

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

September 24, 1991

002159

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 24, 1991

MEMORANDUM

TO: Budget and Control Board Division Directors
FROM: Donna K. Williams, Assistant Executive Director *DKW*
SUBJECT: Summary of Board Actions at September 24, 1991, Meeting

This listing of actions is an unofficial **summary** of the Board actions taken at the referenced meeting. The minutes of the meeting are presented in a separate, more detailed document which becomes official when approved by the Board at a subsequent meeting.

1. Acting as the State Education Assistance Authority, adopted a resolution providing for the issuance and sale of \$46,990,000 Insured Student Loan Revenue Bonds, 1991 Series;
2. Adopted the Budget and Control Board agenda after adding to executive session consideration of a personnel matter;
3. Approved the minutes of the September 10, 1991, meeting;
4. Received as information a report that a refund of \$149,878 from crude oil monies available from the Department of Energy has been deposited in the general fund;
5. In accord with Code Section 1-11-80, granted the following easement as recommended by the Division of General Services:

County Location:	Georgetown
From:	Budget and Control Board
To:	Santee Electric Cooperative
Description/Purpose:	20' wide easement across the Department of Youth Services Marine Institute property for an electric transmission line to provide power to the DYS facility
Consideration:	\$1.00

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6. Received as information a report that the Division of Insurance Services has developed a state dental plan fee schedule to become effective January 1, 1992, designed to bring plan's allowable charges more in line with the current market, within the parameters of the plan's resources;
7. Received as information a report that, relating to its potential deficit in 1991-92, the Department of Social Services has reduction initiatives in place, but no cost savings can be verified at this point;
8. Received as information a report that the Department of Mental Health has reported the reimbursement of interviewee travel expenses;
9. Approved the following planning district allocations and payments on a quarterly basis, as recommended by the Budget Division:

Upper Savannah Council of Governments	\$ 70,345
Catawba Regional Planning Council	78,701
Central Midlands Regional Planning Council	113,002
Low Country Council of Governments	66,308
Lower Savannah Council of Governments	81,191
Santee-Lynches Regional Planning Council	71,401
Berkeley-Charleston-Dorchester COG	112,749
Appalachian Council of Governments	162,983
Pee Dee Regional Council of Governments	86,427
Waccamaw Regional Planning & Development Coun.	75,888

10. Approved the selection of the following firms to provide bond counsel services:
 - (a) Technical and Comprehensive Education (Technical College of the Lowcountry): \$400,000 commercial loan for land acquisition: Sinkler & Boyd, P.A.;
 - (b) Technical and Comprehensive Education (Midlands Technical College): Financing in accord with Code Section 59-53-53 of 150 acres of land for college campus: Nelson, Mullins, Riley & Scarborough;
 - (c) JEDA: \$1.2 million Clarendon County Stand-alone issue (Krohnert Manufacturing Ltd. Industries): Haynsworth, Marion, McKay & Guerard;
 - (d) JEDA: \$14.5 million Florence County Stand-alone issue (Carolina Hospital System, Incorporated): Nelson, Mullins, Riley & Scarborough;

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11. In accord with Code Section 1-11-65, authorized the Department of Mental Retardation to acquire 5.545 acres in Loris in Horry County for \$20,000 Excess Debt Service Funds (project J16-9595), on the condition the project is reviewed favorably by the Joint Bond Review Committee;
12. In accord with Section 11-35-1210, granted procurement recertification to the Medical University 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 two years: chemical/reagents, injectables, prescription drugs, intravenous solutions and sets and all other commodities defined in the MMO Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, initially approved by MUSC's Products Evaluation Committee, \$6,000,000; medical supply items and all other commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including linens, gas cylinders and liquid oxygen for patient use, initially approved by MUSC's Products Evaluation Committee, \$3,000,000; hospital, laboratory and research equipment, \$100,000; all other goods and services, \$25,000; and consultants, \$10,000 per commitment;
13. In accord with Code Section 1-11-65, authorized the Technical College of the Lowcountry to purchase approximately 3.5 acres contiguous to the southwest corner of the Beaufort Campus for the appraised value of \$400,000 using local (county) funds (project H59-9637), on the condition the project is reviewed favorably by the Joint Bond Review Committee;
14. Adopted a resolution approving the issuance of \$1,100,000 State Institution Bonds, Series 1991G, for South Carolina State College;
15. Adopted a resolution approving South Carolina State Housing Finance and Development Authority proposal to issue \$7,000,000 Multifamily Housing Revenue Bonds, Series 1991, on behalf of the United Dominion - Plum Chase Apartments project;
16. In accord with Code Section 1-11-560(c), extended for 31 days the period in which the \$3,000,000 allocation for the Abbeville County Bibb Company project is valid;
17. Adopted resolutions approving the following proposals to issue revenue bonds:

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- (a) Issuing Authority: Charleston County
Amount of Issue: \$4,065,000 Industrial Revenue Refunding Bonds
Allocation Amount: -0-
Name of Project: Coburg Dairy, Inc.
Employment Impact: current employment in Charleston County--158
Project Description: refund Series 1986 bonds (facility to process milk and other food and beverage products)
- (b) Issuing Authority: Chester County
Amount of Issue: \$125,000,000 Fee-in-Lieu-of-Taxes Industrial Development Bond
Allocation Amount: -0-
Name of Project: Teledyne Allvac Project
Employment Impact: 300
Project Description: extruding metal coils and bars

18. Adopted a resolution approving the private sale to an underwriter for public offering thereafter \$14,500,000 Economic Development Revenue Bonds and/or Notes by the Jobs-Economic Development Authority for the Carolinas Hospital System project;
19. Agreed to hold budget hearings at 9:00 a.m. - 4:30 p.m. on Thursday, October 24, 1991, in Room 105 of the Gressette Office Building;
20. Agreed to hold its next regular meeting at 10 a.m. on Thursday, October 31, 1991, in the Governor's conference room in the State House; and to consider agency requests for exemptions from the 3% budget reduction at that meeting;
21. Concurred in Division of Information Resource Management plans to reduce local telephone system rates in Columbia effective January 1992 and in long-term plans to reduce local telephone system rates for Columbia and Charleston in January 1994; and supported the Division's position that any agency anticipating withdrawal completely from the state telephone system be held responsible for the remaining payment on the embedded investment stranded as a result of the withdrawal; and
22. Confirmed the appointment of Luther F. Carter, Ph.D., to the position of Executive Director of the Budget and Control Board at a salary of \$97,367, the minimum of the salary range for the position, effective December 17, 1991.

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

SEPTEMBER 24, 1991

9:00 A. M.

The Budget and Control Board met at 9:00 a.m. on Tuesday, September 24, 1991, 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 James M. Waddell, Jr., Chairman, Senate Finance Committee;
Representative William D. Boan, Chairman, Ways and Means Committee.

Also attending were Executive Director Jesse A. Coles, Jr.; Board Secretary Donna K. Williams; Deputy Executive Director J. Samuel Griswold; Chief Deputy Attorney General Joseph D. Shine; Governor's Senior Executive Assistant Luther F. Carter; Senior Assistant State Treasurer C. C. "Chuck" Sanders, Jr.; Assistant Comptroller General George M. Lusk; Finance Committee Director of Research Susan K. Hooks; Ways and Means Committee Director of Research Frank Fusco; and other Board staff.

[Secretary's Note: This Board meeting was held immediately following a meeting of the State Education Assistance Authority, the members of which are Budget and Control Board members, ex officio.]

Adoption of Agenda

Upon a motion by Mr. Patterson, seconded by Senator Waddell, the Board adopted the agenda after adding to executive session consideration of a personnel matter.

Minutes of Previous Meeting

Board members previously had been furnished a draft version of the minutes of the September 10, 1991, Budget and Control Board meeting.

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

Blue Agenda

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved all items included on the blue agenda.

Blue agenda items are identified as such in these minutes.

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General Services: Refund from Department of Energy (Blue Agenda #1)

The Board was advised that anyone who had purchased refined petroleum products during the August 1973 - January 1981 period was eligible to apply for a refund from crude oil monies available for disbursement by the Department of Energy.

The Division of General Services applied for a refund based on 187,348,115 gallons of petroleum products used.

A refund of \$149,878 has been deposited in the general fund.

The Board received as information a report that a refund of \$149,878 from crude oil monies available from the Department of Energy has been deposited in the general fund.

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

General Services: Easement (Blue Agenda #2)

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board, in accord with Code Section 1-11-80, granted the following easement as recommended by the Division of General Services:

County Location:	Georgetown
From:	Budget and Control Board
To:	Santee Electric Cooperative
Description/Purpose:	20' wide easement across the Department of Youth Services Marine Institute property for an electric transmission line to provide power to the DYS facility
Consideration:	\$1.00

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

Insurance Services: 1992 Dental Plan Fee Schedule (Blue Agenda #3)

The Board was advised that the state dental plan has operated since February 1986. Payment for services is limited to a fee schedule amount for each procedure. The fee schedule has not been adjusted from 1985 to 1989 and the

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plan's allowable charge has fallen considerably below prevailing market fees in a number of instances.

The Division advised that it has worked to bring the plan's fee schedule closer to amounts prevalent in the marketplace, and pointed out that, even without any growth in contributions, the dental plan continues to be financially robust.

With input from the SC Dental Association and R. E. Harrington, the plan's claims administrator, the Division has developed a fee schedule to become effective January 1, 1992, designed to bring plan allowable charges more in line with the current market, within the parameters of the plan's resources.

The Division advised that it does not expect to require a rate increase for the dental plan in 1993 even with the proposed changes in the fee schedule.

The Board received as information a report that the Division of Insurance Services has developed a state dental plan fee schedule to become effective January 1, 1992, designed to bring plan's allowable charges more in line with the current market, within the parameters of the plan's resources.

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

Budget Division: DSS Potential 1991-92 Deficit Update (Blue Agenda #4)

On July 17, 1991, the Department of Social Services advised of a potential deficit of \$11.5 million. DSS addressed strategies to decrease the deficit in a Deficit Reduction Plan.

At that meeting, the Board had directed the Division to monitor and work closely with DSS to ensure that all state and other funds are utilized to reduce and manage the potential deficit, and to make regular reports to the Board on the progress being made.

DSS has advised the Division that reduction initiatives are in place, but no cost savings can be verified at this point.

The Board received as information a report that, relating to its potential deficit in 1991-92, the Department of Social Services has reduction initiatives in place, but no cost savings can be verified at this point.

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

Executive Dir.: Interviewee Travel Expense Reimbursement (Blue Agenda #5)

The Board received as information a report that the Department of Mental Health has reported the reimbursement of \$326.50 of interviewee travel expenses.

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

Budget Division: 1991-92 Planning Districts Appropriation (Regular Session #1)

The Division advised that the Council of Governments has requested payment of \$918,995 to the Planning Districts in accord with the 1991-92 Appropriations Act, Section 122, Item III.B., Aid to Planning Districts and that the information required by Proviso 122.7 has been submitted.

The Division advised that, in accord with Proviso 122.6, 50% of the appropriated amount is distributed equally among the ten districts, and 50% is distributed on a per capita basis.

The Division recommended approval of the following planning district allocations and payments on a quarterly basis:

Upper Savannah Council of Governments	\$ 70,345
Catawba Regional Planning Council	78,701
Central Midlands Regional Planning Council	113,002
Low Country Council of Governments	66,308
Lower Savannah Council of Governments	81,191
Santee-Lynches Regional Planning Council	71,401
Berkeley-Charleston-Dorchester COG	112,749
Appalachian Council of Governments	162,983
Pee Dee Regional Council of Governments	86,427
Waccamaw Regional Planning & Development Coun.	<u>75,888</u>
Total	<u>\$918,995</u>

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the planning district allocations and payments on a quarterly basis, as recommended by the Budget Division.

Senator Waddell abstained from voting.

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

State Treasurer: Bond Counsel Selection (Regular Session #2)

Board approval of the following bond counsel was requested:

- (a) State Board for Technical and Comprehensive Education (Technical College of the Lowcountry): \$400,000 commercial loan for land acquisition:
 - (1) Sinkler & Boyd, P.A.; and
 - (2) The McNair Law Firm, P.A.

- (b) State Board for Technical and Comprehensive Education (Midlands Technical College): Financing in accord with Code Section 59-53-53 of 150 acres of land for college campus:
 - (1) Nelson, Mullins, Riley & Scarborough; and
 - (2) Haynsworth, Marion, McKay & Guerard

- (c) Jobs-Economic Development Authority: \$1.2 million Clarendon County Stand-alone issue (Krohnert Manufacturing Limited Industries):
 - (1) Haynsworth, Marion, McKay & Guerard; and
 - (2) The McNair Law Firm, P.A.

- (d) Jobs-Economic Development Authority: \$14.5 million Florence County Stand-alone issue (Carolinas Hospital System, Incorporated):
 - (1) Nelson, Mullins, Riley & Scarborough; and
 - (2) Haynsworth, Marion, McKay & Guerard

Upon a motion by Mr. Patterson, seconded by Senator Waddell, the Board approved the selection of the following firms to provide bond counsel services:

- (a) Technical and Comprehensive Education (Technical College of the Lowcountry), \$400,000 commercial loan for land acquisition: Sinkler & Boyd, P.A.;

- (b) Technical and Comprehensive Education (Midlands Technical College): Financing in accord with Code Section 59-53-53 of 150 acres of land for college campus: Nelson, Mullins, Riley & Scarborough;

- (c) JEDA: \$1.2 million Clarendon County Stand-alone issue (Krohnert Manufacturing Ltd. Industries): Haynsworth, Marion, McKay & Guerard;

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- (d) JEDA: \$14.5 million Florence County Stand-alone issue (Carolinas Hospital System, Incorporated): Nelson, Mullins, Riley & Scarborough

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

General Services: Mental Retardation Property Acquisition (Regular Session #3)

General Services Division Director Richard W. Kelly appeared before the Board on this matter.

The Division recommended approval of the Department of Mental Retardation request to acquire 5.545 acres in Loris in Horry County to be the site of a future community residence.

The property has been appraised for \$61,000; the owner, Southern Bank of Loris, has agreed to sell it for \$20,000. The environmental study indicated no hazardous conditions on the site. Property Management has reviewed the appraisal and the environmental study, and approves their use in granting this request.

Mr. Kelly pointed out that this permanent improvement project, J16-9595, has not yet been reviewed by the Joint Bond Review Committee. He advised that the Bond Committee will meet on September 25.

Excess debt service funds will be used to purchase the property.

Upon a motion by Mr. Patterson, seconded by Mr. Boan, the Board, in accord with Code Section 1-11-65, authorized the Department of Mental Retardation to acquire 5.545 acres in Loris in Horry County for \$20,000 Excess Debt Service Funds (project J16-9595), on the condition the project is reviewed favorably by the Joint Bond Review Committee.

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

General Services: MUSC Procurement Recertification (Regular Session #4)

General Services Division Director Richard W. Kelly appeared before the Board on this matter.

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The Board was advised that the Division of General Services, in accord with Section 11-35-1210, has audited the Medical University and recommends its recertification 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 two years:

- chemical/reagents, injectables, prescription drugs, intravenous solutions and sets and all other commodities defined in the MMO Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, initially approved by MUSC's Products Evaluation Committee, \$6,000,000 per commitment;
- medical supply items and all other commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including linens, gas cylinders and liquid oxygen for patient use, initially approved by MUSC's Products Evaluation Committee, \$3,000,000 per commitment;
- hospital, laboratory and research equipment, \$100,000 per commitment;
- all other goods and services, \$25,000 per commitment
- consultants, \$10,000 per commitment

Mr. Boan noted that the report had referred to several cost overruns and change orders and that the cost of those had not been identified. He said there had been a lot of vague information in the audit.

Mr. Kelly indicated that more details are in the balance of the audit than are included in the summary. He said his staff has detailed working papers in its files. He indicated that several problems had been found in the construction area and that his audit staff had spent several additional months working with the State Engineer's Office and the Medical University trying to correct the cost overrun and change order problems. He acknowledged that the construction area at the Medical University is very complex.

Upon a motion by Mr. Morris, seconded by Mr. Boan, the Board, in accord with Section 11-35-1210, granted procurement recertification to the Medical University 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 two years: chemical/reagents, injectables,

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September 24, 1991 -- Page 8

prescription drugs, intravenous solutions and sets and all other commodities defined in the MMO Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, initially approved by MUSC's Products Evaluation Committee, \$6,000,000; medical supply items and all other commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including linens, gas cylinders and liquid oxygen for patient use, initially approved by MUSC's Products Evaluation Committee, \$3,000,000; hospital, laboratory and research equipment, \$100,000; all other goods and services, \$25,000; and consultants, \$10,000 per commitment.

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

General Svcs: Technical College of the Lowcountry Property Acquisition (R#10)

General Services Division Director Richard W. Kelly appeared before the Board on this matter.

The Division recommended approval of the Technical College of the Lowcountry request to purchase approximately 3.5 acres that is contiguous to the southwest corner of the Beaufort Campus.

The Division advised that, several years ago, the College had been unsuccessful in its attempt to acquire the property. The College Master Plan calls for locating the Allied Health Facility on this site.

The property has an appraised value of \$400,000. The sellers, Catherine K. and Scott A. Williams, have agreed to sell the property for the appraised value. The environmental study indicated no hazardous conditions on the site. Property Management has reviewed the appraisal and the environmental study, and approves their use in granting this request.

The Board was advised that this permanent improvement project, H59-9637, had been approved by the Commission on Higher Education on September 5, 1991, and is scheduled to be reviewed by the Joint Bond Review Committee on September 25.

Local (county) funds will be used to purchase the property.

Upon a motion by Senator Waddell, seconded by Mr. Patterson, the Board, in accord with Code Section 1-11-65, authorized the Technical College of the

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Lowcountry to purchase approximately 3.5 acres contiguous to the southwest corner of the Beaufort Campus for the appraised value of \$400,000 using local (county) funds (project H59-9637), on the condition the project is reviewed favorably by the Joint Bond Review Committee.

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

SC State College: \$1,100,000 State Institution Bonds, Series 1991G (Reg #5)

Bond counsel Tom Hutcheson appeared before the Board on this matter.

The South Carolina State College Board of Trustees requested that the Budget and Control Board adopt a resolution approving the issuance of \$1,100,000 State Institution Bonds, Series 1991G, for South Carolina State College.

The proceeds of the bonds will provide a portion of the funds necessary to refund the bond anticipation notes issued in 1990 in the amount of \$1,200,000.

At the meeting, Dr. Coles distributed technical corrections to pages 3, 7, B-1, and C-1 of the resolution proposed for adoption.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution approving the issuance of \$1,100,000 State Institution Bonds, Series 1991G, for South Carolina State College.

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

State Housing Finance & Development Authority: \$7,000,000 Multifamily Housing Revenue Bonds (United Dominion-Plum Chase) (Regular Session #6)

Bond counsel M. William Youngblood appeared before the Board on this matter.

The Board was asked to adopt a resolution approving the State Housing Finance and Development Authority proposal to issue \$7,000,000 Multifamily Housing Revenue Bonds on behalf of the Plum Chase Apartments. A ceiling allocation of \$7,000,000 for this project was made on July 17, 1991.

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The project consists of the rehabilitation of a 300-unit apartment complex located in Richland County for occupancy by persons and families of low and low-to-moderate income.

Mr. Youngblood advised that the resolution proposed for adoption now states "...with interest not to exceed 12%...." He advised that, in conversations with Mr. Patterson, it had been determined that it would be more appropriate if the resolution were to read "...with interest rate to be approved by the State Treasurer...."

Upon a motion by Mr. Patterson, seconded by Senator Waddell, the Board adopted the amended resolution approving South Carolina State Housing Finance and Development Authority proposal to issue \$7,000,000 Multifamily Housing Revenue Bonds, Series 1991, on behalf of the United Dominion - Plum Chase Apartments project.

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

Abbeville County: Ceiling Allocation Extension (Regular Session #7)

On July 17, the Board made a tentative allocation of \$3,000,000 for the Abbeville County Bibb Company project. That tentative allocation expires October 15.

Bond counsel advised that the project is progressing. Closing is scheduled for late October or early November. Abbeville County Council meets only once each month; third reading of the bond ordinance is scheduled for the Council's October 14 meeting.

In accord with Code Section 1-11-560(c), the Board was asked to extend for 31 days the period in which the \$3,000,000 allocation is valid.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board, in accord with Code Section 1-11-560(c), extended for 31 days the period in which the \$3,000,000 allocation for the Abbeville County Bibb Company project is valid.

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

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**Minutes of Budget and Control Board Meeting
September 24, 1991 -- Page 11**

Executive Director: Revenue Bond Issues (Regular Session #8)

The Board was advised that the required reviews on the following proposals to issue revenue bonds have been completed with satisfactory results.

The Board also was advised that each of the projects requires approval under State law and that neither project requires an allocation of a portion of the Ceiling.

Upon a motion by Mr. Patterson, seconded by Senator Waddell, the Board adopted resolutions approving the following proposals to issue revenue bonds:

- (a) Issuing Authority: Charleston County
Amount of Issue: \$4,065,000 Industrial Revenue Refunding Bonds
Allocation Amount: -0-
Name of Project: Coburg Dairy, Inc.
Employment Impact: current employment in Charleston County--158
Project Description: refund Series 1986 bonds (facility to process milk and other food and beverage products)
(Exhibit 14)

- (b) Issuing Authority: Chester County
Amount of Issue: \$125,000,000 Fee-in-Lieu-of-Taxes Industrial Development Bond
Allocation Amount: -0-
Name of Project: Teledyne Allvac Project
Employment Impact: 300
Project Description: extruding metal coils and bars
(Exhibit 15)

Information relating to this matter has been retained in these files and is identified as Exhibits 14 and 15, respectively.

JEDA: Economic Development Bonds/Notes (Regular Session #9)

The Jobs-Economic Development Authority requested Board approval of the private sale to an underwriter for public offering thereafter of Economic Development Revenue Bonds for the following project:

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Name of Project:	Carolinas Hospital System
Location:	Florence County
Principal Amount:	\$14,500,000
Employment Impact:	55
Purpose:	acquiring land, constructing and equipping a new women's hospital in Florence County; acquisition of MRI equipment; refinancing of building housing equipment

Governor Campbell asked if this project involves duplication of services in this area. Mr. Franks advised that this project is a joint venture between three hospitals and that it is a specialty facility.

In response to Mr. Patterson, Mr. Franks advised that certificates of need have been received.

Upon a motion by Senator Waddell, seconded by Mr. Boan, the Board adopted a resolution approving the private sale to an underwriter for public offering thereafter \$14,500,000 Economic Development Revenue Bonds and/or Notes by the Jobs-Economic Development Authority for the Carolinas Hospital System project.

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

Future Meeting

The Board agreed to hold budget hearings at 9:00 a.m. - 4:30 p.m. on Thursday, October 24, 1991, in Room 105 of the Gressette Office Building.

The Board also agreed to hold its next regular meeting at 10 a.m. on Thursday, October 31, 1991, in the Governor's conference room in the State House; and agreed to consider agency requests for exemptions from the 3% budget reduction at the October 31 meeting.

