the bank receives a resolution or certificate from the Advisory Coordinating Council for Economic Development of the Department of Commerce that the project is essential to economic development in the State, or both, at the option of the board

EXHIBIT C

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK ("Bank")
Financial Assistance Application Process

ELIGIBILITY

Only ***major projects*** which provide a ***public benefit required by the South Carolina Transportation Infrastructure Bank Act, SC Code Sections 11-43-110 et seq., ("Act")*** are eligible for financial assistance from the Bank. There are two requirements for eligibility.

1. **MAJOR PROJECTS** - Construction of or improvements to highways, including bridges, which exceed $100 million in cost are eligible for financial assistance. This cost includes preliminary engineering, traffic and revenue studies, environmental studies, right of way acquisition, legal and financial services associated with the development of projects, construction, construction management, facilities, and other costs necessary for the project. The cost shall not include financing costs or interest on loans used for the project. While the total cost must exceed $100 million, the financial assistance requested may be less than $100 million. Eligible projects may also include transit facilities as defined by the Act. No minimum cost has been established for transit facilities.

2. **PUBLIC BENEFIT** – The proposed project must provide a public benefit in one or more of the following areas: enhancement of mobility and safety; promotion of economic development; or increase in the quality of life and general welfare of the public.

Once the Board of the Bank determines that a project is eligible under the Act and Board policies, it next must determine if the project qualifies for financial assistance and if so, in what form and amount and under what conditions. The Board will refer the application to its Evaluation Committee which will review and evaluate the application and issue a report to the Board on these issues.

APPLICATION FORMAT

The application must be submitted to the Bank using the following format, containing the following contents, and presented in the following order using the numerical section and subsection designations listed below. A Table of Contents with page numbers and the numerical section and subsection designations listed below is required. In all cases where information or a response is required from SCDOT, the applicant shall include a copy of the request to SCDOT for the information or response and a copy of the response from SCDOT if received prior to the application being submitted. If the SCDOT information or response is not included, the applicant must provide it immediately upon receipt from SCDOT.

DESCRIPTION OF PROJECT:

Describe the project in sufficient detail through a narrative presentation and through data so that the Board may determine the project's scope, intent, benefits, and financing components and its eligibility for financial assistance. Provide a map depicting project location with a scale of sufficient size (at least 1 inch = 2 miles) so all information on the map may be easily read and with traffic volumes and other useful data referenced thereto.

EXHIBIT C

1. PUBLIC BENEFIT — 30 POINTS

The proposed project must provide a public benefit in one or more of the following areas: enhancement of mobility and safety; promotion of economic development; or, increase in the quality of life and general welfare of the public. The application must identify each public benefit and explain how each is substantiated by the information in the application and rank the public benefits in the order of importance from the perspective of the applicant. Evidence to substantiate the public benefit(s) shall include but not be limited to:

1.1 traffic studies including current and projected traffic volume and accident data (cite source of information and if not SCDOT, state why another source was used);
1.2 urgency of project (why accelerating the project is critical);
1.3 resolution from the local governing body or bodies which make a finding, with supporting information, that the project is essential to the economic development in the area;
1.4 certificate that the project is essential to the economic development in the state from the Advisory Coordinating Council for Economic Development of the Department of Commerce;
1.5 current and five year history of unemployment data for the counties served by the project:
1.6 local support of the project from residents through petitions or comments at public hearings;
1.7 resolutions from municipalities, county councils, advisory groups, Metropolitan Planning Organizations or Councils of Government and planning documents indicating where project is on all priority lists maintained by or in possession of those entities or the applicant; and
1.8 if applicable, explain and substantiate why the project is of regional or statewide significance.

Such evidence should be referenced in the application and included as appendices.

2. FINANCIAL PLAN — 50 POINTS

Provide a financial plan that clearly describes the funding for development, implementation, operation and maintenance of the project, including but not limited to:

2.1 the total cost of the project, including source(s) used to determine cost (include letter from SCDOT stating the projected cost is accurate and reasonable);
2.2 the amount of local contribution and the percentage of contribution to total project cost;
2.3 source of local contribution or loan payment (whether from a tax, non-tax or other – preference will be given to long-term non-tax sources)
2.4 amount of assistance requested from the Bank;
2.5 form of assistance requested (e.g. loan, grant, other)-- preference will be given to projects requesting loans;
2.6 other proposed sources of funds, include written commitment of all parties;
2.7 the anticipated schedule of when disbursement of funds will be required (cash flow diagram) (include letter from SCDOT indicating disbursement timeframes are accurate and reasonable);
2.8 if applicable, a schedule of project revenues for local contributions or loan payments and assumptions of risks of such payments such as taxes, user fees, toll rates, etc. (cite source or method used to determine projected revenues);
2.9 the useful life of the project and method of determination (include from SCDOT letter verifying);
2.10 commitment to assume future maintenance requirements (include letter from SCDOT stating projected future maintenance costs); and

EXHIBIT C

2.11 if more than one individual component project is included in the application, include a component project priority list and explain other contingency plans should the Board approve less than the requested financial assistance or actual project costs exceed estimated project costs, or if only one project is involved, explain how the scope of the project may be reduced if the Board approves less than the requested financial assistance or actual project costs exceed estimated project costs.

2.12 whether the County(s) or other political subdivisions benefited by the project has adopted any impact fee(s) to assist in financing the project (*see S.C. Code Ann.* § 6-1-930)? If the response is negative, please explain why no impact fee to assist in financing the project has been adopted.

2.13 whether the County(s) or other political subdivisions benefited by the project has adopted any local accommodations tax dedicated to the project to assist in its financing (*see, e.g., S.C. Code Ann.* § 6-1-500 et seq., Local Accommodations Tax Act)? If the response is negative, please explain why no such tax has been adopted.

2.14 whether the County(s) or other political subdivisions benefited by the project has adopted any local hospitality tax dedicated to the project to assist in its financing (*see, e.g., S.C. Code Ann.* § 6-1-700 et seq., Local Hospitality Tax Act)? If the response is negative, please explain why no such tax has been adopted.

2.15 whether the County(s) or other political subdivisions benefited by the project has adopted any local sales tax dedicated to the project to assist in its financing (*see, e.g., S.C. Code Ann.* § 4-10-300 et seq., Capital Project Sales Tax Act)? If the response is negative, please explain why no such tax has been adopted.

2.16 whether the County(s) benefited by the proposed project has adopted a sales tax or implemented any tolls dedicated to the project to assist in its financing (*see, e.g., S.C. Code Ann.* § 4-37-10 et seq.)? If the response is negative, please explain why no such tax has been adopted or no toll has been implemented.

2.17 whether the County(s) benefited by the proposed project has adopted any user fee dedicated to the project to assist in its financing or future maintenance (*see, e.g., S.C. Code Ann.* § 6-1-300 et. seq.)? If the response is negative, please explain why no such user fee has been adopted.

2.18 whether the County(s) benefited by the proposed project has implemented any Tax Increment Financing Districts to assist in financing the proposed project (see, *S.C. Code Ann. §§* 6-33-10 et seq., Tax Increment Financing and *§§* 31-7-10 et seq.). If the response is negative, please explain why no Tax Increment Finance District has been implemented.

2.19 whether the county(s) benefited by the proposed project has implemented an assessment program (*see, S.C. Code Ann. § 4-35-10* et seq.)? to assist in financing the proposed project? If the response is negative, please explain why no such assessment program has been implemented.

2.20 whether the applicant (and/or other political subdivisions benefited by the project) has established any development agreement programs with developers or property owners or entered into any development or other agreements to assist in financing the project? If the response is negative, please explain why no development agreement programs have been established or such agreements entered.

2.21 what, if any, zoning or other land use controls has the applicant (and/or other political subdivisions benefited by the project) established to foster the use of existing roads to connect developments? If the response is negative, please explain why no such zoning or other land use controls have been established.

2.22 discount, to present value, any and all cash flows using a 5% discount rate to include, without limit:
The value of the applicant's future payments or contributions to the proposed project; and
The value of the any non-SIB third-party future payments or contributions to the proposed project; and
The value of future expenditures associated with the proposed project.

2.23 for purposes of cost estimates associated with the proposed project, please set forth the inflation rate assumed.

2.24 should condemnation be needed to complete the proposed project, is the applicant and/or other political subdivisions benefited by the project willing to serve as the named party in such condemnation proceedings? If the response is negative, please explain why the applicant and/or other political subdivisions benefited by the project are unwilling to serve in such role.

2.25 whether the applicant and/or other political subdivisions benefited by the proposed project has utilized or sought sources of funding other than those listed hereinabove? If the answer is affirmative, please explain the status and amount of each other source of funding. If the answer is negative, please explain why such other sources of funding have not been sought or obtained.

The Act requires the Board to give preference to eligible projects which have local financial support. Local financial support may include local fees, grants, tolls, private contributions, donated rights of way, local taxes or similar payments. The Board reserves the right to determine the suitability of the form of the local financial support.

3. PROJECT APPROACH — 20 POINTS

Describe the expected schedule for implementing the project, including the time for completion. Identify critical assumptions or milestones for completion of the project. In this section, the application shall provide at a minimum the following:

3.1 a time table bar chart of events/milestones to implement phases of project (including when the facility will be open for use); include critical factor necessary for the project success (i.e. environmental approvals, permit approvals, etc.) and the status of each (include letter from SCDOT concurring with time table);

3.2 a complete description of the current status of the project;

3.3 a description and explanation of potential obstacles (legal issues, lack of local support, right of way costs, environmental concerns, etc.) and methods the applicant proposes be used to manage or avoid those obstacles; and

3.4 a clear statement of the entity (including contact name, address and telephone number) responsible for each of the following activities:
environmental studies, design of project, right of way acquisition,
construction, construction management, operation, maintenance,
tort liability and ownership, law enforcement, and marketing (include letters from the entities agreeing to the responsibilities).

OTHER

The Board may consider other significant factors not included in the above in determining award of financial assistance to a project.

EXHIBIT C

APPLICATION SUBMITTAL
AND EVALUATION

Applications should include an executive summary and list a contact person for the applicant including that person's full name, mailing and street addresses, telephone and facsimilie numbers, e-mail address, and relationship to applicant.

Applications will be no longer than 50 pages, excluding appendices. Evidence of local support, studies, and other reports may be attached as appendices.

Applications should include cross-referencing rather than using repetition in explaining the project and assistance requested.

Applications shall be submitted as follows:

Fifteen complete copies on fifteen compact discs in Word software, (or if compact discs are not possible, 15 bound copies) mailed to the address below, **and**

One complete un-bound printed copy mailed to:

South Carolina State Transportation Infrastructure Bank
P. O. Box 191
Columbia, South Carolina 29202-0191

Each application submitted to the Board will be reviewed to determine if a project is eligible for financial assistance. Projects that are not eligible for financial assistance will be returned to the applicant with proper notification.

The Board reserves the right to request or obtain additional information about any and all applicants and applications and to return applications that do not comply with the format set forth herein, are not found to be eligible by the Board, or are filed after any deadlines established by the Board.

EVALUATIONS OF ELIGIBLE APPLICATIONS

An Evaluation Committee of the Board will review applications determined to be eligible by the Board. The Evaluation Committee will review each application and rate its strengths and weaknesses based on prescribed evaluation criteria. The Evaluation Committee will issue a report to the Board on each application. The final decision on financial assistance on each application will be determined by the Board. The Board may place conditions on financial assistance it provides.

PRESENTATIONS

By invitation from the Board, an applicant may be given the opportunity to make a presentation to the Board. Presentations usually will occur before the Evaluation Committee reviews the applications. Further presentations may be requested to answer any questions from the Board or Evaluation Committee.

Additional Provisions Applicable to All Applications and Applicants

EXHIBIT C

Projects and financial assistance approved by the Board also must be approved by the Joint Bond Review Committee of the General Assembly under the Act prior to implementation.

The Bank is not responsible for providing any additional financial assistance of any kind to a project beyond what it and the Joint Bond Committee initially approve under any circumstances regardless of the actual cost of the project.

The Board assumes no liability for and will not reimburse any costs or liabilities incurred by applicants or others, whether provided financial assistance by the Bank for the project or not, in developing, submitting or presenting applications.

Revised 10/19/2005
Revised 5/12/08

STATE BUDGET AND CONTROL BOARD — REGULAR SESSION

MEETING OF November 3, 2011 — ITEM NUMBER 8

AGENCY: Budget and Control Board

SUBJECT: Future Meeting

The next regular meeting of the Budget and Control Board will be held at 10:00 a.m. on Thursday, December 15, 2011, in Room 252, Edgar A. Brown Building.

Schedule of Remaining Meetings in 2011

December 15

BOARD ACTION REQUESTED:

Agree to meet at 10:00 a.m. on Thursday, December 15, 2011, in Room 252, Edgar A. Brown Building.

ATTACHMENTS:

STATE BUDGET AND CONTROL BOARD

Meeting of November 3, 2011 -- 10:00 A. M.

Room 252, Edgar A. Brown Building

BLUE AGENDA INDEX

Item	Agency	Subject
1.	State Treasurer	Bond Counsel Selection
2.	State Budget Division	Report of FTE Positions Recommended for Deletion in Accordance with Proviso 80A.7
3.	Division of General Services	Easement
4.	Division of General Services	Real Property Conveyance
5.	Division of Procurement Services	Procurement Audit and Certification
6.	Division of Procurement Services	Ninety Day Report – John de la Howe School
7.	South Carolina Energy Office	Barnwell County Economic Development Fund – Project Funding Request
8.	Executive Director	Revenue Bonds
9.	Executive Director	Economic Development (2011 Ceiling Allocation)

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 2011

BLUE AGENDA
ITEM NUMBER 1

AGENCY: State Treasurer

SUBJECT: Bond Counsel Selection

The State Treasurer's Office has provided the following notification of the assignment of bond counsel for conduit issues (for ratification of issuer's counsel only) 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
$10,000,000 SC JEDA	TechPrecision Corporation	Haynsworth Sinkler Boyd	Parker Poe
$11,100,000 SC JEDA	Pharmaceutical Associates, Inc.	Haynsworth Sinkler Boyd	McGuire Woods Law Firm

BOARD ACTION REQUESTED:

Approve the referenced bond counsel assignment.

ATTACHMENTS:

Bond Counsel Selection Approved by the State Treasurer's Office

Items for November 3, 2011 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
$10,000,000 SC JEDA	TechPrecision Corporation	Haynsworth Sinkler Boyd	Parker Poe	10/12/2011
$11,100,000 SC JEDA	Pharmaceutical Associates, Inc.	Haynsworth Sinkler Boyd	McGuire Woods Law Firm	10/17/2011

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

STATE BUDGET AND CONTROL BOARD | BLUE AGENDA

MEETING OF November 3, 2011 | ITEM NUMBER 2

AGENCY: Division of State Budget

SUBJECT: Report of FTE Positions Recommended for Deletion in Accordance with Proviso 80A.7

Proviso 80A.7 of the FY 2011-12 Appropriation Act authorizes the Budget and Control Board to delete FTE positions that have been vacant for more than one year. As of September 30, 2011, state agencies had 8,910.70 vacant positions and 1,493.24 have been vacant for more than one year. These numbers reflect adjustments made for positions previously filled and positions that are being actively recruited. The criteria used by the Board for the last four years is to allow agencies a 5% vacancy rate/10 position minimum before any positions would be deleted. Special Exemptions to allow flexibility for agencies with new directors are also included in the recommendations.

The following is a summary of FTE information as of September 30, 2011:

	TOTAL
FTE Positions Authorized	66,352.70
FTE Positions Currently Vacant	8,910.70
FTE Positions Vacant Over 1 Year	1,493.24
FTE Exemptions Allowing Agencies a 5% Vacancy Rate/10 Position Minimum.	98.24
Recommended Special Exemptions	158.65
Total Positions Recommended for Deletion	1237.00

The attached Schedule A summarizes by agency the FTE positions that are recommended for exemptions and/or deletion. Deleted positions are rounded to whole positions.

BOARD ACTION REQUESTED:

In accordance with Proviso 80A.7, it is recommended that the Board approve deleting the FTE positions which have remained vacant for more than one year as outlined in Schedule A of this agenda item.

ATTACHMENTS:

Agenda item worksheet; Proviso 80A.7; Schedule A; Schedule B

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

2012-01
Blue Agenda

Meeting Scheduled for: November 3, 2011

1. Submitted By:
   (a) Agency: State Budget Division
   (b) Authorized Official Signature: Rob Boles

2. Subject:
   Report of FTE Positions Recommended for Deletion in Accordance with Proviso 80A.7

3. Summary Background Information:
   Proviso 80A.7 of the FY 2011-12 Appropriation Act authorizes the Budget and Control Board to delete FTE positions that have been vacant for more than one year. As of September 30, 2011, state agencies had 8,910.70 vacant positions and 1,493.24 have been vacant for more than one year. These numbers reflect adjustments made for positions previously filled and positions that are being actively recruited. The criteria used by the Board for the last four years is to allow agencies a 5% vacancy rate/10 position minimum before any positions would be deleted. Special Exemptions to allow flexibility for agencies with new directors are also included in the recommendations.

