

MINUTES OF  
BUDGET AND CONTROL BOARD  
MEETING

February 10, 1987

008792

State of South Carolina  
**State Budget and Control Board**

CARROLL A. CAMPBELL, JR., CHAIRMAN  
GOVERNOR  
GRADY L. PATTERSON, JR.  
STATE TREASURER  
EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



Box 12444  
Columbia  
29211

REMBERT C. DENNIS  
CHAIRMAN, SENATE FINANCE COMMITTEE  
ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

February 10, 1987

MEMORANDUM

TO: Budget and Control Board Division Directors  
FROM: William A. McInnis, Deputy Executive Director *WAM*  
SUBJECT: Summary of Board Actions at February 10, 1987, Meeting

This listing of actions is not the minutes of the referenced meeting. It is an unofficial (meaning it has not been approved by the Board) summary of the Board actions taken at that meeting. The minutes of the meeting are presented in a separate, much more detailed document which becomes official when approved by the Board at a subsequent meeting.

1. Recognized Cardinal Newman High School seniors Ms. Jean Barnes and Mr. Chris Chason;
2. Approved the minutes of the January 29, 1987, Budget and Control Board meeting;
3. Received as information a Division of Local Government report on rural development funds expended during the November-December, 1986, period which included 36 projects totalling \$973,375 in State grant funds and which indicated that 189 applications involving \$2,868,348 have been approved during the current fiscal year, that 45 applications totalling \$844,500 are pending, and that the grant funds balance available is \$3,131,652;
4. Received as information the FTE position operating report for the month of January 1987 which showed that net of 122.46 FTE positions were added during January to bring the base total to 64,756.62 FTE positions at the end of the month of which 59,902.96 FTE positions were filled and 4,853.66 were vacant;
5. Received as information a Budget Division report that the transfer of \$150,612 of personal service funds was approved during January 1987 to bring the total approved for transfer during the fiscal year to \$1,673,887;

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6. Received as information reports on the reimbursement of interviewee travel expenses by Lander College (3); Clemson University (10);
7. Agreed to make revisions to the Capitol Center Building lease agreements relating to rent reduction, the rent schedule, option, upfit allowance, default, and cancellation proposed by Governor Campbell, after agreeing to reconsider at the next meeting any revisions objected to by Mr. McLellan and after directing staff to work with representatives of the Leo Eisenberg Company and the Attorney General's Office to perfect the revised agreements;
8. Received a check for \$129,500 from Chairman Charles F. Hyatt of the Patriots Point Development Authority which represented the relinquishment of that portion of the Authority's 1986-87 State appropriation and was advised that no 1987-88 State appropriation is being requested by the Authority;
9. After hearing the Board of Economic Advisors report that the most probable outcome for 1986-87 General Fund revenues is that they will be \$2,656.2 million (\$24 million lower than the November 1, 1986, estimate) and that 1987-88 General Fund revenues will be \$2,794 million (\$27 million less than the November 1986 estimate), directed staff to report to the General Assembly the likely necessity to reduce further the rate of expenditure of appropriated funds in the current fiscal year and to assess the entire situation in preparation for its further consideration by the Board at a meeting rescheduled for 9:15 a.m., Thursday, February 19, 1987;
10. In accord with Part I, Section 135, of the 1986-87 Appropriations Act, officially recognized the necessity for a potential deficit in the Health and Human Services Finance Commission budget for fiscal year 1986-87; endorsed adoption of a Joint Resolution by the General Assembly which would make certain State funds available to reduce the Commission's Medicaid program deficit; recommended HHSFC's use to the extent necessary of the \$2.9 million federal reimbursement to the State; and asked the HHSFC to advise the Board on its financial situation at each Board meeting for the remainder of the fiscal year;
11. Approved a rural improvement fund grant of \$64,000 from Senate funds to Berkeley County;
12. Approved revised HMO guidelines for the July 1, 1987 through December 31, 1988, contract period, as recommended by the Retirement Systems;
13. Authorized the Division of Human Resource Management to issue a request for proposals for a claims administrator for the Unemployment Compensation program for State employees;

14. Approved the submission to the General Assembly of revised (a) State Personnel Regulations and (b) State Employee Grievance Committee Rules;
15. Adopted a supplemental resolution confirming and clarifying the prior approval of the issuance by McCormick County of not exceeding \$2,800,000 Hospital Facilities Revenue Bonds, Series 1987, on behalf of the McCormick County Nursing Center project, which indicated that not to exceed \$350,000 of bond proceeds will be used for capitalized interest;
16. Was advised that a Wildlife and Marine Resources Department request for \$60,000 from the Bond Contingency Revolving Fund to finance the repair of the roof of the Department's Marine Resources Research Center had been withdrawn;
17. Approved the establishment of the USC-Columbia Hall (Dormitory) Asbestos Removal project so as to permit it to be implemented, on the condition that the approved source of funds for the project be excess USC housing bond reserve funds (in subfund #4665) until the Board can take definitive action on the source of funds for the project;
18. Authorized the Clarks Hill-Russell Authority to sell seven acres of land within the Indian Hill project to McCormick County at the same price the Authority paid for it to be used as a site for a nursing home;
19. Approved the transfer of 11.962 acres on Harden Street from the Regents of the Lunatic Asylum to the State of South Carolina and the assignment of the property to the Department of Mental Retardation;
20. In accord with Code Section 1-11-65, approved the purchase for \$400,000 by the Medical University of the American National Red Cross interest in a building on a site leased to the Red Cross by MUSC;
21. Executed and authorized the recording of a deed reconveying three parcels of property in Litchfield to J. Wesley Hughes who had conveyed the property to the State without authorization;
22. In accord with Section 11-35-1210, granted procurement certification to the Wildlife and Marine Resources Department within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: (1) goods and services, \$10,000 per purchase commitment; and (2) construction services, \$25,000 per purchase commitment;
23. Agreed to hold a regular meeting at 9:15 a.m. on Thursday, February 19, 1987, in the Governor's conference room in the State House;

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24. Approved unclassified salary increases for two Medical University instructors, effective February 10, 1987;
25. Appointed Ms. Joyce Smith, Tax Commission, to the State Employee Grievance Committee, to fill the unexpired term of Mr. Fred E. Sojourner, which ends June 30, 1989;
26. Added to the agenda and deferred action on a salary approval request by the Commission on Higher Education until a firm request is presented; and
27. Ratified actions taken during executive session.

/dw

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MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

FEBRUARY 10, 1987

9:30 A. M.

The Budget and Control Board met at 9:30 a.m. on Tuesday, February 10, 1987, in the Governor's conference room in the State House with the following members in attendance:

Governor Carroll A. Campbell, Jr., Chairman;  
Mr. Grady L. Patterson, Jr., State Treasurer;  
Mr. Earle E. Morris, Jr., Comptroller General;  
Senator Rembert C. Dennis, Chairman, Senate Finance Committee;  
Representative Robert N. McLellan, Chairman, House Ways & Means Committee.

Also attending were:

Jesse A. Coles, Jr., Ph.D.	Executive Director
William A. McInnis	Secretary
J. Samuel Griswold, Ph.D.	Deputy Executive Director
Q. Whitfield Ayres, Ph.D.	Governor's Director of Budget and Social Policy
Luther F. Carter, Ph.D.	Governor's Executive Assistant for Finance and Planning
Joseph A. Wilson, II	Chief Deputy Attorney General
Charles H. Smith	Special Projects Administrator
Donna K. Williams	Assistant to Board Secretary
Other Board staff	

**Cardinal Newman High School Students**

Governor Campbell recognized Jean Barnes and Chris Chason, Cardinal Newman High School seniors, who attended the meeting.

**Minutes of Previous Meeting (Regular #1)**

Board members previously had been furnished a draft version of the minutes of the January 29, 1987, Budget and Control Board meeting.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the referenced minutes as written.

**Addendum to Agenda**

Dr. Coles advised that one item, relating to proposed amendments to the Capitol Center (AT&T) Building lease agreements, had been added to the agenda on Monday and that a revised index had been posted in accord with the Freedom of Information Act. He also advised that revised indexes and a summary of the proposed lease changes had been delivered to the offices of each Board member.

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Dr. Coles indicated that the new item, 1A, would be considered following consideration of blue agenda items.

**Blue Agenda**

Following a review by Dr. Coles of the items included, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved all items on the blue agenda.

Blue agenda items are identified as such in these minutes.

**Local Government: Rural Development Funds Expenditures, Nov-Dec (Blue #1)**

The Division of Local Government reported that the following grants of rural development funds were approved during the November-December, 1986, period:

	<u>Total</u>	<u>Senate</u>	<u>House</u>
Applications Approved			
During November-December:			
Number	36	28	28
Amount	973,375	537,938	435,439
Applications Approved This			
FY through December, 1986:			
Number	189	92	97
Amount	2,868,348	1,510,436	1,357,912
Balance Available:	3,131,652	1,489,564	1,642,088
Applications Pending:			
Number	45	21	24
Amount	844,500	421,500	423,000

The Board was advised that, of the 36 projects approved in the period, 20 were funded jointly, 8 were funded from the House account only, and 8 were funded from the Senate accounts only.

The Board received as information a Division of Local Government report on rural development funds expended during the November-December, 1986, period which included 36 projects totalling \$973,375 in State grant funds and which indicated that 189 applications involving \$2,868,348 have been approved during the current fiscal year, that 45 applications totalling \$844,500 are pending, and that the grant funds balance available is \$3,131,652.

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Information relating to this matter has been retained in these files and is identified as Exhibit 1.

**Budget Division: FTE Operating Report, January 1987 (Blue #2)**

The Budget Division reported that a net of 122.46 full-time-equivalent positions (45.44 State, 49.42 federal and 27.6 other) were added to the authorized base during January. This brought the base to a total of 64,756.62 FTE positions.

At the end of the month, 59,902.96 of the authorized positions were filled and 4,853.66 were vacant.

The Board received as information the FTE position operating report for the month of January 1987 which showed that net of 122.46 FTE positions were added during January to bring the base total to 64,756.62 FTE positions at the end of the month of which 59,902.96 FTE positions were filled and 4,853.66 were vacant.

Information relating to this matter has been retained in these files and is identified as Exhibit 2.

**Budget Division: 1986-87 Authorized Transfers Report, January 1987 (B#3)**

The Budget Division reported that the transfer of \$150,612 of State-appropriated personal service funds was approved during January 1987 (\$125,656 to other operating expenses and \$24,956 to equipment).

This brought the total of personal service funds approved for transfer during the fiscal year to \$1,673,887.

The Board received as information a Budget Division report that the transfer of \$150,612 of personal service funds was approved during January 1987 to bring the total approved for transfer during the fiscal year to \$1,673,887.

Information relating to this matter has been retained in these files and is identified as Exhibit 3.

**Executive Director: Interviewee Travel Expense Reimbursement (Blue #4)**

The Board received as information reports on the reimbursement of interviewee travel expenses by Lander College (3); Clemson University (10).

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Information relating to this matter has been retained in these files and is identified as Exhibit 4.

[Secretary's Note: Senator Dennis joined the meeting at this point.]

**Governor's Office: Revisions to Capitol Center Building Lease (Addendum)**

Governor Campbell distributed a package consisting of a summary of proposed changes in AT&T leases and copies of letters which list changes proposed by the Leo Eisenberg Company. Governor Campbell indicated that he did not agree with the additional requests included in the letters.

Earlier, Board members had been provided with a one-page summary of the proposed revisions in the office space lease agreements executed between six State agencies and the Capitol Center Associates as outlined below:

1. Rent. The State is entitled to a rent reduction of \$420,000 for the first ten years of the lease, as well as an additional \$330,000 for the first five years of the option period.
2. Rent Schedule. The State is no longer subject to the developer's right to accelerate all of the future lease payments in one year, and can now rely on a fixed rent schedule.
3. Option. The State now has a true option provision which gives it the option to pay 95% of the lower of the average fair market value for metropolitan Columbia or the going rate in the building.
4. Upfitting Allowance. The State is now entitled to a credit on the amount of any unused upfitting allowance. Agencies are directed to save, where possible, \$1.25 per square foot of their upfitting allowance.
5. Default. The State is no longer responsible for the developer's attorney's fees and costs in the event of any litigation over the leases.
6. Cancellation. The State is entitled to cancel up to 15,000 square feet leased in the building in the event of any future reorganization.

Governor Campbell indicated that the rent reduction would result in savings of \$750,000. He said that the fixed rent schedule will save the interest costs which would have accrued on the landlords' acceleration of the original lease payment. He noted that no real option to renew existed in the original agreements. He said that, under the proposed revisions, the State can renew at 95% of the lower of the fair market value or of the going rate in

the AT&T Building. He also noted that the State rather than the landlord will be entitled to any savings on upfitting costs. He asked State agencies to save \$1.25 per square foot for a total of approximately \$250,000 in upfitting allowances.

Governor Campbell stated that the default provision had been changed so that the State is not obligated to pay attorney fees and costs in the event of any litigation. He said also that no cancellation provision was in the original agreements and that the revision allows the State after the fifth year to cancel up to 15,000 square feet.

Governor Campbell then asked the Board to instruct staff to work with representatives of the Leo Eisenberg Company to conform the lease provisions.

Mr. Morris moved that Board staff be instructed to work with Eisenberg representatives to amend the leases as outlined. His motion was seconded by Senator Dennis and Mr. Patterson.

Mr. McLellan stated that he has no problem with the proposed amendments per se, but that he would like to have the privilege of reading the material handed out. He advised the Board that this was the first time he had seen the material and said that the summary of the changes had not been delivered to his office as he had expected.

Dr. Coles advised Board members that a revised regular session agenda index, an agenda item coversheet and the one-page summary of proposed changes had been hand-delivered to each Board member's office the previous afternoon. Mr. McLellan acknowledged receipt of the package, but said that he had thought it was an extra copy of the agenda and had not bothered to open it.

Mr. Patterson suggested that the Board should decide on the proposed amendments today and indicated that it is time to put the matter to rest in peace.

Following a further discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board agreed to make revisions to the Capitol Center Building lease agreements relating to rent reduction, the rent schedule, option, upfit allowance, default, and cancellation proposed by Governor Campbell, after agreeing to reconsider at the next meeting any revisions objected to by Mr. McLellan and after directing staff to work with representatives of the Leo Eisenberg Company and the Attorney General's Office to perfect the revised agreements.

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Information relating to this matter has been retained in these files and is identified as Exhibit 5.

**Patriots Point: Relinquishment of Part of 1986-87 State Appropriation (R2)**

Appearing before the Board on this matter were Patriots Point Development Authority Chairman Charles F. Hyatt, Authority members A. Crawford Clarkson, Jr., John F. Floyd and Myrtle C. Riggs. Authority Executive Director J. E. Guerry also was present.

Mr. Hyatt advised that the Patriots Point Development Authority has achieved the goal of becoming a self-sustaining State operation. He reminded the Board that Patriots Point at its inception had committed to the attainment of this status. He pointed out that the budget submitted for 1987-88 includes no State appropriation for Patriots Point.

He further advised that the Authority decided in December to relinquish the State appropriation balance, approximately \$129,500, for the current fiscal year.

Mr. Hyatt presented a check for \$129,500 to Governor Campbell, who expressed his appreciation. Governor Campbell noted that he could pass the check to the Ways and Means Committee and the Senate Finance Committee and that the State Treasurer's Office will put the funds to good use in the meantime.

Mr. Hyatt noted that Patriots Point could easily have spent the money this year, but that they are fiscally responsible.

Mr. McLellan expressed his appreciation to the Authority for its work with the Ways and Means subcommittee.

Mr. Morris noted that the Public Railways Commission had been the first State agency to become self-supporting and relinquish State-appropriated funds.

Upon a motion by Mr. Morris, seconded by Mr. McLellan, the Board received a check for \$129,500 from Chairman Charles F. Hyatt of the Patriots Point Development Authority which represented the relinquishment of that portion of the Authority's 1986-87 State appropriation and was advised that no 1987-88 State appropriation is being requested by the Authority.

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Information relating to this matter has been retained in these files and is identified as Exhibit 6.

**Board of Economic Advisors: 1986-87 and 1987-88 Revenue Forecasts (Reg 3)**

As was requested by the Budget and Control Board, the Board of Economic Advisors presented its revenue forecasts for 1986-87 and 1987-88. By law, these forecasts are due February 15.

Board of Economic Advisors Chairman James M. Morris appeared before the Board on this matter.

Dr. Morris distributed the following February 10 forecast:

The Board of Economic Advisors reported its findings on possible revision of estimates on General Funds Revenues made on January 16, 1987. At that time, the Board of Economic Advisors projected that it was probable that a \$35 million shortfall could occur in FY 1987 revenues which likely would carry over and be reflected in FY 1988 revenues. A reconsideration was requested by the Budget and Control Board prior to February 15, 1987, and it is contained in this report.

The economic outlooks for FY 1987 and FY 1988 have improved since the January 16 report and the January revenues collections, other than Corporate Tax Revenues, were most encouraging. The rate of increase in revenues for the first seven months of this fiscal year are above the targeted rate, but it must be recognized that some revenues normally collected in the Spring were received in the Fall. Also, the tax reform bill tended to encourage purchase of durable goods, such as automobiles, in the October-December quarter, and earlier than normal payments of estimated individual income tax appear to have been made.

Considering adjustments for these factors, overall General Fund Revenues to date are close to targeted rates, but Corporate Tax receipts are below anticipations and there are uncertainties about individual income tax refunds. In summary, the most probable outcome for FY 1987 revenues at this time is that they will be \$24 million lower than the estimate made on November 1, 1986, rather than the \$35 million shortfall possibility stated on January 16, 1987.

FY 1988 General Fund Revenues will be affected positively by a slightly higher economic forecast but will also be adjusted for the lower FY 1987 base and for the elimination or reduction in some tax categories. Elimination of the sales tax on telephone access and food stamps and

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reduction in the estimated earnings on investment will reduce the rate of increase in overall tax revenues. In addition, a windfall of \$16.4 million in insurance taxes this fiscal year will not appear in FY 1988 All Other taxes. The effect of higher economic growth but with reductions in tax sources will net out to produce FY 1988 revenues of \$2,794 billion [sic] instead of the November 1, 1986, estimate of \$2,821 billion [sic].

Details of these adjustments appear in accompanying tables. Finally, it must be noted that there are many undertainties in the economic outlook, especially in connection with the expected improvement in the Balance of Trade. These estimates assume an increase in exports relative to imports which should have positive effects on industrial production and employment.

In the ensuing discussion, Dr. Morris observed that a very complex scenario exists. He pointed to the fourth year of recovery and the economic growth projected as positives and he noted the loss of taxes on food stamps and telephone access, the merchant's inventory tax loss and lower investment earnings.

Mr. Patterson noted that the tax losses are reliefs to the taxpayers.

Governor Campbell asked how much of revenue growth is consumed by automatics or by formulas.

Dr. Morris noted that part of the adjustment necessary today is due in part to lower inflation. He also advised Mr. McLellan that the projected rate of growth is 6.7%.

In response to Mr. Patterson's speculation that corporate income tax revenues ultimately will come close to estimates, Dr. Morris said that the present picture is confusing and that his Board is looking at this question with the Tax Commission.

Governor Campbell observed that the bottom line of Dr. Morris' presentation is that revenue collections this year will be \$24 million short and he characterized the estimate as a moderate one rather than a conservative one.

Following this discussion, Mr. Patterson moved that the Board notify the General Assembly of the anticipated \$24 million additional shortfall and that the Board direct staff to notify agencies of the potential of an additional \$24 million shortfall.

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Dr. Coles asked that the Board, in accord with Appropriations Act Part I, Section 144, add to its action that the Budget Division Director be instructed to examine available funds such as personal service funds and fringe benefits which could be used to offset the shortfall and to bring this information back to the Board. Governor Campbell expressed concern about taking contingency funds in view of the possibility of emergency situations.

Mr. McLellan expressed the view that using lapsed funds is a short-term resolution. He noted that the Appropriations Act is specific on restricting expenditures and that it is a disservice to agencies to delay restricting expenditures. He asked that the Board consider notifying the General Assembly that it is in the process of notifying agencies of a deficit. He further noted that the law requires the Board to notify the General Assembly, but that any action to restrict expenditures is up to the Board.

Governor Campbell indicated that it is appropriate to ask staff to expedite preparation of recommendations for cuts on other than an across-the-board basis.

Dr. Coles advised that the first responsibility of the Board is to determine if there are available funds to offset the potential shortfall and then to make any budget cuts as uniformly as possible.

Mr. McLellan noted that when some agencies are exempted from budget cuts, other agencies have to be cut more and Governor Campbell noted that some agencies are more equal than others.

Mr. McLellan indicated that the Board is funding the situation with non-recurring monies instead of looking at the source of the problem. He noted that this type of thing creates additional problems.

Governor Campbell indicated agreement with Mr. McLellan, but said that the Board has no choice but to follow the procedures in law. He asked that Mr. Patterson restate his motion.

Mr. Patterson then moved that the Board comply with the statute and that it notify the General Assembly of a potential revenue shortfall of an additional \$24 million and that the Board ask staff to survey all expenditure needs for the balance of the year and report back to the Board in two weeks. His motion was seconded by Senator Dennis.

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Senator Dennis indicated that it is erroneous to use "deficit" when we have a shortfall instead.

Mr. McLellan indicated that the statute uses "reduction," not shortfall.

Mr. Wilson advised that, if the Board determines a deficit may occur, it must give reasonable notice to the General Assembly before taking action. He noted that a reduction is tied to an imminent deficit. He further observed that the proviso requires that the Board must take action which he felt was clearly the legislative intent.

Senator Dennis again disagreed with equating shortfall and deficit. He said that the State's triple A credit rating is damaged by referring to a deficit in February when one doesn't occur until the end of the year.

Governor Campbell said that Senator Dennis and Mr. McLellan are absolutely right and he noted that, if action is not taken, there will be a deficit in the operating budget. He indicated his support of Mr. Patterson's motion which he said is correct.

Mr. McLellan then asked that Mr. Patterson restate his motion.

Mr. Patterson restated his motion that the Board notify the General Assembly of a potential revenue shortfall of an additional \$24 million and that the Board ask staff to notify the agencies of the situation, to survey all expenditures for the balance of the year, and to report back to the Board in two weeks.

Mr. Morris stated that he is not ready to order any more reductions, saying we have a savings account we ought to use.

Mr. McLellan noted that the reductions are not made because the Board is mad at agencies. He suggested that agencies be asked to cut back voluntarily.

Governor Campbell advised that the Board must meet the requirements of the law and that it must instruct staff to notify agencies of the potential shortfall and to prepare information on budget reductions and exemptions as soon as possible. He noted that the longer we go, the tougher it gets. He suggested advancing the next meeting to Thursday of next week for this purpose.

Senator Dennis expressed the view that the legislature should have time to consider the potential shortfall and Governor Campbell noted that they would have had ten days to consider it if staff reported back to the Board by next

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Thursday. He suggested that the Board meet on Thursday, February 19, rather than on Tuesday, February 24.

The Board, after hearing the Board of Economic Advisors report that the most probable outcome for 1986-87 General Fund revenues is that they will be \$2,656.2 million (\$24 million lower than the November 1, 1986, estimate) and that 1987-88 General Fund revenues will be \$2,794 million (\$27 million less than the November 1986 estimate), directed staff to report to the General Assembly the likely necessity to reduce further the rate of expenditure of appropriated funds in the current fiscal year, to advise the agencies of this possibility, and to assess the entire situation in preparation for its further consideration by the Board at a meeting rescheduled for 9:15 a.m., Thursday, February 19, 1987.

Senator Dennis asked if the legislature has agreed to use this revenue estimate as the final one to be used for next year's budget. Mr. McLellan said that the Ways and Means Committee would proceed as if this estimate is the final one.

Dr. Morris indicated that it is final as of today. He indicated that, if the consensus is that this is the final estimate, the April 15 estimate will not be used.

Governor Campbell noted that the revenue estimate is needed at an early stage and should not go beyond February 15 under any circumstances. He indicated that, with the option of erring on the optimistic side or erring on the conservative side, it is better to spend the money after it is received than to run the risk of a shortfall.

Information relating to this matter has been retained in these files and is identified as Exhibit 7.

**Health and Human Services: Potential Deficit (Regular #4)**

Representative Robert L. Helmly and Health and Human Services Finance Commission (HHSFC) Chairman W. T. Putnam and Executive Director Dennis Caldwell appeared before the Board on this matter.

Mr. Caldwell earlier had advised by letter that, because the utilization rate by recipients of various aspects of the Medicaid program has increased beyond all expectations, the Commission anticipates a potential budget deficit for medical assistance payments for fiscal year 1986-87.

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Mr. Caldwell advised that the Commission has taken numerous steps to alleviate the potential deficit and has made requests to the General Assembly for a joint resolution which would have the effect of further reducing the deficit. He noted that some of the actions may take time and are beyond the control of the Commission.

Mr. Caldwell expressed the hope that the Board will understand the dilemma of the Medicaid program and will recognize the necessity for the deficit.

At the meeting, Mr. Putnam indicated that he is not trying to bypass the process for requesting an exemption from the budget cut. He noted that the projected deficit of \$24 million is not from abuse of the program but rather from utilization beyond expectation.

Mr. Putnam noted that Commission staff monitor program utilization carefully and that, usually, some 52% of use occurs in the last six months of the year. He said that, at the end of the first quarter, program utilization was less than 24% but that by the end of December it was well above 50%.

Mr. Putnam advised that the agency has taken steps to restrict expenditures and, after agonizing decisions, has effected some program reductions and program eliminations but he observed that what his Commission can do unilaterally is not enough. He outlined administrative actions taken which would reduce State fund expenditures by \$2.36 million (total \$8.65 million). He noted that various program reductions and the elimination of the medically-needy program were involved.

In response to Governor Campbell, who noted that co-payments may be an effective means of control and who suggested that a sliding scale of co-payments be considered, Mr. Putnam indicated that co-payments are being used in some areas and that the agency will continue to work on sliding scale payments.

He indicated that the Commission feels it has done everything it should do and that further action exacerbates the problem. He indicated that many of the results of these actions will not be evident for some time.

Mr. Putnam advised that there are some \$930,000 in State funds available through provisos which now are tied to specific uses. He alluded to another \$150,000 which was carried forward for studies but is not now committed. He noted that Mr. Helmly has introduced a Joint Resolution to enable HHSFC to apply these funds to the deficit.

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Mr. Putnam also noted that a letter had been written asking for the restoration of the \$2.4 million budget cut.

He also asked for the Board's approval of the HHSFC working with Board staff in an effort to use the \$2.9 million of funds which were withheld in a prior year by federal authorities and paid after judging State performance in certain areas. He noted that gaining access to these funds may involve the Governor and the Joint Appropriations Review Committee or perhaps the General Assembly.

Mr. Morris indicated that the pending additional cut is not factored in and expressed the view that the programs could not sustain further cuts. He noted that he cannot justify putting money in the bank and at the same time putting people out of nursing homes.

Governor Campbell said he could not justify that either, but he urged that recognition of open-end programs take place and that we have limited ability to fund all we want to do. He urged that first party payments be required in the future.

Mr. Putnam advised the Board that his term as Chairman of the Commission runs until July 7, 1987. He said that he is determined that the programs in place on July 1 will be supported throughout the fiscal year even if it means agonizing cuts.

Mr. Morris noted that last year the Commission did not use all of its appropriation. Mr. Putnam also observed that the Conference Committee had cut \$1.4 million out of the Commission's base budget which means that the 4.8% cut for next year equals 6.2%.

Governor Campbell asked Mr. Putnam if the bottom line isn't that, if the Commission's requests are granted and implemented, there will be no shortfall and no deficit. Mr. Putnam responded in the affirmative and noted that some of them will take time to work out.

Mr. Putnam then asked the Board to (1) recognize a potential deficit of \$24.1 million in the HHSFC budget for 1986-87; (2) endorse the adoption by the General Assembly of Mr. Helmlly's Joint Resolution; and (3) recommend the use by the HHSFC, to the extent necessary, of the \$2.9 million federal reimbursement to the State.

Mr. McLellan asked that the Commission keep the Board advised of its financial status meeting by meeting and Governor Campbell indicated that this could be done on the blue agenda.

Representative Helmly indicated that the Commission now can prepare information a lot faster than it has been able to before. He reminded the Board that South Carolina still has a very poor population.

Mr. McLellan noted that this is a short-term solution to address the deficit this year. He asked that the Commission come up with a proposal to put brackets around the problem. Mr. Putnam indicated that doing so has to be possible.

Following this discussion, upon a motion by Mr. Morris, seconded by Mr. McLellan, the Board, in accord with Part I, Section 135, of the 1986-87 Appropriations Act, officially recognized the necessity for a potential deficit in the Health and Human Services Finance Commission budget for fiscal year 1986-87; endorsed adoption of a Joint Resolution by the General Assembly which would make certain State funds available to reduce the Commission's Medicaid program deficit; recommended HHSFC's use to the extent necessary of the \$2.9 million federal reimbursement to the State; and asked the HHSFC to advise the Board on its financial situation at each Board meeting for the remainder of the fiscal year.

Information relating to this matter has been retained in these files and is identified as Exhibit 8.

**Local Government: Berkeley County Grant Request (Regular #5)**

Local Government Division Director Mike Gulledge appeared before the Board on this matter.

The Division of Local Government advised that Berkeley County has requested \$64,000 of rural improvement funds to assist in the extension of water and sewer service to the National Guard Armory.

The total cost of the project is \$100,000 of which \$36,000 will be paid by the Adjutant General's Office.

Mr. Gulledge advised that the source of the funds will be 100% Senate.

Upon a motion by Senator Dennis, seconded by Mr. Morris, the Board approved a rural improvement fund grant of \$64,000 from Senate funds to Berkeley County.

Information relating to this matter has been retained in these files and is identified as Exhibit 9.

**Retirement Systems: Revised HMO Guidelines (Regular #6)**

Appearing before the Board on this matter were Retirement Systems Director Purvis Collins, staff member Phyllis Beighley, and attorney Bill Austin.

The Retirement Systems advised that the health maintenance organizations (HMOs) guidelines have been revised to reflect changes felt necessary after a review by legal counsel, Insurance Commission staff and Retirement System staff.

The revised guidelines will be in effect for the contract period July 1, 1987, through December 31, 1988.

Board members were provided with a summary of the major changes, the proposed revisions, and the effect of the changes.

Mr. Austin advised that the five major changes are in service areas, replacement of a primary care physician, actions to be taken if an HMO fails, HMO compliance with COBRA relating to extended benefits for employees and dependents, and enrollment times.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. McLellan, the Board approved revised HMO guidelines for the July 1, 1987 through December 31, 1988, contract period, as recommended by the Retirement Systems.

Mr. McLellan noted that HMOs are insurance mechanisms of a sort and suggested that State law should require them to meet financial reserve requirements. Mr. Austin said that HMOs are under the Insurance Commission's jurisdiction and that legislation along the lines suggested by Mr. McLellan is being studied.

Information relating to this matter has been retained in these files and is identified as Exhibit 10.

**Human Resource Mgmt: Unemployment Compensation Claims Administrator (Reg 7)**

Human Resource Management Division Director Phyllis Mayes and staff member Steve Osborne appeared before the Board on this matter.

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**Regular Session -- February 10, 1987 -- Page 16**

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The Division of Human Resource Management advised that Section 16 of the 1986-87 Appropriations Act provides that the Board may hire a management firm to assist in the administration of the Unemployment Compensation Program for State employees.

The current contract with R. E. Harrington, Inc., expires on June 30, 1987.

The Division advised that a request for proposals (RFP) for a claims administrator has been developed by the Divisions of Human Resource Management and General Services, Materials Management Office. The Board was provided with a copy of the proposed RFP.

The Board was reminded that its policy is that requests for proposals be approved as exceptions to the Board's position that only bids are to be invited by its Divisions.

In response to Governor Campbell, Ms. Mayes indicated that an RFP provides more flexibility and that firms may offer more services than through the bid process.

In response to Mr. McLellan's query, Ms. Mayes indicated that the contract with R. E. Harrington expires on June 30, but that she expects that they will respond to the RFP.

Following a discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board authorized the Division of Human Resource Management to issue a request for proposals for a claims administrator for the Unemployment Compensation program for State employees.

Information relating to this matter has been retained in these files and is identified as Exhibit 11.

**Human Resource Mgmt: Personnel Regulations; Grievance Committee Rules (Reg 8)**

The Division of Human Resource Management advised in the agenda materials that, on December 2, 1986, the Board authorized the initiation of the process to revise the State Personnel Regulations and the State Employee Grievance Committee Rules.

The Division also advised that the rules and regulations have been printed in the State Register for the 30-day review and that, during that time, no significant recommendations were made, and only minor changes were made to the proposed revisions.

**008812**

The Division further advised that a public hearing was scheduled for January 26 to receive comments on the proposed rules and regulations and that no one appeared at that hearing.

The Division recommended that the Board approve the proposed revisions to the State Personnel Regulations and the State Employee Grievance Committee Rules for submission to the General Assembly for its consideration.

A synopsis and the complete text of each set of proposals had been distributed to Board members.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the submission to the General Assembly of revised (a) State Personnel Regulations and (b) State Employee Grievance Committee Rules.

Information relating to this matter has been retained in these files and is identified as Exhibit 12.

**McCormick County: Hospital Facilities Revenue Bonds (Nursing Center) (Reg 9)**

At its meeting on January 16, 1987, the Budget and Control Board adopted a resolution granting final approval to the McCormick County proposal to issue \$2,800,000 Hospital Facilities Revenue Bonds on behalf of the McCormick County Nursing Center project. Conditional approval had been granted at the December 16, 1986, Board meeting.

The Board was advised that bond counsel W. E. Applegate now has submitted a Supplemental Resolution clarifying that a portion of the bond proceeds will be used for capitalized interest as provided in the feasibility study.

In response to Mr. Patterson, Mr. McInnis indicated that \$350,000 of bond proceeds will be used for capitalized interest and Mr. Patterson requested that that figure be inserted into the resolution.

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board adopted a supplemental resolution confirming and clarifying the prior approval of the issuance by McCormick County of not exceeding \$2,800,000 Hospital Facilities Revenue Bonds, Series 1987, on behalf of the McCormick County Nursing Center project, which indicated that not to exceed \$350,000 of bond proceeds will be used for capitalized interest.

Information relating to this matter has been retained in these files and is identified as Exhibit 13.

**Wildlife Department: Bond Contingency Fund Allocation Request (Regular 10)**

Dr. Coles advised that the Wildlife and Marine Resources Department request for \$60,000 from the Bond Contingency Revolving Fund to finance the repair of the roof of the Department's Marine Resources Research Center had been withdrawn.

Information relating to this matter has been retained in these files and is identified as Exhibit 14.

**Executive Director: USC-Columbia Hall (Dormitory) Asbestos Removal (R#11)**

The Board was reminded in the agenda materials that, at its January 29 meeting, it had carried over the USC-Columbia Hall (Dormitory) Asbestos Removal project along with a similar project for Clemson University and one to remove asbestos from the MUSC Hospital. The Bond Committee previously had allocated \$1,200,000 of capital improvement bonds for the USC project, \$1,000,000 for the Clemson project and \$792,000 for the MUSC project.

At that meeting, the Board also was advised that its Task Force on Asbestos had found the three referenced projects to be top priority. Staff also had questioned the legality of using capital improvement bond funds to finance dormitory asbestos abatement in view of the provisions of Part I, Section 130 of the Appropriations Act.

The Board was advised in the agenda materials that Board staff have asked the Attorney General's Office for its opinion on the question on the use of capital improvement bond funds for dormitory asbestos abatement but that the opinion likely will not be available at the meeting.

Staff also reported that it had determined from records of the State Treasurer's Office that USC now has on deposit more than \$3,000,000 of excess housing bond reserve funds. Staff noted that these are primarily interest earnings on the housing debt service and reserve accounts and that the housing bond reserve account has grown steadily since 1982-83, earning some \$518,000 in 1983-84, \$945,000 in 1984-85, and \$860,000 in 1985-86.

The State Engineer's Office, because of the urgency of the asbestos abatement project, has allowed USC to proceed with various preliminaries, including the taking of bids, before the project has been approved formally by the Board. Bids on the project were received on January 20 and they are good for sixty days.

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Dr. Coles noted that the question on the use of capital improvement bond funds for dormitory asbestos abatement had been raised. He reviewed the staff recommendation included in the agenda materials which was as follows: Pending receipt of the Attorney General's Opinion, approve the establishment of the USC-Columbia Hall (Dormitory) Asbestos Removal project so as to permit it to be implemented, on the condition that the approved source of funds for the project be (a) funds borrowed by USC from the Board's Insurance Reserve Fund pursuant to the authorization in Appropriations Act Part I, Section 16 (Page 196); or (b) excess USC housing bond reserve funds (in subfund #4665); or (c) capital improvement bond funds, if the Attorney General's Office concludes their use is legal in the dormitory project. It is suggested that it be the Board's understanding that the capital improvement bond funds are the approved source of funds for this project if the Attorney General's Office opinion finds that to be legal and that such funds would be used to reimburse any project costs paid from either of the other sources referenced.

Mr. Morris moved that, pending receipt of the Attorney General's opinion, the Board approve the establishment of the USC-Columbia Hall (Dormitory) Asbestos Removal project so as to permit it to be implemented, on the condition that the approved source of funds for the project be capital improvement bond funds, if the Attorney General's Office concludes their use is legal in the dormitory project.

Mr. McLellan advised that he wanted to call the Board's attention to what it is doing. He noted that institutions are required to set aside bonds for maintenance of buildings and indicated that this Board action is hasty. He noted that there are some agencies that do not have funds for asbestos removal and that USC has \$3 million it could use. He asked that USC be instructed to use housing reserve funds for the project.

USC System Vice President for Physical Facilities David Rinker advised that those funds are approved in the APIP to take care of problems.

Mr. McLellan inquired why the \$3 million had not been subtracted from available funds if it had been included in the APIP. He indicated that the question is not whether or not the asbestos removal needs to be done, but rather how it should be done. He further noted that USC has \$1.3 million left of bonding capacity.

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In response to Governor Campbell, Mr. Wilson indicated that the request for an Attorney General's opinion on the use of capital improvement bonds for this project was received in his office last week and should be ready by the next Board meeting. Governor Campbell suggested that the request might be carried over to the next meeting.

Mr. McLellan moved that the request be carried over to the next meeting.

Mr. Rinker advised that it is urgent that USC get on with the project.

Mr. Wilson indicated that when he had advised that the Attorney General's opinion would be ready by the next Board meeting, he had meant February 24 rather than February 19. Governor Campbell asked Mr. Wilson to be sure the opinion is ready for the meeting on February 19.

Mr. McLellan indicated that there is nothing wrong with USC proceeding with the project using its own funds. He offered a substitute motion to approve the establishment of the USC-Columbia Hall (Dormitory) Asbestos Removal project so as to permit it to be implemented, on the condition that the approved source of funds for the project be excess USC housing bond reserve funds (in subfund #4665) until the Board can take definitive action on the source of funds for the project.

The motion carried.

Information relating to this matter has been retained in these files and is identified as Exhibit 15.

**Clarks Hill-Russell Authority: Property Sale to McCormick County (Reg 12)**

The Board was advised that the Clarks Hill-Russell Authority is in the process of selling seven acres of land within the "Indian Hill" project to McCormick County for a site for a nursing home (the facility being financed by the transaction in agenda item 9, above.)

The land is to be sold to the County at the same price the Authority paid for it.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the Clarks Hill-Russell Authority to sell seven acres of land within the Indian Hill project to McCormick County at the same price the Authority paid for it to be used as a site for a nursing home.

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Information relating to this matter has been retained in these files and is identified as Exhibit 16.

**General Services: Property Transfer (Regular #13)**

The Division of General Services advised that, on May 27, 1986, the Board instructed Dr. Coles to work with the Mental Health Commission to make available a site for a Mental Retardation office building. On June 10, Dr. Coles advised the Board that Mental Health had agreed to provide a site.

On October 7, 1986, the Mental Health Commission voted to transfer a parcel of land to Mental Retardation.

The Board was advised that the Division has drafted a deed and resolution acceptable to both agencies for the transfer of 11.962 acres on Harden Street from the Regents of the Lunatic Asylum to the State of South Carolina and the assignment of the property to the Department of Mental Retardation.

Upon a motion by Mr. McLellan, seconded by Mr. Morris, the Board approved the transfer of 11.962 acres on Harden Street from the Regents of the Lunatic Asylum to the State of South Carolina and the assignment of the property to the Department of Mental Retardation.

Information relating to this matter has been retained in these files and is identified as Exhibit 17.

**General Services: MUSC Purchase of Red Cross Building (Regular #14)**

The Division of General Services advised that, in 1966, the Medical University leased a 70 x 220 lot to the American National Red Cross for a 50-year term. In return, the Red Cross constructed a blood center and furnished blood to the University. Title to the building will go to the Medical University at the end of the 50-year lease.

The Medical University has offered to purchase the Red Cross interest in the land and the building in order to use the building for administrative and laboratory space. The Division advised that the building has an estimated value of \$365,000 and the leasehold interest has a value of at least \$84,000.

Red Cross officials have agreed to sell the facility to the Medical University for \$400,000.

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The Division recommended that the transaction be approved under the terms of Code Section 1-11-65.

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board, in accord with Code Section 1-11-65, approved the purchase for \$400,000 by the Medical University of the American National Red Cross interest in a building on a site leased to the Red Cross by MUSC.

Information relating to this matter has been retained in these files and is identified as Exhibit 18.

**General Services: Reconveyance of Real Property, Georgetown County (Reg #15)**

The Division of General Services advised that three parcels of property in Litchfield were conveyed to the State by J. Wesley Hughes without the request or authorization of the State.

The Divisions advised that one of the parcels does not meet the square footage requirements of the zoning ordinances and, therefore, cannot be developed.

The other two parcels are on a navigable waterway and are below the mean high water line. They are subject to the control and/or claims of the Army Corps of Engineers and the federal government concerning riparian rights.

The Division advised that the location and condition of the parcels may subject the State to tort liability. In addition, real property taxes are due and owing and remain unpaid on all three parcels.

The Division recommended that the properties be reconveyed to the original grantor as they have no value to the State but are a potential liability.

Upon a motion by Mr. McLellan, seconded by Mr. Patterson, the Board executed and authorized the recording of a deed reconveying three parcels of property in Litchfield to J. Wesley Hughes who had conveyed the property to the State without authorization.

Information relating to this matter has been retained in these files and is identified as Exhibit 19.

**General Services: Wildlife Department Procurement Certification (Reg #16)**

The Division of General Services advised that, in accord with Section 11-35-1210, it has audited the Wildlife and Marine Resources Department and

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recommends its certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: (1) goods and services, \$10,000 per purchase commitment; and (2) construction services, \$25,000 per purchase commitment.

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board, in accord with Section 11-35-1210, granted procurement certification to the Wildlife and Marine Resources Department within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: (1) goods and services, \$10,000 per purchase commitment; and (2) construction services, \$25,000 per purchase commitment.

Information relating to this matter has been retained in these files and is identified as Exhibit 20.

**Budget and Control Board: Future Meeting (Regular #17)**

The Board was advised that the next regular meeting of the Budget and Control Board has been scheduled to be held at 9:30 a.m. on Tuesday, February 24, 1987, in the Governor's conference room in the State House.

Dr. Coles advised that the Ways and Means Committee room in the east wing of the State House is available, but Governor Campbell indicated a desire to continue holding meetings in the Governor's conference room.

The Board agreed to hold a regular meeting at 9:15 a.m. on Thursday, February 19, 1987, in the Governor's conference room in the State House.

**Executive Session**

Dr. Coles advised that two personnel items had been proposed for consideration during executive session and asked that the Board add to the agenda an additional personnel item.

Upon a motion by Mr. Patterson, seconded by Mr. McLellan, the Board agreed to consider these items in executive session whereupon Governor Campbell declared the meeting to be in executive session.

**Ratification of Executive Session Actions**

Following consideration of executive session items, upon a motion by Mr. McLellan, seconded by Mr. Morris, the meeting was opened. Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board ratified the following actions which were taken during executive session:

- (a) Approved unclassified salary increases for two Medical University instructors, effective February 10, 1987;
- (b) Appointed Ms. Joyce Smith, Tax Commission, to the State Employee Grievance Committee, to fill the unexpired term of Mr. Fred E. Sojourner, which ends June 30, 1989; and
- (c) Added to the agenda and deferred action on a salary approval request by the Commission on Higher Education until a firm request is presented.

**Adjournment**

The meeting was adjourned at 12:25 p.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 1:30 p.m. on Friday, February 6, 1987.]

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# EXHIBIT

FEB 10 1987 NO. 1

STATE BUDGET AND CONTROL BOARD  
STATE BUDGET & CONTROL BOARD  
MEETING OF February 10, 1987  
BLUE AGENDA  
ITEM NUMBER 1

AGENCY: Local Government

SUBJECT: Rural Development Funds Expenditures, November-December

The Division of Local Government reports that the following grants of rural development funds were approved during the November-December, 1986, period:

	<u>Total</u>	<u>Senate</u>	<u>House</u>
Applications Approved During November-December:			
Number	36	28	28
Amount	973,375	537,938	435,439
Applications Approved This Fiscal Year through December, 1986:			
Number	189	92	97
Amount	2,868,348	1,510,436	1,357,912
Balance Available:	3,131,652	1,489,564	1,642,088
Applications Pending:			
Number	45	21	24
Amount	844,500	421,500	423,000

Note that 36 projects were approved in the period. Twenty of these were funded jointly. Eight were funded from the House account only. Eight were funded from Senate accounts only.

BOARD ACTION REQUESTED:

Receive as information a Division of Local Government report on rural development funds expended during the November-December, 1986, period which included 36 projects totalling \$973,375 in State grant funds and which indicated that 189 applications involving \$2,868,348 have been approved during the current fiscal year, that 45 applications totalling \$844,500 are pending, and that the grant funds balance available is \$3,131,652.

ATTACHMENTS:

Agenda item worksheet; referenced report

008821

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

February 10, 1987

Blue Agenda  
 Regular Session Agenda  
 Executive Session Agenda

1. Submitted By:

(a) Agency: B&C BD-- Local Government

(b) Authorized Official Signature: Nancy P. White

2. Subject: Rural Improvement expenditures for November and December 1986

3. Summary Background Information:

The referenced report includes 36 projects involving a total expenditure of \$973,375 (includes 2.6% Interim Reduction) in Rural Improvement Funds. 28 projects totaling \$537,938 were approved from Senate funds, and 28 projects totaling \$435,439 were approved from House funds. This report shows that 189 applications involving \$2,868,348 have been approved during the current fiscal year with the Senate/House breakdown as follows: Senate--92 projects, \$1,510,436; House--97 projects, \$1,357,912. At this point there is a balance of \$3,131,652 with \$1,489,564 remaining in the Senate and \$1,642,088 remaining in the House.

4. What is Board asked to do?

Receive as information

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5. What is recommendation of the Board Division involved?