Executive Session

Upon a motion by Mr. Boan, seconded by Senator Waddell, the Board agreed to consider the following items in executive session whereupon Governor Campbell declared the meeting to be in executive session:

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- | | | |
|---|---------------------------------|---|
| 1 | Information Resource Management | Discussion of Proposed Contractual Arrangement (State Telephone System Coordination/Administration) |
| 2 | Executive Director | Discussion of Personnel Matter |

Report on Matters Discussed in Executive Session

Following the executive session, the meeting was opened, and the Board voted on the following items which had been discussed during executive session:

- (a) **Information Resource Management: Discussion of Proposed Contractual Arrangement (State Telephone System Coordination/Administration) (Executive Session #1)**

Upon a motion by Senator Waddell, seconded by Mr. Patterson, the Board concurred in Division of Information Resource Management plans to reduce local telephone system rates in Columbia effective January 1992 and in long-term plans to reduce local telephone system rates for Columbia and Charleston in January 1994.

In this same motion, the Board supported the Division's position that any agency anticipating withdrawal completely from the state telephone system be held responsible for the remaining payment on the embedded investment stranded as a result of the withdrawal.

- (b) **Executive Director: Discussion of Personnel Matter (Executive Session Add-on)**

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board confirmed the appointment of Luther F. Carter, Ph.D., to the position of Executive Director of the Budget and Control Board at a salary of \$97,367, the minimum of the salary range for the position, effective December 17, 1991.

Governor Campbell advised that it had been Dr. Carter's request that the salary not be higher than the minimum of the range.

Adjournment

Upon a motion by Mr. Patterson, seconded by Senator Waddell, the meeting was adjourned at 9:35 a.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 2:30 p.m. on Friday, September 20, 1991.]

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EXHIBIT

SEP 24 1991

1

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER /

AGENCY: General Services

SUBJECT: Refund from Department of Energy

Anyone who purchased refined petroleum products during the August 1973 - January 1981 period was eligible to apply for a refund from crude oil monies available for disbursement by the Department of Energy.

The Division of General Services applied for a refund based on 187,348,115 gallons of petroleum products used.

A refund of \$149,878 has been deposited in the general fund.

BOARD ACTION REQUESTED:

Receive as information a report that a refund of \$149,878 from crude oil monies available from the Department of Energy has been deposited in the general fund.

ATTACHMENTS:

Kelly August 16 letter

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STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES

EXHIBIT

SEP 24 1991

1

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

RICHARD W. KELLY
DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

August 16, 1991

RECEIVED

AUG 19 1991

Budget and Control Board
Office of the Executive Director

Mr. Don Addy
Assistant Division Director
Financial Services
Budget and Control Board - Internal Operations
1201 Main Street - Suite 700
Columbia, S.C. 29201

Dear Don:

The attached check in the amount of \$149,878 to the State of South Carolina is the result of an application submitted for a refund from Crude Oil monies available for disbursement by the Department of Energy. During the period of August, 1973 through January, 1981 anyone who purchased refined petroleum products was eligible to apply for this money. On February 1, 1988 the State of South Carolina through the Division of General Services made application for a refund which was based on 187,348,115 gallons of petroleum products used.

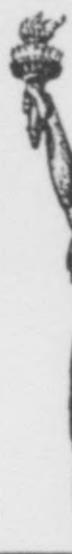
This check is a result of that application being approved by the Department of Energy and ordering a refund. I ask that you deposit this money into the State's General Fund.

Sincerely,

Richard W. Kelly

cc: ✓ Dr. J. Samuel Griswold
Linda Champion
Linda Breedlove

002178



United States Treasury

15-51 W 056,609,004
000



08 09 91 73 WASHINGTON, D.C.

3007 27601973

0574

M1 US DOE

0911106860 89000001

Pay to
the order of

STATE OF SOUTH CAROLINA
C/O LINDA CHAMPION
1201 MAIN STREET, #600
COLUMBIA SC 29201

Check No.

\$*149878*00

VOID AFTER ONE YEAR

055
[Signature]
RECEIVED

TR112861 RF272-44344

⑈ 30071 ⑈

⑈ 000000518 ⑈ 276019733 ⑈ 010891

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STATE BUDGET & CONTROL BOARD

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EXHIBIT

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STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

ITEM NUMBER 2

AGENCY: General Services

SUBJECT: Easement

The Division of General Services recommends approval of the following easement in accord with Code Sections 1-11-80:

County Location:	Georgetown
From:	Budget and Control Board
To:	Santee Electric Cooperative
Description/Purpose:	20' wide easement across the Department of Youth Services Marine Institute property for an electric transmission line to provide power to the DYS facility
Consideration:	\$1.00

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-80, grant the referenced easement as recommended by the Division of General Services.

ATTACHMENTS:

Agenda item worksheet; easement; Code Section 1-11-80

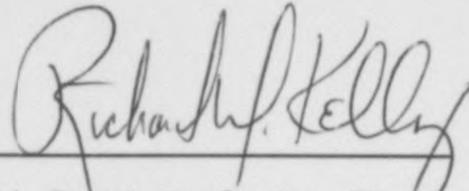
002180

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: September 24, 1991 Blue Agenda

1. **Submitted By:**

- (a) Agency: Division of General Services
(b) Authorized Official Signature: Richard W. Kelly



2. **Subject:** Easement from the SC Budget and Control Board to Santee Electric Cooperative for an electric transmission line.

3. **Summary Background Information:**

Santee Electric Cooperative is seeking a 20' wide easement across the DYS Marine Institute Property in Georgetown County for an electric transmission line to provide power to that DYS facility.

A consideration of \$1.00 has been acknowledged.

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

Approve the easement as proposed on attached drawing.

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

That the easement be approved

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

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

7. **List of Supporting Documents:**

LIST THOSE ATTACHED:

1. Easement Document with Drawing
2. Statutory Authority, Code Section 1-11-80

002181

"Section 1-11-65. (A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

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

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

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

HISTORY: 1962 Code § 1-357.1; 1963 (53) 177.

Cross references—

As to sale or donation of, or rights of way over, public lands, see SC Const. Art 3, § 31.

§ 1-11-90. Board authorized to grant rights of way over State marshlands for roads or power or pipe lines to State agencies or political subdivisions.

The State Budget and Control Board may grant to agencies or political subdivisions of the State, without compensation, rights of way through and over such marshlands as are owned by the State for the construction and maintenance of roads, streets and highways or power or pipe lines, if, in the judgment of the Budget and Control Board, the interests of the State will not be adversely affected thereby.

HISTORY: 1962 Code § 1-357.2; 1963 (53) 177.

Cross references—

As to sale or donation of, or rights of way over, public lands, see SC Const. Art 3, § 31.

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

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

HISTORY: 1962 Code § 1-357.3; 1963 (53) 177.

Cross References—

As to authority of State institutions and agencies to grant easements and rights of way, see § 10-1-130.

Research and Practice References—

63A Am Jur 2d, Public Lands § 115.

73B CJS, Public Lands §§ 178, 180.

17 Am Jur Legal Forms 2d, States, Territories, and Dependencies § 239 21 (agricultural lease-provision-reservation of right to grant easements).

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

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

HISTORY: 1962 Code § 1-49.3; 1963 (53) 177.

Cross references—

As to composition, powers and duties of State Budget and Control Board generally, see Chapter 11 of Title 1

As to the State Budget and Control Board, generally, see §§ 1-11-10 et seq.

As to execution of conveyances of such easements, see § 1-11-100.

§ 25-1-1660. Transfer of surplus armories to political subdivisions.

The State Budget and Control Board may transfer to a political subdivision ownership of a national guard armory being replaced and declared surplus if the political subdivision has donated real property for use as a site for a replacement armory.

HISTORY: 1985 Act No. 201, Part II, § 12, eff June 20, 1985.

STATE BUDGET & CONTROL BOARD

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EXHIBIT

002182

RIGHT-OF-WAY EASEMENT

The State of South Carolina, }

COUNTY OF Georgetown

KNOW ALL MEN BY THESE PRESENTS, That _____ the undersigned, The State of South Carolina

for a good and valuable consideration, the receipt whereof is hereby acknowledged, do hereby grant unto SANTEE ELECTRIC COOPERATIVE, INC., a cooperative corporation, whose post office address is Kingstree, S. C., and to its successors or assigns, the right to enter upon the lands of the undersigned, situated in the County of Georgetown, State of South Carolina, and more particularly described as follows:

A tract of land about 135 acres, situated about 3.5 miles SW from the town of Georgetown, SC, and bounded by lands owned by the following persons:

- On the North, South Carolina Public Service Authority;
- On the East, International Paper Realty Corporation;
- On the South, International Paper Realty Corporation;
- On the West, South Carolina Public Service Authority Transmission Right-of-Way;

and to construct, reconstruct, extend from time to time or modify, operate and maintain an electric transmission and/or distribution line or system on or under the above-described lands and/or in, upon or under all streets, roads or highways abutting said lands; to inspect and make such repairs, changes, alterations, improvements, removals from, substitutions and additions to its facilities as Cooperatives may from time to time deem advisable, including, by way of example and not by way of limitation, the right to increase or decrease the number of conduits, wires, cables, handholes, manholes, connection boxes, transformers and transformer enclosures; to cut, trim and control the growth by chemical means, machinery or otherwise of trees and shrubbery located within 10 feet of the center line of said line or system, or that may interfere with or threaten to endanger the operation and maintenance of said line or system (including any control of the growth of other vegetation in the right-of-way which may incidentally and necessarily result from the means of control employed); to keep the easement clear of all buildings, structures or other obstructions; and to license, permit or otherwise agree to the joint use or occupancy of the lines, system or, if any of said system is placed underground, of the trench and related underground facilities, by any other person, association or corporation.

The undersigned agree that all poles, wires and other facilities including any main service entrance equipment, installed in, upon or under the above-described lands at the Cooperative's expense shall remain the property of the Cooperative, removable at the option of the Cooperative.

The undersigned covenant that _____ the owner(s) of the above-described lands and that the said lands are free and clear of encumbrances and liens of whatever character except those held by the following persons:

It is further understood that, whenever necessary, words used in this instrument in the singular shall be construed to read in the plural and that words used in the masculine gender shall be construed to read in the feminine.

IN WITNESS WHEREOF, the undersigned has set his hand and seal this day _____ day of _____, 19____

Signed, sealed and delivered in the presence of:
Michael L. Thompson
Florence O. Roach

STATE OF SOUTH CAROLINA
Donald W. Campbell (L. S.)
Governor & Chairman, Budget and Control Board (L. S.)

The State of South Carolina, }

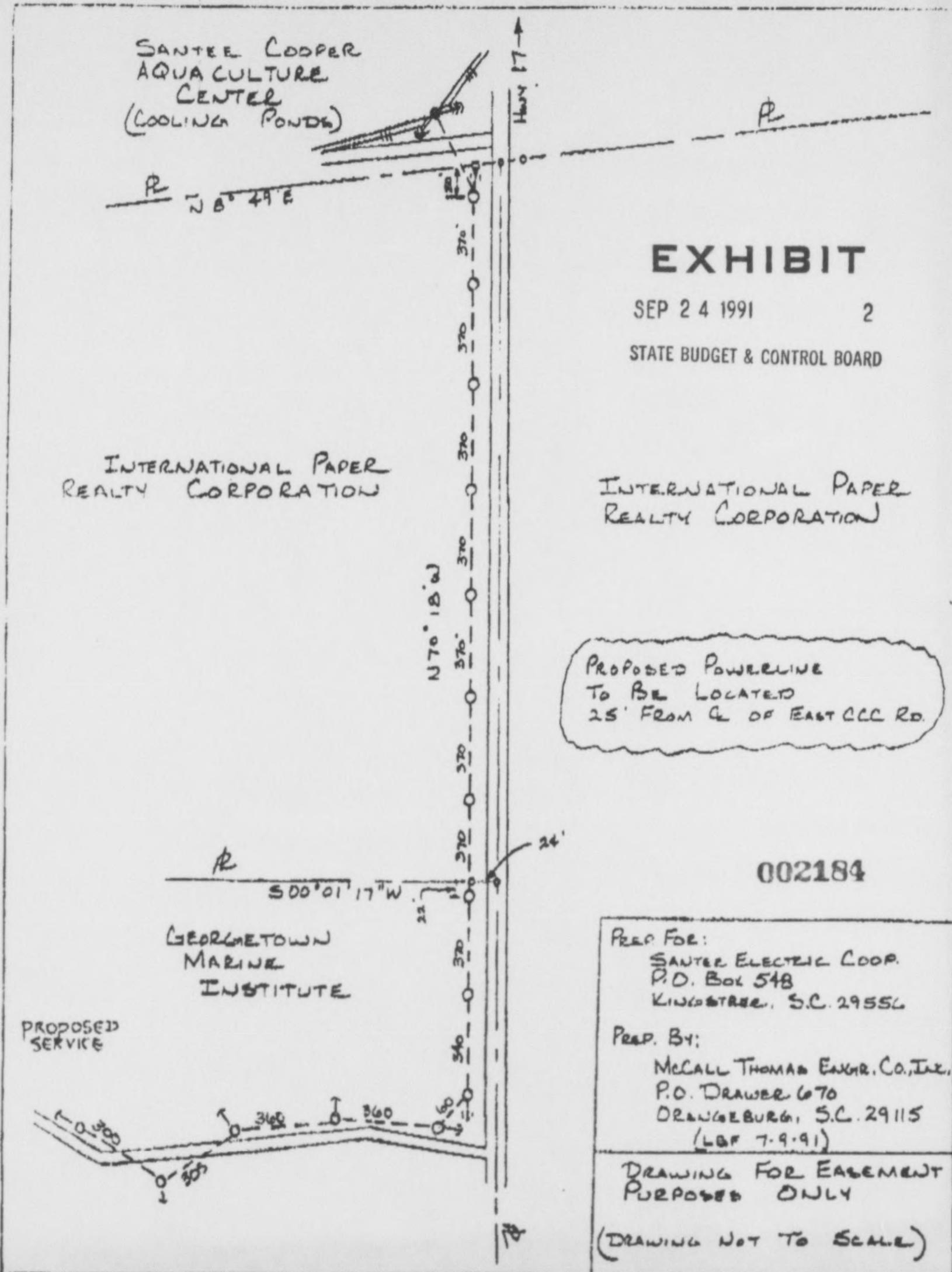
COUNTY OF Richland

Personally appeared before me Michael L. Thompson and made oath that he saw the within named CAROL F. CAMPBELL, Jr. sign, seal, and as he act and deed deliver the within instrument for the uses and purposes therein mentioned, and that he with Florence O. Roach witnessed the execution thereof.

Sworn to before me this 30th day of September, 1991
Ray A. Holly (L. S.)
Notary Public for South Carolina

Michael L. Thompson

My Commission Expires 3-21-91



EXHIBIT

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STATE BUDGET & CONTROL BOARD

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PREP FOR:
 Santee Electric Coop.
 P.O. Box 548
 Kingstree, S.C. 29556

PREP BY:
 McCall Thomas Engr. Co., Inc.
 P.O. Drawer 670
 Orangeburg, S.C. 29115
 (LBF 7-9-91)

DRAWING FOR EASEMENT PURPOSES ONLY

(DRAWING NOT TO SCALE)

EXHIBIT

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STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 3

AGENCY: Division of Insurance Services

SUBJECT: 1992 Dental Plan Fee Schedule

The state dental plan has operated since February 1986. Payment for services is limited to a fee schedule amount for each procedure. The fee schedule has not been adjusted from 1985 to 1989 and the plan's allowable charge has fallen considerably below prevailing market fees in a number of instances.

The Division has worked to bring the plan's fee schedule closer to amounts prevalent in the marketplace.

The Division advises that, even without any growth in contributions, the dental plan continues to be financially robust.

With input from the SC Dental Association and R. E. Harrington, the plan's claims administrator, the Division has developed a fee schedule to become effective January 1, 1992, designed to bring plan allowable charges more in line with the current market, within the parameters of the plan's resources.

The Division does not expect to require a rate increase for the dental plan in 1993 even with the proposed changes in the fee schedule.

BOARD ACTION REQUESTED:

Receive as information a report that the Division of Insurance Services has developed a state dental plan fee schedule to become effective January 1, 1992, designed to bring plan's allowable charges more in line with the current market, within the parameters of the plan's resources.

ATTACHMENTS:

Agenda item worksheet; fee schedule

002185

EXHIBIT

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

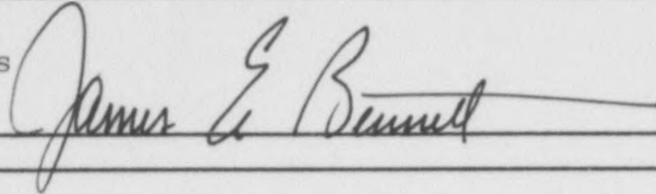
Meeting Scheduled for: September 10, 1991

Agenda Blue

1. Submitted By:

(a) Agency: Division of Insurance Services

(b) Authorized Official Signature:



2. Subject: (A) State Dental Plan Fee Schedule for 1992
(B)

3. Summary Background Information:

The State Dental Plan has operated since February 1985. Payment for services is limited to a fee schedule amount for each procedure. This fee schedule was not adjusted from 1985 to 1989 and, as a result, the Plan's allowable charge fell considerably below prevailing market fees in a number of instances.

Since this division's assumption of responsibility over the dental program in 1989, we have worked to bring the Plan's fee schedule closer to those amounts prevalent in the marketplace. Even without any growth in contributions, the Dental Plan continues to be financially robust. With the input of the South Carolina Dental Association and R. E. Harrington, the Plan's claims administrator, the division has developed a fee schedule to be effective January 1, 1992 that is designed to bring Plan allowable charges more into line with the current market, within the parameters of the Plan's resources. Even with these changes, the division does not expect to require a rate increase for the Dental Plan in 1993.

4. What is Board asked to do:

Receive as information.

5. What is recommendation of Board Division involved?

N/A

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

N/A

(a) Authorization Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents:

(a) List Those Attached: State Dental Plan Fee Schedule for 1991 and 1992

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

002186

SCHEDULE OF DENTAL PROCEDURES AND ALLOWABLE CHARGES

CLASS I. DIAGNOSTIC AND PREVENTIVE (Payable @ 100% of State Allowance)		1991	1992
Oral Examinations:			
00110	Initial oral examination [See Page 19, # 6]	14.70	16.00
00120	Periodic oral examination [See Page 19, # 6]	14.00	15.00
00130	Emergency Oral Exam (payable only when no definitive treatment is performed)	15.00	17.00
Radiographs: [See Page 19, # 8]			
00210	Intraoral-complete series (including bitewings)	36.75	41.00
00220	Intraoral-single first	7.00	7.00
00230	Intraoral-each additional	5.00	5.00
00240	Intraoral-occlusal film	14.00	14.00
00250	Extraoral, Single, first film	6.00	6.00
00260	Each additional film	5.00	5.00
00270	Bitewing-single film	10.00	10.00
00272	Bitewings-two films	12.00	12.00
00273	Bitewings-three films	14.00	14.00
00274	Bitewing-four films	15.00	16.00
00290	Posteroanterior and Lateral Skull and Facial Bone, Survey film	14.70	28.00
00315	Sialography	31.50	55.00
00321	TMJ-single film [See Page 21, # 22]	20.00	51.00
00330	Panoramic-maxillary and mandibular, single film (with or without bitewings)	33.60	35.00
Test and Laboratory Examinations:			
00415	Bacteria cultures for determining path agents	NC	NC
00425	Caries susceptibility tests	NC	NC
00460	Pulp vitality tests	14.00	14.00
00470	Diagnostic casts	28.00	31.00
00471	Diagnostic photographs	NC	NC
00501	Histopathical exam	NC	NC
Dental Prophylaxis: [See Page 19, # 6 and # 7]			
01110	Adults - independent procedure	22.00	25.00
01111	with periodic oral examination (01110 & 00120)	33.00	38.00
01112	with fluoride and periodic oral examination (01110 & 00120 & fluoride code)	38.50	42.00
01120	Children - independent procedure	20.00	23.00
01121	with periodic oral examination (01120 & 00120)	27.50	29.00
01122	with fluoride and periodic oral examination (01120 & 00120 & fluoride code)	33.00	36.00
04910	Periodontal prophylaxis (including exam)	31.50	38.00
04911	Periodontal prophylaxis with fluoride (including exam)	36.75	42.00

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STATE BUDGET & CONTROL BOARD

	1991	1992
Topical Application of Fluoride: [See Page 19, # 7]		
01201	including prophylaxis (01120) - child	23.00 27.00
01203	excluding prophylaxis - child	8.40 9.00
01204	excluding prophylaxis - adult	10.50 11.00
01205	including prophylaxis (01110) - adult	26.25 32.00
Other Preventive Services:		
01310	Dietary Planning for the control of Dental Caries	NC NC
01330	Oral Hygiene Instruction	NC NC
01340	Training in Preventive Dental Care	NC NC
01351	Topical application of sealants per tooth, for unrestored, recently erupted permanent molars for patients thru age 15. One treatment every 3 years.	10.50 16.00
Space Maintainers (Child):		
01510	Fixed-unilateral (band type)	73.50 106.00
01515	Fixed-bilateral	120.75 160.00
01520	Removable-unilateral type	57.75 58.00
01525	Removable-bilateral type	89.25 145.00
01550	Recementation of space maintainer	12.60 28.00
Unclassified Treatment		
09110	Emergency Palliative treatment	15.75 18.00
Professional Consultation:		
09310	Consultation [See Page 19, #6]	20.00

'002188

Class II. BASIC DENTAL SERVICES (Payable @ 80% of State Allowance)		1991	1992
Amalgam Restorations:			
02110	Amalgam-one surface, primary	24.20	27.00
02120	Amalgam-two surfaces, primary	33.88	38.00
02130	Amalgam-three surfaces, primary	44.00	49.00
02131	Amalgam-four surfaces, primary	49.50	53.00
02140	Amalgam-one surface, permanent	27.83	31.00
02150	Amalgam-two surfaces, permanent	36.30	41.00
02160	Amalgam-three surfaces, permanent	49.00	50.00
02161	Amalgam-four surfaces, permanent	59.00	63.00
02951	Pin retention-per tooth, in addition to restoration	12.00	13.00
02951	Each additional pin per tooth	11.00	12.00
Silicate Restorations:			
02210	Silicate cement-per restoration	26.00	28.00
Resin Restorations:			
02330	Composite resin-one surface	30.25	36.00
02331	Composite resin-two surfaces	45.00	49.00
02332	Composite resin-three surfaces	56.00	60.00
02335	Composite resin-involving incisal angle	62.00	66.00
Other Restorative Service: [See Page 21, # 28]			
02930	Stainless steel-Primary tooth	60.50	62.00
02931	Stainless steel-Permanent tooth	60.50	62.00
Pulp Capping:			
03110	Pulp Cap-direct (excluding final restoration)	15.00	16.00
03120	Pulp Cap-indirect (excluding final restoration)	NC	NC
Pulpotomy:			
03220	Vital Pulpotomy (or Pulpectomy)	36.30	39.00
Root Canal Therapy:(includes treatment plan, clinical procedures and follow-up care) [See Page 21, # 29]			
03310	Anterior(excludes final restoration)	176.00	188.00
03320	Bicuspid(excludes final restoration)	203.50	217.00
03330	Molar(excludes final restoration)	291.50	311.00
03346	Retreatment-anterior		188.00
03347	Retreatment-bicuspid		217.00
03348	Retreatment-molar		311.00
03350	Apexification(treatment may extend over a period of 6 to 18 months)	143.00	153.00