   The following is a summary of FTE information as of September 30, 2011:

	TOTAL
FTE Positions Authorized	66,352.70
FTE Positions Currently Vacant	8,910.70
FTE Positions Vacant Over 1 Year	1,493.24
FTE Exemptions Allowing Agencies a 5% Vacancy Rate/10 Position Minimum.	98.24
Recommended Special Exemptions	158.65
Total Positions Recommended for Deletion	1237.00

   The attached Schedule A summarizes by agency the FTE positions that are recommended for exemptions and/or deletion. Deleted positions are rounded to whole positions.

4. What is the Board asked to do?
   Recommend approval.

5. What is recommendation of Board Division involved?
   In accordance with Proviso 80A.7, it is recommended that the Board approve deleting the FTE positions which have remained vacant for more than one year as outlined in Schedule A of this agenda item.

7. Supporting Documents:
   (a) List Those Attached:
      1. Proviso 80A.7
      2. Schedule A
      3. Schedule B

FY 2011-12 APPROPRIATION ACT

80A.7. (BCB: Vacant Positions) In the event that any permanent position in an agency remains vacant for more than twelve months the position may be deleted by the Budget and Control Board.

Schedule B

Explanation of Recommended Exemptions in Addition to the 5% Vacancy Rate/10 Position Minimum Exemption From the Deletion of FTE Positions Vacant For More Than One year

The following exemptions have been made for: 1. Possible agency restructuring; 2. Correctional Officers/Law Enforcement.

1. Possible Agency Restructuring

F03 – Budget and Control Board	40.00 positions

2. Law Enforcement

D10 – Governor's Office – SLED	13.65 positions
N04 – Department of Corrections	57.00 positions
N08 – Department of Probation, Parole & Pardon	48.00 positions
TOTAL	158.65 positions

NOTE: This spreadsheet calculates the number of vacant positions to be deleted. Each agency would be allowed to keep at least a 5% vacancy rate (based on the total number of authorized positions) or a minimum of ten vacant positions. Listed below are the number of vacant positions and the number of vacant positions more than one year old. If deleting all vacant positions over one year old would bring the total number of vacant positions below the 5% vacancy rate/10 position minimum, then only enough positions will be deleted to meet the 5% vacancy rate/10 position minimum. Otherwise, all vacant positions over one year old will be deleted. All deleted positions are whole FTEs.

Schedule A

FTE VACANT POSITIONS MORE THAN ONE YEAR OLD RECOMMENDED FOR DELETION WITH 5% VACANCY FACTOR

As of 9/30/11

	A	B	C	D	E	F	G	H	I	J	K	L	M
AG. NO.	AGENCY NAME	TOTAL AUTHORIZED POSITIONS	TOTAL VACANT POSITIONS	VACANT FTES MORE THAN ONE YEAR OLD				Vacancy Rate At 5% Equals	Vacancy Rate	Vacancy Rate After Deletion	# Vacant after Deleting 12 mo vacant	Number of Vacant Positions to be Deleted With 10 Position Minimum	Special Exemptions	Total # of Vacant Positions to be Deleted
				TOTAL	STATE	FEDERAL	OTHER							
D05	GOVERNOR'S OFFICE-ECOS	27.00	10.00	0.00				1.35	37.04%	37.04%	10.00	0.00		0.00
D10	GOVERNOR'S OFFICE-SLED	520.24	89.65	13.65	9.65		4.00	26.01	17.23%	14.61%	76.00	13.00	13.65	0.00
D17	GOVERNOR'S OFFICE-OEPP	227.63	47.00	4.00	2.70	1.00	0.30	11.38	20.65%	18.89%	43.00	4.00		4.00
D20	GOVERNOR'S OFFICE-MANSIONS & GROUNDS	14.00	10.00	8.00	8.00			0.70	71.43%	14.29%	2.00	0.00		0.00
E04	LIEUTENANT GOVERNOR'S OFFICE	53.00	16.00	11.00	9.43	1.57		2.65	30.19%	9.43%	5.00	6.00		6.00
E08	SECRETARY OF STATE'S OFFICE	29.00	3.00	0.00				1.45	10.34%	10.34%	3.00	0.00		0.00
E12	COMPTROLLER GENERAL'S OFFICE	44.00	15.00	5.00	4.00		1.00	2.20	34.09%	22.73%	10.00	3.00		3.00
E16	STATE TREASURER'S OFFICE	70.00	15.50	0.00	0.00		0.00	3.50	22.14%	22.14%	15.50	0.00		0.00
E19	RETIREMENT SYSTEM INVESTMENT COMMISSION	35.00	10.00	0.00				1.75	28.57%	28.57%	10.00	0.00		0.00
E20	ATTORNEY GENERAL'S OFFICE	167.25	8.50	0.00				8.36	5.08%	5.08%	8.50	0.00		0.00
E23	COMMISSION ON INDIGENT DEFENSE	67.00	5.00	1.00	1.00			3.35	7.46%	5.97%	4.00	0.00		0.00
E24	ADJUTANT GENERAL'S OFFICE	165.50	45.50	31.00	17.99	13.01		8.28	27.49%	8.76%	14.50	31.00		31.00
E28	ELECTION COMMISSION	19.50	3.00	2.00	2.00			0.98	15.38%	5.13%	1.00	0.00		0.00
F03	BUDGET & CONTROL BOARD	1189.18	243.56	68.00	17.42		50.58	59.46	20.48%	14.76%	175.56	68.00	40.00	28.00
F27	B&C BOARD - STATE AUDITOR	38.00	8.00	3.00	3.00			1.90	21.05%	13.16%	5.00	0.00		0.00
H03	HIGHER EDUCATION COMMISSION	41.00	7.00	5.00	2.93	1.67	0.40	2.05	17.07%	4.88%	2.00	0.00		0.00
H06	HIGHER EDUCATION TUITION GRANTS COMM.	5.00	1.00	1.00	1.00			0.25	20.00%	0.00%	0.00	0.00		0.00
H09	THE CITADEL	629.50	42.00	0.00	0.00		0.00	31.48	6.67%	6.67%	42.00	0.00		0.00
H12	CLEMSON UNIVERSITY	3761.34	542.00	8.00	4.74		3.26	188.07	14.41%	14.20%	534.00	8.00		8.00
H15	UNIVERSITY OF CHARLESTON	1330.18	110.00	0.00				66.51	8.27%	8.27%	110.00	0.00		0.00
H17	COASTAL CAROLINA UNIVERSITY	1064.08	188.00	0.00				53.20	17.67%	17.67%	188.00	0.00		0.00
H18	FRANCIS MARION UNIVERSITY	465.36	34.00	0.00				23.27	7.31%	7.31%	34.00	0.00		0.00
H21	LANDER UNIVERSITY	355.91	8.00	0.00				17.80	2.25%	2.25%	8.00	0.00		0.00
H24	SOUTH CAROLINA STATE UNIVERSITY	625.88	46.00	1.00	0.00	0.00	1.00	31.29	7.35%	7.19%	45.00	1.00		1.00
H27	UNIVERSITY OF SOUTH CAROLINA	6181.23	822.00	0.00				309.06	13.30%	13.30%	822.00	0.00		0.00
H47	WINTHROP UNIVERSITY	796.03	0.00	0.00				39.80	0.00%	0.00%	0.00	0.00		0.00
H51	MEDICAL UNIVERSITY OF SOUTH CAROLINA	3063.49	161.00	0.69			0.69	153.17	5.26%	5.23%	160.31	0.00		0.00
H59	STATE BOARD FOR TECH. & COMP. ED.	116.01	17.00	1.00		1.00		5.80	14.65%	13.79%	16.00	1.00		1.00
H6A	TRIDENT TECHNICAL COLLEGE	645.50	24.00	0.00				32.28	3.72%	3.72%	24.00	0.00		0.00
H6B	NORTHEASTERN TECHNICAL COLLEGE	74.06	3.00	0.00				3.70	4.05%	4.05%	3.00	0.00		0.00
H6C	FLO-DARLINGTON TECHNICAL COLLEGE	214.00	14.00	0.00		0.00	0.00	10.70	6.54%	6.54%	14.00	0.00		0.00
H6D	GREENVILLE TECHNICAL COLLEGE	625.06	34.00	0.00				31.25	5.44%	5.44%	34.00	0.00		0.00
H6E	HORRY-GEORGETOWN TECHNICAL COLLEGE	272.50	11.00	0.00				13.63	4.04%	4.04%	11.00	0.00		0.00
H6F	MIDLANDS TECHNICAL COLLEGE	528.09	26.00	0.00				26.40	4.92%	4.92%	26.00	0.00		0.00

NOTE: This spreadsheet calculates the number of vacant positions to be deleted. Each agency would be allowed to keep at least a 5% vacancy rate (based on the total number of authorized positions) or a minimum of ten vacant positions. Listed below are the number of vacant positions and the number of vacant positions more than one year old. If deleting all vacant positions over one year old would bring the total number of vacant positions below the 5% vacancy rate/10 position minimum, then only enough positions will be deleted to meet the 5% vacancy rate/10 position minimum. Otherwise, all vacant positions over one year old will be deleted. All deleted positions are whole FTEs.

Schedule A

FTE VACANT POSITIONS MORE THAN ONE YEAR OLD RECOMMENDED FOR DELETION WITH 5% VACANCY FACTOR

As of 9/30/11

		A	B	C	D	E	F	G	H	I	J	K	L	M
AG. NO.	AGENCY NAME	TOTAL AUTHORIZED POSITIONS	TOTAL VACANT POSITIONS	VACANT FTES MORE THAN ONE YEAR OLD				Vacancy Rate At 5% Equals	Vacancy Rate	Vacancy Rate After Deletion	# Vacant after Deleting 12 mo vacant	Number of Vacant Positions to be Deleted With 10 Position Minimum	Special Exemptions	Total # of Vacant Positions to be Deleted
				TOTAL	STATE	FEDERAL	OTHER							
H60	ORANGEBURG-CALHOUN TECHNICAL COLLEGE	164.25	10.00	0.00				8.21	6.09%	6.09%	10.00	0.00		0.00
H6H	PIEDMONT TECHNICAL COLLEGE	246.00	16.00	0.00				12.30	6.50%	6.50%	16.00	0.00		0.00
H6J	SPARTANBURG TECHNICAL COLLEGE	268.00	16.00	0.00				13.40	5.97%	5.97%	16.00	0.00		0.00
H6K	CENTRAL CAROLINA TECHNICAL COLLEGE	190.75	5.00	0.00				9.54	2.62%	2.62%	5.00	0.00		0.00
H6L	TRI-COUNTY TECHNICAL COLLEGE	299.25	12.00	0.00				14.96	4.01%	4.01%	12.00	0.00		0.00
H6M	YORK TECHNICAL COLLEGE	269.80	21.00	0.00				13.49	7.78%	7.78%	21.00	0.00		0.00
H6N	AIKEN TECHNICAL COLLEGE	134.50	9.00	0.00				6.73	6.69%	6.69%	9.00	0.00		0.00
H6Q	DENMARK TECHNICAL COLLEGE	110.75	12.00	0.00	0.00			5.54	10.84%	10.84%	12.00	0.00		0.00
H6R	TECHNICAL COLLEGE OF THE LOW COUNTRY	132.01	9.00	0.00				6.60	6.82%	6.82%	9.00	0.00		0.00
H6S	WILLIAMSBURG TECHNICAL COLLEGE	167.86	160.00	0.00				8.39	95.32%	95.32%	160.00	0.00		0.00
H63	DEPARTMENT OF EDUCATION	1170.78	232.70	76.31	16.31	22.75	37.25	58.54	19.88%	13.36%	156.39	76.00		76.00
H67	EDUCATIONAL TELEVISION COMMISSION	180.20	31.00	7.00	2.00		5.00	9.01	17.20%	13.32%	24.00	7.00		7.00
H71	WIL LOU GRAY OPPORTUNITY SCHOOL	89.16	13.44	1.75	1.38	0.00	0.37	4.46	15.07%	13.11%	11.69	1.00		1.00
H73	VOCATIONAL REHABILITATION	1267.27	182.75	13.00	0.24	12.76	0.00	63.36	14.42%	13.39%	169.75	13.00		13.00
H75	SCHOOL FOR THE DEAF AND THE BLIND	354.58	50.58	14.95	2.81		12.14	17.73	14.26%	10.05%	35.63	14.00		14.00
H79	DEPT. OF ARCHIVES AND HISTORY	47.00	16.00	9.00	7.00		2.00	2.35	34.04%	14.89%	7.00	6.00		6.00
H87	STATE LIBRARY	47.00	8.00	4.00	3.00	1.00		2.35	17.02%	8.51%	4.00	0.00		0.00
H91	ARTS COMMISSION	23.50	13.19	7.19	7.19			1.18	56.13%	25.53%	6.00	0.00		0.00
H95	MUSEUM COMMISSION	35.00	14.00	6.00	6.00			1.75	40.00%	22.86%	8.00	0.00		0.00
J02	DEPT. OF HEATH & HUMAN SVCS.	1194.00	196.00	0.00	0.00	0	0	59.70	16.42%	16.42%	196.00	0.00		0.00
J04	DEPT. OF HEALTH & ENV. CONTROL	3819.33	377.02	83.30	11.51	34.06	37.73	190.97	9.87%	7.69%	293.72	83.00		83.00
J12	DEPT. OF MENTAL HEALTH	4636.66	754.81	0.00	0.00	0.00	0.00	231.83	16.28%	16.28%	754.81	0.00		0.00
J16	DEPT. OF DISABILITIES & SPECIAL NEEDS	2236.40	168.85	16.00	15.00		1.00	111.82	7.55%	6.83%	152.85	16.00		16.00
J20	DEPT. OF ALCOHOL & OTHER DRUG ABUSE SVCS.	33.81	1.00	0.00				1.69	2.96%	2.96%	1.00	0.00		0.00
K05	DEPT. OF PUBLIC SAFETY	1463.00	132.00	0.00	0.00		0.00	73.15	9.02%	9.02%	132.00	0.00		0.00
L04	DEPT. OF SOCIAL SVCS.	3961.79	936.14	515.79	10.60	502.53	2.66	198.09	23.63%	10.61%	420.35	515.00		515.00
L12	JOHN DE LA HOWE SCHOOL	107.41	27.19	0.00	0.00		0.00	5.37	25.31%	25.31%	27.19	0.00		0.00
L24	COMMISSION FOR THE BLIND	113.85	19.75	6.75	5.20	1.55		5.69	17.35%	11.42%	13.00	6.00		6.00
L32	STATE HOUSING FINANCE & DEV. AUTHORITY	133.00	9.00	1.00			1.00	6.65	6.77%	6.02%	8.00	0.00		0.00
L36	COMMISSION ON HUMAN AFFAIRS	32.00	10.00	3.00	1.00	1.00	1.00	1.60	31.25%	21.88%	7.00	0.00		0.00
L46	COMMISSION ON MINORITY AFFAIRS	10.00	3.00	2.00	2.00			0.50	30.00%	10.00%	1.00	0.00		0.00
N04	DEPT. OF CORRECTIONS	6226.00	772.00	70.01	42.35	1.00	26.66	311.30	12.40%	11.28%	701.99	70.00	57.00	13.00
N08	DEPT. OF PROBATION, PAROLE & PARDON	768.00	196.25	86.00	85.00		1.00	38.40	25.55%	14.36%	110.25	86.00	48.00	38.00
N12	DEPT. OF JUVENILE JUSTICE	1497.11	113.50	0.00	0.00			74.86	7.58%	7.58%	113.50	0.00		0.00

NOTE: This spreadsheet calculates the number of vacant positions to be deleted. Each agency would be allowed to keep at least a 5% vacancy rate (based on the total number of authorized positions) or a minimum of ten vacant positions. Listed below are the number of vacant positions and the number of vacant positions more than one year old. If deleting all vacant positions over one year old would bring the total number of vacant positions below the 5% vacancy rate/10 position minimum, then only enough positions will be deleted to meet the 5% vacancy rate/10 position minimum. Otherwise, all vacant positions over one year old will be deleted. All deleted positions are whole FTEs.