6. Recommendation of other office (as required)?

(a) Office Name \_\_\_\_\_ Authorized  
 (b) Signature \_\_\_\_\_

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
 from Submitter

Attached report

008822

# EXHIBIT

**BUDGET AND CONTROL BOARD, DIVISION OF LOCAL GOVERNMENT**  
**SUMMARY REPORT ON EXPENDITURE OF AID TO ENTITIES - RURAL DEVELOPMENT FUNDS**

FEB 10 1987    **NO. 1**

STATE BUDGET & CONTROL BOARD

For the period: November and December 1986

Report for Board meeting on: February 10, 1987

	Total	Senate	House
1. Appropriation for fiscal year	\$ 6,000,000	\$ 3,000,000	\$ 3,000,000
2. Applications Approved:			
A. This Period:			
(1) Number	36	28	28
(2) Amount	973,375	537,938	435,439
B. To Date:			
(1) Number	189	92	97
(2) Amount	2,868,348	1,510,436**	1,357,912**
3. Balance [Line 1 less Line 2B(2)]	3,131,652	1,489,564	1,642,088
4. Applications Pending:			
A. Number	45	21	24
B. Amount	844,500	421,500	423,000

\*\* Includes 2.6% Interim Reduction

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# EXHIBIT

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENT

FEB 10 1987

NO. 1

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STATE BUDGET & CONTROL BOARD

## DETAILED REPORT ON EXPENDITURE OF AID TO ENTITIES - RURAL DEVELOPMENT FUNDS

For the period: November and December 1986

Report for Board meeting on: February 10, 1987

APPLICATION		PROJECT		SOURCE OF FUNDS					Date
By (Name/Address)	Date	Description	Total Cost	Other Funds	State Funds Requested	State Funds Approved	Senate Funds	House Funds	Approved
1. McCormick County P.O. Box 426 McCormick, SC 29835	10/30/86	Installation of water meters on new system	20,000	----	20,000	20,000	-----	20,000	11/3/86
2. York County P.O. Box 66 York, SC 29745	11/3/86	Sewer to an industrial site south of Clover (12 new jobs)	31,000	1,500	29,500	29,500	14,750	14,750	11/10/86
3. Anderson County P.O. Box 4046 Anderson, SC 29622	10/21/86	Installation of water lines on Flat Rock Road (Starr-Iva W&S Co)	28,399	11,399	17,000	15,000	7,500	7,500	11/12/86
4. Anderson County P.O. Box 4046 Anderson, SC 29622	10/21/86	Installation of water lines on Fred Bradford Road (Starr-Iva W&S Co)	22,347	10,347	12,000	10,000	10,000	-----	11/12/86
5. Georgetown County P.O. Box 1270 Georgetown, SC 29442	7/19/86	Study to formulate a transportation plan for the Grand Strand area	13,220	1,220	12,000	12,000	6,000	6,000	11/12/86
6. Town of Blackville 235 Main Street Blackville, SC 29817	10/7/86	Repairs to water tank	29,500	----	29,500	29,000	29,000	-----	11/17/86
7. Town of Cheraw P.O. Box 111 Cheraw, SC 29520	9/25/86	Purchase of equipment for the rescue squad	2,500	----	2,500	2,500	-----	2,500	11/17/86
8. Town of Gray Court Main Street Gray Court, SC 29645	11/6/86	Purchase of a vehicle for	8,000	-----	8,000	8,000	-----	8,000	11/17/86

Show totals of these columns on last past of report for this period:  
(should be same as line 2A(2) on Summary Report

\$                    \$                    \$

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# EXHIBIT

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENT

FEB 10 1987      NO. 1

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STATE BUDGET & CONTROL BOARD

## DETAILED REPORT ON EXPENDITURE OF AID TO ENTITIES - RURAL DEVELOPMENT FUNDS

For the period: November and December 1986 Cont'd

Report for Board meeting on: February 10, 1987

APPLICATION		PROJECT		SOURCE OF FUNDS					Date
By (Name/Address)	Date	Description	Total Cost	Other Funds	State Funds Requested	State Funds Approved	Senate Funds	House Funds	Approved
9. Town of Lamar P.O. Box 267 Lamar, SC 29069	10/20/86	Study to determine corrections needed in sewer collection system	75,000	50,000	25,000	25,000	15,000	10,000	11/17/86
2.6% Interim Reduction	11/18/86		172,375			172,375	86,188	86,187	11/18/86
10. Marlboro County Courthouse Bennettsville, SC 29512	11/19/86	Repair of well (Marlboro Water Co., Inc)	15,000	-----	15,000	15,000	7,500	7,500	11/21/86
11. Town of Society Hill Main Street Society Hill, SC 29593	10/16/86	Completion of town hall	59,000	32,000	27,000	27,000	13,500	13,500	11/21/86
12. City of Hartsville 133 W. Carolina Ave. Hartsville, SC 29550	11/7/86	Study to determine the feasibility of extending water to a potential industrial site	4,500	-----	4,500	4,500	2,250	2,250	11/21/86
13. Town of Pinewood P.O. Box 236 Pinewood, SC 29124	10/29/86	Phase I of the construction of a sanitary sewer system	326,000	276,000	50,000	50,000*	25,000	25,000	11/18/86*
14. City of Mauldin 5 E. Butler Ave. Mauldin, SC 29662	10/22/86	Construction of a sewer relief line to lift a moratorium	50,000	-----	50,000	50,000*	25,000	25,000	11/18/86*
15. Town of Duncan P.O. Drawer 188 Duncan, SC 29334	10/26/86	Completion of the South Tyger River Waste Treatment System expansion	74,000	36,000	38,000	38,000*	18,000	20,000	11/18/86*

Show totals of these columns on last past of report for this period:  
(should be same as line 2A(2) on Summary Report

\$                      \$                      \$

\* Approved by B&C Board

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# EXHIBIT

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENT

FEB 10 1987

NO. 1

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STATE BUDGET & CONTROL BOARD

## DETAILED REPORT ON EXPENDITURE OF AID TO ENTITIES - RURAL DEVELOPMENT FUNDS

For the period: November and December 1986 Cont'd

Report for Board meeting on: February 10, 1987

APPLICATION		PROJECT		SOURCE OF FUNDS					Date Approved
By (Name/Address)	Date	Description	Total Cost	Other Funds	State Funds Requested	State Funds Approved	Senate Funds	House Funds	
16. Berkeley County 223-N. Live Oak Drive Moncks Corner, SC 29461	10/29/86	Construction of sewer lines to replace malfunction septic tanks (Berkeley W&S Authority)	101,076	41,076	60,000	60,000*	60,000	-----	11/18/86
17. Cherokee County P.O. Box 866 Gaffney, SC 29340	5/26/86	Repairs to water tank; installation of fire hydrants (Goucher Water District)	26,000	11,000	15,000	12,000	-----	12,000	11/21/86
18. Sumter County Courthouse Sumter, SC 29150	11/21/86	Construction of a recreation facility in the northwestern Section of Sumter County	29,500	-----	29,500	29,500	14,750	14,750	11/25/86
19. City of Union P.O. Drawer K Union, SC 29379	10/24/86	Site preparation for the relocation of Union Oil Mill (retention of 15 jobs)	29,500	-----	29,500	29,500	14,750	14,750	11/25/86
20. Town of Jonesville P.O. Box 785 Jonesville, SC 29353	10/16/86	Reconditioning of elevated water storage tank	17,000	-----	17,000	17,000	8,500	8,500	11/25/86
21. Saluda County 101 S. Main Street Saluda, SC 29138	8/18/86	Development of a farmers market for Saluda County	10,000	-----	10,000	10,000	5,000	5,000	12/2/86
22. City of Bishopville 114 E. Council Street Bishopville, SC 29010	11/12/86	Clearing of a ditch to alleviate flooding	5,000	-----	5,000	5,000	2,500	2,500	12/2/86
23. Beaufort County P.O. Drawer 1228 Beaufort, SC 29901	5/28/86	Development of a long-range sewer plan (Beaufort-Jasper Water Auth)	25,000	-----	25,000	25,000	12,500	12,500	12/2/86

Show totals of these columns on last past of report for this period:  
(should be same as line 2A(2) on Summary Report

\$                    \$                    \$

\* Approved by B&C Bd

008826

# EXHIBIT

FEB 10 1987      NO. 1

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENT

STATE BUDGET & CONTROL BOARD

Page 4 of 5

## DETAILED REPORT ON EXPENDITURE OF AID TO ENTITIES - RURAL DEVELOPMENT FUNDS

For the period: November and December 1986

Report for Board meeting on: February 10, 1987

APPLICATION		PROJECT		SOURCE OF FUNDS					Date
By (Name/Address)	Date	Description	Total Cost	Other Funds	State Funds Requested	State Funds Approved	Senate Funds	House Funds	Approved
24. Fairfield County P.O. Box 216 Winnsboro, SC 29180	10/27/86	Purchase of equipment for industrial training	115,000	85,000	29,500	29,500	-----	29,500	12/4/86
25. Town of Pamplico Town Hall Pamplico, SC 29583	11/19/86	Replacement of a delapidated water line	55,740	5,740	50,000	44,000*	44,000	-----	12/2/86*
26. Town of Hardeeville P.O. Box 609 Hardeeville, SC 29927	12/2/86	Purchase of recreation equipment	12,000	10,000	2,000	2,000	-----	2,000	12/4/86
27. Greenville County Courthouse Annex Greenville, SC 29601	11/14/86	Upgrading of sewer lines in Piedmont (Piedmont Sewer and Light Co)	100,000	50,000	50,000	50,000*	25,000	25,000	12/2/86*
28. Chester County P.O. Box 580 Chester, SC 29706	10/10/86	Extension of water lines to Great Falls	258,000	228,000	30,000	29,500	14,750	14,750	12/4/86
29. Town of Fountain Inn 200 N. Main Street Fountain Inn, SC 29644	11/25/86	Purchase of communication equipment	50,000	37,500	12,500	12,500	-----	12,500	12/4/86
30. Clarendon County P.O. Box 486 Manning, SC 29102	7/31/86	Reroofing of a county owned building	4,260	260	4,000	4,000	4,000	-----	12/4/86
31. Edgefield County P.O. Box 663 Edgefield, SC 29824	11/25/86	Completion of a new county office building	337,747	308,247	29,500	29,500	29,500	-----	12/19/86

Show totals of these columns on last past of report for this period:  
(should be same as line 2A(2) on Summary Report

\$                    \$                    \$

008827

# EXHIBIT

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENT

FEB 10 1987      NO. 1

Page 5 of 5

STATE BUDGET & CONTROL BOARD

## DETAILED REPORT ON EXPENDITURE OF AID TO ENTITIES - RURAL DEVELOPMENT FUNDS

For the period: November and December 1986 Cont'd

Report for Board meeting on: February 10, 1987

APPLICATION		PROJECT		SOURCE OF FUNDS					Date Approved
By (Name/Address)	Date	Description	Total Cost	Other Funds	State Funds Requested	State Funds Approved	Senate Funds	House Funds	
32. Anderson County P.O. Box 4046 Anderson, SC 29622	9/29/86	Installation of drainage pipe to serve Johnson View Estates subdivision	9,200	-----	9,200	9,000	-----	9,000	12/19/86
33. Town of Chesterfield Town Hall Chesterfield, SC 29709	12/4/86	Sewer plant upgrade and extension of sewer lines to the Tavern Branch area	90,000	45,000	29,500	29,000	14,500	14,500	12/19/86
34. Town of Olanta P.O. Box 396 Olanta, SC 29114	12/22/86	Sewer treatment plant upgrade as required by DHEC	161,000	144,900	16,100	16,000	16,000	-----	12/31/86
35. Anderson County P.O. Box 4046 Anderson, SC 29622	10/31/86	Installation of water lines on Harper Road (Sandy Springs Water Co)	23,000	-----	23,000	20,000	10,000	10,000	12/31/86
36. Berkeley County 223 N. Live Oak Drive Moncks Corner, SC 29461	12/2/86	Purchase of equipment for the Lebanon Volunteer Fire Department	2,500	-----	2,500	2,500	2,500	-----	12/31/86

Show totals of these columns on last past of report for this period:  
(should be same as line 2A(2) on Summary Report

\$973,375      \$537,938      \$435,437

008828

# EXHIBIT

FEB 10 1987

NO. 2

STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD AGENDA  
MEETING OF February 10, 1987 ITEM NUMBER

2

---

AGENCY: Budget Division

---

SUBJECT: FTE Operating Report, January 1987

The Division reports that a net of 122.46 full-time-equivalent positions (45.44 State, 49.42 federal and 27.6 other) were added to the authorized base during January. This brought the base to a total of 64,756.62 FTE positions.

At the end of the month, 59,902.96 of the authorized positions were filled and 4,853.66 were vacant.

---

BOARD ACTION REQUESTED:

Receive as information the FTE position operating report for the month of January 1987 which shows that net of 122.46 FTE positions were added during January to bring the base total to 64,756.62 FTE positions at the end of the month of which 59,902.96 FTE positions were filled and 4,853.66 were vacant.

---

ATTACHMENTS:

Agenda item worksheet and referenced report.

008829

# EXHIBIT

FEB 10 1987 NO. 2

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (12/84) STATE BUDGET & CONTROL BOARD

87-54

Meeting Scheduled for: February 10, 1987 Blue Agenda

1. Submitted By:

(a) Agency: State Budget Division

(b) Authorized Official Signature: *A. Barm H. Hester*

2. Subject:

1986-87 FTE Operating Report for the Month of January, 1987

3. Summary Background Information:

The attached report is submitted in accordance with Section 152 of the 1986-87 Appropriation Act. The report exempts all Legislative Employees (725.00) and Judicial Employees (403.22) which totals (1,128.22)

4. What is Board asked to do?

Information Only

5. What is recommendation of Board Division involved?

Information Only

*u/s*

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

(a) Authorized Signature: \_\_\_\_\_

(b) Division/Agency Name: \_\_\_\_\_

7. Supporting Documents:

(a) List Those Attached:

1. Authorized FTE Position Operating Report

(b) List Those Not Attached But Available From Submitter:

008830

# EXHIBIT

FEB 10 1987      NO. 2

STATE BUDGET DIVISION  
 FULL-TIME EQUIVALENT POSITION  
 OPERATIONAL REPORT  
 FOR THE MONTH OF JANUARY, 1987

STATE BUDGET & CONTROL BOARD

SECTION NO.	AGENCY	TOTAL FTE POSITIONS	STATE FTE POSITIONS	FEDERAL FTE POSITIONS	OTHER FTE POSITIONS
<u>Total Authorized FTE Positions Base 12/31/86</u>		64,634.16	37,708.37	7,943.52	18,982.27
<u>JANUARY</u>					
<u>Authorized Adjustments</u>					
13	Adjutant General	12.00	-	12.00	
16A	B&C Bd-Executive Director	(1.00)	(1.00)		
16A	B&C Bd-Executive Director	1.00	-	-	1.00
16A	B&C Bd-Executive Director	1.00	-	-	1.00
16B	B&C Bd-Budget Division	1.00	1.00		
16E	B&C Bd-General Services	1.00	1.00		
16H	B&C Bd-HRM	1.00	-	-	1.00
16H	B&C Bd-HRM	(1.00)	-	-	(1.00)
16H	B&C Bd-HRM	(1.00)	-	-	(1.00)
19	The Citadel	2.50	1.78	-	0.72
24	S.C. State College	(1.00)	(1.00)		
24	S.C. State College	51.00	18.50	19.00	13.50
26	Winthrop	2.00	0.80	-	1.20
29	Technical Education	(14.70)	-	(13.70)	(1.00)
29	Technical Education	(6.00)	-	(6.00)	
30	Dept of Education	2.00	2.00		
33	Vocational Rehabilitation	37.00	21.60	15.40	
34	Deaf & Blind School	-	(0.81)	0.81	
38	Arts Commission	0.50	0.03	0.47	
43	Mental Retardation	(6.00)	(5.00)	-	(1.00)
45	Dept of Social Services	29.00	8.88	19.94	0.18
60	Water Resources	0.50	-	0.50	
62	Forestry Commission	4.66	2.66	2.00	
64	Family Farm Dev Auth	2.00	-	-	2.00
64	Family Farm Dev Auth	2.00	2.00		
73	Patriot's Point	-	(10.00)	-	10.00
89	Employment Security	(1.00)	-	(1.00)	
120	Aeronautics Commission	3.00	3.00		
126	Dept of Highways & Pub Trans	1.00	-	-	1.00

008831

# EXHIBIT

FEB 10 1987

NO. 2

STATE BUDGET & CONTROL BOARD

page 2

STATE BUDGET DIVISION  
FULL-TIME EQUIVALENT POSITION  
OPERATIONAL REPORT  
FOR THE MONTH OF JANUARY, 1987

<u>SECTION</u> <u>NO.</u>	<u>AGENCY</u>	<u>TOTAL</u> <u>FTE</u> <u>POSITIONS</u>	<u>STATE</u> <u>FTE</u> <u>POSITIONS</u>	<u>FEDERAL</u> <u>FTE</u> <u>POSITIONS</u>	<u>OTHER</u> <u>FTE</u> <u>POSITIONS</u>
Total Net Adjustment		122.46	45.44	49.42	27.60
Total Authorized FTE Positions Base 1/31/87		64,756.62	37,753.81	7,992.94	19,009.87
Total Filled FTE Positions 1/31/87		59,902.96	35,535.82	7,165.27	17,201.87
Total Vacant FTE Positions 1/31/87		4,853.66	2,217.99	827.67	1,808.00

Prepared:  
February 2, 1987

008832

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
STATE BUDGET DIVISION  
406 WADE HAMPTON STATE OFFICE BUILDING  
COLUMBIA, S.C. 29201

EXHIBIT

FEB 10 1987 NO. 2

CARROLL A. CAMPBELL, JR., CHAIRMAN  
GOVERNOR  
GRADY L. PATTERSON, JR.  
STATE TREASURER  
EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



A. BARON HOLMES, IV, Ph.D.  
DIVISION DIRECTOR

STATE BUDGET & CONTROL BOARD

REMBERT C. DENNIS  
CHAIRMAN, SENATE FINANCE COMMITTEE  
ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE  
JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

February 2, 1987

The Honorable James M. Waddell  
Joint Legislative Committee on  
Personal Service, Financing and  
Budgeting  
Post Office Box 142  
Columbia, S. C. 29202

Dear Senator Waddell:

Attached please find a copy of the January, 1986-87 Authorized FTE  
Position Operating Report. I have approved and adjusted the Authorized FTE  
Position Base accordingly.

If you should have any questions, please feel free to call.

Sincerely,

A handwritten signature in cursive script that reads "A. Baron Holmes, IV".

A. Baron Holmes, IV, Ph.D.  
Director

ABH/dh

attachment

008833

# EXHIBIT

FEB 10 1987 NO. 3

STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD  
MEETING OF February 10, 1987 BLUE AGENDA  
ITEM NUMBER

3

AGENCY: Budget Division

SUBJECT: 1986-87 Authorized Transfers Report, January 1987

The Budget Division reports that the transfer of \$150,612 of State-appropriated personal service funds was approved during January 1987 (\$125,656 to other operating expenses and \$24,956 to equipment).

This brought the total of personal service funds approved for transfer during the fiscal year to \$1,673,887.

BOARD ACTION REQUESTED:

Receive as information a Budget Division report that the transfer of \$150,612 of personal service funds was approved during January 1987 to bring the total approved for transfer during the fiscal year to \$1,673,887.

ATTACHMENTS:

Agenda item worksheet and attachment

008834

STATE BUDGET DIVISION  
 ANALYSIS OF 1986-87 AUTHORIZED PERSONAL SERVICE  
 TRANSFER REQUESTS  
 FOR THE MONTH OF JANUARY, 1987

DATE	REQUEST NO.	AGENCY	SOURCE OF FUNDS	FROM PERSONAL SERVICE	TO OTHER OPERATING EXPENSES	EQUIPMENT
Total Authorized Transfers 12/31/86 (13)				\$1,523,275	\$1,523,275	
<u>January Authorized Transfers</u>						
1/5/87	DHEC		State	\$ 11,850	\$ 11,850	\$
1/9/87	DHEC		State	138,762	113,806	24,956
Total Authorized Transfers For January, 1987 (2)				\$150,612	\$125,656	\$24,956
Total Authorized Transfers Year-To-Date (15)				\$1,673,887	\$1,648,931	\$24,956

NOTE:	<u>Current Month</u>	<u>Year-To-Date</u>
State Funds	\$ 150,612	\$1,322,601
Federal Funds	-	16,193
Other Funds	-	335,093
<b>TOTAL FUNDS</b>	<b>\$ 150,612</b>	<b>\$1,673,887</b>

Prepared  
2/2/87

008835

EXHIBIT  
 FEB 10 1987  
 STATE BUDGET & CONTROL BOARD  
 NO. 3

BOARD  
TRANSFER  
PROCEDURE

The proposed procedure would require the following before the Board would consider an appropriation transfer request:

- (1) A clear and concise justification by the requesting agency for the transfer.
- (2) Results of a thorough review of the agency submission by staff of the Budget Division including:
  - (a) a detailed report supplied by requesting agency that budget realignment is necessary to accomplish the purpose described in the justification statement; and
  - (b) a staff recommendation.

The Board was asked delegate to the Director of the State Budget Division or his designee the authority to approve the following types of transfers:

- (1) Transfers not changing legislative intent including transfers between programs that do not permanently change the level or substance of the program; transfers within personal service; and transfers within other operating expense.
- (2) Transfers to other expenditure areas of a cumulative total during a fiscal year of one-fourth of one percent (.0025) of an agency's personal service appropriation or \$25,000 of personal service funds, whichever is greater.

All other appropriation transfer requests would require Board action.

Dr. Holmes also pointed out that the proposed policy and procedure essentially regularizes what the Budget Division has been doing. He pointed out that the proposal differs in that it would delegate approval of the transfer of the greater of one-quarter of one percent or \$25,000 of an agency's personal service appropriation. He noted that the greater figure would affect the 21 larger agencies.

Upon a motion by Mr. Patterson, seconded by Senator Waddell, the Board adopted a policy and procedure on appropriation transfer requests under which the Board delegated to the Director of the Budget Division or his designee authority to approve transfers not changing legislative intent and transfers to other expenditure areas of a cumulative total during a fiscal year of one-fourth of one percent (0.0025) of an agency's personal service appropriation or \$25,000 of personal service funds, whichever is greater.

Information relating to this matter has been retained in these files and is identified as Exhibit 12.

EXHIBIT

FEB 10 1987 NO. 3

STATE BUDGET & CONTROL BOARD

008836

# South Carolina Department of Health and Environmental Control

2600 Bull Street  
Columbia, S.C. 29201

Commissioner  
Robert S. Jackson, M.D.



Board  
Moses H. Clarkson, Jr., Chairman  
Gerald A. Kaynard, Vice-Chairman  
Oren L. Brady, Jr., Secretary  
Barbara P. Nuesle  
James A. Spruill, Jr.  
William H. Hester, M.D.  
Euta M. Colvin, M.D.

January 5, 1987

## EXHIBIT

FEB 10 1987 NO. 3

STATE BUDGET & CONTROL BOARD

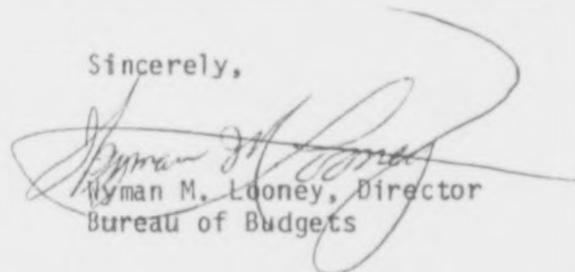
Mr. Ed Brophy  
State Budget Analyst  
Division of State Budgets  
Post Office Box 11333  
408 Wade Hampton Building  
Columbia, South Carolina 29211

Dear Mr. Brophy:

We are forwarding the enclosed transfer (BB # 082) in the amount of \$139,262 for your review and approval. This action is necessary as a follow-up to BB # 074 which was inadvertently approved and subsequently reversed by our Budget Analyst due to a conflict with a proviso in the FY 87 Appropriations Act. The point of contention was our request to transfer employer contribution funds into general operating which was disallowed. The affect of this transfer is to realign funds within the Community Health Services Program in order to offset the affect of the 2.6% reduction in state appropriations. None of the object codes being reduced will be adversely affected by this transfer.

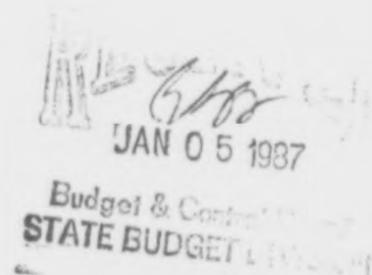
Thank you for your assistance in this matter and if you have any questions, please let us know.

Sincerely,

  
Hyman M. Looney, Director  
Bureau of Budgets

WML:wb

Enclosure

  
JAN 05 1987  
Budget & Control Board  
STATE BUDGET & CONTROL BOARD

008837

THIS CASE MAY HAVE SOME OR ALL OF THE FOLLOWING DEFECTS WHICH MAY BE QUESTIONABLE WHEN READING. IN SPECIAL PROBLEM AREAS, THIS ROLL NOTE MAY BE REFILMED BEFORE THE DOCUMENT OR DOCUMENTS IN QUESTION.

1. PHOTOCOPY NOT CENTERED PROPERLY CUTTING OFF SOME OF THE INFORMATION.
2. DOCUMENTS ARE OF POOR QUALITY AND MAY NOT PHOTOGRAPH WELL.
3. DOCUMENTS DAMAGED OR TORN BEFORE ARRIVING FOR FILMING.
4. DOCUMENTS CONTAIN A DOUBLE-COPY IMAGE, THE UNDERLYING IMAGE IS IRRELEVANT TO THE READABLE INFORMATION.
5. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.
6. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.
7. EXTREMELY DARK COLORED DOCUMENTS THAT LACK CONTRAST BETWEEN WRITING AND BACKGROUND.
8. THE NUMBERED PAGES OF THESE FILES MAY APPEAR TO BE MISSING, OR NUMBERED WRONG.

AGENCY NUMBER: J04    AGENCY BATCH NUMBER: BB # 082    OBJECT CODE HASH TOTAL: 7058    TOTAL BATCH AMOUNT: \$278,524.00    BATCH DATE:    BATCH NUMBER:    DOCUMENT: 3

AGENCY VOUCHER NUMBER

BB # 082

AGENCY TRANSFERRED TO (ICR)

NAME: DHEC

ADDRESS: 2600 Bull Street

Columbia, SC 29201

**STATE OF SOUTH CAROLINA**  
BUDGET AND CONTROL BOARD - FINANCE DIVISION

CG WARRANT NUMBER

AGENCY TRANSFERRED FROM (IDR)

NAME: EXHIBIT

ADDRESS: FEB 10 1987 NO. 3

**APPROPRIATION TRANSFER**

TO REQUESTING AGENCY:  
This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

FEB 10 1987 NO. 3

STATE BUDGET & CONTROL BOARD

See Cover Letter

REASON FOR TRANSFER:

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CG R
07	350	J04	1907	1001						0158	134,220.00	A30J	
07	350	J04	1907	1001						0158	2,758.00	A30i	
07	350	J04	1907	1001						0171	1,784.00	A38J	
07	350	J04	1907	1001						2400	500.00	A3GJ	
										TOTAL	2,887	139,262.00	

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CG R
07	300	J04	1907	1001						0171	2,758.00	A38i	
07	300	J04	1907	1001						1300	378.00	A999	
07	300	J04	1907	1001						0500	37,452.00	A3AJ	
07	300	J04	1907	1001						0200	18,309.00	A34J	
07	300	J04	1907	1001						0300	30,895.00	A35J	
07	300	J04	1907	1001						1100	24,514.00	A3BJ	
07	300	J04	1907	1001						0600	24,956.00	A37J	
										TOTAL	4,171	139,262.00	

REQUESTED BY: *[Signature]* DATE: 01-05-87 STATE BUDGET ANALYST: *[Signature]* DATE: 1/5/87

To the Comptroller General and Treasurer. By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

STATE AUDITOR: 008838 DATE: \_\_\_\_\_

South Carolina Department of Health  
and Environmental Control

*C. Holt*  
*12/22/86*

2600 Bull Street  
Columbia, S.C. 29201



Commissioner  
Robert S. Jackson, M.D.

Board  
Moses H. Clarkson, Jr., Chairman  
Gerald A. Kaynard, Vice-Chairman  
Oren L. Brady, Jr., Secretary  
Barbara P. Nuesse  
James A. Spruill, Jr.  
William H. Hester, M.D.  
Euta M. Colvin, M.D.

December 18, 1986

EXHIBIT

FEB 10 1987 NO. 3

STATE BUDGET & CONTROL BOARD

Mr. Ed Brophy  
State Budget Analyst  
Division of State Budgets  
P.O. Box 11333  
Wade Hampton Building  
Columbia, South Carolina 29211

Dear Mr. Brophy:

We are forwarding the enclosed transfer (BB # 078) in the amount of \$11,850 for your review and approval. This action is necessary in order to realign funding between programs and expenditure categories to minimize the impact of the loss of the Health Planning contract with Health and Human Services Finance Commission valued at approximately \$126,847 annually. This transfer will not have an adverse effect on the Health Facility Construction, Licensing and Certification program. Funding is provided through the accumulation of vacancy lapse and is not associated with the deletion or defunding of a position.

Thank you for your assistance in this matter and if you have questions, please let us know.

Sincerely,

*Wyman M. Looney*  
Wyman M. Looney, Director  
Bureau of Budgets

WML:mb

Enclosure

*RECEIVED*  
*WML*  
DEC 18 1986

Budget & Control Board  
STATE BUDGET DIVISION

008839

\$23,700.00

AGENCY VOUCHER NUMBER

BB # 078

# STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD - FINANCE DIVISION

CG WARRANT NUMBER

AGENCY TRANSFERRED TO ICRI

NAME

DHEC

ADDRESS

2600 Bull Street

Columbia, S. C. 29201

## APPROPRIATION TRANSFER

AGENCY TRANSFERRED FROM

NAME

Same

ADDRESS

### TO REQUESTING AGENCY:

This form must be supported with documentation indicating the reason for the transfer. No commitment should be made in anticipation of the approval of a transfer.

See Cover Letter

REASON FOR TRANSFER:

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE
06	350	J04	<sup>HPL</sup> 0531	1001						0158	\$10,305.00	A50C
06	350	J04	<sup>AS31</sup> 1440	1001					<sup>AS31</sup> 1300		1,545.00	A999
<b>EXHIBIT</b>												
FEB 10 1987												
STATE BUDGET & CONTROL BOARD												
<i>Pls. P. Bellagio</i>												
TOTAL										1458	\$11,850.00	

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	SUB SIDIARY ACCOUNT NO	ENCUM BRANCE NO	M O D	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE
06	300	J04	<sup>SHP</sup> 0530	1001						0200	9,850.00	A54C
06	300	J04	0530	1001						0500	2,000.00	A5AC
TOTAL										700	\$11,850.00	

REQUESTED

*Wynan Jeong*

DATE 12/15/86

STATE BUDGET ANALYST

*[Signature]*

DATE

12/23/86

To the Comptroller General and Treasurer: By unanimous approval of the Budget and Control Board, the above appropriation transfers are authorized.

STATE AUDITOR

DATE

STARS FORM 30 10 1 80

Submit original and 3 copies

008840

# EXHIBIT

FEB 10 1987 NO. 3

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET STATE (BUDGET) & CONTROL BOARD

87-55

Meeting Scheduled for: February 10, 1987 Blue Agenda

1. Submitted By:

(a) Agency: State Budget Division

(b) Authorized Official Signature: A. Barry Holmes IV

2. Subject:

1986-87 Authorized Transfers Report for the Month of January, 1987.

3. Summary Background Information:

The State Budget Division's Monthly Authorized Transfer Operating Report.

4. What is Board asked to do?  
Information Only

5. What is recommendation of Board Division involved?  
Information Only

C. DeLoach

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

(a) Authorized Signature: \_\_\_\_\_

(b) Division/Agency Name: \_\_\_\_\_

7. Supporting Documents:

(a) List Those Attached:

1. Authorized Transfers Operating Report

(b) List Those Not Attached But Available From Submitter:

008841

# EXHIBIT

FEB 10 1987 NO. 4

STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD  
MEETING OF February 10, 1987 ITEM NUMBER

4

AGENCY: Executive Director

SUBJECT: Interviewee Travel Expense Reimbursement

Please refer to the attached report for details on payments of interviewee travel expenses by the following agencies:

<u>Agency</u>	<u>Number</u>	<u>Estimated Cost</u>
(a) Lander College	3	\$ 890.94
(b) Clemson University	10	3,584.91

BOARD ACTION REQUESTED:

Receive as information reports on the reimbursement of interviewee travel expenses by Lander College (3); Clemson University (10).

ATTACHMENTS:

Referenced report

008842

INTERVIEWEE TRAVEL EXPENSE REIMBURSEMENT PAYMENTS

Agency	Period	Total Number	Total Cost	Number of Payments			
				\$100 or Less	\$101 to \$300	\$301 to \$500	\$501 and Over
Lander College	Dec-Jan	3	\$890.94	0	1	2	0
Clemson University	Apr-Jan	10	3,584.91	3	3	1	3
Total		13	\$4,475.85	3	4	3	3

EXHIBIT

FEB 10 1987 NO. 4

STATE BUDGET & CONTROL BOARD

008843

JAN 27 1987

# Lander

COLLEGE

Greenwood, South Carolina 29646  
Telephone (803)229-8320

Office of Academic Affairs

DATE: 12-3-86

## EXHIBIT

FEB 10 1987 NO. 4

TO: Larry A. Jackson, President

STATE BUDGET & CONTROL BOARD

FROM: Oscar C. Page

Your approval is requested to invite Dr. Terry Chambers to campus for an interview for the position of Marketing and to pay his (her) travel expenses. The significance of this position is such that it warrants the costs of an interview. The participation of a number of Lander College persons is vital to this particular interview; therefore, the costs of bringing the candidate to the campus would be far less than would be the expense of conducting the interview at his (her) home area or elsewhere. Qualified candidates residing within South Carolina were considered before candidates from other states were sought.

Travel-----	\$ 63.00
Food-----	\$ 32.00
Lodging-----	\$ 44.94
TOTAL	<u>\$ 139.94</u>

Initial Approval: L. A. Jackson  
Larry A. Jackson

Date: 12/4/86

Actual Costs:

Travel----	\$ 57.75
Food-----	\$ 42.88
Lodging---	\$ 44.94
TOTAL	<u>\$145.57</u>

APPROVAL RECOMMENDED Oscar C. Page

Date: January 21, 1987

APPROVED L. A. Jackson  
Larry A. Jackson

Date: 1/21/87

008844

JAN 27 1987

# Lander

COLLEGE

Greenwood, South Carolina 29646  
Telephone (803)229-8320

Office of Academic Affairs

DATE: 1-5-87

## EXHIBIT

FEB 10 1987 NO. **4**

TO: Larry A. Jackson, President

FROM: Oscar C. Page

STATE BUDGET & CONTROL BOARD

Your approval is requested to invite Dr. Peter Barr to campus for an interview for the position of Production/Operations Mgmt. and to pay his (her) travel expenses. The significance of this position is such that it warrants the costs of an interview. The participation of a number of Lander College persons is vital to this particular interview; therefore, the costs of bringing the candidate to the campus would be far less than would be the expense of conducting the interview at his (her) home area or elsewhere. Qualified candidates residing within South Carolina were considered before candidates from other states were sought.

Travel-----	\$ <u>185.00</u>
Food-----	\$ <u>90.00</u>
Lodging-----	\$ <u>104.00</u>
TOTAL	\$ <u>379.00</u>

Initial Approval: L. A. Jackson  
Larry A. Jackson

Date: 1-20-87

Actual Costs:

Travel----	\$ <u>210.00</u>
Food-----	\$ <u>98.90</u>
Lodging---	\$ <u>50.29</u>
TOTAL	\$ <u>359.19</u>

APPROVAL RECOMMENDED Oscar C. Page

APPROVED Larry A. Jackson

Date: January 21, 1987

Date: 1/21/87

008845

JAN 27 1987

# Lander

COLLEGE

Greenwood, South Carolina 29646  
Telephone (803)229-8320

Office of Academic Affairs

DATE: 1-5-87

## EXHIBIT

FEB 10 1987 NO. 4

TO: Larry A. Jackson, President

FROM: Oscar C. Page

STATE BUDGET & CONTROL BOARD

Your approval is requested to invite Dr. William Motes to campus for an interview for the position of Production/Operations Mgmt. and to pay his (her) travel expenses. The significance of this position is such that it warrants the costs of an interview. The participation of a number of Lander College persons is vital to this particular interview; therefore, the costs of bringing the candidate to the campus would be far less than would be the expense of conducting the interview at his (her) home area or elsewhere. Qualified candidates residing within South Carolina were considered before candidates from other states were sought.

Travel-----	\$185.00
Food-----	\$ 90.00
Lodging-----	\$104.00
TOTAL	<u>\$379.00</u>

Initial Approval: L.A. Jackson  
Larry A. Jackson

Date: 1-10-86

Actual Costs:

Travel----	\$ 157.50
Food-----	\$ 128.10
Lodging---	\$ 100.58
TOTAL	<u>\$ 386.18</u>

APPROVAL RECOMMENDED Oscar C. Page

APPROVED L.A. Jackson  
Larry A. Jackson

Date: January 21, 1987

Date: 1/21/87

008846

FEB - 2 1987



CLEMSON  
UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

January 30, 1987

Mr. William A. McInnis  
Deputy Executive Director  
State Budget and Control Board  
Wade Hampton Office Building  
P. O. Box 12444  
Columbia, SC 29211

Dear Mr. McInnis:

Enclosed are Travel Disbursement forms for those individuals  
who were brought to Clemson University for employee interviews.

Yours very truly,

William A. Thompson  
Controller

WAT/jw

Enclosures

EXHIBIT

FEB 10 1987 NO. 4

STATE BUDGET & CONTROL BOARD

008847

202-11  
1/30/87



CLEMSON UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

DATE October 13, 1986

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1987 JAN 30 AM 11:09  
FINANCIAL MANAGEMENT

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Dr. Sara A. Bagby  
CITY OF ADDRESS: Mississippi State, Mississippi  
POSITION TO BE FILLED: Assistant Director of Extension -- Home Economics  
AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

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1986 OCT 16 PM 3:13  
FINANCIAL MANAGEMENT

Recommended by: \_\_\_\_\_  
Department Head  
\_\_\_\_\_  
Dean or Director  
*Ben Boy*  
Vice President  
Approved by: *JM Lane* 10/15/86  
President

Distribution:  
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Approved Copies: Financial Management, Budget and Control Board  
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EXHIBIT

008848 FEB 10 1987 NO. 4

STATE BUDGET & CONTROL BOARD



CLEMSON UNIVERSITY

1210.36

BUSINESS AND FINANCE  
Office of Financial Management

DATE November 13, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Dr. Gary A. Ransdell  
CITY OF ADDRESS: Richardson, Texas  
POSITION TO BE FILLED: Vice President for Institutional Advancement  
AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: \_\_\_\_\_  
Department Head

\_\_\_\_\_  
Dean or Director

Hugh J. Clausen  
Vice President                      Hugh J. Clausen

Approved by: [Signature]  
President

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008849



CLEMSON UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

DATE January 13, 1987

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Dr. James C. Holste

CITY OF ADDRESS: College Station, Texas

POSITION TO BE FILLED: Head of the Department of Chemical Engineering

AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: *Stephen M. McKenris* DMB  
Department Head

*Jerry Boehme*  
Dean or Director

*W. David Greig*  
Vice President

Approved by: *[Signature]*  
President

Distribution:

Original: Originator

Approved Copies: Financial Management, Budget and Control Board  
Attached to all related Direct Purchase Vouchers

008850



326.50 \$

PRESIDENT

DATE April 28, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Jon Weinstein

CITY OF ADDRESS: Brown University, Div. of Biology and Medicine, Providence, RI  
02912

POSITION TO BE FILLED: Assistant Professor

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: *Carl M. Hays*  
Department Head

*W. Vogel*  
Dean or Director

*W. David Small*  
Vice President

Approved by: *M. L.*  
President

Distribution:

Original: President's Office

Approved Copy: Executive Director, Budget and Control Board

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STATE BUDGET & CONTROL BOARD



CLEMSON UNIVERSITY

710.00 RECEIVED AUG 14 PM 4:25 FINANCIAL MANAGEMENT

PRESIDENT

DATE July 30, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Kellie Roberts  
CITY OF ADDRESS: Gainesville, Florida  
POSITION TO BE FILLED: Instructor in Speech (English)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: [Signature]  
Department Head

[Signature]  
Dean or Director

[Signature]  
Vice President

Approved by: [Signature]  
Max Lennon, President

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STATE BUDGET & CONTROL BOARD

008852

53.30

  
**CLEMSON**  
UNIVERSITY

PRESIDENT

DATE April 7, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Susan A. Young

CITY OF ADDRESS: 348-A Park Avenue, Rock Hill, SC 29730

POSITION TO BE FILLED: County Extension Agent Position - Marion County

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town. Interview held in Marion County.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by:

W.P. Yates David Gill  
Department Head

B. M. Webb  
Dean or Director

W. David ...  
Vice President

Approved by:

Al L...  
President

Distribution:

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FEB 10 1987

NO. 4

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008853



#0

PRESIDENT

DATE April 8, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Kenneth A. Weaver

CITY OF ADDRESS: New York, New York

POSITION TO BE FILLED: Assistant Professor in Human Development/Educational Psychology

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by:

Gordon Gray  
Department Head

Walter Koldyck  
Dean or Director

FOR JAMES E. MATTHEWS, DEAN

W. David Maxwell  
Vice President

Approved by:

J. M. L.  
President

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FEB 10 1987

NO. 4

STATE BUDGET & CONTROL BOARD

008854



158.00

PRESIDENT

DATE April 16, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Robert Hogan

CITY OF ADDRESS: Norman, Oklahoma

POSITION TO BE FILLED: Assoc Professor of Architectural Studies

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expenses involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: John J. Jurgens  
Department Head

Robert H. Brown 4/17/86  
Dean or Director

W. David Ironell  
Vice President

Approved by: [Signature]  
President

EXHIBIT

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FEB 10 1987

NO. 4

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CLEMSON UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

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DATE November 14, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Milton B. Wise  
CITY OF ADDRESS: Blacksburg, Virginia  
POSITION TO BE FILLED: V.P./Vice Provost for Agriculture and Natural Resources  
AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: \_\_\_\_\_  
Department Head

\_\_\_\_\_  
Dean or Director

*Neck J. Cowen*  
\_\_\_\_\_  
Vice President

Approved by: *SM*  
\_\_\_\_\_  
President

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FEB 10 1987 NO. 4

STATE BUDGET & CONTROL BOARD

008856



CLEMSON UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

DATE October 15, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Dr. Milton B. Wise  
CITY OF ADDRESS: Blacksburg, VA  
POSITION TO BE FILLED: Vice President and Vice Provost for Agriculture and Natural Resources  
AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

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Recommended by: [Signature]  
Department Head

\_\_\_\_\_  
Dean or Director

[Signature]  
Vice President

Approved by: [Signature]  
President

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FEB 10 1987 NO. 4

STATE BUDGET & CONTROL BOARD

008857

\$ 610.53  
1-7-86



CLEMSON UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

DATE November 14, 1986

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EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Robert G. Gast  
CITY OF ADDRESS: East Lansing, Michigan  
POSITION TO BE FILLED: V.P./Vice Provost for Agriculture and Natural Resources  
AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: \_\_\_\_\_  
Department Head

\_\_\_\_\_  
Dean or Director

Nicholas J. Clausen  
Vice President

Approved by: [Signature]  
President

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EXHIBIT  
FEB 10 1987 NO 008858  
STATE BUDGET & CONTROL BOARD

OCT 29 1986

1/2/87 \$89.54



CLEMSON UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

DATE October 17, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: B. M. Oviatt  
CITY OF ADDRESS: Stillwater, OK  
POSITION TO BE FILLED: U040  
AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: \_\_\_\_\_  
Department Head

\_\_\_\_\_   
Dean or Director

\_\_\_\_\_   
Vice President

Approved by: \_\_\_\_\_   
President

Distribution:  
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FEB 10 1987 NO. 4  
STATE BUDGET & CONTROL BOARD  
008859



CLEMSON UNIVERSITY

BUSINESS AND FINANCE  
Office of Financial Management

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1986 NOV 13 PM 4: 22  
FINANCIAL MANAGEMENT

DATE Oct. 29, 1986

EMPLOYEE RECRUITMENT - TRAVEL REIMBURSEMENT

NAME OF RECRUIT: Joseph R. Tomasso, Jr. 62.00

CITY OF ADDRESS: San Marcos, Texas

POSITION TO BE FILLED: Assistant/Associate Professor of Aquaculture

AMOUNT REIMBURSED: \_\_\_\_\_  
(To be entered by Financial Management)

I certify that in recruitment for the above position the following determinations were made:

1. The significance of the position warrants incurring such costs.
2. Payment of the expense involved in bringing the above individual to Clemson is more cost efficient than sending representatives to the recruit's home town.
3. Qualified applicants residing in South Carolina were considered before applicants from other states were considered.

Recommended by: *[Signature]*  
Department Head

*[Signature]*  
Dean or Director

*[Signature]*  
Vice President

Approved by: *[Signature]*  
President

Distribution:  
Original: Originator  
Approved Copies: Financial Management, Budget and Control Board  
Attached to all related Direct Purchase Vouchers

EXHIBIT

FEB 10 1987 NO. 4

STATE BUDGET & CONTROL BOARD

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET AND CONTROL BOARD  
STATE BUDGET & CONTROL BOARD REGULAR SESSION  
MEETING OF FEBRUARY 10, 1987 ITEM NUMBER

1A

AGENCY: Governor's Office

SUBJECT: Revisions, Capitol Center Building Leases

Attached is a summary of the revisions of the Capitol Center Building lease contracts proposed for Board approval by the Governor's Office.

Details are to be presented at the meeting.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Referenced summary.

008861

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

SUMMARY OF  
PROPOSED REVISIONS IN THE OFFICE SPACE LEASE AGREEMENTS  
EXECUTED BETWEEN SIX SOUTH CAROLINA STATE AGENCIES AND  
THE CAPITOL CENTER ASSOCIATES ("AT&T LEASES")

1. RENT. The State is entitled to a rent reduction of \$420,000 for the first ten years of the lease, as well as an additional \$330,000 for the first five years of the option period.
2. RENT SCHEDULE. The State is no longer subject to the developer's right to accelerate all of the future lease payments in one year, and can now rely on a fixed rent schedule.
3. OPTION. The State now has a true option provision which gives it the option to pay 95% of the lower of the average fair market value for metropolitan Columbia or the going rate in the building.
4. UPFITTING ALLOWANCE. The State is now entitled to a credit on the amount of any unused upfitting allowance. Agencies are directed to save, where possible, \$1.25 per sq. foot of their upfitting allowance.
5. DEFAULT. The State is no longer responsible for the developer's attorney's fees and costs in the event of any litigation over the leases.
6. CANCELLATION. The State is entitled to cancel up to 15,000 sq. feet leased in the building in the event of any future reorganization.

Additional details will be provided at the Budget & Control Board meeting.

008862

DISTRIBUTED AT  
3/10/87 STCB MEETING.  
UTM

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

## SUMMARY OF PROPOSED CHANGES IN AT&T LEASES

LEASE PROV.	ORIGINAL LEASE	NEW LEASE	SAVINGS
RENT REDUCTION	Not Applicable	Rent reduction of \$420,000 in the first ten years of the lease and a further reduction of \$330,000 in the first five years of the option period.	\$750,000
RENT SCHEDULE	The original lease contained a schedule, but the developers retained the right to accelerate payment of the entire future rental payments on or after the fourth year. The developers in fact intended to accelerate payment in the fourth year.	No acceleration provision, and a genuine fixed rent schedule.	The state has saved the interest costs which would have accrued on the landlords' acceleration of the original lease payments.
OPTION	No real option provision as all the terms and conditions of the option period have to be agreeable to the landlord.	95% of the lower of the fair market value for similar property in Metropolitan Columbia or the going rate in the AT&T building.	5% of the lower of the fair market value for metropolitan Columbia or the going rate in the building multiplied by 200,000 sq. feet (or whatever sq. footage the State is leasing at that time.)

008863

UPFIT  
ALLOWANCE

The landlord is entitled to any unused portion of the upfitting allowance allocated to the agencies (between \$9 and \$7.75 per sq. foot.)

The State is entitled to any unused upfitting allowance; in addition, Gov. Campbell intends to ask the agencies to save \$1.25 per sq. foot

Approx. \$250,000

DEFAULT

The landlord is entitled to collect attorney's fees and costs from the State in the event of any litigation over any aspect of the lease.

The landlord is not entitled to collect any attorney's fees or court costs.