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		1991	1992
Periapical Services:			
03410	Apicoectomy-separate procedure	200.00	213.00
03430	Retrograde Filling	44.00	47.00
03440	Apical Curettage	50.00	53.00
03450	Root Resection	107.00	114.00
03460	Endodontic Implant	NC	NC
03920	Hemisection	77.00	82.00
Periodontics - Surgical Services			
04210	Gingivectomy or Gingivoplasty, per quadrant	145.00	155.00
04220	Gingival Curettage, per quadrant [See Page 21, # 30]	82.00	85.00
04240	Gingival Flap Procedure	164.00	175.00
04249	Crown lengthening-hard and soft tissue		158.00
04260	Osseous surgery(including flap entry & closure) per quadrant [See page 21, # 30]	346.00	369.00
04261	Osseous graft-single site (including flap entry, closure and donor sites)	183.70	196.00
04270	Pedicle soft tissue grafts	256.00	273.00
04271	Free soft tissue grafts	275.00	293.00
04320	Provisional splinting intracoronal	NC	NC
04321	Provisional splinting extracoronal	NC	NC
04341	Periodontal Scaling and Root Planning per quadrant [See Page 21, # 30]	72.00	77.00
Simple Extractions: (includes local anesthesia and routine post-operative care)			
07110	Single tooth	30.00	32.00
07120	Each additional tooth	20.57	22.00
Surgical Extractions: (includes local anesthesia and post-operative care)			
07210	Extraction of tooth,erupted,requires elevation of mucoperiosteal flap and removal of bone and/or section of tooth	57.00	61.00
07220	Extraction of tooth, soft tissue impaction	71.50	76.00
07230	Extraction of tooth , partial bony impaction	99.00	106.00
07240	Extraction of tooth, complete bony impaction	110.00	117.00
07250	Root Recovery(surgical removal of residual root)	50.00	53.00
Other Surgical Procedures:			
07260	Oroantral fistula closure (and/or antral root recovery)	230.00	245.00
07270	Tooth Reimplantation, including root canal therapy-(accidentally evolved or displaced tooth)	225.00	240.00
07272	Tooth Transplantation	NC	NC
07280	Surgical exposure of impacted or unerupted tooth for orthodontic reason including wire at- tachment when indicated	115.50	123.00
07281	Surgical exposure of impacted or unerupted tooth, to aid eruption	99.00	106.00
07285	Biopsy and examination of oral tissue; hard	88.00	94.00
07286	Biopsy and examination of oral tissue; soft	71.50	76.00
07290	Surgical repositioning of teeth	NC	NC
07291	Transseptal fiberotomy		150.00

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		1991	1992
	Alveoloplasty:(surgical preparation of ridge per dentures)		
07310	Per quadrant or sextant, in conjunction with extractions	58.00	62.00
07320	Per quadrant or sextant, not in conjunction with extractions	85.00	91.00
	Vestibuloplasty		
07340	Vestibuloplasty	275.00	293.00
	Excision of Reactive Inflammatory Lesions: (scar tissue or localized congenital lesions)		
07410	Radical excision, lesion diameter up to 1.25 cm	93.00	99.00
	Excision of Bone Tissue:		
07470	Removal of exostosis, maxilla or mandible (includes tori)	155.00	165.00
	Surgical Incision:		
07510	Incision and drainage of abscess, intraoral	38.50	41.00
07520	Incision and drainage of abscess, extraoral (cellulitis)	130.00	139.00
	Anesthesia		
09220	General anesthesia	66.00	70.00
09240	I.V. sedation	49.50	53.00
	Miscellaneous Services		
09951	Occlusal Adjustment-limited to relief of pain	16.50	18.00
09952	Occlusal Adjustment complete	NC	NC

EXHIBIT

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STATE BUDGET & CONTROL BOARD

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CLASS III. PROSTHETIC DENTAL SERVICES (Payable @ 50% of State Allowance)		1991	1992
Gold Inlay Restorations:			
02510	Inlay, gold-one surface	145.00	155.00
02520	Inlay, gold-two surfaces	220.00	235.00
02530	Inlay, gold-three surfaces	253.00	270.00
02540	Onlay, per tooth (in addition to above)	60.50	65.00
Porcelain Restorations:			
02610	Inlays, porcelain	132.00	141.00
Crowns:			
02710	Plastic (acrylic)	155.00	165.00
02720	Plastic with gold	313.50	335.00
02721	Plastic with nonprecious metal	280.50	299.00
02722	Plastic with semiprecious metal	297.00	317.00
02740	Porcelain	313.50	335.00
02750	Porcelain with gold	335.50	351.00
02751	Porcelain with nonprecious metal	313.50	351.00
02752	Porcelain with semiprecious metal	324.50	351.00
02790	Gold (full cast)	330.00	351.00
02791	Nonprecious metal, full cast	297.00	317.00
02792	Semiprecious metal, full cast	319.00	340.00
02810	Gold (3/4 cast)	313.50	335.00
02932	Plastic, prefabricated	80.00	85.00
Other Restoration Services:			
02910	Recement inlays	19.80	21.00
02920	Recement crowns	20.90	22.00
02940	Fillings (sedative)(Not covered with other procedure on same tooth)	30.00	32.00
02950	Crown Buildups, including any pin	75.00	80.00
02952	Cast post and Core in addition to crown	109.00	116.00
02954	Prefabricated post and core in addition to crown	77.00	82.00
02960	Labial veneer (laminate)-chairside	NC	NC
02961	Labial veneer (resin laminate)-laboratory	NC	NC
02962	Labial veneer (porcelain laminate)-laboratory	NC	NC
02970	Temporary (fractured tooth)	NC	NC
Complete Dentures:(Including six months post-delivery care)			
05110	Complete Upper	258.50	325.00
05120	Complete Lower	258.50	325.00
05130	Immediate Upper, complete	335.50	358.00
05140	Immediate Lower, complete	335.50	358.00

002192

	1991	1992	
Partial Dentures:(including six months post-delivery care)			
05211	Upper-without clasps, acrylic base	209.00	223.00
05212	Lower-without clasps, acrylic base	209.00	223.00
05213	Upper Partial-Predominantly Base Cast with Acrylic Saddle (including any conventional clasps and rests)	390.50	430.00
05214	Lower Partial-Predominantly Base Cast with Acrylic Saddle (including any conventional clasps and rests)	390.50	430.00
05215	Upper Partial-High Noble Cast Base with Acrylic Saddle (including any conventional clasps and rests)	390.50	417.00
05216	Lower Partial-High Noble Cast Base with Acrylic Saddle (including any conventional clasps and rests)	390.50	417.00
05281	Removable unilateral partial denture-one piece gold or chrome casting,clasp attachments, per unit including pontics	220.00	235.00
Adjustments to Dentures:(more than 90 days after initial placement)			
05410	Complete Denture-upper	22.00	23.00
05411	Complete Denture-lower	22.00	23.00
05421	Partial Denture-upper	30.00	32.00
05422	Partial Denture-lower	30.00	32.00
Repairs to Complete Dentures:			
05510	Repair broken complete denture base		39.00
05520	Repair missing or broken teeth-complete denture (each tooth)		35.00
Repair to Partial Dentures:			
05610	Repair acrylic saddle or base	37.00	39.00
05620	Repair cast framework		40.00
05630	Repair or replace broken clasp	38.50	41.00
05640	Replace broken teeth-per tooth	16.50	18.00
05650	Add tooth to existing partial denture	37.00	39.00
05660	Add clasp to existing partial denture	55.00	59.00
Rebase Procedures:			
05710	Duplicate upper complete	NC	NC
05711	Duplicate lower complete	NC	NC
05720	Duplicate upper partial	NC	NC
05721	Duplicate lower partial	NC	NC
Reline procedures:			
05730	Reline upper complete (office reline)	82.50	88.00
05731	Reline lower complete (office reline)	82.50	88.00
05740	Reline upper partial (office reline)	82.50	88.00
05741	Reline lower partial (office reline)	82.50	88.00
05750	Reline upper complete denture (laboratory)	99.00	106.00
05751	Reline lower complete denture (laboratory)	99.00	106.00
05760	Reline upper partial denture (laboratory)	121.00	129.00
05761	Reline lower partial denture (laboratory)	121.00	129.00

002193

	1991	1992	
Implant Services:			
06030	Endosseous implant (in the bone)	NC	NC
06040	Subperiosteal implant	NC	NC
06050	Transosseous implant	NC	NC
06055	Implant connecting bar	NC	NC
06080	Implant maintenance procedures, including: removal of prosthesis, cleansing of prosthesis and abutments, reinsertion of prosthesis	NC	NC
06090	Repair implant, by report	NC	NC
06100	Implant removal, by report	NC	NC
06199	Unspecified implant procedure, by report	NC	NC
Bridge Pontics:			
06210	Cast gold	324.50	346.00
06211	Cast Nonprecious metal	297.00	317.00
06212	Cast Semiprecious metal	307.00	328.00
06240	Porcelain fused to gold	335.50	351.00
06241	Porcelain fused to nonprecious metal	308.00	351.00
06242	Porcelain fused to semiprecious metal	313.50	351.00
06250	Plastic processed to gold	324.50	346.00
06251	Plastic processed to nonprecious metal	265.00	283.00
06252	Plastic processed to semiprecious metal	308.00	329.00
Inlay - Abutments:			
06520	Two surface gold inlay	200.00	213.00
06530	Three or more surface gold inlay	253.00	270.00
06540	Gold inlay (onlaying cusps)	285.00	304.00
06545	Cast Metal Retainer For Acid Etch Bridge	103.00	110.00
Crown - Abutments:			
06720	Plastic processed to gold	313.50	335.00
06721	Plastic processed to nonprecious metal	245.00	261.00
06722	Plastic processed to semiprecious metal	269.50	288.00
06750	Porcelain fused to gold	335.50	351.00
06751	Porcelain fused to nonprecious metal	297.00	317.00
06752	Porcelain fused to semiprecious metal	313.50	351.00
06780	Gold (3/4 cast)	290.00	309.00
06790	Gold (full cast)	335.50	358.00
06791	Nonprecious metal (full cast)	297.00	317.00
06792	Semiprecious metal (full casts)	297.00	317.00
Repairs:			
06980	Bridge repair by report	60.50	65.00
06981	Replace broken facing where post backing is broken	126.50	135.00
Other Services:			
06930	Recement Bridge (more than 90 days after initial placement)	40.00	43.00
06940	Stress Breaker	NC	NC
06950	Precision Attachment	NC	NC
06970	Cast Post and Core in addition to Bridge retainer		89.00

EXHIBIT**SEP 24 1991 3****STATE BUDGET & CONTROL BOARD****002194**

EXHIBIT

SEP 24 1991

4

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

ITEM NUMBER 4

AGENCY: Budget Division

SUBJECT: DSS Potential 1991-92 Deficit Update

On July 17, 1991, the Department of Social Services advised of a potential deficit of \$11.5 million. DSS addressed strategies to decrease the deficit in a Deficit Reduction Plan.

The Board directed the Division to monitor and work closely with DSS to ensure that all state and other funds are utilized to reduce and manage the potential deficit, and to make regular reports to the Board on the progress being made.

DSS has advised that reduction initiatives are in place, but no cost savings can be verified at this point.

BOARD ACTION REQUESTED:

Receive as information a report that, relating to its potential deficit in 1991-92, the Department of Social Services has reduction initiatives in place, but no cost savings can be verified at this point.

ATTACHMENTS:

Agenda item worksheet; Solomon September 16 letter; DSS Update On Agency Reduction Plans

002195

EXHIBIT

SEP 24 1991

4

STATE BUDGET & CONTROL BOARD

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

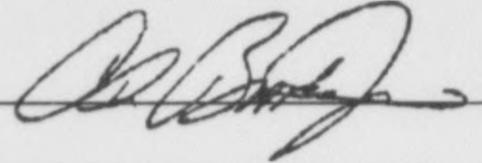
92-34

Blue Agenda

Meeting Scheduled for: September 24, 1991

1. Submitted By:

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



2. Subject:

Update on Potential Department of Social Services Fiscal Year 1991-92 Deficit

3. Summary Background Information:

The Department of Social Services apprised the Budget and Control Board on July 17, 1991, of a potential deficit of \$11.5 million. The Department of Social Services addressed strategies to decrease this deficit in a Deficit Reduction Plan. The Board directed the State Budget Division to monitor and work closely with the Department to ensure that all state and other funds are utilized to reduce and manage the potential deficit, and to make regular reports to the Board on the progress being made.

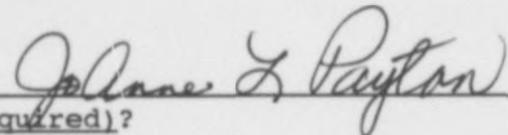
4. What is Board asked to do?

Receive as information a report from the Department of Social Services that reduction initiatives are in place; however, no cost savings can be verified at this point.

5. What is recommendation of Board Division involved?

Information only.

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



(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents:

(a) List Those Attached:

1. Agency Letter/Update

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

002196



SOUTH CAROLINA DEPARTMENT OF SOCIAL SERVICES

Post Office Box 1520, Columbia, South Carolina 29202-1520

Public Information Telephone 734-6179 Fax Number 734-5597



September 16, 1991

RECEIVED

SEP 16 1991

Budget and Control Board
STATE BUDGET DIVISION

Mr. Charles A. Brooks, Jr.
Director of Budgets
State Budget and Control Board
525 Edgar Brown Office Building
Columbia, South Carolina 29201

MEMBERS OF STATE BOARD

The Reverend David E. Landholt
Chairman
At-Large
Columbia

Mrs. Dolores S. Greene
Member
First District
Charleston

Dr. Oscar P. Butler, Jr.
Member
Second District
Orangeburg

Mr. William O. Doolittle
Member
Third District
Edgefield

Mr. John K. Earle
Member
Fourth District
Greenville

Mr. Baron H. Windham
Member
Fifth District
Christenfield

Mr. Phillip P. Campbell
Member
Sixth District
Darlington

Mr. James L. Solomon, Jr.
Commissioner

Dear Mr. Brooks:

Enclosed are required updates to our Fiscal Year 1991-92 Deficit Reductions Plans submitted to you on July 11, 1991 and August 9, 1991 respectively.

Under the At-Risk Child Care and JOBS Child Care Programs, we have identified all clients eligible under these programs and are in the process of finalizing the contracts with Health and Human Services Finance Commission. This will identify sufficient funding to alleviate the deficit in our Aid to Families with Dependent Children (AFDC) Program. Please note that the majority of this funding is nonrecurring and will not be available in Fiscal Year 1992-93.

We have established project teams to analyze and implement the processes to identify maximum Federal Medicaid funding in our Human Service Programs. These initiatives are also being closely coordinated with Health and Human Services Finance Commission to ensure that they are included in the State Medicaid Plan. These initiatives and some of the others identified in our plans are not to the point yet that we can verify actual cost savings; however, we feel that these initiatives are in line with our original plans. We will continue to monitor our reduction plans and will notify you as to any material changes.

If you have any additional questions, please contact Powell Ruff.

Sincerely,

James L. Solomon, Jr.
Commissioner

ACCREDITED



COUNCIL ON ACCREDITATION
OF SERVICES FOR FAMILIES
AND CHILDREN, INC.

JLSjr:brs

Enclosures

002197

South Carolina Department of Social Services
Update on Agency Reduction Plans

I. Initial Reduction Plan of \$11,522,669

A. Reduction Measures -

State Funds

- (1) Manage vacancies and identify maximum Federal funding in Human Service Program

\$ 1,480,633

Status: As contained in our original plan, the Agency is restricting hiring to the following:

- a. All positions in the State Office are frozen except in emergency situations.
- b. In the County Offices, we are only filling positions in counties staffed under 70%.

We have put together a special team to maximize Federal funding in the Human Service Program. A plan is being developed and coordinated with Health and Human Services Finance Commission (H&HSFC) on determining requirements for Medicaid eligibility, their amendment of the State Medicaid Plan (if required), and the methodologies for implementing these in our County Offices. We presently have staff in some of our County Offices reviewing case files, etc. so as to identify these eligible Medicaid activities.

- (2) Reduce other operating budgets in appropriate areas to offset deficits

1,346,955

Status: We have reduced all operating budgets by 15% which will generate the amount of required savings. We will monitor these budgets closely to ensure that all cost center managers operate within their available funding.

- (3) Reduce postage and forms costs

100,000

Status: A corrective action team formed through our quality process has reviewed all procedures relating to postage and we are in the process of implementing these recommendations to generate these savings. We are also reviewing all forms, reports, etc. to determine which of these can be eliminated and will implement these reductions upon completion.

EXHIBIT

- (4) Implement restrictions and procedures to reduce expenditures to funding available in Special Needs Children Program

2,100,000

Status: A special team was formed to review all aspects of this program and the most effective ways to implement these cost saving measures. The team has completed their review of the process and the recommendations are now in draft form. These recommendations will be implemented upon completion and should be in line with our original plan. Also included in this initiative is receipt of retroactive Medicaid funding for services relating to FY 1990-91. We are working with H&HSFC on how these costs will be identified.

- (5) Use of At-Risk Child Care funds under Section 402(1) of the Social Security Act and JOBS Child Care in Human Service Child Care areas thereby enabling the Department to utilize existing State appropriations to offset the AFDC deficit

6,495,081

Status: We have identified all clients in our Direct Operated Child Care Centers and H&HSFC Contracted Child Care Centers who are eligible under the At-Risk Child Care Program. The total funding generated from these two areas for costs incurred in FY 90-91 will be \$4,294,326. The Federal Grant Award for this amount for FY 91 was received on September 6, 1991. We have requested approval to receive and expend these funds from the Joint Appropriations Review Committee. This request will be considered at the September 17, 1991 JARC meeting. We have also identified clients in these centers who are eligible under the JOBS Program and are in the process of finalizing this information. This will amount to approximately \$875,000. We are working with H&HSFC on finalizing the adjustments to the FY 90-91 contracts to align these clients and transfer this funding to our SSBG Contract and subsequently to AFDC. We are also discussing the FY 91-92 contract process with H&HSFC as to possible continuation of use of a portion of this funding. This total initiative should identify the \$6,495,081 of required funding.

Total Projected Reduction Measures

\$11,522,669

EXHIBIT

SEP 24 1991

4

STATE BUDGET & CONTROL BOARD

II. Reduction Plan of \$3,328,499

A. Permanent 1% Reduction -

	<u>State Funds</u>
(1) Identify the maximum number of Medicaid eligible SSI clients in the Foster Care Program	\$ 500,000
(2) Implement on a statewide basis, the Case Management Project to identify the maximum number of Medicaid clients	<u>609,500</u>
Total Permanent 1% Reduction	<u>\$ 1,109,500</u>

Status: Project Teams have been established on both of these initiatives to address both programmatic and fiscal issues involved in identifying eligible costs. These teams are presently meeting and making recommendations on the most efficient way to implement these cost identification measures. This will require close coordination with H&HSFC and the DSS County Offices. We presently have staff reviewing county case files to identify eligible costs under initiative (1) above. At this time we still feel that these initiatives are in line with our original plan.

B. 2% - Escrow -

(1) Reduce security guards to one guard only during non-working hours	\$ 23,831
(2) Reduce the number of telephones in the State Office by 25%	66,150
(3) Reduce form costs by 20%	11,250
(4) Reduce supplies by 20% and freeze equipment purchases	59,514
(5) Suspend quality training expenditures	59,000
(6) Reduce travel in the State, County, and Regional Offices by 25%	260,513
(7) Eliminate same day meals for all staff	67,439
(8) Suspend PASS training	146,302
(9) Eliminate registration fees and staff recertification in all areas	75,000

Status (1-9): All of these initiatives have been implemented and budgets are being reduced thereby meeting these proposed reduction measures. These budgets will be closely monitored to ensure that they are not exceeded by DSS cost center managers.

- | | |
|---|---------|
| (10) Reduce projected deficit in Emotionally Disturbed Children Program for FY 1991-92 by approximately 10% | 750,000 |
| (11) Utilize Independent Living funds to further reduce projected deficit in Emotionally Disturbed Children Program | 300,000 |
| (12) Utilize increase in the Title IV-B allocation for FY 1991-92 to further reduce projected deficit in Emotionally Disturbed Children Program | 400,000 |

Status (10-12): This funding is still in line with our original plan. As discussed previously, we are able to do this only as a result of us receiving the projected \$2,100,000 retroactive Medicaid funding for FY 90-91 as explained previously. Also this cannot be a permanent source of funding in that this retroactive claim is nonrecurring.

Total Escrowed 2% Reduction

\$ 2,218,999

Grand Total Reduction Plan for 3%

\$ 3,328,499

EXHIBIT

SEP 24 1991

4

STATE BUDGET & CONTROL BOARD

EXHIBIT

SEP 24 1991

5

STATE BUDGET AND CONTROL BOARD
MEETING OF September 10, 1991

STATE BUDGET & CONTROL BOARD
AGENDA
ITEM NUMBER 5

AGENCY: Executive Director

SUBJECT: Interviewee Travel Expense Reimbursement

The Department of Mental Health has reported the reimbursement of \$326.50 of interviewee travel expenses.

BOARD ACTION REQUESTED:

Receive as information a report that the Department of Mental Health has reported the reimbursement of \$326.50 of interviewee travel expenses.

ATTACHMENTS:

002202

THE PICKERING GROUP, INC.

INVOICE #M-5379

September 1, 1991

South Carolina Department of Mental Health
2414 Bull Street
Columbia, South Carolina 29202

Attention: Mr. William R. Noyes
Director, Human Resource Services

Consulting Fees and Expenses

For the period from August 15, 1991 through August 31, 1991 on the assignment to recruit psychiatrists for South Carolina Department of Mental Health in Columbia, South Carolina.

A. Expenses

Candidate Travel

- Lupicino Bajamunde, M.D.
Interview Expenses

\$60.88

- Doug Leonard, M.D.
Airline Tickets

653.00

Total - Expenses

\$713.88

TOTAL INVOICE

\$713.88

REMIT TO: The Pickering Group, Inc.
11433 N. Port Washington Road
Mequon, WI 53092

PAYMENT DUE: Upon Receipt

002204

E.O.