Schedule A

FTE VACANT POSITIONS MORE THAN ONE YEAR OLD RECOMMENDED FOR DELETION WITH 5% VACANCY FACTOR

As of 9/30/11

	A	B	C	D	E	F	G	H	I	J	K	L	M
AG. NO.	AGENCY NAME	TOTAL AUTHORIZED POSITIONS	TOTAL VACANT POSITIONS	VACANT FTES MORE THAN ONE YEAR OLD				Vacancy Rate At 5% Equals	Vacancy Rate	Vacancy Rate After Deletion	# Vacant after Deleting 12 mo vacant	Number of Vacant Positions to be Deleted With 10 Position Minimum	Special Exemptions	Total # of Vacant Positions to be Deleted
				TOTAL	STATE	FEDERAL	OTHER							
N20	LAW ENFORCEMENT TRAINING COUNCIL	124.25	5.00	0.00				6.21	4.02%	4.02%	5.00	0.00		0.00
P12	FORESTRY COMMISSION	340.30	44.75	27.75	12.66		15.09	17.02	13.15%	5.00%	17.00	27.00		27.00
P16	DEPT. OF AGRICULTURE	137.00	18.25	1.00	0.49		0.51	6.85	13.32%	12.59%	17.25	1.00		1.00
P24	DEPT. OF NATURAL RESOURCES	683.20	89.00	1.00	0.00		1.00	34.16	13.03%	12.88%	88.00	1.00		1.00
P26	SEA GRANT CONSORTIUM	14.00	5.00	4.00	2.60	1.40		0.70	35.71%	7.14%	1.00	0.00		0.00
P28	DEPT. OF PARKS, RECREATION & TOURISM	429.67	74.67	21.67	21.24		0.43	21.48	17.38%	12.34%	53.00	21.00		21.00
P32	DEPT. OF COMMERCE	84.10	15.00	0.00				4.21	17.84%	17.84%	15.00	0.00		0.00
P36	PATRIOTS POINT DEVELOPMENT AUTHORITY	78.00	3.00	1.00			1.00	3.90	3.85%	2.56%	2.00	0.00		0.00
P40	SC CONSERVATION BANK	2.00	0.00	0.00				0.10	0.00%	0.00%	0.00	0.00		0.00
R04	PUBLIC SERVICE COMMISSION	38.00	1.00	1.00			1.00	1.90	2.63%	0.00%	0.00	0.00		0.00
R06	OFFICE OF REGULATORY STAFF	74.00	8.00	7.00			7.00	3.70	10.81%	1.35%	1.00	0.00		0.00
R08	WORKER'S COMPENSATION COMMISSION	65.00	11.00	9.00	2.00		7.00	3.25	16.92%	3.08%	2.00	1.00		1.00
R12	STATE ACCIDENT FUND	81.00	13.00	0.00			0.00	4.05	16.05%	16.05%	13.00	0.00		0.00
R14	PATIENTS' COMPENSATION FUND	5.00	0.00	0.00				0.25	0.00%	0.00%	0.00	0.00		0.00
R16	SECOND INJURY FUND	23.00	5.00	3.00			3.00	1.15	21.74%	8.70%	2.00	0.00		0.00
R20	DEPT. OF INSURANCE	96.00	12.00	6.00	1.00		5.00	4.80	12.50%	6.25%	6.00	2.00		2.00
R23	BOARD OF FINANCIAL INSTITUTIONS	46.00	13.00	1.00			1.00	2.30	28.26%	26.09%	12.00	1.00		1.00
R28	DEPT. OF CONSUMER AFFAIRS	33.00	10.93	7.93	2.00		5.93	1.65	33.12%	9.09%	3.00	0.00		0.00
R36	DEPT. OF LABOR, LICENSING & REGULATION	416.91	79.94	1.50			1.50	20.85	19.17%	18.81%	78.44	1.00		1.00
R40	DEPT. OF MOTOR VEHICLES	1415.00	264.78	96.00			96.00	70.75	18.71%	11.93%	168.78	96.00		96.00
R44	DEPT. OF REVENUE	791.50	83.00	0.00	0.00		0.00	39.58	10.49%	10.49%	83.00	0.00		0.00
R52	ETHICS COMMISSION	10.00	1.50	0.00				0.50	15.00%	15.00%	1.50	0.00		0.00
R60	DEPARTMENT OF EMPLOYMENT & WORKFORCE	1037.27	158.00	0.00		0.00	0.00	51.86	15.23%	15.23%	158.00	0.00		0.00
S60	PROCUREMENT REVIEW PANEL	2.00	0.00	0.00				0.10	0.00%	0.00%	0.00	0.00		0.00
U12	DEPT. OF TRANSPORTATION	5407.96	821.00	216.00			216.00	270.40	15.18%	11.19%	605.00	216.00		216.00
U15	INFRASTRUCTURE BANK BOARD	14.00	0.00	0.00				0.70	0.00%	0.00%	0.00	0.00		0.00
U30	AERONAUTICS COMMISSION	14.00	6.00	2.00	2.00			0.70	42.86%	28.57%	4.00	0.00		0.00
	TOTAL	66,352.70	8,910.70	1,493.24	346.44	596.30	550.50	3,317.64	13.43%	11.18%	7,417.46	1,395.00	158.65	1,237.00

STATE BUDGET AND CONTROL BOARD | BLUE AGENDA

MEETING OF November 3, 2011 | ITEM NUMBER 3

AGENCY: Division of General Services

SUBJECT: Easement

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

County Location:	Laurens
From:	Budget and Control Board
To:	City of Clinton
Consideration:	$1
Description/Purpose:	To transfer title to power grid together with an easement for the purpose of ingress, egress, operation and maintenance of said power grid serving the Department of Disabilities and Special Needs' Whitten Center.

BOARD ACTION REQUESTED:

Approve the referenced easement.

ATTACHMENTS:

Agenda item worksheet; SC Code of Laws Sections 1-11-80, 1-11-90, 1-11-100 and 10-1-130

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 3, 2011 **Blue Agenda**

1. **Submitted by:**
   (a) Agency: Division of General Services
   (b) Authorized Official Signature: Carla Griffin, Deputy 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:

County Location:	Laurens
From:	Budget and Control Board
To:	City of Clinton
Consideration:	$1
Description/Purpose:	To transfer title to power grid together with an easement for the purpose of ingress, egress, operation and maintenance of said power grid serving the Department of Disabilities and Special Needs' Whitten Center.

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

5. **What is recommendation of Board Division involved?** Recommend approval of the referenced easement.

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

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.

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 2011

BLUE AGENDA
ITEM NUMBER 4

AGENCY: Division of General Services

SUBJECT: Real Property Conveyance

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

(a)	**Agency:**	**Department of Employment and Workforce**
	Acreage:	0.803± acre and 4,895 sf office building
	Location:	440 North Duncan Bypass, Union
	County:	Union
	Purpose:	To dispose of surplus real property.
	Price/Transferred To:	Not less than appraised value/To be determined
	Disposition of Proceeds:	To be divided between Budget and Control Board and Department of Employment and Workforce pursuant to Proviso 80A.33.

BOARD ACTION REQUESTED:

Approve the property conveyance as requested.

ATTACHMENTS:

Agenda item worksheet and attachments

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 3, 2011 **Blue Agenda**

1. **Submitted by:**
   (a) Agency: Division of General Services
   (b) Authorized Official Signature: Carla Griffin, Deputy Director

2. **Subject:** **REAL PROPERTY CONVEYANCES**

3. **Summary Background Information:**

(a)	**Agency:**	**Department of Employment and Workforce**
	Acreage:	0.803± acre and 4,895 sf office building
	Location:	440 North Duncan Bypass, Union
	County:	Union
	Purpose:	To dispose of surplus real property.
	Price/Transferred To:	Not less than appraised value/To be determined
	Disposition of Proceeds:	To be divided between Budget and Control Board and Department of Employment and Workforce pursuant to Proviso 80A.33.

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

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

6. **List of Supporting Documents:**
   1. SC Code of Laws Section 1-11-65
   2. 2011 S.C. Act No. 23, Part 1B, §80A.33
   3. Letter from the Department of Employment and Workforce dated September 15, 2011
   4. Map

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
119th Session, 2011-2012

H. 3700
General Appropriations Bill for fiscal year 2011-2012
As Ratified by the General Assembly

PART IB

OPERATION OF STATE GOVERNMENT

SECTION 80A - F03-BUDGET AND CONTROL BOARD

80A.33. (BCB: Sale of Surplus Real Property) Up to 50% 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 50% 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 shall only be used for the renovation of the ETV Telecommunications Center. 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 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 Agriculture, the Educational Television Commission, the Department of Corrections, the Department of Natural Resources, and the Forestry Commission 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.

PO Box 995
1550 Gadsden Street
Columbia, SC 29202
www.dew.sc.gov

Nikki R. Haley
Governor

Abraham J. Turner
Executive Director

803-737-2546 (Phone)
803-737-2832 (Fax)

September 15, 2011

Linda Gordon
Real Property Services
State Budget and Control Board
1200 Senate Street, Suite 460
Columbia, SC 29201

Re: Surplus property disposal request

Dear Ms. Linda Gordon:

The South Carolina Department of Employment and Workforce (SCDEW) is formally declaring the subject property located at 440 North Duncan Bypass in Union, South Carolina, TMS# 073-06-00-025, as surplus property. The subject property is a 4,895 square foot office building on a 0.803 acre tract of land. SCDEW is requesting Budget and Control Board approval to dispose of the subject property. For more information, please contact Matt Sexton by phone 803-737-0106 or by email msexton@dew.sc.gov. Thank you for your assistance in disposing the subject property.

Per your request, please see the attached Plat and MAI Certified Appraisal Report with addendum.

With kind regards,

Sincerely,

James Mac Horton

James "Mac" Horton
Deputy Executive Director

AS-1

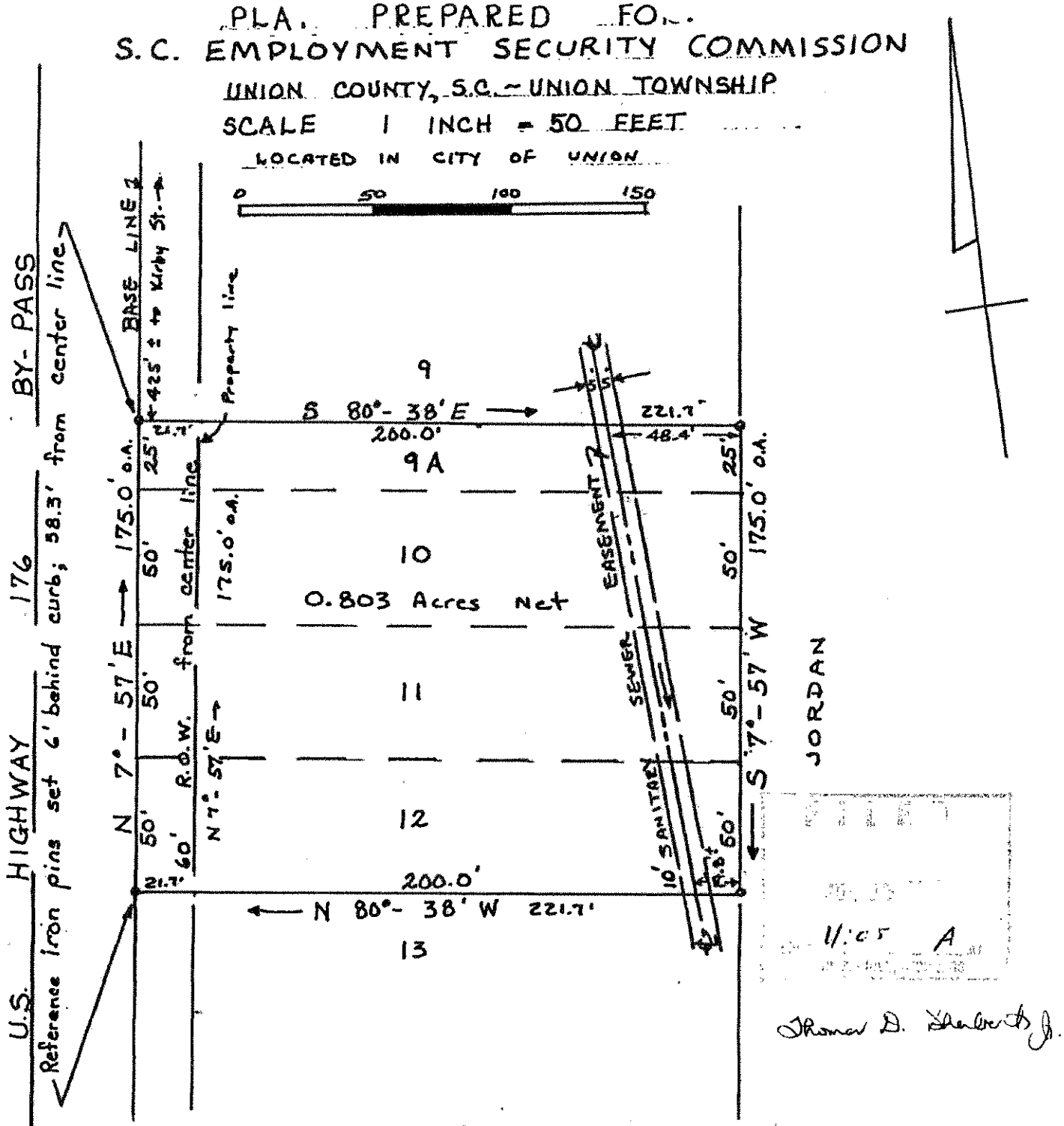
PLA. PREPARED FO..

S. C. EMPLOYMENT SECURITY COMMISSION

UNION COUNTY, S.C. - UNION TOWNSHIP

SCALE 1 INCH = 50 FEET

LOCATED IN CITY OF UNION



Thomas D. Sherbert Jr.

Being a portion of Tract # 2 of the Estate of Miss Mary Emma Foster as shown on plat by T.D. Sherbert, Jr. dated 4 March 1977.

Thomas D. Sherbert, Jr.

Plat prepared: 17 September 1977
Revised 13 JUNE 1984 to show sewer easement.

I hereby certify that the ratio of precision of the field survey is 1/5,000 as shown hereon and the area was determined by the DMD method.

Thomas D. Sherbert, Jr.
S.C. RLS No. 4555
Rt. 1 UNION, S.C.
Tel. (803) 427-9253

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 2011

BLUE AGENDA
ITEM NUMBER 5

AGENCY: Division of Procurement Services

SUBJECT: Procurement Audit and Certification

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 reports for the following limits (total potential purchase commitment whether single-or multi-year contracts are used):

> Department of Juvenile Justice (for a period of three years): supplies, $250,000* per commitment; services, $100,000* per commitment; construction change order, $25,000 per change order; architect/engineer contract amendment, $5,000 per amendment.
>
> *Total potential purchase commitment whether single or multi-term contracts are used.

The audit confirms the Procurement Office has the internal controls and expertise to ensure compliance with the application requirements for the certifications. The Department requested to remain at its current certification levels.

BOARD ACTION REQUESTED:

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

> Department of Juvenile Justice (for a period of three years): supplies, $250,000* per commitment; services, $100,000* per commitment; construction change order, $25,000 per change order; architect/engineer contract amendment, $5,000 per amendment.
>
> *Total potential purchase commitment whether single or multi-term contracts are used.

The audit confirms the Procurement Office has the internal controls and expertise to ensure compliance with the application requirements for the certifications. The Department requested to remain at its current certification levels.

ATTACHMENTS:

Agenda item worksheets and attachments

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: November 3, 2011 **Blue Agenda**

1. **Submitted by:**
   (a) Agency: Procurement Services Division
   (b) Authorized Official Signature: R. Voight Shealy, Materials Management Officer

2. **Subject:** Procurement Certification for the South Carolina Department of Juvenile Justice

3. **Summary Background Information:**
   In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Procurement Services Division has reviewed the procurement system of the South Carolina Department of Juvenile Justice and recommends its certification within the parameters described in the audit report for the following limits for a period of three years.

		Current Certification	Certification Recommended
I.	Supplies	*$250,000 Per Commitment	*$250,000 Per Commitment
II.	Services	*$100,000 Per Commitment	*$100,000 Per Commitment
III.	Construction Change Order	$ 25,000 Per Change Order	$ 25,000 Per Change Order
IV.	Architect/Engineer Contract Amendment	$ 5,000 Per Amendment	$ 5,000 Per Amendment

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

The audit confirms the Procurement Office has the internal controls and expertise to ensure compliance with applicable requirements for the certifications. The Department requested to remain at its current certification levels.

4. **What is Board asked to do?**
   Grant procurement certification for the South Carolina Department of Juvenile Justice 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.

STATE BUDGET AND CONTROL BOARD | BLUE AGENDA

MEETING OF November 3, 2011 | ITEM NUMBER 6

AGENCY: Division of Procurement Services

SUBJECT: Ninety Day Report – John de la Howe School

At the June 14, 2011, Budget and Control Board meeting, the Division of Procurement Services (the Division) presented a ninety day report of John de la Howe School's procurement practices requested by the Board at its February 8, 2011, meeting. The report revealed the School had not complied with the Board's directive because not all procurements for the School had been submitted to the Division for approval.

As directed by the Board, the Division:

- continued suspension of the John de la Howe School's procurement authority until the Board approves that it be restored
- completed an audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011, meeting
- approved all purchases for the school using the SCEIS system
- approved all invoices for the school prior to payment using the SCEIS system
- conducted another complete 90 day audit and by way of this agenda item, report the results to the Board
- conducted customized procurement training for the School's financial and procurement staff

The School and the Division complied with the Board's directives. There are no audit findings to report.

BOARD ACTION REQUESTED:

The Division of Procurement Services recommends the Division perform a follow-up review of 100% of the School's procurements in 90 days and report to the Board the results of that review.

ATTACHMENTS:

Agenda item worksheet; Ninety day Audit Letter

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting scheduled for: November 3, 2011 **Blue Agenda**

1. **Submitted by:**
   (a) Agency: Division of Procurement Services
   (b) Authorized Official Signature: R. Voight Shealy, Materials Management Officer

2. **Subject:** Ninety day report to the Board of John de la Howe School

3. **Summary Background Information:**
At the June 14, 2011 Budget and Control Board meeting, the Division of Procurement Services (the Division) presented a ninety day report of John de la Howe School's procurement practices requested by the Board at its February 8, 2011 meeting. The report revealed the School had not complied with the Board's directive because not all procurements for the School had been submitted to the Division for approval.