The amount of any attorney's fees and costs incurred by the landlord in the event of any future litigation.

CANCELL-  
ATION

No agency is allowed to cancel its lease and rent any other public or private office space in the State of South Carolina. In effect, an agency would have to be completely dissolved without transferring a single one of its divisions to another existing agency in order for the State to escape liability under the lease.

The State is allowed to cancel its obligations under the lease after the fifth year for up to 15,000 sq. feet in the event of a reorganization or merger with another state agency in a public building.

The difference between the rate charged in the AT&T building and that charged in state office space at the time of the move, multiplied by a maximum of 15,000 sq. feet.

EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

008864

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

STATEMENT BY GOVERNOR CARROLL CAMPBELL  
TO THE MEMBERS OF THE BUDGET & CONTROL BOARD  
FEB.10, 1987

For a number of weeks, I have been discussing the proposal between the State of South Carolina and the developers of the so-called AT&T Building with representatives of the Leo Eisenberg Co. a partner and co-developer of the project, and with representatives of the remaining local partners.

As a result of these discussions, on Saturday I announced proposed changes in the lease package that should save South Carolina taxpayers over one million dollars and remove or change the objectionable clauses in the lease agreement.

They are as follows:

## RENT

The developers have given the state \$750,000 in rental concessions. \$420,000 of this amount will result in a pro-rata rent reduction for all the agencies over the first ten years of the lease. An additional \$330,000 will be deducted from the agencies' rent over the first five years of the option period. This reduction will be in addition to the other financial concessions made.

COST SAVINGS: \$750,000

## RENT SCHEDULE

The original lease allowed the landlord to accelerate the rental payments at its sole discretion after the third year of the lease. The exercise of this discretion would have had potentially severe consequences to both the agencies as well as the members of the Budget & Control Board and the legislature in approving the agencies' budgets and appropriating the funds. The developers have now agreed to drop the acceleration provision. They have also agreed to a new rent schedule which should prove to be advantageous to the agencies and the the Budget & Control Board.

The original as well as the new rent schedule appear below. In addition, the middle column below provides the actual rent schedule which the developers intended to charge the State, as was their right under the acceleration clause.

008865

YEARS	ORIG. RENT SCHEDULE	ACTUAL RENT SCHEDULE	NEW RENT(1) SCHEDULE
1	9.75	9.75	9.75
2	9.75	9.75	9.75
3	11.25	11.25	11.25
4	13.5	14.89	14.09
5	13.75	14.89	14.09
6	13.75	14.89	14.09
7	13.75	14.89	14.59
8	14	14.89	15.09
9	16	14.89	15.09
10	19.5(2)	14.89	15.09
Average:	13.5	13.5	13.29

#### OPTION

The original agreement did not contain a true option provision in that it did not contain definite terms for the rental amount after the tenth year, as the lease merely provided that the Agency had the right to renew the lease upon such "terms and conditions as may be mutually agreed to by the LESSOR, AGENCY, and the State Division of General Services." Definite rental terms are crucial because of the considerable leverage enjoyed by the landlord resulting from the high cost of an agency moving. The developers have agreed to amend the option provision to grant the state two successive five-year options at 95% of the appraised fair market rental rate. The state will also be entitled to accept a rental rate of 95% of the rent then being obtained by the developers in the building if for some reason this were lower than the average in metropolitan Columbia. The \$330,000 in rent concessions referred to above would be deducted from the 95% figure.

COST SAVINGS: 5% of the fair market value for comparable real estate multiplied by 200,000 sq. feet (or whatever the State is leasing at the time the option is exercised.)

1. This schedule is based upon the State leasing 200,000 sq. feet. The schedule will have to be adjusted if the State leases less than 200,000 so that the State receives the entire \$420,000 reduction.
2. The rent for year 10 is listed at 19.0 (and not 19.5) in the attachments to the AT&T leases. The developers have informed the Governor's Office, however, that 19.0 is a typographical error and that in any event they intended to accelerate the payments under the original lease in the fourth year to \$14.89 to achieve the maximum \$13.5 sq. foot average at an earlier stage.

## EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

008866

#### UPFITTING ALLOWANCE

The state is given an upfitting allowance per sq. foot to furnish the offices. Under the original lease provisions the state was not entitled to a credit on the amount of any upfitting allowance which it did not use. The developers have agreed to give the state a cash payment in the amount of any unused upfitting allowance. I intend to direct the agencies to cut back on their planned upfitting in the amount of \$1.25 per sq foot to produce some savings in this regard.

COST SAVINGS: Approximately \$250,000

#### DEFAULT

The original lease provided that the developers would be entitled to recover the cost of their attorney's fees in the event that litigation ensued between the state and the developers over the lease. This type of provision is generally unconstitutional, as pointed out by the Attorney General in his opinion on the lease to Senator Wilson. The developers have agreed to drop this provision.

COST SAVINGS: Not capable of calculation, but would be equal to the attorney's fees and costs incurred by the developers in the event of any future litigation.

#### CANCELLATION CLAUSE

The original cancellation clause allowed the state to cancel the lease and move to other quarters only if the agency or any successor had no revenues from any source to rent any public or private office space in the State of South Carolina. This clause would effectively prevent the state from ever reorganizing any of the six agencies which are moving into the building. The developers have agreed to amend the cancellation clause to allow the state to vacate upto 15,000 sq. feet after the fifth year of the lease in the event of any such reorganization.

COST SAVINGS: The difference between the rate charged in the At&T building and that charged in state office space at the time of the move, multiplied by a maximum of 15,000 sq. feet.

## EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

008867

# LEO EISENBERG CO.

A COMPLETE REAL ESTATE SERVICE... SINCE 1938

February 9, 1987

EXHIBIT

FEB 10 1987 NO. 5

South Carolina State Budget and Control Board  
The State House  
Columbia, SC

STATE BUDGET & CONTROL BOARD

Gentlemen:

The State of South Carolina, on behalf of the State Budget and Control Board, Coastal Council, Jobs Economic Development Authority, Real Estate Commission, Water Resources Commission and Development Board entered into separate leases with Capitol Center Associates for office space in the AT&T Building. These leases were duly authorized and accepted by the State and we feel are mutually beneficial leases that are fair, equitable and binding. Moreover, these leases and the concept of our building had the joint approval and support of both the private and public sectors.

However, in light of issues continuously raised over certain provisions of these leases, the owners are voluntarily offering the enclosed modifications for Budget and Control Board approval. It is our intent to put these matters permanently to rest so that all parties may direct their time and resources toward their on-going business responsibilities. It is important to us that our building continues to project the proper business image.

Accordingly, we have attached a copy of the letter submitted to Governor Campbell on February 6, 1987, outlining these five proposed lease modifications. Namely, they address changes to:

- fixed lease rates during the first ten year term of the leases;
- the upfitting allowance;
- the default provision language;
- lease rate setting procedures for the two five year option periods;
- and the language of the cancellation provision.

We believe these above proposed modifications show an honest, goodwill effort on behalf of the owners to address these lease issues. It is not a condition of these modifications that the State agree to any change in the parking provision of the leases. However, given the spirit of cooperation we have extended to the State and the obvious economic impact to the developers of the above changes, we are respectfully requesting that the Board consider, as a part of these final lease modifications, the reinstatement of the parking provision language contained in the initially executed leases as an option by the developer.

008868

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P.O. Box 7848 • Columbia, South Carolina 29202-7848 • (803) 799-9684

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Accredited Management Organization • Building Owners and Managers Association • Institute of Real Estate Management • National Association of Real Estate Boards  
Realtors National Marketing Institute • American Chapter of International Real Estate Federation

# EXHIBIT

**LEO EISENBERG CO.**

A COMPLETE REAL ESTATE SERVICE SINCE 1938

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

South Carolina State Budget and Control Board  
February 9, 1987  
Page 2

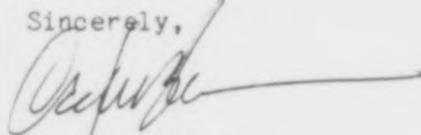
The initial leases approved by the Board provided for a small portion of the required number of parking spaces to be in a "prime location". The balance of spaces were to be available "at other locations". Copies of each of the Attachment G parking exhibits are also enclosed. Subsequent to the execution of the initial leases, we were compelled by the State to make revisions in the parking provision in order to induce the State to execute tenant documents required by our construction lender, NCNB, for loan closing. These changes are reflected in the executed "First Amendment to Leases" also enclosed.

Should the Board agree to grant us the option of reinstating the original parking provision language, the developers are willing to clarify that the "non-prime" spaces will be within a three and one-half block radius of the building.

As noted in our letter to Governor Campbell, NCNB has required that our proposed agreement be promptly addressed so that all modification documents are completed and signed by March 6, 1987. Therefore, we respectfully request your timely approval of these changes.

This has been a complicated and time consuming undertaking that hopefully will be put to rest by your actions today. We thank you for your patience and understanding.

Sincerely,



David W. Bloom  
Partner  
Capitol Center Associates

DWB:jh

Enclosure

291

008869

# LEO EISENBERG CO.

A COMPLETE REAL ESTATE SERVICE...SINCE 1938

February 6, 1987

EXHIBIT

FEB 10 1987

NO. 5

The Honorable Carroll A. Campbell, Jr.  
Governor of South Carolina  
The State House  
Post Office Box 11369  
Columbia, South Carolina 29211

STATE BUDGET & CONTROL BOARD

Dear Governor Campbell:

As a preface, I would like to make a few relevant comments about the Leo Eisenberg Company. The company will celebrate its 50th anniversary next year and has grown from its Kansas City base to eight national offices. We are proud of our accomplishments - more than 300 commercial and office projects developed across the United States.

In 1982, South Carolina and Columbia were selected for our East Coast office. While many wondered why a larger regional headquarter city such as Atlanta or Charlotte was not selected, the company was impressed with the State's pro-business climate and economic outlook.

Because of our success, we subsequently opened an office in Charleston. The Columbia office now has responsibility for over 35 projects from Florida to Pennsylvania. In South Carolina, we have invested approximately \$100 million, with more planned.

In 1984, we became a partner and co-developer of the AT&T Building. While involved in all phases of the project, we have the responsibility for financing and equity investment. The project was presented to us by our partners as being highly sanctioned by local and State governments because of various reasons: several million dollars were paid to the University of South Carolina for the unused land; it was converted from tax-exempt to a taxable status for Columbia and Richland County; and the State had completed a study indicating the benefits of consolidating several agencies into a single building in the Capitol area.

008870

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Accredited Management Organization • Building Owners and Managers Association • Institute of Real Estate Management • National Association of Real Estate Boards  
Realtors National Marketing Institute • American Chapter of International Real Estate Federation

Page 2  
Governor Campbell  
February 6, 1987

The Building represents a substantial financial commitment, and was undertaken due to the commitments made by tenants such as the State of South Carolina. When the Building became an issue in the Gubernatorial Campaign, we consciously elected to keep a low profile and maintain an apolitical position. Our beliefs relative to the State leases during the campaign remain unchanged: they are mutually beneficial leases that are fair, equitable, and mutually binding on both parties.

The leases were duly authorized and accepted by the then Governor of South Carolina, and approved by the South Carolina Budget and Control Board and the office of the Attorney General. The final leases were the result of over three months of intensive negotiations and scrutiny by their staffs.

The continuing public discussions about the possibility of the State not honoring its leases is of obvious concern to all parties. It is our sincere desire to put these matters permanently to rest and to avoid the inevitable loss and impairment of reputations to all concerned that would result from any type of proceedings to question the validity of the leases.

As you are aware, we have conducted meetings with your staff to determine if certain modifications could be offered by us to alleviate some of the concerns expressed by your office and some members of the General Assembly. We have also discussed these matters with NCNB, our construction lender, who has the absolute right to approve any changes. Although NCNB and we maintain that the leases are fully binding and enforceable, we have received their approval to certain modifications. However, they have indicated any further requests for changes will impair the collateral value of our loan.

Accordingly, we are prepared to submit modifications to the State Budget and Control Board, on the condition, as required by NCNB, they be promptly accepted so that changes in documentation can be completed within 30 days from the date of this letter. These modifications apply only to the current leases to State Agencies for 200,000 square feet of office space, and our offer does not constitute a waiver on our part as

008871

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

## LEO EISENBERG CO.

A COMPLETE REAL ESTATE SERVICE SINCE 1938

Page 3  
Governor Campbell  
February 6, 1987

to the leases being legally binding and enforceable. The following numbers 1, 2, and 3 are identical to those requested by your office; significant changes have been made in numbers 4 and 5 to respond to your requests.

1. The attached Exhibit I will be substituted for Attachment D of the leases. It fixes the rent rate for ten years and rent has been reduced to save the State \$420,000.
2. Appropriate provisions of the lease will be amended to provide that the State will be paid an amount of cash equal to the difference, if any, between the applicable per square foot upfitting allowance provided, and the actual amount spent per square foot (if less) by the various Agencies at the end of the first 18 months of occupancy. This will be in addition to the above referred rate reduction.
3. Section 19, Default; Page 26, Subparagraph (b), Lines 5 and 6. Delete the phrase "...including reasonable attorney's fees based on the prevailing rates in Columbia, South Carolina."
4. We are agreeable to granting the State two successive five-year options at 95% of the then appraised fair market rental rate. The Agency and we shall each appoint a commercial appraiser, who in turn shall appoint a third, to determine said market rate, with the costs of said appraisal to be borne equally by Agency and us. Although the option rent will not have a minimum or maximum amount stipulated, we will agree to accept 95% of the rent being obtained by us at that time for leases currently executed, if this is less than the appraised fair market rental rate. Additionally, we will deduct thirty-three cents from this rent for each square foot of space for which options are exercised during the first five year option period. If all 200,000 square feet of options are exercised, this results in a \$330,000 savings to the State.

008872

# EXHIBIT

**LEO EISENBERG CO.**

A COMPLETE REAL ESTATE SERVICE SINCE 1938

FEB 10 1987

NO. 5

STATE BUDGET & CONTROL BOARD

Page 4  
Governor Campbell  
February 6, 1987

5. We are agreeable to significant changes in the cancellation privilege in accordance with the attached Exhibit II.

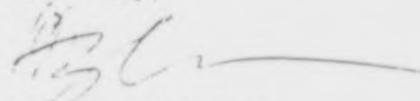
Leo Eisenberg Company and NCNB believe the above shows our goodwill for, and faith in, the State. Since NCNB has been assigned the leases by us as collateral, they have indicated we are not authorized to negotiate any further modifications.

It is not a condition of these modifications that the State agree to any change in the parking space provision of the leases. However, we were compelled to make revisions in favor of the State last October in order to get certain documents executed to close our loan. You indicated we will have the support of your office in our attempts to get the various agencies to modify this provision in accordance with our original obligations under this section of the leases. Similar support will be requested from other members of the Budget and Control Board. A supplemental letter will be provided to the appropriate officials explaining the reasons for, and the nature of, this request.

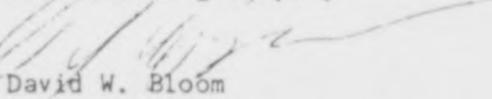
Since our agreement with NCNB imposes a thirty day deadline for modified documentation, we reserve the right to withdraw this offer at such time as this schedule cannot be reasonably met. The exact legal language is subject to approval of the attorneys for all parties.

We continue to look forward to future investment in the State of South Carolina, and wish you the best of luck with your new administration.

Sincerely,



Irvin B. Maizlish  
President  
Leo Eisenberg Company



David W. Bloom  
Vice President  
Leo Eisenberg Company

008873

Page 5  
Governor Campbell  
February 6, 1987

EXHIBIT I

PROPOSED AT&T BUILDING LEASE RATE

ALTERATION FOR STATE AGENCIES

(Excluding Operating Costs)

<u>YEAR</u>	<u>RATE</u> <u>(Per Rentable S.F.)</u>
1st	\$ 9.75
2nd	9.75
3rd	11.25
4th	14.09
5th	14.09
6th	14.09
7th	14.59
8th	15.09
9th	15.09
10th	15.09

008874

# EXHIBIT

**LEO EISENBERG CO.**

A COMPLETE REAL ESTATE SERVICE SINCE 1936

FEB 10 1987

NO. 5

STATE BUDGET & CONTROL BOARD

Page 6  
Governor Campbell  
February 6, 1987

## EXHIBIT II

### 7. CANCELLATION PRIVILEGE

Notwithstanding the commencement and expiration dates above set out in Section Two, it is understood and agreed that while the lease term as above set out is ten years, the lease may be cancelled by either party upon the occurrence of any one of the following:

- (a) At the end of any fiscal year (June 30) if no appropriations, revenues, income, grant, or other funding from whatever source are available to the AGENCY nor to any of its divisions or a "SUCCESSOR AGENCY" to lease any private or public office space in Richland or Lexington Counties, State of South Carolina.
- (b) Within the first five years of the term of the lease, at any time upon sixty days notice when the AGENCY in the space is dissolved and there is no agency or 'SUCCESSOR AGENCY' which continues to perform the functions and purposes prescribed to it.

A "SUCCESSOR AGENCY" shall be that agency or those agencies and any divisions of the same that assume(s) one or more functions of the Agency.

Provided, however, that it is understood and agreed that any time after five years from the commencement of this lease, the State of South Carolina reserves the right to vacate an aggregate total of up to 15,000 square feet of the 200,000 square feet of space leased by one or more Agencies in the Building, in the event that any such Agency(s) is merged with or transferred to an existing Agency or made a part of a new comprehensive Agency which is to be housed in a public building.

008875

EXHIBIT

ATTACHMENT G

FEB 10 1987 NO. 5

PARKING

STATE BUDGET & CONTROL BOARD

The AGENCY will be provided a minimum of ~~30~~<sup>35</sup> parking AV  
spaces either adjacent to the building or at other locations  
for five years for use by State employees who have lost their  
present parking spaces as a result of the move. Depending on  
their location, these spaces will range between \$25.00 and  
\$50.00 per space per month. For the next five years, the  
rate will be adjusted to market rents per month per space.

AV ~~One~~<sup>FIVE (5)</sup> of these spaces will be in a prime location  
within the parking facility for the Agency Director.

As reflected by the attached letters from Mayor Kirkman  
Finlay, Jr., the City of Columbia has committed to build a  
car parking garage adjacent to the building.

In addition, the block of reserved state spaces in the garage will  
be reserved for the Water Resources Commission on the third Wednesday of  
each month during the term of this lease (the total of these spaces to be  
no less than 20). AV

008876

Real Estate Commission

EXHIBIT

ATTACHMENT G  
PARKING

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

The AGENCY will be provided a minimum of 25 parking spaces either adjacent to the building or at other locations for five years for use by State employees who have lost their present parking spaces as a result of the move. Depending on their location, these spaces will range between \$25.00 and \$50.00 per space per month. For the next five years, the rate will be adjusted to market rents per month per space.

One (1) of these spaces will be in a prime location within the parking facility for the Agency Director.

As reflected by the attached letters from Mayor Kirkman Finlay, Jr., the City of Columbia has committed to build a 1,500 car parking garage adjacent to the building.

008877

Coastal Council

EXHIBIT

ATTACHMENT G  
PARKING

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

The AGENCY will be provided a minimum of 6 parking spaces either adjacent to the building or at other locations for five years for use by State employees who have lost their present parking spaces as a result of the move. Depending on their location, these spaces will range between \$25.00 and \$50.00 per space per month. For the next five years, the rate will be adjusted to market rents per month per space.

One (1) of these spaces will be in a prime location within the parking facility for the Agency Director.

As reflected by the attached letters from Mayor Kirkman Finlay, Jr., the City of Columbia has committed to build a 1,500 car parking garage adjacent to the building.

008878

ATTACHMENT G

EXHIBIT

PARKING

FEB 10 1987

NO. 5

STATE BUDGET & CONTROL BOARD

For approximately \$20 to \$25 per month per space, the AGENCY will be provided a minimum of 272 parking spaces either adjacent to the building or at other locations for five years for use by State employees who have lost their present parking spaces as a result of the move. For the next five years, the rate will be increased to about \$25 to \$30 per month per space.

Up to 20 of these spaces will be in prime locations within the parking facility for Division Directors and their Assistant Directors.

As reflected by the attached letters from Mayor Kirkman Finlay, Jr., the City of Columbia has committed to build a 1,500 car parking garage adjacent to the building.

008879

J.E.D.A.

EXHIBIT

ATTACHMENT G

FEB 10 1987 NO. 5

PARKING

STATE BUDGET & CONTROL BOARD

The AGENCY will be provided a minimum of 6 parking spaces either adjacent to the building or at other locations for five years for use by State employees who have lost their present parking spaces as a result of the move. Depending on their location, these spaces will range between \$25.00 and \$50.00 per space per month. For the next five years, the rate will be adjusted to market rents per month per space.

One (1) of these spaces will be in a prime location within the parking facility for the Agency Director.

As reflected by the attached letters from Mayor Kirkman Finlay, Jr., the City of Columbia has committed to build a 1,500 car parking garage adjacent to the building.

008880

Development Board

# EXHIBIT

ATTACHMENT G  
PARKING

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

The AGENCY will be provided a minimum of 50 parking spaces either adjacent to the building or at other locations for five years for use by State employees who have lost their present parking spaces as a result of the move. Depending on their location, these spaces will range between \$25.00 and \$50.00 per space per month. For the next five years, the rate will be adjusted to market rents per month per space.

One (1) of these spaces will be in a prime location within the parking facility for the Agency Director.

As reflected by the attached letters from Mayor Kirkman Finlay, Jr., the City of Columbia has committed to build a car parking garage adjacent to the building.

008881

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA )  
                                  )  
COUNTY OF RICHLAND      )

FIRST AMENDMENT TO LEASES

WHEREAS the parties entered into Leases (hereinafter "the Leases") as follows:

1. South Carolina State Budget and Control Board dated June 25, 1985;
2. South Carolina Coastal Council dated February 12, 1986;
3. South Carolina Jobs Economic Development Authority, dated March 14, 1986;
4. South Carolina Real Estate Commission, dated March 24, 1986;
5. South Carolina Water Resources Commission, dated April 9, 1986; and
6. South Carolina State Development Board, dated April 11, 1986;

(hereinafter collectively referred to as the "Agencies");

and

WHEREAS, the parties desire now to amend certain terms of the Leases, and

WHEREAS, the undersigned have authority to bind the parties.

NOW THEREFORE, in consideration of the mutual obligations undertaken herein, the parties enter into this Amendment to Lease, as set forth hereafter.

008882

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

1. Paragraph 14(e) of the Leases is deleted in its entirety and the following paragraph is inserted in its place:

Provide parking for the AGENCY as provided in Attachments G.

2. LESSOR has requested the South Carolina Budget and Control Board, Division of General Services (hereinafter the "Board") on behalf of the AGENCIES to request the City of Columbia, within twenty-one (21) days of the date of execution of the First Amendment to Leases, to reserve three hundred and ninety-four (394) parking spaces for use by the AGENCIES in the city parking garage which the City of Columbia has announced plans to construct adjacent to the building. LESSOR agrees that it shall not be relieved of any of its obligations under the Leases, including this First Amendment to Leases, if the Board makes the said request to the City of Columbia or if the City of Columbia grants the request or any part thereof, except that to the extent that the City grants spaces to the Board, the Lessor shall be relieved of its obligation to provide said spaces. This shall not affect LESSOR'S monetary obligations in connection with these spaces..

3. The Board agrees that, if the City of Columbia reserves or grants to the Board up to three hundred and ninety-four (394) reserved parking spaces in the said parking garage pursuant to the Board's request made in accordance with paragraph 2 above, the Board will retain one hundred ninety-seven (197) of the requested spaces and will grant to LESSOR the right at LESSOR'S sole option to acquire the Board's interest in any number of said

008883

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

parking spaces in excess of the one hundred ninety-seven (197) parking spaces retained by the Board, provided that LESSOR assumes the Board's liability for payment of any charges for the parking spaces so acquired, and provided further that the right granted to LESSOR in this paragraph shall terminate unless LESSOR provides the Board Notice that it is exercising this right no later than thirty (30) days prior to the date that the City makes the requested parking spaces available for parking.

4. LESSOR agrees that, at the Board's sole option, LESSOR will accept assignment of the Board's interest in up to one hundred ninety-seven (197) parking spaces in the said city parking garage and assume the Board's liability for payment for all charges for the parking spaces so acquired by LESSOR, provided that the right granted to the Board in this paragraph shall terminate unless the Board provides LESSOR Notice of assignment no later than thirty (30) days prior to the date that the City makes the requested parking spaces available for parking.

5. LESSOR agrees that, if it exercises its option to acquire the Board's interest in up to one hundred ninety-seven (197) of the parking spaces, as provided in paragraph 3 of this First Amendment, then LESSOR shall provide as replacement parking the same number of parking spaces to the Board for use by the various agencies at a parking facility or facilities within no greater walking distance to the building than the length of two city blocks as measured on public sidewalks alongside public streets.

008884

# EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

6. On or after the Occupancy Date of the Lease, if parking is not provided according to Attachment G of each of the Leases, LESSOR shall:

- (a) Provide the "prime location" parking spaces as described in Attachment(s) adjacent to the building or adjacent to Assembly Street in the block bounded by Assembly Street, Gervais Street, Park Street, and Lady Street; and
- (b) Pay to the Board for the benefit of the various agencies \$25.00 per parking space for every calendar month or portion thereof that parking is not provided according to Attachment G of each of the various Leases; provided that the LESSOR shall continue to make all diligent efforts necessary to provide parking as outlined in each Attachment G. This payment shall be made monthly on or before the first day of each calendar month.

For The Lessor:

CAPITAL CENTER ASSOCIATES,

A South Carolina General Partnership

By Its general partners:

By: [Signature]  
Its authorized signatory

By:

[Signature]  
Its authorized signatory under  
For The Lessees: power of attorney granted  
by David W. Bloom dated  
October 10, 1986  
South Carolina State Budget and  
Control Board

By:

[Signature]

008885

South Carolina Coastal Council

By:

Richard W. Kelly

South Carolina Jobs Economic  
Development Authority

By:

Richard W. Kelly

South Carolina Real Estate  
Commission

By:

Richard W. Kelly

South Carolina Water Resources  
Commission

By:

Richard W. Kelly

South Carolina State Development  
Board

By:

Richard W. Kelly

EXHIBIT

FEB 10 1987 NO. 5

STATE BUDGET & CONTROL BOARD

008886

# EXHIBIT

FEB 10 1987 NO. 6

STATE BUDGET AND CONTROL BOARD  
STATE BUDGET & CONTROL BOARD  
MEETING OF FEBRUARY 10, 1987  
REGULAR SESSION  
ITEM NUMBER

2

AGENCY: Patriots Point Development Authority

SUBJECT: Relinquishment of Part of 1986-87 State Appropriation

Chairman Charles F. Hyatt advises that the Patriots Point Development Authority has achieved the goal of becoming a self-sustaining State operation. He reminds the Board that Patriots Point at its inception had committed to the attainment of this status. He points out that the budget submitted for 1987-88 includes no State appropriation for Patriots Point.

He further advised that the Authority decided in December to relinquish the State appropriation balance for the current fiscal year. The amount to be returned to the General Fund is approximately \$129,000.

Mr. Hyatt and others interested in the Authority's activities plan to present a symbolic check to Governor Campbell signifying the relinquishment of these funds.

BOARD ACTION REQUESTED:

Receive as information the report by Chairman Charles F. Hyatt of the Patriots Point Development Authority advising that no 1987-88 State appropriation is being requested by the Authority and that the Authority is relinquishing approximately \$129,000 of its 1986-87 State appropriation.

ATTACHMENTS:

Hyatt February 4 letter to Governor Campbell; Kirsh, Klapman and Felder January 14 letter to Authority.

008887

THE NAVAL AND MARITIME MUSEUM

EXHIBIT



FEB 10 1987

NO. 6

STATE BUDGET & CONTROL BOARD

Post Office Box 986, Mt. Pleasant, SC 29464

(803) 884-2727

February 4, 1987

The Honorable Carroll A. Campbell, Jr.  
Governor, State of South Carolina  
Post Office Box 11450  
Columbia, South Carolina 29202

Dear Governor Campbell:

I am enclosing a copy of a letter from the Ways and Means Subcommittee of the South Carolina Legislature which I think should be of interest to you. As you are aware, the Patriots Point Development Authority made a commitment from inception that in time the development would be self-sustaining. In 1986 we achieved this goal, and the fiscal budget submitted to the Budget and Control Board in October for the years '87-'88 shows no state appropriations for Patriots Point.

Additionally, the Authority further made the decision in December to forego the appropriations already allocated for the remaining six months of the 1986-87 fiscal year (January 1 June 30, 1987). I would like to present to you a symbolic check returning the funds at a meeting of the Budget and Control Board.

In view of the fact that the year 1986 was our tenth anniversary, and in view of ever increasing revenue shortfalls in government, I thought you might be interested to know that we are making great strides in our museum development, are self-sustaining, and have provided all the citizens of our state an institution of education, recreation, with an emphasis on patriotism.

We hope you will be visiting our museum project often.

Sincerely,

Charles F. Hyatt  
Chairman

CFH/lwk

Charles F. Hyatt, Chairman, Representing the Governor  
Charles E. Eiserhardt, Jr., V. Chairman, Representing Sen. Ernest F. Hollings  
A. Crawford Clarkson, Jr., Representing Cong. Floyd D. Spence  
R. Gordon Darby, Representing Cong. Arthur Ravenel, Jr.  
John F. Floyd, Representing Cong. Elizabeth J. Patterson  
James T. Lazar, Representing Cong. Butler C. Derrick, Jr.

Charles T. Oakley, Representing Cong. John Spratt  
Myrtle C. Riggs, Representing Senator Strom Thurmond  
J. Elliott Williams, Representing Cong. Robin Tallon  
J. E. Guerry, Jr., Executive Director  
C. G. Waldrop, Deputy Director  
William F. Prioleau, Esq., Legal Counsel

MEMBERS EMERITUS

Joseph P. Griffith, Commissioner  
J. Mat Hiers, Commissioner

Charles T. Mauro, Commissioner  
RADM Herman J. Kossler, USN, Director

008888

Marion P. Carnell  
First Vice Chairman

John G. Felder  
Third Vice Chairman

Robert N. McLellan  
Chairman

Patrick B. Harris  
Second Vice Chairman

Woody McKay  
Secretary/Treasurer

## Ways and Means Committee



House of Representatives

P.O. BOX 11867 TELEPHONE: 734-3144

Columbia, S.C. 29211

January 14, 1987

EXHIBIT

FEB 10 1987

NO. 6

STATE BUDGET & CONTROL BOARD

Dill Blackwell  
Larry Blanding  
William D. Boan  
T. W. Edwards  
Dack Elliott  
Parker Evatt  
H. J. Gordon, Jr.  
Jean Laney Harris  
Robert L. Helms  
D. N. Holt, Jr.

Harriet Keyserling  
Herbert Kirsh  
Jarvis R. Klapman  
E. Crosby Lewis  
James G. Mattos  
Jennings G. McAbee  
Douglas E. McTeer, Jr.  
Timothy F. Rogers  
McKinley Washington, Jr.  
Daniel E. Winstead

Patriot's Point Development Authority  
Box 986  
Mt. Pleasant, S. C. 29464

Dear Chairman Hyatt:

The House Ways and Means Executive-Administrative Budget Subcommittee, which oversees your agency's operations, would like to take this opportunity to thank you, your fellow commissioners and your staff for the excellent job you have done at the Authority. We appreciate your efficient management efforts which will result in the return of over \$129,000 to the State General Fund for the current fiscal year. This is especially important since the State is undergoing severe revenue shortfalls at the present time, and the revenue outlook, when compared to State needs for the coming year, is not optimistic.

Often we hear talk of programs becoming self-sufficient but few have actually achieved this goal. Per our request, you have kept your word that you would no longer seek General Funds from the State and be self-supporting. Therefore, we also commend you for requesting no State funds for fiscal year 1987-88.

We look forward to working with you in the future and wish you well with your endeavors at the Patriot's Point Development Authority.

Sincerely,

*Herbert Kirsh*  
Herbert Kirsh

*Jarvis R. Klapman*  
Jarvis R. Klapman

*John G. Felder*  
John G. Felder

RECEIVED  
JAN 23 1987  
PATRIOT'S POINT  
DEVELOPMENT AUTHORITY

008889

# EXHIBIT

FEB 10 1987 NO. 7

STATE BUDGET AND CONTROL BOARD BUDGET & CONTROL BOARD REGULAR SESSION  
MEETING OF FEBRUARY 10, 1987 ITEM NUMBER

3

AGENCY: Board of Economic Advisors

SUBJECT: 1986-87 and 1987-88 Revenue Forecasts

As was requested by the Budget and Control Board, the Board of Economic Advisors has been asked to present its revenue forecasts for 1986-87 and 1987-88 at this meeting if possible. These forecasts are due February 15 by law.

BOARD ACTION REQUESTED:

Consider revenue forecasts for 1986-87 and 1987-88 to be presented at the meeting.

ATTACHMENTS:

008890

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
STATE BUDGET DIVISION  
406 WADE HAMPTON STATE OFFICE BUILDING  
COLUMBIA, S.C. 29201

RECEIVED

FEB 11 1987

BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN  
GOVERNOR  
GRADY L. PATTERSON, JR.  
STATE TREASURER  
FARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



A. BARON HOLMES, IV, Ph.D.  
DIVISION DIRECTOR

REMBERT C. DENNIS  
CHAIRMAN, SENATE FINANCE COMMITTEE  
ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE  
JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

EXHIBIT

FEB 10 1987 NO. 7

STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: Agency Heads  
FROM: A. Baron Holmes, IV, Ph.D. ABH IV  
DATE: February 10, 1987

The Board of Economic Advisors today advised the Budget and Control Board of a possible \$24 million shortfall in revenues for FY 1986-87. It therefore appears possible that an additional cut of 0.75% to 1.0% will take place this fiscal year. The Budget and Control Board will take final action on the reduction at its February 19 meeting. In the interim, staff of the Budget Division will review agency hardship cases and make recommendations.

Please feel free to contact your budget analyst during this time for notification of any severe hardships. Formal requests for exemption should be received by this office no later than noon, February 17, 1987.

ABH:dmh

008891

# EXHIBIT

FEB 10 1987

NO. 7



## STATE OF SOUTH CAROLINA BOARD OF ECONOMIC ADVISORS

STATE BUDGET & CONTROL BOARD

James A. Morris, Ph.D., Chairman  
Barbara A. Feinn, Ph.D., Executive Secretary  
Bobby M. Bowers  
S. Hunter Howard, Jr.

Rembert C. Dennis Building  
Suite 345  
1000 Assembly Street  
Columbia, S. C. 29201  
803/734-3784

To: South Carolina Budget and Control Board

Subject: South Carolina Board of Economic Advisors' Revenue  
Forecast, February 10, 1987

The Board of Economic Advisors reported its findings on possible revision of estimates on General Fund Revenues made on January 16, 1987. At that time, the Board of Economic Advisors projected that it was probable that a \$35 million shortfall could occur in FY 1987 revenues which likely would carry over and be reflected in FY 1988 revenues. A reconsideration was requested by the Budget and Control Board prior to February 15, 1987 and it is contained in this report.

The economic outlooks for FY 1987 and FY 1988 have improved since the January 16 report and the January revenue collections, other than Corporate Tax Revenues, were most encouraging. The rate of increase in revenues for the first seven months of this fiscal year are above the targeted rate, but it must be recognized that some revenues normally collected in the Spring were received in the Fall. Also, the tax reform bill tended to encourage purchase of durable goods, such as automobiles, in the October-December quarter, and earlier than normal payments of estimated individual income tax appear to have been made.

008892

EXHIBIT

FEB 10 1987 NO. 7

STATE BUDGET & CONTROL BOARD

Considering adjustments for these factors, overall General Fund Revenues to date are close to targeted rates, but Corporate Tax receipts are below anticipations and there are uncertainties about individual income tax refunds. In summary, the most probable outcome for FY 1987 revenues at this time is that they will be \$24 million lower than the estimate made on November 1, 1986, rather than the \$35 million shortfall possibility stated on January 16, 1987.

FY 1988 General Fund Revenues will be affected positively by a slightly higher economic forecast but will also be adjusted for the lower FY 1987 base and for the elimination or reduction in some tax categories. Elimination of the sales tax on telephone access and food stamps and reduction in the estimated earnings on investment will reduce the rate of increase in overall tax revenues. In addition, a windfall of \$16.4 million in insurance taxes this fiscal year will not appear in FY 1988 All Other taxes. The effect of higher economic growth but with reductions in tax sources will net out to produce FY 1988 revenues of \$2,794 billion instead of the November 1, 1986 estimate of \$2,821 billion.

Details of these adjustments appear in accompanying tables. Finally, it must be noted that there are many uncertainties in the economic outlook, especially in connection with the expected improvement in the Balance of Trade. These estimates assume an increase in exports relative to imports which should have positive effects on industrial production and employment.

Board of Economic Advisors

J.A.M.

008893

February 10, 1987

# EXHIBIT

FEB 10 1987

NO. 7

STATE BUDGET & CONTROL BOARD

TABLE I

GENERAL FUND REVENUES  
Forecast 1986-87 and 1987-88  
In Millions of Dollars

	ACTUAL 1985-86	REVISED 1986-87	REVISED 1987-88
TOTAL GENERAL FUND (1)	2509.3	2656.2	2794.0
Total Regular Sources (1)	2468.2	2613.4	2751.0
Sales Tax (1)	893.3	947.0	1000.0
Individual Income Tax	907.3	980.0	1061.0
Corporation Income Tax	185.0	185.0	204.0
All Other	482.6	501.4	486.0
Miscellaneous Sources	41.1	42.8	43.0
Education Improvement Fund	222.0*	236.75*	250.00*
Interest on Education Improvement Fund	2.2	1.8	1.8
TOTAL	224.2	238.55	251.80

	RATES OF CHANGE	
TOTAL GENERAL FUND	5.9%	5.2%
Total Regular Sources	5.9	5.3
Sales Tax	6.0	5.6
Individual Income Tax	8.0	8.3
Corporation Income Tax	0.0	10.3
All Other	3.9	-3.1
Miscellaneous Sources	4.0	0.5
Education Improvement Fund	6.6	5.6
Interest on Education Improvement Fund	-19.5	0.0
TOTAL	6.4	5.6

(1) Net of Education Improvement Fund.  
\* One-fifth of total sales tax.

Board of Economic Advisors  
February 10, 1987

008894

# EXHIBIT

FEB 10 1987 NO. 7

STATE BUDGET & CONTROL BOARD

TABLE II

TOTAL GENERAL FUND REVENUES  
QUARTERLY ESTIMATES  
Fiscal Years 1986-87 and 1987-88  
(In Millions of Dollars)

	FY 1986-87 -----	FY 1987-88 -----
FIRST QUARTER	665.5	680.7
SECOND QUARTER	1364.1	1373.3
THIRD QUARTER	2005.1	2077.5
FOURTH QUARTER	2656.2	2794.0

PERCENT OF TOTAL REVENUES  
COLLECTION BY QUARTER

	FY 1986-87 -----	FY 1987-88 -----
FIRST QUARTER	25.1	24.4
SECOND QUARTER	26.3	24.8
THIRD QUARTER	24.1	25.2
FOURTH QUARTER	24.5	25.6

Board of Economic Advisors  
February 10, 1987

008895

# EXHIBIT

FEB 10 1987 NO. 7

STATE BUDGET & CONTROL BOARD

## REVENUE FORECASTING PROCEDURES BOARD OF ECONOMIC ADVISORS FISCAL YEARS 1987 and 1988

The procedures and methodology of the Board of Economic Advisors in the preparation of the revenue forecasts for Fiscal Years 1986-87 and 1987-88 as of February 10, 1987 involved four major stages: 1) providing the economic background and setting at the national and State levels for the revenue forecasts; 2) interpreting recent and historical elasticities; 3) analyzing the outputs of the SCOPE model under alternative scenarios; and 4) interacting with officials of other states with responsibility for revenue forecasting.

The Board members had meetings as in the past with experts and professional economists for economic intelligence gathering. These included a meeting on February 3, 1987 with J. Alfred Broadus, Jr., Ph.D., of the Federal Reserve Bank of Richmond. A second meeting on February 9, 1987 provided interaction between Board members and Richard W. Ellson, Ph.D., Senior Research Economist and Associate Professor of Economics, University of South Carolina; James N. Young, Chief Economist, BellSouth Corporation, Atlanta, Georgia; and Alfred G. Smith, III, Senior Vice President, NCNB Corporation, Charlotte, North Carolina, in which the outlook for the economy of the nation and South Carolina was discussed. The resources of the national forecasting groups by which the SCOPE model is driven, Data Resources, Inc., and Chase Econometrics, Evans Economics, Inc., and Wharton Econometric Forecasting Associates were available weekly and monthly to Board members. Materials from a variety of sources--international, national and state publications--were also made available to Board members.

The preparation of the economic and revenue forecasts involved many meetings between December 31, 1986 and February 10, 1987 with preliminary estimates, modifications and refinements of estimates.

Board of Economic Advisors  
February 10, 1987

008896

## BRIEF OVERVIEW OF THE SCOPE MODEL STATE BUDGET &amp; CONTROL BOARD

The SCOPE (South Carolina Operations Planning and Evaluation) Model was initiated in 1972 in the Office of Chief Economist (originally in the Governor's office). It was designed and operates as a policy and forecasting tool for top level executive, legislative and management decision making. SCOPE is an econometric model designed to reflect the South Carolina economy and to forecast the performance of major economic variables in the State, particularly tax revenues, employment and income. The model is based on a framework of economic activity in the State relative to national economic activity. Approximately 85 exogenous national variables are currently taken from three leading national forecasting services (Data Resources, Inc., Chase Econometrics, and Evans Economics, Inc.).

The SCOPE core model consists of 63 equations, of which 55 are stochastic\* and 8 are identities. SCOPE attempts to reflect the diversity of the South Carolina economy by including 20 industrial sectors of manufacturing and nonmanufacturing employment, and a series of equations for wages, personal income, unemployment, taxable sales and State tax revenue.

#### Durable Manufacturing Employment

The durable manufacturing employment block consists of 6 stochastic equations for the major industries in the State as reported by the South Carolina Employment Security Commission. The employment equations for each separate industry are expressed as a function of a national consumption expenditure index appropriate for that particular industry, a national industrial production index corresponding to that industry and the national level of employment in that industry. The durable employment forecasts include the following industries: Lumber and Products, Stone, Clay and Glass, Fabricated Metal Products, Electrical and Nonelectrical Machinery, and Other Durables which includes Furniture and Fixtures, Instruments and Related Products.

#### Nondurable Manufacturing Employment

The nondurable manufacturing employment block consists of 7 stochastic equations for the major nondurable industries in the State. Like the durable block, the employment equation for each industry is expressed as a function of a national consumption index appropriate for that particular industry, a national industrial production index for that particular industry and the national level of employment in that industry. Employment forecasts are available for each of the following nondurable industries: Food and Kindred Products, Textile Mill Products, Apparel, Paper, Printing and Publishing, Chemicals, and Other Nondurables, such as Rubber and Miscellaneous Plastics Products.

\* Stochastic is defined as a type of modeling for time series analysis explaining future probability from historical experience.

### Nonmanufacturing Employment

The nonmanufacturing employment block is disaggregated into 7 stochastic equations: Construction, Transportation and Public Utilities, Services, Trade, Finance-Insurance-Real Estate, State and Local Government, and Federal Government. Employment growth in these industries is specified as functions of State population, national employment in these industries and national consumption indices.

### Personal Income

The personal income block is composed of 11 equations, one equation for the unemployment rate, and 10 additional equations for each of the 10 major components of personal income as published by the Bureau of Economic Analysis, Department of Commerce. These equations are specified as functions of their respective national and State income and employment variables. In addition, equations are estimated for wage and salary disbursements for all major industries and are specified as functions of national wage trends and State employment levels.

### Revenues

The revenue section of the model emphasizes 4 major stochastic Regular Revenue Sources equations: 1) South Carolina corporate income tax, 2) South Carolina individual income taxes, 3) South Carolina retail sales tax, and 4) all other taxes. These equations are individually specified as functions of aggregate employment and income with their respective coefficients and constants. In addition, there are 2 stochastic equations for taxable sales and refunds.

## EXHIBIT

FEB 10 1987 NO. 7

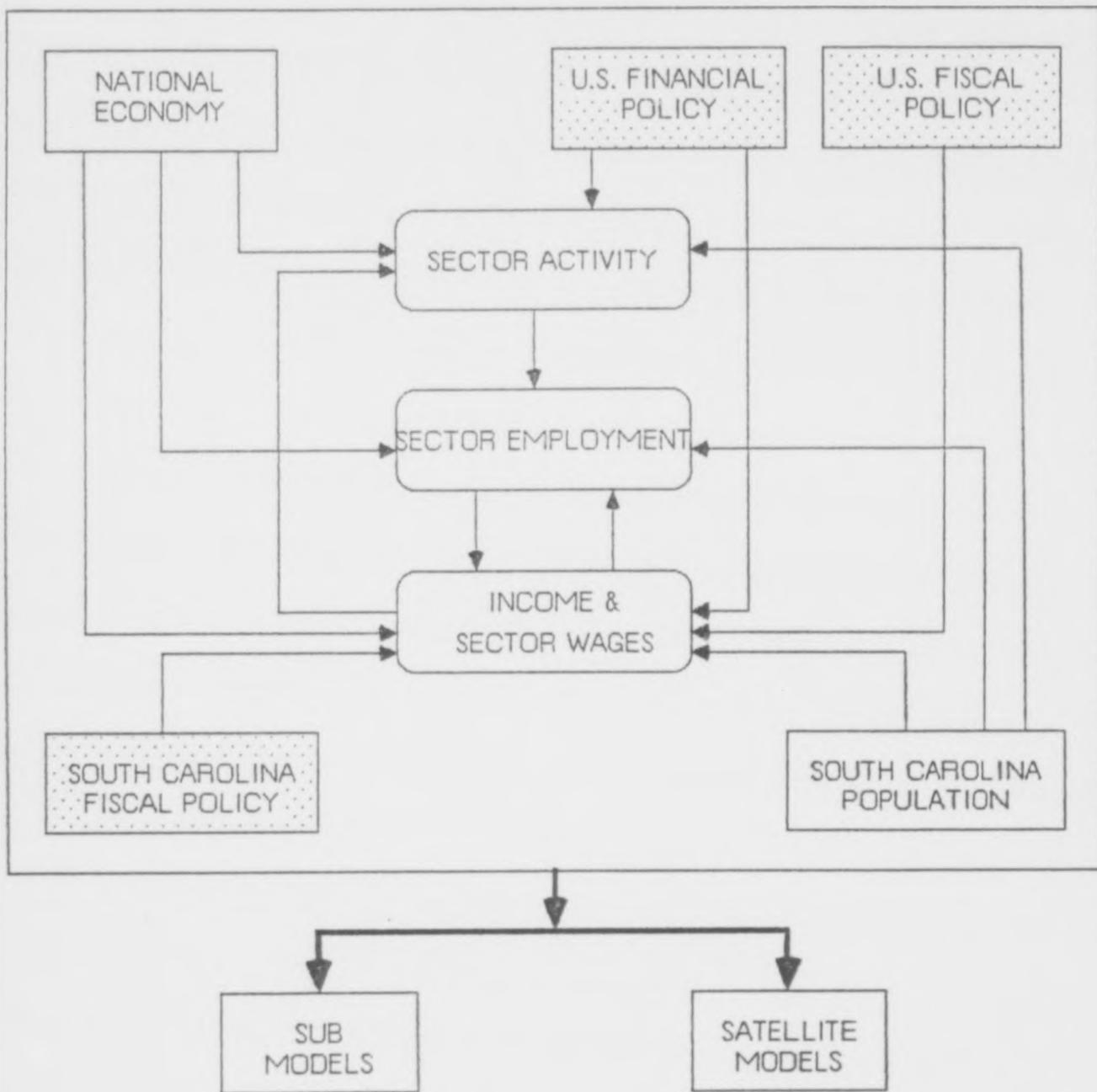
STATE BUDGET & CONTROL BOARD

Board of Economic Advisors  
February 10, 1987

008898

# SCOPE MODEL

SOUTH CAROLINA OPERATIONS, PLANNING & EVALUATION MODEL



- Exogenous Variables
- Exogenous Policy Variables
- Endogenous Variables

EXHIBIT

FEB 10 1987 NO. 7

Board of Economic Advisors  
February 10, 1987

008899

STATE BUDGET & CONTROL BOARD

# EXHIBIT

FEB 10 1987 NO. 7

STATE BUDGET & CONTROL BOARD

§ 11-9-880. Board of Economic Advisors to make forecasts of economic conditions; adjustments to forecasts; review of General Fund revenue collections, Board to report to Budget and Control Board.