T/S

SC DMH
8-26-91

014099 ITINERARY INVOICE
PAGE NO. 1

TO:

THE PICKERING GRP
11433 N PT WASH RD
MEQUON WI 53092

1/2 Aiken-Barnwell

1/2 ~~Senate Water~~

TRAVELER: LEONARD/DOUG

AGENT	BRANCH	CUSTOMER NO.	ACCOUNT NO.	DATE
				21AUG91

CODE	Day	Date	City - Airport	Time	Carrier	Flight - Class Status	Service-Amount
A	SU	25AUG	LV PHILADELPHIA-PHL AR ATLANTA	945A 1139A SEAT	USAIR INC	771B OK OSTOP JET 16-E **BOARDING PASS ISSUED** LEONARD/DOUG	SNACK
A	SU	01SEP	LV ASHEVLE/HENDSNVLE AR CHARLOTTE	430P 505P SEAT	USAIR INC	777B OK OSTOP 737 17-E **BOARDING PASS ISSUED** LEONARD/DOUG	
A	SU	01SEP	LV CHARLOTTE AR PHILADELPHIA-PHL	610P 740P SEAT	USAIR INC	397H OK OSTOP 727 23-E **BOARDING PASS ISSUED** LEONARD/DOUG	DINNER

TICKET NUMBER(S): 0371517928644

AIR FARE	593.64
TAX	59.36
TOTAL AIR FARE	653.00
AMOUNT	653.00

THIS AMOUNT WILL BE CHARGED TO CREDIT CARD: AX 3782 907293 31091

THANK YOU FOR YOUR BUSINESS

EXHIBIT

SEP 24 1991

5

STATE BUDGET & CONTROL BOARD

002205

R7N 00018 08/212100

A-AIR H-HOTEL C-CAR CLASS: F-FIRST Y, B, O, H-COACH STATUS: OK-CONFIRMED
 T-TOUR S-SURFACE J-C-BUSINESS M, K, V, L-COACH WL-WAIT LIST
 V-OTHER TRAVEL SERVICE S-STANDARD RO-REQUEST

RECEIVED

SOUTH CAROLINA DEPARTMENT OF MENTAL HEALTH
HUMAN RESOURCE SERVICES
Columbia, South Carolina

AUG 23 1991
State Commissioner of
Mental Health
S. C. Dept. of Mental Health

M E M O R A N D U M

TO: ✓ Joseph J. Bevilacqua, Ph.D., State Commissioner
FROM: William R. Noyes *WRN*
Director, Human Resource Services
DATE: August 23, 1991
SUBJECT: Travel Expense for Employment Interview --
Douglas M. Leonard, D.O.
Santee-Wateree Mental Health Center

Qualifying information furnished by William P. Parker, Executive Director, Santee-Wateree Mental Health Center, is attached to support request for reimbursement of expenses related to travel of the above-referenced individual for a job interview.

If approval is granted, an itemized statement of expenses will be submitted to the Budget and Control Board by Santee-Wateree at such time as the exact amounts are determined.

I hereby recommend approval of this request. If you concur, please note your approval on the bottom of this memo and return to me.

WRN/bk

Attachment



EXHIBIT

SEP 24 1991

5

STATE BUDGET & CONTROL BOARD

002206

EXHIBIT

SEP 24 1991

6

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 1

AGENCY: Budget Division

SUBJECT: 1991-92 Planning Districts Appropriation

The Division advises that the Council of Governments has requested payment of \$918,995 to the Planning Districts in accord with the 1991-92 Appropriations Act, Section 122, Item III.B., Aid to Planning Districts. The information required by Proviso 122.7 has been submitted.

The Division advises that, in accord with Proviso 122.6, 50% of the appropriated amount is distributed equally among the ten districts, and 50% is distributed on a per capita basis.

The Division recommends approval of the following planning district allocations and payments on a quarterly basis:

Upper Savannah Council of Governments	\$ 70,345
Catawba Regional Planning Council	78,701
Central Midlands Regional Planning Council	113,002
Low Country Council of Governments	66,308
Lower Savannah Council of Governments	81,191
Santee-Lynches Regional Planning Council	71,401
Berkeley-Charleston-Dorchester COG	112,749
Appalachian Council of Governments	162,983
Pee Dee Regional Council of Governments	86,427
Waccamaw Regional Planning & Development Coun.	<u>75,888</u>
Total	<u>\$918,995</u>

BOARD ACTION REQUESTED:

Approve the following planning district allocations and payments on a quarterly basis, as recommended by the Budget Division:

Upper Savannah Council of Governments	\$ 70,345
Catawba Regional Planning Council	78,701
Central Midlands Regional Planning Council	113,002
Low Country Council of Governments	66,308
Lower Savannah Council of Governments	81,191
Santee-Lynches Regional Planning Council	71,401
Berkeley-Charleston-Dorchester COG	112,749
Appalachian Council of Governments	162,983
Pee Dee Regional Council of Governments	86,427
Waccamaw Regional Planning & Development Coun.	75,888

ATTACHMENTS:

Agenda item worksheet; attachment

002207

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

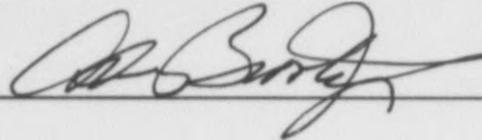
92-33

Meeting Scheduled for: September 24, 1991

Regular Agenda

1. Submitted By:

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



2. Subject:

Council of Governments Request For 1991-92 Planning Districts Appropriation

3. Summary Background Information:

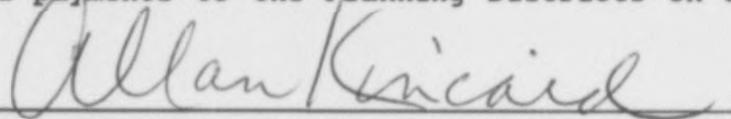
The Council of Governments request payment of \$918,995 to the Planning Districts under Section 122, Item III B, aid to Planning Districts, of the 1991-92 Appropriations Act. Information as required by Proviso 122.7 has been submitted. It should be noted that 50 percent of the appropriated amount is distributed equally among the ten districts and 50 percent is distributed on a per capita basis in accordance with Proviso 122.6.

4. What is Board asked to do?

Approve the Planning District allocations and payments of \$918,995 per attached list on a quarterly basis.

5. What is recommendation of Board Division involved?

Recommend approval of allocations and payments to the Planning Districts on a quarterly basis.



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

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

7. Supporting Documents:

(a) List Those Attached:

1. Allocation List

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

1. District Letters Requesting Funds
2. District Plans for FY 1991-92

EXHIBIT

SEP 24 1991

STATE BUDGET & CONTROL BOARD

002208

PLANNING DISTRICT ALLOCATIONS

FY 1991-92

Upper Savannah Council of Governments	\$ 70,345
Catawba Regional Planning Council	78,701
Central Midlands Regional Planning Council	113,002
Low Country Council of Governments	66,308
Lower Savannah Council of Governments	81,191
Santee-Lynches Regional Planning Council	71,401
Berkley-Charleston-Dorchester Council of Governments	112,749
Appalachian Council of Governments	162,983
Pee Dee Regional Council of Governments	86,427
Waccamaw Regional Planning and Development Council	<u>75,888</u>
Total	<u>\$918,995</u>

EXHIBIT

SEP 24 1991 6

STATE BUDGET & CONTROL BOARD

002209

EXHIBIT

SEP 24 1991

7

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

2

AGENCY: State Treasurer

SUBJECT: Bond Counsel Selection

Board approval of the following bond counsel is requested:

- (a) State Board for Technical and Comprehensive Education (Technical College of the Lowcountry): \$400,000 commercial loan for land acquisition:
 - (1) Sinkler & Boyd, P.A.; and
 - (2) The McNair Law Firm, P.A.
- (b) State Board for Technical and Comprehensive Education (Midlands Technical College): Financing in accord with Code Section 59-53-53 of 150 acres of land for college campus:
 - (1) Nelson, Mullins, Riley & Scarborough; and
 - (2) Haynsworth, Marion, McKay & Guerard
- (c) Jobs-Economic Development Authority: \$1.2 million Clarendon County Stand-alone issue (Krohnert Manufacturing Limited Industries):
 - (1) Haynsworth, Marion, McKay & Guerard; and
 - (2) The McNair Law Firm, P.A.
- (d) Jobs-Economic Development Authority: \$14.5 million Florence County Stand-alone issue (Carolina Hospital System, Incorporated):
 - (1) Nelson, Mullins, Riley & Scarborough; and
 - (2) Haynsworth, Marion, McKay & Guerard

BOARD ACTION REQUESTED:

Approve the selection of the following firms to provide bond counsel services:

- (a) Technical and Comprehensive Education (Technical College of the Lowcountry), \$400,000 commercial loan for land acquisition: Sinkler & Boyd, P.A.;
- (b) Technical and Comprehensive Education (Midlands Technical College): Financing in accord with Code Section 59-53-53 of 150 acres of land for college campus: Nelson, Mullins, Riley & Scarborough;
- (c) JEDA: \$1.2 million Clarendon County Stand-alone issue (Krohnert Manufacturing Ltd. Industries): Haynsworth, Marion, McKay & Guerard.
- (d) JEDA \$14.5 million Florence County Stand-along issue (Carolina Hospital System, Incorporated): Nelson, Mullins, Riley & Scarborough

ATTACHMENTS:

Patterson September 16 letter; attachments

002210

STATE OF SOUTH CAROLINA

OFFICE OF STATE TREASURER

GRADY L. PATTERSON, JR.
TREASURER



P. O. DRAWER 1177B

COLUMBIA
29211

September 16, 1991

EXHIBIT

SEP 24 1991

7

STATE BUDGET & CONTROL BOARD

Ms. Donna Williams
Office of Executive Director
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

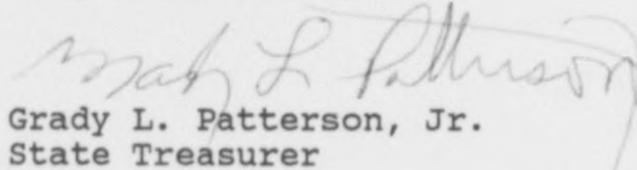
Dear Donna:

The attached requests for approval of bond counsel for South Carolina Jobs-Economic Development Authority and the South Carolina State Board for Technical and Comprehensive Education have been received by the State Treasurer's Office and need to be placed on the Agenda for consideration by the Budget and Control Board at its next meeting.

Once a determination has been made by the Board, we will notify the requesting agencies of the Board's decision.

If you need any further information, please feel free to call me.

Very truly yours,


Grady L. Patterson, Jr.
State Treasurer

GLPJr:rhr

Enclosure

002211

Attachment - 09/18/91

The following requests for assignment of bond counsel on proposed revenue issues have been received by the State Treasurer's Office and are in a position to be considered by the Budget and Control Board.

Agency	Approximate Size of Proposed Issue	Attorney Recommendation by Order of Preference
SC State Board for Technical & Comprehensive Education (Midlands Technical College)	\$400,000 commercial loan for land acquisition	Sinkler & Boyd, P. A. The McNair Law Firm, P. A.
SC State Board for Technical & Comprehensive Education (Technical College of the Lowcountry)	Financing of 150 acres of land acquired for college campus, financing under SC Code 59-53-53	Nelson, Mullins, Riley & Scarborough Haynsworth, Marion, McKay & Guerard
SC Jobs-Economic Development Authority	Stand alone issue - Krohnert Manufacturing Limited, Industries Clarendon County \$1.2 million	Haynsworth, Marion, McKay & Guerard The McNair Law Firm, P. A.
SC Jobs-Economic Development Authority	Stand alone issue - Carolinas Hospital System, Incorporated \$14.5 million	Nelson, Mullins, Riley & Scarborough Haynsworth, Marion, McKay & Guerard

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EXHIBIT
SEP 24 1991 7
STATE BUDGET & CONTROL BOARD

REQUEST FOR ASSIGNMENT OF BOND COUNSEL

FROM: Technical College of the Lowcountry
TO: Grady L. Patterson, Jr., State Treasurer
DATE: September 5, 1991
SUBJECT: REQUEST FOR ASSIGNMENT OF BOND COUNSEL

Any agency, department or institution contemplating a debt issue must immediately contact the State Treasurer's Office who will work with them in obtaining assignment of bond counsel pursuant to State Budget and Control Board directives.

DESCRIPTION OF DEBT ISSUE: \$400,000 commercial loan for
land acquisition

The recommendation of bond counsel proposed by order of preference is as follows:

1. Sinkler & Boyd
NAME OF FIRM
2. The McNair Firm
NAME OF FIRM

SUBMITTED BY: Charles L. Gmuc ON 9-5-91
SIGNATURE/TITLE DATE
Senior Vice President of Academic and Business Affairs

FOR STATE BUDGET AND CONTROL BOARD USE ONLY:

BOND COUNSEL APPROVED: Sinkler & Boyd, P.A. ON 9/24/91
FIRM DATE
CERTIFIED BY: Anna K. Williams ON 9/24/91
FOR STATE BUDGET AND CONTROL BOARD DATE

FOR STATE TREASURER'S OFFICE USE ONLY:

Notification given to agency/institution by the State Treasurer's
Office on _____ by _____
DATE (NAME/TITLE)
STO/BC-2

EXHIBIT

SEP 24 1991

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002213

STATE BUDGET & CONTROL BOARD

REQUEST FOR ASSIGNMENT OF BOND COUNSEL

Rec'd 9-11-91

FROM: Lester W. Reed, Jr., Senior Vice-President for Resource Mgmt.
TO: Grady L. Patterson, Jr., State Treasurer
DATE: September 6, 1991
SUBJECT: REQUEST FOR ASSIGNMENT OF BOND COUNSEL

Any agency, department or institution contemplating a debt issue must immediately contact the State Treasurer's Office who will work with them in obtaining assignment of bond counsel pursuant to State Budget and Control Board directives.

DESCRIPTION OF DEBT ISSUE: Financing of 150 acres of land acquired for college campus, financing under SC Code 59-53-53.

The recommendation of bond counsel proposed by order of preference is as follows:

1. Nelson, Mullins, Riley & Scarborough
NAME OF FIRM
2. Haynsworth, Marion, McKay & Guérard
NAME OF FIRM

SUBMITTED BY: *Lester W. Reed, Jr.* ON 09-06-91
SIGNATURE/TITLE DATE
Senior Vice-President for
Resource Management
----- Midlands Technical College -----

FOR STATE BUDGET AND CONTROL BOARD USE ONLY:

BOND COUNSEL APPROVED: *Nelson, Mullins, Riley* ON 9/24/91
FIRM & Scarborough DATE

CERTIFIED BY: *Donna K. Williams* ON 9/24/91
FOR STATE BUDGET AND CONTROL BOARD DATE

FOR STATE TREASURER'S OFFICE USE ONLY:

Notification given to agency\institution by the State Treasurer's

Office on _____ by **EXHIBIT**
DATE (NAME/TITLE)

STO/BC-2

SEP 24 1991 7

STATE BUDGET & CONTROL BOARD

002214

REQUEST FOR ASSIGNMENT OF BOND COUNSEL

FROM: The South Carolina Jobs-Economic Development Authority
TO: Grady L. Patterson, Jr., State Treasurer
DATE: September 4, 1991
SUBJECT: REQUEST FOR ASSIGNMENT OF BOND COUNSEL

Any agency, department or institution contemplating a debt issue must immediately contact the State Treasurer's Office who will work with them in obtaining assignment of bond counsel pursuant to State Budget and Control Board directives.

DESCRIPTION OF DEBT ISSUE: Stand alone issue - Krohnert Manufacturing
Clarendon County Limited, Industries -\$1.2 million

The recommendation of bond counsel proposed by order of preference is as follows:

1. HAYNSWORTH, MARION, MCKAY & GUERARD LAW FIRM
NAME OF FIRM
2. MCNAIR LAW FIRM
NAME OF FIRM

SUBMITTED BY:  DIRECTOR ON September 4, 1991
SIGNATURE/TITLE DATE

FOR STATE BUDGET AND CONTROL BOARD USE ONLY:

BOND COUNSEL APPROVED: Haynsworth, Marion ON 9/24/91
FIRM McKay & Guerard DATE

CERTIFIED BY: Donna R. Williams ON 9/24/91
FOR STATE BUDGET AND CONTROL BOARD DATE

FOR STATE TREASURER'S OFFICE USE ONLY:

Notification given to agency/institution by the State Treasurer's Office

on _____ BY _____
DATE NAME/TITLE

STO/BC-2

EXHIBIT

SEP 24 1991

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STATE BUDGET & CONTROL BOARD 002215

EXHIBIT

SEP 24 1991

8

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 3

AGENCY: General Services

SUBJECT: Mental Retardation Property Acquisition

The Division recommends approval of the Department of Mental Retardation request to acquire 5.545 acres in Loris in Horry County to be the site of a future community residence.

The property has been appraised for \$61,000; the owner, Southern Bank of Loris, has agreed to sell it for \$20,000. The environmental study indicated no hazardous conditions on the site. Property Management has reviewed the appraisal and the environmental study, and approves their use in granting this request.

This permanent improvement project, J16-9595, has not yet been reviewed by the Joint Bond Review Committee.

Excess debt service funds will be used to purchase the property.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-65, authorize the Department of Mental Retardation to acquire 5.545 acres in Loris in Horry County for \$20,000 Excess Debt Service Funds (project J16-9595), on the condition the project is reviewed favorably by the Joint Bond Review Committee.

ATTACHMENTS:

Agenda item worksheet; Wilson June 6 letter; Christopher August 13 letter; map; environmental findings; Code Section 1-11-65

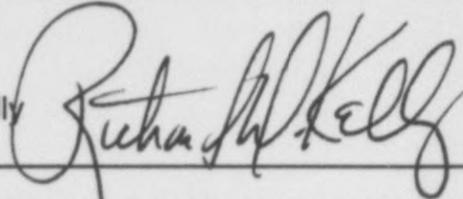
002217

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: September 24, 1991 Regular Agenda

1. Submitted By:

- (a) Agency: Division of General Services
(b) Authorized Official Signature: Richard W. Kelly



2. Subject: The Department of Mental Retardation acquisition of property in Horry County.

3. Summary Background Information:

The Department of Mental Retardation desires to acquire 5.545 acres in Loris, SC to be used for a future community residence. The property has been appraised for \$61,000 and the owner, Southern Bank of Loris, has agreed to sell the property for \$20,000.00. The environmental study indicated no hazardous conditions on site. Property Management has reviewed both reports and approves of their use in granting this request. The PIP # is J16-9595. The Board is asked to approve this land acquisition contingent upon favorable review by the Joint Bond Review Committee. The source of funds for the project is Excess Debt Service Funds.

4. What is Board asked to do?

Approve the land acquisition of 5.545 acres in Loris, SC contingent upon favorable review by the Joint Bond Review Committee.

5. What is recommendation of Board Division involved?

Approve

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

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

EXHIBIT

7. List of Supporting Documents:

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STATE BUDGET & CONTROL BOARD

LIST THOSE ATTACHED:

1. Letter from agency
2. Appraisal
3. Map
4. Environmental Findings
5. Code 1-11-65

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Philip S. Manney, Ph.D.
Commissioner

Lenora A. Bowman, Jr.
Deputy Commissioner
Support Services

Judy E. Johnson, Ed.D.
Deputy Commissioner
Client Services

James E. Kirk
Deputy Commissioner
Fiscal Affairs



MENTAL RETARDATION
COMMISSION

Melvin L. Burton, Jr., Chairman
Clarence H. Bowman, Ph.D., Vice Chairman
Emilie A. Towler, Secretary
Annabelle S. Boykin, Ph.D.
John S. Poole
Mary C. Ramsey
Doris G. Woods

South Carolina Department of Mental Retardation

3440 Harden Street Extension
P. O. Box 4706
Columbia, South Carolina 29240
803/737-6474

June 6, 1991

Mr. Bruce Taylor
Property Management
1201 Main Street
AT&T Building, Suite 410
Columbia, South Carolina 29201

Re: 5.545 Acres - Horry County
Parcel 26, Block 5, Tax Map 48
South side of S.C. Hwy #9, Main Street
Loris, South Carolina

Dear Bruce:

The South Carolina Department of Mental Retardation is interested in purchasing the above referenced property. The original appraisal and Level I environmental assessment are attached for your review. The environmental assessment concludes that it is highly unlikely that this property has been impacted by any on-site or off-site sources of contamination and suggests that a Level II study is unnecessary.

After receipt and review of these reports, and if all is in order, it would be appreciated if you would seek approval from the Budget and Control Board so that the Department may proceed with the acquisition of this land.

Sincerely,

Shirley A. Wilson
Project Administrator

SAW/sw
Attachments

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REAL ESTATE APPRAISALS
COMMERCIAL, INDUSTRIAL,
MULTIFAMILY RESIDENTIAL
RESORT PROPERTIES

ROBERT M. CHRISTOPHER, MAI

REAL ESTATE APPRAISER AND CONSULTANT

MAILING ADDRESS
P O BOX 1247
FLORENCE, SOUTH CAROLINA 29503

OFFICES
FLORENCE, S C
2231 W PALMETTO ST
SUITE 201
PHONE (803) 665 4444
MYRTLE BEACH S C
21st AVE PROFESSIONAL CENTER
PHONE (803) 666 3933

August 13, 1991

EXHIBIT

SEP 24 1991

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Mr. Jim Taylor
SCDMR
Pee Dee Regional Center
714 National Cemetary Road
Florence, South Carolina 29501

STATE BUDGET & CONTROL BOARD

Re: Appraisal of 5.546 acres of land located along the south side of SC 9 Business, just west of the town limits of Loris, Horry County, South Carolina

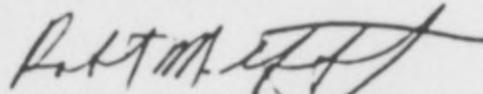
Dear Mr. Taylor:

According to your request, I submit herewith an estimate of the market value of the fee simple interest in the above described property.