As directed by the Board, we:

- continued suspension of the John de la Howe School's procurement authority until the Board approves that it be restored
- completed an audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011 meeting
- approved all purchases for the school using the SCEIS system.
- approved all invoices for the school prior to payment using the SCEIS system
- conducted another complete 90 day audit and by way of this agenda item, report the results to the Board
- conducted customized procurement training for the School's financial and procurement staff

The School and the Division complied with the Board's directives. We have no audit findings.

4. **What is Board asked to do?**
The Division of Procurement Services recommends the Division perform a follow-up review of 100% of the School's procurements in 90 days and report to the board the results of that review.

5. **What is recommendation of Board division involved?**
Approve the recommendations of the Division of Procurement Services concerning the John de la Howe School.

6. **Recommendation of other office (as required)?**
   (a) Authorized Signature: _____
   (b) Division/Agency Name: _____

7. **List of supporting documents:**
Ninety day Audit Letter

NIKKI R. HALEY, CHAIR
GOVERNOR

CURTIS M. LOFTIS, JR.
STATE TREASURER

RICHARD ECKSTROM, CPA
COMPTROLLER GENERAL

B&CB

SC BUDGET AND CONTROL BOARD

THE DIVISION OF PROCUREMENT SERVICES
DELBERT H. SINGLETON, JR.
DIVISION DIRECTOR
(803) 734-2320

R. VOIGHT SHEALY
MATERIALS MANAGEMENT OFFICER
(803) 737-0600
FAX (803) 737-0639

HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE
COMMITTEE

W. BRIAN WHITE
CHAIRMAN, HOUSE WAYS AND MEANS
COMMITTEE

MARCIA S. ADAMS
EXECUTIVE DIRECTOR

October 14, 2011

Mr. R. Voight Shealy
Materials Management Officer
Division of Procurement Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Voight:

At its February 8, 2011 meeting, the State Budget and Control Board directed the Division of Procurement Services to oversee all procurement activity and to conduct a review of the John de la Howe School's procurement practices in ninety (90) days. The Board further instructed that the Division report back to the Board the results of the review. On May 12th, the audit staff performed the 90 day review and identified the School had not complied with the Board's directive. Mr. Thomas Mayer, the School's Superintendent, asked that we request from the Board a continuance of the Board's directive for another 90 day period as he worked to solve the School's problems by acclimating new staff, training existing staff and evaluating progress. We presented the 90 day report to the Board at its June 14, 2011 meeting. Because the School had not complied with the Board's directive, the Board instructed the following:

> Directed that the following actions be taken concerning the John de la Howe School, as recommended by the Division of Procurement Services:
>
> (a) The Board continue suspension of the John de la Howe School's procurement authority until the Board approves that it be restored;
> (b) The Division complete an audit of the paperwork from order point to payment for the procurements that are missing supporting documentation or that have not been approved by the Division as directed by the Board in the February 8, 2011, meeting;
> (c) The Division continue to review and approve all purchases for the school using the SCEIS system;

(d) The Division review and approve all invoices for the School prior to payment using the SCEIS system (this will prevent the School from directly paying for goods and services that should be acquired using the purchase order system);
(e) The Division conduct another complete audit in 90 days and, thereafter, report the results at the next scheduled Board meeting; and
(f) The Division conduct customized procurement training for the School's financial and procurement staff;

To accomplish the Board's directive, the Division took the following actions. Suspension of the School's procurement authority continued. Because the School uses the South Carolina Enterprise Information System (SCEIS) for procurements and payments, the Division, working with the SCEIS Office, had the system "re-wired" to require our approval of all the School's shopping carts (requisitions) for all procurements and also to require our approval of all invoices for payment. No checks could be processed without our approval.

The Division assigned a staff member to communicate with the School on each and every procurement transaction and invoice. We compiled a continuous weekly procurement activity log, a direct expenditure voucher log and an invoice log for Budget and Control Board Executive Management. Every week we generated expenditure reports out of SCEIS and reconciled all payments to Division approved procurements. As of October 3, 2011, the Division has reviewed and approved two hundred seventy-five (275) procurements totaling $293,325.42 as well as 32 direct expenditure vouchers totaling $36,874.23. All procurements and payments since June 14th complied with the Board's directive.

We performed invoice confirmations with the vendors on the transactions identified in our last review and also on the prior audit. Most vendors cooperated by responding that they had provided the goods or services invoiced and had received payment. No information came to our attention from any of the vendors that would warrant further investigation.

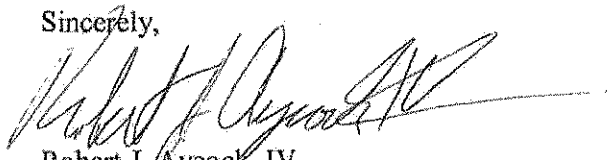
On June 16th, the Division provided procurement training for the School's staff.

We previously reported the School had been buying food from expired contracts. The State Procurement Officer awarded a food purchase contract for the School on October 6, 2011. In order to facilitate a permanent solution to the problem, the Division coordinated a meeting between its staff, John de la Howe staff and the South Carolina Department of Education. The Department of Education coordinates a school district food solicitation through the South Carolina School Food Service Purchasing Alliance utilizing the buying power of the majority of school districts in South Carolina. John de la Howe School qualifies to participate in the food purchase alliance.

On September 28, 2011, we finalized our second 90 day review of the School. This letter presents the results of that review.

In our opinion, the School is on track for improvement and has complied with the Board's directive. We therefore recommend the Board remove the School's suspension of procurement authority and allow the School to conduct its own procurements up to the basic limits allowed in law.

Sincerely,



Robert J. Aycock, IV
Manager, Audit and Certification

cc: Mr. Thomas W. Mayer, Superintendent
Mr. Delbert H. Singleton, Jr., Division Director
Mr. Mac Stiles, Senior Auditor

STATE BUDGET AND CONTROL BOARD | BLUE AGENDA

MEETING OF November 3, 2011 | ITEM NUMBER 7

AGENCY: South Carolina Energy Office

SUBJECT: Barnwell County Economic Development Fund – Project Funding Request

The South Carolina Energy Office advises of the following project funding request:

a. *Recipient:* Barnwell County Economic Development Corporation
Funding Request: $80,000
Purpose/Description: Barnwell County Economic Development Corporation (BCEDC) is requesting funds for the construction of a new well in the City of Blackville's industrial park. This well will replace the old, nonfunctioning L'Artique well. BCEDC feels this improvement will aid in the recruitment of new businesses to replace the outgoing Allied Air which is preparing the vacate the site..
Project Impact: Completion of this project will provide replacement of an old, nonfunctioning well with a new well and help with the recruitment of businesses to the industrial park.
Cost of Project: $600,000
SCEO recommendation: $80,000, federal (CDBG) and town of Blackville will provide the remainder.

b. *Recipient:* Barnwell County Economic Development Corporation
Funding Request: $100,000
Purpose/Description: Barnwell County Economic Development Corporation (BCEDC) is requesting funds for the renovation of an existing building (previously occupied by Allied Air) for Project Hurricane. This project is relocating an existing company from Miami, FL to Blackville, SC. The company will produce product display cases and retail store fixtures for clients worldwide. This will create 212 jobs for the area. The renovations include roof and dock repairs, a complete renovation of al office space to include new carpet, tile, paint and fixtures as well as cleaning and scrubbing all floors and walls of the 350,000 square foot facility.
Project Impact: Completion of this project will provide a repaired and updated facility for the relocation of the company to Blackville, SC which will create 212 jobs for the area.
Cost of Project: $2,800,000
SCEO recommendation: $100,000, SC Department of Commerce ($200,000) and the relocating company ($2,500,000) will provide the remainder of the funding needed for the project.

BOARD ACTION REQUESTED:

Approve the following project request as recommended by the South Carolina Energy Office: Barnwell County Economic Development Corporation, $80,000 for the construction of a new well in the City of Blackville's industrial park; and Barnwell County Economic Development Corporation, $100,000 for the renovation of an existing building for Project Hurricane.

ATTACHMENTS: Agenda item worksheet; BWEDF applications and budgets

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 3, 2011 Agenda: Blue

1. Submitted By:
   (a) Agency: *B&C Bd. – SC Energy Office*
   (b) Authorized Official Signature:

2. Subject:
   Barnwell Economic Development Fund – project funding request

3. Summary and Background Information:
   Grantee: *Barnwell County Economic Development Corporation*

A. *Grant Request:* *$80,000.00*

Purpose/Description: Barnwell County Economic Development Corporation (BCEDC) is requesting funds for the construction of a new well in the City of Blackville's industrial park. This well will replace the old, nonfunctioning L'Artigue well. BCEDC feels this improvement will aid in the recruitment of new businesses to replace the outgoing Allied Air which is preparing to vacate the site.

Project Impact: Completion of this project will provide replacement of an old, nonfunctioning well with a new well and help with the recruitment of businesses to the industrial park.

Cost of Project: $ 600,000

SCEO recommendation: We recommend disbursement from the Barnwell Economic Development Fund in the amount of $80,000. Federal (CDBG) and Town of Blackville will provide the remainder.

B. *Grant Request: $100,000.00*

Purpose/Description: Barnwell County Economic Development Corporation (BCEDC) is requesting funds for the renovation of an existing building (previously occupied by Allied Air) for Project Hurricane. This project is relocating an existing company from Miami, FL to Blackville, SC. The company will produce product display cases and retail store fixtures for clients worldwide. This will create 212 jobs for the area. The renovations include roof and dock repairs, a complete renovation of all office space to include new carpet, tile, paint and fixtures as well as cleaning and scrubbing all floors and walls of the 350,000 square foot facility.

Project Impact: Completion of this project will provide a repaired and updated facility for the relocation of the company to Blackville, SC which will create 212 jobs for the area.

Cost of Project: $ 2,800,000

SCEO recommendation: We recommend disbursement from the Barnwell Economic Development Fund in the amount of $100,000.

The SC Dept of Commerce ($200,000) and the relocating company ($2,500,000) will provide the remainder of the funding needed for the project.

4. What is Board asked to do?

A. *Approve request in the amount of $80,000.00 to Barnwell County Economic Development Corporation.*

B. *Approve request in the amount of $100,000.00 to Barnwell County Economic Development Corporation.*

---

5. What is recommendation of Board Division involved?

A. *Approve request in the amount of $80,000.00 Barnwell County Economic Development Corporation.*

B. *Approve request in the amount of $100,000.00 Barnwell County Economic Development Corporation.*

---

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

(a) Authorized Signature: _____

(b) Division/Agency Name:

---

7. Supporting Documents

(a) List Those Attached:

Barnwell County Economic Development Fund application and budget attached

(b) List Those Not Attached But Available From Submitter:

Barnwell County Administration
County Administration Building
57 Wall St., Room 126
Barnwell, SC 29812
Phone: (803) 541-1000

Fax: (803) 541-1104

Pickens Williams, Jr.
County Administrator
Kim A. Futrell
Administrative Assistant

September 19, 2011

Marcia Adams, Executive Director
SC Budget & Control Board
1200 Senate Street, 6th Floor
Wade Hampton Building
Columbia, SC 29201

Dear Ms. Adams:

I will appreciate the release of $80,000 from the Barnwell County Economic Development Fund as requested by the attached application. The money will be used to assist the Town of Blackville with the cost of improving its water capacity as described in the application. Barnwell County Council has approved this request and will appreciate your having it added to the Budget & Control Board's agenda as soon as possible.

I will appreciate your letting me know the date of the meeting since we would like to have representatives there to answer questions if any arise.

Sincerely,

Pickens Williams, Jr.
Barnwell County Administrator

PWJ/kaf

c: Barnwell County Council
Marty Martin, Executive Director-Barnwell County EDC
Wendy Gibson, Barnwell County Treasurer
Ian Kaiser, Blackville Town Administrator

Barnwell County Economic Development Fund Application

Date Submitted: August 25, 2011

Section 1

Project Name:	Blackville New Well and Water mitigation Projects
Applicant:	Town of Blackville
Contact Person:	Ian Kaiser
Title:	Town Administrator
Address:	5983 L'artigue Blackville SC
Telephone:	803-284-2444
Fax:	803-284-3243
Type of Project:	New Well at Industrial Park
Scope:	Increase Town's Water Capacity (see attached letter)

Section 2

Financial Participation

Applicant:	$ 25,000
Local Government:	
State Government:	
Federal Government:	$495,000 (CDBG)
Other Private Sources:	
Barnwell County Economic Dev. Fund :	$ 80,000
Total Project Budget:	$600,000

Michael L. Beasley, *Mayor*

Miles Loadholt
Town Attorney

John D. Holston
Police Chief

Hariel Corley
Fire Chief

Harriett P. McKnight
Clerk and Treasurer

Council
Kelvin Isaac
M. Ann Pernell
Rubert R. (Russ) Reed, Jr.
Allen Harrison
Vivian T. Alston
Stephen L. (Steve) Jowers, Sr.

Proposal for Compact Funds

Project: A New Well for the Town of Blackville at the Industrial Park Site

Outcome: Funding Partnership with BCEDC and the Compact Funds for $80,000.00 with the Town of Blackville

The Town of Blackville has recently been awarded a CDBG Grant to construct a New Well. Over the past several years the Town has been under a Consent order with DHEC, due to limited emergency water flow capacity. Since then the Town has hired a new water consultant to help the Town comply with the Consent Order. During the analysis we found the old L'Artigue well, although not functioning, can be restored to its original flow which will dismiss the DHEC Consent Order requirements.

Blackville has recently lost a valuable industry as Allied Air prepares to vacate its site. Because of the loss in jobs as well as the tax base for the Town it is essential to look to the future to attract new jobs and sustainable industry. The County's Economic Development Business Park provides the Town of Blackville with opportunity for expansion and to house new industry. The Town believes it is paramount to create an economic environment so that the BDEC can effectively and with confidence sell this site to prospective employers. Therefore, the New Well that will be constructed on the Industrial Park site would be used to provide water flow capacity for industrial use and a growing population. This New Well opens the door for jobs to come to Blackville and is a first step to reignite a community that is full of rich resources.

In summary, the New Well's capacity is 288,000 gallons per day by design and 432,000 gallons per day for emergency usage. The Old L'Artigue well's capacity is 240,000 gallon per day by design and 360,000 gallons per day for emergency usage. In total this would bring to the town 528,000 gallons per day by design and 792,000 gallons per day for emergency usage.

The CDBG Grant will supply funding of $495,000 and requires a match of $60,000. The Town of Blackville is seeking a collaborative approach because of severe budget constraints. The Town of Blackville is seeking to secure $80,000 from the Barnwell County Compact Fund. This would allow the Town to meet the grant requirements while also using additional Town moneys to bring the L'Artigue well to capacity and eliminate the DHEC Consent Order.

Thank you for your consideration. The Mayor, Council and Staff are looking forward to this collaborative partnership and potential revenue generation for job creation.

Sincerely,

Tam Kaiser
Town Administrator, Blackville, SC

The information provided in this application is true and correct to the best of the applicant's knowledge. If awarded, the undersigned agrees to follow all appropriate procurement, contracting and fiscal accountability procedures in the administration of the funds.

Authorized Signature:

[signature] 8/25/2011
Date

This application was completed by:

Jan Kaiser

803-283-2404
Telephone/Fax

This application was approved for funding by the Barnwell County Council at its Sept. 13, 2011 meeting.

[signature]
Travis Black, Chairman

9/19/11
Date

Barnwell County Administration
County Administration Building
57 Wall St., Room 126
Barnwell, SC 29812
Phone: (803) 541-1000
Fax: (803) 541-1104

Pickens Williams, Jr.
County Administrator
Kim A. Futrell
Administrative Assistant

October 12, 2011

Marcia Adams, Executive Director
SC Budget & Control Board
1200 Senate Street, 6th Floor
Wade Hampton Building
Columbia, SC 29201

Dear Ms. Adams:

I will appreciate the release of $100,000 from the Barnwell County Economic Development Fund as requested by the attached application. The money will be used to assist Project Hurricane with the cost of relocation to Blackville from Miami, Fl. Barnwell County Council has approved this request and will appreciate your having it added to the Budget & Control Board's agenda as soon as possible.

I will appreciate your letting me know the date of the meeting since we would like to have representatives there to answer questions if any arise. Hopefully, it can be added to the agenda for the November 3rd meeting since our Town of Blackville water project request for $80,000 is already on the agenda.

Sincerely,

Pickens Williams, Jr.
Barnwell County Administrator

PWJ/kaf

c: Barnwell County Council
Marty Martin, Executive Director-Barnwell County EDC
Wendy Gibson, Barnwell County Treasurer
Ian Kaiser, Blackville Town Administrator

Barnwell County Economic Development Fund Application

Date Submitted: October 5, 2011

Section 1

Project Name:	**Project Hurricane**
Applicant:	**Barnwell County Economic Development Corporation**
Contact Person:	**Marshall L. Martin, Jr.**
Title:	**Executive Director**
Address:	**367 Fuldner Road, P.O. Box 898, Barnwell, SC 29812**
Telephone:	**803-259-1263**
Fax:	**803-259-0030**
Type of Project:	**relocation of Miami FL furniture manufacturer**

Scope: Project Hurricane submitted their letter of intent in September to relocate their manufacturing plant from Miami FL to Blackville SC (former Allied Air facility). They will create 212 new jobs.