(A) The Board of Economic Advisors shall make an initial forecast of economic conditions in the State and state revenues for the next fiscal year no later than November first of each year. Adjustments to the forecast must be considered on December first and January first. A final forecast for the next fiscal year must be made on February fifteenth. The February fifteenth forecast may be adjusted monthly if the Board determines that changing economic conditions have affected the February fifteenth forecast. Prior to making or adjusting any forecast, the Board must consult with outside economic experts with respect to national and South Carolina economic business conditions. All forecasts and adjusted forecasts must contain:

- (1) A brief description of the econometric model and all assumptions and basic decisions underlying the forecasts;
- (2) A projection of state revenues on a quarterly basis;
- (3) Separate discussions of any industry which employs more than twenty percent of the state's total nonagricultural employment and separate projections for these industries.

(B) The Board shall compare during the first three quarters of each fiscal year its forecast of state revenues with actual state income. The Board shall review General Fund revenue collections each year by December 31 and provide to the governor, Budget and Control Board, and General Assembly a synopsis of the revenue outlook for the next six months.

(C) All forecasts, adjusted forecasts, and reports of the Board of Economic Advisors must be reported to the members of the Budget and Control Board and provided to members of the General Assembly and made available to the news media.

HISTORY: 1983 Act No. 151 Part II § 57.

(1)

008900

1986-87  
APPROPRIATIONS  
ACT  
PART II

SECTION 46

TO AMEND ARTICLE 9, CHAPTER 9, TITLE 11, OF THE 1976 CODE, RELATING TO PROJECTING AND FORECASTING STATE REVENUES AND EXPENDITURES, BY ADDING SECTION 11-9-890 SO AS TO REQUIRE, BEGINNING AUGUST 15, 1986, THE BOARD OF ECONOMIC ADVISORS TO DELINEATE THE OFFICIAL FISCAL YEAR 1986-87 REVENUE ESTIMATES BY QUARTERS; AND TO PROVIDE THAT IF AT THE END OF THE FIRST OR SECOND QUARTER OF ANY FISCAL YEAR QUARTERLY REVENUE COLLECTIONS ARE FOUR PERCENT OR MORE BELOW THE AMOUNT PROJECTED BY THE BOARD OF ECONOMIC ADVISORS, THE BUDGET AND CONTROL BOARD, WITHIN FIFTEEN DAYS OF THAT DETERMINATION, SHALL TAKE ACTION TO AVOID A YEAR-END DEFICIT.

Article 9, Chapter 9, Title 11, of the 1976 Code is amended by adding:

"Section 11-9-890. A. Beginning August 15, 1986, the Board of Economic Advisors shall delineate the official fiscal year 1986-87 revenue estimates by quarters. In all subsequent revenue estimates made under the provisions of Section 11-9-880, the Board of Economic Advisors shall incorporate quarterly revenue estimates within the annual revenue estimate.

B. If at the end of the first or second quarter of any fiscal year quarterly revenue collections are four percent or more below the amount projected for that quarter by the Board of Economic Advisors, the Budget and Control Board, within fifteen days of that determination, shall take action to avoid a year-end deficit."

(2)

008901

SECTION 47

TO AMEND SECTION 11-11-310 OF THE 1976 CODE, RELATING TO LIMITATIONS ON ANNUAL APPROPRIATIONS AND THE CAPITAL EXPENDITURE FUND, SO AS TO REVISE THE AMOUNTS WHICH MUST BE APPROPRIATED EACH YEAR IN THE ANNUAL GENERAL APPROPRIATIONS ACT INTO THE CAPITAL EXPENDITURE FUND AND TO PROVIDE THAT THE BUDGET AND CONTROL BOARD IN MANDATING SPENDING CUTS TO MEET A PROJECTED DEFICIT DURING ANY FISCAL YEAR MUST FIRST REDUCE APPROPRIATIONS TO THE CAPITAL EXPENDITURE FUND FOR THAT YEAR BEFORE MANDATING ANY CUTS IN OPERATING APPROPRIATIONS.

The fourth and fifth paragraphs of Section 11-11-310 are amended to read:

"The General Assembly beginning with fiscal year 1985-86 in the annual General Appropriations Act shall appropriate into a Capital Expenditure Fund which is separate and distinct from the General Reserve Fund the following amounts:

1. For fiscal year 1985-86, the amount appropriated must be one-half of one percent of the general fund revenue estimate for that year;

2. For fiscal year 1986-87, the amount appropriated must be one percent of the general fund revenue estimate for that year;

3. For fiscal year 1987-88, the amount appropriated must be one and one-half percent of the general fund revenue estimate for that year;

4. For fiscal year 1988-89, the amount appropriated must be two percent of the general fund revenue estimate for that year;

5. For fiscal year 1989-90 and for each fiscal year thereafter, the amount appropriated must be two and one-half percent of the general fund revenue estimate for that year. This appropriation must be contained in the Ways and Means Committee report on the General Appropriations Bill, the General Appropriations Bill at the time of third reading in the House of Representatives, the Senate Finance Committee report on the General Appropriations Bill, the General Appropriations Bill at the time of a third reading in the Senate, and in any conference report on the General Appropriations

Revenues in this Capital Expenditure Fund may be appropriated by the General Assembly in separate legislation for the purpose of accelerating the retirement of state bonded indebtedness or for the purpose of avoiding the issuance of bonds for projects that are authorized but not issued. If the Board of Economic Advisors' revenue forecast to the Budget and Control Board at any time during a fiscal year projects that revenues at the end of the fiscal year will be less than appropriated expenditures for that year, the Budget and Control Board in mandating reductions during the fiscal year to eliminate the projected deficit must first reduce to the extent necessary the current year's appropriation to the Capital Expenditure Fund prior to mandating any cuts in operating appropriations."

End of Part II

(3)

1986-87  
APPROPRIATIONS  
ACT  
PART II

008902

1986-87  
APPROPRIATIONS  
ACT  
PART I

SEC. 135. As far as practicable all departments, institutions, and agencies of the State are hereby directed to budget and allocate the appropriations herein made to them as quarterly allocations so as to provide for operation on uniform standards throughout the fiscal year and in order to avoid a deficiency in such appropriations. It should be recognized that academic year calendars of state institutions will affect the uniformity of the receipt and distribution of funds during the years. The Budget and Control Board is authorized to require any agency, institutions or department to file a quarterly allocations plan and is further authorized to restrict the rate of expenditures of the agency, institution or department if the Board determines that a deficit may occur. *Provided, Further,* That the bonds of State officials violating the terms of this section shall be held liable therefor, unless the Budget and Control Board has been advised of, and officially recognizes the necessity for such deficit.

(4)

008903

1986-87  
APPROPRIATIONS  
ACT  
PART I



SEC. 144. Any appropriations made herein or by special Act now or hereafter, are hereby declared to be maximum, conditional and proportionate, the purpose being to make them payable in full in the amount named herein, if necessary, but only in the event the aggregate revenues available during the period for which the appropriation is made are sufficient to pay them in full. The State Budget and Control Board shall have full power and authority to survey the progress of the collection of revenue and the expenditure of funds by all departments and institutions. If the Budget and Control Board determines that a deficit may occur, it shall utilize such funds as may be available to avoid a year end deficit and thereafter take such action as necessary to restrict the rate of expenditure as provided in Section 135 of this Act. *Provided, Further,* That no institution, activity, program, item, special appropriation, or allocation for which the General Assembly has provided funding in any part of this Act shall be discontinued, deleted, or deferred by the Budget and Control Board. *Provided, Further,* That any reduction of rate of expenditure by the said Board, under authority of this Act, shall be applied as uniformly as may be practicable except that no reduction shall be applied to funds encumbered by a written contract with an agency not connected with the State Government; and *Provided, Further,* That in making such reductions any amounts of State Revenues allocated by law to Counties and Municipalities (commonly referred to as Aid to Subdivisions) shall be subject to reduction the same as appropriations. Counties and Municipalities shall be immediately notified of any such action by the Board. *Provided, Further,* That no such reduction shall be ordered by the State Budget and Control Board while the General Assembly is in session without first reporting such necessity to the General Assembly.



*Provided, Further,* That the expenditure of funds, heretofore or hereafter provided, by any State Agency, except the Department of Highways and Public Transportation for improvements as defined in the shall be subject to approval of the State Budget and Control Board. The Board shall have authority to discontinue projects from the purposes, the do

(5)

008904

1986-87  
APPROPRIATIONS  
ACT

appropriated in Part III, the Budget and Control Board shall first fund all supplemental appropriations made for an operating deficiency and shall then reduce remaining supplemental appropriations on a pro rata basis.

End of Part III

All Acts or parts of Acts inconsistent with any of the provisions of Part I or Part III of this Act are hereby suspended for the Fiscal Year 1986-87.

All Acts or parts of Acts inconsistent with any of the provisions of Part II of this Act are hereby repealed.

Except as otherwise specifically provided herein this Act shall take effect immediately upon approval by the Governor.

In the Senate House the 5th day of June  
In the Year of Our Lord One Thousand Nine Hundred and Eighty-Six.

Michael R. Daniel,  
*President of the Senate*

Ramon Schwartz, Jr.,  
*Speaker of the House of Representatives*

PLEASE NOTE

Became law without signature of the Governor.

An asterisk and boldface indicate items vetoed by the Governor on June 18, 1986. Because the General Assembly took no action on the vetoes prior to Sine Die adjournment, the effect is the same as if the vetoes were sustained.

Provisions not vetoed by the Governor took effect June 18, 1986.

Printer's Date -- 7/24/86 -- S.

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(6)

EXHIBIT

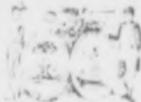
FEB 10 1987 NO. 7

008905

STATE BUDGET & CONTROL BOARD

State of South Carolina  
**State Budget and Control Board**

CARROLL A. CAMPBELL, JR., CHAIRMAN  
GOVERNOR  
GRADY L. PATTERSON, JR.  
STATE TREASURER  
EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



Box 12444  
Columbia  
29211

REMBERT C. DENNIS  
CHAIRMAN, SENATE FINANCE COMMITTEE  
ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

February 10, 1987

The Honorable Nick A. Theodore, President  
The Senate  
The State House  
Columbia, SC 29201

Dear Mr. President:

At its meeting today, the Budget and Control Board was advised by the Board of Economic Advisors that the most probable outcome for 1986-87 General Fund revenues is that they will be \$24 million lower than the November 1, 1986, estimate. The revised General Fund revenue estimate for 1986-87 is \$2,656.2 million.

In response, in accord with Part I, Section 144, of the 1986-87 Appropriations Act, the Board directed its staff to report to the General Assembly the likely necessity to reduce further the rate of expenditure of appropriated funds in the current fiscal year.

The Board also agreed to reschedule its next meeting to Thursday, February 19, 1987, at 9:15 a.m. at which time it is to consider this matter further and take whatever actions are necessary and appropriate.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jesse A. Coles, Jr.", written over a horizontal line.

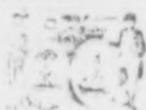
Jesse A. Coles, Jr., Ph.D.

M

008906

State of South Carolina  
**State Budget and Control Board**

CARROLL A. CAMPBELL, JR., CHAIRMAN  
GOVERNOR  
GRADY L. PATTERSON, JR.  
STATE TREASURER  
EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



Box 12444  
Columbia  
29211

REMBERT C. DENNIS  
CHAIRMAN, SENATE FINANCE COMMITTEE  
ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

February 10, 1987

The Honorable Robert J. Sheheen, Speaker  
House of Representatives  
506 Blatt Building  
Columbia, SC 29201

Dear Mr. Speaker:

At its meeting today, the Budget and Control Board was advised by the Board of Economic Advisors that the most probable outcome for 1986-87 General Fund revenues is that they will be \$24 million lower than the November 1, 1986, estimate. The revised General Fund revenue estimate for 1986-87 is \$2,656.2 million.

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The Board also agreed to reschedule its next meeting to Thursday, February 19, 1987, at 9:15 a.m. at which time it is to consider this matter further and take whatever actions are necessary and appropriate.

Sincerely,

A handwritten signature in cursive script, reading "Jesse A. Coles, Jr.".

Jesse A. Coles, Jr., Ph.D.

M

008907

# EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET AND CONTROL BOARD REGULAR SESSION  
MEETING OF February 10, 1987 ITEM NUMBER

4

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AGENCY: Health and Human Services

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SUBJECT: Potential Deficit

Health and Human Services Executive Director Dennis Caldwell advises that, because the utilization rate by recipients of various aspects of the Medicaid program has increased beyond all expectations, the Commission anticipates a potential budget deficit for medical assistance payments for fiscal year 1986-87.

Mr. Caldwell advises that the Commission has taken numerous steps to alleviate the potential deficit and has made requests to the General Assembly for a joint resolution which would have the effect of further reducing the deficit. He notes that some of the actions may take time and are beyond the control of the Commission.

Mr. Caldwell hopes that the Board will understand the dilemma of the Medicaid program and will recognize the necessity for the deficit.

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BOARD ACTION REQUESTED:

In accord with Part I, Section 135, of the 1986-87 Appropriations Act, officially recognize the necessity for a potential deficit in the Health and Human Services Finance Commission budget for medical assistance payments for fiscal year 1986-87.

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ATTACHMENTS:

Caldwell February 3 letter to Governor Campbell

008908

FEB 10 1987 NO. 8

**State of South Carolina**  
**State Health And Human Services Finance Commission**

STATE BUDGET &amp; CONTROL BOARD

William T. Putnam, Chairman

DISTRICT 1  
Elise Davis - McFarland, Ph. D.DISTRICT 2  
Edward C. RobertsDISTRICT 3  
T. Ree McCoy, Jr.

Dennis Caldwell, Executive Director

DISTRICT 4  
Robert E. Robards, MDDISTRICT 5  
Billy F. PiggDISTRICT 6  
James L. Pasley

P. O. Box 8206, Columbia, South Carolina 29202-8206

February 3, 1987

**RECEIVED**  
 FEB 4 1987  
 BUDGET AND CONTROL BOARD  
 OFFICE OF EXECUTIVE DIRECTOR

The Honorable Carroll A. Campbell  
 Governor  
 State of South Carolina  
 P.O. Box 11450  
 Columbia, South Carolina 29211

Dear Governor Campbell:

The utilization rate by recipients of various aspects of the Medicaid program has increased beyond all expectations, and as a result, the State Health and Human Services Finance Commission (HHSFC) anticipates a potential deficit in its budget for medical assistance payments for FY 1986-87. This agency has taken numerous steps to alleviate this pending deficit and has also made requests of the General Assembly for the joint resolution which would have the affect of further reducing the shortfall. However, some of these actions may take time and are beyond the control of this Commission.

We wish to request permission to appear before the Budget and Control Board at its meeting on February 10, 1987, for the purpose of advising the Board of specific actions taken by this Commission and for compliance of Section 135, of Part I, Act No. 540, of 1986.

We sincerely hope that the Budget and Control Board (B&CB) will understand the dilemma of the Medicaid program and will "recognize" the necessity for such a shortfall as is requested in the aforementioned Act.

Should this request to appear before the B&CB be granted, HHSFC will be represented by William T. Putnam, Chairman, and I.

Sincerely,

Dennis Caldwell  
 Executive Director

c: Dr. Jesse A. Coles, Jr. ✓

008909

ACT 540 OF 1986  
(APPROPRIATIONS ACT FOR 1986-87)  
PART I

EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD

SEC. 135. As far as practicable all departments, institutions, and agencies of the State are hereby directed to budget and allocate the appropriations herein made to them as quarterly allocations so as to provide for operation on uniform standards throughout the fiscal year and in order to avoid a deficiency in such appropriations. It should be recognized that academic year calendars of state institutions will affect the uniformity of the receipt and distribution of funds during the years. The Budget and Control Board is authorized to require any agency, institutions or department to file a quarterly allocations plan and is further authorized to restrict the rate of expenditures of the agency, institution or department if the Board determines that a deficit may occur. *Provided, Further, That the bonds of State officials violating the terms of this section shall be held liable therefor, unless the Budget and Control Board has been advised of, and officially recognizes the necessity for such deficit.*

SEC. 136. All Federal Funds received shall be deposited in the State Treasury, if not in conflict with Federal regulations, and withdrawn therefrom as needed, in the same manner as that provided for the disbursement of state funds. If it shall be determined that federal funds are not available for, or cannot be appropriately used in connection with, all or any part of any activity or program for which state funds are specifically appropriated in this Act to match Federal funds, the appropriated funds may not be expended and shall be returned to the General Fund, except upon specific written approval of the Budget and Control Board after review by the Joint Appropriations Review Committee. *Provided, Further, That donations or contributions from sources other than the Federal Government, for use by any state agency, shall be deposited in the State Treasury, but in special accounts, and shall be withdrawn from the*

008910

# EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD

STATE HEALTH AND HUMAN SERVICES FINANCE COMMISSION PRESENTATION  
BUDGET AND CONTROL BOARD  
February 10, 1987

STATEMENT OF ISSUE: Projected shortfall of \$24 million; \$19.9 million is from hospital inpatient care caused by unanticipated increase in utilization, \$5.0 million from drugs, \$3.0 million from physicians and a net surplus from other service lines.

1. First quarter expenditures did not indicate a need for action other than meeting B&C Board reductions.
2. November took the B&C Board 2.6% cut totalling \$2,393,650 State, \$8,515,183 total.
3. Expenditure data at the end of December indicated a projected shortfall of \$24 million total (\$6.6 million State).
4. In January the Commission took appropriate action - Attachment No. 1.
5. Need support of Budget and Control Board -
  - a. Recognizing potential shortfall of \$24 million total (\$6.6 million State).
  - b. Recommend to Legislature two provisos - Attachment No. 2.
  - c. Recommend to Legislature availability of \$2,896,197 from Medicaid rebate which has been returned to the General Fund.
6. If the above recommendations are not taken then elimination of one of the following optional programs must be implemented:
  - a. Intermediate Nursing Home Care \$11.7 million (5,100 patients).
  - b. Drug Program \$8.2 million (102,500 patients).
  - c. Community Long Term Care \$1.0 million (3,000 patients).
7. Most of our programs can't change in one month they must go through two Advisory Committees and notify 300,000 clients and providers.
8. The Subcommittee of the Ways and Means recommended a funding level of \$92,760,784 State for the Commission in FY 1987-88. This level (\$92.8 million State) is almost precisely the same level of funding originally available for the current year FY 86-87. If this level of funding is not available, not only will the program reductions made in FY 86-87 be continued in FY 87-88 (see Attachment No. 3) but additionally some combination of the following items will be considered:
  1. Reduce AFDC Standard.
  2. Sliding scale increased.
  3. Limit on number of hospital admissions.
  4. Eliminate one or more of the following optional programs:
    - a. Intermediate Nursing Home Care \$31.3 million (6,600 patients).
    - b. Drug Program \$34.0 million (185,000 patients).
    - c. Community Long Term Care \$9.5 million (4,500 patients)

008911

*ATTACHMENT NO. 1*

008912

Revised 1/30/87

## STRATEGY FOR DEALING WITH FY86-87 \$24M SHORTFALL

	<u>State (\$M)</u>	<u>Total (\$M)</u>
Administrative Actions:		
Operating	0.40	1.47
Program Reductions	1.14	4.18
Eliminate Medically Needy	0.82	3.00
Legislative Actions:		
Nursing Home Lawsuit	0.78	2.86
One-half ADS Study	0.15	0.55
Medicaid Federal Refund	2.89	10.58
Budget and Control Board:		
Relief from 2.6% Cut (partial)	0.40	1.46
TOTAL		\$24.10

If deficit is higher, the following actions are options available:

1. Administrative Actions: The following options are listed solely because they are optional programs under Federal guidelines. It would require further Commission action before any of these could be implemented. There are extremely serious implications and impacts of total elimination of any of these programs which would have to be addressed.
  - a. Eliminate Intermediate Nursing Care \$11.00
  - b. Eliminate Drug Program \$ 8.00
  - c. Eliminate Community Long Term Care \$ 1.00
2. Budget and Control Board: Request Reserve Fund spending and exemption from any further reductions.

EXHIBIT

FEB 10 1987 NO. 8

008913

STATE BUDGET &amp; CONTROL BOARD

*ATTACHMENT NO. 2*

**008914**

HELMLY: A JOINT RESOLUTION TO AMEND SECTION 40 OF PART I OF ACT 540 OF 1986 BY DELETING THE SIXTEENTH AND NINETEENTH TEMPORARY PROVISOS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 40 of Part I of Act 540 of 1986 is amended by deleting the sixteenth temporary proviso. The proviso restricts use of funds remaining from the nursing home law suit settlement.

SECTION 2. Section 40 of Part I of Act 540 of 1986 is amended by deleting the nineteenth temporary proviso. The proviso carries over unspent Medicaid funds for use in developing a health maintenance organization pilot project.

SECTION 3. State funds which become available through the deletion of these provisos shall be used by the State Health & Human Services Finance Commission to reduce the current deficit in the Medicaid program.

SECTION 4. This act shall take effect upon approval by the Governor.

EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD

008915

*ATTACHMENT NO. 3*

008916

February 5, 1987  
Page 1 of 5MEDICAID COST CONTAINMENT PROGRAM

(Actions previously approved with implementation dates that have been moved up into this fiscal year and new actions)

<u>Area Impacted</u>	<u>Action</u>	<u>Type Action (1)</u>	<u>Annual Savings</u>
<u>Clients</u>	o Eliminate Medically Needy Program...	N	\$18,000,000
	o Implement \$1.00 Co-pay on Physicians' Office Visits & therapy.....	A	300,000
	o Establish sliding scale co-pay for drugs from \$0.50 to \$3.00.....	N	767,000
	o Withdraw support for expanding Medicaid coverage to pregnant women & infants as allowed under OBRA.....	N	N/A
			<u>\$19,067,000</u>
<u>Inpatient Hospital</u>	o Implement per diem reimbursement for 24 hour discharges.....	A	\$ 3,500,000
	o Require preadmission review for all elective surgeries.....	A	250,000
	o Increase coding efficiency factor by 2.5% to 6.0%.....	A	3,000,000
	o Increase coding efficiency factor by 3.0% to 9.0% as reported in the Rand Study.....	N	2,700,000
	o Limit Cost of Capital.....	A	500,000
	o Eliminate indirect medical education cost.....	A	1,368,000
	o Raise the threshold for cost outliers to \$10,000.....	N	1,800,000
			<u>\$13,118,000</u>
<u>Outpatient Hospital</u>	o Reduce reimbursement for selected laboratory fees.....	N	<u>\$ 50,000</u>
<u>Nursing Homes</u>	o Reduce rates by 4%.....	A	\$ 4,900,000
	o Make ICF criteria more stringent....	N	7,000,000
			<u>\$11,900,000</u>

## EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD  
008917

<u>Area Impacted</u>	<u>Action</u>	<u>Type Action (1)</u>	<u>Annual Savings</u>
<u>Physicians Services</u>	o Reduce reimbursement for selected laboratory fees.....	N	\$ 500,000
	o Reduce fees for surgery, surgical pathology & radiological technical component.....	N	250,000
			<u>\$ 750,000</u>
<u>Dental Services</u>	o Restructure fees to achieve 5% savings	A	<u>\$ 320,000</u>
<u>Pharmaceutical Services</u>	o Expand the State MAC Program.....	A	\$ 350,000
	o Eliminate selected therapeutic classes of drugs.....	A	1,000,000
	o Reduce the pharmaceutical dispensing fee.....	N	340,000
			<u>\$ 1,690,000</u>
<u>Durable Medical Equipment</u>	o Reduce rates 5%.....	A	\$ 90,000
	o Reduce coverage to essential equipment.....	A	30,000
			<u>\$ 120,000</u>
<u>Home Health</u>	o Reduce rates 5%.....	A	<u>\$ 180,000</u>
<u>Vision Care</u>	o Restructure fees to achieve 13% savings	A	<u>\$ 132,000</u>
<u>Podiatrists</u>	o Reduce rates 5%.....	A	<u>\$ 1,000</u>
	TOTALS.....		<u><u>\$47,328,000</u></u>

(1) A = Action previously approved by the Commission  
This proposal moves implementation date to earliest date possible  
N = New proposal

(2) E = Emergency Regulations  
R = Regulation Change  
S = State Plan Amendment  
M = M&IS Change  
P = Public Notice  
C = Client Notice

# EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD  
**008918**

EMERGENCY PROCEDURES

(These procedures apply to FY 86-87 only.)

<u>Action</u>	<u>Type Action (1)</u>	<u>Annual Savings</u>
o Eliminate Pharmaceutical Program March 1 - May 31, 1987.....	N	\$ 8,200,000
o Eliminate ICF Care March 1 - May 31, 1987.....	N	<u>11,684,000</u>
TOTALS.....		<u>\$19,884,000</u>

Community Long Term Care\*

- o Reduction in CLTC related to elimination of ICF
- o Elimination of CLTC.

\* Administrative requirements for eliminating the waiver are being investigated; therefore, no cost saving estimates are provided.

EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD

008919

CHANGES TO BE ADDED FOR FY 87-88

<u>Area Impacted</u>	<u>Action</u>	<u>Type Action (1)</u>	<u>Annual Savings</u>
<u>Clients</u>	o Implement \$1.00 Co-pay on Outpatient Clinic Visits & therapy.....	A	\$ 250,000
	o Limit Physicians' Office Visits & Outpatient Clinic Visits to 12 per client per fiscal year.....	A	200,000
<u>Outpatient Hospital</u>	o Implement emergency room fees.....	A	100,000
<u>Nursing Homes</u>	o Disallow lease cost.....	A	<u>1,385,000</u>
	TOTALS.....		<u>\$ 1,935,000</u>

EXHIBIT

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD

008920

Other Measures Under Consideration:

1. Change in AFDC standard - This is outside the preview of this agency. Impact of change back to standards prior to MIAA would be limited. See attached paper.
2. Sliding scale payment client participation - Federal regulations (42 CFR 447.50-59) prescribe the amount and categories in which clients may be charged a co-pay. No co-pay can be charged for services to a child, pregnant woman or institutionalized person or for an emergency service or family planning. Copayments consistent with the regulations are being implemented. Cost savings have already been incorporated in the cost containment plan.
3. Limit on discharges per client for hospital care - The number of discharges per client per year can be limited if the state can prove that it is meeting all of the need for most of the users of that service. The recognized test for this is a court case which established meeting all of the need of 85% of the users. We are currently trying to extract data to evaluate this and we hope the data will be available Tuesday. This change would require new MMS programming and could not be implemented in time to impact this fiscal year.

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FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD

008921

ISSUE PAPER

Medicaid Coverage for AFDC and SSI Recipients

The South Carolina Medicaid program is required to provide Medicaid benefits to recipients of Aid to Families With Dependent Children (AFDC) and Supplemental Security Income (SSI). The Department of Social Services is responsible for the administration of the AFDC program and Social Security is responsible for the administration of the SSI program. The number of AFDC and SSI eligibles directly impacts the Medicaid program to the extent that each recipient is Medicaid eligible. The number of Medicaid eligibles fluctuates as the AFDC and SSI population increases or decreases.

In October 1985, the AFDC standard of need was increased to fifty (50) percent of poverty and the AFDC-Unemployed Parent program was implemented. These two changes were expected to add approximately 42,000 recipients; however, only 10,000 recipients have been added to date. Of the new recipients, only 3,600 are directly attributed to the increase in the standard of need. Therefore, a reduction in the standard of need to its September 1985 level would not significantly impact the number of Medicaid eligibles. Such a reduction would result in a decrease in the number of eligibles; however, the impact would likely be relatively small.

During this same period, SSI recipients increased by approximately 1,500. This increase is due to a long standing trend of continued federal liberalization of SSI rules. Since SSI recipients use an average of nearly 3 times as much Medicaid services as AFDC recipients, this increase has had a greater impact on Medicaid expenditures than the change in the AFDC standard of need. The average AFDC recipient uses only approximately \$635.00 annually in Medicaid benefits.

Recommendation: The Health and Human Services Finance Commission lacks authority to make changes in the AFDC program. Of course the Commission could recommend to DSS that they revise the AFDC policy, but ultimately DSS and/or the General Assembly must make the decision on any changes. Second, AFDC recipients are the least costly to the Medicaid program; therefore, a relatively small reduction in the number of AFDC eligibles is not likely to significantly reduce Medicaid expenditures.

It should be noted that the Commission does not have access to data to determine a precise impact of incremental decreases in the AFDC standard of need.

EXHIBIT

Prepared by Barbara E. Longshore  
February 5, 1987

FEB 10 1987 NO. 8

STATE BUDGET & CONTROL BOARD

008922

# EXHIBIT

FEB 10 1987 NO. 9

STATE BUDGET AND CONTROL BOARD  
MEETING OF February 10, 1987

STATE BUDGET & CONTROL BOARD  
REGULAR SESSION  
ITEM NUMBER

5

AGENCY: Local Government

SUBJECT: Berkeley County Grant Request

The Division of Local Government advises that Berkeley County has requested \$64,000 of rural improvement funds to assist in the extension of water and sewer service to the National Guard Armory.

The total cost of the project is \$100,000 of which \$36,000 will be paid by the Adjutant General's Office.

The Division advises that the source of the funds (Senate or House) will be discussed at the meeting.

BOARD ACTION REQUESTED:

Approve a rural improvement fund grant of \$64,000 to Berkeley County.

ATTACHMENTS:

Agenda item worksheet and attachment

008923

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

February 10, 1987

Blue Agenda  
 Regular Session Agenda  
 Executive Session Agenda

1. Submitted By:

(a) Agency: B&C BD--Local Government

(b) Authorized Official Signature:

*Nancy P. White*

2. Subject: Request for Rural Improvement Funds by Berkeley County

3. Summary Background Information:

Berkeley County is requesting \$64,000 in Rural Improvement Funds to assist in the extension of water and sewer service to the National Guard Armory. Total cost of the project is \$100,000 with proposed financing as follows:

Division of Local Government	
Rural Improvement Funds	\$ 64,000
Adjutant General	\$ 36,000
TOTAL	<u>\$ 100,000</u>

EXHIBIT

FEB 10 1987 NO. 9

STATE BUDGET & CONTROL BOARD

(Division of funds to be discussed at Board Meeting)

4. What is Board asked to do?

Approve request

5. What is recommendation of the Board Division involved?

6. Recommendation of other office (as required)?

(a) Office Name \_\_\_\_\_ (b) Signature <sup>Authorized</sup> \_\_\_\_\_

7. Supporting Documents:

List Those Attached

Attached application

List Those Not Attached But Available  
 from Submitter

008924

# EXHIBIT

BUDGET AND CONTROL BOARD  
DIVISION OF LOCAL GOVERNMENTS

FEB 10 1987 NO. 9

STATE BUDGET & CONTROL BOARD  
APPLICATION FOR RURAL IMPROVEMENT FUNDS

NAME OF APPLICANT Berkeley County  
STREET ADDRESS 223 North Live Oak Drive  
CITY OR TOWN Moncks Corner, STATE S. C. ZIP 29461

Application must be completed in full. Submit original and one copy.

-----  
Description of Project:

Dog Pound Road Water and Sewer Extension Project (complete project description, map and service area description are attached).

-----  
Anticipated Results of Projects:

This project will extend water and sewer service from the Town of Moncks Corner southwest to Dog Pound Road.

-----  
Source of Funding (Federal, State, Local, Private donations, etc...)

State	
South Carolina Budget and Control Board	
Division of Local Government	
Rural Improvement Funds.....	\$ 64,000
Adjutant General.....	<u>36,000</u>
GRAND TOTAL.....	<u><u>\$ 100,000</u></u>

008925

EXHIBIT

Anticipated Expenditures (IN DETAIL)

FEB 10 1987 NO. 9

Complete Project Budget is attached.

STATE BUDGET & CONTROL BOARD

-----  
If approved, when will you need the funds? Date: March 1, 1987 \$ 64,000

House Funds \$ \_\_\_\_\_

Senate Funds \$ \_\_\_\_\_

TOTAL \$ 64,000.00

-----  
General Information

A. Unencumbered General Fund Balance \_\_\_\_\_

B. How often is the applicant audited? Annually

C. What period was covered by the last audit? July 1, 1985 to June 30, 1986

D. What audit procedures will apply to Rural Improvement funds? Generally accepted governmental accounting standards will be applied to Rural Improvement Funds.

E. Name and Title of individual responsible for administration of Grant:  
Johnnie T. Flynn Title County Supervisor

-----  
Approved by:  
(Legislative Approval)  
[Signature]  
[Signature]  
[Signature]  
-----

Organization \_\_\_\_\_

Authorized Signature \_\_\_\_\_ Title \_\_\_\_\_

Phone \_\_\_\_\_ Date \_\_\_\_\_

ALL FUNDS ARE SUBJECT TO RANDOM AUDIT

008926

# EXHIBIT

FEB 10 1987 NO. 9

STATE BUDGET & CONTROL BOARD

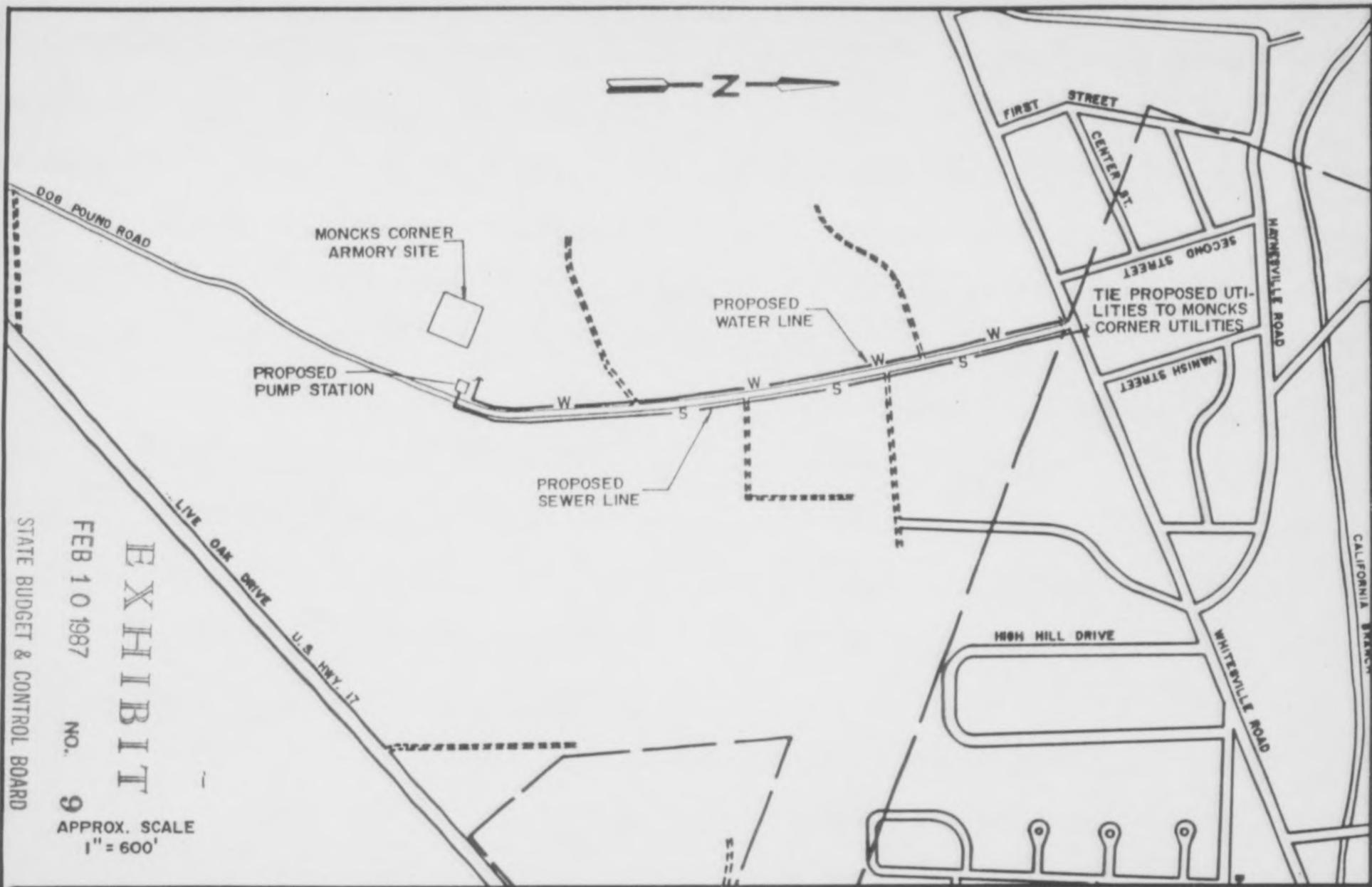
## Construction Cost Estimate

National Guard Armory Utilities Extension  
Moncks Corner, SC

Sevage Pumping Station, 4SCU duplex	\$40,000
6" Water Main*, 3600 LF @ \$7.00	25,200
4" Sevage Main*, 3600 LF @ \$5.00	18,000
Water Service, 2", w/B.F. Preventer & Meter, LS	4,000
Sewer Service, 4", w/clean-outs, LS	2,000
Fire Hydrant, with valve & lead, LS	<u>800</u>
SUBTOTAL	\$90,000
Legal, engineering, permitting, surveying, inspection and contract administration costs	<u>10,000</u>
GRAND TOTAL	\$100,000

\* includes all fittings, connections, and asphalt patching

008927



STATE BUDGET & CONTROL BOARD  
 FEB 10 1987 NO. 9  
 EXHIBIT  
 APPROX. SCALE  
 1" = 600'

008928



McCALL-THOMAS ENGINEERING CO., INC.

PROJECT AREA SKETCH  
 UTILITIES EXTENSION  
 MONCK'S CORNER ARMORY



**BERKELEY COUNTY  
SUPERVISOR'S OFFICE**

**JOHNNIE T. FLYNN  
Supervisor**

January 23, 1987

Honorable Robert L. Helmly, Representative  
South Carolina House of Representatives  
107-B Blatt Building  
Columbia, South Carolina 29211

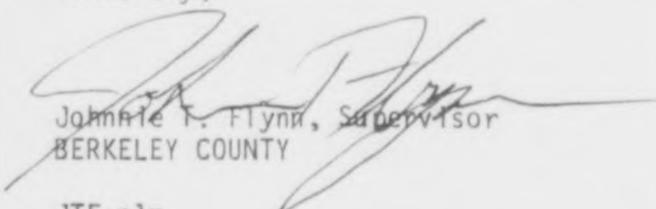
Honorable Michael S. Gullledge, Director  
South Carolina Budget and Control Board  
Division of Local Government  
Post Office Box 11867  
Columbia, South Carolina 29211-1867

Gentlemen:

Enclosed please find an application for South Carolina Budget and Control Board, Division of Local Government, Rural Improvement Funds to extend water and sewer service from the Town of Moncks Corner southwesterly to Dog Pound Road.

Your favorable consideration of this request will be most appreciated by both Berkeley County and the Town of Moncks Corner.

Sincerely,

  
Johnnie T. Flynn, Supervisor  
BERKELEY COUNTY

JTF:nlm  
Enclosure.

**EXHIBIT**

FEB 10 1987 NO. 9

STATE BUDGET & CONTROL BOARD

*Bd  
2/10/86*

# EXHIBIT

FEB 10 1987 NO. 10

STATE BUDGET AND CONTROL BOARD  
MEETING OF February 10, 1987

STATE BUDGET & CONTROL BOARD  
REGULAR SESSION  
ITEM NUMBER 6

AGENCY: Retirement Systems

SUBJECT: Revised HMO Guidelines

The health maintenance organizations (HMOs) guidelines have been revised to reflect changes felt necessary after a review by legal counsel, Insurance Commission staff and Retirement System staff.

The revised guidelines will be in effect for the contract period July 1, 1987, through December 31, 1988.

The darker print portions of the attached guidelines are the revisions.

A summary of the major changes - what they are and what is proposed - also is attached. The effects of these changes also are indicated.

BOARD ACTION REQUESTED:

Approve revised HMO guidelines for the July 1, 1987 through December 31, 1988, contract period.

ATTACHMENTS:

Agenda item worksheet and attachments

008930

FEB - 4 1987

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

Blue Agenda  
 Regular Session Agenda  
Executive Session Agenda

February 10, 1987

1. Submitted By:  
 (a) Agency: South Carolina Retirement Systems - Insurance Benefits Section  
 (b) Authorized Official Signature: Kevin W. Collins
2. Subject: State and School District Active and Retired Employees Health Maintenance Organizations (HMOs)
3. Summary Background Information:

As a result of reviewing the Health Maintenance Organizations guidelines with staff; Mr. William F. Austin, legal counsel; and staff of the South Carolina Insurance Commission, these guidelines have been revised to reflect necessary changes. These guidelines will be in effect for the contract period July 1, 1987 through December 31, 1988. (see attachments)

EXHIBIT

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STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Approve revised guidelines to be effective July 1, 1987.

5. What is recommendation of the Board Division involved?

Approve the changes in the HMO guidelines.

6. Recommendation of other office (as required)?

(a) Office Name \_\_\_\_\_ Authorized  
(b) Signature \_\_\_\_\_

7. Supporting Documents:

List Those Attached

- (1) Synopsis sheet
- (2) Revised guidelines

List Those Not Attached But Available  
from Submitter

008931

# EXHIBIT

FEB 10 1987 NO. 10

SOUTH CAROLINA RETIREMENT SYSTEMS  
February 5, 1987

STATE BUDGET & CONTROL BOARD

Major recommended changes in the current HMO guidelines to be effective for a contract period of July 1, 1987 through December 31, 1987

1. 1986-87 HMO guidelines called for Service Area #1 to be composed of Oconee and Anderson Counties. Service area #2 was composed of Greenville and Pickens Counties.

1987-88 HMO guidelines propose that Service Areas #1 and #2 be realigned as follows:  
#1 Oconee, Anderson, and Pickens Counties  
#2 Greenville County only

**Rationale:** Due to the previous configuration along county lines, a large group of employees in the Pickens County area were not afforded an HMO selection option near their residence. By means of the suggested realignment, this situation can be corrected without reducing selection opportunities for other employees in the area.

2. 1986-87 HMO guidelines did not include the following suggested addition.

1987-88 HMO guidelines propose that should a primary care physician under contract to an HMO become unavailable during the contract period mentioned above, the HMO must provide continued services to covered state employees within a thirty-mile radius of their residence through non-affiliated HMO physicians. This requirement assures conveniently located health care providers to state employees suddenly left without an HMO primary care physician in their area. Under these circumstances, the HMO could provide different benefits at different rates from those previously in effect. The HMO must file this alternative rate along with the standard rates in its application. Employees will be informed of these alternative rates and benefits prior to their decision on health coverage.

**Rationale:** In order for HMOs to adequately serve each service area they must contract with provider physicians in each county. In the rural counties there are fewer physicians available. During the past contract year, there have been instances where HMO physicians have terminated their contracts with the HMO which resulted in the unavailability of an HMO contracted physician within a reasonable distance from the employee where he/she could obtain services. The addition of this provision would require HMOs to provide services regardless of contractual changes among its providers in a given

EXHIBIT

FEB 10 1987 NO. 10

STATE BUDGET & CONTROL BOARD

service area. This is seen as a protection for employees even though the HMO may charge a different premium for this service. The thirty-mile radius is consistent with federal service area requirements established several years ago.

3. 1986-87 HMO guidelines did not include the following suggested addition.

1987-88 HMO guidelines propose that if an HMO should fail to deliver services as promised under contract with the state and/or have its license to operate suspended by the South Carolina Department of Insurance or the South Carolina Department of Health and Environmental Control, the South Carolina Retirement Systems will transfer affected active and retired state employees and their dependents from the HMO to the State Group Health Plan. Upon transfer from the HMO to the State Plan, the employee will be responsible to pay the rate for the benefits then in place for the State Plan at the time of transition. The HMO will continue to be liable for the claims of those state enrollees who are confined in a hospital on the date of this transition until they are discharged.

**Rationale:** The addition of this statement was made at the recommendation of the South Carolina Department of Insurance due to the previous experience with Physicians Health Plan (PHP). SCRS did implement this procedure during the PHP situation and this statement clarifies the state's position should a similar incident occur.

4. 1986-87 HMO guidelines provided extended benefits for terminated employees and their dependents under state law. This allowed for one additional month of extended coverage, then an option to convert.

1987-88 HMO guidelines propose changes in this area that are designed to bring the guidelines into compliance with federal requirements under the Consolidated Omnibus Budget Reconciliation Act (COBRA) for extended benefits of eligible employees and their dependents.

**Rationale:** To comply with federal requirements, as well as to pass the obligation of premium billing and collection to the affected HMO with whom a qualified enrolled may elect extended coverage. This will correct the difficulty SCRS has had in the past of having to transfer COBRA applicants back to the State Health Plan and then bill and collect their premiums for eighteen to thirty-six months depending on qualification.

5. 1986-87 HMO guidelines provided three separate open enrollment periods with three separate effective dates of

change for school districts, agencies and retirees respectively. The opportunity, on the employee's part, to make changes in his/her plan has always followed the change of fiscal year on July 1. Contracts with HMOs are on a fiscal year basis; therefore, this caused confusion among employees due to the delayed opportunities to make a change until October, Decemoer or February after the premium and benefits could have changed earlier in July.

1987-88 HMO guidelines correct this problem by means of the following:

The contract period has been changed on a onetime basis from twelve to eighteen months to place it on a calendar year basis of January 1 through Decemoer 31. The eighteen-month contract period for the state plans (health and dental) and the HMOs will run from July 1, 1987 through December 31, 1988. This will enable state employees to change insurance carriers effective the same date as rates and benefits are subject to change July 1, 1987.

Active and retired employees will be permitted to change health carriers only during the period of May 1-31, 1987 to be effective July 1, 1987 through December 31, 1988. Other changes, such as dependent status may be transacted during the period of October 1-30, 1987 with an effective date of January 1, 1988 through December 31, 1988.

**Rationale:** In order to afford employees the opportunity to change health plan coverage to coincide with benefit and premium changes under contract with HMOs, the State Plan etc.: the most oppoertune time is the beginning of a calendar year following the end of a fiscal year. In order to allow this transition, one eighteen month period must transpire in order to get on a recurring annual cycle. July 1, 1987 through December 31, 1988 is that recommended period. Thereafter, contract years for HMOs, State Health Plan and Dental will be on a calendar year basis beginning January 1, 1989 through December 31, 1989 with regard to enrolled employees and their dependents.

## EXHIBIT

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STATE BUDGET & CONTROL BOARD

# EXHIBIT

SOUTH CAROLINA RETIREMENT SYSTEMS  
HEALTH MAINTENANCE ORGANIZATION GUIDELINES  
AS AMENDED

FEB 10 1987

NO. 10

STATE BUDGET & CONTROL BOARD

## Statement of Policy

It is the policy of the State Budget and Control Board to allow state and public school district employees to enroll in federal or state qualified Health Maintenance Organizations (HMOs) in accordance with the provisions of state and federal law as an Alternative Delivery System option to the self-insured State Health Insurance Group Plan.