After careful consideration of all the pertinent facts and information outlined in this report, it is my judgment that the market value of the subject property, as of August 12, 1991, was estimated to be

SIXTY ONE THOUSAND DOLLARS
(\$61,000)

Sincerely,



Robert M. Christopher, MAI

RMC/hm

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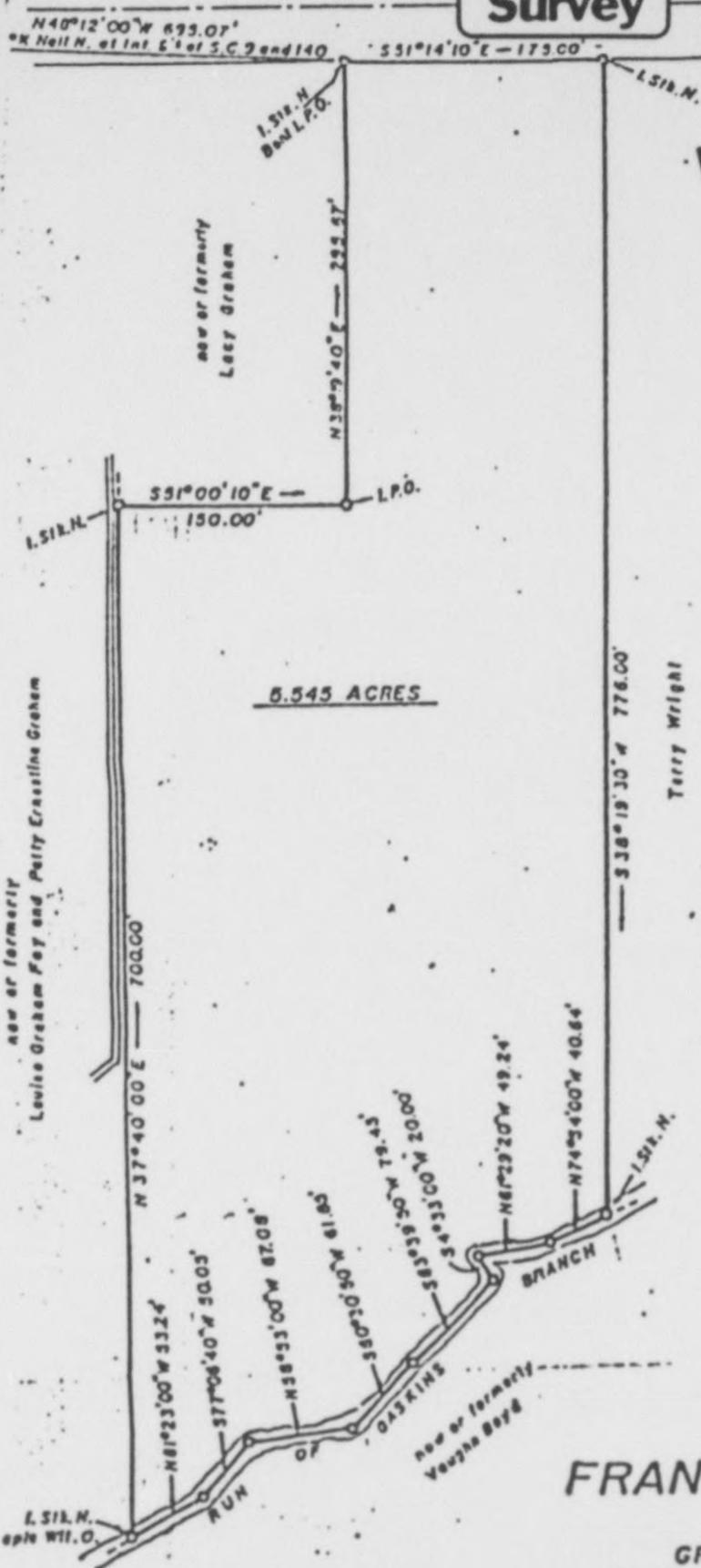
S. C. **Survey**

EXHIBIT

SEP 24 1991

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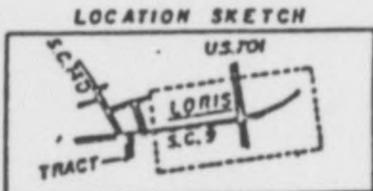
STATE BUDGET & CONTROL BOARD



LEGEND

I. = Iron	R/W = Right of Way
P. = Pipe	L = Centerline
Sib. = Stake	(LM) = Line Marker
Sp. = Spite	C.M. = Concrete Monument
Stp. = Stump	R.R. = Railroad
O. = Old or Found	L.W. = Lightwood
N. = New or Set	Q.M.L. = Old Marked Line

REF.
D.B. _____, P. _____
Plat for Gladys Grainger by
J.P. Thomas dated 8 May, 1963

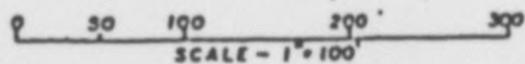


SURVEY FOR
FRANKLIN GRAHAM

GREEN SEA TOWNSHIP,
HORRY COUNTY, SOUTH CAROLINA
DATE OF SURVEY - 25 APRIL, 1983

I hereby certify that the ratio of precision of the field survey is 1:2500 as shown hereon and the area was determined by a coordinate method of area calculation.

Robert D. Inman
Robert D. Inman, RLS 6873



INMAN SURVEYING AND MAPPING
LORIS, S.C. - ROGERS OFFICE COMPLEX
TADOR CITY, N.C. - 104 WALL STREET
P.O. BOX 637, TADOR CITY, N.C. 28463

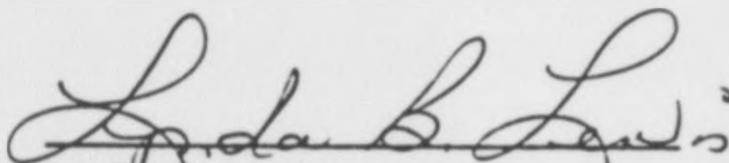
002221

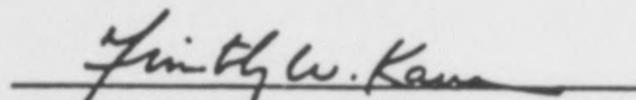
CONCLUSION

The objective of this evaluation is to assess the subject property for the potential of hazardous materials contamination on or adjacent to the site. An historical record search was completed, along with analysis of topographic maps, a site reconnaissance, and review of environmental records available through DHEC. The following conclusion is presented:

To the best of our knowledge and from our research, there appears to be no evidence in the public record or by our visual site reconnaissance of any past or present hazardous materials contamination on or adjacent to this location.

Respectfully submitted,
Coastal Science & Engineering, Inc.


Lynda B. Lewis
Environmental Specialist


Timothy W. Kana, P.G.

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"Section 1-11-65. (A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

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

EXHIBIT

SEP 24 1991

STATE BUDGET & CONTROL BOARD

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EXHIBIT

SEP 24 1991

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STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 4

AGENCY: General Services

SUBJECT: MUSC Procurement Recertification

The Division of General Services, in accord with Section 11-35-1210, has audited the Medical University and recommends its recertification 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 two years years:

- chemical/reagents, injectables, prescription drugs, intravenous solutions and sets and all other commodities defined in the MMO Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, initially approved by MUSC's Products Evaluation Committee, \$6,000,000 per commitment;
- medical supply items and all other commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including linens, gas cylinders and liquid oxygen for patient use, initially approved by MUSC's Products Evaluation Committee, \$3,000,000 per commitment;
- hospital, laboratory and research equipment, \$100,000 per commitment;
- all other goods and services, \$25,000 per commitment
- consultants, \$10,000 per commitment

BOARD ACTION REQUESTED:

In accord with Section 11-35-1210, grant procurement recertification to the Medical University 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 two years: chemical/reagents, injectables, prescription drugs, intravenous solutions and sets and all other commodities defined in the MMO Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, initially approved by MUSC's Products Evaluation Committee, \$6,000,000; medical supply items and all other commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including linens, gas cylinders and liquid oxygen for patient use, initially approved by MUSC's Products Evaluation Committee, \$3,000,000; hospital, laboratory and research equipment, \$100,000; all other goods and services, \$25,000; and consultants, \$10,000 per commitment

ATTACHMENTS:

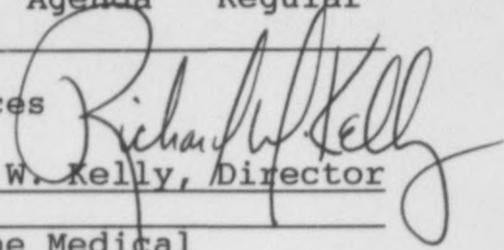
Agenda item worksheet; Code Section 11-35-1210; Procurement Audit and Certification Report

002224

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

Meeting Scheduled for: September 24, 1991 Agenda Regular

1. Submitted By:
(a) Agency: Division of General Services
(b) Authorized Official Signature: Richard W. Kelly, Director



2. Subject: Procurement Recertification for the Medical University of South Carolina

3. Summary Background Information:

In accordance with the Consolidated Procurement Code, Section 11-35-1210, the Division of General Services has audited the Medical University of South Carolina's procurement system and recommends its recertification within the parameters described in the audit report for the following limits for a period of two (2) years. (See attachment #1 for certification limits.) These recommended limits do not represent an increase in certification.

EXHIBIT

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4. What is Board Asked to do?

STATE BUDGET & CONTROL BOARD

Grant procurement recertification to the Medical University of South Carolina for the areas and limits shown on attachment #1.

5. What is Recommendation of Board Division involved?

Grant recertification.

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

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

7. Supporting Documents:

(a) List Those Attached:

-25 copies of the Procurement Audit and Certification report
-Section 11-35-1210 of the Consolidated Procurement Code

(b) List Those Not Attached But Available From Submitter

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (ATTACHMENT #1)

For meeting scheduled for:

September 24, 1991

X Regular Session Agenda

PROCUREMENT AREAS

RECOMMENDED CERTIFICATION LIMITS

Chemical/Reagents, Injectables, Prescription Drugs, Intravenous Solutions and Sets and all other Commodities Defined in the Materials Management Office (MMO) Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, Initially Approved by MUSC's Products Evaluation Committee	\$6,000,000 per commitment
Medical Supply Items and all other Commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including Linens, Gas Cylinders and Liquid Oxygen for Patient Use, Initially Approved by MUSC's Products Evaluation Committee	\$3,000,000 per commitment
Hospital, Laboratory and Research Equipment	\$ 100,000 per commitment
All other Goods and Services	\$ 25,000 per commitment
Consultants	\$ 10,000 per commitment

EXHIBIT

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STATE BUDGET & CONTROL BOARD

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Section 11-35-1020. Advisory Groups.

The chief procurement officers may appoint advisory groups such as user committees to assist with respect to specifications and procurement in specific areas and with respect to any other matters within the authority of the chief procurement officers. The chief procurement officers shall develop methods for obtaining necessary and relevant information from the affected agencies, whether through user committees or by surveys and other methods. The chief procurement officers shall make every reasonable effort to ensure that such contracts are developed as will best suit the interest of the State, giving due emphasis to user needs, total costs and open competitive methods of public purchasing.

Section 11-35-1030. Procurement Training and Certification.

The Division of General Services shall develop a system of training for procurement in accordance with regulations by the board. Such training shall compass the latest techniques and methods of public procurement. If deemed appropriate by the Division of General Services, such training shall include a requirement for certification of the procurement officer of each purchasing agency.

SUBARTICLE 9

Auditing and Fiscal Reporting

Section 11-35-1210. Certification.

(1) **Authority.** The board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Division of General Services shall review the respective governmental body's internal procurement operation, shall certify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the board those dollar limits for the respective governmental body's procurement not under term contract.

(2) **Policy.** Authorizations granted by the board to a governmental body are subject to the following:

- (a) adherence to the provisions of this code and the ensuing regulations, particularly concerning competitive procurement methods;
- (b) responsiveness to user needs;
- (c) obtaining of the best prices for value received.

(3) **Adherence to Provisions of the Code.** All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.

Section 11-25-1220. Collection of Data Concerning Public Procurement.

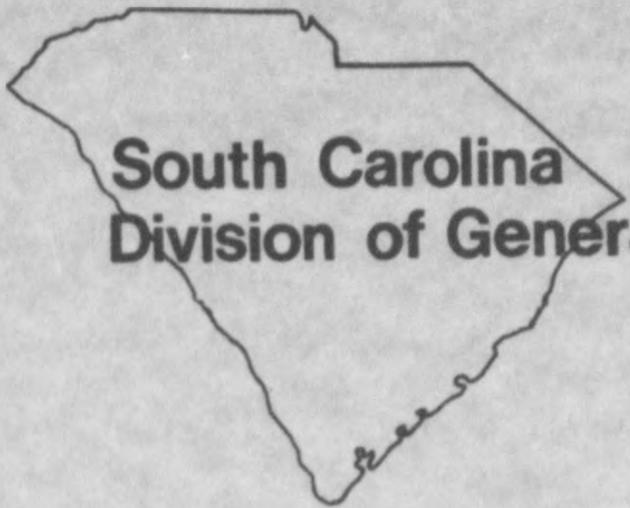
The Division of General Services shall prepare statistical data concerning the procurement, use and disposition of all supplies, services and construction. All using agencies shall furnish such reports as the Division of General Services may require concerning use, needs and stocks on hand, and the chief procurement officers shall prescribe forms to be used by the using agencies in requisitioning, ordering and reporting supplies, services and construction. The chief procurement officers shall limit requests for information to those items necessary for the effective operation of the purchasing system, but using agencies shall be required to provide information as requested.

Section 11-35-1230. Auditing and Fiscal Reporting.

(1) **Auditing.** The Division of General Services through consultation with the chief procurement officers shall develop written plans for the auditing of state procurements.

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 requirement of this code and the ensuing regulations. Any noncompliance discovered through audit must be transmitted in management letters to the audited governmental body, the Budget and Control Board. The auditors shall provide in writing proposed corrective action to governmental bodies. Based upon audit recommendations of the Division of General Services the board may revoke certification as provided for in Section 11-35-1210 and require the governmental body to make all procurements through the office of materials management above a dollar limit set by the board until such time as the board is assured of compliance with this code and its regulations by that governmental body.

(2) **Fiscal Reporting.** Beginning with the first quarter of fiscal year 1981-82 and each quarter thereafter, in



**South Carolina
Division of General Services**

EXHIBIT

SEP 24 1991 9

STATE BUDGET & CONTROL BOARD

**PROCUREMENT
AUDIT AND
CERTIFICATION**

MEDICAL UNIVERSITY OF SOUTH CAROLINA

AGENCY

OCTOBER 1, 1988 - MAY 31, 1991

DATE

002228

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

RICHARD W. KELLY
DIVISION DIRECTOR

MATERIALS MANAGEMENT OFFICE
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600

JAMES J. FORTH, JR.
ASSISTANT DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 17, 1991

EXHIBIT

SEP 24 1991

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STATE BUDGET & CONTROL BOARD

Mr. Richard W. Kelly
Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Rick:

I have attached the procurement audit report of the Medical University of South Carolina (MUSC) as prepared by the Office of Audit and Certification. This report is a compilation of a special examination of procurements of construction services covering July 1, 1985 - June 30, 1989, two interim reviews of sole source and emergency procurements covering October 1, 1988 - March 31, 1990, this regularly scheduled audit covering October 1, 1988 - June 30, 1990 and an extensive follow-up review covering July 1, 1990 - May 31, 1991.

As the report indicates, the auditors noted numerous problems with MUSC's procurements of construction services. However, MUSC has worked with us to correct the problems noted in this report. Based on this corrective action, I concur with the recommendation that MUSC be recertified at the current levels listed in the report, but that additional certifications not be recommended at this time.

Sincerely,

A handwritten signature in cursive script, appearing to read "James J. Forth, Jr.".

James J. Forth, Jr.
Assistant Division Director

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EXHIBIT

SFP 2 4 1991

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STATE BUDGET & CONTROL BOARD

**MEDICAL UNIVERSITY OF SOUTH CAROLINA
PROCUREMENT AUDIT REPORT**

OCTOBER 1, 1988 - JUNE 30, 1990

FOLLOW-UP AUDIT PERIOD

JULY 1, 1990 - MAY 31, 1991

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EXHIBIT

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STATE BUDGET & CONTROL BOARD

NOTE: The MUSC's responses to specific issues noted in this report have been inserted immediately following the items they refer to.

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

RICHARD W. KELLY
DIVISION DIRECTOR

MATERIALS MANAGEMENT OFFICE
1201 MAIN STREET, SUITE 600
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-0600

JAMES J. FORTH, JR.
ASSISTANT DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 4, 1991

Mr. James J. Forth, Jr.
Assistant Division Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Jim:

We have examined the procurement policies and procedures of the Medical University of South Carolina for the period October 1, 1988 through June 30, 1990. As part of our examination, we studied and evaluated the system of internal control over procurement transactions to the extent we considered necessary.

The 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 necessary for developing an opinion on the adequacy, efficiency and effectiveness of the procurement system.

The administration of the Medical University of South Carolina is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling

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this responsibility, estimates and judgements by management 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 professional care. However, because of the nature of audit testing, they would not necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions enumerated in this report which we believe need correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the Medical University of South Carolina in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

R. Voight Shealy

R. Voight Shealy, CFE, Manager
Audit and Certification

EXHIBIT

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INTRODUCTION

STATE BUDGET & CONTROL BOARD

The Office of Audit and Certification conducted an examination of the internal procurement operating procedures and policies of the Medical University of South Carolina. Our on-site review was conducted August 7 - September 28, 1990 and was made under 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 University in promoting the underlying purposes and policies of the Code as outlined in Section 11-35-20, which includes:

- (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
- (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.

Most recently, on June 16, 1989, the Board granted the Medical University of South Carolina procurement certification as follows:

<u>PROCUREMENT AREA/COMMODITY CLASS</u>	<u>AMOUNT PER COMMITMENT/CONTRACT</u>
Chemical/Reagents, Injectables, Prescription Drugs, Intravenous Solutions and Sets and all other Commodities Defined in the Materials Management Office (MMO) Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, Initially Approved by MUSC's Products Evaluation Committee	\$6,000,000 per commitment
Medical Supply Items and all other Commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including Linens, Gas Cylinders and Liquid Oxygen for Patient Use, Initially Approved by MUSC's Products Evaluation Committee	\$3,000,000 per commitment
Hospital, Laboratory and Research Equipment	\$ 100,000 per commitment

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All other Goods and Services	\$ 25,000 per commitment
Consultants	\$ 10,000 per commitment
Construction Services	\$ 25,000 per commitment

The audit was performed primarily to determine if recertification is warranted. Additionally, during the audit the Medical University of South Carolina requested the following increases in certification:

<u>PROCUREMENT AREA/COMMODITY CLASS</u>	<u>AMOUNT PER COMMITMENT/CONTRACT</u>
Chemical/Reagents, Injectables, Prescription Drugs, Intravenous Solutions and Sets and all other Commodities Defined in the Materials Management Office (MMO) Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, Initially Approved by MUSC's Products Evaluation Committee	\$6,000,000 per commitment
Medical Supply Items and all other Commodities in the MMO Commodity Code Manual under #475-Hospital Sundries, including Linens, Gas Cylinders and Liquid Oxygen for Patient Use, Initially Approved by MUSC's Products Evaluation Committee	\$3,000,000 per commitment
Hospital, Laboratory and Research Equipment	\$ 250,000 per commitment
All other Goods and Services	\$ 100,000 per commitment
Consultants	\$ 10,000 per commitment
Construction Services	\$ 25,000 per commitment
Information Technology in accordance with the approved Information Technology Plans	\$ 25,000 per commitment

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SCOPE

Our examination was performed in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. It encompassed a detailed analysis of the internal procurement operating procedures of the Medical University of South Carolina 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.

We selected systematic samples for the period October 1, 1988 - June 30, 1990 of procurement transactions for compliance testing and performed other audit procedures that we considered necessary 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) All sole source and emergency procurements and trade-in sales for the period October 1, 1988 through June 30, 1990
- 2) Property management and fixed asset procedures
- 3) Purchase transactions for the period October 1, 1988 through June 30, 1990
 - a) two hundred-forty systematically selected procurement transactions, each exceeding \$500.00
 - b) a block sample of two and a half months of physical plant purchases for three major accounts and two hundred purchase orders in the information technology area.
- 4) Minority Business Enterprise Plan and reports
- 5) Procurement staff and training
- 6) Procurement procedures

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- 7) Information Technology Plan
- 8) Permanent Improvement Projects

FOLLOW-UP SCOPE

We performed an extensive follow-up audit May 22-31 during which we verified the Medical University of South Carolina's corrective action for each recommendation that we made in this report. Also, we tested the following additional transactions:

- 1) All emergency procurements for the period 7/1/90 - 3/31/91
- 2) All sole source procurements and trade-in sales for the period 7/1/90 - 12/31/90
- 3) All procurements of goods and services made by the Physical Plant buyers to vendors with names beginning A-C and R-T for the period 7/1/90 - 5/31/91
- 4) All construction and construction related contracts entered into for the period 12/6/90 - 5/6/91

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SUMMARY OF AUDIT FINDINGS

Our audit of the Medical University of South Carolina, hereinafter referred to as MUSC, produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>Compliance - Construction Services</u>	11
A. <u>Construction Planning</u>	11
During our audit, we noted numerous incidences where MUSC's planning for construction projects was inadequate, or once plans were established, they were altered repeatedly resulting in numerous change orders, work delays, work stoppages and cost overruns.	
B. <u>Hurricane Hugo Emergencies</u>	13
From September 22, 1989 to May 8, 1990, MUSC made emergency procurements for Hugo repairs. We take exception with ten of these totalling \$1,290,649.	
C. <u>Other Emergency Construction Procurements</u>	18
Five procurements that did not meet the criteria of the Code were declared emergencies.	
D. <u>Construction Procurement Exceptions</u>	21
1. A procurement for air monitoring service was handled incorrectly.	

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2. An incorrect change order resulted
in a \$22,864 overpayment.

E. Physical Plant Procurements of Supplies and Materials 26

Forty-two percent of these procurements over \$500 made July 1 - September 25, 1990, did not meet the minimum competition requirements of the Code.

II. Compliance - Procurements

A. Procurements Made Without Competition 28

Five procurements had no evidence of competition.

B. Unauthorized Procurements 30

Five procurements were unauthorized and must be ratified.

C. Procurements With Inadequate Competition 32

Seven procurements did not meet the minimum competition requirements.

D. Procurements Were Inappropriately Determined Exempt 33

Three procurements which were subject to the Code were classified as exempt.

E. Change Order Improperly Issued 34

A change order was issued causing the award to be made to the wrong vendor.

F.	<u>Disposal of Silver/Film</u>	35
	MUSC disposed of \$11,782.94 worth of silver from x-ray film without authority.	
III.	<u>Compliance - Sole Source and Emergency Procurements and Trade-in Sales</u>	36
A.	<u>Sole Source Procurement</u>	37
	Four procurements were inappropriate as sole sources.	
B.	<u>Emergency Procurements</u>	37
	Three emergencies did not have evidence of competition.	
C.	<u>Reporting Error</u>	38
	One sole source was reported as an emergency.	
D.	<u>Trade-in Sales</u>	39
	One procurement was neither approved by nor reported to the Division of General Services.	
IV.	<u>Compliance - General</u>	
A.	<u>MBE Plan Not Filed Timely</u>	39
	One Minority Business Enterprise Plan was filed late.	
B.	<u>Procurement Procedures Manual</u>	40
	Changes and updates need to be added to the manual.	

RESULTS OF EXAMINATION

I. Construction Services

Overview

The Office of Planning and Administrative Services has responsibility for facilities planning at MUSC. As part of that responsibility, the office establishes permanent improvement projects and seeks required approvals from the Budget and Control Board and the Joint Bond Review Committee. The Physical Plant is responsible for procurements of construction services, coordination with the State Engineer's Office and management of projects.

UNIVERSITY RESPONSE

We agree with your understanding of the roles of our departments as they relate to construction services at MUSC. We now have a monthly meeting to insure better cooperation.

A. Construction Planning

During our audit, we noted numerous incidences where MUSC's planning for construction projects was inadequate, or once plans were established, they were altered repeatedly resulting in numerous change orders, work delays, work stoppages and cost overruns. In our opinion, this is caused by the following:

- (1) Physical Plant personnel are not included in facilities planning. At times, the facilities planning staff commits to unrealistic completion dates.
- (2) Construction plans change constantly, resulting in numerous change orders to construction contracts.

- (3) Many times, when the Physical Plant is notified of work to be accomplished and the directed completion targets, they know the deadlines are unrealistic. In attempting to meet these deadlines, they must make emergency procurements. However, many times plans change, meaning after a procurement is made it is no longer an emergency.

MUSC, like all other State agencies, must develop five year plans for permanent improvements, then refine those into annual plans as each fiscal year approaches. To say that planning does not occur would be wrong. However, since the Physical Plant construction officials have no voice in this planning process, the plans may not be practicable.

We recommend that future facilities planning include Physical Plant personnel. Once established, these plans should be pursued in accordance with State requirements for permanent improvements and the Consolidated Procurement Code.

UNIVERSITY RESPONSE

We do not agree that a lack of planning is the cause of numerous change orders, work delays, work stoppages and cost overruns. Most change orders are caused by needs that are identified after construction starts or by conditions that could not be determined during the design and building phases. Most of our work is renovating old buildings.

1. Physical Plant personnel will from now on be involved in establishing completion dates for construction projects.
2. Construction plans change which result in change orders will be carefully documented. We will put more emphasis in our planning stages to avoid changes after construction starts.