Section 2

Financial Participation

Applicant:	**$2,500,000**
Local Government:	**0**
State Government:	**$ 200,000**
Federal Government:	**0**
Other Private Sources:	**0**
Barnwell County Economic Dev. Fund:	**$ 100,000**
Total Project Budget:	**$2,800,000**

The information provided in this application is true and correct to the best of the applicant's knowledge. If awarded, the undersigned agrees to follow all appropriate procurement, contracting and fiscal accountability procedures in the administration of the funds.

Authorized Signature:

Vernon F. Grady, Chairman
Barnwell County Economic Development Corporation

October 5, 2011
Date

This application was completed by:

Marshall L. Martin, Jr.

Phone: 803-259-1263 Fax: 803-259-0030

Telephone/Fax

This application was approved for funding by the Barnwell County Council at its October 11, 2011 meeting.

Travis Black, Chairman

10/11/11
Date

September 23, 2011

Warren A. Darby Jr.
Project Manager
Global Business Development
South Carolina Department of Commerce
1201 Main Street, 16th Floor
Columbia, SC 29201

Dear Warren:

This letter is to inform you that NK Newlook intends to locate its manufacturing and distribution facility in Barnwell County, South Carolina. NK Newlook designs and manufacturers product display cases and retail store fixtures for clients worldwide.

Over the first 5 years of operation of this facility, our project will reach a capital investment of $5 million in machinery and equipment, and create 212 new jobs in South Carolina.

We'd like to thank the Department of Commerce and Barnwell County for the continued commitment throughout this process.

Sincerely yours,

Bob Nottin
President

NK Newlook
8800 NW 77 Court
Medley, FL 33166

Barnwell
COUNTY
SOUTH CAROLINA
ECONOMIC DEVELOPMENT COMMISSION
www.discoverbarnwellcounty.com
bcedc1@bellsouth.net

Pete Grady, Chairman
James W. Ladham, Vice Chairman
Loretta Atkinson, Secretary/Treasurer
Jason Stapleton
Billy Johnson
Jeff Sandifer
Janet Muldrow
Marshall L. Martin, Jr., SCCED, Executive Director
Sonja C. Hiers, Executive Assistant

October 17, 2011

Rebecca Griggs
SC Energy Office
Columbia SC

Re: Project Hurricane

Scanned and delivered by email 10/17/11

Dear Rebecca:

The purpose of the requested EDF funds for Project Hurricane is to renovate the existing building the Company will be leasing from the Barnwell County EDC. These renovations will cost an estimated $135,000. This work will include roof repairs ($13,000), dock repairs ($21,000), complete renovation of all office space to include new carpet, tile, paint and fixtures ($80,000) as well as cleaning/scrubbing all floors and walls ($21,000) in this 350,000 sq. ft. plant facility.

The remainder of this cost, as well as relocation expenses, not covered by this $100,000 request, will be paid by other grant funding approved by the State.

Thank you again for your assistance in this matter.

With kindest regards, I am

Marshall L. Martin, Jr., SCCED
Executive Director

cc: Pickens Williams, Jr., County Administrator

P.O. BOX 898
BARNWELL COUNTY AIRPORT, HIGHWAY 278
BARNWELL, SOUTH CAROLINA 29812
803-259-1263 FAX 803-259-0030

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 2011

BLUE AGENDA
ITEM NUMBER 8

AGENCY: Executive Director

SUBJECT: Revenue Bonds

The required reviews on the following proposals to issue revenue bonds has been completed with satisfactory results. The project requires approval under State law. Ceiling allocation requests are included in a separate agenda item.

a. Issuing Authority: Beaufort County
Amount of Issue: N/E $50,000,000 Hospital Revenue Bonds ($20,000,000 refunding involved)
Allocation Needed: - 0 -
Name of Project: Beaufort County Memorial Hospital d/b/a Beaufort Memorial Hospital
Employment Impact: n/a
Project Description: to acquire, construct and renovate hospital facilities and refund outstanding Series 1997 bonds.
Bond Counsel: Kathleen Crum McKinney, Haysworth Sinkler Boyd, P. A..

b. Issuing Authority: Greenville County
Amount of Issue: N/E $8,000,000 Special Source Revenue Refunding Bonds ($8,000,000 refunding involved)
Allocation Needed: - 0 -
Name of Project: Greenville County Not Exceeding $8,000,000 Special Source Revenue Refunding Bond, Series 2012
Employment Impact: n/a
Project Description: refunding of all or a portion of the callable maturities of Greenville County's outstanding (i) original principal amount of $8,990,000 Special Source Revenue Bonds (Series 2003 Roads Improvement Project), Series 2003 , such Series 2003 bonds being originally issued for the purpose of financing the costs of constructing roads, bridges and such other infrastructure within the County necessary for the continued economic development of the Count and (ii) paying certain costs of issuance of the bond.
Bond Counsel: Bradford L. Love, Haynsworth Sinkler Boyd, P. A.

c. Issuing Authority: Sumter County
Amount of Issue: N/E $1,500,000 Special Source Revenue Bonds
Allocation Needed: - 0 -
Name of Project: Sumter County Special Source Revenue Bonds
Employment Impact: n/a
Project Description: acquisition, for economic development purposes, of certain land (473.03 acres +/-) identified on the tax maps for the county as tax

AGENCY: Executive Director

SUBJECT: Revenue Bonds -- Continued

		parcel #231-00-01-004
	Bond Counsel:	Francenia B. Heizer, McNair Law Firm
d.	Issuing Authority:	Jobs-Economic Development Authority
	Amount of Issue:	N/E $18,000,000 Economic Development Revenue Refunding Bonds ($18,000,000 refunding involved)
	Allocation Needed:	- 0 -
	Name of Project:	CPF Properties II, LLC
	Employment Impact:	maintain 32 jobs for USC Upstate
	Project Description:	refunding of Series 2008 bonds used to construct an academic facility for the University of South Carolina Upstate, including costs of issuance
	Note:	*private sale*
	Bond Counsel:	Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P.A.
e.	Issuing Authority:	Jobs-Economic Development Authority
	Amount of Issue:	Not Exceeding $4,000,000 Economic Development Revenue Bonds
	Allocation Needed:	$4,000,000
	Name of Project:	Confluence Holdings Corp. and Confluence Real Estate Holdings, LLC
	Employment Impact:	maintain 363 jobs and add 16 within 12 months and 37 within 24 months
	Project Description:	undertaking certain leasehold improvements, including acquisition of equipment therefor, for the manufacture of canoes and kayaks, paddles and accessories
	Note:	*private sale (or underwriting)*
	Bond Counsel:	Kathleen Crum McKinney, Haynsworth Sinkler Boyd, P.A.
f.	Issuing Authority:	Jobs-Economic Development Authority
	Amount of Issue:	N/E $15,000,000 Healthcare Facilities Revenue Bonds ($5,350,000 refunding involved)
	Allocation Needed:	-0-
	Name of Project:	Rolling Green Village
	Employment Impact:	maintain 207 (154 FTE) and add 33 (21 FTE) within 12 months
	Project Description:	acquire, construct, expand, renovate and equip retirement, healthcare and related facilities for the continuing care retirement community and refund the outstanding Series 1997 bonds
	Note:	*private sale*

AGENCY: Executive Director

SUBJECT: Revenue Bonds -- Continued

Bond Counsel: E. Tyler Smith, Haynsworth Sinkler Boyd, P.A.

g. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: $80,000,000 Refunding Revenue Bonds (80,000,000 refunding involved)
Allocation Needed: - 0 -
Name of Project: The Woodlands at Furman
Employment Impact: 72
Project Description: a continuing care retirement community consisting of 145 independent living apartments, 48 assisted living apartments, and 30 private pay nursing suites, with associated common and support areas to be located in Greenville County and to be owned and operated by Upstate Senior Living, Inc. d/b/a The Woodlands at Furman on the campus of Furman University
Note: *negotiated private sale*
Bond Counsel: F. Mitchell Johnson, Jr., Haynsworth, Sinkler Boyd

h. Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: $18,000,000 Economic Development Revenue Bonds (18,000,000 refunding involved)
Allocation Needed: - 0 -
Name of Project: WUREF Development, LLC
Employment Impact: 2
Project Description: a 406-bed student housing facility
Note: *negotiated private sale*
Bond Counsel: F. Mitchell Johnson, Jr., Haynsworth, Sinkler Boyd

BOARD ACTION REQUESTED:

Adopt resolutions approving the referenced proposals to issue revenue bonds.

ATTACHMENTS:

Resolutions

Haynsworth
Sinkler Boyd, P.A. | ATTORNEYS AND COUNSELORS AT LAW

TWO LIBERTY SQUARE, 11TH FLOOR
75 BEATTIE PLACE
POST OFFICE BOX 2048
GREENVILLE, SOUTH CAROLINA 29602

KATHLEEN CRUM MCKINNEY
DIRECT DIAL NUMBER (864) 240-3243
EMAIL KMCKINNEY@hsblawfirm.com

EXECUTIVE SUMMARY

TO: Paul Koch, Esq.
State Budget and Control Board

FROM: Kathleen C. McKinney

DATE: October 7, 2011

RE: Not Exceeding $50,000,000 Beaufort County, South Carolina, Hospital Refunding and Improvement Revenue Bonds (Beaufort Memorial Hospital) Series 2011 (the "Bonds")

Beaufort Memorial Hospital last issued bonds in 1997. Pursuant to the Hospital Revenue Bond Act and the legislation establishing Beaufort Memorial Hospital, Beaufort Memorial Hospital issues bonds through Beaufort County. The Bonds are not an obligation of the County and are payable solely from the revenues of the Hospital. The Act requires that the following language must be stated on the face of each Bond:

> **This bond is a limited obligation of the County payable solely from and secured by a pledge of Pledged Revenues and funds provided therefor under the Bond Purchase and Loan Agreement. This bond shall never constitute an indebtedness of Beaufort County or the State of South Carolina within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of Beaufort County or the State of South Carolina or a charge against their general credit or taxing powers.**

The Bonds do not count against the debt limit of Beaufort County and the County has no liability for payment of the Bonds.

The Bonds will be issued for two purposes:

1. Refund the $28,740,000 Beaufort County, South Carolina, Hospital Revenue and Refunding Bonds (Beaufort County Memorial Hospital), Series 1997, of which $13,365,000 is outstanding. There is a significant debt service savings to refunding the bonds since interest rates are considerably lower.

2. Defray the cost of acquiring certain land and making improvements thereto, undertaking certain additions, improvements and renovations to the Hospital's facilities in the County, including the acquisition of equipment therefor, and reimbursing the Hospital for certain prior capital expenditures .

a.

Other approvals:

1. The South Carolina Department of Health and Environmental Control has approved the projects being financed by the Hospital by issuing its Certificate of Need Number SC-11-29 on July 29, 2011; and has approved the refunding of the Series 1997 Bonds by issuing its exemption letter dated August 19, 2011.

2. Upon receipt of the petition of the County, the State Budget and Control Board is asked to place this matter on its agenda for approval at the November 3, 2011 meeting of the Board.

Because the refunding portion of the bond issue is rate sensitive, the Hospital would like to close the bond issue in November following third reading of the Ordinance on October 24, 2011, by the County and final approval by the State Budget and Control Board on November 3, 2011.

A RESOLUTION APPROVING THE ISSUANCE BY BEAUFORT COUNTY, SOUTH CAROLINA, OF ITS NOT EXCEEDING $50,000,000 PRINCIPAL AMOUNT HOSPITAL REVENUE BONDS (BEAUFORT MEMORIAL HOSPITAL) SERIES 2011, PURSUANT TO THE PROVISIONS OF TITLE 44, CHAPTER 7, ARTICLE 11, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

WHEREAS, the County Council (the ***"County Board"***) of Beaufort County, South Carolina (the ***"County"***), has heretofore, by submitting a petition (the ***"Petition"***) under and pursuant to the provisions of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended (the ***"Act"***), requested the approval by the State Budget and Control Board of the issuance by the County pursuant to the Act of its Hospital Revenue Bonds (Beaufort Memorial Hospital) Series 2011, in the aggregate principal amount of not exceeding $50,000,000 (the ***"Bonds"***); and

WHEREAS, the County proposes to issue the Bonds under and pursuant to the Act and to make certain of the proceeds of the Bonds available to Beaufort Memorial Hospital (the ***"Hospital"***) by way of a loan for the purpose of (a) acquiring certain land and making improvements thereto, undertaking certain additions, improvements and renovations to the Hospital's facilities in the County, including the acquisition of equipment therefor, and reimbursing the Hospital for certain prior capital expenditures (collectively, the ***"Project"***), (b) refunding the $28,740,000 Beaufort County, South Carolina, Hospital Revenue and Refunding Bonds (Beaufort County Memorial Hospital) Series 1997 (the ***"Series 1997 Bonds"***), outstanding in the principal amount of $17,830,000, and together with a premium, if any, and interest then or thereafter to become due; and (c) paying certain costs of issuance of the Bonds, by way of a loan pursuant to a bond purchase and loan agreement; and

WHEREAS, it is proposed that the Bonds will be secured under the provisions of a Bond Purchase and Loan Agreement (the ***"Purchase Agreement"***) among the County, the Hospital, and a financial institution as purchaser; will be entitled to the benefit of the Master Trust Indenture dated as of November 1, 1997, between the Hospital and First Union National Bank, as master trustee, to which U.S. Bank National Association is successor master trustee; and are payable solely from the Pledged Revenues (as defined in the Purchase Agreement) received by the Hospital;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of South Carolina, as follows:

Section 1. The Board has made such review of the matters set forth in the Petition as it deems appropriate, and on the basis of such review it is hereby found, determined and declared:

(a) The Petition filed by the County contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to the Act;

(b) The Hospital Facilities (as defined in the Act), including the Project, which are the subject of the Petition of the County Board, are intended to promote the purposes of the Act and it is reasonably anticipated to effect such result; and

Section 2. In consequence of the foregoing, the proposal of the County to issue the Bonds in the aggregate amount of not exceeding $50,000,000 for the purpose of paying the cost of undertaking the Project; refunding the outstanding Series 1997 Bonds; and paying costs of issuing the Bonds, be and the same is hereby in all respects approved.

Section 3. Notice of the action taken by this Board in approving the above-described undertaking of the County shall be published in a newspaper having general circulation in the County.

Section 4. The Notice, required in Section 3 above to be published, shall be in substantially the form set forth in *Exhibit "A"* of this Resolution.

Section 5. This Resolution shall take effect immediately.

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS OF SECTION 44-7-1590, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to Petition filed by the County Council of Beaufort County, South Carolina (the "County"), has given its approval to the following undertaking by the County:

The issuance by the County of its Hospital Revenue Bonds (Beaufort Memorial Hospital) Series 2011, in the aggregate principal amount of not exceeding $50,000,000 (the "Bonds"), for the purpose of (a) paying the cost of acquiring certain land and making improvements thereto, undertaking certain additions, improvements and renovations to facilities of Beaufort Memorial Hospital (the "Hospital") in the County, including the acquisition of equipment therefor, and reimbursing the Hospital for certain prior capital expenditures (collectively, the "Project"), (b) refunding the Beaufort County, South Carolina, Hospital Revenue and Refunding Bonds (Beaufort County Memorial Hospital), Series 1997 (the "Series 1997 Bonds"), outstanding in the principal amount of $17,830,000, and together with a premium, if any, and interest then or thereafter to become due; and (c) paying certain costs of issuing the Bonds, by way of a loan pursuant to a bond purchase and loan agreement.

The South Carolina Department of Health and Environmental Control has issued certificates of need for those portions of the Project requiring a certificate of need.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the action taken by the State Budget and Control Board, the County Council of the County, or the Department of Health and Environmental Control of South Carolina, by action *de novo* instituted in the Court of Common Pleas for Beaufort County, South Carolina.

STATE BUDGET AND CONTROL BOARD

By: Delbert H. Singleton, Jr., Secretary

Dated: November 1, 2011.

Haynsworth
Sinkler Boyd, P.A. | ATTORNEYS AND COUNSELORS AT LAW

TWO LIBERTY SQUARE, 11TH FLOOR
75 BEATTIE PLACE
POST OFFICE BOX 2048
GREENVILLE, SOUTH CAROLINA 29602

BRADFORD L. LOVE
DIRECT DIAL NUMBER (864) 240-3388
FACSIMILE: (864) 240-3382
EMAIL BLOVE@hsblawfirm.com

EXECUTIVE SUMMARY

TO: Paul Koch, Esq.
State Budget and Control Board

FROM: Brad Love

DATE: October 7, 2011

RE: Not Exceeding $8,000,000 Greenville County, South Carolina Special Source Revenue Refunding Bond, Series 2012 (the ***"Bond"***)

Greenville County, South Carolina (the ***"County"***) is authorized pursuant to the provisions of Title 4, Chapters 1 and 29 of the Code of Laws of South Carolina, 1976, as amended (the ***"Act"***), to issue special source revenue bonds of the County secured and payable from all or a part of that portion of revenues (the ***"Pledged Revenues"***) which the County is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13 of the Constitution of the State of South Carolina, 1895, as amended, and for the purposes set forth in Section 4-29-68 of the Act. The Bond is not a general obligation of the County and is payable solely from the Pledged Revenues. The Bond will not constitute or give rise to a pecuniary liability of the County or a charge against any of its general credit or taxing power. The Bond does not count against the debt limit of the County.