## Administration

1. The South Carolina Retirement Systems (SCRS) is responsible for administering the state's employee and retiree benefits programs under the direction of the Budget and Control Board.
2. HMOs licensed by the State of South Carolina Department of Insurance and approved by the State of South Carolina Department of Health and Environmental Control (DHEC) shall be eligible for selection to offer alternative health care delivery programs to active and retired employees eligible for the State Health Insurance Group Plan in the service areas defined by SCRS.

## Selection Criteria

No more than three (3) HMOs may serve each SCRS Service Area. If more than three (3) HMOs apply to offer their services in an SCRS Service Area, the selection of the three (3) HMOs to serve such Service Area shall be determined by SCRS based on the following criteria:

- a. The number of service areas approved to be served by the HMO.
- b. The number and location of participating providers available by such HMO in a service area.
- c. Comparison of the HMO plan of benefits.
- d. The rate charged by the HMO for its plan of benefits.

## Service Area

1. Service areas are defined on the map attached to these Guidelines.
2. HMOs shall enroll and provide service to employees eligible to select the State Health Insurance Group Plan who reside or work in the HMO's service area(s). A subscriber who resides in one service area and works in another service area shall have the option to select coverage in either service area, but not both.
3. In order to provide and maintain availability of services in each service area, at least one General or Family Practice HMO physician must be located within a 30 mile radius of its subscribers in each county of the service area. Should such a provider become available to its subscribers,

the HMO must offer to subscribers in that county a plan which would enable each subscriber to obtain services from providers not under contract or affiliated with the HMO. The HMO must file with its application a plan and the rates to be charged for such services.

4. Each HMO will be limited to one-fourth of eligible state employees, employees of school districts, and retirees by categories in each service area, or the number of presently-enrolled state employees, employees of school districts and retirees in each service area, whichever is greater. Each HMO must furnish certification to SCRS that it is financially able to provide services to such employees. An HMO may enroll additional state employees, employees of school districts, and retirees with the written approval of the Chief Insurance Commissioner.

#### Subscriber Eligibility and Participation

Determination of subscriber and dependent eligibility shall be the responsibility of SCRS. The eligibility requirements in order to participate in the HMO shall be as follows:

##### A. Eligibility

###### Active Employee

All permanent full-time employees of the state who work in a department, agency, institution, or public school district are eligible.

An employee is permanent full-time if he or she works 30 hours or more a week for more than 6 months in a year. Members of the South Carolina General Assembly, clerical and administrative employees of the General Assembly, judges in the state court, and treasurers and auditors of county governments are eligible as well.

New Employees - will be covered on the first working day of the calendar month coinciding with or following the date on which they become employed. The employee must enroll, within 31 days following his or her date of hire, by completing the required form designated as a Notice of Election.

Reinstatement or Re-employment - An employee who terminates and returns to work after a period during which his or her coverage lapsed will be enrolled as a new employee.

###### Retired Employees

All retired state employees who have worked a minimum of five years in one or more of the following areas: state agency, department, board, commission, institution, public school district - or who have served as a member of the General Assembly or as a judge in a state court that participates in the State Health Benefit Program - are eligible for retiree health benefit coverage.

Except for those who have 20 years of vested service, retired employees must have been employed by one of the above named organizations at the time of retirement and must be eligible for a retirement income through the State Retirement System.

Eligible retirees who are already covered under the State Health Benefit Program may enroll during the state's open enrollment dates for the program.

Retirees eligible for Medicare should be enrolled in Medicare Part A and Part B under Title XVIII of the Social Security Act. Benefits for retirees will be computed as if enrolled in Parts A and B of Medicare if eligible, regardless of actual participation in Medicare.

B. Coverage Changes

Changes in Family Status - If an employee marries, coverage can be changed by notifying the personnel office. If notification is made within 31 days, the coverage change will be dated from the date of marriage.

If a married employee does not choose to take coverage for his or her spouse because they have group health insurance with another employer, the spouse can be added later when the other coverage has been discontinued or employment has been terminated. A Notice of Election should be obtained from the personnel office, filled out and returned within 31 days from the time the other insurance ended in order to add the dependent without evidence of insurability being required.

An employee with single coverage can change no later than 31 days after the birth or adoption of a first child for which the employee is responsible for at least 51 percent of the child's support. The effective date of the coverage change will be the child's date of birth or legal custody.

Termination of Coverage - An employee's coverage ends on the first of the month after the last date worked. (See COBRA Continuation and Conversion provision).

Retirement - All eligible retiring employees shall have an open enrollment within 31 days of the date of retirement in order to make changes and/or enroll in the plan of their choice.

Upon reaching age 23, dependent children are no longer eligible for coverage beginning the first of the month following their birthdate. (See COBRA Continuation and Conversion provision).

Conversion - When an employee's eligibility terminates, he or she can notify the HMO within 31 days for continued coverage without evidence of insurability. (See COBRA requirements).

An employee and his or her dependents are eligible for coverage under the Conversion if they have been covered under the group program. Current coverage must have been continuous and must be in effect at the time the employee leaves the group. (See COBRA Continuation and Conversion provision).

Leave of Absence - Employees placed on leave without pay status by their agency or school district may continue their health benefit coverage for up to one year, but they must pay the full premium. There will be no

state contribution toward the coverage; full payment should be made through the personnel office. The state will continue payment to the HMO as long as the employee continues to reimburse the state.

- C. Pre-existing Limitations - Pre-existing conditions or limitations can be imposed only on new employees or employees/retirees with a break in coverage under any of the State Plans available to employees of the state.

D. The Disabled Employee

Employees who are approved for disability retirement through the South Carolina Retirement Systems may be eligible for retiree health insurance.

Disabled employees with at least five years of state service will be terminated from an active enrollment status and re-enrolled in a retired enrollment status, upon completion of the necessary forms, on the first of the month following the approved disability date.

Disabled employees with less than five years of state service may remain on their selected group health plan for up to eighteen months from the date of disability under the COBRA provisions by paying the full monthly premium including the state's portion. At the end of this eighteen-month period they are eligible to convert to an individual policy with the HMO.

In the case of a disabled employee becoming eligible for medicare, the HMO coverage will be considered primary and Medicare secondary pursuant to federal regulations concerning disabled workers under age 65.

E. Definitions

Dependents - an employee's husband or wife and any unmarried child under age 23 legally dependent on the employee for at least 51% of support.

Incapacitated Dependent Children - an unmarried dependent child who has a disabling mental or physical disability may remain or become covered after reaching age 23, provided the disability developed or began to develop before the child's 23rd birthday.

An election to change plans by the child's subscriber parent(s) during the open enrollment period shall not result in a limitation of benefits for the incapacitated child.

To retain coverage for an incapacitated child after age 23 (so long as the policy is still in force), the HMO must receive written proof of the disability from a physician no later than 31 days after the 23rd birthday.

F. Continuation of Coverage as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)

Effective July 1, 1986 the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) required employers to provide all employees and/or their eligible dependents the option to buy extended coverage for Group Health Insurance if they meet specific qualifications. In order to be eligible, or qualify dependents, a covered member must have been a full-time permanent employee. The categories of qualified members are listed below along with the extension period of coverage allowed for each:

<u>Qualified Members</u>	<u>Periods of Extension</u>
1. Widows or widowers, due to death of a covered employee (Exception: Plan A and Plan B covered survivors will continue under current contract regulations).	36 months
2. Divorced or legally separated spouses of covered employees.	36 months
3. Children who cease to be covered as dependents under the general application requirements of the plan when dependent status ends.	36 months
4. Covered employees whose hours are reduced so that they are no longer eligible under the plan (Reduction in Force [RIF].)	18 months
5. Employees who have terminated employment voluntarily or involuntarily (except those who were terminated by reason of gross misconduct.)	18 months

The member (as defined above) is required to notify the employer within sixty (60) days of the qualifying event and must furnish all information to those dependents eligible for extended benefits.

The extended coverage must begin on the date of the qualifying event and end no later than the earliest of the following:

- a. In the case of a qualifying event relating to terminations and reduced hours, the date which is 18 months after the date of the qualifying event, and in the case of a qualifying event which is not related to terminations or reduced hours, the date which is 36 months after the date of the qualifying event; or
- b. the date on which the employer ceases to provide any group health plan to any employee; or
- c. the date on which coverage ceases by reason of a failure to make timely payment of any premium; or
- d. the date on which the qualified member first becomes a covered employee under any other group health plan or becomes entitled to benefits under Medicare; or
- e. with respect to any spouse, the date on which the spouse remarries and becomes covered under a group health plan.

If the member is enrolled as a covered dependent in either the State Group Health Plan or one of the participating HMOs, he/she may exercise one of the listed actions following the date of the qualifying event:

If covered by an HMO, the member can complete the necessary extension forms obtained through the employer's personnel office and remain covered for the existing level of coverage (single, spouse only, child[ren] only, full family or less) for the appropriate period by paying up to 102% of the health insurance premium which will include the state's contribution. Premiums and benefits are subject to change at the beginning of each contract year on January 1. When on extension, a member may decrease coverage effective the first of the month following written request.

During the extension period, but no later than the expiration of the extension period, the member can convert to an individual plan with the HMO as long as premium payments are up-to-date.

The HMO will be responsible for billing and collecting the appropriate premium from those on extended benefits.

- G. If an HMO should fail financially, fail to deliver services as provided under contract with the state, and/or have its license to operate revoked or suspended by the South Carolina Department of Insurance or South Carolina Department of Environmental Control, the South Carolina Retirement Systems will transfer affected state and public school district employees (both active and retired) and their dependents, from the affected HMO into the state group health plan which provides fee-for-service benefits. Upon transfer of the employee from the HMO to the state plan, he/she will be responsible to pay the rate for the benefits then in place at the time of transition. Should an HMO enrollee be confined in a hospital on the date of this transition, the HMO will continue to be liable for the claim payment until the patient is discharged.

#### ENROLLMENT PROCESS

Annual open enrollment periods for employee and retiree participation will be determined at the discretion of SCRS.

Notice of Election: The enrollment form is identical for all group carriers servicing state employees. Printing costs and distribution will be on a projected pro rata basis for each HMO, determined by the number enrolled. A sample of each NOE (active and retired) is attached to the guidelines.

Marketing: HMOs may market their services directly to agencies and school districts within a service area; however, meetings must be prearranged through SCRS. All promotional materials and comparison literature must be approved by SCRS, Benefits Section, and the South Carolina Department of Insurance prior to distribution. Marketing will be limited to designated open enrollment periods only.

Procedure for Enrollment:

1. Approval of marketing materials.
2. Contact SCRS; prearrange meetings and hold conference with Group Leader for specifics regarding their open enrollment procedures.
3. HMO distributes preapproved marketing material including a comparison of changes from the previous contract period no later than April 20, 1987.
4. Enrollment of subscribers.
5. Group Leader collects completed Notices of Election for HMO option, then codes and screens for accuracy.
6. Group Leader retains copy of NOE for file after providing enrollee with a copy.
7. Group Leader forwards balance of NOE copies to appropriate HMO inclusive of primary care physician designation (if required) directly to the HMO.
8. The HMO then enters the enrollee into its system taking into consideration any enrollment cap limitations.
  - a.) If no enrollment curtailment exists, then the HMO retains one copy of the NOE for its records and forwards all other copies back to the originating group leader for payroll deduction/processing.
  - b.) If an enrollment limit is reached, the HMO will be required to return excess NOEs to the originating group leader declining enrollment in the HMO.
9. Upon receipt of the returned NOEs from the HMO, the respective group leaders will either process for appropriate payroll deduction if required or advise the applicant that the HMO is unable to accept further application(s) due to the cap on enrollment.
10. After processing at the agency or school district level, the group leader then forwards the remaining copies of the NOE to SCRS for further processing.
11. SCRS screens for accuracy, effective date, eligibility, completion of life portions, and enters NOE into billing system for employer share and dependent life.
12. HMO will produce employee share billing by first of each month - distribution: agency/school, SCRS, HMO.
13. SCRS will produce employer share billing by first of each month - distribution: agency/school, HMO, SCRS (Insurance Accounting).
14. Copies of all reports and documents required to be filed under any state and federal regulations shall be furnished to SCRS. SCRS may require additional materials to be furnished. Also, monthly reconciliation must be provided by the HMO comparing enrollment billing numbers to that of SCRS and notifying SCRS of any differences. Information should be categorized by name, Social Security Number, and agency/school district of enrollment.
15. Retroactivity for administrative errors will be limited to one year from date of current billing.
16. Payroll deduction slots will be determined by the approval and rules governing the individual agency/school district.
17. All HMOs will be assigned special identification numbers by SCRS which must be used on all enrollment documents.

Enrollment Periods

1. Open enrollment dates for Fiscal Year 1987-88:

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On a one-time basis, employees (active and retired) will be able to change from plan to plan during the period of May 1-31, with an effective date of change of July 1, 1987 through December 31, 1988. This plan change enrollment will be the only transaction allowed and the only time plan change will be permitted. The selection of the State Plan or an HMO will be for eighteen months. Other transactions can be completed during the following enrollment period with the exception of changing from plan to plan.

October 1 - 31, 1987 for School Districts, Agencies, and Retirees with an effective date for annual enrollment with limited changes on January 1.

Employees enrolled in an HMO at the time of a relocation will maintain the same enrollment unless their current HMO is not available in the county of residence or work. In such cases the relocated employee may make a new election.

Survivors will be eligible to elect the HMO option during open enrollment unless their premium is currently in a waiver status. In such cases, the open enrollment period following waiver expiration will be the earliest a survivor may elect the HMO option.

2. Retiree Open Enrollment differs from the active employee process in the following manner:
  - a. All eligible retirees shall be mailed approved HMO marketing material prior to May 1, 1987 at the HMO's expense. Mailing labels for eligible retirees are provided by SCRS. The HMO must certify that the mailing took place by notifying SCRS of the date, time, and number of pieces mailed.
  - b. Meetings will be held at the discretion of SCRS around the state in order to inform retirees about their HMO option prior to the open enrollment period. HMO representation at these meetings is required.
  - c. After reviewing various materials available on the participating HMOs, retirees are asked to request a Notice of Election form from SCRS in order to exercise their option.
  - d. The retiree remits the completed Notice of Election to SCRS for processing.
  - e. SCRS forwards a copy to the appropriate HMO for action. SCRS will deduct the HMO premium from the retiree's state pension check each month at the retiree's request and remit the retiree's portion of the HMO premium to the appropriate HMO. The state contribution toward the retiree premium is remitted to the HMO via separate billing.

#### Benefits

1. HMOs will publish a list of all participating providers that explains the contract dates for which each is committed to serve. This information will be provided to all participating state subscribers at the HMO's

expense on a continuing updated basis not less than quarterly in a format acceptable to SCRS. SCRS is to be provided copies of all updates sent to covered employees and retirees on a continuing basis.

2. HMOs shall submit to SCRS and the South Carolina Department of Insurance for approval all marketing materials that have any reference to eligible state employees not less than ten working days prior to distribution to employees. This will include, but not be limited to: media advertisements, (radio, television, newspapers), literature, newsletters, comparisons, materials on rates, enrollment procedures, and benefits provided including any copayments, limitations, or exclusions, and contract dates. The HMO will be required to pay all costs of literature comparing the HMO to the state's fee-for-service plan and any other material required to inform subscribers of changes in benefits or rates.
3. HMOs shall not reduce benefits or increase premiums from those submitted with their application, effective July 1, 1987 through December 31, 1988, during the contract period.
4. HMOs shall provide for emergency care and medical necessity for subscribers when they are out of the service area and shall clearly define for the subscriber the HMO's definition of emergency care and medical necessity.
5. HMOs shall provide a plan with rates for services described under Service Area, paragraph 3 of the Guidelines.

#### Grievance Procedure

A grievance procedure shall be established to meet, at a minimum, the State of South Carolina Department of Insurance regulations, R 60-22. The HMO will furnish SCRS (upon request) with copies of grievances/complaints filed by state employees, dependents, etc., along with resolution documentation.

#### Reports

Copies of all reports and documents required to be filed under any state and federal regulations shall be furnished to SCRS. SCRS requires additional report data to be furnished, and examples of the data along with required format are shown in Attachment 6. Monthly reconciliation must be provided by the HMO comparing enrollment billing numbers to those of SCRS and notifying SCRS of any differences. Information should be categorized by name, Social Security Number, and agency/school district of enrollment. The HMO will be responsible for refunding to the subscriber any overpayment of premium on an individual basis by working with each payroll system affected.

#### Rates

1. HMO rates and benefits shall be established uniformly on a statewide basis without regard to separate service area, counties, regions, etc. HMO rates shall be the same for all active/retired employees, their survivors, and their dependents statewide, structured and limited to the following categories: Employee or Retiree Only; Employee or Retiree with Spouse Only; Employee or Retiree with Children Only; and Full Family.

EXHIBIT

2. All rates should be submitted at the same time, no later than **March 16, 1987**, along with application for service to SCRS. No change or alteration of rates or benefits will be allowed after submission. All rates and benefits will not be subject to change until the end of the contract period which will be July 1, 1987 through December 31, 1988. For HMOs who already insure state/school district employees, their submitted changes in rates or benefits will be effective July 1, 1987 and remain unchanged through December 31, 1988.
3. SCRS shall pay to HMOs, monthly, the least of the following: an amount equal to the state's contribution to the State Health Plan or the amount charged by the HMO. An administrative fee of **\$.90 per subscriber per month** shall be charged to the HMO and deducted from the premium contribution by SCRS.

Contractual Relationship

HMOs shall enter into a contract satisfactory to SCRS consistent with applicable laws, rules and regulations.

ATTACHMENTS II

1. Active Employee Notice of Election (NOE).
2. Retired Employee Notice of Election (NOE).
3. SCRS Service Area Map by County.
4. List of Service Areas by County.
5. Continuation Application
6. Format for Contractual Reports

EXHIBIT

FEB 10 1987 NO. 10

STATE BUDGET & CONTROL BOARD

# EXHIBIT

FEB 10 1987 NO. 10

SERVICE AREAS

STATE BUDGET & CONTROL BOARD

<u>CODE</u>	<u>COUNTIES</u>
1	Oconee, Anderson, Pickens
2	Greenville
3	Spartanburg, Union, Cherokee
4	Lancaster, York, Chester
5	Greenwood, Laurens, Abbeville, Saluda, McCormick
6	Lexington, Newberry
7	Richland, Kershaw, Fairfield
8	Aiken, Edgefield, Barnwell
9	Orangeburg, Calhoun, Allendale, Bamberg
10	Clarendon, Lee, Sumter
11	Chesterfield, Marlboro, Darlington, Dillon, Florence, Marion, Williamsburg
12	Georgetown, Horry
13	Charleston, Berkeley, Hampton, Colleton, Dorchester
14	Beaufort, Jasper

# EXHIBIT

FEB 10 1987

NO. 11

STATE BUDGET AND CONTROL BOARD ~~STATE BUDGET & CONTROL BOARD~~ REGULAR SESSION  
MEETING OF February 10, 1987 ITEM NUMBER

7

AGENCY: Human Resource Management

SUBJECT: Unemployment Compensation Claims Administrator Contract

The Division of Human Resource Management advises that Section 16 of the 1986-87 Appropriations Act provides that the Board may hire a management firm to assist in the administration of the Unemployment Compensation Program for State employees.

The current contract with R. E. Harrington, Inc., expires on June 30, 1987.

The Division advises that a request for proposals (RFP) for a claims administrator has been developed by the Divisions of Human Resource Management and General Services, Materials Management Office. A copy is attached.

Board policy is that requests for proposals be approved as exceptions to the Board's position that only bids are to be invited by its Divisions.

BOARD ACTION REQUESTED:

Authorize the Division of Human Resource Management to issue a request for proposals for a claims administrator for the Unemployment Compensation program for State employees.

ATTACHMENTS:

Agenda item worksheet; attachments

008946

SECTION 16  
BUDGET AND CONTROL BOARD

benefits. These funds must be used to maintain a reserve not less than an average of one and one-half months' claims. All other funds above the reserve must be used to reduce premium rates or improve or expand benefits as funding permits.

*Provided, Further, That the Budget and Control Board shall set aside in a separate continuing account, appropriately identified, in the State Treasury all funds, State appropriated and other, received for actual dental insurance premiums due. Provided, Further, That these funds may be used to pay the costs of administering the dental insurance program. All monies in the Dental Insurance Account for state employees and retirees and public school employees and retirees must be used for insurance benefits. These funds must be used to maintain a reserve not less than an average of one and one-half months' claims. All other funds above the reserve must be used to reduce premium rates or improve or expand benefits as funding permits.*

*Provided, Further, That the Budget and Control Board may hire consultants or a management firm to assist in the administration of the unemployment compensation program for state employees and for that purpose may use funds appropriated or otherwise made available for unemployment payments. The Budget and Control Board is authorized to make such transfers as are necessary to accomplish this purpose. The Budget and Control Board shall report annually to the General Assembly in writing the complete name, address and amounts paid to any such consultants or management firm.*

*Provided, Further, That parking facilities owned and/or controlled by agencies of the State Government shall be regulated as follows:*

(1) The State Budget and Control Board is directed to establish and collect a schedule of charges for the use of the parking facilities in the Capitol Complex and other individually

EXHIBIT

FEB 10 1987 NO. 111

STATE BUDGET & CONTROL BOARD

EXHIBIT

FEB 10 1987 NO. 11

STATE BUDGET & CONTROL BOARD

1985-86 EXPERIENCE

**Human Resource Management: Unemployment Compensation Costs (Blue #3)**

The Division of Human Resource Management advised that, in accord with Section 16 of the 1986-87 Appropriations Act, it has submitted to the General Assembly a report on the amounts paid to management firms assisting in the administration of the unemployment compensation program for State employees.

The report indicates that \$69,399 was paid to the R. E. Harrington firm during 1985-86. It also shows that \$954,502.95 was paid during 1985-86 to the Employment Security Commission for actual unemployment compensation claims.

The Board received as information a Human Resource Management Division report that \$69,399 was paid to the R. E. Harrington firm during 1985-86 and that \$954,502.95 was paid during 1985-86 to the Employment Security Commission for actual unemployment compensation claims.

Information relating to this matter has been retained in these files and is identified as Exhibit 3.

008948

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

February 10, 1987

Blue Agenda  
 Regular Session Agenda  
Executive Session Agenda

1. Submitted By: \_\_\_\_\_  
(a) Agency: Division of Human Resource Management  
(b) Authorized Official Signature: Phyllis M. Mayes

2. Subject: \_\_\_\_\_  
Unemployment Compensation Claims Administrator Contract

3. Summary Background Information:  
  
Section 16 of the 1986-87 Appropriations Act provides that the Budget and Control Board may hire a management firm to assist in the Administration of the Unemployment Compensation program for State employees.

The current contract with R. E. Harrington, Inc. expires June 30, 1987.

A Request for Proposals (RFP) has been developed by the Division of Human Resource Management and the Division of General Services Materials Management Office to hire a Claims Administrator.

EXHIBIT

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STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?  
  
Approve the RFP and authorize the Divisions of Human Resource Management and General Services to proceed with the hiring process.

5. What is recommendation of the Board Division involved?  
  
Approve the RFP and the process.

6. Recommendation of other office (as required)?  
  
(a) Office Name \_\_\_\_\_ (b) Signature \_\_\_\_\_

7. Supporting Documents:

<u>List Those Attached</u>	<u>List Those Not Attached But Available from Submitter</u>
1. Applicable page from 1986-87 Appropriations Act.	
2. Request for proposal.	

008949

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
DIVISION OF GENERAL SERVICES  
1000 MARKET STREET, 15TH FLOOR  
COLUMBIA, SOUTH CAROLINA 29201

EXHIBIT

FEB 10 1987 NO. 11

STATE BUDGET & CONTROL BOARD

ROBERT J. JONES  
CHAIRMAN  
RELATE FINANCE COMMITTEE

TOMMY MANKIN  
CHAIRMAN  
HOUSE BAYN AND MANSON COMMITTEE

DR. BENJAMIN L. GIBSON  
CHAIRMAN  
SCIENCE AND TECHNOLOGY COMMITTEE



STEPHEN J. CAMPBELL  
ASSISTANT TO THE CHAIRMAN

ROBERT J. JONES  
CHAIRMAN

TOMMY MANKIN  
CHAIRMAN

DR. BENJAMIN L. GIBSON  
CHAIRMAN

February 3, 1987

PROPOSAL NOTICE NO. 6/7-793-1117200-

OPENING DATE AND TIME \*

REQUEST FOR PROPOSALS TO PROVIDE CLAIMS ADMINISTRATION SERVICES  
FOR THE S. C. UNEMPLOYMENT COMPENSATION  
CLAIMS MANAGEMENT PROGRAM

You are invited to submit proposals in accordance with the requirements of this solicitation which are contained herein.

It is requested that your proposals be submitted to the Materials Management Office not later than \* .M. Local Time, \* at which time respondents to this request will be publicly identified. Due to the possibility of negotiation with any offeror submitting a proposal which appears to be eligible for contract award pursuant to the selection criteria set forth in this Request for Proposal, prices will not be divulged at time of opening.

The proposals must be signed by an official authorized to bind the Offeror and it shall contain a statement to the effect that the proposal is firm for a period of at least 60 days from the closing date for submission of proposals.  
Proposals must be submitted showing the above proposal number.

This solicitation does not commit the State of South Carolina to award a contract, to pay any costs incurred in the preparation of a proposal, or to procure or contract for the articles of goods or services. The State reserves the right to accept or reject any or all proposals received as a result of this request, or to cancel in part or in its entirety this proposal if it is in the best interest of the State to do so.

NOTE: See page two (2) for Pre-Proposal Conference.

MATERIALS MANAGEMENT OFFICE

State Supply & Surplus Property Management  
Surplus Property  
Boston Avenue  
W. Columbia, SC 29169  
714-1335

Supply, Warehousing & IMS  
1942 Laurel Street  
Columbia, SC 29201  
714-7919

Training & Research  
300 Gervais Street  
Annex 3  
Columbia, SC 29201  
717-2941

State Procurements  
4997 Dutch Sq. Blvd.  
Suite 250  
Columbia, SC 29210  
717-4960

Information Technology Management Office  
5001 Dutch Sq. Blvd.  
Suite 150  
Columbia, SC 29210  
717-4960

Installation Purchase Program  
4997 Dutch Sq. Blvd.  
Suite 150  
Columbia, SC 29210  
717-4960

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Pre-Proposal Conference

There will be a pre-proposal conference on February , 1987 at 11:00 a.m. in Room 252 of the Edgar Brown Building, 1205 Pendleton Street, Columbia, South Carolina. Questions regarding this Request For Proposals will be answered at this meeting.

VIRGIL V. CARLSEN, CPPO, C.P.M.  
STATE PROCUREMENT OFFICER

David Poster  
State Procurements

EXHIBIT

FEB 10 1987 NO. 11

STATE BUDGET & CONTROL BOARD

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# EXHIBIT

FEB 10 1987

NO. 11

PART I

## GENERAL INFORMATION

STATE BUDGET & CONTROL BOARD

- A. Proposals will be considered as specified herein or attached hereto under the terms and conditions of this Request for proposal.
- B. Proposal must be made in the official name of the firm or individual under which business is conducted (showing official business address) and must be signed in ink by a person duly authorized to legally bind the person, partnership, company or corporation submitting the proposal.
- C. Offerors are to include all applicable requested information and are encouraged to include any additional information they wish to be considered.
- D. Four (4) copies of your proposal are required.
- E. Proposals will be received by the Materials Management Office until 3:00 P.M. on the opening date shown.

Proposals are to be mailed to:

Hand carry to:

Materials Management Office  
P.O. Box 21000  
Columbia, S.C. 29221 -

Materials Management Office  
800 Dutch Square Blvd.  
Suite 250  
Columbia, S.C. 29210

The submitting offeror is required to have printed on the envelope or wrapping containing his proposal, the Proposal Notice Number specified in the RFP and the proposal opening date.

Offerors who desire to receive a copy of the Statement of Award must include a self-addressed stamped envelope.

Prohibition of Gratuities: Amended Section 8-13-420 of the 1976 CODE OF LAWS OF SOUTH CAROLINA states: "It shall be a breach of ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith as an inducement for the award of a subcontract order." All awards made as a result of this solicitation shall conform to applicable South Carolina statutes.

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PART II INTRODUCTION

The State of South Carolina is requesting proposals to furnish an Unemployment Compensation Claims Management Program. The Program is for Claims Administration Services, to include Education, Training; Statistical and Management reports. These services are more fully described in the scope of work section of this request.

There were 67,774 employees covered by the program as reported in the third month, third quarter Employee Contribution Report for 1986.

R. E. Harrington, Inc. of Columbus, Ohio has administered the State's unemployment compensation claims program since April 1, 1978. The Employee Relations Unit of the Division of Human Resource Management (DHRM) functions as a liaison between the administrator and the State. Claims information from various State agencies is sent directly to DHRM and is available for pick up by the administrator on a daily basis. Claims activity for the past two fiscal years is shown below.

<u>Fiscal Years</u>	<u>1983/84</u>	<u>1984/85</u>
1. Number of Claims Filed	2,306	2,016
2. Potential Liability	4,435,933.36	3,069,325.88
3. Hearings Scheduled	1984 - 362	1985 - 300
4. Benefit Charges	1,543,047.00	1,143,490.00

EXHIBIT

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# EXHIBIT

## PART III SCOPE OF WORK

FEB 10 1987 NO. 11

### The Administrator:

STATE BUDGET & CONTROL BOARD

1. Acts on behalf of the State concerning all unemployment compensation related matters.
2. Receives unemployment compensation correspondence from State agencies at the Division of Human Resource Management (DHRM) Employee Relations Section.
3. Receives claims notices issued by the South Carolina Employment Security Commission (ESC).
  - a. Reviews separation information files; determines reason for separation and other current claims by the claimant.
  - b. Develops response to the ESC.
  - c. When information is incomplete or lacking, contacts the appropriate State agency for additional information or clarification; responds to the ESC with the new information.
  - d. Maintains data base relative to claims, identifying eligibility criteria, status of claims, and course of action that has been taken.
4. Receives determination notices issued by the ESC.

Reviews determination for status (favorable / unfavorable).

  - a. If favorable to agency, updates claim status; adds determination to file.
  - b. If unfavorable, reviews relevant information and reasons submitted by the ESC; consults with appropriate agency personnel to obtain additional information or to clarify existing information. Unless information indicates that the determination should not be appealed, the determination is appealed.
  - c. Updates data base to reflect the current and accurate information that is available.
5. Represents State agencies in all administrative hearings.
  - a. Receives Notices of Hearing, reviews available information relative to case.
    - (1) Contacts appropriate agency personnel for thorough review and update of case.

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Notifies agency of pertinent information that will be required as evidence (personnel files, warnings, etc.) at the hearing; determines witnesses and confirms their availability; reviews and the basis of the claim and the reasons for appealing the determination; indicates facts that must be established for a proper decision.

- (2) Confirms the date, time, and place of hearing; ensures that all agency employees whose presence is required at the hearing are aware of the hearing.
  - b. Represents the State at all hearings providing legal counsel if required by DHRM.
  - c. Reviews ESC decisions. If the decision is unfavorable to the State, and sufficient grounds exists for further appeal action, the State is notified and further appeal action is pursued.
6. Monitors Benefit Charges Resulting from Filed Claims.
- a. Monitors correctness of amount, allocation of charges, the State's maximum liability, and ensures that disqualifications are fully enforced through the use of a computer system and claims data base.
  - b. Receives notices of benefit charges from the ESC, reviews for accuracy and converts to an automated format and through the use of the computer system, audits the charges and informs the DHRM of any discrepancies and the proper resolution.
  - c. Correlates all charges with the claims data base for validation. Charges must be related to a valid claim, the amount of the charge must not exceed the appropriate benefit amount, and total accumulation of charges must not exceed the established maximum potential liability under the claim. Discrepancies must be protested to the ESC; record of action is recorded in the data base with the claim and becomes effective when additional activity on these claims develops.
7. Provide Education and Training in Unemployment Compensation Related Matters.
- a. Provide each agency or department with a procedural manual including major provisions of the unemployment compensation law, details of the claims management program and detailed procedures to be followed in complying with the established procedures.
  - b. Review each agency or department's current personnel practices with respect to the employment compensation law and recommend improvement when applicable.

## EXHIBIT

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c. Conduct training sessions to acquaint operating personnel of State agencies or departments with required administrative practices and procedures to comply with unemployment compensation law when requested by the Division of Human Resource Management; possess a general understanding of the unemployment compensation program and develop a specific awareness of personnel practices and personnel administrative requirements that relate directly to cost effective unemployment compensation claims management in State government. The location of training sessions shall be determined by DHRM.

8. Provide the DHRM the following reports:

- (a) A monthly claims activity report. This report shall include by agency the name and social security number of the claimant; date of claim; prior and current charges, credits; estimate of maximum liability; reason for separation; and current status of claim. This report shall be furnished no later than the 15th day of the following month.
- (b) A quarterly claims activity and disposition report. This report shall include, by agency, the name of the claimant, the initial date of the claim, the maximum potential liability, the prior and current period charges, the benefit liability removed, the remaining potential liability, the last period during which a benefit was charged, the disposition of the claim, and the reason for separation. This report will be due within thirty (30) days of receipt of the Employment Security Commission's charge statement.
- (c) A quarterly benefit charge verification report. This report shall be a summary of the active claims for which the State agencies have any responsibility and shall include a summary of the charges for the preceding quarter and notify the DHRM of the amount to reimburse the Employment Security Commission. This report shall be submitted to the DHRM within thirty (30) days of receipt of the Employment Security Commission's charge statement.
- (d) An annual report. This report shall show costs as a direct reimbursing as compared to the merit rate tax method. This report shall be submitted to DHRM within ninety (90) days after the end of the State's fiscal year.
- (e) An annual hearings and activity report. This report shall show the disposition of each hearing by agency. This report shall be submitted to DHRM by February 15th of each year for the preceding calendar year.

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- (f) An annual summary of new claims by each State agency. This report shall include the number of claims, the potential liability and the total charges. This report shall be submitted to DHRM by August 15th of each year for the preceding fiscal year.
- (g) An annual report. An annual report identifying the annual experience rating (3 yr. average) of each agency. This report shall be submitted to DHRM BY May 1st of each year for the preceding calendar year.

PART IV SPECIAL PROVISIONS

- A. The administrator's status shall be that of an independent contractor and not as an agent or employee of the State of South Carolina.
- B. The Administrator will maintain at its own expense, all necessary fees, licenses, tax liability, insurance for its employees, including but not limited to workers' compensation and employer liability insurance for its employees.
- C. The Administrator shall keep confidential all information and material which have or will come into its possession or knowledge in connection with the performance of services under this contract; and will not release, use, or disclose any such information without prior written consent of the Director of the DHRM.
- D. The Administrator shall comply with all State and Federal laws and regulations concerning the confidentiality of information, including, but not limited to, the South Carolina Freedom of Information Act.
- E. The Administrator shall defend and indemnify the State against any real or alleged violation of the Freedom of Information Act or other laws and regulations concerning the confidentiality of information in the performance of its services.
- F. All records, reports, electronic tape or other material relative to services provided for this Program are the property of the State of South Carolina and shall be returned to the DHRM upon termination or completion of this contract.
- G. The Administrator shall provide the DHRM with a magnetic tape file of all claims transactions during the preceding 18 months 10 working days following termination of the Contract. Failure to supply such magnetic tape within this time period shall result in the Administrator being liable for any damages sustained by DHRM as a result of the failure to supply the tape.

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- H. The DHRM shall have the right to audit the books and records of the Administrator as they pertain to this contract. Such books and records shall be maintained by the Administrator for a period of six (6) years from the date of final payment under the contract.
- I. The Administrator shall not assign any interest in this contract without the prior written consent of the DHRM.
- J. Defense of any action arising out of matters related to the administration of the contract or involving a claim for benefits under the Program, shall be the obligation of the Administrator. The administrator shall defend and indemnify the State against any action arising out of the performance or non-performance of duties under the contract.
- K. The Administrator shall meet with DHRM to review the quality and level of services being provided and to undertake corrective action as directed or approved by DHRM. The frequency of these meetings will be determined by DHRM.
- L. The Administrator agrees that personnel performing services under this contract will not be discriminated against on the basis of race, sex, age, religion, nation origin or handicap.

PART V PROPOSAL CONTENTS -

Offerors shall include the following information in their proposals:

- A. A statement of offeror's experience in the field of unemployment compensation claims administration together with a list of at least three public sector references.
- B. An implementation plan demonstrating offeror's ability to provide a fully operational claims administration program capable of processing the required volume of claims.
- C. A description of offeror's capability to provide the required educational and training services.
- D. A description of offeror's computer system to include data input formats and reporting capability.
- E. The location of offeror's present or proposed office which will provide the required services together with a description of the staff members who will be assigned to the program.

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- F. Offeror's price per employee per year for providing the required services. This price should include the cost of all necessary forms, printing of manuals, personnel costs, computer expenses and all other costs associated with the program. Offeror's price must be firm for a period of three years beginning July 1, 1987 and ending June 30, 1990.

PART VI TERM/OPTION TO EXTEND

The contract shall be for a term of three (3) years beginning July 1, 1987. The Materials Management Office may extend this contract if it appears to be in the best interest of the State, and is agreeable with the contractor. Said extension may be less than, but will not exceed two (2) additional one year periods. Any request for a price increase will be evaluated prior to exercising the option to extend. In no case shall such price increase exceed the change in the price (formulated in percentage) for the previous 12 months as shown on the most current edition of the Consumer Price Index published by the Bureau of Labor Statistics for "Other Goods and Services", "All Urban Consumers - United States". The contractor will be notified in writing at least 90 days prior to the expiration of current contract.

No administration expense charges will be due or payable by the DHRM to the administrator prior to July 1, 1987, the date of the administrator's office is fully operational and performing in accordance with the terms and conditions of the contract.

PART VII METHOD OF PAYMENT

- (a) The initial number of employees covered during the first year of the contract shall be the number of employees reported to the South Carolina Employment Security Commission in the third month, third quarter Employer Contribution Report for 1986. (67,774)
- (b) The number of employees for the second and subsequent years of the contract shall be that number reported to the South Carolina Employment Security Commission in the third month, fourth quarter Employee Contribution Report for the previous year.
- (c) The administrator shall invoice the DHRM for an amount equal to one fourth of this amount during July, October, January and April of each year during the term of the contract. Payment will be made to the administrator within thirty (30) days after receipt of invoice.

PART VIII AWARD CRITERIA

Proposals will be evaluated by a review panel based on the following criteria which are listed in order of importance.

- A. Price
- B. Offeror's prior relevant experience
- C. Quality and effectiveness of offeror's implementation plan for providing the required services.
- D. Offeror's capability to provide the required educational training and reporting services.
- E. Offeror's capability to provide the required computer services including reports.
- F. Capability of offeror's staff who will be assigned to the project.

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PART IX

CONTRACTUAL REQUIREMENTS

- 1.0 EXCUSABLE DELAY: The Contractor shall not be liable for any excess costs if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the contractor. Such causes may include, but are not restricted to acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the contractor and subcontractor, and without the fault or negligence of either of them, the contractor shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the contractor to meet the required delivery schedule.
- 2.0 S. C. LAW CLAUSE: Upon award of a contract under this proposal, the person, partnership, association, or corporation to whom the award is made must comply with the laws of South Carolina which require such person or entity to be authorized and/or licensed to do business in this State. Notwithstanding the fact that applicable statutes may exempt or exclude the successful offeror from requirements that it be authorized and/or licensed to do business in this State, by submission of this signed proposal, the offeror agrees to subject itself to the jurisdiction and process of the courts of the State of South Carolina as to all matters and disputes arising or to arise under the contract and the performance thereof, including any questions as to the liability for taxes, licenses, or fees levied by the State.
- 3.0 OFFEROR'S QUALIFICATION: Offeror must, upon request of the State, furnish satisfactory evidence of their ability to furnish products or services in accordance with the terms and conditions of this proposal. The Materials Management Office reserves the right to make the final determination as to the offeror's ability to provide the services requested herein before entering into any contract.
- 4.0 OFFEROR RESPONSIBILITY: Each offeror shall fully acquaint himself with conditions relating to the scope and restrictions attending the execution of the work under the conditions of this proposal. It is expected that this will sometimes require on-site observation. The failure or

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omission of an offeror to acquaint himself with existing conditions shall in no way relieve him of any obligation with respect to this proposal or to the contract.

- 5.0 AFFIRMATIVE ACTION: The contractor will take affirmative action in complying with all Federal and State requirements concerning fair employment and employment of the handicapped, and concerning the treatment of all employees, without regard or discrimination by reason of race, color, religion, sex, national origin or physical handicap.
- 6.0 TERMINATION: Subject to the Provisions below, any contract resulting from this proposal may be terminated by the Materials Management Office providing a sixty (60) days advance notice in writing, is given to the contractor.
1. Non-Appropriations: Funds for this contract are payable from State and/or Federal appropriations. In the event sufficient appropriations are not made to pay the charges under the contract it shall terminate without any obligation to the State of South Carolina.
  2. Convenience: In the event that this contract is terminated or cancelled upon request and for the convenience of the State without the required sixty (60) days advance written notice, then the State shall negotiate reasonable termination costs, if applicable.
  3. Cause: Termination by the State for cause, default or negligence on the part of the contractor shall be excluded from the foregoing provisions; termination costs, if any, shall not apply. The sixty (60) days advance notice requirement is waived and the default provision listed herein shall apply.
    - a. Default: In case of default on contractor, the State reserves the right to purchase any or all items/services in default in open market, charging contractor with any excessive costs. SHOULD SUCH CHARGE BE ASSESSED NO SUBSEQUENT PROPOSALS OF THE DEFAULTING CONTRACTOR WILL BE CONSIDERED UNTIL THE ASSESSED CHARGE HAS BEEN SATISFIED.
- 7.0 PRIME CONTRACTOR RESPONSIBILITIES: The contractor will be required to assume sole responsibility for the complete effort as required by this RFP. The State will consider the contractor to be the sole point of contact with regard to contractual matters.
- 8.0 SUBCONTRACTING: If any part of the work covered by this RFP is to be subcontracted the contractor shall identify the

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subcontracting organization and the contractual arrangements made therewith. All subcontractors must be approved by the State. The successful offeror will also furnish the corporate or company name and the names of the officers of any subcontractors engaged by the vendor.

9.0 OWNERSHIP OF MATERIAL: Ownership of all data, material and documentation originated and prepared for the State pursuant to this contract shall belong exclusively to the State.

10.0 INDEMNIFICATION FOR LEGAL OR CONSULTANT SERVICES: If this contract is for legal or consultant services, it is subject to the provisions of Section 11-9-105 of the 1976 Code of Laws of South Carolina as amended. "Any contract for legal or consultant services entered into by a state agency or institution shall include a provision which requires completion of all services. The Provisions shall further require that in the event all services are not fully rendered as provided for in the contract, any monies which have been paid by the agency under the contract must be refunded to the agency along with a twelve (12) percent penalty".

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PART X

SPECIAL INSTRUCTIONS

1. INTENT TO PERFORM

- 1.1 It is the intent and purpose of the State of South Carolina that this request permits competition. It shall be the offeror's responsibility to advise the Materials Management Office if any language, requirements, etc., or any combinations thereof, inadvertently restricts or limits the requirements stated in this RFP to a single source. Such notification must be submitted in writing, and must be received by the Materials Management Office not later than fifteen (15) days prior to the proposal opening date. A review of such notifications will be made.

2. RECEIPT OF PROPOSAL

- 2.1 State law requires that a copy of the proposal be submitted no later than the date and time specified in the proposal. Offerors mailing proposals should allow a sufficient mail delivery period to insure timely receipt of their proposals by the issuing office. Any proposals received after the scheduled opening date and time will be immediately disqualified in accordance with the S. C. Consolidated Procurement Code and Regulations.

3. PREPARATION OF PROPOSAL

- 3.1 All proposals should be complete and carefully worded and must convey all of the information requested by the State. If significant errors are found in the offeror's proposal, or if the proposal fails to conform to the essential requirements of the RFP, the State and the State alone, will be the judge as to whether that variance is significant enough to reject the proposal.
- 3.2 Proposals should be prepared simply and economically, providing a straightforward, concise description of offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.
- 3.3 Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal should be bound in that single volume.
- 3.4 If your proposal includes any comment over and above the specific information requested in our Request for Proposal, you are to include this information as a separate appendix to your proposal.

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4. DISCUSSION/NEGOTIATION

4.1 By submission of a proposal, vendor agrees that during the period following issuance of a proposal and prior to final award of contract, vendor shall not discuss this procurement with any party except members of the Materials Management Office or other parties specifically designated in this solicitation. Vendor shall not attempt to discuss with or attempt to negotiate with the using Agency any aspect of the procurement without prior approval of the Materials Management buyer responsible for the procurement.

5. AMENDMENTS

5.1 VERBAL COMMENTS OR DISCUSSIONS BY THE STATE RELATIVE TO THIS SOLICITATION CANNOT ADD, DELETE OR MODIFY ANY WRITTEN PROVISION. ANY ALTERATION MUST BE IN THE FORM OF A WRITTEN AMENDMENT TO ALL OFFEROR'S.

5.2 If it becomes necessary to revise any part of the RFP, an amendment will be provided to all offeror's who received the original Request for Proposal.

6. ADDITIONAL INFORMATION

6.1 Offerors requiring additional information may submit their questions in writing to the issuing office. All questions and answers will be provided in writing to all offerors via an amendment.

7. ORAL PRESENTATION

7.1 Any offeror or offerors may be requested to make an oral presentation of their proposal to the State of South Carolina after the proposal opening. Such presentations provide an opportunity for the vendors to clarify their proposals and to insure thorough mutual understanding. The Materials Management Office will schedule the time and location for these presentations. Technical questions will be addressed at this time.

8. FUNDING

8.1 The offeror shall agree that funds expended for the purposes of the contract must be appropriated by the General Assembly of the State of South Carolina for each fiscal year included within the contract period. Therefore, the contract shall automatically terminate without penalty or termination costs if such funds are not appropriated. In the event that funds are not appropriated for the contract, the offeror shall not prohibit or otherwise limit the State Agency's right to pursue and contract for alternate solutions and remedies as deemed necessary by the State Agency for the conduct of its affairs. The requirements stated in this paragraph

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shall apply to any amendment or the execution of any option to extend the contract.

9. AWARD

9.1 An award resulting from this request shall be awarded to the responsive and responsible offeror whose proposal is determined to be most advantageous to the State, taking into consideration price and the evaluation factors set forth herein; however, the right is reserved to reject any and all proposals received and in all cases, the State will be the sole judge as to whether an offeror's proposal has or has not satisfactorily met the requirements of this RFP.

10. PUBLIC ACCESS TO PROCUREMENT INFORMATION

10.1 No such documents or other documents relating to this procurement will be presented or made otherwise available to any other person, agency or organization until after award. Commercial or financial information obtained in response to this RFP which is privileged and confidential will not be disclosed. Such privileged and confidential information includes information which, if disclosed, might cause harm to the competitive position of the offeror supplying the information. All offerors, therefore, must visibly mark as "Confidential" each part of their proposal which they consider to contain proprietary information.

EXHIBIT

FEB 10 1987 NO. 11

STATE BUDGET & CONTROL BOARD

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# EXHIBIT

FEB 10 1987

NO. 12

STATE BUDGET AND CONTROL BOARD REGULAR SESSION  
MEETING OF February 10, 1987

ITEM NUMBER

8

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AGENCY: Human Resource Management

---

SUBJECT: Revisions to Personnel Regulations and Grievance Committee Rules

The Division of Human Resource Management advises that, on December 2, 1986, the Board authorized the initiation of the process to revise the State Personnel Regulations and the State Employee Grievance Committee Rules.

The Divisions advises that the attached rules and regulations have been printed in the State Register for the 30-day review. During that time, no significant recommendations were made, and only minor changes have been made to the proposed revisions.

The Division further advises that a public hearing was scheduled for January 26 to receive comments on the proposed rules and regulations and that no one appeared at that hearing.

The Division recommends that the Board approve the proposed revisions to the State Personnel Regulations and the State Employee Grievance Committee Rules for submission to the General Assembly for its consideration.