002243

3. This is true. Efforts will be made to avoid emergency procurements that result from lack of planning. We agree that emergency procurement should not be made unless they meet the requirement of the Procurement Code.
-

B. Hurricane Hugo Related Emergencies

Hurricane Hugo hit Charleston on September 21, 1989, causing extensive damage to MUSC. In consideration of the monumental task of repairing the damage, we believe we allowed MUSC every benefit of doubt during our audit of Hurricane Hugo related emergencies.

MUSC prepared one standard emergency procurement justification and used it to support a variety of procurement transactions from September 22, 1989 through May 8, 1990. They prepared individual determinations for each procurement but the blanket justification did not explain how each procurement related to the Hugo emergency. We reviewed all of these.

Our review produced findings and comments as follows:

1) MUSC entered into a contract to renovate 170 Ashley Avenue in the amount of \$68,947. State law requires that agencies set up all construction projects exceeding \$25,000 as permanent improvement projects. Then, they must seek approval for all activity on these projects from the Office of the State Engineer. MUSC did not seek the required approvals from the Budget and Control Board and the Joint Bond Review Committee for the permanent improvement project and did not report this procurement to the State Engineer's Office.

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UNIVERSITY RESPONSE

This permanent improvement project has been reported.

2) Under an emergency determination, MUSC issued a contract in the amount of \$179,889 on February 2, 1990 for repairs to the first floor of Building "E".

Then, MUSC prepared drawings dated February 23, 1990 for renovation and repair of this same facility. On April 12, 1990, MUSC issued a second contract to the same contractor for \$494,519 for this work.

Both contracts were issued based on single proposals. MUSC did not set up the work as a permanent improvement project nor seek the required approvals for these procurements from the Office of the State Engineer.

UNIVERSITY RESPONSE

Your findings regarding the renovations to First Floor Quadrangle Building "E" are essentially correct, except as follows:

Regarding the Contract for \$179,880.00, dated February 2, 1991, we did request quotation from the following contractors:

1. W.A. Hunt Construction Company
2. Boinest Construction Company
3. J.R. Adams, General Contractor
4. H.A. Decota

J.R. Adams was the only contractor that submitted a quotation. Procedures for keeping records of bid solicitation/no bids have been implemented to avoid any reoccurrence of this type.

Regarding the contract for \$494,519.00 dated April 12, 1990, our original intent was to have this work performed by J.R. Adams, General Contractor as a Change Order to the \$179,889.00 contract. However, after consultation with the State Engineer's Office, we issued another emergency contract. This project was complex, it

was difficult to accomplish with one contractor. This permanent improvement project has been reported. We clearly understand that MUSC does not have the authority to waive this requirement and new procedures have been established to avoid any reoccurrence.

3) In January 1990, MUSC issued a contract in the amount of \$64,341 for repairs on the first floors of Buildings "E" & "F".

They did seek informal competition, but they did not prepare an emergency determination or report the emergency to the Office of the State Engineer or the Division of General Services.

UNIVERSITY RESPONSE

This Permanent Improvement Project has been reported.

4) On October 26, 1989, the physical plant was informed that three trailers demolished by Hurricane Hugo needed to be moved. On March 21, 1990, the physical plant sent a memo to the Director of Planning and Administrative Services providing a schedule for the project. His reply stated, "No! Just hire someone and get them out of here."

On April 6, 1990, MUSC issued a contract for \$6,850 to remove and dispose of the trailers after they solicited and received two written quotations.

They did not solicit sealed bids or prepare an emergency determination. Since the contract was awarded six months after the problem was known and seven months after Hurricane Hugo, we believe they had ample time to compete the procurement through normal channels.

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UNIVERSITY RESPONSE

We agree that there was ample time to procure this work through normal channels. Physical Plant personnel unwisely yielded to pressure.

5) Under an emergency determination, MUSC entered into a contract for \$63,840 on February 12, 1990 to do concrete paving in the crawl space on the East side of the Teaching Hospital Building. They solicited bids from three vendors and awarded the contract to the low bidder.

However, they did not establish a permanent improvement project or seek the required approval for the procurement from the Office of the State Engineer.

UNIVERSITY RESPONSE

This Permanent Improvement Project has been reported.

6) Based on a single proposal, MUSC awarded a contract in the amount of \$356,477 on March 26, 1990 for restoration of the Psychiatric Institute and Business Service Building. They did not solicit competition.

Additionally, they did not establish a permanent improvement project nor seek the required approval for the procurement from the Office of the State Engineer.

002247

UNIVERSITY RESPONSE

Quotes were solicited and received by the buildings original A/E Firm one week after Hugo. We could not award until after we received funding approval. We should have resolicited quotes since funding from insurers took so long. The Permanent Improvement Project has been reported.

7) On March 26, 1990, MUSC made an emergency procurement totalling \$27,860 on purchase order number 804886 for a 350KW diesel generator. They did not solicit competition or provide the circumstances surrounding the emergency to show why competition was not solicited.

UNIVERSITY RESPONSE

This was a bonified emergency.

8) On May 8, 1990, MUSC issued purchase order number 805199, in the amount of \$7,926 for miscellaneous roof repairs. They did not solicit competition.

The emergency determination is not acceptable seven months after Hurricane Hugo. Competition should have been solicited.

UNIVERSITY RESPONSE

We agree with this exception. This was Hugo damage.

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9) MUSC issued purchase order number 805020 on March 19, 1990 to eradicate microbial growth in the Ehrhardt Street Apartments. This \$20,000 procurement was made without competition.

The emergency determination provided does not justify or explain the emergency.

UNIVERSITY RESPONSE

This emergency was directly related to Hugo damage.

C. Other Emergency Construction Procurements

During the audit period, MUSC also declared emergencies which were not directly related to Hurricane Hugo. Our review of these emergencies produced findings and comments as follows:

1) On June 22, 1990, MUSC accepted a single bid of \$55,980 for removal of asbestos in three rooms on the second floor of the Basic Science Building. The emergency stated "Considerable loss to the Medical University will occur if this space is not usable by July 1". Based on the time constraints faced by the Physical Plant, emergency procurement was the only possible way to handle this transaction.

However, we toured the Basic Science Building on October 1, 1990, and during our visit, we observed the rooms relating to this procurement. The asbestos removal was complete, but no further construction had been started. Three months after their stated critical completion date, the space was still not usable.

UNIVERSITY RESPONSE

We agree with the exception taken, however on June 1990, this project had to be finished by July 1, 1990. Physical Plant Personnel were victims of uncoordinated planning.

2) Because the existing system was beyond repair, MUSC issued a contract on May 9, 1990 in the amount of \$55,832 to replace the air conditioning system in the Teaching Hospital Amphitheater. A work order request dated January 15, 1990 indicates that MUSC knew about the problem more than three months before the project was declared an emergency. We do not believe the emergency determination meets the required criteria. This procurement should have been bid in accordance with the Code.

UNIVERSITY RESPONSE

Our intent in January was to patch repair the air conditioning unit until funds could be identified. The unit failed in April.

3) MUSC executed an emergency determination on July 18, 1990 for asbestos removal in two rooms of the Teaching Hospital Building. The determination stated, "this new condition is now delaying construction in all phases of the Hospital Renovation Phase IX project and must be resolved immediately." Bids were dated September 6 and 7, 1990 and a contract was executed September 10, 1990 in the amount of \$6,700.

The contract was issued fifty-three days after the determination was approved. Because of the time delay, we question the validity of the emergency.

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UNIVERSITY RESPONSE

The time delay noted is correct, however it took longer to determine a scope of work and get DHEC's approval for the method to be used.

4) MUSC entered into a contract for the removal of an asbestos wall between rooms 743 and 744 of the Basic Science Building in the amount of \$5,600. The emergency determination states, "After construction/remodeling work began in rooms 743 and 744 of the Basic Science Building it was determined that asbestos was in the ceilings and wall between the two rooms. When asbestos is discovered in this manner it is an immediate requirement to remove the asbestos per established laws/regulations".

We were auditing MUSC at the time of award and requested to see the rooms. We were shown the rooms by physical plant personnel and found that no construction/remodeling work had been started. Since the asbestos was contained inside the wall and above the ceiling tile, there was no immediate danger. Therefore, the emergency procurement was not warranted.

MUSC cancelled the contract and solicited sealed bids through normal procedures after we challenged it.

UNIVERSITY RESPONSE

We agree with the exceptions taken.

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5) Based on a single proposal, MUSC entered into a \$47,922 contract to provide labor and materials to install sixteen fan coil units in the fifth floor west wing of the Teaching Hospital Building. The emergency justification stated, "The patient rooms had to be fully operational by June 1, 1990 to provide the required swing space..."

In our opinion, poor planning caused the emergency. Furthermore, in their haste, MUSC made the award to a contractor which had filed for bankruptcy and could not provide the required payment and performance bonds. However, since MUSC did not request these required bonds when they made these procurements, they did not discover this fact until the project was complete.

Awarding the contract in this manner not only violated the Procurement Code, it provided MUSC no protection from suits from subcontractors and suppliers.

UNIVERSITY RESPONSE

We agree with the exception taken. This contractor was the only one with sufficient man power available to start immediately. Additionally this contractor has provided proper Payment and Performance Bonds to MUSC for fifteen (15) years. We did get a release of Liens. This will not happen again.

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D. Construction Procurement Exceptions STATE BUDGET & CONTROL BOARD

1) Using the exception procedures authorized in Section 11-35-3230, MUSC awarded a contract for air monitoring services for \$12,000. Later, they amended this contract by adding an additional \$12,000. Both of these were approved by the State Engineer's Office.

Then, MUSC issued a change order for \$23,730 to increase the total contact to \$47,730. They did not submit this change order to the State Engineer for approval.

We noted the following exceptions with this contract:

- a) Section 11-35-3230 and its supporting regulation, 19-445.2145F, limit the use of this procedure to procurements of architect-engineer and land surveying contracts which are estimated not to exceed \$12,000. Further, this procedure may not be used to award contracts for more than \$36,000 to the same firm over a two year period. MUSC exceeded both of these limitations.
- b) MUSC violated the Manual for Planning and Execution of State Permanent Improvements by proceeding with the \$23,730 change order without approval from the State Engineer's Office. Thus, the \$23,730 change order was unauthorized. Ratification must be requested from the State Materials Management officer.

UNIVERSITY RESPONSE

Ratification has been requested.

2) MUSC accepted bids and issued a contract for \$298,776 to replace two boilers and tie into the existing fuel tanks for the North Tower. Subsequently, they issued change order number

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one for \$43,108, which included removal of a leaking fuel oil tank. Then, they issued change order number two for \$91,174 for additional work required to complete removal of the underground tank.

In calculating the additional charges, MUSC included \$22,864 in both change orders overstating the cost of the tank removal by that amount. The contractor billed and MUSC paid the full amount for both change orders.

MUSC overpaid the contractor \$22,864. We recommend that MUSC request repayment from the vendor.

UNIVERSITY RESPONSE

We have received the repayment from the vendor.

CONCLUSION - CONSTRUCTION SERVICES

The Manual for Planning and Execution of State Permanent Improvements (SPIRS) states the requirements for construction emergency procurements.

12.4 Report of Emergency Procurement

B. Regardless of agency certification, all emergency procurements for construction contracts shall be submitted to the State Engineer's Office on form SE-560 in duplicate.

12.6 Types of Emergency Procurements

C. In order to qualify for an emergency procurement a true emergency must exist. Use of emergency procurement procedures to circumvent normal procurement procedures will not be tolerated.

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12.7 Not Emergency Conditions

A. Installing or replacing equipment to meet schedules is not normally an emergency condition. An agency should not declare an emergency in order to install a new air conditioning system prior to the start of a new semester or some other event.

B. Poor scheduling or planning should not be an excuse for an emergency condition. If emergency conditions exist after an unsuccessful attempt to use competitive sealed bidding, then an emergency procurement may be made.

Our findings are recapped as follows:

We take exception with contracts listed above totalling \$1,462,683 which MUSC declared emergencies.

Only \$103,902 was approved by the State Engineer's Office. MUSC proceeded with contracts totalling \$1,368,533 without the required approvals.

Sealed bids were not solicited, and in most cases, award was made based on a single proposal from a contractor. The emergency procurement method is not to be used when time is available to solicit sealed bids.

Several projects were declared emergencies in order to meet time deadlines. Proper planning in all cases would have prevented this from occurring. These were not emergency conditions.

When a project is declared an emergency, only the bid process is shortened. Construction procurements for services always require payment and performance bonds and contractor's certificate of insurance. MUSC did not provide these documents to us during the audit. In two cases, we learned that the contractors had not provided them at all. In one case, the contractor had filed for bankruptcy and could not furnish the

bonds. In the other, we were told the contractor said he would furnish the bonds for an additional \$14,000. Work was complete on both contracts.

MUSC does not have the authority to waive these requirements.

Shortly before Hurricane Hugo, we performed a follow-up review to our previous audit of MUSC to determine its corrective action in construction services for which the Budget and Control Board had granted a ninety day extension of the existing construction certification.

During the special review, we noted exceptions and concerns over MUSC's handling of permanent improvement projects H51-9180, Campus Asbestos Removal and project H51-9484, Hospital Asbestos Removal. This special examination of procurements of construction services is located at Attachment A.

The special review revealed weaknesses in construction procurements. This audit revealed that the previous exceptions had been corrected, but we noted additional exceptions.

UNIVERSITY RESPONSE

The findings of the Audit Report regarding construction procurement are essentially correct. Most of the exceptions taken by auditors are directly related to MUSC Hurricane Hugo Recovery efforts. We admit our short comings during this once in a life time occurrence. Hopefully we will never experience such a natural disaster again. We had sincere hopes that actions taken during this difficult recovery period would not be audited and that our emergency determinations and establishment of permanent improvement projects would be handled and justified under Hurricane Hugo Recovery Project. We now clearly recognize the unforgiving nature of the Procurement Code and we will implement policies and procedures to insure that all its provisions are compiled with, unless authorized by the proper authority.

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We offer the following new procedures to assist with our compliance.

- A. Deans and Department Heads must provide written justification to the Vice President for administration or his designee and receive his approval prior to making contact with construction officials.
- B. Construction officials upon being properly informed, will contract the SEO/and a SE560 and make a written request to establish a PIP if the amount exceeds \$25,000.00.
- C. Construction officials will prepare a Project Manual which requires the required bonds. This manual will be issued to all bidders regardless of the scope of work.

E. Compliance - Physical Plant Procurements

We reviewed 116 procurements over \$500 each made for the physical plant for the period July 1, 1990 - September 25, 1990. These procurements were made by two procurement officers who purchase materials, services, and supplies for construction projects and physical plant maintenance and repairs. These buyers are located at the physical plant, but report to the Director of Procurement.

Twenty-five of these procurements were handled correctly. Forty-two of these procurements from \$500 to \$1,499.99 met the technical solicitation requirements of the Code, but we believe MUSC could have obtained additional competition. However, we make the following comments on the remaining forty-nine procurements (See Attachment B):

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- 1) Fifteen procurements between \$500 and \$2,499.99 were not supported by evidence of solicitations of competition or sole source determinations.
- 2) Eighteen procurements between \$1,500.00 and \$2,499.99 were supported by one verbal quote and two "no quotes". The Code requires solicitation of written quotations from at least three responsible and responsive vendors. These files contained no written quotations.
- 3) Out of twelve other procurements between \$1,500 and \$2,499.99, five were supported by two verbal quotes and a "no quote". The other seven procurements were supported by three verbal quotes. None of the twelve files contained any written quotations as required by the Code.
- 4) Four procurements between \$1,500.00 and \$2,499.99 lacked the proper amount of competition. Each were supported by two verbal quotes; whereas the Code requires three written quotations.
- 5) Three procurements appear to have been split in order to circumvent the bid requirements of the Code.

Forty-two percent of these procurements tested did not meet the minimum solicitation requirements of the Code.

We must state our concern over the error rate here. We recommend that MUSC immediately reevaluate its purchasing practices at the Physical Plant.

UNIVERSITY RESPONSE

- 1) Procurements not supported by evidence of competition:

The volume of the findings in this area was reported incorrectly. They should have been reported as sole source or emergency procurements. Out of the fifteen findings eight should have been reported as sole source and two as emergency purchases. Part of the reason for several of the "no quotes" was because the procurement officers attempted to cross reference manufacturers' numbers to quote and or equal.

- 2) Procurements from \$1500 to \$2500 supported by one verbal quote and two "no quotes":

These eighteen procurements were processed incorrectly. These deficiencies have been corrected. The procurement officers processing these purchases have been reinstructed on the proper procedures to observe.

- 3) Same as above for the five which were supported by two verbal quotes and a "no quote". As for the twelve files not containing written quotations as required by the Code, MUSC made changes to correct this deficiency the day the deficiency was discovered. The two procurement officers have been reeducated on the correct procedures to follow and those procedures are an actuality.
- 4) The four procurements between \$1500 and \$2500 were processed improperly. These deficiencies were corrected the day they were discovered. These procurement officers have been instructed on the proper procedures to follow.
- 5) The appearance does lead one to conclude these orders were split, but they were not. With the manner in which the Physical Plant operation is organized, it is somewhat difficult to have all requests processed in the manner procurement officers would desire. MUSC is now in the process of trying to establish contracts and blanket purchase agreements for repetitive type of orders where possible. These contracts and agreements will reduce this type of obstacle from occurring.

II. Compliance - Procurements

We tested 180 randomly selected procurements from the areas of goods and services, consultants and information technology for Code compliance and found the following exceptions.

A. Procurements Made Without Competition

In our opinion, five procurements were not supported by credible solicitations of competition. They were as follows:

<u>PO#</u>	<u>Description</u>	<u>Amount</u>
1) FA806435	Typewriter	\$ 930.00
2) FA815049	High resolution camera	975.00
3) FA814606	Video cassette recorder	1,379.94
4) FA834054	Bronchoscopic system	16,999.50
5) MF900092	Service agreement for paging system	7,455.48

Items 1 and 2 were supported by solicitations from non-qualified sources. On the typewriter the procurement officer solicited a quotation from a typewriter repair service. The vendor gave a "no quote" and the procurement officer used this as a second quote. For the high resolution camera the buyer used a quote from a vendor for a camera which had been evaluated and determined not acceptable.

Items 3-5 were not supported by solicitations of competition. Items 4 and 5 may have been sole sources, but the transactions were not declared as such.

We recommend on future transactions that competition be solicited from qualified sources in accordance to the Procurement Code or that sole source or emergency procurement determinations be prepared if appropriate.

UNIVERSITY RESPONSE

- 1) FA806435 - The IBM Wheelwriter 30 Typewriters: at that time, IBM was not selling direct to customers. Ms. Vertelle Seabrook, was informed by IBM that Atlantic Business Systems, Inc. was an authorized dealer. MUSC does agree the other vendor solicited was not qualified. MUSC has informed and instructed all procurement officers on proper procedures to follow.
- 2) FA815049 - This also was processed incorrectly and corrections have been incorporated to remedy this mistake.

- 3) FA814606 - Regarding the "unsupported solicitation" of quotes on the JVC video recorder, the procurement officer confirmed the sources provided by the requester, but perhaps did not check outside of the Charleston area for the equipment. The following sources were verified:

1. Circuit City - Written quote provided
2. Brendles - (Ashley Plaza Mall) no quote
3. Brendles - (Rivers Avenue) no quote
4. Service Merchandise - no quote

Please note that VCR's are on state contract; however, the item requested by the professor of Anatomy is for the study of Cellular activity under Electron and other high-magnifying microscopes. The VCR purchase was for an item with extreme high definition, technical slow speed/freeze frames etc... and professional editing capabilities. This was not a solicitation for an "average" video recorder.

The procurement officer may not have documented the fact very clearly that the researchers "source quoter" was "double-checked", but the procurement officer did insist on a written quotation to support the purchase. The researcher needed the item immediately, and stated this on the purchase requisition. Given the time frame and the availability of equipment as needed by the researcher, the procurement officer did the job as required on the purchase.

- 4) FA834054 - The procurement officer made an error in not coding the transaction as a sole source item. Also, the purchase order was not signed by the official designated to sign sole source procurements.
- 5) MF900092 - This purchase should have been reported as a sole source procurement.

B. Unauthorized Procurements

Five procurements were unauthorized. They were as follows:

<u>PO#</u>	<u>Description</u>	<u>Amount</u>
1) PO852892	Consultant service	6,000.00
2) PO814420	Laboratory service	1,612.64
3) PO814577	Repair services	527.10
4) PO830082	Accounting service	734.00
5) IDTS062	Modem	2,407.13

On items 1-3, the invoices preceded the purchase orders. On item 4, the work had already been performed before the

requisition was sent to the procurement office. For items 4 and 5 the contract periods had already begun before procurement received the requisitions. On item 4, accounting services, the State Auditor's approval is necessary prior to entering into a contract. His approval was not obtained until after the services were rendered. Finally, on item 5, the procurement office was completely circumvented through the use of an interdepartmental transfer (IDT).

The procurement office should better identify procurements which have been made without their authority. Also, MUSC should ensure that procurements which are subject to the Procurement Code are not processed through IDT's without approval from the procurement office. We further recommend that since these procurements are unauthorized, that they be ratified in accordance to Regulation 19-445.2015 by the University President.

UNIVERSITY RESPONSE

- 1) PO852892 - This purchase was processed incorrectly.
- 2) PO814420 - This purchase should have been reported as a sole source. Again, MUSC has reconfirmed the correct procedures to follow.
- 3) PO814577 - This purchase was processed incorrectly.
- 4) PO830082 - MUSC will request approvals for Accounting services prior to the award of contract or purchase order in relationship to the SCCPC. This purchase is exempt from MUSC regulations since this service was paid for by the use of discretionary funds.
- 5) IDTS062 - This IDT was processed without the knowledge of the Purchasing Office. Mr. Worth Roberts will now review and approve all of these types of purchases prior to the expenditure of funds. Ratification has been requested and received (attached) in accordance with Regulation 19.445.2015.

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C. Procurements With Inadequate Competition

Seven procurements were supported by inadequate solicitations of competition. They were as follows:

<u>PO#</u>	<u>Description</u>	<u>Amount</u>
1) FA802419	Computer equipment	\$2,499.00
2) FA815091	Color monitors	1,700.00
3) FA815301	Printer	1,650.00
4) PO832552	Hemoclips	2,029.90
5) PR16430	Door lock supplies	1,710.00
6) PP804061	Re-carpet classroom	2,450.00
7) PP804016	Repair slate roof	1,575.00

Item 2 was supported by only two quotes, one verbal, one written. Items 1, 6 and 7 were supported by only two written quotes each. Items 3-5 were supported by only three verbal quotes each. Regulation 19-445.2100(B)(3) requires solicitations of written quotations from three qualified sources of supply for procurements from \$1,500.00 to \$2,499.99 .

We recommend MUSC adhere to this regulation. Furthermore, if the University is having problems obtaining written quotations from vendors, we recommend the use of "Request for Quotation" forms. Under this procedure, bid specifications are prepared on these forms and mailed to vendors. The vendors are then asked to respond on these forms.

UNIVERSITY RESPONSE

MUSC acknowledges all seven of the procurements related to this section of the report were processed incorrectly. All procurement officers have been educated on the correct procedures. MUSC will no longer enter a document into the DBS system for payment to any vendor until the written quotation is received for all purchase orders from \$1500.00 to \$2499.99.