The Act requires that the following language must be stated on the face of each Bond:

> **The Bond is (a) payable solely from all or a specifically described part of the Pledged Revenues received and retained by the County under Section 4-29-60, Section 4-29-67, Section 4-12-20, Section 4-12-30 of the Act, or Section 13 of Article VIII of the Constitution of the State of South Carolina, 1895, as amended, (b) not secured by, or in any way entitled to, a pledge of the full faith, credit, or taxing power of the County, (c) not an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation but is payable solely from a special source that does not include revenues from any tax or license, and (d) not a pecuniary liability of the County or a charge against the County's general credit or taxing power.**

The Bond will be issued for the purpose of advance refunding all or a portion of the callable maturities of the County's outstanding original principal amount $8,990,000 Special Source Revenue Bonds (Series 2003 Roads and Infrastructure Improvement Project), Series 2003 (the ***"Series 2003 Bonds"***), such Series

2003 Bonds being originally issued for the purpose of financing the costs of constructing roads, bridges and such other infrastructure within the County necessary for the continued economic development of the County as permitted by the Act and Master Ordinance No. 2899 enacted by the County Council of the County on October 15, 1996. There is a significant debt service savings in refunding the Series 2003 Bonds since interest rates are considerably lower.

Other approvals:

1. The County Council of the County will approve the issuance of the Bond with the enactment of the Ninth Supplemental Ordinance on November 1, 2011.

2. Upon receipt of the petition of the County, the State Budget and Control Board is asked to place this matter on its agenda for approval at the November 3, 2011 meeting of the Board.

Because the refunding is rate sensitive, the County would like to close the bond issue as soon as possible after final approval by the State Budget and Control Board.

A RESOLUTION

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore Greenville County, South Carolina (the ***"Issuer"***), by and through its County Council (the ***"County Council"***), did, pursuant to the provisions of Title 4, Chapters 1 and 29, of the Code of Laws of South Carolina 1976, as amended (the ***"Act"***), petition the State Budget and Control Board of South Carolina (the ***"State Board"***) seeking the approval of the State Board for an undertaking by the Issuer pursuant to the Act; and

WHEREAS, the proposed undertaking (the ***"Undertaking"***) consists of the advance refunding of all or a portion of the callable maturities of the Issuer's outstanding (i) original principal amount $8,990,000 Special Source Revenue Bonds (Series 2003 Roads Improvement Project), Series 2003 (the ***"Series 2003 Bonds"***), such Series 2003 Bonds being originally issued for the purpose of financing the costs of constructing roads, bridges and such other infrastructure within the County necessary for the continued economic development of the County as permitted by the Act and the Master Ordinance No. 2899 of the Issuer enacted on October 15, 1996 (the ***"Master Ordinance"***), all through the issuance of not exceeding $8,000,000 Greenville County, South Carolina Special Source Revenue Refunding Bond, Series 2012 (the ***"Bond"***), pursuant to the Act, the Master Ordinance and a Ninth Supplemental Ordinance to be enacted by the County Council of the Issuer (the Master Ordinance and the Ninth Supplemental Ordinance are collectively referred to as the ***"Bond Ordinance"***); and (ii) and paying certain costs of issuance of the Bond; and

WHEREAS, the Bond will be secured by and payable from revenues which the Issuer is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the Constitution of the State of South Carolina, 1895, as amended, and for the purposes set forth in Section 4-29-68 of the Act; and

WHEREAS, in order to finance the Undertaking, the Issuer proposes to provide for the issuance and delivery of the Bond pursuant to the Act and the Bond Ordinance; and

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the State Board that the Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such purposes.

2. On the basis of the foregoing, the proposed undertaking of the Issuer to finance the cost of the Undertaking through the issuance of not exceeding $8,000,000 principal amount of the Bond, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), be and the same are hereby approved.

3. Notice of the action taken by the State Board in giving approval to the Undertaking shall be published in a newspaper of general circulation in Greenville County. Such notice to be published shall be in form substantially as set forth as ***Exhibit A*** of this Resolution.

EXHIBIT A

NOTICE PURSUANT TO TITLE 4, CHAPTER 29,
CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given that following the filing of a Petition by the County Council (the ***"County Council"***) of Greenville County, South Carolina (the ***"County"***), to the State Budget and Control Board of South Carolina (the ***"State Board"***), approval has been given by the State Board to the following undertaking (the ***"Undertaking"***) (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking): the advance refunding of all or a portion of the callable maturities of the Issuer's outstanding (i) original principal amount $8,990,000 Special Source Revenue Bonds (Series 2003 Roads Improvement Project), Series 2003 (the ***"Series 2003 Bonds"***), such Series 2003 Bonds being originally issued for the purpose of financing the costs of constructing roads, bridges and such other infrastructure within the County necessary for the continued economic development of the County as permitted by the Act and the Master Ordinance No. 2899 of the Issuer enacted on October 15, 1996 (the ***"Master Ordinance"***), all through the issuance of a not exceeding $8,000,000 Greenville County, South Carolina Special Source Revenue Refunding Bond, Series 2012 (the ***"Bond"***), pursuant to the Act, the Master Ordinance and a Ninth Supplemental Ordinance to be enacted by the County Council of the Issuer; and (ii) and paying certain costs of issuance of the Bond.

To finance the Undertaking, the County will issue the Bond in one or more series, pursuant to Title 4, Chapters 1 and 29, Code of Laws of South Carolina 1976, as amended (the ***"Act"***). The Bond will be payable by the County solely from revenues which the County is entitled to retain pursuant to one or more joint county industrial or business park agreements established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the Constitution of the State of South Carolina, 1895, as amended, and for the purposes set forth in Section 4-29-68 of the Act. The Bond will be issued pursuant to the Act, the Master Ordinance and a Ninth Supplemental Ordinance to be enacted by the County Council.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the Undertaking of the County Council by action *de novo* instituted in the Court of Common Pleas for Greenville County.

THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

By: Delbert Singleton
Executive Secretary

Dated: November __, 2011

MCNAIR
ATTORNEYS

Francenia B. Heizer

fheizer@mcnair.net
T (803) 799-9800
F (803) 933-1483

MEMORANDUM

TO: Delbert Singleton, Secretary
South Carolina State Budget and Control Board

FROM: Francenia B. Heizer, Esquire

DATE: October 19, 2011

RE: Sumter County, South Carolina, Special Source Revenue Bond, $1,500,000

Pursuant to Title 4, Chapters 1 and 29 Code of Laws of South Carolina, 1976, as amended, and Ordinance No. 11-735 duly enacted by the Sumter County Council on October 11, 2011, the County intends to issue a $1,500,000 special source revenue bond for land acquisition. The term of the bond will be approximately ten years. The land acquired will be made available for economic development purposes.

Pursuant to Title 4, Chapters 1 and 29 Code of Laws of South Carolina, 1976, as amended, and Ordinance No. 11-735 adopted on October 11, 2011, the County intends to issue a $1,500,000 special source revenue bond for land acquisition. The term of the bond will be approximately ten years. The land acquired will be made available for economic development purposes.

By way of background, the County has been setting aside a portion of its fee-in-lieu-of-taxes revenue into an infrastructure fund and intend to use that stream of revenue to make the payments on the bond. At this time the stream of revenue into the infrastructure fund will provide four times debt service coverage.

The Bonds will be placed with a local bank through a bidding process.

If you have any questions, please let us know.

FBH:laf

McNair Law Firm, P. A.
1221 Main Street
Suite 1800
Columbia, SC 29201

Mailing Address
Post Office Box 11390
Columbia, SC 29211

mcnair.net

A RESOLUTION
STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore Sumter County, South Carolina, (the "Issuer"), by and through its County Council (the "County Council"), did, pursuant to the provisions of Title 4, Chapters 1 and 29, of the Code of Laws of South Carolina 1976, as amended (the "Act"), petition the State Budget and Control Board of South Carolina (the "State Board") seeking the approval of the State Board for an undertaking by the Issuer pursuant to the Act; and

WHEREAS, the proposed undertaking (the "Undertaking") consists of the financing of the acquisition of land, for economic development purposes, of certain land (473.03 acres +/-) identified on the tax maps for the County as tax parcel# 231-00-01-004 (the "Project"), through the issuance of not exceeding $1,500,000 Sumter County, South Carolina Special Source Revenue Bonds, in one or more series of bonds (the "Bonds"), pursuant to the Act and an ordinance (the "Bond Ordinance") to be enacted by the County Council of the Issuer; and

WHEREAS, the Bonds will be secured by and payable from revenues which the Issuer is entitled to retain pursuant to one or more joint county industrial or business park agreements (the "Park Agreements") established pursuant to Section 4-1-170 of the Act and Article VIII, Section 13, of the South Carolina Constitution, and for the purposes set forth in Section 4-29-68 of the Act; and

WHEREAS, in order to finance the Project, the Issuer proposes to provide for the issuance and delivery of the Bonds pursuant to the Act and the Bond Ordinance; and

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF THE STATE OF SOUTH CAROLINA as follows:

1. Acceptance of Petition. The Board has made such review of the matters set forth in the Petition as it deems appropriate, and on the basis of such review it is hereby found, determined and declared:

a. The Petition filed by the County Council contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 4-29-140 of the Act; and

b. The Project which is the subject of the Petition of the County Council is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

2. Approval of Proposal. In consequence of the foregoing, the proposal of the County to defray the cost of the Project, and to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, in an aggregate principal amount of not exceeding $1,500,000, secured by a pledge of certain fees-in-lieu of taxes on certain properties located within the County and subject to the provisions of the Park Agreements, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power.

3. Notice of Board's Action. Notice of the action taken by this Board in approving the above described Undertaking of the County shall be published in *The Sumter Item*, which is a newspaper having general circulation in the County.

4. Form of Notice. The Notice, required in Section 3 above to be published, shall be in substantially the form set forth in Exhibit "A" of this Resolution.

5. Adoption of Resolution. This Resolution shall take effect immediately.

Adopted November 3, 2011.

EXHIBIT A

NOTICE PURSUANT TO TITLE 4, CHAPTER 29,
CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Title 4, Chapter 29, South Carolina Code of Laws 1976, as amended, specifically Section 4-29-140 thereof (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition dated October 25, 2011, filed by the County Council of Sumter County, South Carolina, has given its approval to the issuance by Sumter County of its Special Source Revenue Bonds in the original principal amount of not exceeding $1,500,000 (the "Bonds"), to defray the costs of the acquisition of certain land (473.03 acres +/-) identified on the tax maps for the County as tax parcel# 231-00-01-004 located in the County in order to enhance the economic development of the County. Sumter County has covenanted and dedicated certain Pledged Revenues, including certain revenues to be retained by the County pursuant to: (a) an Agreement for Development for Joint County Industrial park between the County and Clarendon County dated October 9, 1995, as amended; and (b) an Agreement for Development for Joint County Industrial park between the County and Lee County dated August 13, 1996, as amended.

Notice is further given that any interested party may, within 20 days after the date of the publication of this notice but not afterwards, challenge the validity of the State Budget and Control Board's approval of this undertaking, and the issuance of the Bonds by Sumter County to finance the Infrastructure, by action de novo instituted in the Court of Common Pleas for Sumter County, South Carolina.

STATE BUDGET AND CONTROL BOARD

Haynsworth
Sinkler Boyd, P.A. | ATTORNEYS AND COUNSELORS AT LAW

TWO LIBERTY SQUARE, 11TH FLOOR
75 BEATTIE PLACE
POST OFFICE BOX 2048
GREENVILLE, SOUTH CAROLINA 29602

KATHLEEN CRUM MCKINNEY
DIRECT DIAL NUMBER (864) 240-3243
EMAIL KMCKINNEY@hsblawfirm.com

EXECUTIVE SUMMARY

TO: Paul Koch, Esq.
State Budget and Control Board

FROM: Kathleen C. McKinney

DATE: October 7, 2011

RE: Not Exceeding $18,000,000 South Carolina Jobs-Economic Development Authority Economic Development Revenue Refunding Bonds (CPF Properties II, LLC) Series 2011 (the "Bonds")

Pursuant to Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "Act"), the South Carolina Jobs-Economic Development Authority (the "Authority") has the power to issue bonds through public or private sale in order to provide funds for any program authorized by the Act and to secure payment of such bonds. The Bonds are not an obligation of the Authority nor do they constitute an indebtedness of the Authority or the State of South Carolina but are payable solely from a revenue producing source and secured by a pledge of said revenues. The Act requires that the following language must be stated on the face of each Bond:

> THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE AGREEMENT AND FROM PAYMENTS ON THE BORROWER NOTE, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT THEREOF WHICH OBLIGATIONS CONSTITUTE AN INDEBTENDESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE OF SOUTH CAROLINA, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THIS BOND AND THE INTEREST HEREON DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER OR OF THE STATE OF SOUTH CAROLINA WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR AGAINST THE TAXING POWER OF THE STATE OF SOUTH CAROLINA. THE ISSUER DOES NOT HAVE TAXING POWER.

d.

The Bonds will be issued to refund the $18,000,000 South Carolina Jobs-Economic Development Authority Tax-Exempt Adjustable Mode Economic Development Revenue Bonds (CPF Properties II, LLC Project) Series 2008, of which $17,420,000 is currently outstanding. There is a significant debt service savings to refunding the bonds since interest rates are considerably lower.

Because the refunding portion of the bond issue is rate sensitive, the Borrower would like to close the bond issue in November following final approval by the Authority.

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING $18,000,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE REFUNDING BONDS (CPF PROPERTIES II, LLC) SERIES 2011, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the ***"Authority"***) has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the ***"Act"***), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Refunding Bonds (CPF Properties II, LLC) Series 2011, in the aggregate principal amount of not exceeding $18,000,000 (the ***"Bonds"***) through private sale, which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be placed by a financial institution through a private placement acceptable to the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private sale be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

Haynsworth Sinkler Boyd, P.A.

ATTORNEYS AND COUNSELORS AT LAW

CHARLESTON
COLUMBIA
FLORENCE
GREENVILLE
MYRTLE BEACH
WASHINGTON, DC

75 BEATTIE PLACE, 11TH FLOOR (29601-2119)
POST OFFICE BOX 2048 (29602-2048)
GREENVILLE, SOUTH CAROLINA
TELEPHONE 864.240.3200
FACSIMILE 864.240.3300
www.hsblawfirm.com

KATHLEEN CRUM MCKINNEY
DIRECT DIAL NUMBER 864.240.3243
kmckinney@hsblawfirm.com

EXECUTIVE SUMMARY

TO: Paul Koch, Esq.
State Budget and Control Board

FROM: Kathleen Crum McKinney

DATE: October 7, 2011

RE: Not Exceeding $4,000,000 South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (Confluence Holdings Corp. Project) Series 2011 (the "Bonds")

Pursuant to Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "Act"), the South Carolina Jobs-Economic Development Authority (the "Authority") has the power to issue bonds through public or private sale in order to provide funds for any program authorized by the Act and to secure payment of such bonds. The Bonds are not an obligation of the Authority nor do they constitute an indebtedness of the Authority or the State of South Carolina but are payable solely from a revenue producing source and secured by a pledge of said revenues. The Act requires that the following language must be stated on the face of each Bond:

> THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE AGREEMENT AND FROM PAYMENTS ON THE BORROWER NOTE, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT THEREOF WHICH OBLIGATIONS CONSTITUTE AN INDEBTENDESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE OF SOUTH CAROLINA, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THIS BOND AND THE INTEREST HEREON DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER OR OF THE STATE OF SOUTH CAROLINA WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR AGAINST THE TAXING POWER OF THE STATE OF SOUTH CAROLINA. THE ISSUER DOES NOT HAVE TAXING POWER.

e.

The Bonds will be loaned by the Authority to Confluence Holdings Corp., a Delaware corporation, and Confluence Real Estate Holdings, LLC, a Delaware limited liability company (together, the "Borrower"), for the following purpose:

> To defray the cost, as applicable, of undertaking certain leasehold improvements, including the acquisition of equipment therefor, by the Borrower, including its assignee as provided in Section 4.05 of the Inducement Agreement, relating to that certain facility located at 575 Mauldin Road in Greenville, South Carolina, for the manufacture of canoes and kayaks, paddles and accessories, constituting a business enterprise (the "Project"), and to pay certain costs of issuance of the Bonds.

Confluence Watersports manufactures and distributes the following watersports brands: Wilderness Systems®, Perception®, Dagger®, and Wave Sport® kayaks, Mad River Canoe®, Adventure Technology® paddles, Bomber Gear and Harmony® accessories. With a full representation of canoes and kayaks ranging from touring and recreational to high-performance whitewater boats, the Confluence brands are well suited to outfit all paddling enthusiasts. The company holds a strong market position for its products and is run by an experienced management team. Through consolidating its production, research and development, distribution and management operations into one location, the company will be well situated to be more efficient and grow. This will allow the company to make strategic acquisitions and expand operations in South Carolina.