A synopsis of each set of proposals is included in the attachments.

---

BOARD ACTION REQUESTED:

Approve the submission of revised (a) State Personnel Regulations and (b) State Employee Grievance Committee Rules to the General Assembly.

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ATTACHMENTS:

Agenda item worksheet and attachments (a) and (b)

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

February 10, 1987

Blue Agenda  
 Regular Session Agenda  
Executive Session Agenda

1. Submitted By:

(a) Agency: Human Resource Management

(b) Authorized Official Signature: Phyllis M. Mayes

2. Subject:

Proposed Revisions to State Personnel Regulations and Grievance Committee Rules

3. Summary Background Information:

Board approval was authorized on December 2, 1986 for the proposed revisions to the State Personnel Regulations and the State Employee Grievance Committee Rules.

In compliance with the Board's policy, the attached rules and regulations have been printed in the State Register for the thirty day review period. During this period no significant recommendations were made, and only minor changes have been made to the proposed revisions. A public hearing was held on January 26, 1987 to receive comments on the proposed rules and regulations. No one appeared at this meeting.

Board approval is requested for the attached revisions to the State Personnel Regulations and State Employee Grievance Committee Rules.

4. What is Board asked to do?

Approve proposed revisions.

EXHIBIT

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STATE BUDGET & CONTROL BOARD

5. What is recommendation of the Board Division involved?

Approval

6. Recommendation of other office (as required)?

(a) Office Name \_\_\_\_\_ (b) Signature \_\_\_\_\_ Authorized

7. Supporting Documents:

List Those Attached

Revisions of State Personnel Regulations.

Revisions of State Employee Grievance Committee Rules.

List Those Not Attached But Available from Submitter

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EXHIBIT

FEB 10 1987 NO. 12

STATE BUDGET & CONTROL BOARD

SYNOPSIS

DIVISION OF HUMAN RESOURCE MANAGEMENT

STATE PERSONNEL REGULATIONS

(a)

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ARTICLE 7

DIVISION OF HUMAN RESOURCE MANAGEMENT

SUBARTICLE 1. STATE PERSONNEL REGULATIONS

The extent to which each regulation affects related provisions of the State Personnel Regulations is summarized below under each regulation.

Statutory Authority: S.C. Code of Laws

8-5-10 (Nepotism)

8-7-20 (Military Leave, Tour of Duty)

8-7-90 (Military Leave, Training)

8-11-40 (Sick Leave)

8-11-50 (Compensatory Holiday Time)

8-11-110 (Alcoholism)

8-11-210 through 8-11-300 (State Personnel Act)

8-11-610 through 8-11-680 (Annual Leave)

8-12-60 (Interchange of Government Employee Act)

8-15-60 (In-Service Training)

8-17-310 through 8-17-380 (State Grievance Act)

30-4-10 through 30-4-100 (Freedom of Information Act)

53-5-10 through 53-5-30 (Holidays)

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All references in the State Personnel Regulations to the State Personnel Division and the State Personnel Director are changed to Human Resource Management Division and Human Resource Management Division Director, respectively. This complies with the July 10, 1984, Budget and Control Board authorization of the name change. (Exception: In Regulation 19-706, Grievances and Appeals, the former wording is retained to be consistent with the State Employee Grievance Act.)

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REGULATION

19-703 ATTENDANCE AND LEAVE

19-703.04 A.5. is revised to clarify and conform with the provisions of the Fair Labor Standards Act.

19-703.04 B.2. is revised to add additional recordkeeping requirements of the Fair Labor Standards Act.

19-703.04 C. is changed to clarify and conform with the provisions of the Fair Labor Standards Act.

19-703.04 H is changed to promote accuracy and ease of interpretation.

19-703.06 "(DELETED)" is deleted because this space has not been utilized for the past two editions. Remaining sections will be renumbered.

19-703.07 is changed to 19-703.06.

19-703.06 B.1. is corrected to conform with State Holiday Statute.

19-703.06 C.2. is revised to promote accuracy and ease of interpretation.

19-703.08 is changed to 19-703.07.

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19-703.07 G.3. is revised to enable accurate interpretation.

19-703.07 G. "EXCEPTION" is changed to promote accuracy and ease of interpretation.

19-703.07 H. "EXCEPTIONS" is revised to add item 5, which is to read as follows:

5. The employee is a teacher or official of academic rank at a State supported institution of higher learning on sabbatical leave.

19-703.09 is changed to 19-703.08.

19-703.08 G.1. is revised to restrict requirement to agency needs.

19-703.08 I.1. is revised to restrict requirement to agency needs.

19-703.08 K. "EXCEPTIONS", is revised to add item 5, which is to read as follows:

5. The employee is a teacher or official of academic rank at a State supported institution of higher learning on sabbatical leave.

19-703.10 is changed to 19-703.09.

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19-703.09 A.2. is changed to add "with pay" to the end of the first sentence to correct error in printing the previous year.

19-703.11 is changed to 19-703.10.

19-703.12 is changed to 19-703.11.

#### 19-706 GRIEVANCES AND APPEALS

19-706.01 is revised to reference the Regulations on which a part of this Regulation is based.

19-706.04 A. is revised to more accurately reflect provisions of the State Employee Grievance Act.

19-706.04 A.3 is revised to promote consistency and ease of interpretation.

19-706.04 A.4. is revised to be more in accord with the State Employee Grievance Act.

19-706.04 C.1. is revised to clarify and promote ease of interpretation.

19-706.04 D.3. is revised to clarify and promote better interpretation.

008974

19-706.04 D.4. is revised to be more in accord with the State Employee  
Grievance Act.

19-706.04 D.6. is revised to promote consistency with the State Employee  
Grievance Committee Rules and Regulations.

19-706.04 D.7. is revised to be in accord with State Employee Grievance  
Committee Rules and Regulations.

19-706.05 G. is revised to provide that testimony may be given under  
affirmation.

008975

2-2-87  
11:00 AM



Equal Opportunity Agency

*South Carolina  
Wildlife & Marine  
Resources Department*

James A. Timmerman, Jr., Ph.D.  
Executive Director  
John B. Reeves  
Director of  
Administrative Services

February 2, 1987

**EXHIBIT**

**FEB 10 1987 NO. 14**

**STATE BUDGET & CONTROL BOARD**

Mr. William A. McInnis  
Budget and Control Board  
Columbia, S.C. 29201

Dear Bill:

At a recent meeting with the Department's subcommittee of the Ways and Means, Dr. Timmerman expressed an urgent need for \$60,000 to repair the roof at our research laboratory in Charleston. The existing roof of the original laboratory building has deteriorated to the point that water damage is occurring more frequently throughout the facility. The flat roof has been patched continuously for the past five years and further patch work will only prolong the required complete replacement and water damage repair in several areas of this laboratory.

Mr. McAbee, chairman of the Ways and Means subcommittee, suggested that I contact you and request your assistance on securing any contingency funds that may be available through the Budget and Control Board and the Joint Bond Review Committee. Mr. McAbee suggested this alternative since the repair is critical and time is of the utmost importance.

In summary, I would appreciate any assistance you can give the Department in securing \$60,000 from JABRC and BCB to repair this roof. As always, feel free to contact me for additional information should that be necessary.

Sincerely,

John B. Reeves  
Director, Administrative Services

JBR:ma

cc: Rep. Jennings McAbee  
James A. Timmerman, Jr.

**009005**



South Carolina Bond Contingency Revolving Fund :  
Capital Improvement Bonds

Authorized Prior to 1986 - Amount Currently Unallocated and Available

\$120,100.22

Authorized in Act 538 of 1986

\$667,000.00

Less Amount Previously Allocated in Priority Group 9 (July-December 1986)

-335,000.00

Remaining Amount - Scheduled for Group 13 Release (July-December 1988)

\$332,000.00

EXHIBIT

FEB 10 1987 NO. 14

STATE BUDGET & CONTROL BOARD

003007

Attachment 1

Attachment 1

B+C Bd meeting of 12/16/86

General Capital Improvements Bond Act

Act 538 of 1986

"2A. BUDGET AND CONTROL BOARD:

- |                                     |            |
|-------------------------------------|------------|
| 1. Contingency Revolving Fund       | \$ 500,000 |
| 2. Mt. Vernon Mill Site Development | 3,000,000  |

TOTAL, Budget and Control Board \$3,500,000

Provided, that, in making the above authorization, it is the intent of the General Assembly to provide the funding needed to establish a revolving fund to be used to finance emergency permanent improvement repair and replacement projects. Agency proposals for using these funds must be submitted to the Budget and Control Board and to the Joint Bond Review Committee simultaneously. The Board shall promptly consider and forward its recommendations on each request to the Joint Bond Review Committee. No request may be recommended for approval by the Board and no request may be approved by the Joint Bond Review Committee unless both the Board and the Committee shall have unanimously determined that the repair and/or replacement project for which funding is requested in a bona fide emergency which the requested funds, together with any other available funds, can address effectively. No institution of higher education, the Department of Mental Health, or the Department of Mental Retardation may request funds from this account. \*

009008

009008

Attachment 2

# EXHIBIT

FEB 10 1987 NO. 15

STATE BUDGET AND CONTROL BOARD  
STATE BUDGET & CONTROL BOARD  
REGULAR SESSION  
MEETING OF FEBRUARY 10, 1987  
ITEM NUMBER

11

AGENCY: Executive Director

SUBJECT: USC-Columbia Hall (Dormitory) Asbestos Removal Project

At the January 29 Board meeting, the Board carried over the USC-Columbia Hall (Dormitory) Asbestos Removal project along with a similar project for Clemson University and one to remove asbestos from the MUSC Hospital. The Bond Committee previously had allocated \$1,200,000 of capital improvement bonds for the USC project, \$1,000,000 for the Clemson project and \$792,000 for the MUSC project.

At that meeting, the Board was advised that its Task Force on Asbestos had found the three referenced projects to be top priority. Staff questioned the legality of using capital improvement bond funds to finance dormitory asbestos abatement in view of the provisions of Part I, Section 130 of the Appropriations Act.

Board staff have asked the Attorney General's Office for its opinion on the question on the use of capital improvement bond funds for dormitory asbestos abatement. That opinion likely will not be available at the meeting.

Staff also have determined from records of the State Treasurer's Office that USC now has on deposit more than \$3,000,000 of excess housing bond reserve funds. These are primarily interest earnings on the housing debt service and reserve accounts. The housing bond reserve account earned some \$518,000 in 1983-84, \$945,000 in 1984-85, and \$860,000 in 1985-86. This account has grown steadily since 1982-83.

The State Engineer's Office, because of the urgency of the asbestos abatement project, has allowed USC to proceed with various preliminaries, including the taking of bids, before the project has been approved formally by the Board. Bids on the project were received on January 20 and they are good for sixty days.

BOARD ACTION REQUESTED:

Pending receipt of the Attorney General's opinion, approve the establishment of the USC-Columbia Hall (Dormitory) Asbestos Removal project so as to permit it to be implemented, on the condition that the approved source of funds for the project be (a) funds borrowed by USC from the Board's Insurance Reserve Fund pursuant to the authorization in Appropriations Act Part I, Section 16 (page 196); or (b) excess USC housing bond reserve funds (in subfund #4665); or (c) capital improvement bond funds, if the Attorney General's Office concludes their use is legal in the dormitory project. It is suggested that it be the Board's understanding that capital improvement bond funds are the approved source of funds for this project if the Attorney General's Office opinion finds that to be legal and that such funds would be used to reimburse any project costs paid from either of the other sources referenced.

ATTACHMENTS:

009009

A13 form on referenced project; plus attachments.



7. C. Total estimated cost of project by broad purpose: Total cost: \$ 1,200,000  
 (equals 1 through 8, below and is same as 7A)

- |                                  |          |                                   |                     |
|----------------------------------|----------|-----------------------------------|---------------------|
| 1. Purchase land                 | \$ _____ | 5. Restore facility               | \$ _____            |
| 2. Purchase facility             | \$ _____ | 6. Maintain facility              | \$ _____            |
| 3. Demolish facility             | \$ _____ | 7. Replace facility               | \$ _____            |
| 4. Construct additional facility | \$ _____ | 8. Other: <u>asbestos removal</u> | \$ <u>1,200,000</u> |

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: \_\_\_\_\_ \$ 1,100,000  
 (Expenditure purposes (use 7B categories): \_\_\_\_\_)

B. Estimated expenditures after this FY: \_\_\_\_\_ \$ 100,000

C. Total (Same as 7A, 7B and 7C): \_\_\_\_\_ \$ 1,200,000

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer ID Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds	\$ <u>1,200,000</u>					
(1) Dept Capital Imp Bonds						
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service						
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
TOTAL (Same as 7A)	\$ <u>1,200,000</u>					

10. Submitted By:

Authorized Official: David P. Rinker Date Submitted 12/17/86  
 Typed Name and Title and Signature  
 David P. Rinker, System Vice President for Facilities Planning  
 FY Submitted 86-87

11. APPROVED (For Board Use Only):

\_\_\_\_\_  
 Typed Name and Title and Signature Date 009011  
 PROJECT NUMBER \_\_\_\_\_  
 PROJECT NAME \_\_\_\_\_

STATUS OF REQUIRED DEBT SERVICE AND BOND RESERVE FUNDS

REPORT AS OF 12/31/86

INSTITUTION: University of South Carolina

1. This report is on the status of the Funds established to ensure the timely payment of principal and interest costs of the following bond issue(s):

- (a) Type of Bonds: Student Fac Hsng D S USC
- (b) Issue Amount(s): Orig. total for all issues is \$25,149,000.00
- (c) Issue Date(s): Various from 1961/1979
- (d) Issue(s) Pursuant to:
  - (1) Act(s) 904 of 1960
  - (2) Resolution(s) dated: \_\_\_\_\_
- (e) Source(s) of Revenues Reported: Housing Revenue

\* \* \* \* \*

2. DEBT SERVICE FUND

- (a) Sub Fund # 4657 Balance. \$ 7,933,979.06
- (b) Amount Required for Next Installment Due: Reserve from sale of Wade Hampton Hotel (3,022,845.17)
  - (1) For Interest. . . . \$ 376,307.65
  - (2) Prin. due/ 1/2 due 6/1/ 664,000.00
  - (3) For Paying Agent's Fee \_\_\_\_\_
  - (4) Total Debt Service Fund Requirement (1,036,307.65)
- (1) Used for maint., oper. or lawful purpose. 3,874,826.24
- (2) Transferred as of \_\_\_\_\_ J.V.# \_\_\_\_\_

(c) Balance: \$ \_\_\_\_\_  
\* \* \* \* \*

3. BOND RESERVE FUND

- (a) Balance From Line 2(c), above \$ N/A on SFHR Bonds
- (b) Sub Fund # 4665 Balance \$ 4,904,887.94
- (c) Total \$ 4,904,887.94
- (d) Amount required is greater of:
  - (a) Maximum annual debt service in any FY after above date. (Fiscal Year 1987-88 is \$ 1,422,300.00.)
  - (b) 6% of total outstanding debt is \$ (1,422,300.00)

- (e) EXCESS FUNDS AVAILABLE \$ 3,482,587.94
  - (1) Previously Encumbered But Not Drawn (For Project #'s \_\_\_\_\_) (\_\_\_\_\_)
  - (2) Proposed For Encumbrance by E-1 Form(s) Attached (\_\_\_\_\_)
  - (3) Balance \_\_\_\_\_

\* \* \* \* \*

OUTSTANDING DEBT BALANCE (Principal amount only) \$ 12,477,000.00

009012

EXHIBIT

FEB 10 1987 NO. 15

STATE BUDGET & CONTROL BOARD

# EXHIBIT

FEB 10 1987 NO. 15

ACT 540 OF 1986  
(1986-87 APPROPRIATIONS ACT)  
PART I

STATE BUDGET & CONTROL BOARD

## SECTION 16 BUDGET AND CONTROL BOARD

carried forward and expended for the costs associated with the provision of such goods and services.

*Provided, Further, That for purposes of emergency asbestos abatement in state-owned buildings, the Budget and Control Board may authorize loans from funds available in the Installment Purchase Program and the Insurance Reserve Fund, not to exceed ten million dollars. The funds must be used only for emergency asbestos abatement and must be repaid by the agency to which the funds were loaned on a schedule determined by the Budget and Control Board unless funded by the General Assembly.*

*Provided, Further, That the State Auditor is directed to establish a Fraud Hot Line, and provide statewide toll free telephone service for use by citizens of this State to report incidences of waste, fraud, misuse, and abuse of state funds. The State Auditor is further directed to advertise the Fraud Hot Line in an appropriate manner.*

*Provided, Further, That all pending audits of the Department of Social Services and/or the Health and Human Services Finance Commission involving the purchase of Medicaid transportation services pending due to audit exceptions resulting from the disallowance of vehicle miles of general public riders shall be reaudited at the request of the provider or the Health and Human Services Finance Commission in accordance with OMB circular 128. Any audits performed under this authority shall supercede all findings of prior audits. The General Assembly recognizes that general public ridership on Medicaid routes represents a valued source of supplemental revenue for the Medicaid program.*

*Notwithstanding any other provision of law, the General Assembly shall, for Fiscal Year 1986-87, appropriate one percent of General Fund revenue estimates for that year, to the Capital Expenditure Fund, as provided for in SECTION 16M.*

Capital Improvements  
Joint Bond Review Committee

S-14-87 JAN - 9 1987

HORACE C. SMITH  
SENATE  
CHAIRMAN

MARION P. CARNELL  
HOUSE OF REPRESENTATIVES  
VICE CHAIRMAN

SCOTT R. INKLEY  
DIRECTOR OF RESEARCH AND ADMINISTRATION/  
BUDGET AND CONTROL BOARD LIAISON



LIB CROFT  
ADMINISTRATIVE ASSISTANT

734-2824 3090  
P.O. BOX 142 TELEPHONE (803)-758-5088 OR -8900  
ROOM 410, GRESSETTE BUILDING  
Columbia, South Carolina 29202

January 9, 1987

SENATE MEMBERS:

HORACE C. SMITH  
JAMES M. WADDELL, JR.  
WILLIAM W. DOAR, JR.  
HUGH K. LEATHERMAN  
THOMAS L. MOORE

HOUSE MEMBERS:

MARION P. CARNELL  
JENNINGS G. MCABEE  
T.W. EDWARDS, JR.  
R.N. McLELLAN  
Larry Blanding

Mr. William A. McInnis  
Deputy Executive Director  
State Budget & Control Board  
600 Wade Hampton Bldg.  
Columbia, South Carolina 29201

EXHIBIT  
FEB 10 1987 NO. 15  
STATE BUDGET & CONTROL BOARD

In Re: S-14-87  
(1-4) B&C Board/Gen. Services  
(5-6) The Citadel  
(7-9) Medical University  
( 11) Mental Retardation Dept.

Dear Mr. McInnis:

Transmitted herewith is Summary #14-87, pages 1-4, indicating Joint Bond Review Committee approval, at the meeting of January 7, 1987, of various projects for the above referenced agencies and departments.

As you requested, per your letter of January 6, 1987, which transmitted S-14-87, Item #4 which establishes the B&C Board-General Services State-wide Asbestos Survey & Emergency Abatement project is to be considered as a source-of-funds type project only. As individual projects are established for funding under this lump sum project, the amount of funding will be transferred to the particular agency and/or department involved. In this connection, it should be noted that at the meeting of January 7, 1987, the Committee approved the following transfers:

Item 5 USC-Columbia ----- \$1,200,000  
" 9 Clemson University ----- \$1,000,000  
" 9 Medical University of SC ---- \$ 792,000

000000

009014

Mr. W. A. McInnis

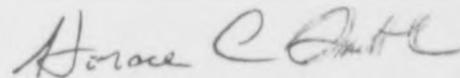
Page 2

January 9, 1987

The Clemson and MUSC transfers are reflected in the Priority Group #10 Projects Release. The USC-Columbia transfer is not shown on the Priority Group #10 listing since their first draw came in Priority Group #9.

With kind regards, I am

Sincerely,



Senator Horace C. Smith, Chairman  
Joint Bond Review Committee

HCS:lc

cc: Mr. Bill Clement  
Acting State Engineer

Enc. S-14-87, pgs. 1-4

420000

009015

FEB 10 1987 NO. 15

State of South Carolina

## State Budget and Control Board

STATE BUDGET &amp; CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN  
GOVERNOR  
GRADY L. PATTERSON, JR.  
STATE TREASURER  
EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



Box 12444  
Columbia  
29211

REMBERT C. DENNIS  
CHAIRMAN, SENATE FINANCE COMMITTEE  
ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

January 30, 1987

Mr. Joseph A. Wilson, II  
Chief Deputy Attorney General  
Office of the Attorney General  
Dennis Building  
Columbia, SC 29201

Dear Joe:

Part I, Section 130, of Act 540 of 1986 (the 1986-87 Appropriations Act, at page 4841 in Acts and Joint Resolutions, South Carolina, 1986) reads, in part, as follows:

During the Fiscal Year 1986-87, student fees at the State institutions of higher learning shall be fixed by the respective Boards of Trustees as follows:

(1) Fees applicable to student housing, dining halls, student health service, parking facility, laundries and all other personal subsistence expenses shall be sufficient to fully cover the total direct operating and capital expenses of providing such facilities and services over their expected useful life....

In Act 538 of 1986, Section 1, item 3 (at page 3430 in Acts and Joint Resolutions, South Carolina, 1986), \$8,200,000 of capital improvement bonds are authorized for the Budget and Control Board for "General Services-Asbestos Removal." Two provisos which follow the item also contain expressions relating to the removal or abatement of asbestos.

The Joint Bond Review Committee, on January 7, 1987, allocated a portion of the referenced \$8,200,000 of capital improvement bond funds to certain projects which are to abate asbestos in dormitory facilities. In particular, \$1,200,000 was allocated to the University of South Carolina-Columbia Hall (dormitory) asbestos removal project and \$1,000,000 was allocated to a Clemson University dormitory asbestos removal project.

003016

003016

# EXHIBIT

FEB 10 1987 NO. 15

STATE BUDGET & CONTROL BOARD

Mr. Joseph A. Wilson, II  
Page 2  
January 30, 1987

The Budget and Control Board has been asked to approve the establishment of the USC-Columbia Hall asbestos removal project with a budget of \$1,200,000 and with capital improvement bond funds from the authorization in Act 538 of 1986 proposed as the source of funds for the project. A request to establish the Clemson project is expected soon.

I would appreciate having as soon as is possible the opinion of your Office on the following question:

Is it proper legally for the Budget and Control Board, under the terms of Code Section 2-47-50 and in view of the provisions of Part I, Section 130, of Act 540 of 1986, to approve the establishment of any permanent improvement project which proposes to abate asbestos in or to remove asbestos from any dormitory facilities of any State institution of higher learning using capital improvement bond proceeds authorized in Act 538 of 1986 or in any other Act as the source of funds for such project?

Sincerely,



Jesse A. Coles, Jr., Ph.D.

M

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009017

# EXHIBIT

FEB 10 1987 NO. 16

STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD  
MEETING OF February 10, 1987 REGULAR SESSION  
ITEM NUMBER

12

AGENCY: Clarks Hill-Russell Authority

SUBJECT: Real Property Sale to McCormick County

The Clarks Hill-Russell Authority is in the process of selling seven acres of land within the "Indian Hill" project to McCormick County for a site for a nursing home. (It is the facility being financed by the transaction in agenda item 9, above.)

Details of this transaction are being reviewed by Property Management and will be presented at the meeting.

The land is to be sold to the County at the same price the Authority paid for it.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Parrott January 27 letter to Coles; Option Agreement and Addendum No. 1

009018

J.A. McALLISTER, CHAIRMAN  
MT. CARMEL, SC 29840

S.M. BEATY, V. CHAIRMAN  
ABBEVILLE, SC 29620

ROBERT E. "GENE" POWELL  
GREENWOOD, SC 29646

S.F. SHERARD, JR.  
CALHOUN FALLS, SC 29628

REBECCA M. PENNELL  
ANDERSON, SC 29621

WILLIAM S. SIMPSON, JR.  
IVA, SC 29655



CLARKS HILL-RUSSELL AUTHORITY  
OF SOUTH CAROLINA

RECEIVED

FEB 3 1987

BUDGET AND CONTROL BOARD  
OFFICE OF EXECUTIVE DIRECTOR

JOHN R. WEST  
ABBEVILLE, SC 29620

J.L. BURCH  
McCORMICK, SC 29835

O. LEE STURKEY,  
GENERAL COUNSEL  
McCORMICK, SC 29835

J.N. WORKMAN,  
EXECUTIVE DIRECTOR  
P. O. DRAWER K  
McCORMICK, SC 29835  
PHONE (803) 443-2168

EXHIBIT

January 27, 1987

FEB 10 1987 NO. 16

STATE BUDGET & CONTROL BOARD

Dr. Jesse A. Coles, Jr., Executive Director  
S. C. Budget and Control Board  
Post Office Box 12444  
Columbia, South Carolina 29211

Dear Dr. Coles:

The Clarks Hill-Russell Authority is in negotiations to sell 7 acres of land within the "Indian Hill project" to McCormick County as the location for a county-owned nursing home. We have entered into an option agreement with McCormick County and request approval for the final sale of the property. A copy of the option is attached.

The nursing home would be the first phase of the construction on the project and is being coordinated with Cooper Communities, Inc., the developer selected to complete the overall Indian Hill project.

We look forward to receiving the Board's approval on this sale and to the subsequent construction of the nursing home.

Sincerely,

Morrison J. Parrott  
Deputy Director

MJP/kh  
attachment

003019

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF McCORMICK )

OPTION AGREEMENT

THIS OPTION AGREEMENT entered into this 1<sup>st</sup> day of December, 1986, by the Clarks Hill-Russell Authority, an agency of the State of South Carolina ("Authority") and McCormick County, a political subdivision of the State of South Carolina ("County").

EXHIBIT

WITNESSETH

FEB 10 1987

NO. 16

ARTICLE I

STATE BUDGET & CONTROL BOARD

Definitions

1.1 As used herein, the following terms shall have the following meanings:

a. Agreement: This Option Agreement, any addendums and any modifications hereof or thereof.

b. Closing: Closing will occur no later than December 31, 1986, unless extended pursuant to Section 6.1. County shall designate the date, time and location of Closing, or if not so designated by County, on such date and at such time and location mutually agreeable to County and Authority.

c. Defect of Title: Any impediment affecting the marketability of the title to the Property other than Permitted Encumbrances.

d. Option Money: Ten dollars (\$10.00) paid by County to Authority herewith for the option created by this Agreement.

e. Permitted Encumbrances: Matters affecting title subject to which County agrees to take the Property, and which are set forth in Exhibit "B" attached hereto.

f. Property: The real estate described on Exhibit "A" attached hereto, which includes all improvements, rights, titles and interest appurtenant thereto.

g. Purchase Price: A price equal to the price per acre at which the property was acquired by the Authority from the General Services Administration.

h. County: McCormick County.

i. Authority: Clarks Hill-Russell Authority, an agency of the State of South Carolina.

j. Term: This option shall commence on the date this Agreement is executed by County and Authority, or the last of them, and shall terminate at midnight December 31, 1986.

## EXHIBIT

### ARTICLE 2

FEB 10 1987

NO. 16

#### Grant of Option

STATE BUDGET & CONTROL BOARD

2.1 Grant: In consideration of the Option Money paid herewith, the receipt and sufficiency of which is acknowledged, Authority has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell and convey unto County, an exclusive option to purchase the Property for the Term upon such terms and conditions set forth in this Agreement.

### ARTICLE 3

#### Exercise of Option

3.1 Exercise: County may exercise this Option at any time during its term upon written notice to Authority as provided for herein. Nothing herein shall be construed so as to create an obligation of the County to exercise said Option.

3.2 Agreement of Purchase and Sale: Upon exercise of this Option by County, this Agreement automatically shall become a contract of purchase and sale with the notice of exercise becoming an addendum hereto.

009021

3.3 Failure to Exercise: If County fails to exercise option, Authority shall retain all Option Money paid by County, and the within Agreement shall be of no further force or effect, with neither party having any further obligation nor liability to the other.

3.4 Assignment: This option and the contract resulting from the exercise of this option may be assigned by County.

3.5 Time is of the essence of this Agreement and any extensions hereof.

## EXHIBIT

FEB 10 1987

NO. 16

### ARTICLE 4

STATE BUDGET & CONTROL BOARD

#### Deliveries, Representations and Warranties of Authority

4.1 Conveyance of Title: At closing, Authority must furnish County, subject to the Permitted Encumbrances, fee simple title to the Property, without exceptions, free and clear of all liens, encumbrances, restrictions, assessments, all of which installments have not been paid, encroachments, easements, leases, tenancies and occupancies, except for those set forth on Exhibit "B" attached hereto, and Authority must have satisfied and cancelled of record all assessments, liens and other encroachments against the Property.

4.2 Deed: Authority will convey title to the Property to County by quitclaim deed properly witnessed and attested for recording in the State of South Carolina.

4.3 Default by Authority: In the event Authority fails to comply with or perform any condition to be complied with or any covenant or other obligation to be performed by Authority under the terms and provisions of this Agreement, or in the event any representation or warranty of Authority contained herein is not true and correct as to the date hereof and as of the Closing date, County shall be entitled to exercise any and all rights and remedies available to it at law or in equity, including, without limitation: (i) an action at law against Authority for damages incurred by reason thereof, such damages to include reasonable attorneys' fees; (ii) an action in equity against Authority for the specific performance by Authority of the terms and provisions of this Agreement with Authority being liable for all Purchaser's attorneys' fees in connection with such action; and (iii) the right to terminate this Agreement by giving notice as provided hereof such termination to Authority, whereupon the Option Money shall be immediately returned to

009022

County by Authority, together with an amount equal to Purchaser's expenses and this Agreement shall thereupon be deemed null and void and of no further force or effect, and no party hereto shall have any further rights, obligations or liabilities hereunder. Notwithstanding the foregoing, Purchaser's sole remedy for Default due to Defects of Title shall be governed by Section 6.1.

4.4 Brokerage: Authority and County shall each indemnify and hold the other harmless from and against all liability, loss, cost and expense, whether or not meritorious, for any claims for real estate or brokerage fees, commissions or expenses whatsoever in connection with this transaction resulting from the acts of the other.

4.5 Condition of Property: From the date hereof through Closing, neither Authority nor County may cut or remove any timber or trees from the property (except as may be necessary for completion of the survey), and at Closing the Property will be substantially in the same condition as on the date of this Agreement. The risk of loss for any casualty to the Property shall remain on Authority. Changes in the Property due to acts of God or other causes beyond the control of the Authority shall not be considered acts of default.

4.6 Assumption of Risk by Purchaser's Employees: The County hereby agrees to hold harmless the Sellers for liability arising from injuries which might be sustained by Purchaser's employees or agents while on the property during the period of this Agreement and during its extended periods; that the County warrants that his employees or agents shall be adequately insured and that County will bear any and all expense arising from such injuries.

EXHIBIT

FEB 10 1987 NO. 1 6

ARTICLE 5

STATE BUDGET & CONTROL BOARD

Inspection of Property and Examination of Title

5.1 Examination of Title: County shall have title to the Property examined by its attorneys and shall notify Authority of any objection whatsoever regarding title to the Property. In the event Authority is notified of any Defect of Title whatsoever, as determined in the sole discretion of Purchaser's attorneys, Authority agrees that this option shall be extended automatically for ninety (90) days from the date of such notice. If Authority fails to correct such Defect (s) of Title within ninety (90) days, County has the choice of: (a) accepting the Property subject to Defect (s) of

009023

Title; or (b) declining to accept the Property. County must notify Authority in writing of the choice within ten (10) calendar days following the ninety (90) days correction period. If County chooses alternative (b), this Agreement will become null and void, and Authority must promptly refund the Option Money to County.

5.2 Inspection: Authority agrees that as of the date of this Agreement, County, its agents and representatives, shall at all times before the Closing, have the privilege of going upon the Property to inspect, examine, and otherwise do what the County deems necessary for the development of the Property. Authority shall otherwise have full possession of the Property and be entitled to all income and benefits. However, Seller's use of the Property during this option period shall not conflict with the Purchaser's pre-development efforts. Additionally, County agrees to restore the Property to the condition in which it existed prior to its entry upon the same for purposes hereinabove stated. County shall pay all costs of such activities and shall not permit any lien to be created against the Property.

## EXHIBIT

ARTICLE 6

FEB 10 1987

NO. 16

Conditions

STATE BUDGET & CONTROL BOARD

6.1 Restrictions: County represents and warrants that it intends to utilize the Property for the construction and operation of a nursing home and related health care facilities and that the Property will be utilized for no other purpose. In the event County exercises this option and consummates the transfer of the Property contemplated herein and is thereafter unable or unwilling to complete the proposed facilities, County agrees to sell and Authority agrees to buy the Property on the same terms and conditions which the County originally purchases the Property.

6.2 Approvals: Authority acknowledges that County intends to develop the Property as a nursing home and that approvals may be required from governmental and quasi-governmental entities of the State, County and Federal governments of all aspects of the development. Therefore, County at its option shall have the right to terminate this Agreement if at any time during its Term such approvals have not been obtained, and upon such termination, the within Agreement shall be of no further force of effect. County represents that it will use its best efforts during the term to obtain such approvals.

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6.2 Authority and County acknowledge that this and any contract resulting therefrom require the option of the State Budget and Control Board. The obligations of both parties are specifically contingent upon such approval and the approval of any other governmental entity which may be required by law prior to consummating this Agreement.

## EXHIBIT

ARTICLE 7

FEB 10 1987

NO. 16

Miscellaneous

STATE BUDGET & CONTROL BOARD

7.1 Adjustments at Closing: With respect to applicable real estate taxes and all special and other assessments, the parties hereto agree to adjust, as of Closing, on the basis of the tax bill which is issued in connection with applicable year upon the issuance of such bill based on the lowest tax payable if paid at the earliest possible time.

7.2 Costs and Expenses: Authority and County shall each bear the Closing costs respectfully incurred by them in connection with this Agreement as are imposed by custom and practice in the State of South Carolina upon purchasers and sellers respectively in such transactions.

7.3 Notice: Any notice required or permitted to be given is sufficient if it is in writing and sent by the United States certified mail, return receipt requested, postage prepaid, to the party being given notice at the following address:

Purchaser: McCormick County  
Post Office Box 426  
McCormick, SC 29835

With Copy To:

Seller: Clarks Hill-Russell Authority  
Post Office Drawer K  
McCormick, SC 29385

Notice is deemed received by the party to whom it is addressed on the third (3rd) calendar day following the date on which it is deposited in the mail. Any party may change his address by giving the other party written notice of the change.

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7.4 Applicable Law: This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of South Carolina.

7.5 Entire Agreement: This Agreement and the instruments referred to herein embody the entire Agreement and understanding between the parties hereto relating to the subject matter hereof and replaces any prior Agreement, and no modifications will be binding unless in writing and signed by Authority and County. Any terms of this Agreement which by their terms are to be performed after Closing shall be deemed to survive Closing.

7.6 Severability: If all or any portion of any provisions of this Agreement is declared invalid by law, then the performance of the offending provision is excused by the Parties. But, if the performance of the excused provision materially affects any aspect of this transaction, the party for whose benefit the excused provision was inserted in this Agreement has ten (10) days after the provision is declared invalid to terminate this Agreement. This Agreement will then be null and void, and Authority must promptly refund the Option Money to County.

7.7 Title and Captions: The titles or captions of the provisions of this Agreement are merely descriptive and are not representations of matters included or excluded from the provisions.

7.8 Gender and Number: Whenever the context so requires, references herein to the neuter gender shall include the masculine and/or feminine gender, and the singular number shall include the plural.

7.9 Additional Documents: The parties hereto hereby agree to execute, acknowledge (if necessary) and deliver such other documents as may be required by any title company and memorandums of this Agreement in form sufficient for recording, as the other party (or its designee) may reasonably require from time to time to carry out the intents and purposes of this Agreement.

EXHIBIT

FEB 10 1987 NO. 16

STATE BUDGET & CONTROL BOARD

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IN WITNESS WHEREOF, the parties have set their hands and seals and have caused this Agreement to be executed in their names and their corporate seals to be affixed by their duly authorized officers the day and year first above written.

SIGNED, SEALED & DELIVERED

SELLER:

[Signature]

BY: [Signature] (SEAL)

Kathy J. Hollenhorst

ATTEST: [Signature] (SEAL)

PURCHASER:

\_\_\_\_\_

BY: [Signature] (SEAL)

[Signature]

ATTEST: [Signature] (SEAL)

EXHIBIT

FEB 10 1987 NO. 16

STATE BUDGET & CONTROL BOARD

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## EXHIBIT "A"

All that certain piece, parcel or lot of land situate, lying and being in the County of McCormick, State of South Carolina and being more particularly described on a plat prepared for the County of McCormick by R. Daniel Proctor, RLS dated November 17, 1986 and revised November 19, 1986 and having the following boundaries, to-wit: BEGINNING AT A POINT at the centerline of South Carolina State Road S-33-7 at a nail and cap approximately 1200 feet from U. S. Highway 378 and running S 55 degrees 06 minutes 00 seconds E for a distance of 539.95 feet along the centerline of South Carolina State Road S-33-7 to a nail and cap; thence turning and running S 34 degrees 54 minutes 00 seconds W for a distance of 33.00 feet to a new iron pin; thence continuing S 34 degrees 54 minutes 00 seconds W along land of CLARKS HILL-RUSSELL AUTHORITY for a distance of 564.71 feet to a new iron pin; thence turning and running N 55 degrees 05 minutes 59 seconds W along land of CLARKS HILL-RUSSELL AUTHORITY for a distance of 540.05 feet to a new iron pin; thence turning and running N 34 degrees 54 minutes 35 seconds E along land of CLARKS HILL-RUSSELL AUTHORITY for a distance of 564.70 to a new iron pin; thence continuing 34 degrees 54 minutes 35 seconds E for a distance of 33.00 feet to a nail and cap and the POINT OF BEGINNING.

## EXHIBIT

FEB 10 1987 NO. 16

STATE BUDGET &amp; CONTROL BOARD

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**EXHIBIT "B"**Permitted Encumbrances

1. Any and all real estate and personal property taxes levied by McCormick County, State of South Carolina, due and payable at the time of Closing.
2. Public utility rights-of-way and other easements of record as they may exist on the date of the execution of this Option Agreement.
3. Any discrepancies, encroachments, easements, conflicts or shortages, in area and boundaries which would otherwise be shown by a current and correct survey of the Property.

**EXHIBIT**

FEB 10 1987      NO. 16

STATE BUDGET &amp; CONTROL BOARD

**009029**

JAN 28 1987

STATE OF SOUTH CAROLINA )  
COUNTY OF McCORMICK )

ADDENDUM NO. 1 TO THE  
OPTION AGREEMENT

EXHIBIT

FEB 10 1987 NO. 16

STATE BUDGET & CONTROL BOARD

This Addendum, effective as of the 30th day of December, 1986, is hereby made a part of and incorporated into the Option Agreement by and between the Clarks Hill-Russell Authority (hereinafter "Authority") and McCormick County (hereinafter "County"), dated with an effective date of December 1, 1986. In the event that any provision of this Addendum and any provision of the said Option Agreement are inconsistent or conflicting, the inconsistent or conflicting provision of this Addendum shall be and constitute an amendment of the Option Agreement and shall control, but only to the extent that such provision is inconsistent or conflicting with the Option Agreement.

The Authority and the County hereby agree to amend the above referenced Option Agreement as follows:

1. The first sentence of paragraph 1.1 (b) is amended to read as follows:  
  
" b. Closing: Closing will occur no later than March 30, 1987, unless extend pursuant to Section 6.1."
2. Paragraph 1.1 (g) is amended to read as follows:  
  
" g. Purchase Price: One thousand four hundred eight dollars (\$1,408.00) per acre or pro rata portion thereof."
3. Paragraph 1.1 (j) is amended to read as follows:  
  
" j. Term: This option shall commence on the date this Agreement is executed by the County and the Authority, or the last of them, and shall terminate at midnight on March 15, 1987.
4. Exhibit "A" on page 9 of the Option Agreement is deleted in its entirety and the enclosed Exhibit "A" is substituted as the proper description of the Property and made a part of the Option Agreement.

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The Authority and the County certify by their undersigned authorized agents that they have read his Addendum and the Option Agreement heretofore referred to and agree to be bound by their terms and conditions.

WITNESSES:

McCORMICK COUNTY

\_\_\_\_\_

BY: s/ Curtis E. Baggett  
(AUTHORIZED SIGNATURE)

\_\_\_\_\_

\_\_\_\_\_  
(NAME)

\_\_\_\_\_  
(TITLE)

WITNESSES:

CLARKS HILL-RUSSELL AUTHORITY

\_\_\_\_\_

BY: s/ John A. McAllister  
(AUTHORIZED SIGNATURE)

\_\_\_\_\_

\_\_\_\_\_  
(NAME)

\_\_\_\_\_  
(TITLE)

Attachment

EXHIBIT

FEB 10 1987 NO. 16

STATE BUDGET & CONTROL BOARD

7165L

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# EXHIBIT

FEB 10 1987 NO. 16

STATE BUDGET & CONTROL BOARD

FACT SHEET  
CLARK HILL-RUSSELL AUTHORITY  
REAL PROPERTY SALE TO McCORMICK COUNTY

7 acres of land square 540 x 564 near intersection of S-33-7 and U.S. 378

Part of "Indian Hill Project" 3,194 acres purchased for \$4,470,000.00 by CHR Authority given approval on January 16, 1986 by Budget and Control Board (\$1,400.00/acre)

Given exemption from Procurement Code under 11-35-710 but not exemption from 1-11-65 on February 27, 1986

Project is master plan to provide 20 year development of retirement community

7 acre tract is to be sold to McCormick County as the location of a county owned nursing home. It is first phase of the construction on the project in coordination with Cooper Communities, Inc., the Developer

1. Closing on March 30, 1987
2. \$1,408.00/acre x 7 acre = \$9,856.00
3. Convey by Quit Claim fee simple
4. Liable for default by authority of attorney fees, damages, specific performance, right to terminate

Conditional on county constructing a nursing home and related care facility and no other purpose. If unable or unwilling, county will deed back under same terms or conditions (need time restrictions)

5. Nursing home will be built in conformity to guidelines of developer (not mandatory)
6. Hospital bonds closing on February 19, 1987

Jim Workman - CHR Authority

Morrison Parrott - 443-2168

Tommy Lavender - Attorney - 256-2494

Certificate of need issued to McCormick County

DHEC applications filed and are pending for water and sewer

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JUN 24 1987

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
DIVISION OF GENERAL SERVICES

300 GERVAIS STREET  
COLUMBIA, S.C. 29201  
(803) 737-2130



CARROLL A. CAMPBELL, JR.  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

REMBERT C. DENNIS  
CHAIRMAN,  
SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN  
CHAIRMAN,  
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

JACK C. SPROTT, CAE  
ASSISTANT DIVISION DIRECTOR  
PROPERTY MANAGEMENT

June 23, 1987

Mr. William A. McInnis  
Deputy Executive Director  
State Budget and Control Board  
Executive Offices  
612 Wade Hampton Office Building  
Columbia, South Carolina 29201

Dear Bill:

At its February 10, 1987 meeting, the Budget and Control Board approved a Clarks Hill-Russell Authority proposal to sell seven (7) acres of land to McCormick County for a site for a nursing home.

Enclosed are two (2) originals of the deed which has been executed by the Russell Authority. Would you please secure the Governor's signature along with witness and notary on behalf of the Budget and Control Board? Your assistance will be appreciated. If you will give me a call, I will be happy to come pick them up after they are executed.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bruce".

Bruce Taylor, Supervisor  
Sales and Acquisitions  
Division of General Services  
Property Management Section

BT:dp

Enclosures

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STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF MCCORMICK )

TITLE TO REAL ESTATE

WHEREAS, the Clarks Hill Russell Authority of the State of South Carolina, hereinafter referred to as the "Authority", entered into an option with the County of McCormick, State of South Carolina, hereinafter referred to as "County", said option being dated December 1, 1986; and

WHEREAS, thereafter an addendum to the said option was made by the Authority and the County, dated December 30, 1986; and

WHEREAS, the Authority has approved the conveyance of the property pursuant to a Resolution of its Board of Directors; and

WHEREAS, the Budget and Control Board of the State of South Carolina, has approved the conveyance by Resolution duly approved on February 10, 1987.

NOW THEREFORE, Know all men by these presents that the Clarks Hill Russell Authority of the State of South Carolina in the State aforesaid for and in consideration of the sum of TEN THOUSAND FOUR HUNDRED EIGHTY FIVE AND NO/100 (\$10,485.00) DOLLARS, to it in hand paid at and before the sealing of these presents by the County of McCormick, State of South Carolina, in the State aforesaid, the receipt and sufficiency of which is hereby acknowledged, have remised, released and forever quit-claimed and by these presents do remise, release and forever quit-claim unto the said County of McCormick, State of South Carolina, its successors and assigns, forever, the following described property, to wit:

All and singular that certain piece, parcel or tract of land, situate lying and being in the Bordeaux Township, County of McCormick, State of South Carolina, containing SEVEN AND 41/100ths (7.41) gross acres, more or less, fronting for a distance of 539.95 feet, more or less, on South Carolina Road S-33-07 (old Willington Road) and being bounded on the Northeast by South Carolina Road S-33-07 (old Willington Road) the centerline thereof being the line, separating this tract from other lands of the Clarks Hill Russell Authority of the State of South Carolina; on the Southeast and Southwest by lands of Clarks Hill Russell Authority of the State of South Carolina (designated on the plat hereinafter described as a "proposed 66 foot right of way" which said right of way expressly

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is not herein conveyed nor dedicated to public use); and on the Northwest by lands of the Clarks Hill Russell Authority of the State of South Carolina. For a more particular description of said tract, reference is made to a plat prepared by Newby, Proctor and Associates, Surveyors, dated November 17, 1986, copy of which is recorded in the Office of the Clerk of Court for McCormick County in Plat Book 9, at Page \_\_\_\_\_. This a portion of Tract 1-E described in that deed from the United States of America acting by and through the Administrator of General Services Administration, to the Clarks Hill Russell Authority of the State of South Carolina, said deed being dated June 27, 1986, and recorded in the Office of the Clerk of Court of McCormick County in Deed Book 77, at Page 52.

The condition of this conveyance is that by delivery and acceptance of this deed, the Grantee represents and warrants that it intends to utilize the property for the construction and operation of a nursing home and related health care facilities and that the property hereinabove described will be utilized for no other purpose. In the event that, the Grantee is unable or unwilling to complete construction of the proposed facilities, then and in that event, the Grantee agrees to sell and the Grantor agrees to repurchase the property for the purchase price hereinabove provided. This condition is a restriction running with the land for the said three year period.

TOGETHER with all and singular the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND HOLD, subject to the condition hereinabove contained, all and singular the said premises before mentioned unto the County of McCormick, State of South Carolina, its successors and assigns, forever.

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said County of McCormick, its assigns, forever-so that neither the said Clarks Hill Russell Authority of the State of South Carolina nor their assigns nor any other person or persons, claiming under it or them, shall at any time hereafter, by any way or means, have claim or demand any right or title to the aforesaid premises or appurtenances, or any part or parcel thereof, forever.

**009035**

IN WITNESS WHEREOF, the Clarks Hill Russell Authority of the State of South Carolina, has caused these presents to be executed in its name by John A. McAllister, Sr., its chairman, and by J. L. Burch, its secretary, this the 27<sup>th</sup> day of February, in the year of our Lord one thousand nine hundred and eighty seven, and in the two hundred and eleventh year of the Sovereignty and Independence of the United States of America.

*John A. McAllister, Sr.*  
*J. L. Burch*

CLARKS HILL RUSSELL AUTHORITY OF  
THE STATE OF SOUTH CAROLINA

BY *John A. McAllister, Sr.*  
JOHN A. MCALLISTER, SR., CHAIRMAN

BY *J. L. Burch*  
J. L. BURCH, SECRETARY

STATE OF SOUTH CAROLINA     )  
                                          )  
COUNTY OF MCCORMICK        )

ACKNOWLEDGEMENT  
Section 26-3-70 SC Code of Laws

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day February, 1987, by John A. McAllister, Sr., and J. L. Burch.