002263

D. Procurements Which MUSC Inappropriately Determined Exempt

MUSC inappropriately classified three procurements as exempt from the Procurement Code. They were as follows:

<u>PO#</u>	<u>Description</u>	<u>Amount</u>
1) PO814469	Psychological evaluations	2,200.00
2) PO852892	Consultation on patient classification system	6,000.00
3) PO814420	Laboratory services	1,612.64

The psychological evaluations, item 1, were conducted by a Ph.D. The University classified this person as a medical doctor. Psychologists are not exempt from the Procurement Code nor are Ph.D.'s classified as medical doctors.

MUSC classified items 2 and 3 as hospital and medical clinic services. These two items do not fit into this category.

We recommend that MUSC apply the exemptions in a more prudent manner. Those items not exempt from the Procurement Code must be procured in accordance with it.

UNIVERSITY RESPONSE

- 1) PO814469 - MUSC acknowledges this purchase was exempted inappropriately. The procurement officer who processed this transaction is no longer employed by MUSC, but all procurement officers have been educated on the correct procedure to follow.
- 2) PO852892 - The services for the First Consulting Group was processed inappropriately. Again, the procurement officer who processed this transaction is no longer employed by MUSC, but all procurement officers have been educated to the correct procedures to follow when considering any purchase exempt from the SCCPC.
- 3) PO814420 - Regarding "Roche Biomedical Laboratories", the procurement officer processed the purchase of services under exemption for Hospital and Medical Clinical Services. The exemption is dated 7/13/82.

Roche Biomedical Laboratories, in this case, was viewed as a clinical medical laboratory that processed medical results for human subjects tested on a "Quinidine Bioavailability Drug Study" performed by the College of Pharmacy. "Roche" provided diagnostic and clinical testing and studies to the College of Pharmacy.

E. Change Order Improperly Issued

A change order issued improperly caused an award to be made to the wrong vendor. This transaction occurred on PO832171 for oscillating saw blades in the amount of \$988.60.

MUSC obtained two verbal quotes for this procurement in the amounts of \$678.80 and \$865.00, and made the award to the vendor who quoted \$678.80. However, the vendor called MUSC and stated he made a mistake and his quote should have been \$988.60. MUSC processed a change order and paid the vendor \$988.60. This purchase order should not have been changed but cancelled and awarded to the other vendor. This cost MUSC an additional \$123.60.

We recommend that change orders be more closely scrutinized.

UNIVERSITY RESPONSE

The procurement officer on this purchase received a verbal quote from the firm (sales rep) as stated on the requisition. When the invoice subsequently followed with a higher price, the procurement officer contacted the firm and asked why we were charged a higher price.

The firm stated that they had misquoted MUSC. The procurement officer prepared to ship the order back to the firm, but the item had already been used. The firm was adamant about the price. MUSC has curtailed future business with this firm and we now buy only accessories from this firm for existing equipment which involves a sole source purchase. We will insist on written quotes from this vendor for any item above \$500.00 to prevent this from occurring again.

F. Disposal of Silver/Film

MUSC uses a silver recovery process to remove silver from used x-ray film. The silver and stripped film is then sold to vendors. However, since this arrangement was not approved by the State Materials Management Office, it violates Section 11-35-3820 of the Procurement Code. Sole authority to dispose of State property rests with the Division of General Services. From April 22, 1988 to July 30, 1990, MUSC sold silver and film amounting to \$11,782.94.

We recommend MUSC seek approval from General Services to dispose of this silver and film. MUSC should solicit a contract for this service on the basis of how much a vendor will pay MUSC for the silver and film. A multi-term contract may be considered since the contract will require a vendor to install his equipment for the silver recovery process.

Because disposals have been made without approval from the Division of General Services, they are unauthorized. The MUSC President must request ratification from the Materials Management Officer in accordance with Regulation 19-445.2150(I).

UNIVERSITY RESPONSE

Specifications are in the process of being developed for this service. The Procurement Department was not aware of this process until notified by MMO. MUSC will seek approval from General Services to dispose of this silver and film and formulate a contract for this service on the basis of how much a vendor will pay MUSC for the silver and film.

MUSC will seek ratification for this transaction from the Materials Management Officer in accordance with Regulation 19-445.2150(I).

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III. Compliance - Sole Source and Emergency Procurements and Trade-in Sales

We examined the quarterly reports of sole source and emergency procurements and trade-in sales for the period October 1, 1988 through June 30, 1990. We tested all of these procurements. However, we have limited medical expertise to question physicians' preference items and the highly technical medical requirements for many of the sole source procurements.

We had performed much of this work through interim reviews that covered October 1, 1988 - June 30, 1989 and July 1, 1989 - March 31, 1990. The results of these interim reviews are listed as Attachments C and D to this report. The results contained herewith pertain to the last quarter reviewed.

We performed the review of these transactions to determine the appropriateness of the procurement actions taken and the accuracy of the reports submitted to the Division of General Services as required by Section 11-35-2440 of the Consolidated Procurement Code. We noted the following problems.

UNIVERSITY RESPONSE

Attachment C

BF893143 - When this issue was addressed in the last audit held, MUSC made changes for the services of this individual. The purchase order referenced is an old purchase order number which happened to have a few remaining payments related to the contract. MUSC no longer procures the services of any individual in this manner.

BF893144 - Same as above.

PO812145 - MUSC felt, at the time the services were required, this was a sole source. This has been discussed to the point where it requires no further explanation.

002267

Attachment D

Ms. Betty Perdue has submitted an amended report to clear these items. (Amended report is enclosed.)

A. Sole Source Procurement

One procurement made as a sole source for the quarter ending June 30, 1990 was inappropriate. The written determination stated the Insurance Reserve Fund of the Budget and Control Board directed MUSC to use this vendor for repairs to microfiche readers. While the Insurance Reserve Fund did direct MUSC to use another vendor for a different repair, they did not direct the University to use the vendor in question. The transaction occurred on purchase order number P0802426 in the amount of \$2,400.00.

This transaction should have been competitively bid.

UNIVERSITY RESPONSE

Although there is no written evidence to support the reason this vendor was selected to perform the services requested, MUSC will still stand by and defend its justification for sole source.

B. Emergency Procurements

The following three emergency procurements were not supported by evidence of solicitations of competition. They were as follows:

<u>PO#</u>	<u>Description</u>	<u>Amount</u>
1) P0804885	Repairs to radiator	\$6,620.71
2) P0804904	Engine parts	3,786.95
3) P0805254	Preventive maintenance	2,466.00

Section 11-35-1570 states, "...emergency procurements shall be made with as much competition as is practicable under the circumstances." We believe time was available to solicit informal quotations on all of these transactions.

We recommend that as much competition as is practicable under the circumstance be solicited for emergency procurements.

UNIVERSITY RESPONSE

The three emergency procurements referenced were processed incorrectly. MUSC will seek as much competition as is practicable under the circumstances for emergency procurements.

C. Reporting Error

One procurement was reported as an emergency even though it was justified and approved as a sole source. This occurred on PO# 852968 for repair services from the equipment manufacturer in the amount of \$929.00.

We recommend that an amended report be filed correcting this error.

UNIVERSITY RESPONSE

MUSC will submit an amended report correcting this error for PO852968.

D. Trade-in Sales

One trade-in sale procurement was neither approved by nor reported to the Division of General Services. It was as follows:

<u>PO#</u>	<u>Description</u>	<u>Trade-in Amount</u>	<u>PO Amount</u>
FA833184	Aluminum fixed angle rotor	569.10	\$1,540.90

Regulation 19-445.2150(G) requires that trade-in values of \$500.00 or more be approved in advance by the Materials Management Office. This was not done.

Since MUSC had no authority to trade in this equipment, this procurement was unauthorized. The MUSC President must request ratification of the trade-in from the Materials Management Officer in accordance with Regulation 19-445.2150(I).

UNIVERSITY RESPONSE

FA833184 - This purchase was processed incorrectly and MUSC will request ratification in accordance with the SCCPC. (See attached)

IV. Compliance - General

A. MBE Plan Not Filed Timely

Regulation 19-445.2160(E)(5) requires that Minority Business Enterprise Plans (MBE) be filed by August 1 of each fiscal year. We noted that one plan was filed late as follows:

<u>Plan</u>	<u>Approved by President</u>
FY88/89	January 12, 1989

We recommend that the MBE plans be submitted to the Governor's Office in a timely manner.

UNIVERSITY RESPONSE

MUSC is now in compliance with this finding. The FY89/90 and FY90/91 have met code requirements.

B. Procurement Procedures Manual Needs Updating

As part of our audit, we performed a review of the Procurement Procedures Manual for Code compliance. We found the manual to be in compliance with the following exceptions.

- A) Page 5.8.40 states, "Whenever written quotations cannot be obtained, solicitations of verbal quotations will be made." This statement applies to purchases less than \$2,500.00. Regulation 19-445.2100 states written quotes for procurements from \$1,500.00 to \$2,499.99 will be solicited. It does allow for telephone quotations on an exception basis if the agency requests the vendors to follow-up with written quotations.
- B) Page 5.8.60 states, "No contract greater than \$100.00 for the services of attorneys shall be awarded without the approval of the State Attorney General". Regulation 19-445.2025(d) states that all contracts for attorney services must be approved by the Attorney General.
- C) Page 5.8.67 addresses the University's procurement certification levels. This section should be updated to reflect the current certification levels.
- D) Page 5.8.68 addresses exempt procurements. This section should be updated to reflect the current exemption list.

We recommend that the indicated changes be made.

UNIVERSITY RESPONSE

All updates have been made and procurement is in the process of updating the entire manual.

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CERTIFICATION RECOMMENDATIONS

As enumerated in our transmittal letter corrective action based on the recommendations described in this report, we believe, will in all material respects place the Medical University of South Carolina in compliance with the South Carolina Consolidated Procurement Code.

We must state our concern over the audit exceptions listed herein. The University should take immediate action to eliminate the problem areas noted during our review. Primarily, these are procurements of construction services, supplies and materials for the physical plant. The University should complete corrective action by May 31, 1991.

We 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.

Based on the follow-up review, and subject to this corrective action, we will recommend that the Medical University of South Carolina be recertified for a period of two (2) years at the following current limits:

<u>PROCUREMENT AREA/COMMODITY CLASS</u>	<u>AMOUNT PER COMMITMENT/CONTRACT</u>
Chemical/Reagents, Injectables, Prescription Drugs, Intravenous Solutions and Sets and all other Commodities Defined in the Materials Management Office (MMO) Commodity Code Manual under #115-Biochemical Research and #270-Drugs, Pharmaceuticals, Biologicals-Human Use, Initially Approved by MUSC's Products Evaluation Committee	*\$6,000,000 per commitment

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Medical Supply Items and all other Commodities in the MMO Commodity Code Manual under #475- Hospital Sundries, including Linens, Gas Cylinders and Liquid Oxygen for Patient Use, Initially Approved by MUSC's Products Evaluation Committee

*\$3,000,000 per commitment

Hospital, Laboratory and Research Equipment

*\$ 100,000 per commitment

All other Goods and Services

*\$ 25,000 per commitment

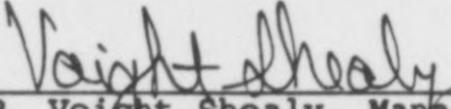
Consultants

*\$ 10,000 per commitment

Construction Services

*\$ 25,000 per commitment

As noted during our follow-up review (page 66), we did find significant improvement in compliance with the Code. However, based primarily on our audit results in construction, we cannot recommend the increases in certification requested by MUSC. Further, to ensure continued compliance, we will perform interim reviews periodically during the certification period.



R. Voight Shealy, Manager
Audit and Certification

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MEDICAL UNIVERSITY OF SOUTH CAROLINA
SPECIAL EXAMINATION OF PROCUREMENTS
OF CONSTRUCTION SERVICES

JULY 1, 1985 - JUNE 30, 1989

002275

002275

SCOPE

Our examination consisted of an in-depth review of MUSC's procurements of construction services with a focus on permanent improvement projects for asbestos removal. We selected a sample of ten permanent improvement projects with an emphasis on self-managed projects where contracts were awarded by MUSC without the assistance of an outside architect-engineering firm. For these projects, we tested all procurements of contractor services in excess of \$50,000 each for compliance with the Consolidated Procurement Code and the Manual for Planning and Execution of State Permanent Improvements. We avoided selection of permanent improvement projects that we tested during the performance of the audit that was submitted to the Budget and Control Board on June 19, 1989.

Specifically, we tested procurements of contractor services in excess of \$50,000 each for the following permanent improvement projects:

	<u>PIP Project Number</u>	<u>Project Description</u>	<u>Budget</u>
1)	H51-9515	Viral Free Animal Surgical Facility	\$ 689,571.92
2)	H51-8288	Psychiatric Hospital 47-Bed	12,373,868.00
3)	H51-9060	Student/Wellness Center	8,700,000.00
4)	H51-8089	Hospital Renovation, Phase VIII	9,549,747.21
5)	H51-8978	Shared Research Facility	654,390.00
6)	H51-9181	Clinical Science-Ambulatory Care Center	2,880,000.00

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7)	H51-8287	Parking Garage II	9,249,279.94
8)	H51-9180	Campus Asbestos Removal	1,100,000.00
9)	H51-8316	Hospital Renovations, Phase. IX	34,028,000.00
10)	H51-9484	Hospital Asbestos Removal	792,000.00

SOURCE: State Budget and Control Board, Annual Permanent Improvement Program, Statewide Permanent Improvements Reporting System, Project Status Report For Fiscal Year 1988-89, OED Sources of Funds and Budget Data as of 5/16/89, STARS Expenditure Data as of 4/30/89.

Additionally, we observed a bid opening at the MUSC Physical Plant under permanent improvement project H51-8316, Hospital Renovations, Phase IX. Bids were opened for four asbestos removal contracts.

EXHIBIT
SEP 24 1991 9
STATE BUDGET & CONTROL BOARD

BSS00

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RESULTS OF EXAMINATIONI. Permanent Improvement Projects Audited During This Special Examination To Which We Take No Exception

As noted in the scope section of this report, we selected ten permanent improvement projects for testing. We tested all procurements of construction services in excess of \$50,000 each for these projects. We take no exception to the procurements of construction services for the eight permanent improvement projects listed at Appendix A.

II. Exceptions

We did note exceptions in three of the ten permanent improvement projects tested during this special examination. The exceptions are listed as follows for these contracts and projects:

A. Permanent Improvement Project H51-9484, Hospital Asbestos Removal1. Contract For Hospital Asbestos Removal, Fifth and Sixth Floors

On or about December 8, 1987, MUSC awarded a contract for asbestos removal for the fifth and sixth floors of the hospital in the amount of \$84,073.00.

On March 2, 1988, MUSC accepted by letter change order proposal number 1 for \$195,488, a 233% increase to the contract. The scope of work for the change order was to remove asbestos containing debris in Phase I of this project and complete Phases II and III under controlled conditions.

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A memorandum to the record dated February 16, 1988 states that, at the direction of the State Engineer's Office, MUSC sought bids for this work. Bids were received of \$98,999 and \$114,750. The memorandum further states that the State Engineer advised MUSC verbally to "... write the contractor a letter disapproving the change order and directing the contractor (the low bidder above) to start work within fifteen days, with copy to his bonding company."

However, as noted above, the change order of \$195,488 was accepted by MUSC. We noted that the change order was approved by the State Engineer on June 3, 1988, three months after the change order was accepted by MUSC.

FINDINGS AND EXCEPTIONS

- 1) The two bids received for the additional work covered by change order #1 were significantly lower than the original contractor's proposal, one \$96,489 lower (\$195,488 - \$98,999). If bids were received that were this much lower, the change order should not have been accepted.
- 2) The change order acceptance by MUSC preceded the approval of the State Engineer by three months. This is a violation of the SPIRS manual, Section 90.03, which states in part, "The change order shall not become effective prior to the State Engineer's Office approval."

On June 22, 1988, MUSC accepted the contractor's change order proposal number 2 for removing asbestos on the fourth floor, \$201,715.00, and removing asbestos from 40% of the ninth floor, \$117,720, for a total of \$319,434. This change order alone is a 380% increase to the original contract. Combined with change order number 1, the cumulative increase is 612% of the original contract.

We note that change order number 2 was approved by the State Engineer on August 2, 1988, one month and a half after it was accepted by MUSC.

Findings and Exceptions

- 1) The scope of the original solicitation and resulting contract was for the removal of asbestos from the fifth and sixth floors of the hospital. A change order to add asbestos removal from the fourth and ninth floors of the hospital is clearly beyond the scope of this contract. Thus, the change order was unacceptable. The additional work should have been bid.
- 2) Acceptance of the change order proposal on June 22, 1988 by MUSC is a violation of Section 90.03 of the SPIRS Manual which requires the approval of the State Engineer in advance.

On September 22, 1988, MUSC accepted the contractor's change order proposal number 3 "to clean up contaminated water, remove wet ceiling tiles and friable asbestos containing pipe insulation from pipe shafts on the first, second, third and fourth floors east wing, resulting from our water leak, on September 20, 1980" for \$20,551.

A note in the file states, "This change due to a flood caused by work on Hospital Renovations - Phase IX being done by (another contractor)."

The change order was approved by the State Engineer on March 24, 1989, six months later.

Findings and Exceptions

- 1) This additional work was outside the scope of the original contract. Cumulatively, change orders of \$535,473 (\$195,488 + \$319,434 + \$20,551) or 637% of the original contract were accepted without competition. The last change order, number 3 for \$20,551, may have been an emergency, but it was not declared as such with an emergency determination.

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- 2) If, indeed, the contractor working on another project, Hospital Renovations Phase IX, caused the water problem, change order number 3 of \$20,551 should have been back charged to him. We raised that question but never received a definite answer.
- 3) Acceptance of the change order proposal on September 22, 1988, six months before it was approved by the State Engineer, is a violation of Section 90.03 of the SPIRS Manual which requires his approval in advance.

B. Permanent Improvement Project H51-9180, Campus
Asbestos Removal

1. Contract For Asbestos Removal, Various Floors,
College of Nursing

On August 5, 1988, MUSC awarded a contract for asbestos removal from various floors of the College of Nursing Building for \$99,792. The procurement was determined to be an emergency by an MUSC authorized official on January 9, 1989 due to, "Rains causing ceiling leaks and water damage to asbestos containing material through out the College of Nursing." The MUSC approval of the emergency determination was dated six months after the contract was awarded.

According to documentation in the file, nine asbestos contractors were invited to attend a mandatory pre-bid conference and bid on the project. Four of these nine contractors attended. Bids were to be opened on August 2 but no bids were received.

MUSC decided to negotiate with one of the original nine asbestos contractors that was working on campus at the time even though file evidence indicated that he did not attend the mandatory pre-bid conference and did not submit a bid.

After not submitting a bid for the solicitation, the contractor submitted a bid on August 4, 1988 that was accepted by MUSC on August 5.

The State Engineer approved this emergency procurement on January 10, 1989, six months after the fact.

Findings and Exceptions

- 1) The plans and specifications prepared for this project simply listed various rooms on floors 1, 3 and 4 where the asbestos was to be removed. They did not clearly indicate where it was located.
- 2) The emergency procurement is unauthorized. Section 11-35-1570 of the Consolidated Procurement Code indicates that the chief procurement officer, the head of a purchasing agency or a designee of either officer may authorize others to make emergency procurements. Further, Section 130.07 of the SPIRS manual indicates that the agency shall request in writing to the State Engineer's Office use of the emergency procurement procedure. In an extreme situation the request may be made verbally, then followed up in writing.

However, neither approval, internally from MUSC nor externally from the State Engineer, was obtained until six months after-the-fact.

The contract indicates that the work was to be completed within sixty (60) days after the notice to proceed. Thus, the work was completed months before the approval for the emergency procurement was obtained.

- 3) In our opinion, if MUSC was to negotiate with a contractor, it should have been with one of the four that attended the mandatory pre-bid conference. The contractor that received the award was asked to attend the mandatory pre-bid conference but evidence indicates he did not.
- 4) Finally, after the asbestos removal was underway, it was discovered that the material was not asbestos at all. Survey work had been limited to only five samples being taken by the MUSC Safety Officer. He was ordered to only take five samples due to the cost of testing them. Testing of samples is about \$25 per sample.

On January 9, 1989, change order number 1 was processed to delete rooms SN110, SN111, SN111A, SN112, SN113 and SN114 from the contract and credit \$9,124 to MUSC. According to the original contract blue prints, these rooms were not a part of this contract. Therefore, we are unable to determine exactly what the credit included.

2. Contract For Asbestos Removal, Basic Science Building,
Seventh Floor

On September 12, 1986, MUSC awarded a contract for asbestos removal from the seventh floor of the Basic Science Building totalling \$295,339 based on a proposal from a single vendor dated August 14, 1986. On September 12, 1986, a request for an emergency procurement was prepared on the basis that Federal funds might be lost if the project did not progress. The determination indicated that, "The advance emergency purchase of these services will result in an October 20, 1986 completion date which will allow the minimum amount of time to complete the work. Should we wait until after the bids are opened and awarded, we will not be completed until February 1, 1987."

The emergency determination was never signed by an authorized official of MUSC or the State Engineer.

This permanent improvement project was approved by the Budget and Control Board on September 9, 1986 for \$250,000 and increased to \$800,000 on March 24, 1987. So, the award of a contract on September 12, 1986, for \$295,339 exceeded the funding authorization of the Budget and Control Board.

Findings and Exceptions

- 1) We question the appropriateness of the emergency procurement on the basis that Federal funds might be lost. This seems to indicate a lack of planning.
- 2) The emergency procurement was unauthorized since it was never approved by an authorized official at MUSC or by the State Engineer. Ratification must be requested in accordance with Regulation 19-445.2015.
- 3) This procurement of \$295,339 was made without competition. Section 11-35-1570 of the Consolidated Procurement Code requires that emergency procurements be made with as much competition as is practicable under the circumstances,

- 4) The procurement is also unauthorized based on the lack of approved funding for the project. This fact should be reported to the Budget and Control Board.
- 5) The emergency procurement was not reported to the Division of General Services as required by Section 11-35-2440 of the Consolidated Procurement Code.

On December 2, 1987, MUSC accepted the contractor's change order number 1 to remove asbestos from the third floor of the Basic Science Building for \$130,689.

On December 23, 1987, the State Engineer returned the change order request to MUSC stating, "It is the opinion of this office that adding by change order removal of asbestos on the 3rd floor in the amount of \$130,689 to the original contract... is not within the scope of that project."

On January 13, 1988, MUSC returned the change order to the State Engineer and stated, "The actual work on this change order started in July, 1987 and is now 75% complete."

On January 19, 1988, the State Engineer approved the change order.

Findings and Exceptions

- 1) The change order for \$130,689 was approved by MUSC without competition. This means this procurement is now \$426,028 without any competition. (\$295,339 + \$130,689)
- 2) MUSC, in its letter of January 13, 1988, stated that the change order was a violation of Section 90.03 of the SPIRS manual since the work was almost complete before the State Engineer's approval was requested.
- 3) The work to be performed under the change order may have been within the scope of the permanent improvement project. However, it is clearly outside the scope of the contract. An invitation for bids should have been processed towards award of a contract for the additional work. Adding the work by change order was inappropriate.