The Borrower would like to close the bond issue in December following final approval by the Authority.

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE (OR UNDERWRITING) OF NOT EXCEEDING $4,000,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE BONDS (CONFLUENCE HOLDINGS CORP. PROJECT) SERIES 2011, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the ***"Authority"***) has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the ***"Act"***), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Bonds (Confluence Holdings Corp. Project) Series 2011, in the aggregate principal amount of not exceeding $4,000,000 (the ***"Bonds"***), through private sale (or underwriting) which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be placed by a financial institution through a private placement (or underwriting) acceptable to the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private sale (or underwriting) acceptable to the Authority be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

Haynsworth Sinkler Boyd, P.A.

ATTORNEYS AND COUNSELORS AT LAW

CHARLESTON
COLUMBIA
FLORENCE
GREENVILLE
MYRTLE BEACH
WASHINGTON, DC

75 BEATTIE PLACE, 11TH FLOOR (29601-2119)
POST OFFICE BOX 2048 (29602-2048)
GREENVILLE, SOUTH CAROLINA
TELEPHONE 864.240.3200
FACSIMILE 864.240.3300
www.hsblawfirm.com

E. TYLER SMITH
DIRECT DIAL NUMBER 864.240.4543
tsmith@hsblawfirm.com

EXECUTIVE SUMMARY

TO: Paul Koch, Esq.
State Budget and Control Board

FROM: E. Tyler Smith

DATE: October 6, 2011

RE: Not Exceeding $15,000,000 South Carolina Jobs-Economic Development Authority Healthcare Facilities Revenue Bonds (Rolling Green Village) Series 2011 (the "Bonds")

Pursuant to Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "Act"), the South Carolina Jobs-Economic Development Authority (the "Authority") has the power to issue bonds through public or private sale in order to provide funds for any program authorized by the Act and to secure payment of such bonds. The Bonds are not an obligation of the Authority nor do they constitute an indebtedness of the Authority or the State of South Carolina but are payable solely from a revenue producing source and secured by a pledge of said revenues. The Act requires that the following language must be stated on the face of each Bond:

> THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE AGREEMENT AND FROM PAYMENTS ON THE BORROWER NOTE, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT THEREOF WHICH OBLIGATIONS CONSTITUTE AN INDEBTENDESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE OF SOUTH CAROLINA, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THIS BOND AND THE INTEREST HEREON DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER OR OF THE STATE OF SOUTH CAROLINA WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR AGAINST THE TAXING POWER OF THE STATE OF SOUTH CAROLINA. THE ISSUER DOES NOT HAVE TAXING POWER.

6

The Bonds will be loaned by the Authority to Rolling Green Village (a South Carolina nonprofit corporation f/k/a "The Greenville Baptist Retirement Community") (the "Borrower") for two purposes:

1. Defray the cost of acquiring, constructing, expanding, renovating, installing and equipping of the existing continuing care retirement community at One Hoke Smith Boulevard in Greenville County, South Carolina, including skilled nursing facilities, assisted living personal care facilities, facilities for residents with Alzheimer's disease and related dementia, and independent apartment living units.

2. Refund the South Carolina Jobs-Economic Development Authority Tax-Exempt Adjustable Mode Healthcare Facilities Revenue Bonds (The Greenville Baptist Retirement Community Project) Series 1997, of which $5,300,000 is currently outstanding. This will facilitate a conversion of the structure of the 1997 Bonds into a consolidated single issue with the new Series 2011 Bonds, including a conversion of the interest rate mode presently applicable on the 1997 Bonds to a mode in which Wells Fargo will hold the debt based on a floating index-based rate, all of which is deemed the most consistent, consolidated approach for the best interests of the Borrower.

Because the refunding portion of the bond issue is rate sensitive, the College would like to close the bond issue in early December following final approval by the Authority.

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING $15,000,000 AGGREGATE PRINCIPAL AMOUNT HEALTHCARE FACILITIES REVENUE BONDS (ROLLING GREEN VILLAGE PROJECT) SERIES 2011, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the ***"Authority"***) has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the ***"Act"***), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Healthcare Facilities Revenue Bonds (Rolling Green Village Project) Series 2011, in the aggregate principal amount of not exceeding $15,000,000 (the ***"Bonds"***) through private sale, which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be upon issuance sold to a financial institution through a private placement acceptable to the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private sale be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

Haynsworth Sinkler Boyd, P.A.
ATTORNEYS AND COUNSELORS AT LAW

CHARLESTON
COLUMBIA
FLORENCE
GREENVILLE
MYRTLE BEACH
WASHINGTON, DC

134 MEETING STREET, THIRD FLOOR (29401-2240)
POST OFFICE BOX 340 (29402-0340)
CHARLESTON, SOUTH CAROLINA
TELEPHONE 843.722.3366
FACSIMILE 843.722.2266
WEBSITE www.hsblawfirm.com

F. MITCHELL JOHNSON, JR.
DIRECT DIAL NUMBER 843.720.4444
fjohnson@hsblawfirm.com

EXECUTIVE SUMMARY

TO: Paul Koch, Esq.
State Budget and Control Board

FROM: F. Mitchell Johnson, Jr.

DATE: November 3, 2011

RE: Not Exceeding $80,000,000 South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (The Woodlands at Furman Project) Series 2011 (the "***Bonds***")

Pursuant to Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "***Act***"), the South Carolina Jobs - Economic Development Authority (the "***Authority***") has the power to issue bonds through public or private sale in order to provide funds for any program authorized by the Act and to secure payment of such bonds. The Bonds are not an obligation of the Authority nor do they constitute an indebtedness of the Authority or the State of South Carolina but are payable solely from a revenue producing source and secured by a pledge of said revenues. The Act requires that the following language must be stated on the face of each Bond:

> THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE AGREEMENT AND FROM PAYMENTS ON THE BORROWER NOTE, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT THEREOF WHICH OBLIGATIONS CONSTITUTE AN INDEBTENDESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE OF SOUTH CAROLINA, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THIS BOND AND THE INTEREST HEREON DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER OR OF THE STATE OF SOUTH CAROLINA WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR AGAINST THE TAXING POWER OF THE STATE OF SOUTH CAROLINA. THE ISSUER DOES NOT HAVE TAXING POWER.

The Bonds will be issued in exchange for all or part of the $44,930,000 South Carolina Jobs - Economic Development Authority Revenue Bonds (The Woodlands at Furman Project) Series 2007A and the $2,000,000 South Carolina Jobs - Economic Development Authority Revenue Bonds (The Woodlands at Furman Project) Series 2007B Extendable Rate Adjustable Securities^{SM} (EXTRAS^{SM}) (the "***Exchanged Fixed Rate Bonds***").

9.

The Exchanged Fixed Rate Bonds were issued together with the $25,000,000 South Carolina Jobs - Economic Development Authority Variable Rate Demand Revenue Bonds (The Woodlands at Furman Project) Series 2007C and the $5,000,000 South Carolina Jobs - Economic Development Authority Variable Rate Demand Revenue Bonds (The Woodlands at Furman Project) Series 2007D (the "***Exchanged Variable Rate Bonds***") in October of 2007 to finance the acquisition and construction of a continuing care retirement community consisting of one hundred forty-four (144) independent living apartments, thirty-two (32) assisted living apartments, sixteen (16) memory support units, and thirty (30) private pay nursing suites, with associated common and support areas on behalf of Upstate Senior Living, Inc. d/b/a The Woodlands at Furman (the "***Borrower***"), a South Carolina non-profit corporation, on land leased to the Borrower by Furman University.

The Exchanged Variable Rate Bonds will be refinanced by, and exchanged for, two term loans made to the Borrower by Sovereign Bank, the issuer of the letter of credit that supported the payment of the Exchanged Variable Rate Bonds and the current owner of the Exchanged Variable Rate Bonds.

C

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

A RESOLUTION

APPROVING THE UNDERTAKING OF THE SOUTH CAROLINA JOBS - ECONOMIC DEVELOPMENT AUTHORITY TO ISSUE SOUTH CAROLINA JOBS - ECONOMIC DEVELOPMENT AUTHORITY, ECONOMIC DEVELOPMENT REVENUE BONDS IN ONE OR MORE SERIES AND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $80,000,000 PURSUANT TO TITLE 41, CHAPTER 43, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED (the "*Act*").

WHEREAS, heretofore the South Carolina Jobs - Economic Development Authority (the "***Authority***"), did, pursuant to the Act, petition the State Budget and Control Board of South Carolina (the "***State Board***") seeking the approval of the State Board for an undertaking by the Authority pursuant to the Act; and

WHEREAS, the proposed undertaking (the "***Undertaking***") consists of the issuance and delivery of economic development revenue bonds in one or more series and in an aggregate principal amount not to exceed $80,000,000 (the "***Bonds***") pursuant to the Act, to a resolution (the "***Bond Resolution***") adopted by the Board of Directors of the Authority, to a Master Indenture (the "***Master Indenture***") between the Authority and a corporate trustee to be selected by the Authority with the approval of the State Treasurer, as Master Trustee, and to one or more Bond Indentures (collectively, the "***Bond Indentures***") between the Authority and a corporate trustee to be selected by the Authority with the approval of the State Treasurer, as Bond Trustee (the "***Bond Trustee***") to finance (i) the refunding of the South Carolina Jobs - Economic Development Authority Revenue Bonds (The Woodlands at Furman Project) Series 2007A issued in the principal amount of $44,930,000, the South Carolina Jobs - Economic Development Authority Revenue Bonds (The Woodlands at Furman Project) Series 2007B Extendable Rate Adjustable Securities^{SM} (EXTRAS^{SM}) issued in the principal amount of $2,000,000, the South Carolina Jobs - Economic Development Authority Variable Rate Demand Revenue Bonds (The Woodlands at Furman Project) Series 2007C issued in the principal amount of $25,000,000, and the South Carolina Jobs - Economic Development Authority Variable Rate Demand Revenue Bonds (The Woodlands at Furman Project) Series 2007D issued in the principal amount of $5,000,000 (collectively, the "***Bonds to be Refunded***"), all issued to finance the acquisition, construction, furnishing, and equipping of a continuing care retirement community known as The Woodlands at Furman consisting of one hundred forty-five (145) independent living apartments, forty-eight (48) assisted living apartments, and thirty (30) private pay nursing suites, with associated common and support areas (the "***Project***") located in Greenville County, South Carolina (the "***County***") and owned and operated by Upstate Senior Living, Inc. d/b/a The Woodlands at Furman (the "***Borrower***"), a South Carolina nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (ii) the funding of a debt service reserve fund for the Bonds, and (iii) the payment of certain fees and expenses incurred in connection with the issuance of the Bonds; and

WHEREAS, the Authority proposes to enter into a Loan Agreement (the "***Loan Agreement***") with the Borrower pursuant to which the Authority will lend the proceeds of the Bonds to the Borrower to finance the above described costs; and

WHEREAS, pursuant to the Loan Agreement, the Borrower will agree to pay to the Authority amounts sufficient to provide for the payment of the Bonds and the costs and expenses resulting from the issuance thereof; and

WHEREAS, the Authority proposes to enter into the Bond Indentures prescribing the terms and conditions upon which the Bonds will be issued and pledging to the payment of the Bonds the loan repayments to be made by the Borrower pursuant to the Loan Agreement; and

WHEREAS, the Authority has heretofore determined that:

(a) the Borrower is a responsible party engaged in the business of owning and operating the Project, and the Project is located in the County,

(b) the Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of the Bonds will result in the maintenance of permanent employment (both direct and indirect) for approximately one hundred eighteen (118) people from the County and surrounding areas, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance herein described bears a reasonable relationship to the amount of program funds committed (i.e., the principal amount of the Bonds) taking into account factors such as the amount of dollars invested per employee at comparable facilities,

(c) the amount of program funds committed (i.e., the principal amount of the Bonds) bears a reasonable relationship to the amount of private funds committed to the Project, and

(d) the size and scope of the Project is such that a definite benefit to the economy of the State, and the County in particular is reasonably expected to result therefrom; and

WHEREAS, the Authority has also determined that prior to the issuance of the Bonds it will find that:

(a) the provisions, terms, and conditions of the agreements to be entered into by the Authority in connection with the issuance of the Bonds are reasonable and proper, taking into account such factors as the type of program involved, the amount of program funds involved, and the number and type of jobs involved, and

(b) the public interest is adequately protected by the terms of such documents; and

WHEREAS, the Authority proposes to provide for the issuance and delivery of the Bonds pursuant to the Act, to the Bond Resolution, and to the Bond Indentures, payable by the Authority from the amounts derived from the Loan Agreement and secured by the Master Indenture and the Bond Indentures pursuant to which the Authority will pledge substantially all of its right, title, and interest in and to the Loan Agreement to the Bond Trustee; and

5. It is anticipated that the Refunding Bonds will be exchanged for all or a portion of the Bonds to be Refunded.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the State Board that the Authority has filed a proper petition with the State Board in accordance with the provisions of the Act and that it has made the findings required by the Act.

2. On the basis of the foregoing findings, the financing of the Undertaking through the issuance by the Authority of the Bonds through a negotiated private sale pursuant the Bond Resolution to be payable from the revenues to be derived by the Authority from the Loan Agreement and to be secured by the Master Indenture and the Bond Indentures, all pursuant to the Act (including changes in any details of the Undertaking as finally consummated that do not materially affect the Undertaking) be and the same are hereby approved.

Haynsworth Sinkler Boyd, P.A.
ATTORNEYS AND COUNSELORS AT LAW

CHARLESTON
COLUMBIA
FLORENCE
GREENVILLE
MYRTLE BEACH
WASHINGTON, DC

134 MEETING STREET, THIRD FLOOR (29401-2240)
POST OFFICE BOX 340 (29402-0340)
CHARLESTON, SOUTH CAROLINA
TELEPHONE 843.722.3366
FACSIMILE 843.722.2266
WEBSITE www.hsblawfirm.com

F. MITCHELL JOHNSON, JR.
DIRECT DIAL NUMBER 843.720.4444
fjohnson@hsblawfirm.com

EXECUTIVE SUMMARY

TO: Paul Koch, Esq.
State Budget and Control Board

FROM: F. Mitchell Johnson, Jr.

DATE: November 3, 2011

RE: Not Exceeding $18,000,000 South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (WUREF Development, LLC Project) Series 2011 (the "***Bonds***")

Pursuant to Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "***Act***"), the South Carolina Jobs - Economic Development Authority (the "***Authority***") has the power to issue bonds through public or private sale in order to provide funds for any program authorized by the Act and to secure payment of such bonds. The Bonds are not an obligation of the Authority nor do they constitute an indebtedness of the Authority or the State of South Carolina but are payable solely from a revenue producing source and secured by a pledge of said revenues. The Act requires that the following language must be stated on the face of each Bond:

> THIS BOND AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE AGREEMENT AND FROM PAYMENTS ON THE BORROWER NOTE, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT THEREOF WHICH OBLIGATIONS CONSTITUTE AN INDEBTENDESS PAYABLE ONLY FROM A REVENUE-PRODUCING PROJECT OR SPECIAL SOURCE WITHIN THE MEANING OF ARTICLE X, SECTION 13(9) OF THE CONSTITUTION OF THE STATE OF SOUTH CAROLINA, WHICH SOURCE DOES NOT INCLUDE REVENUES FROM ANY TAX OR LICENSE. THIS BOND AND THE INTEREST HEREON DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR INDEBTEDNESS OF THE ISSUER OR OF THE STATE OF SOUTH CAROLINA WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR THE STATE OF SOUTH CAROLINA OR AGAINST THE TAXING POWER OF THE STATE OF SOUTH CAROLINA. THE ISSUER DOES NOT HAVE TAXING POWER.

The Bonds will be issued for two purposes:

1. Refund the South Carolina Jobs - Economic Development Authority Variable Rate Demand Economic Development Revenue Bonds (WUREF DEVELOPMENT, LLC Project) Series 2002A issued in the principal amount of $18,875,000 to finance the acquisition, construction, furnishing, and equipping of a 406-bed student housing facility (the "***Project***") owned and

operated by WUREF Development, LLC (the "***Borrower***") adjacent to and serving the students of, Winthrop University (the "***University***").

2. Repay certain indebtedness incurred by the Borrower in the operation of the Project.

IT IS IMPORTANT TO NOTE THAT THE UNIVERSITY WILL HAVE NO LIABILITY, FINANCIAL OR OTHERWISE, REALTING TO THE BONDS OR THE PROJECT.

C

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

A RESOLUTION

APPROVING THE UNDERTAKING OF THE SOUTH CAROLINA JOBS - ECONOMIC DEVELOPMENT AUTHORITY TO ISSUE SOUTH CAROLINA JOBS - ECONOMIC DEVELOPMENT AUTHORITY ECONOMIC DEVELOPMENT REVENUE BONDS (WUREF DEVELOPMENT, LLC PROJECT) SERIES 2011 IN ONE OR MORE SERIES AND IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $18,000,000 (the "*Bonds*") PURSUANT TO TITLE 41, CHAPTER 43 CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED (the "*Act*").