*Sallie W. Reis*  
Notary Public for South Carolina  
My Commission expires: March 7, 1993



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STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

APPROVAL BY STATE BUDGET  
AND CONTROL BOARD

The conveyance of the lands hereinabove described is hereby approved  
by the South Carolina Budget and Control Board.

SOUTH CAROLINA BUDGET AND CONTROL BOARD

BY *Janell G. DeLoach*

ITS *Chairman*

BY \_\_\_\_\_

ITS \_\_\_\_\_

*Mark R. Elam*  
Mark R. Elam

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

ACKNOWLEDGEMENT  
Section 26-3-70 SC Code of Laws

The foregoing instrument was acknowledged before me this 25<sup>th</sup>  
day of ~~February~~ <sup>June</sup>, 1987, by Luther F. CARTER and  
MARK R. ELAM.

*Jaye Cooper*  
Notary Public for South Carolina  
My Commission expires: 3-21-95

009037

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF MCCORMICK )

TITLE TO REAL ESTATE

WHEREAS, the Clarks Hill Russell Authority of the State of South Carolina, hereinafter referred to as the "Authority", entered into an option with the County of McCormick, State of South Carolina, hereinafter referred to as "County", said option being dated December 1, 1986; and

WHEREAS, thereafter an addendum to the said option was made by the Authority and the County, dated December 30, 1986; and

WHEREAS, the Authority has approved the conveyance of the property pursuant to a Resolution of its Board of Directors; and

WHEREAS, the Budget and Control Board of the State of South Carolina, has approved the conveyance by Resolution duly approved on February 10, 1987.

NOW THEREFORE, Know all men by these presents that the Clarks Hill Russell Authority of the State of South Carolina in the State aforesaid for and in consideration of the sum of TEN THOUSAND FOUR HUNDRED EIGHTY FIVE AND NO/100 (\$10,485.00) DOLLARS, to it in hand paid at and before the sealing of these presents by the County of McCormick, State of South Carolina, in the State aforesaid, the receipt and sufficiency of which is hereby acknowledged, have remised, released and forever quit-claimed and by these presents do remise, release and forever quit-claim unto the said County of McCormick, State of South Carolina, its successors and assigns, forever, the following described property, to wit:

All and singular that certain piece, parcel or tract of land, situate lying and being in the Bordeaux Township, County of McCormick, State of South Carolina, containing SEVEN AND 41/100ths (7.41) gross acres, more or less, fronting for a distance of 539.95 feet, more or less, on South Carolina Road S-33-07 (old Willington Road) and being bounded on the Northeast by South Carolina Road S-33-07 (old Willington Road) the centerline thereof being the line, separating this tract from other lands of the Clarks Hill Russell Authority of the State of South Carolina; on the Southeast and Southwest by lands of Clarks Hill Russell Authority of the State of South Carolina (designated on the plat hereinafter described as a "proposed 66 foot right of way" which said right of way expressly

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is not herein conveyed nor dedicated to public use); and on the Northwest by lands of the Clarks Hill Russell Authority of the State of South Carolina. For a more particular description of said tract, reference is made to a plat prepared by Newby, Proctor and Associates, Surveyors, dated November 17, 1986, copy of which is recorded in the Office of the Clerk of Court for McCormick County in Plat Book 9, at Page \_\_\_\_\_. This a portion of Tract 1-E described in that deed from the United States of America acting by and through the Administrator of General Services Administration, to the Clarks Hill Russell Authority of the State of South Carolina, said deed being dated June 27, 1986, and recorded in the Office of the Clerk of Court of McCormick County in Deed Book 77, at Page 52.

The condition of this conveyance is that by delivery and acceptance of this deed, the Grantee represents and warrants that it intends to utilize the property for the construction and operation of a nursing home and related health care facilities and that the property hereinabove described will be utilized for no other purpose. In the event that, the Grantee is unable or unwilling to complete construction of the proposed facilities, then and in that event, the Grantee agrees to sell and the Grantor agrees to repurchase the property for the purchase price hereinabove provided. This condition is a restriction running with the land for the said three year period.

TOGETHER with all and singular the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND HOLD, subject to the condition hereinabove contained, all and singular the said premises before mentioned unto the County of McCormick, State of South Carolina, its successors and assigns, forever.

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said County of McCormick, its assigns, forever-so that neither the said Clarks Hill Russell Authority of the State of South Carolina nor their assigns nor any other person or persons, claiming under it or them, shall at any time hereafter, by any way or means, have claim or demand any right or title to the aforesaid premises or appurtenances, or any part or parcel thereof, forever.

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STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

APPROVAL BY STATE BUDGET  
AND CONTROL BOARD

The conveyance of the lands hereinabove described is hereby approved  
by the South Carolina Budget and Control Board.

SOUTH CAROLINA BUDGET AND CONTROL BOARD

BY *James G. ...*

ITS *Chairman*

BY \_\_\_\_\_

ITS \_\_\_\_\_

*Mark R. Elam*  
Mark R. Elam

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

ACKNOWLEDGEMENT  
Section 26-3-70 SC Code of Laws

The foregoing instrument was acknowledged before me this 25th  
day of ~~February~~ JUNE, 1987, by Lutter F. CARTER and  
MARK R. ELAM.

*Jaye Adkins*  
Notary Public for South Carolina  
My Commission expires: 3-21-95

009041

# EXHIBIT

FEB 10 1987

NO. 17

STATE BUDGET AND CONTROL BOARD  
MEETING OF February 10, 1987

REGULAR SESSION

ITEM NUMBER

13

AGENCY: General Services

SUBJECT: Property Transfer

The Division of General Services advises that, on May 27, 1986, the Board instructed Dr. Coles to work with the Mental Health Commission to make available a site for a Mental Retardation office building. On June 10, Dr. Coles advised the Board that Mental Health had agreed to provide a site.

On October 7, 1986, the Mental Health Commission voted to transfer a parcel of land to Mental Retardation.

The Division has drafted a deed and resolution acceptable to both agencies for the transfer of 11.962 acres on Harden Street from the Regents of the Lunatic Asylum to the State of South Carolina and the assignment of the property to the Department of Mental Retardation.

BOARD ACTION REQUESTED:

Approve the transfer of 11.962 acres on Harden Street from the Regents of the Lunatic Asylum to the State of South Carolina and the assignment of the property to the Department of Mental Retardation.

ATTACHMENTS:

Agenda item worksheet and attachment

009042

# EXHIBIT

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

FEB 10 1987 no 17

For meeting scheduled for STATE BUDGET & CONTROL BOARD

February 10, 1987

Blue Agenda

Regular Session Agenda

Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard H. Kelly

2. Subject: Transfer of property from Mental Health Commission to the Department of Mental Retardation

3. Summary Background Information:

1. On May 27, 1986 the Board instructed Dr. Coles to work with the Mental Health Commission to make available a site for a Mental Retardation Office Building. Later on June 10, Dr. Coles advised the Board that Mental Health had promised to provide a site.
2. On October 7, 1986 the Mental Health Commission voted to transfer a parcel of land to Mental Retardation.
3. The Division of General Services has drafted a deed and resolution that is acceptable to both agencies for the transfer of 11.962 acres on Harden Street from the Regents of the Lunatic Asylum to the State of South Carolina and the further assignment of this property to the Department of Mental Retardation.

4. What is Board asked to do?

Approve the transfer by deed to the State of South Carolina and the further assignment of this property to the Department of Mental Retardation.

5. What is recommendation of the Board Division involved?

Approve the transfer

6. Recommendation of other office (as required)?

(a) Office Name \_\_\_\_\_

Authorized

(b) Signature \_\_\_\_\_

7. Supporting Documents:

List Those Attached

1. Deed and resolutions
2. October 16, 1986 Letter to Dr. Barnett
3. January 16, 1987 letter to Jack Sprott
4. January 26, 1987 letter to Jack Sprott
5. Plat of 11.962 acres

List Those Not Attached But Available  
from Submitter

009043



TOGETHER with all and singular the rights, members, hereditaments and appurtenances to said premises belonging or in anywise incident or appertaining.

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said State of South Carolina and its successors and assigns forever.

BEING the same premises described in a deed dated October 9, 1880 from Nathaniel B. Barnwell, Master for Richland County to the Regents of the Lunatic Asylum of South Carolina, recorded November 10, 1880 in Book N, Page 94, Richland County.

WITNESS the execution and ensealing of these Presents this \_\_\_\_ day of \_\_\_\_\_, 1987.

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

The South Carolina Mental  
Health Commission

-----

BY: -----

-----

Its: -----

EXHIBIT

FEB 10 1987 NO. 17

STATE BUDGET & CONTROL BOARD

009045

EXHIBIT

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND )

PROBATE FEB 10 1987 NO. 17
STATE BUDGET & CONTROL BOARD

PERSONALLY appeared before me the undersigned witness and
made oath that s/he saw the within named South Carolina
Mental Health Commission, by
its , sign, seal and as its act and
deed, deliver the within written Deed for the uses and purposes
therein mentioned, and that s/he with the other witness whose
signature appears above, witnessed the execution thereof.

(Witness)

SWORN to before me this
day of , 19.

Notary Public for South Carolina

My Commission expires:

009046

EXHIBIT

STATE OF SOUTH CAROLINA  
COUNTY OF RICHLAND

FEB 10 1987 NO. 17

STATE BUDGET & CONTROL BOARD

-----  
-----  
The South Carolina Mental Health Commission

TO

The State of South Carolina

-----  
TITLE TO REAL ESTATE  
-----

Filed \_\_\_\_\_ day  
of \_\_\_\_\_, A.D., 19\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_  
and recorded in Book \_\_\_\_\_  
Page \_\_\_\_\_. Fee \$\_\_\_\_\_

-----  
R.M.C. or Clerk Court C.P. & G.S.  
-----

-----  
Recorded this \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_  
in Book \_\_\_\_\_ Page \_\_\_\_\_  
Fee, \$ \_\_\_\_\_  
Auditor \_\_\_\_\_ County, S.C.  
-----  
-----



The Division of General Services, the South Carolina Mental Health Commission and the South Carolina Department of Mental Retardation hereby agree to such assignment as set forth herein and subject to the conditions herein stated, all this \_\_\_\_\_ day of \_\_\_\_\_, 1987.

WITNESS:

Division of General Services

-----

BY: \_\_\_\_\_  
Jack C. Spratt, CAE  
Assistant Director, Office  
of Property Management

South Carolina Mental Health  
Commission

-----

BY: \_\_\_\_\_

South Carolina Department  
of Mental Retardation

-----

BY: \_\_\_\_\_

## EXHIBIT

FEB 10 1987 NO. 17

STATE BUDGET & CONTROL BOARD

009049



*J.W. Dawson*

# South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 2414 Bull Street Columbia, South Carolina 29202  
Telephone (803) 758-7701

Joseph J. Bevilacqua, Ph.D. / State Commissioner of Mental Health

October 16, 1986

EXHIBIT

FEB 10 1987 NO. 17

STATE BUDGET & CONTROL BOARD

**MENTAL HEALTH COMMISSION:**

William L. Pope, Chairman  
Columbia

Bernard Warshaw, Vice-Chairman  
Walterboro

E. A. Hall, Jr.  
Columbia

C. Alex Harvin, Jr.  
Summerton

Elaine T. Freeman  
Spartanburg

Carol W. Garvin  
Aiken

Willie G. Boulware  
Rock Hill

C. M. Tucker, Jr.  
Chairman Emeritus  
Pageland

John M. Fewell, M.D.  
Member Emeritus  
Greenville

G. Werber Bryan  
Member Emeritus  
Sumter

Dr. Charles D. Barnett, Commissioner  
South Carolina Department of Mental Retardation  
2712 Middleburg Drive  
P. O. Box 4706  
Columbia, South Carolina 29240

Dear Dr. <sup>Charlie</sup>Barnett:

At the October 7, 1986, meeting, the Mental Health Commission voted to transfer a parcel of land on Harden Street Extended to the Department of Mental Retardation for the construction of your Administrative Headquarters Building. There are a few details which I am endeavoring to have clarified by the Division of General Services before this transaction is completed. The Mental Health Commission wants to ensure that this transfer is done in a manner that will not interfere with the optimum future development of the entire tract of realty to the north of our Administration Building. For instance, it will be necessary to retain a right of way for the road which will traverse the property from Harden Street Extended to Colonial Drive.

I anticipate that we will be able to arrange a meeting with the Division of General Services within the next few days and that the transfer can then go forward expeditiously. We look forward to having you as our neighbor.

Sincerely,

  
Joseph J. Bevilacqua, Ph.D.  
State Commissioner

JJB:bk

009050

Charles D. Barnett, Ph.D.  
Commissioner

Philip S. Massey, Ph.D.  
Deputy Commissioner  
Client Services

Lonnie A. Bowman, Jr.  
Deputy Commissioner  
Support Services

James E. Kirk  
Deputy Commissioner  
Fiscal Affairs



MENTAL RETARDATION  
COMMISSION

Clarence H. Buurman, Ph.D., Chairman  
Melvin L. Burton, Jr., Vice Chairman  
Mrs. Doris G. Woods, Secretary  
Mrs. Mary C. Ramsey  
William deB. Mebane  
Mrs. Ava M. Hope  
Herbert Rudnick

*South Carolina Department of Mental Retardation*

2712 Middleburg Drive  
P. O. Box 4706  
Columbia, South Carolina 29240

January 16, 1987 **EXHIBIT**

FEB 10 1987 NO. 17

STATE BUDGET & CONTROL BOARD

Mr. Jack Sprott  
Assistant Division Director  
Division of General Services  
Property Management Section  
Budget and Control Board  
300 Gervais Street  
Columbia, South Carolina 29201

Dear Jack:

The draft resolution and deed for the transfer of 11.962 acres on Harden Street to the state of South Carolina, and subsequently to the control of the Department of Mental Retardation, has been reviewed and is acceptable.

Thank you for your assistance.

Cordially,

Charles D. Barnett, Ph.D.  
Commissioner

CDB/jst

cc: Mr. Lonnie A. Bowman, Jr.  
Mr. James R. Hill



009051



# South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202  
Information (803) 734-7783

Joseph J. Bevilacqua, Ph.D. / State Commissioner  
(803) 734-7780

January 20, 1987

## MENTAL HEALTH COMMISSION:

William L. Pope, Chairman  
Columbia

Bernard Warshaw, Vice-Chairman  
Walterboro

C. Alex Harvin, Jr.  
Summerton

Elaine T. Freeman  
Spartanburg

Carol W. Garvin  
Aiken

Willie G. Boulware  
Rock Hill

Ernest E. Harrill  
Greenville

C. M. Tucker, Jr.  
Chairman Emeritus  
Pageland

John M. Fewell, M.D.  
Member Emeritus  
Greenville

G. Werber Bryan  
Member Emeritus  
Sumter

Jack C. Sprott, CAE  
Assistant Division Director  
Property Management Section  
Division of General Services  
300 Gervais Street  
Columbia, South Carolina 29201

Dear Jack:

This will acknowledge and thank you for your letter of January 15, 1987, forwarding the draft Resolution and Deed for the transfer of acreage on Harden Street. I have one reservation about the deed in that it requires the Mental Health Commission "to warrant and forever defend" the premises unto the State of South Carolina against anyone whomsoever may lawfully assert a claim against the premises. This seems to ask a lot of a Board making a gratuitous conveyance. Code Section 27-7-20 provides that this warranty can be omitted without otherwise impairing the conveyance. Accordingly, please give consideration to omitting the warranty provision.

Your assistance is greatly appreciated.

Sincerely,

Joseph J. Bevilacqua, Ph.D.  
State Commissioner

JJB:bc

cc: ✓ Robert K. (Ken) King  
General Counsel

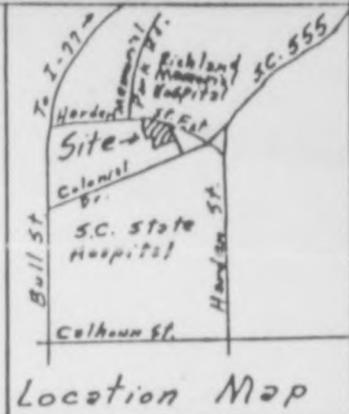
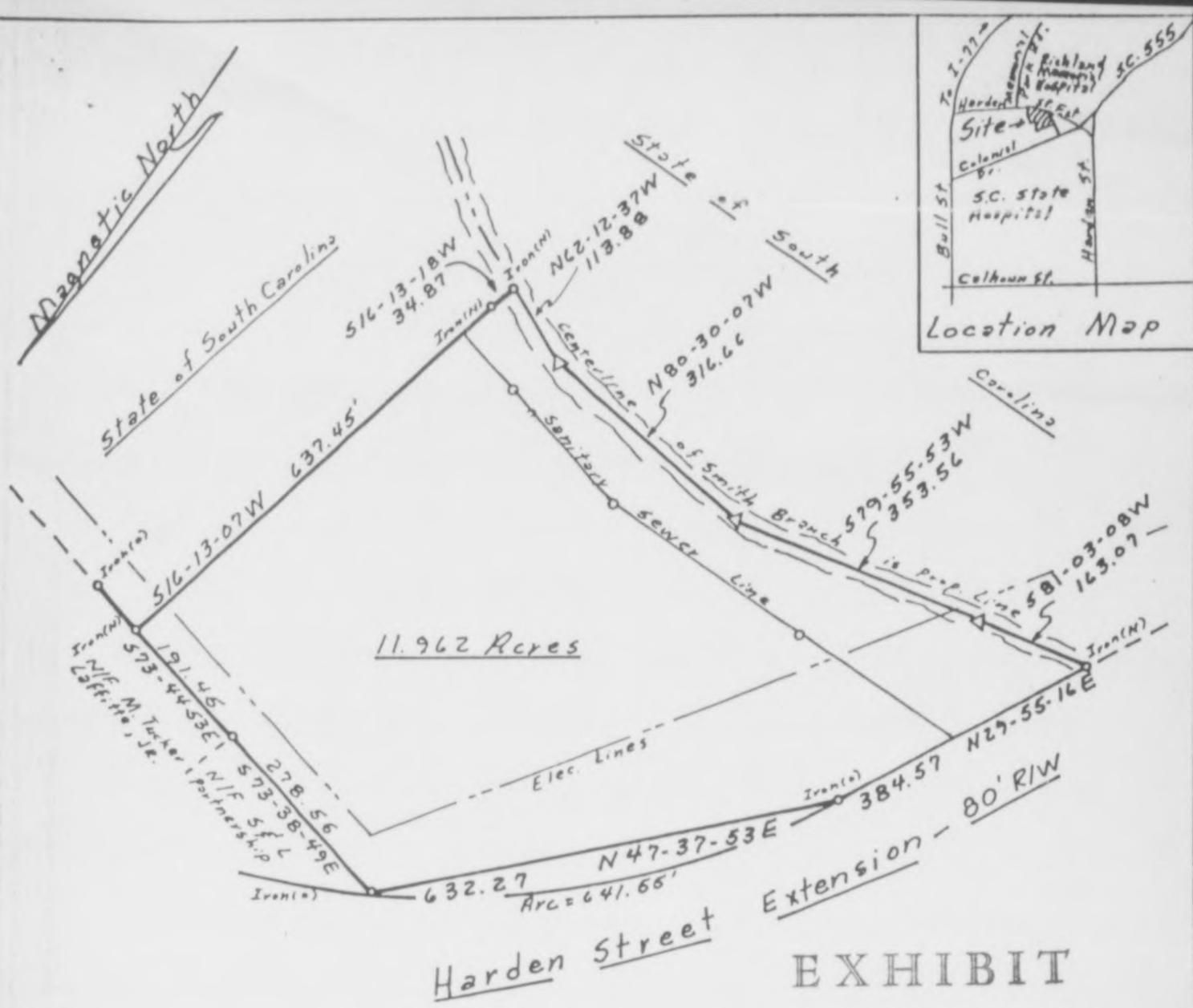


# EXHIBIT

FEB 10 1987 NO. 17

STATE BUDGET & CONTROL BOARD

009052



**EXHIBIT**

FEB 10 1987 NO. 17  
STATE BUDGET & CONTROL BOARD

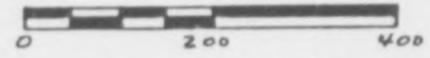
Plat Prepared for:

South Carolina Department of Mental Retardation

Richland County

in Columbia, S.C.

Scale: 1" = 200'



Jan. 10, 1987

Surveyed by

500 Lawand Dr. - Leon Campbell & Assoc., Inc. - Columbia, S.C. 29202

The same being shown as portion of property belonging to State of South Carolina and designated as Richland County Tax Map # 11501-01-01.

I hereby certify that the ratio of precision of the field survey is 1/7500 and the area was determined by the D.M.D. Method of Area Calculation.

Beginning at an existing iron (old) on the right-of-way of Harden Street Extension, marking the boundary between the lands of S & L Partnership and the lands of the State of South Carolina; thence S 73 - 38' - 49" E for 278.55' to an iron (old); thence S 73 - 44' - 53" E for 191.45' to an iron (new); thence S 16 - 13' - 07" W for 637.45' to an iron (new); thence S 16 - 13' - 18" W for 34.87' to an iron (new) in the centerline of Smith Branch; thence N 62 - 12' - 37" W for 113.88' along the centerline of Smith Branch; thence N 80 - 30' - 07" W for 316.66' along the centerline of Smith Branch; thence S 79 - 55' - 53" W for 353.56' along the centerline of Smith Branch; thence S 81 - 03' - 08" W for 163.07' along the centerline of Smith Branch to an iron (new); thence N 29 - 55' - 16" E for 384.57' to an iron (old); thence N 47 - 37' - 53" E for a cord distance of 632.27' to the point of beginning; being 11.962 acres. The tract herein described is bounded on the North by the lands of S & L Partnership and M. Tucker Laffitte, Jr.; on the East by lands of the State of South Carolina, on the South by the lands of the State of South Carolina, and on the West by Harden Street Extension.

009053

*Leon Campbell*  
R.L.S. # 4547

# EXHIBIT

FEB 10 1987 NO. 18

STATE BUDGET AND CONTROL BOARD  
MEETING OF February 10, 1987

STATE BUDGET & CONTROL BOARD  
REGULAR SESSION  
ITEM NUMBER

14

AGENCY: General Services

SUBJECT: MUSC Purchase of Red Cross Building

The Division of General Services advises that, in 1966, the Medical University leased a 70 x 220 lot to the American National Red Cross for a 50-year term. In return, the Red Cross constructed a blood center and furnished blood to the University. Title to the building will go to the Medical University at the end of the 50-year lease.

The Medical University has offered to purchase the Red Cross interest in the land and the building in order to use the building for administrative and laboratory space. The Division advises that the building has an estimated value of \$365,000 and the leasehold interest has a value of at least \$84,000.

Red Cross officials have agreed to sell the facility to the Medical University for \$400,000.

The Division recommends that the transaction be approved under the terms of Code Section 1-11-65.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-65, approve the purchase for \$400,000 by the Medical University of the American National Red Cross interest in a building on a site leased to the Red Cross by MUSC.

ATTACHMENTS:

Agenda item worksheet and attachments

009054

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

February 10, 1987

Blue Agenda  
 Regular Session Agenda  
 Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly

2. Subject:

Purchase of Red Cross Building by MUSC

3. Summary Background Information:

1. In 1966, MUSC leased a 70 x 220 lot to the American National Red Cross for a term of 50 years. In return, the Red Cross constructed a blood center and furnished blood to the University. Title to the building will go to MUSC at the end of the 50 year term.
2. MUSC now desires to occupy this building for administrative and laboratory space and has offered to purchase the building owner's interest in the land and building.
3. The Red Cross building has an estimated value of \$365,000.00 and the leasehold interest has been estimated to be at least \$84,000.00.
4. The Red Cross officials have agreed to sell the facility for \$400,000.00 and on January 8, 1987, a \$35,000.00 increase in the project's budget was approved by the Board.

4. What is Board asked to do?

Approve the purchase of the property for \$400,000.00.

EXHIBIT

FEB 10 1987

NO. 18

5. What is recommendation of the Board Division involved?

STATE BUDGET & CONTROL BOARD

Approve the purchase of the property for \$400,000.00.

6. Recommendation of other office (as required)?

(a) Office Name \_\_\_\_\_

Authorized

(b) Signature \_\_\_\_\_

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available  
from Submitter

1. Letter from J. William Smith dated August 20, 1986.
2. Letter from C. Edward Kaylor, Jr. dated January 13, 1987.
3. SPIRS Form A-23
4. Appraisal letter from Jack Sprott.
5. Abstract of building appraisal.

009055

OFFICE OF THE VICE PRESIDENT FOR  
ADMINISTRATION  
(803) 792-4291



MEDICAL UNIVERSITY OF SOUTH CAROLINA  
171 Ashley Avenue  
Charleston, South Carolina 29425-1021

August 20, 1986

Mr. Jack Sprött, Director  
Property Management  
Division of General Services  
300 Gervais St.  
Columbia, SC 29201

EXHIBIT

FEB 10 1987 NO. 18

STATE BUDGET & CONTROL BOARD

Dear Jack:

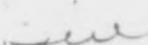
Enclosed is a copy of the appraisal of the Red Cross Building located on 101 Doughty Street. As you know, the building is on Medical University property and the appraisal is based on the estimated market value of the building only and did not consider the value of the lease on the land.

The Red Cross is asking \$400,000 for the building and Mr. Woodbury, MUSC Vice President for Business Affairs, has asked that I request your review to determine if that amount is a fair price and justifiable in light of the lease agreement. It is my understanding that the lease was "\$1.00 for 99 years".

As we discussed, we need your review of this as quickly as possible.

Thanks for your help.

Sincerely,

  
J. William Smith, Ph.D.  
Vice President for Administration

JWS/jol

Enclosure

OFFICE OF PLANNING AND  
INSTITUTIONAL STUDIES  
(803) 792-4103



MEDICAL UNIVERSITY OF SOUTH CAROLINA  
171 Ashley Avenue  
Charleston, South Carolina 29425-1058

January 13, 1987

**EXHIBIT**

**FEB 10 1987 NO. 18**

**STATE BUDGET & CONTROL BOARD**

Mr. Jack Sprott  
Director of Property Management  
Division of General Services  
300 Gervais Street  
Columbia, SC 29201

Dear Mr. Sprott:

Recently, you and I discussed the Medical University of South Carolina's purchase of the Red Cross building on Doughty Street. The Medical University already owns the land. As I mentioned, we have negotiated a purchase price of \$400,000 or around \$35/sq.ft. The appraised value of the facility is \$365,000. Given the building's close proximity to the center of our campus and the length of the land lease, we believe the value to be worth the additional \$35,000.

I have attached an A-23 form requesting an increase in this project's budget. As you see, it was approved by the Budget and Control Board on January 8, 1987. You suggested that, after receiving such approval, I write you and formally request approval to purchase the building above appraised value.

Please let me know if I can provide further information.

Best regards.

Sincerely,

C. Edward Kaylor, Jr., Ph.D.  
Director of Planning and  
Institutional Studies

CEKJr/ahs

cc: Mr. Marion E. Woodbury

**009057**



6. C. Total estimated cost of project, as revised, by broad purpose: Total cost: \$ 400,000  
 (equals 1 through 8, below, and is same as 6A)

- |                                  |                   |                      |          |
|----------------------------------|-------------------|----------------------|----------|
| 1. Purchase land                 | \$ _____          | 5. Restore facility  | \$ _____ |
| 2. Purchase facility             | \$ <u>400,000</u> | 6. Maintain facility | \$ _____ |
| 3. Demolish facility             | \$ _____          | 7. Replace facility  | \$ _____ |
| 4. Construct additional facility | \$ _____          | 8. Other _____       | \$ _____ |

7. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR AS REVISED:

- A. Estimated expenditures and expenditure purposes, this FY: \_\_\_\_\_ \$ \_\_\_\_\_  
 (expenditure purposes (use 6B categories): \_\_\_\_\_ )
- B. Estimated expenditures after this FY \$ 400,000
- C. Total (Same as 6A, 6B and 6C) \$ 400,000

8. PROPOSED SOURCES OF FUNDS AS REVISED: TYPE	PREVIOUSLY APPROVED AMOUNT	PROPOSED INCREASE + DECREASE -	REVISED AMOUNT	REVENUE CODE	TREASURER I. D. NUMBER	SUB FUND
(0) Capital Improvement Bonds	\$ _____	\$ _____	\$ _____			
(1) Depart Capital Imp Bonds						
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service State Institution Bond	375,000	25,000	400,000	5001	--	4644
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
<b>TOTAL</b>	\$ 375,000	\$ 25,000	\$ 400,000			

EXHIBIT  
 FEB 10 1987 NO. 18  
 STATE BUDGET & CONTROL BOARD

9. Submitted By:  
 Authorized Official Marion E. Woodbury Date Submitted 12-12-86  
 Typed Name and Title and Signature  
 Marion E. Woodbury Vice President for Business Affairs  
 FY Submitted 1986-87

10. APPROVED (For Board Use Only):  
William A. McInnis WILLIAM A. McINNIS  
 Deputy Executive Director  
 Typed Name and Title and Signature Date JAN 8 1987  
 009059 37

# FILE COPY

## STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD DIVISION OF GENERAL SERVICES

300 GERVAIS STREET  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 758-7444



RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

REMBERT C. DENNIS  
CHAIRMAN,  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN,  
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

JACK C. SPOTT, CAE  
ASSISTANT DIVISION DIRECTOR  
PROPERTY MANAGEMENT

September 8, 1986

## EXHIBIT

FEB 10 1987 NO. 18

STATE BUDGET & CONTROL BOARD

Mr. J. William Smith, Ph.D.  
Vice President for Administration  
Medical University of South Carolina  
171 Ashley Avenue  
Charleston, South Carolina 29425-1021

Dear Bill:

I have reviewed the appraisal by Mr. Fair of the Red Cross building at 101 Doughty Street in Charleston. In that appraisal, the income approach referred to Medical Office leases in the neighborhood between \$8.00 and \$13.50 per square foot. Mr. Fair did not show his adjustments but selected the lowest rental for the subject property. Mr. Fair also did not justify his use of 14% as a capitalization rate.

The market leases on which he is basing his estimates would have to be leases of buildings and land. The income derived from these leases would include components for interest on land and building investment and for recapture of building investment.

Realistically, the net income for this property includes approximately \$20,000.00 of land income. Since the rental is only \$1.00 for 99 years, the lessee of the land has a \$20,000.00 per year leasehold advantage.

There are several ways to evaluate this advantage. One would be to value it as lost income at current interest which would compute to approximately the land value listed by the appraiser of \$231,000.00.

Another would be to capitalize it using the overall rate used by the appraiser to show the value to the building owner which is approximately \$140,000.00.

A final approach would be to capitalize it at the rate which the building owner is actually receiving from his investment which is \$81,039.00 divided by the building value of \$348,000.00 or 23.3%. This would indicate a value of \$84,000.00 for the leasehold advantage.

009060

# EXHIBIT

Mr. J. William Smith, Ph.D.  
September 8, 1986  
Page 2

FEB 10 1987 NO. 18

STATE BUDGET & CONTROL BOARD

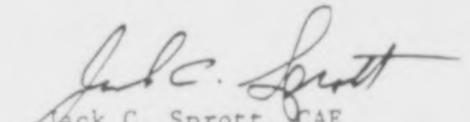
In simple terms, the value of a leasehold interest may be indicated by the difference between the value of the property and the value of the building owners interest which in this case, would indicate the land value of \$231,000.00. However, I have not read the Ground Lease and I do not know what rights are given or received in that document. Excess value due to a favorable lease is sort of a "third element" which may be composed of tangible or intangible components.

From the standpoint of the building owner, the Ground Lease is simply an expense that he does not have to incur and therefore this additional income is secured only by the credit of a potential lessee of his building and could be capitalized at a risk rate consistent with this tenant's credit.

In summary, the Red Cross has a significant leasehold advantage in the lease of their building site. I have listed several ways in which the value of this advantage might be measured. The values computed ranged from \$84,000.00 to \$231,000.00.

Again, depending on the text of the Ground Lease, the Medical University of South Carolina should decide what it is willing to pay to cancel this lease and apply that to the purchase price of the building.

Sincerely,

  
Jack C. Sprott, CAE  
Assistant Division Director

JCS:dp

cc: Richard W. Kelly

009061

J. HENRY FAIR, JR., M.A.I.  
REAL ESTATE APPRAISER  
AND CONSULTANT  
P.O. BOX 668 CHARLESTON, S.C. 29402  
(803) 722-2642

EXHIBIT

FEB 10 1987

NO. 18

December 13, 1985

STATE BUDGET & CONTROL BOARD

Mr. G. M. Ellis  
Executive Director  
American Red Cross  
144 Wentworth Street  
Charleston, South Carolina 29401

RE: Appraisal of the Building only located at  
101 Doughty Street, Charleston, South Carolina

Dear Mr. Ellis:

We have, in accordance with your instructions, inspected and made an appraisal of the above referenced building, which is described in detail in the following report.

As you instructed, we have appraised the subject building without regard to the existing ground-lease between the Carolina Red Cross Blood Center and The Medical University of South Carolina. However, market value is based on the fee simple interest.

As a result of our investigation and analysis, we believe that the market value of the subject building on November 13, 1985, is:

THREE HUNDRED SIXTY-FIVE THOUSAND (\$365,000) DOLLARS

Your attention is invited to the following report which explains the factual evidence found and the reasoning supporting this conclusion.

We hereby certify that we have no interest in the subject property and that neither the employment to make this appraisal nor the compensation therefor is contingent on the value of the property.

We further certify that this appraisal was made in conformity with the Rules of Professional Ethics of the American Institute of Real Estate Appraisers.

Respectfully submitted,

*Barbara J. Haltiwanger*  
Barbara J. Haltiwanger  
Appraiser

*J. Henry Fair, Jr.*  
J. Henry Fair, Jr., M.A.I.  
Reviewing Appraiser

BJH/JHF, JR:fer

009062

# EXHIBIT

FEB 10 1987

NO. 19

STATE BUDGET AND CONTROL BOARD  
STATE BUDGET & CONTROL BOARD  
MEETING OF February 10, 1987  
REGULAR SESSION  
ITEM NUMBER

15

AGENCY: General Services

SUBJECT: Reconveyance of Real Property, Georgetown County

The Division of General Services advises that three parcels of property in Litchfield were conveyed to the State by J. Wesley Hughes without the request or authorization of the State.

The Divisions advises that one of the parcels does not meet the square footage requirements of the zoning ordinances and, therefore, cannot be developed.

The other two parcels are on a navigable waterway and are below the mean high water line. They are subject to the control and/or claims of the Army Corps of Engineers and the federal government concerning riparian rights.

The Division advises that the location and condition of the parcels may subject the State to tort liability. In addition, real property taxes are due and owing and remain unpaid on all three parcels.

The Division recommends that the properties be reconveyed to the original grantor as they have no value to the State but are a potential liability.

BOARD ACTION REQUESTED:

Execute and authorize the recording of a deed reconveying three parcels of property in Litchfield to J. Wesley Hughes.

ATTACHMENTS:

Agenda item worksheet and attachment

009063

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

- Blue Agenda
- Regular Session Agenda
- Executive Session Agenda

February 10, 1987

1. Submitted By: \_\_\_\_\_  
 (a) Agency: Division of General Services  
 (b) Authorized Official Signature: Richard W. Kelly
2. Subject: Reconveyance of 3 parcels of real property - Georgetown County, SC

3. Summary Background Information:  
 Three (3) parcels of property in Litchfield were, without the request or authorization of the State, conveyed to the State by J. Wesley Hughes. One of the parcels does not meet the square footage requirements of the zoning ordinances and, accordingly, cannot be developed. The other two parcels are on a navigable waterway and are below the mean high water line. These parcels are subject to the control and/or claims of the Army Corps of Engineers and the federal government concerning riparian rights. The location and condition of these parcels may possibly subject the State to tort liability. In addition, real property taxes are due and owing and remain unpaid on all three parcels. These properties, being of no value to the State, but of potential liability, should be reconveyed to the original grantor.

4. What is Board asked to do?  
 Resolve to reconvey the 3 parcels of property; execute and authorize recording of deed reconveying to original grantor.

5. What is recommendation of the Board Division involved?  
 State should reconvey the property because it is unusable and a potential liability to the State.

EXHIBIT

FEB 10 1987 no. 10

6. Recommendation of other office (as required)?

(a) Office Name \_\_\_\_\_ (b) Signature \_\_\_\_\_  
 Authorized STATE BUDGET & CONTROL BOARD

7. Supporting Documents:

List Those Attached	List Those Not Attached But Available From Submitter
1. Proposed Deed 2. Resolutions of Budget and Control Board authorizing reconveyance and execution and recording of deed	

009064

# EXHIBIT

QUIT-CLAIM DEED

FEB 10 1987 NO. 19

STATE OF SOUTH CAROLINA )  
                                          )  
COUNTY OF GEORGETOWN    )

STATE BUDGET & CONTROL BOARD

KNOW ALL MEN BY THESE PRESENTS, THAT, The State of South Carolina, by and through its agent, The State of South Carolina Budget and Control Board for and in consideration of the sum of ONE and NO/100 DOLLAR to it in hand paid at and before the sealing of these Presents by J. Wesley Hughes in the State aforesaid grants, conveys, sells, remises, releases and quit-claims and by these Presents does grant, convey, sell, remise, release and quit-claim unto the said J. Wesley Hughes the following premises:

All that certain piece, parcel or lot of land containing 0.51 acres situate, lying and being in Tax District #4, County of Georgetown, State of South Carolina, and being more particularly shown and designated as Lot Number 37-A on that certain plat entitled "Plat of Four Lots on the Western Side of a Tract Formerly Owned by Altman and Watkins, surveyed for J. Wesley Hughes and Jesse W. Murdock" dated October 2, 1975, prepared by Legare Hamilton, C.E.L.S., and recorded in the Office of the Clerk of Court for Georgetown County in Plat Book DD at Page 43. Said property herein conveyed butting and bounding as follows: On the North by a Canal as shown on said plat; on the East by a road and by other portions of the aforesaid canal as shown on said plat; on the South by Waverly Creek and Lot Number 37-B as shown on said plat and on the West by Waverly Creek as shown on said plat which is incorporated herein as part and parcel of these premises.

Being the same premises conveyed to J. Wesley Hughes and Jesse W. Murdock by deed from J. E. Watkins recorded in said Clerk's Office on June 6th, 1960, in Deed Book 39 at Page 322, and the interest of Jesse W. Murdock was under the terms of his Last Will and Testament filed in the Probate Court for

009065

Georgetown County in Roll Number 6585, vested in his wife, Pearlina Murdock, who conveyed her interest in said Lot Number 37-A to J. Wesley Hughes by deed recorded in said Clerk's Office on March 22, 1982, in Deed Book 199 at Page 53.

ALSO

All that certain piece, parcel or lot of land situate, lying and being in the County of Georgetown, State of South Carolina, designated as Lot Number 37-B, on "Plat of Four Lots on the Western Side of a Tract Formerly Owned by Altman and Watkins, surveyed for J. Wesley Hughes and Jesse W. Murdock" dated October 2, 1975, prepared by Legare Hamilton, C.E.L.S., and recorded in the Office of the Clerk of Court for Georgetown County in Plat Book DD at Page 43.

Being the same premises conveyed to J. Wesley Hughes by Reggie L. Altman by deed recorded in the Office of the Clerk of Court for Georgetown County on August 10, 1984, in Deed Book 219 at Page 1168.

ALSO

That certain piece, parcel or lot of land situate, lying and being in the County of Georgetown, State of South Carolina, designated as Lot Number 38, Section E on a plat prepared for Litchfield Golf Company, Inc., by Samuel M. Harper, R.L.S., which said plat is entitled "Map of the addition of Lot Number 38, Section E to Litchfield Golf Club" and dated July 11th, 1968, recorded in the Office of the Clerk of Court for Georgetown County in Plat Book T at Page 34.

Being the same premises conveyed to J. Wesley Hughes by deed from Litchfield Golf Company, Inc., recorded in said Clerk's Office on August 19, 1968, in Deed Book 83 at Page 218.

TOGETHER with all and singular, the rights, members, hereditaments and appurtenances to the above-described premises belonging or in anywise appertaining.

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said J. Wesley Hughes, his heirs, executors, administrators, personal representatives, successors and assigns forever.

BEING the same premises described in a deed dated October 23, 1985 from J. Wesley Hughes to the State of South Carolina, recorded October 24, 1985 in Georgetown County in Deed Book 230, Page 661 & c.

EXHIBIT

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

009066

IT BEING EXPRESSLY made a part of the public records that the transfer of the above-described premises from J. Wesley Hughes to the State of South Carolina, dated and recorded as aforesaid, was without the express or implied consent or knowledge of the State of South Carolina and the said State of South Carolina hereby disavows, denies, relinquishes and releases any claims or color of title which it had or may have had in and to the said premises of and from the date of and by virtue of the aforesaid deed of J. Wesley Hughes to the State of South Carolina; AND THIS QUIT-CLAIM DEED from the State of South Carolina to J. Wesley Hughes shall not be construed or interpreted as any admission or acceptance of any rights, duties, liabilities or obligations of ownership on the part of the State of South Carolina with respect to the premises herein described, it being the sole purpose of this quit-claim deed to establish and clarify for the records of title to real property in the County of Georgetown, State of South Carolina that all legal and equitable title to the hereinbefore described premises, and all rights, duties, liabilities and obligations attendant thereto, rests and remains with the said J. Wesley Hughes.

WITNESS the execution and ensealing of these Presents this \_\_\_\_\_ day of \_\_\_\_\_, 1986.

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

\_\_\_\_\_  
\_\_\_\_\_

STATE OF SOUTH CAROLINA  
By and Through Its Agent, the State of  
South Carolina Budget and Control Board

By: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

009067

# EXHIBIT

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF RICHLAND )

PROBATE

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

PERSONALLY appeared before me the undersigned witness and made oath that s/he saw the within-named State of South Carolina, by and through its agent, the State of South Carolina Budget and Control Board, by \_\_\_\_\_, its \_\_\_\_\_, sign, seal, and as its act and deed, deliver the within written Quit-Claim Deed for the uses and purposes therein mentioned, and that s/he with the other witness whose signature appears above, witnessed the execution thereof.

\_\_\_\_\_  
(Witness)

SWORN to before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 1986.

\_\_\_\_\_  
Notary Public for South Carolina  
My Commission Expires: \_\_\_\_\_

STATE OF SOUTH CAROLINA  
COUNTY OF GEORGETOWN

\_\_\_\_\_  
\_\_\_\_\_  
The State of South Carolina by  
and through its agent, the South  
Carolina Budget and Control Board

TO

J. Wesley Hughes

TITLE TO REAL ESTATE

\_\_\_\_\_  
\_\_\_\_\_  
Filed \_\_\_\_\_ day  
of \_\_\_\_\_ A.D., 1986  
at \_\_\_\_\_ o'clock \_\_\_\_\_  
and recorded in Book \_\_\_\_\_  
Page \_\_\_\_\_, Fee \$ \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
R.M.C. or Clerk Court C.P. & G.S.

\_\_\_\_\_  
\_\_\_\_\_  
Recorded this \_\_\_\_\_ day  
of \_\_\_\_\_, 1986  
in Book \_\_\_\_\_ Page \_\_\_\_\_  
Fee, \$ \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Auditor \_\_\_\_\_ County, S.C.

EXHIBIT

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

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# EXHIBIT

FEB 10 1987 NO. 19

## RESOLUTIONS

STATE BUDGET & CONTROL BOARD

WHEREAS, on October 23, 1985 J. Wesley Hughes ("Hughes") executed and on October 24, 1985 recorded with the Clerk of Georgetown County, South Carolina a deed whereby Hughes purported to transfer three (3) parcels of real property to the State of South Carolina (the "State");

WHEREAS, at the time of the making and recording of such deed the State was unaware of Hughes' intention or desire to transfer such property to the State and did not consent thereto or accept delivery of the deed therefor; and

WHEREAS, upon inspection and investigation, the Office of Property Management of the Division of General Services has determined that one of the parcels of property is a nonconforming lot in that it contains inadequate square footage as prescribed by the local zoning ordinances so that no improvements can be placed or erected thereon; and that the other two (2) parcels lie below the mean high water line of a navigable creek and that the Army Corps of Engineers or other agencies of the United States Government may have paramount claim thereto by virtue of the government's control of navigable waterways and/or by the exercise of riparian rights or claims; and

WHEREAS, real property taxes with respect to all three (3) parcels are and remain unpaid to the taxing authority or authorities having jurisdiction thereover; and

WHEREAS, the ownership of such parcels of real property may create substantial and undue liability and risk to the State for claims including, but not limited to, bodily injury, death or property damage; and

WHEREAS, the State has deemed it in the State's best interest to refuse to accept the conveyance of these parcels of real property and to remedy the present status of title to such real property, created by the unauthorized

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recording of a deed of conveyance by Hughes to the State, by executing and recording a deed, in the form annexed hereto as Exhibit A, transferring title to the property to Hughes.

NOW, THEREFORE, it is:

RESOLVED, that the State of South Carolina rejects title to the real property attempted to be conveyed to it by J. Wesley Hughes and that the State of South Carolina reconvey such real property to said J. Wesley Hughes by quit-claim deed in the form attached hereto as Exhibit A; and it is further

RESOLVED, that the State of South Carolina, by and through its agent the South Carolina Budget and Control Board, hereby authorizes, empowers and directs the Executive Director or any deputy or assistant director of such board, to execute and deliver such deed, his execution thereof to be conclusive evidence of his approval and the approval of the State of South Carolina Budget and Control Board of the form and substance of such document; and it is further

RESOLVED, that the proper party, empowered as above stated to execute said deed, is hereby authorized and empowered to affix the seal of the State of South Carolina thereto and to have the execution of such document, including the affixing of the State seal, attested or witnessed as required by law; and it is further

RESOLVED, that the Division of General Services, Office of Property Management, is authorized and directed to record the said deed in the appropriate office of Georgetown County maintaining the public records for conveyances of real property.

EXHIBIT

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

009071

MAR 18 1987

STATE OF SOUTH CAROLINA  
BUDGET AND CONTROL BOARD  
DIVISION OF GENERAL SERVICES

300 GERVAIS STREET  
COLUMBIA, SOUTH CAROLINA 29201

803 737-2130



RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

REMBERT C. DENNIS  
CHAIRMAN,  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN,  
HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM  
EXECUTIVE DIRECTOR

JACK C. SPROTT, CAE  
ASSISTANT DIVISION DIRECTOR  
PROPERTY MANAGEMENT

March 5, 1987

EXHIBIT

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

Clerk of Court  
P.O. Drawer 1270  
Georgetown, South Carolina 29442

Dear Sir:

Enclosed is a "Quit-Claim Deed" to be recorded in Georgetown County. I have also enclosed a check in the amount of \$4.00 which I understand is the fee for this service.

The executed document should be returned to me at the following address:

Jack C. Sprott, CAE  
S.C. Division of General Services  
Property Management  
300 Gervais Street  
Columbia, South Carolina 29201

If you need any additional information, please let me know.

Sincerely,

*Jack C. Sprott*  
Jack C. Sprott  
Assistant Division Director

009072

/ra  
encls.(2)

SHERAN D. OR JACK C. SPROTT  
DL HERS 1780188 HIS 1649796  
548 SULGRAVE DR. 798-0990  
COLUMBIA, SC 29210

3484

3/5 19 87 67-7205  
2539

PAY TO THE ORDER OF Clerk of Court, Georgetown County \$ 4.00  
*Four and 00/100*  
DOLLARS

SECURITY FEDERAL

P.O. Box 7488  
Columbia, South Carolina 29202

FOR *recording fee* *Jack C. Sprott*

253972053 8016 7836 3484

# EXHIBIT

QUIT-CLAIM DEED

FEB 10 1987

NO. 19

STATE OF SOUTH CAROLINA )  
                                  )  
COUNTY OF GEORGETOWN    )

STATE BUDGET & CONTROL BOARD

KNOW ALL MEN BY THESE PRESENTS, THAT, The State of South Carolina, by and through its agent, The State of South Carolina Budget and Control Board for and in consideration of the sum of ONE and NO/100 DOLLAR to it in hand paid at and before the sealing of these Presents by J. Wesley Hughes in the State aforesaid grants, conveys, sells, remises, releases and quit-claims and by these Presents does grant, convey, sell, remise, release and quit-claim unto the said J. Wesley Hughes the following premises:

All that certain piece, parcel or lot of land containing 0.51 acres situate, lying and being in Tax District #4, County of Georgetown, State of South Carolina, and being more particularly shown and designated as Lot Number 37-A on that certain plat entitled "Plat of Four Lots on the Western Side of a Tract Formerly Owned by Altman and Watkins, surveyed for J. Wesley Hughes and Jesse W. Murdock" dated October 2, 1975, prepared by Legare Hamilton, C.E.L.S., and recorded in the Office of the Clerk of Court for Georgetown County in Plat Book DD at Page 43. Said property herein conveyed butting and bounding as follows: On the North by a Canal as shown on said plat; on the East by a road and by other portions of the aforesaid canal as shown on said plat; on the South by Waverly Creek and Lot Number 37-B as shown on said plat and on the West by Waverly Creek as shown on said plat which is incorporated herein as part and parcel of these premises.

Being the same premises conveyed to J. Wesley Hughes and Jesse W. Murdock by deed from J. E. Watkins recorded in said Clerk's Office on June 6th, 1960, in Deed Book 39 at Page 322, and the interest of Jesse W. Murdock was under the terms of his Last Will and Testament filed in the Probate Court for

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Georgetown County in Roll Number 6585, vested in his wife, Pearlina Murdock, who conveyed her interest in said Lot Number 37-A to J. Wesley Hughes by deed recorded in said Clerk's Office on March 22, 1982, in Deed Book 199 at Page 53.

ALSO

All that certain piece, parcel or lot of land situate, lying and being in the County of Georgetown, State of South Carolina, designated as Lot Number 37-B, on "Plat of Four Lots on the Western Side of a Tract Formerly Owned by Altman and Watkins, surveyed for J. Wesley Hughes and Jesse W. Murdock" dated October 2, 1975, prepared by Legare Hamilton, C.E.L.S., and recorded in the Office of the Clerk of Court for Georgetown County in Plat Book DD at Page 43.

Being the same premises conveyed to J. Wesley Hughes by Reggie L. Altman by deed recorded in the Office of the Clerk of Court for Georgetown County on August 10, 1984, in Deed Book 219 at Page 1168.

ALSO

That certain piece, parcel or lot of land situate, lying and being in the County of Georgetown, State of South Carolina, designated as Lot Number 38, Section E on a plat prepared for Litchfield Golf Company, Inc., by Samuel M. Harper, R.L.S., which said plat is entitled "Map of the addition of Lot Number 38, Section E to Litchfield Golf Club" and dated July 11th, 1968, recorded in the Office of the Clerk of Court for Georgetown County in Plat Book T at Page 34.

Being the same premises conveyed to J. Wesley Hughes by deed from Litchfield Golf Company, Inc., recorded in said Clerk's Office on August 19, 1968, in Deed Book 83 at Page 218.

TOGETHER with all and singular, the rights, members, hereditaments and appurtenances to the above-described premises belonging or in anywise appertaining.

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto the said J. Wesley Hughes, his heirs, executors, administrators, personal representatives, successors and assigns forever.

BEING the same premises described in a deed dated October 23, 1985 from J. Wesley Hughes to the State of South Carolina, recorded October 24, 1985 in Georgetown County in Deed Book 230, Page 661 & c.

EXHIBIT

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

IT BEING EXPRESSLY made a part of the public records that the transfer of the above-described premises from J. Wesley Hughes to the State of South Carolina, dated and recorded as aforesaid, was without the express or implied consent or knowledge of the State of South Carolina and the said State of South Carolina hereby disavows, denies, relinquishes and releases any claims or color of title which it had or may have had in and to the said premises of and from the date of and by virtue of the aforesaid deed of J. Wesley Hughes to the State of South Carolina; AND THIS QUIT-CLAIM DEED from the State of South Carolina to J. Wesley Hughes shall not be construed or interpreted as any admission or acceptance of any rights, duties, liabilities or obligations of ownership on the part of the State of South Carolina with respect to the premises herein described, it being the sole purpose of this quit-claim deed to establish and clarify for the records of title to real property in the County of Georgetown, State of South Carolina that all legal and equitable title to the hereinbefore described premises, and all rights, duties, liabilities and obligations attendant thereto, rests and remains with the said J. Wesley Hughes.

WITNESS the execution and ensealing of these Presents this 18<sup>th</sup> day of

February, 1987.

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

Naomi S. Kellum  
Hattie J. Cross

STATE OF SOUTH CAROLINA  
By and Through Its Agent, the State of  
South Carolina Budget and Control Board

By: Jesse A. Cole Jr.

Its: Executive Director

Approved by Budget and Control Board  
February 10, 1987

EXHIBIT

FEB 10 1987 NO. 19

STATE BUDGET & CONTROL BOARD

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Page

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STATE OF SOUTH CAROLINA  
COUNTY OF GEORGETOWN

The State of South Carolina by  
and through its agent, the South  
Carolina Budget and Control Board

TO

J. Wesley Hughes

TITLE TO REAL ESTATE

Filed \_\_\_\_\_ day

of \_\_\_\_\_ A.D., 1987

at \_\_\_\_\_ o'clock \_\_\_\_\_

and recorded in Book \_\_\_\_\_

Page \_\_\_\_\_, Fee \$ \_\_\_\_\_

R.M.C. or Clerk Court C.P. & G.S.

Recorded this \_\_\_\_\_ day

of \_\_\_\_\_, 1987

in Book \_\_\_\_\_ Page \_\_\_\_\_

Fee, \$ \_\_\_\_\_

Auditor \_\_\_\_\_ County, S.C.

STATE BUDGET & CONTROL BOARD

FEB 10 1987 NO. 19

EXHIBIT

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# EXHIBIT

FEB 10 1987

NO. 20

STATE BUDGET AND CONTROL BOARD  
MEETING OF February 10, 1987

REGULAR SESSION  
ITEM NUMBER

16

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AGENCY: General Services

---

SUBJECT: Wildlife & Marine Resources Department Procurement Certification

The Division of General Services, in accord with Section 11-35-1210, has audited the Wildlife and Marine Resources Department and recommends its certification within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: (1) goods and services, \$10,000 per purchase commitment; and (2) construction services, \$25,000 per purchase commitment.

---

BOARD ACTION REQUESTED:

In accord with Section 11-35-1210, grant procurement certification to the Wildlife and Marine Resources Department within the parameters described in the audit report for the following limits (total potential purchase commitment whether single- or multi-year contracts are used) for a period of three years: (1) goods and services, \$10,000 per purchase commitment; and (2) construction services, \$25,000 per purchase commitment.

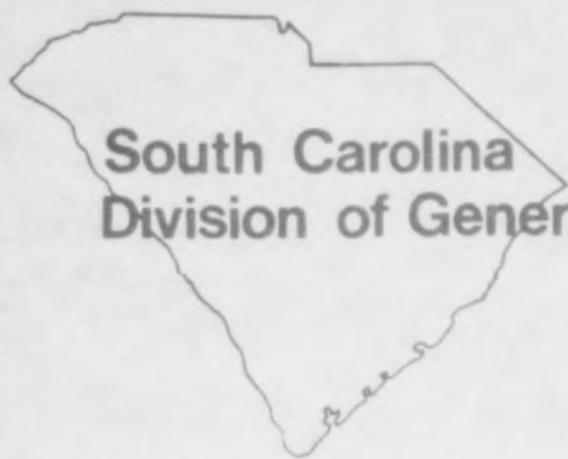
---

ATTACHMENTS:

Agenda item worksheet and attachment

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**South Carolina  
Division of General Services**

**PROCUREMENT  
AUDIT AND  
CERTIFICATION**

**EXHIBIT**

**FEB 10 1987      NO. 20**

**STATE BUDGET & CONTROL BOARD**

**S.C. WILDLIFE AND MARINE  
RESOURCES DEPARTMENT**

---

**AGENCY**

**JANUARY 20, 1987**

---

**DATE**

**009081**

STATE OF SOUTH CAROLINA  
**BUDGET AND CONTROL BOARD**  
DIVISION OF GENERAL SERVICES  
100 GERVAIS STREET  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-2130

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



WILLIAM J. CLEMENT  
ASSISTANT DIVISION DIRECTOR

REMBERT C. DENNIS  
CHAIRMAN,  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN,  
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

January 19, 1987

**EXHIBIT**

FEB 10 1987 NO. 20

STATE BUDGET & CONTROL BOARD

Mr. Richard W. Kelly  
Division Director  
Division of General Services  
300 Gervais Street  
Columbia, South Carolina 29201

Dear Rick:

Attached is the final South Carolina Wildlife and Marine Resources audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the Agency three years certification as outlined in the audit report.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dill", written over the typed name.

William J. Clement, AIA  
Assistant Division Director

Attachment

**009082**

SOUTH CAROLINA WILDLIFE AND  
MARINE RESOURCES DEPARTMENT  
AUDIT REPORT

December 11, 1986

EXHIBIT

FEB 10 1987 NO. 20

STATE BUDGET & CONTROL BOARD

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# EXHIBIT

FEB 10 1987 NO. 20

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STATE BUDGET & CONTROL BOARD

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STATE OF SOUTH CAROLINA  
**BUDGET AND CONTROL BOARD**  
DIVISION OF GENERAL SERVICES  
300 GERVAIS STREET  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-2150

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE F. MORRIS, JR.  
COMPTROLLER GENERAL



WILLIAM J. CLEMENT  
ASSISTANT DIVISION DIRECTOR

REMBERT C. DENNIS  
CHAIRMAN,  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN,  
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

September 1, 1986

**EXHIBIT**

FEB 10 1987 NO. 20

STATE BUDGET & CONTROL BOARD

Mr. William J. Clement  
Assistant Division Director  
Division of General Services  
300 Gervais Street  
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the South Carolina Wildlife and Marine Resources Department for the period July 1, 1984 through June 30, 1986. As part of our examination, we made a study and evaluation of the system of internal control over procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and internal procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing a recommendation for certification above the \$2,500 limit.

The administration of the Wildlife and Marine Resources Department is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgements by man-

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agement are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions as well as our overall examination of procurement policies and procedures were conducted with due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions, enumerated in this report which we believe to be subject to correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the Wildlife and Marine Resource Department in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

## EXHIBIT

FEB 10 1987 NO. 20

STATE BUDGET & CONTROL BOARD

*R. Voight Shealy*  
R. Voight Shealy, Manager  
Audit and Certification

009086

## INTRODUCTION

The Office of Audit and Certification conducted an examination of the internal procurement operating procedures and policies and related manual of the South Carolina Wildlife and Marine Resources Department.

Our on-site review was conducted August 11 through September 9, 1986 and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

Additionally, our work was directed toward assisting the agency in promoting the underlying purposes and policies of the Code as outlined in Section 11-35-20, which include:

- (1) to ensure the fair and equitable treatment of all persons who deal with the procurement system of this State;
- (2) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds of the State;

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(3) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process.

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BACKGROUND

Section 11-35-1210 of the South Carolina Consolidated Procurement Code states:

The (Budget and Control) Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall verify 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.

Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code states in part:

In procurement audits of governmental bodies thereafter, the auditors from the Division of General Services shall review the adequacy of the system's internal controls in order to ensure compliance with the requirements of this code and the ensuing regulations.

Our audit was performed primarily to determine if recertification is warranted. Additionally, the Wildlife and Marine Resources Department requested the increased certification limits listed below:

<u>Category</u>	<u>Requested Limit</u>
1. Goods and Services	\$10,000
2. Construction	\$25,000

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## SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of the Wildlife and Marine Resources Department and the related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions up to the requested certification limits.

The Audit and Certification team statistically selected random samples for the period July 1, 1984 through June 30, 1986, of procurement transactions for compliance testing and performed other auditing procedures that we considered necessary in the circumstances to formulate this opinion. As specified in the Consolidated Procurement Code and related regulations, our review of the system included, but was not limited to, the following areas:

- (1) adherence to provisions of the South Carolina Consolidated Procurement Code and accompanying regulations;
- (2) procurement staff and training;
- (3) adequate audit trails and purchase order register;
- (4) evidences of competition;
- (5) small purchase provisions and purchase order confirmations;
- (6) emergency and sole source procurements;
- (7) source selections;
- (8) file documentation of procurements;

- (9) warehousing, inventory and disposition of surplus property;
- (10) economy and efficiency of the procurement process;  
and
- (11) approval of Minority Business Enterprise Plan.

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SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of the South Carolina Wildlife and Marine Resources Department produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>Compliance - Goods and Services</u>	10
Our examination of goods and services revealed compliance exceptions to the Code and internal procurement procedures in the following areas:	
A. <u>Source Selection</u>	10
Five procurements were made improperly, since they were not supported by evidence of competition or sole source or emergency procurement determinations.	
B. <u>Splitting Orders</u>	11
The Charleston Purchasing Office split orders to stay below the \$500 purchasing limit, above which competition is required.	

PAGE

II. Cash Discounts Lost

12

Accounts Payable failed to take allowable cash discounts totalling \$1,052.85 on two vendor contract payments.

III. Change Order Policy

12

Internal procurement policy was not followed on a contract price change.

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RESULTS OF EXAMINATION

I. Compliance - Goods and Services

Our examination of goods and services procurement transactions revealed two areas where procurements were not made in compliance with the Consolidated Procurement Code and internal procurement policy.

A. Source Selection

Five procurements were not supported by evidence of competition, sole source or emergency procurement determinations. These exceptions were as follows:

<u>P.O. #</u>	<u>Date</u>	<u>Amount</u>	<u>Description</u>
1167	10/29/84	\$1,100	Vehicle transmission repair
1672	01/04/85	750	Boat motor repair
31778	08/31/84	859	Camera equipment & accessories
30723	11/08/85	1,088	Ciam survey
32982	03/14/86	2,097	Fuel system overhaul in diesel engine

Since each transaction was less than \$2,500.00, the small purchase provisions of Section 19-445.2100 of the regulations should have been followed. In the future, the department must insure that the correct source selection process is utilized in all procurements.

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B. Splitting Orders

We found evidence of order splitting in the Charleston Purchasing Office. This process was used to insure the orders would not be greater than \$500.00, the level at which competition is required. The exceptions noted are as follows:

<u>P.O. #</u>	<u>Req. #</u>	<u>Req. Date</u>	<u>Amount</u>	<u>Description</u>
30037	17867	07/03/85	\$498.62	Water treatment chemicals
could not locate	17868	07/03/85	491.27	Water treatment chemicals
could not locate	17869	07/03/85	491.27	Water treatment chemicals
could not locate	17870	07/03/85	491.27	Water treatment chemicals
30859	87344	09/03/85	390.21	Lab compressor parts
30861	87342	*08/30/85	390.21	Lab compressor parts
33291	74552	03/17/86	382.59	Electrical fixtures
33333	74551	03/17/86	382.59	Electrical fixtures

\* There was evidence that the requisition dated September 3, 1985 was back dated to August 30, 1985.

The Purchasing Office in Charleston has failed to adhere to Section 19-445.2100 Subsection A, of the Regulations, which states in part "...procurement requirements shall not be artificially divided by governmental bodies so as to constitute a small purchase..."

We remind the department that order splitting to circumvent the competitive bid requirements is a Code violation. It must stop to insure future agency recertification.

## II. Cash Discounts Lost

Our testing of the procurement payment process revealed that the Accounts Payable Section has neglected to take allowable cash discounts for timely payment as authorized by contracts in at least two instances.

These two contracts entitled the department to: (1) a 3% discount on a \$26,065 procurement and (2) a 2% discount on a \$13,545 procurement as payment was made within 30 days of receipt. We determined that the department lost \$1,052.85 in allowable cash discounts on these payments.

Care must be taken to ensure that cash discount provisions are utilized. Otherwise, the integrity of the procurement process may be undermined and funds can be expended unnecessarily.

## III. Change Order Policy

We noted that a change order was not prepared for a transaction when the invoice amount exceeded the purchase order amount by greater than 10%, as required by internal policy. The exceptions were as follows:

<u>P.O. #</u>	<u>P.O. Amount</u>	<u>Voucher Amount</u>	<u>% Variance</u>
02623	\$6,184.60	\$7,555.91	+22%

The department's internal operating procedures states in part: "...The Procurement Officer has delegated authority to the

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accounting office in the area of approving overages in the processing of invoices for payment not to exceed 10 percent or \$100 of the actual purchase order amount...."

A formal standardized change order system, when followed, accomplishes several objectives:

- (1) Control of price deviations by the purchasing agent thereby centralizing the authorization function.
- (2) Preventing vendors from making unauthorized price changes in purchase orders which are issued and approved at a specific price.
- (3) Monitoring using department requests to authorize quantity changes to vendors.

Therefore we recommend that the department adhere to its internal change order policy to insure all material changes to purchase orders have written approval by the purchasing officer.

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CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter, corrective action based on the recommendations in the body of this report, we believe, will in all material respects place the South Carolina Wildlife and Marine Resources Department in compliance with the State Consolidated Procurement Code and ensuing regulations.

Prior to March 31, 1986 the Office of Audit and Certification will perform a follow-up review in accordance with Section 11-35-1230(1) of the Procurement Code to determine if the proposed corrective action has been taken by the department. Based on the follow-up review, and subject to this corrective action, we will recommend that the Wildlife and Marine Resources Department be re-certified to make direct agency procurements for a period of three years as follows:

<u>Procurement Area</u>	<u>Recommended Certification Limit</u>
I. Goods and Services	\$10,000* per purchase commitment
II. Construction	\$25,000* per purchase commitment

\* The total potential purchase commitment to the State whether single year or multi-term contracts are used.

*James M. Stiles*

James M. Stiles, PPB  
Audit Supervisor

*R. Voight Shealy*

R. Voight Shealy, Manager  
Audit and Certification

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*South Carolina  
Wildlife & Marine  
Resources Department*

James A. Timmerman, Jr., Ph.D.  
Executive Director  
John B. Reeves  
Director of  
Administrative Services

January 15, 1987

Mr. R. Voight Shealy, Manager  
Audit and Certification  
Division of General Services  
300 Gervais Street  
Columbia, South Carolina 29201

Dear Mr. Shealy:

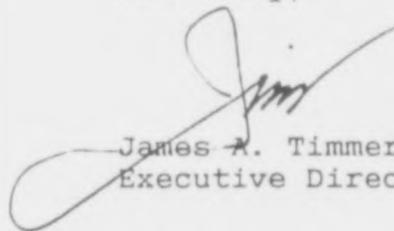
I have reviewed in detail the audit report for the South Carolina Wildlife and Marine Resources Department for the period July 1, 1984 through June 30, 1986 and have given special consideration to the audit findings and recommendations as outlined on pages 10 through 13 of the report.

I concur with all recommendations and have instructed my Director of Administrative Services to take the necessary action to implement the recommendations immediately, and I am confident these deficiencies will be corrected.

I appreciate your team's work in reviewing our purchasing procedures and assure you that we at Wildlife take pride in adhering to the rules, regulations, established procedures and statutes. We take our deficiencies very seriously and will work toward the goal of conformance in all areas.

I look forward to your follow-up to determine complete compliance.

Sincerely,



James A. Timmerman, Jr.  
Executive Director

JATjr/mbs

009100

STATE OF SOUTH CAROLINA  
**BUDGET AND CONTROL BOARD**  
DIVISION OF GENERAL SERVICES  
300 GERVAIS STREET  
COLUMBIA, SOUTH CAROLINA 29201  
(803) 737-2150

RICHARD W. RILEY, CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL



WILLIAM J. CLEMENT  
ASSISTANT DIVISION DIRECTOR

REMBERT C. DENNIS  
CHAIRMAN,  
SENATE FINANCE COMMITTEE

TOM G. MANGUM  
CHAIRMAN,  
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

January 19, 1987

Mr. William J. Clement  
Assistant Division Director  
Division of General Services  
300 Gervais Street  
Columbia, South Carolina 29201

Dear Bill:

We have reviewed the response to our audit report of the South Carolina Wildlife and Marine Resources Department covering the period July 1, 1984 through June 30, 1986. Combined with observations made during our site visit, this review has satisfied the Office of Audit and Certification that the Agency is correcting the problem areas found and that internal controls over the procurement system are adequate.

We, therefore, recommend that the certification limits for the Wildlife and Marine Resources Department outlined in the audit report be granted for a period of three (3) years.

Sincerely,

A handwritten signature in cursive script that reads "Voight Shealy".

R. Voight Shealy, Manager  
Audit and Certification

009101

NARRATIVE

DIVISION OF HUMAN RESOURCE MANAGEMENT

STATE PERSONNEL REGULATIONS

EXHIBIT  
FEB 10 1987 NO. 12  
STATE BUDGET & CONTROL BOARD

008976

ARTICLE 7

DIVISION OF HUMAN RESOURCE MANAGEMENT

SUBARTICLE 1. STATE PERSONNEL REGULATIONS

The extent to which each regulation affects related provisions of the State Personnel Regulations is summarized below under each regulation.

Statutory Authority: S.C. Code of Laws

8-5-10 (Nepotism)

8-7-20 (Military Leave, Tour of Duty)

8-7-90 (Military Leave, Training)

8-11-40 (Sick Leave)

8-11-50 (Compensatory Holiday Time)

8-11-110 (Alcoholism)

8-11-210 through 8-11-300 (State Personnel Act)

8-11-610 through 8-11-680 (Annual Leave)

8-12-60 (Interchange of Government Employee Act)

8-15-60 (In-Service Training)

8-17-310 through 8-17-380 (State Grievance Act)

30-4-10 through 30-4-100 (Freedom of Information Act)

53-5-10 through 53-5-30 (Holidays)

008977

All references in the State Personnel Regulations to the State Personnel Division and the State Personnel Director are changed to Human Resource Management Division and Human Resource Management Division Director, respectively. This complies with the July 10, 1984, Budget and Control Board authorization of the name change. (Exception: In Regulation 19-706, Grievances and Appeals, the former wording is retained to be consistent with the State Employee Grievance Act.)

**008978**

REGULATION

19-703 ATTENDANCE AND LEAVE

19-703.04 A.5. is revised to read: There are two categories of State employees: (1) nonexempt and (2) exempt. Exempt employees are defined in Section 703.04 C., below. The exempt or nonexempt status of any employee must be determined on the basis of whether duties, responsibilities, and salary meet all the requirements for the exemption. Only salaried employees may qualify for exempt status. It is the responsibility of the agency head or the agency head's designee to determine whether an exemption is applicable to a particular employee.

19-703.04 B.2. is changed to read:

2. Record Keeping for nonexempt employees:

Records are required to be kept for each employee. The following information must be kept and available for review by the State Budget and Control Board:

- a. Name
- b. Social Security number
- c. Home address
- d. Date of birth if under 19
- e. Sex and occupation
- f. Employee workweek (Time of day, day of week that workweek begins)
- g. Regular hourly rate of pay for any week when overtime is worked and overtime pay is due.

**008979**

- h. Hours worked each work day and total hours worked each week.
- i. Total daily or weekly straight time wages for all hours worked.
- j. Total overtime excess compensation for the workweek.
- k. Total additions or deductions from wages each pay period.
- l. Total wages paid each pay period.
- m. Date of payment and pay period covered.
- n. The number of hours of compensatory time earned each workweek, or other applicable work period, by each employee at the rate of one and one-half for each overtime hour worked.
- o. The number of hours of such compensatory time used each workweek or other applicable work period, by each employee.
- p. The number of hours of compensatory time compensated in cash, the total amount paid and the date of such payment.

NOTE: Item g. through k. and n. through p. are not required for exempt employees.

19-703.04 C. is changed to read:

C. Exempt

1. Executive. In order to be exempt as a bona fide executive employee, all of the following tests must be met:
  - (a) The employee's primary duty must be management of the enterprise, or of a customarily recognized department or subdivision; and
  - (b) The employee must customarily and regularly direct the work of at least two or more other employees therein; and
  - (c) The employee must have the authority to hire or fire, or

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recommend hiring and firing; or whose recommendations on these and other actions affecting employees is given particular weight; and

- (d) The employee must customarily and regularly exercise discretionary powers; and
- (e) The employee must devote no more than 20 percent of his or her hours worked to activities not directly and closely related to the managerial duties; and
- (f) The employee must be paid on a salary basis at a rate of at least \$155 a week exclusive of board, lodging or other facilities.

The percentage tests on nonexempt work would not apply in the case of an employee who is in sole charge of an independent establishment or a physically separated branch establishment.

Special proviso for executive employees paid on a salary basis of at least \$250 per week. An executive employee paid at least \$250 a week on a salary basis (exclusive of board, lodging and other facilities) is exempt if the employee regularly directs the work of at least two or more other employees and the employee's primary duty is management of the enterprise, or a recognized department or subdivision thereof.

2. Administrative. In order to be exempt as a bona fide administrative employee, all of the following tests must be met:

- (a) The employee's primary duty must be either:
  - (1) Responsible office or nonmanual work directly related

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to the management policies or general business operations of the employer or the employer's customers; or

- (2) Responsible work that is directly related to academic instruction or training carried on in the administration of a school system or educational establishment; and
- (b) The employee must customarily and regularly exercise discretion and independent judgment, as distinguished from using skills and following procedures, and must have the authority to make important decisions; and
- (c) The employee must:
- (1) Regularly assist a bona fide executive or administrative employee; or
  - (2) Perform work under only general supervision along specialized or technical lines requiring special training, experience or knowledge; or
  - (3) Execute under only general supervision special assignments; and
- (d) The employee must not spend more than 20 percent of the time worked in the workweek on work that is not directly and closely related to the administrative duties discussed above, and
- (e) The employee must be paid on a salary or fee basis at a rate of not less than \$155 a week exclusive of board, lodging, or other facilities, or in the case of academic administrative

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personnel in public or private schools, the salary requirement for exemption must be at least \$155 a week or one which is at least equal to the entrance salary for teachers in the employing school system or educational establishment or institution.

Special proviso for administrative employees paid on a salary or fee basis of at least \$250 per week. An administrative employee who is paid on a salary or fee basis of at least \$250 a week exclusive of board, lodging, or other facilities will be exempt if:

- (a) The employee's primary duty consists of either:
  - (1) Responsible office or nonmanual work directly related to the management policies or general business operations of the employer or the employer's customers; or
  - (2) Responsible work that is directly related to academic instruction or training carried on in the administration of a school system or educational establishment; and
- (b) Such primary duty includes work requiring the exercise of discretion and independent judgment.

3. Professional. In order to be exempt as a bona fide professional employee, all of the following must be met:

- (a) The employee's primary duty must be either:
  - (1) Work requiring knowledge of an advanced type in a field of science or learning, customarily obtained by a prolonged course of specialized instruction and study;
  - or

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- (2) Work that is original and creative in character in a recognized field of artistic endeavor, the result of which depends primarily on the employee's invention, imagination, or talent; or
  - (3) Work as a teacher certified or recognized as such in the school system or educational institution by which he or she is employed; and
- (b) The employee must consistently exercise discretion and judgment; and
  - (c) The employee must do work that is predominantly intellectual and varied, as distinguished from routine mental, manual, mechanical, or physical duties, and
  - (d) The employee must not spend more than 20 percent of the time worked in the workweek on activities not essentially a part of and necessarily incident to the professional duties, and
  - (e) The employee must be paid on a salary or fee basis at a rate of not less than \$170 a week exclusive of board, lodging, or other facilities.

The salary requirement discussed in (e) above does not apply to an employee who is the holder of a valid license or certificate permitting the practice of law or medicine and who is actually engaged in such practice, an employee who is the holder of the requisite academic degree for the general practice of medicine and is engaged in an internship or resident program, or an employee employed and engaged as a teacher in a school or educational institution.

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Special proviso for professional employees paid on a salary or fee basis of at least \$250 per week. A professional employee who is paid on a salary or fee basis at a rate of at least \$250 a week exclusive of board, lodging or other facilities will be exempt if:

- (1) The employee's primary duty consists of work requiring knowledge of an advanced type in a field of science or learning, or work as a teacher in an activity of imparting knowledge, which requires consistent exercise of discretion and judgment; or
- (2) The primary duty is artistic work that requires invention, imagination, or talent in a recognized field of artistic endeavor.

## EXHIBIT

19-703.04 H. is revised to read:

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H. Volunteers

STATE BUDGET & CONTROL BOARD

A State employee may volunteer to perform services for a State agency or a political subdivision of the State, if a) the individual receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered, and b) such services are not the same type of services which the individual is employed to perform for such public agency. An employee of a public agency which is a state, political subdivision, or an interstate governmental agency may volunteer to perform services for any other state, political subdivision, or interstate governmental agency including a state, political subdivision or interstate governmental agency with which the employing agency has a mutual aid agreement.

19-703.06 "(DELETED)" is deleted because this space has not been utilized for

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the past two editions. Remaining sections will be renumbered.

19-703.07 is changed to 19-703.06.

19-703.06 B.1. is corrected to provide that Memorial Day is celebrated on the last Monday in May in conformity with the State Holiday Statute.

19-703.06 C.2. is revised to read: In the event an employee, whose regular workweek is forty hours, is scheduled to work on a holiday, that employee will receive compensatory time based on a five-day, forty-hour workweek.

19-703.08 is changed to 19-703.07

19-703.07 G.3. is revised to read:

3. Units of annual leave

An employee's annual leave credit shall be charged for the actual time (or at a maximum in quarter hour increments) an employee is away from a job.

19-703.07 G. "EXCEPTION" is changed to add to the end of the first sentence:

"for personal illness or disability of the employee".

19-703.07 H. "EXCEPTIONS" is revised to add item 5, which is to read as

follows:

5. The employee is a teacher or official of academic rank at a State-supported institution of higher learning on sabbatical leave.

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19-703.09 is changed to 19-703.08

19-703.08 G.1. is revised to read:

1. Verification

The use of sick leave shall be subject to verification. When there is reason to believe that sick leave is being abused, the appointing authority may, before approving the use of sick leave, require the certificate of a physician or other acceptable documentation verifying the disability and giving the inclusive dates.

19-703.08 I.1. the fifth sentence is revised to read: The agency shall require a physician's certificate or other acceptable documentation verifying the disability and giving the projected inclusive dates of the disability prior to approval.

19-703.08 K. "EXCEPTIONS" is revised to add item 5, which reads as follows:

5. The employee is a teacher or official of academic rank at a State-supported institution of higher learning on sabbatical leave.

19-703.10 is changed to 19-703.09

19-703.09 A.2. is changed to add "with pay" to the end of the first sentence to correct error in printing the previous year.

19-703.11 is changed to 19-703.10

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19-703.12 is changed to 19-703.11

19-706 GRIEVANCES AND APPEALS

19-706.01 is changed to read:

This Regulation sets forth the rules, procedures and responsibilities for grievances and appeals in conjunction with the State Employee Grievance Committee Rules and Regulations 19-775, S.C. Code. The Director of the Division of Human Resource Management, as referred to in other Regulations, is referred to in this Regulation as the State Personnel Director to be consistent with the terminology in the State Employee Grievance Act.

19-706.04 A. is changed to read as follows:

A. All permanent State employees meeting the conditions specified in Section 8-17-30, 1976 Code of Laws of South Carolina, as amended, have the right to appeal to the State Employee Grievance Committee. The following are exceptions to this general rule:

19-706.04 A.3. is changed to read:

An employee who voluntarily resigns or voluntarily accepts a demotion or reassignment shall waive all rights to appeal such action. These actions can be rescinded only if the agency head or the agency head's designee agrees.

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19-706.04 A.4. is changed to read:

An employee whose position is reclassified to a classification with a lower grade shall not have the right to appeal the reclassification to the State Employee Grievance Committee unless the reclassification falls within Subregulation 19-706.03 A.

19-706.04 C.1. is changed by omitting the word "official".

19-706.04 D.3. is changed to read:

Determine whether the appeal is in order and has been filed in a timely manner and in accordance with this Regulation. Upon receipt of appeals of questionable jurisdiction, the State Personnel Director shall determine, after consultation with the Attorney General's Office, whether an action is appealable.

19-706.04 D.4. is changed to read:

Review the record of the internal grievance process and shall schedule appointments to discuss the grievance separately with the employee or his representative, or both, and representatives of the agency to attempt to resolve the matter.

19-706.04 D.6. is changed to read:

Make the necessary arrangements for the appeal to be heard by the State Employee Grievance Committee. This includes the notification of witnesses and representatives in accordance with provision 19-775.07 of the State Employee Grievance Committee Rules and Regulations, arrangements for

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recording the actual hearing, and providing for the examination of submitted records by both parties by their representatives.

19-706.04 D.7. is changed to read:

If necessary and upon the request and authority of the State Employee Grievance Committee, subpoena witnesses, files, records, and papers pertinent to the appeal.

19-706.05 G. is changed to read:

Testimony of witnesses shall be under oath or affirmation.

EXHIBIT  
FEB 10 1987 NO. 12  
STATE BUDGET & CONTROL BOARD

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EXHIBIT

FEB 10 1987 NO. 12

STATE BUDGET & CONTROL BOARD

SYNOPSIS

RULES AND REGULATIONS

SOUTH CAROLINA STATE EMPLOYEE GRIEVANCE COMMITTEE

(b)

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RULES AND REGULATIONS  
SOUTH CAROLINA STATE EMPLOYEE GRIEVANCE COMMITTEE

REGULATION

- 19-775.01 is revised to simplify and for ease of interpretation.
- 19-775.02 is changed to bring it into full accord with the State Employee Grievance Act.
- 19-775.04 is revised to read in accordance with the State Employee Grievance Act.
- 19-775.06 is revised to promote conformity of wording with other provisions of those Rules and Regulations.
- 19-775.07 C. is revised to provide that only three character witnesses may testify before the State Employee Grievance Committee.
- 19-775.08 is revised to provide the same time limit required for submitting other information for the Committee.
- 19-775.09 is revised to promote consistency of terminology throughout the State Employee Grievance Committee's Rules and Regulations.
- 19-775.10 is revised to promote consistency of terminology throughout the State Employee Grievance Committee's Rules and Regulations.

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19-775.20 is revised to clarify the Committee's intent.

19-775.33 is revised to authorize a designee of the Committee Chairman to grant a postponement of a hearing based on extenuating circumstances.

# EXHIBIT

FEB 10 1987 NO. 12

STATE BUDGET & CONTROL BOARD

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EXHIBIT

FEB 10 1987 NO. 12

STATE BUDGET & CONTROL BOARD

NARRATIVE

RULES AND REGULATIONS

SOUTH CAROLINA STATE EMPLOYEE GRIEVANCE COMMITTEE

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RULES AND REGULATIONS  
SOUTH CAROLINA STATE EMPLOYEE GRIEVANCE COMMITTEE

REGULATION

19-775.01 is changed to read:

All permanent State employees meeting the conditions specified in the State Employee Grievance Act of 1982 may bring proceedings before the State Employee Grievance Committee.

19-775.02 is changed to add the following sentence as the last sentence of the Subregulation:

Reclassification shall not ordinarily be deemed grievable as a demotion. However, if an allegation is made that a reclassification is punitive and the State Personnel Director determines there is any material issue of fact or conclusion to be drawn from the facts of the allegation then the reclassification shall be deemed grievable.

19-775.04 is changed to read:

Once an appeal has been made to the State Personnel Director and has been determined to be appealable to the Committee, the State Personnel Director or the Director's designee shall review the record of the internal grievance process and shall schedule appointments to discuss the grievance separately with the employee or the employee's representative, or both, and representatives of the agency to attempt to resolve the matter. If an agreement between the two parties is not reached, the State Personnel Director or the Director's designee shall present tentative findings and

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recommendations to both parties for resolution of the grievance appeal. Each party shall submit a written response within ten calendar days setting forth acceptance or rejection of the recommendations. Any discussions by any of the parties concerned during the mediation process shall be kept confidential and shall not be used or referred to during subsequent proceedings on the appeal.

19-775.06 is changed to read:

The State Personnel Director shall arrange for the reproduction of pertinent files, records and papers and distribute copies to the members of the Committee that will hear the grievance and to the Committee Attorney prior to the date of the hearing. The State Personnel Director shall be responsible for recording the grievance hearings and shall provide to the Committee from the resources of the State Personnel Division such administrative and clerical services as may be required.

19-775.07 C. is changed to add the following sentence at the end of the paragraph:

No more than three character witnesses for each side will be permitted to testify before the Committee. A character witness is defined as a witness offered solely for the purpose of presenting testimony which bears on the positive or negative general character of the grievant, i.e. the grievant's reputation for truthfulness, peaceful or violent manner, or other considerations of character which have a bearing on the matter before the Committee.

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# EXHIBIT

FEB 10 1987 NO. 12

STATE BUDGET & CONTROL BOARD

19-775.08 is changed to read:

Any files, records and papers requested by the State Personnel Division from the agency should be forwarded no more than ten (10) days following the request. Any other files, records and papers submitted by either party to be forwarded to the Committee prior to the hearing must be received in the State Personnel Division at least ten (10) days prior to the hearing.

19-775.09 is changed to read:

Each employee granted a hearing before the Grievance Committee will receive a copy of the files, records and papers submitted by the agency. In like manner, a copy of any files, records and papers filed by an employee will be sent to the agency.

19-775.10 is changed to substitute the words "files, records and papers" for the word "documents" in the third sentence.

19-775.20 is changed to read:

Witnesses shall not be in the hearing room except for preliminary comments, the Committee's opening statement, and that witness' testimony.

19-775.33 is changed to add the words "or designee" after the word Chairman in the first sentence.

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# EXHIBIT

FEB 10 1987

NO. 13

STATE BUDGET AND CONTROL BOARD  
MEETING OF February 10, 1987

STATE BUDGET & CONTROL BOARD  
REGULAR SESSION  
ITEM NUMBER

9

AGENCY: McCormick County

SUBJECT: Hospital Facilities Revenue Bonds (McCormick County Nursing Center)

At its meeting on January 16, 1987, the Budget and Control Board adopted a resolution granting final approval to the McCormick County proposal to issue \$2,800,000 Hospital Facilities Revenue Bonds on behalf of the McCormick County Nursing Center project. Conditional approval had been granted at the December 16, 1986, Board meeting.

Bond Counsel W. E. Applegate now has submitted a Supplemental Resolution clarifying that a portion of the bond proceeds will be used for capitalized interest as provided in the feasibility study.

BOARD ACTION REQUESTED:

Adopt a supplemental resolution confirming and clarifying the prior approval of the issuance by McCormick County of not exceeding \$2,800,000 Hospital Facilities Revenue Bonds, Series 1987, on behalf of the McCormick County Nursing Center project, which indicates that a portion of the proceeds of the bonds will be used for capitalized interest.

ATTACHMENTS:

Applegate February 2 letter to McInnis; Supplemental Resolution

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# EXHIBIT

FEB 10 1987 NO. 13

STATE OF SOUTH CAROLINA )

McCormick County Nursing Center

COUNTY OF RICHLAND )

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

That the State Budget and Control Board (the Board) is composed of the following:

His Excellency, Carroll A. Campbell, Jr., Governor and Chairman of the Board;

The Honorable Grady L. Patterson, Jr., State Treasurer;

The Honorable Earle E. Morris, Jr., Comptroller General;

The Honorable Rembert C. Dennis, Chairman of the Senate Finance Committee; and

The Honorable Robert N. McLellan, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 9:30 a.m., on Tuesday, February 10, 1987, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting, with the exception of: None.

That at the meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by Mr. Patterson, who moved its adoption; the motion was seconded by Senator Dennis, and upon the vote being taken and recorded it appeared that the following votes were cast:

FOR MOTION

AGAINST MOTION

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That the Chairman thereupon declared the Resolution unanimously adopted and the original thereof has been duly entered in the permanent records of minutes of meetings of the Board in my custody as its Secretary.

February 11, 1987

William A. McInnis

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# EXHIBIT

FEB 10 1987 NO. 13

STATE BUDGET & CONTROL BOARD

## A SUPPLEMENTAL RESOLUTION

CONFIRMING AND CLARIFYING THE PRIOR APPROVAL OF THE ISSUANCE BY McCORMICK COUNTY, SOUTH CAROLINA OF NOT EXCEEDING \$2,800,000 HOSPITAL FACILITIES REVENUE BONDS SERIES 1987 (McCORMICK COUNTY NURSING CENTER PROJECT) PURSUANT TO THE PROVISIONS OF TITLE 44, CHAPTER 7, ARTICLE 11, CODE OF LAW OF SOUTH CAROLINA 1976, AS AMENDED WITH RESPECT TO THE EXPENDITURE OF A PORTION OF THE PROCEEDS OF THE BONDS FOR CAPITALIZED INTEREST.

WHEREAS, the State Budget and Control Board of South Carolina (the State Board) heretofore on January 16, 1987 adopted a Resolution (the Resolution) approving the issuance of not exceeding \$2,800,000 Hospital Facilities Revenue Bonds, Series 1987 (McCormick County Nursing Center Project) (the Bonds) pursuant to the provisions of Title 44, Chapter 7, Article 11, Code of Law of South Carolina 1976, as amended (the Enabling Act), and

WHEREAS, the feasibility study prepared by J. O. Baker Co., P.C., dated November 17, 1986, which was heretofore submitted to the State Board provides for the payment of 15 months of capitalized interest during construction and for a short period thereafter pursuant to the Enabling Act, and

WHEREAS, the Resolution encompassed approval of use of a portion of the proceeds for capitalized interest, but did not clearly set forth that a portion of the proceeds would be so used, and

WHEREAS, the State Board now desires to confirm and clarify its prior Resolution to provide a portion of the proceeds will be used for capitalized interest.

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NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board of South Carolina that the Resolution is confirmed in all respects and is clarified to specifically set forth that not to exceed \$350,000 of the proceeds of the Bonds will be used to pay 15 months of capitalized interest during construction and for a short period thereafter as authorized by the Enabling Act.

## EXHIBIT

FEB 10 1987      NO. 13

STATE BUDGET & CONTROL BOARD

003001

FEB - 3 1987

8:46 A.M.

LL

HAYNSWORTH, MARION, McKAY & GUÉRARD  
ATTORNEYS AT LAW

W. Francis Marion  
Julius W. McKay  
Robt. S. Galloway, Jr.  
Fred D. Cox, Jr.  
O.G. Calhoun, Jr.  
Theodore B. Guérard  
Donald L. Ferguson  
G. Dewey Oxner, Jr.  
William M. Grant, Jr.  
Jesse C. Belcher, Jr.  
Maye R. Johnson, Jr.  
W.E. Applegate, III  
C. Lewis Raso, Jr.  
Charles E. McDonald, Jr.  
William E. Shaughnessy  
James B. Pressly, Jr.  
Sherwood M. Cleveland  
H. Donald Sellers  
Robert C. Wilson, Jr.

Donald A. Harper  
Robert M. Kunes  
Adele J. Pope  
Andrew J. White, Jr.  
Ellis M. Johnston, II  
Joseph J. Blake, Jr.  
John M. Campbell, Jr.  
William C. Cleveland  
Sam L. Stephenson  
Thomas H. Coker, Jr.  
John Paul Trouche  
William P. Simpson  
Theodore S. Stern, Jr.  
W. Francis Marion, Jr.  
John B. McLeod  
Bryan Francis Hickey  
Samuel W. Howell, IV  
Frances D. Ellison  
Robert W. Hassold, Jr.

Two Proleau Street  
Post Office Box 1119  
Charleston, South Carolina 29402  
(803) 722-7606

Two Shelter Centre  
Eleventh Floor  
Post Office Box 2048  
Greenville, South Carolina 29602  
(803) 240-3200

Sixth Floor, South Carolina National Bank Building  
Post Office Drawer 7157  
Columbia, South Carolina 29202  
(803) 765-1818

John H. Muench  
Anne S. Ellefson  
Knox H. White  
Edwin B. Parkinson, Jr.  
H. Sam Matry, III  
Floyd Matlock Elliott  
David Hill Keller  
Shawn D. Wallace  
Deborah K. Neese  
Susan V. Johnston  
Moffatt Grier McDonald  
Christina L. Carter  
Carol L. Clark  
Richard C. Delwiler  
Jeffrey E. Gray  
Cari Everette Pierce, II  
James H. Ritchie, Jr.  
Anne G.H. Rounds

H.J. Haynsworth  
1859-1941

C.F. Haynsworth  
1886-1953

J.M. Perry  
1894-1964

Eugene Bryant  
1902-1969

OF COUNSEL  
Thomas K. Johnstone, Jr.  
Andrew B. Marion  
Harry R. Stephenson, Jr.  
William J. Quirk, (P.A.)

February 2, 1987

EXHIBIT

FEB 10 1987 NO. 13

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis  
State Budget & Control Board  
Wade Hampton Office Building  
Sixth Floor, Capitol Complex  
Columbia, SC 29201

Re: \$2,800,000 McCormick County, South Carolina  
Hospital Facilities Revenue Bonds, Series 1987  
(McCormick County Nursing Center Project)

Dear Bill:

I am enclosing herewith a proposed Supplemental Resolution clarifying that a portion of the bond proceeds will be used for capitalized interest as provided in the Feasibility Study heretofore submitted to your office in connection with the prior approval on January 17, 1987. I would appreciate your having the Board consider the Supplemental Resolution at its next meeting on February 10, 1987.

Thank you very much.

Sincerely yours,

*W E Applegate*  
W. E. Applegate, III

WEA:152

Enclosure

009002

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board of South Carolina that the Resolution is confirmed in all respects and is clarified to specifically set forth that a portion of the proceeds of the Bonds will be used to pay 15 months of capitalized interest during construction and for a short period thereafter as authorized by the Enabling Act.

*PROPOSED  
BUT NOT ADOPTED.  
ATTY APPELATE  
AGREED TO CHANGES  
IN VERSION ADOPTED.*

EXHIBIT

FEB 10 1987

NO. 13

STATE BUDGET & CONTROL BOARD

# EXHIBIT

FEB 10 1987

NO. 14

STATE BUDGET AND CONTROL BOARD  
MEETING OF FEBRUARY 10, 1987

STATE BUDGET & CONTROL BOARD

REGULAR SESSION  
ITEM NUMBER

10

AGENCY: Wildlife and Marine Resources Department

SUBJECT: Bond Contingency Fund Allocation Request

Administrative Services Director John B. Reeves, of the Wildlife and Marine Resources Department, advises of an urgent need for \$60,000 to finance the repair of the roof of the Department's Marine Resources Research Center in Charleston.

Mr. Reeves indicates that the roof of the original laboratory building has deteriorated to the point that water damage is occurring frequently throughout the facility. He also points out that the flat roof has been patched continuously over the past five years and that further patch work will only postpone the required complete replacement of the roof and water damage repair.

Mr. Reeves notes that this matter was discussed with the subcommittee of the Ways and Means Committee which oversees his Department and that Mr. McAbee had suggested that the Bond Contingency Fund possibility be explored.

The balance previously released and now available for allocation from the Bond Contingency Revolving Fund is \$120,100.23. This is the balance remaining from the \$500,000 of capital improvement bonds authorized for this Fund in 1981.

Use of this fund requires a unanimous determination by the Board and the Bond Committee that the repair and/or replacement project for which funding is requested is a bona fide emergency which the funds requested, with other available funds, can address effectively.

BOARD ACTION REQUESTED:

Consider Wildlife and Marine Resources Department request for \$60,000 from the Bond Contingency Revolving Fund to finance the repair of the roof of the Department's Marine Resources Research Center.

ATTACHMENTS:

Reeves February 2 letter to McInnis.

009004