WHEREAS, heretofore the South Carolina Jobs - Economic Development Authority (the "***Authority***"), did, pursuant to the Act, petition the State Budget and Control Board of South Carolina (the "***State Board***") seeking the approval of the State Board for an undertaking by the Authority pursuant to the Act; and

WHEREAS, the proposed undertaking (the "***Undertaking***") consists of the issuance and delivery of economic development revenue bonds in one or more series and in an aggregate principal amount not to exceed $18,000,000 (the "***Bonds***") pursuant to the Act, to a resolution (the "***Bond Resolution***") adopted by the Board of Directors of the Authority, and to a Trust Indenture (the "***Indenture***") between the Authority and Wells Fargo Bank, N.A., as Trustee (in such capacity, the "***Trustee***") to finance (i) the refunding of the South Carolina Jobs - Economic Development Authority Variable Rate Demand Economic Development Revenue Bonds (WUREF Development, LLC Project) Series 2002A issued in the principal amount of $18,875,000 to finance the acquisition, construction, furnishing, and equipping of a 406-bed student housing facility (the "***Project***") owned and operated by WUREF Development, LLC (the "***Borrower***"), a South Carolina single member limited liability company whose sole member is Winthrop University Real Estate Foundation, Inc., a South Carolina nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and located in York County, South Carolina (the "***County***"), (ii) the repayment of certain indebtedness incurred by the Borrower in the operation of the Project, (iii) the funding of a debt service reserve fund for the Bonds, and (iv) the payment of certain fees and expenses to be incurred in connection with the issuance of the Bonds; and

WHEREAS, the Authority proposes to enter into a Loan Agreement (the "***Loan Agreement***") with the Borrower pursuant to which the Authority will lend the proceeds of the Bonds to the Borrower to finance the above-described costs; and

WHEREAS, pursuant to the Loan Agreement, the Borrower will agree to pay to the Authority amounts sufficient to provide for the payment of the Bonds and the costs and expenses resulting from the issuance thereof; and

WHEREAS, the Authority proposes to enter into the Indenture prescribing the terms and conditions upon which the Bonds will be issued and pledging to the payment of the Bonds the loan repayments to be made by the Borrower pursuant to the Loan Agreement; and

WHEREAS, the Authority has heretofore determined that:

(a) the Borrower is a responsible party engaged in the business of owning and operating the Project, and the Project is located in the County,

(b) the Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of the Bonds will result in the maintenance of permanent employment (both direct and indirect) for two (2) people from the County and surrounding areas, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance herein described bears a reasonable relationship to the amount of program funds committed (i.e., the principal amount of the Bonds) taking into account factors such as the amount of dollars invested per employee at comparable facilities,

(c) the amount of program funds committed (i.e., the principal amount of the Bonds) bears a reasonable relationship to the amount of private funds committed to the Project, and

(d) the size and scope of the Project is such that a definite benefit to the economy of the State, and the County, in particular, is reasonably expected to result therefrom; and

WHEREAS, the Authority has also determined that prior to the issuance of the Bonds it will find that:

(a) the provisions, terms, and conditions of the agreements to be entered into by the Authority in connection with the issuance of the Bonds are reasonable and proper, taking into account such factors as the type of program involved, the amount of program funds involved, and the number and type of jobs involved, and

(b) the public interest is adequately protected by the terms of such documents; and

WHEREAS, the Authority proposes to provide for the issuance and delivery of the Bonds pursuant to the Act, to the Bond Resolution, and to the Indenture, payable by the Authority from the amounts derived from the Loan Agreement and secured by the Indenture pursuant to which the Authority will pledge substantially all of its right, title, and interest in and to the Loan Agreement to the Trustee; and

WHEREAS, it is the intention of the Authority and the Borrower that the Bonds be sold to Wells Fargo Bank, N. A. (in such capacity, the "***Bank***") who will purchase the Bonds with no intent to resell them to the public,

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the State Board that the Authority has filed a proper petition with the State Board in accordance with the provisions of the Act and that it has made the findings required by the Act.

2. On the basis of the foregoing findings, the financing of the Undertaking through the issuance by the Authority's of the Bonds through a negotiated private sale to the Bank, to be payable from the revenues to be derived by the Authority from the Loan Agreement, and to be secured by the Indenture, all pursuant to the Act (including changes in any details of the Undertaking as finally consummated that do not materially affect the Undertaking) be and the same are hereby approved.

STATE BUDGET AND CONTROL BOARD
MEETING OF November 3, 2011

BLUE AGENDA
ITEM NUMBER 9

AGENCY: Executive Director

SUBJECT: Economic Development (2011 Ceiling Allocations)

The initial balance of the 2011 state ceiling allocation is $439,409,580. In accord with Code Section 1-11-520, $175,763,832 (40% of the total) was designated as the state pool and $263,645,748 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of $384,809,580 remaining for 2011. Allocation requests for 2011 totaling $61,207,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle total $4,000,000. The Department of Commerce makes the following recommendations for allocation from the local pool:

JEDA Confluence Holdings, Corp. and Confluence Real Estate Holdings, LLC (Greenville County), $4,000,000.

If the Board approves the recommended request, this will leave an unexpended state ceiling balance of $380,809,580 (state pool - $175,763,832; local pool - $205,045,748) to be allocated later in the calendar year.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, grant the following tentative ceiling allocations from the local pool and defer all remaining ceiling allocation requests:

JEDA Confluence Holdings, Corp. and Confluence Real Estate Holdings, LLC (Greenville County), $4,000,000.

ATTACHMENTS:

2011 Ceiling Allocation Requests; Young 10/19/11 memo; Code Section 1-11-500 et seq.

2010 Ceiling Allocation Requests

	Recd.	Issuing Authority	Project	Request	Cumulative	Bond Counsel	Request Alloc	Request St.Law	Location	NOTES
1	01/28/11	Marion County	Supremes, LLC	2,607,000	2,607,000	Benjamin T. Zeigler	x	x	Marion County	
2	07/19/11	JEDA	Ace Environmental Processing, LLC	15,500,000	18,107,000	Kathleen C. McKinney	x	x	Anderson County	
3	08/24/11	JEDA	C.R. Jackson, Inc.	3,250,000	21,357,000	April Lucas	x	x	Orangeburg County	
4	08/29/11	JEDA	South Georgia Tissue, LLC	35,850,000	57,207,000	Tiger Wells	x	x	Barnwell County	
5	10/10/11	JEDA	Confluence Holdings Corp/Confluence Real Estate Holdings, LLC	4,000,000	61,207,000	Kathleen C. McKinney	x	x	Greenville County	

2011 South Carolina State Ceiling

Balance remaining as of September 20, 2011, if allocation request is granted

State Pool (40%)	175,763,832
Total State Pool (40%)	175,763,832
Local Pool (60%)	263,645,748
Total Local Pool (60%)	263,645,748
Certified State Ceiling 2011	***439,409,580***

Date Allocated	*Governmental Unit*	*Name of Project*	*Pool Total*	*Amount Allocated*	*Balance Available*	*Certified for Issue*	*Issue Date*	*Attorney*
01/04/11	STATE POOL		175,763,832					
	TOTAL, STATE POOL		**175,763,832**	**0**	**175,763,832**	**0**		
01/04/11	LOCAL POOL		263,645,748					
02/08/11	Marion County	Supremes, LLC		0		0	expired	Zeigler
08/09/11	JEDA	Ace Environmental Processing, LLC		15,500,000				McKinney
09/20/11	JEDA	C.R. Jackson, Inc.		3,250,000				Lucas
09/20/11	JEDA	South Georgia Tissue, LLC		35,850,000				Wells
11/03/11	JEDA	Confluence Holdings Corp. and Confluence Real Estate Holdings, LLC		4,000,000				
	TOTAL, LOCAL POOL		**263,645,748**	**58,600,000**	**205,045,748**	**0**		
	GRAND TOTAL		**439,409,580**	**58,600,000**	**380,809,580**	**0**		

2011 South Carolina State Ceiling Allocations

Summary, CY 2011

2011State Ceiling	***439,409,580***
Initial Allocations	61,207,000
Expired/Relinquished	*2,607,000*
Actual Allocations	**58,600,000**
Certified for Issue	***0***
Carried Forward	0

Balance Available: ***380,809,580***

Issuer	Name of Project	Allocation Amount	Expired/ Relinquished	Certified for Issue	Issue Date	Attorney
Allocation: 2/8/11	***Expiration: 5/9/11***					
Marion County	Supremes, LLC	2,607,000	2,607,000			Zeigler
Allocation: 8/9/11	***Expiration: 11/7/11***					
JEDA	Ace Environmental Processing, LLC	15,500,000				McKinney
Allocation: 9/20/11	***Expiration: 12/19/11***					
JEDA	C.R. Jackson, Inc.	3,250,000				Lucas
JEDA	South Georgia Tissue, Inc.	35,850,000				Wells
Allocation: 11/03/11	***Expiration: 12/30/11***					
JEDA	Confluence Holdings Corp. and Confluence Real Estate Holdings, LLC	4,000,000				McKinney

Nikki R. Haley
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Robert M. Hitt III
Secretary

MEMORANDUM

To: Delbert Singleton

From: Daniel Young ADY

Date: October 19, 2011

Re: September 20, 2011 meeting

Upon the request of the Budget & Control Board, the South Carolina Department of Commerce evaluates allocation requests that pertain to economic development.

After review the information provided by Confluence Holdings, Commerce recommends approval of Economic Development bonds at the November 3, 2011, Budget & Control Board meeting. This is a strong company that has 363 existing jobs in South Carolina.

Name		Amount	Score	County
Confluence Holdings		4,000,000	8	Greenville
	Total	**$39,100,000**		

Please let me know if you have any questions.

Thank you.

1201 Main Street, Suite 1600, Columbia, SC 29201
Tel: (803) 737-0400 • Fax: (803) 737-0418 • www.sccommerce.com

ARTICLE 3.

ALLOCATION OF STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

SECTION 1-11-500. Calculation and certification of state ceiling.

The state ceiling on the issuance of private activity bonds as defined in Section 146 of the Internal Revenue Code of 1986 (the Code) established in the act must be certified annually by the Budget and Control Board secretary based upon the provisions of the act. The board secretary shall make this certification as soon as practicable after the estimates of the population of the State of South Carolina to be used in the calculation are published by the United States Bureau of the Census but in no event later than February first of each calendar year.

SECTION 1-11-510. Allocation of bond limit amounts.

(A) The private activity bond limit for all issuing authorities must be allocated by the board in response to authorized requests as described in Section 1-11-530 by the issuing authorities.
(B) The aggregate private activity bond limit amount for all South Carolina issuing authorities is allocated initially to the State for further allocation within the limits prescribed herein.
(C) Except as is provided in Section 1-11-540, all allocations must be made by the board on a first-come, first-served basis, to be determined by the date and time sequence in which complete authorized requests are received by the board secretary.

SECTION 1-11-520. Private activity bond limits and pools.

(A) The private activity bond limit for all state government issuing authorities now or hereafter authorized to issue private activity bonds as defined in the act, to be known as the "state government pool", is forty percent of the state ceiling less any amount shifted to the local pool as described in subsection (B) of this section or plus any amount shifted from that pool.
(B) The private activity bond limit for all issuing authorities other than state government agencies, to be known as the "local pool", is sixty percent of the state ceiling plus any amount shifted from the state government pool or less any amount shifted to that pool.
(C) The board, with review and comment by the Joint Bond Review Committee, may shift unallocated amounts from one pool to the other at any time.

SECTION 1-11-530. Authorized requests for allocation of bond limit amounts.

(A) For private activity bonds proposed for issue by other than state government issuing authorities, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a copy of the Inducement Contract, Inducement Resolution, or other comparable preliminary approval entered into or adopted by the issuing authority, if any, relating to the bonds. The board shall forward promptly to the committee a copy of each petition received.
(B) For private activity bonds proposed for issue by any state government issuing authority, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a bond resolution or comparable action by the issuing authority authorizing the issuance of the bonds. The board shall forward promptly to the committee a copy of each petition received.
(C) Each authorized request must demonstrate that the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project.

SECTION 1-11-540. Limitations on allocations.

(A) The board, with review and comment by the committee, may disapprove, reduce, or defer any authorized request. If it becomes necessary to exercise this authority, the board and the committee shall take into account the public interest in promoting economic growth and job creation.
(B) Authorized requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board, after review and comment by the committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted.

SECTION 1-11-550. Certificates by issuing authority and by board.

(A) An allocation of the state ceiling approved by the board is made formal initially by a certificate which allocates tentatively a specific amount of the state ceiling to the bonds for which the allocation is requested. This tentative allocation certificate must specify the state ceiling amount allocated, the issuing authority and the project involved, and the time period during which the tentative allocation is valid. This certificate must remind the issuing authority that the tentative allocation is made final after the issuing authority chairman or other duly authorized official or agent of the issuing authority, before the issue is made, certifies the issue amount and the projected date of issue, as is required by subsection (B) of this section. It also may include other information considered relevant by the board secretary.
(B) The chairman or other authorized official or agent of an issuing authority issuing any private activity bond for which a portion of the state ceiling has been allocated tentatively shall execute and deliver to the board secretary an issue amount certificate setting forth the exact amount of bonds to be issued and the projected bond issue date which date must not be more than ten business days after the date of the issue amount certificate and it must be before the state ceiling allocation involved expires. The issue amount certificate may be an executed copy of the appropriate completed Internal Revenue Service form to be submitted to the Internal Revenue Service on the issue or it may be in the form of a letter which certifies the exact amount of bonds to be issued and the projected date of the issue.
(C) In response to the issuing authority's issue amount certificate required by subsection (B) of this section, the board secretary is authorized to issue and, as may be necessary, to revise a certificate making final the ceiling allocation approved previously by the board on a tentative basis, if the secretary determines that:
(1) the issuing authority's issue amount certificate specifies an amount not in excess of the approved tentative ceiling allocation amount;
(2) the issue amount certificate was received prior to the issue date projected and that the certificate is dated not more than ten days prior to the issue date projected;
(3) the issue date projected is within the time period approved previously for the tentative ceiling allocation; and
(4) the bonds when issued and combined with the total amount of bonds requiring a ceiling allocation included in issue amount certificates submitted previously to the board by issuing authorities do not exceed the state ceiling for the calendar year. Except under extraordinary circumstances, the board secretary shall issue this certificate within two business days following the date the issue amount certificate is received.
(D) In accordance with Section 149(e)(2)(F) of the Code, the secretary of the Budget and Control Board is designated as the state official responsible for certifying, if applicable, that certain bonds meet the requirements of Section 146 of the Code relating to the volume cap on private activity bonds.
(E) Any tentative or final state ceiling allocation granted by the board before the effective date of this act remains valid as an allocation of a portion of the volume cap for South Carolina provided under Section 146 of the Code. The allocations expire in accordance with the regulations under which they were granted or extended and their validity may be extended or reinstated in accordance with the provisions of Sections 1-11-500 through 1-11-570.

SECTION 1-11-560. Time limits on allocations.

(A) Any state ceiling allocation approved by the board is valid only for the calendar year in which it is approved, unless eligible and approved for carry-forward election or unless specified differently in the board certificates required by Section 1-11-550.
(B) Unless eligible and approved for carry- forward election or unless specified differently in board certificates required by Section 1-11-550, each state ceiling allocation expires automatically if the bonds for which the allocation is made are not issued within ninety consecutive calendar days from the date the allocation is approved by the board.
(C) In response to a written request by the chairman or other duly authorized official or agent of an issuing authority, the board, acting during the period an approved allocation is valid, may extend the period in which an allocation is valid in a single calendar year by thirty-one consecutive calendar days to a total of not more than one hundred twenty-one consecutive calendar days.
(D) In response to a written request by the chairman or other authorized official or agent of an issuing authority, the board may reinstate for a period of not more than thirty-one consecutive calendar days in any one calendar year part or all of an allocation approved but not extended previously in accordance with subsection (C) of this section in that same calendar year which has expired. The reinstatement request must certify that the authorized request submitted previously is still true and correct or a new authorized request must be submitted.
(E) A tentative ceiling allocation is canceled automatically if the chairman or other authorized official or agent of the issuing authority involved fails to deliver the issue amount certificate required by Section 1-11-550 to the board secretary before the bonds for which the allocation is made are issued.
(F) The chairman or other authorized official or agent of an issuing authority shall advise the board secretary in writing as soon as is practicable after a decision is made not to issue bonds for which a portion of the state ceiling has been allocated. All notices of relinquishment of ceiling allocations must be entered promptly in the board's records by the board secretary.
(G) Ceiling allocations which are eligible and approved for carry-forward election are not subject to the validity limits of this section. The board shall join with the issuing authorities involved in carry-forward election statements to meet the requirements of the Internal Revenue Service.

SECTION 1-11-570. Budget and Control Board to adopt policies and procedures.

The Budget and Control Board, after review and comment by the committee, may adopt the policies and procedures it considers necessary for the equitable and effective administration of Sections 1-11-500 through 1-11-570.

SECTION 1-11-580. Budget and Control Board to make quarterly payments on certain insurance contracts.

The Budget and Control Board shall make quarterly payments on insurance contracts where the annual premium exceeds fifty thousand dollars. The board shall undertake necessary negotiations to implement this requirement. Where fees may be incurred for quarterly rather than annual payments, the Budget and Control Board shall determine whether the investment income opportunity is greater or less than proposed fees and shall make the decision which best benefits South Carolina.