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3. Contract For Asbestos Removal, College of Nursing,
Fifth Floor

On September 23, 1987, MUSC opened quotations from three asbestos contractors for the removal of asbestos from the fifth floor of the College of Nursing. On September 30, MUSC accepted the low quotation and authorized the vendor to proceed with removal and replacement of ceilings, lights, carpet, etc., and to return the space to its original condition for \$88,764.

The procurement was declared an emergency due to the fact that the asbestos contamination of the area had been caused by water damage due to heavy rains while a contractor was replacing the roof on the building.

The State Engineer approved the contract and the emergency procurement on November 6, 1987, after a staff member noted, "I recommend that this (SE560 and SE380) be signed even though they (MUSC) have abused the 'E.P.' (Emergency procurement) method. All work has been done."

Findings and Exceptions

- 1) Notes in the files of the State Engineer indicate that his office did not accept all phases of this project as an emergency procurement. They felt that the asbestos removal (Phase I for \$49,323) was appropriate as an emergency procurement, but that the replacement (Phase II for \$39,441) was inappropriate as an emergency procurement. Section 130.04 of the SPIRS manual states, "Emergency procurement shall be limited to those supplies, services, or construction items necessary to meet the emergency."

As noted above, the State Engineer approved the procurement only after stating his objections. Further, it is apparent that his approval was given out of frustration since the work was complete.

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- 2) Since the contract was awarded by MUSC and work proceeded without the approval of the State Engineer, the procurement is in violation of Section 130.07 of the SPIRS manual which requires the advance approval of the State Engineer.

[Faint, illegible text, likely bleed-through from the reverse side of the page]

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SUMMARY AND RECOMMENDATIONSI. Surveys, Plans and Specifications

As noted herein, plans and specifications for asbestos projects that we have reviewed were at times complete and at other times, too generalized. We believe that this has been caused by four things:

- 1) There is no comprehensive plan to organize and schedule asbestos removal from various areas of the hospital.
- 2) The MUSC Physical Plant is faced with unreasonable time constraints by hospital administration to complete projects quickly so that patients can be moved back into the areas of the hospital.
- 3) MUSC has never contracted with an outside architect-engineer firm to survey, plan and manage an asbestos abatement project.
- 4) In our opinion, the MUSC Safety Office is very qualified to survey areas for asbestos. However, on one project, the Safety Officer was told that he could only take five samples from a building. He stated that normally he would have taken many more samples. The five samples contained asbestos. However, it was discovered after abatement began that the unsurveyed areas did not contain asbestos.

Recommendations

MUSC should develop a comprehensive plan for removal of asbestos from areas of the hospital. Contracts with outside firms should be let if such assistance is required. The plan

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should be organized as to not vacate hospital space for longer periods than are necessary but acknowledge also that this is an unavoidable situation that takes time to correct.

Areas should be carefully and thoroughly surveyed before bids are solicited. Survey results should be made available to potential contractors. Based on the expertise of the MUSC Safety Office, surveys must not be absolutely performed by outside architect-engineer firms; but if they are performed by the Safety Office, they should be given greater authority to question and challenge procedures.

II. Change Orders

Partially due to I. above and partially due to an attitude that additional work may be added to a contract as long as it is within the scope of the permanent improvement project, change orders have been authorized in tremendous amounts without regard to the scope of the contracts and without regard to the competitive requirements of the Consolidated Procurement Code.

Recommendations

As stated in I. above, complete plans and specifications should be developed for each asbestos abatement project and contract. Change orders, if necessary, should only be authorized where the work is within the scope of not only the project, but also within the scope of the contract.

The scope of many of the permanent improvement projects is so broad, i.e. Hospital Renovations, Phase IX, Campus Asbestos Removal, that it is not difficult to say that additional work

requirements fall within them. The scope of the solicitations and resulting contracts, however, are what contractors were given the opportunity to bid on.

III. Approvals From the State Engineer

The Manual for Planning and Execution of State Permanent Improvements requires extensive approvals from the State Engineer. We acknowledge that the construction process is such that, at times, verbal approvals must be given with paperwork being processed after-the-fact. However, for the asbestos abatement projects that we have reviewed, the after-the-fact process has been the norm, not the exception. Further, after-the-fact has been stretched beyond reasonable limits, i.e. six months in some cases, after completion of work in many cases.

Recommendation

We recommend that MUSC strictly adhere to the Manual for Planning and Execution of State Permanent Improvements.

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Medical University of South Carolina
 Schedule of Permanent Improvement Projects
 Contracts Tested Without Exception
 During This Special Examination

<u>PIP Project Number</u>	<u>Project/ Contract Description</u>	<u>Contract Amount</u>	
1) H51-9515	Viral Free/Animal Surgical Facility Renovation	\$ 156,498.57	A
2) H51-8288	Psychiatric Hospital 47-Bed Construction	9,838,530.58	B
3) H51-9060	Student/Wellness Center		C
	Asbestos	84,231.25	
	Flooring	35,757.00	
	Ceilings	32,296.00	
	HVAC	153,665.00	
	Plumbing	85,666.50	
	Building	285,652.65	
	Electrical	118,103.00	
	Painting	37,727.00	
	Piling	584,312.48	
4) H51-8089	Hospital Renovation, Phase 8		D
	Demolition/Renovations	792,417.74	
	Demolition/Renovations	74,252.97	
	Demolition/Renovations	2,223,388.22	
	Demolition/Renovations	225,331.14	
	Demolition/Renovations	53,879.00	
	Demolition/Renovations	2,229,838.50	
	North Tower, Phase I	1,551,678.85	
5) H51-8978	Shared Research Facility		A
	Renovations	122,770.00	
	Renovations	443,915.50	
6) H51-9181	Clinical Science-Ambulatory Care Center		E
	Renovations	546,436.00	

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7) H51-8287	Parking Garage II		
	Piling	495,124.00	F
	Construction	2,316,797.53	
	Mechanical	338,248.00	
	Electrical	313,400.26	
	Elevator	180,399.04	
	Prestressed Concrete	2,268,355.00	
	Renovation/Demolition	286,000.00	
8) H51-8316	Hospital Renovations, Phase IX		
	Construction	24,256,710.00	G
	Renovations	921,226.72	
	Renovations	304,960.57	
	Insulation	1,783,587.00	

Footnotes

- A Per the SE-610, Certification of Availability of Approved Funding as of 4/6/89
- B Per the SE-610, Certification of Availability of Approved Funding as of 3/21/89
- C Per the SE-610, Certification of Availability of Approved Funding as of 5/22/89
- D Per the SE-610, Certification of Availability of Approved Funding as of 5/11/89
- E Per the SE-610, Certification of Availability of Approved Funding as of 11/19/88
- F Per the SE-610, Certification of Availability of Approved Funding as of 1/18/89
- G Per the SE-610, Certification of Availability of Approved Funding as of 5/18/89.

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Medical University of South Carolina
Physical Plant Procurements
July 1 - September 25, 1990

1) PROCUREMENTS NOT SUPPORTED BY EVIDENCE OF COMPETITION

	<u>PR#</u>	<u>Amount</u>	<u>Description</u>
1.	2739	529.00	Welding supplies
2.	23269	1108.80	Strobe/speaker
3.	23262	1389.00	Power supply
4.	25906	755.00	Glass windows
5.	25860	885.00	Remove A/C unit
6.	23640	860.00	Remove cabinets
7.	23277	1223.60	Power supply
8.	23275	957.60	Module board
9.	24957	950.80	Repair generator
10.	25708	716.26	Electrical check-out
11.	22553	738.00	Warranty
12.	24894	1132.50	Disposal bags
13.	24898	1132.50	Disposal bags
14.	2779	1772.20	Sign tape
15.	24992	3077.12	Repair generator

EXHIBIT
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STATE BUDGET & CONTROL BOARD

2) PROCUREMENTS FROM \$1,500.00 TO \$2,499.99 SUPPORTED BY ONE VERBAL QUOTE AND TWO "NO QUOTES"

	<u>PR#</u>	<u>Amount</u>	<u>Description</u>
1.	2969	\$ 1985.00	Vacuum pump
2.	25370	1510.00	Bioclimate unit
3.	23093	1845.00	Darkroom doors
4.	2688	1772.20	Sign material
5.	2798	2442.24	Ceiling tile
6.	24781	2344.00	Electrical control boards
7.	23490	1958.00	Cooling section insert
8.	2846	2168.80	Plywood
9.	26257	1776.00	Freon
10.	25584	1693.95	Pump parts
11.	25869	2495.00	Condensor assembly
12.	25898	2296.00	Heat pumps
13.	27275	1559.67	Filter seperators
14.	25878	1888.28	Heat pumps
15.	25373	1892.00	A/C coils
16.	25387	2005.90	A/C units
17.	23261	1962.20	Module boards
18.	24057	1675.00	Heat exchanger

3) PROCUREMENTS FROM \$1,500.00 TO \$2,499.99 SUPPORTED BY TWO VERBAL QUOTES AND ONE "NO QUOTE" OR THREE VERBAL QUOTES

a) TWO VERBAL QUOTES, ONE "NO QUOTE"

	<u>PR#</u>	<u>Amount</u>	<u>Description</u>
1.	21794	\$ 1797.25	Vinyl tile
2.	25372	1843.00	A/C unit
3.	22810	2310.00	Suction pumps
4.	23289	1539.20	Modules
5.	25355	2048.36	A/C repair parts

b) THREE VERBAL QUOTES

	<u>PR#</u>	<u>Amount</u>	<u>Description</u>
1.	2810	\$ 2230.00	50# cylinders - Freon
2.	26252	1752.00	Freon
3.	2877	2147.40	Application tape
4.	24569	1776.00	Freon
5.	2822	2243.80	Application tape
6.	2681	1926.00	50# cylinders - Freon
7.	26262	1776.00	Freon

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4) PROCUREMENTS SUPPORTED BY TWO VERBAL QUOTES

	<u>PR#</u>	<u>Amount</u>	<u>Description</u>
1.	2804	\$ 1533.30	Metal studs
2.	24746	2016.00	Filters
3.	24744	2073.60	Filters
4.	24884	1940.00	Breathing apparatus

5) SPLIT PROCUREMENTS

	<u>PR#</u>	<u>Amount</u>	<u>Total</u>	<u>Description</u>
1.	23277	\$ 1223.60		Power supply
2.	23275	957.60	2181.20	Module board
3.	24746	2016.00		Filters
4.	24744	2073.60	4089.00	Filters
5.	2797	428.80		Electrical supplies
6.	2795	350.60	779.40	Electrical supplies

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STATE OF SOUTH CAROLINA
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DIVISION OF GENERAL SERVICES



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CHAIRMAN, WAYS AND MEANS COMMITTEE

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

February 22, 1991

Mr. Ed. Antoniak
Director of Procurement
Medical University of South Carolina
171 Ashley Avenue
Charleston, South Carolina 29425

Dear Ed:

The Office of Audit and Certification conducted a review of three quarters of sole source, emergencies, and trade-ins since our last audit. This covered the period of October 1, 1988 through June 30, 1989.

Our findings were as follows:

Harris P. Kinder, CPA is not a sole source. Competition should be sought possibly by the RFP method. (BF893143 - Est \$54,600)

William G. Kee is not a sole source. Competition should be sought using the RFP procurement method. (BF893144 - Est \$36,000)

The CSX contract for patient collections is not a sole source. Competition should have been sought. (812145 - \$900,000)

Please contact me if you would like to discuss these items. Otherwise, please reply to the items listed above. Your response will be included in the next audit.

Sincerely,
R. Voight Shealy
R. Voight Shealy, Manager
Audit and Certification

/j1j

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STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



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CHAIRMAN, WAYS AND MEANS COMMITTEE

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

June 26, 1990

EXHIBIT

SEP 24 1991

9

STATE BUDGET & CONTROL BOARD

Mr. Edwin P. Antoniak, Jr., CPPO
Director of Procurement
Medical University of South Carolina
171 Ashley Avenue
Charleston, South Carolina 29425

Dear Ed:

We have returned to MUSC to perform an interim review of all sole source and emergency procurement activity and trade-in sales covering the period July 1, 1989 through March 31, 1990.

During this review we noted several procurements which were improperly reported. These were discussed with Betty Perdue and an amended report is to be filed to clear these items.

Sincerely,

R. Voight Shealy, Manager
Audit and Certification

/j1j

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STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



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CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 4, 1991

EXHIBIT

SEP 24 1991 9

STATE BUDGET & CONTROL BOARD

Mr. James J. Forth, Jr.
Assistant Division Director
Division of General Services
1201 Main Street, Suite 600
Columbia, South Carolina 29201

Dear Jim:

We have returned to the Medical University of South Carolina (MUSC) May 22-31 to follow-up on their progress toward implementing the recommendations that we made in this report. Due to our audit findings, we did extensive testing of their procurement transactions for the period July 1, 1990 - May 31, 1991.

During the follow-up period, we noted improving audit results in the areas tested. Further, MUSC implemented our recommendations made both in the audit report and subsequent to it. Based on these improvements, we recommend that MUSC be recertified as indicated in the report.

The following are the results of our follow-up review:

SCOPE

We verified the Medical University of South Carolina's corrective action for each recommendation that we made in this report. Also, we tested the following additional transactions:

- 1) All emergency procurements for the period 7/1/90 - 3/31/91

- 2) All sole source procurements and trade-in sales for the period 7/1/90 - 12/31/90
- 3) All procurements of goods and services made by the Physical Plant buyers to vendors with names beginning A-C and R-T for the period 7/1/90 - 5/31/91
- 4) All construction and construction related contracts entered into for the period 12/6/90 - 5/6/91

Findings and Comments

I. Emergency Procurements

A. Unjustified Emergencies Made Without Competition

We noted five emergency procurements that we do not believe were justified. All of these were made without any evidence of competition.

<u>PO Date</u>	<u>PO Number</u>	<u>Description</u>	<u>Amount</u>
1) 06/27/90	PO805462	Repair seam on metal roof	\$ 4,400.00
2) 07/19/90	PO805488	Repair, furnish & install vinyl flooring	13,953.00
3) 07/19/90	PO805470	Eradicate microbial growth	20,000.00
4) 07/27/90	PO805521	Install lights, receptacles, nurse call system, fire alarm system & smoke detectors	98,615.00
5) 10/19/90	PP805639	Install new HVAC system	86,782.00

In each instance, we failed to see why MUSC bypassed the competitive sealed bid procedures. Even under emergency determinations informal quotations should have been solicited.

B. Unjustified Emergency Procurements

We noted seven instances where procurements were declared emergencies due to poor planning. MUSC did make attempts to secure informal competition. However, poor planning does not justify an emergency. These transactions were as follows:

<u>PO Date</u>	<u>PO Number</u>	<u>Description</u>	<u>Amount</u>
1) 06/26/90	PO805440	Roof repair at Colcock Hall	\$13,651.00
2) 10/02/90	PP805658	Renovations to Immunology Lab	28,584.00
3) 10/29/90	PP805720	Renovations to Immunology Lab	3,969.00
4) 10/26/90	PP805719	Renovations to Immunology Lab	3,266.00
5) 10/19/90	PP805695	Renovations to ground floor of Anderson House	24,616.00
6) 10/19/90	PP805696	Reroof Anderson House	24,800.00
7) 03/19/91	LI913011	Equipment Rental	25,000.02

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In our opinion, MUSC could have avoided these emergencies by better planning.

C. Emergency Made Without Competition

We noted one procurement dated 6/27/90 which was properly declared an emergency but was made without solicitations of competition. This occurred on PO 805431 for 34 surge protectors which totalled \$16,320.00.

While we agree with the emergency condition, we believe time was available to solicit competition.

II. Sole Source Procurements

A. Procurements Not Adequately Justified As Sole Sources

We believe the following twelve procurements were inappropriately classified as sole sources:

<u>PO Date</u>	<u>PO Number</u>	<u>Description</u>	<u>Amount</u>
1) 08/31/90	FA834448	Plastic chambers	\$ 1,428.17
2) 07/31/90	MF913268	Monthly maintenance on sprinkler system	720.00
3) 07/01/90	MF913050	Maintenance & care of plants	2,820.00
4) 10/02/90	PO805668	Disposal of hazardous waste	20,000.00
5) 11/19/90	PO805761	Disposal of hazardous waste	25,000.00
6) 11/05/90	PO805734	Food waste disposer	2,447.00

We believe competition was available on these items and they should have been competed in accordance to the Procurement Code.

III. Construction

Based on our review of construction procurements, we noted only one exception which we consider to be material. MUSC has not sent copies of certified bid tabulations to responding vendors for contracts less than \$50,000.00.

Section 11-35-3020 of the Consolidated Procurement Code requires that copies of certified bid tabulations be sent to all responding vendors on construction procurements.

We recommend MUSC adhere to this requirement.

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IV. Physical Plant Procurements of Goods and Services

We noted two exceptions in our review of Physical Plant procurements of goods and services. They were:

A. One procurement was split and consequently was not sealed bid. It was as follows:

<u>Date</u>	<u>PO Number</u>	<u>Description</u>	<u>Amount</u>
01/25/91	FA805900	2 each heating/cooling units	\$1,074.00
01/25/91	FA805901	2 each heating/cooling units	1,074.00
01/25/91	FA805902	1 each heating/cooling unit	537.00
		Total	<u>\$2,685.00</u>

MUSC solicited three written quotes. However, the Code requires that three sealed bids be solicited.

We recommend that in the future like procurements be combined and the appropriate amount of competition be solicited.

B. A contract for asbestos air monitoring services was not approved by the State Engineer. This occurred on PR 26924 in the amount of \$650.00 dated 1/21/91.

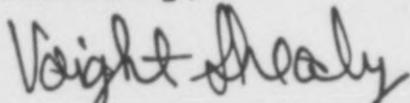
All such contracts regardless of the dollar amount must be approved by the State Engineer. We recommend MUSC adhere to this requirement.

Conclusion

We find that MUSC has completed all required corrective action that we addressed in our recent audit. In the primary area of concern, construction services, we noted marked improvement. In a second area of concern, emergency procurements, we noted progressive improvement over the follow-up period. In the third area of concern, Physical Plant procurements of goods and services, we noted marked improvement.

We will continue to monitor MUSC's progress in these and all other procurement areas. Based on our follow-up results, we recommend that MUSC be recertified at the existing levels. However, due to the number of exceptions that we noted during the audit, we do not recommend the certification increases that MUSC requested.

Sincerely,



R. Veight Shealy, Manager
Audit and Certification

RVS/jjm

002300

DIVISION OF FINANCE
(803) 792-4131

Controller 792-4131
Procurement 792-4521

EXHIBIT

SEP 24 1991

9

STATE BUDGET & CONTROL BOARD



MEDICAL UNIVERSITY OF SOUTH CAROLINA
171 Ashley Avenue
Charleston, South Carolina 29425-1040

June 25, 1991

Mr. R. Voight Shealy, Manager
Audit and Certification
Materials Management Office
1201 Main Street, Suite 600
Columbia, SC 29201

Dear Voight:

Listed below are the responses to the findings and recommendations described in the follow-up audit conducted the last part of May 1991:

I. Emergency Procurements

A. Unjustified Emergencies Made Without Competition

- 1) PO805462- This was related to damage caused by Hurricane Hugo. MUSC agrees sealed bids should have been solicited. We have implemented policies to avoid future occurrences of this nature.
- 2) PO805488, PO805521 and PO805639- These contracts are for the same area, Labor and Delivery, 4th Floor Center Wing. MUSC did not seek bids because MUSC assumed the role of General Contractor and hired Professional Carpet Sales, Gregory Electric Company and Cullum Mechanical as subcontractors. These contractors were hired because they are all subcontractors on the Hospital Renovations Phase IX, S.C. Project No H51-8316-BW and had the necessary materials and experienced mechanics on site. Having the required materials and manpower available was critical to completing this project in the time frame allotted. See Exhibit "A", "B", and "C" for additional explanation.
- 3) PO805470- This purchase was related to damage caused by Hurricane Hugo. MUSC agrees sealed bids should have been solicited. We have implemented policies to avoid future occurrences of this nature.

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B. Unjustified Emergency Procurements

MUSC agrees with the findings related to these procurements. Better planning procedures have been implemented in hopes of minimizing future occurrences of this nature.

C. Emergency Made Without Competition

PO805431- The reference folder does not reflect that Mr. Strickland contacted Perry Mann Electric and Moore Electric both of whom did not bid. Only recently has it been determined this is a sole source vendor for these items. A sole source letter has been obtained and is attached as Exhibit "D".

D. Questioned Emergency Audit Trail

PP805482- The flow of paper is misleading. The emergency verbal order to correct the air conditioning problem was issued on 07/12/90. On 09/14/90, the problem creating the emergency was eliminated but the payment for the rental of the chillers was still due the vendor. On 11/26/90, the hard copy of the purchase order was typed and should have been dated 07/12/90 but was dated the day it was typed, not the date the verbal order was given to "Cullum Mechanical". During this entire transaction it was absolutely impossible to predetermine the final and total cost. Only after the project was completed could the final cost be determined. The original order was issued pending at least a partial payment to the vendor based on the outlay they had committed for the repairs to correct the problem plus the rental of the chillers. MUSC thought the total price was received and a change order was processed on 01/07/91. Then Cathy Hund advised Mr. Holcombe (Cullem) that a bond was due. The amount of the bond was based on the amount of the purchase order; therefore, it could not be processed until a final invoice was received which resulted in the change order for \$2007.00 dated 04/04/91.

E. Unnecessary Emergency Procurements

PO805669, PO805737 and PO812700- MUSC agrees these were all processed incorrectly. MUSC will review procedures to eliminate this from occurring in the future.

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II. Sole Source Procurements

A. Procurements Not Adequately Justified As Sole Sources

- 1) FA834448- This purchase should have had competition. This sole source purchase was based on the judgement of the procurement officer working with this purchase. This employee was not performing as required during this time period. The only way to document evidence that the employee was not performing adequately was to allow her to make errors, to allow action to be taken based on job performance. In this case, we were damned. The employee is no longer working at MUSC.
- 2) MF913268- The monthly maintenance on the sprinkler system was dealt with incorrectly. This transaction should not have been processed as a sole source.
- 3) MF913050- This purchase was also prepared incorrectly. This purchase (along with the one above) was processed by a procurement officer who was facing progressive disciplinary action for poor quality of work. This procurement officer is now gone.
- 4) PO853131 and PO853334- In accordance with the Lease Agreement dated February 26, 1988, Charleston Office Associates contracted with Development Properties, Inc., as agent and developer, to perform all renovations and remodeling. This agreement has assured continuity will be maintained while avoiding duplication of effort and protecting the sensitive discipline areas of the building.
- 5) BF903162 and BJ903146- The Medical University was unable to find another vendor to provide the services required. No other vendor could provide in-house, micro-based edit routines with the ability to cover approximately all of our insurance carriers with the capability of a turnkey electronic claims transfer. We do acknowledge there are other vendors who can do collections but not with electronic claims transfer with the micro-based edit routines.
- 6) PO850621- At the time of the purchase, the requesting department did not have alternate sources for competition. The procurement officer was not able to find any other paper that would work properly in the EEG machines. Since December 1990, the date of the purchase order, the procurement officer has worked with the department and the paper will be bid. There are now distributors for this paper and the requisitions have been received to cover the needs of the hospital regarding this type of paper.

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- 7) PO853423- This transaction was solicited and a determination was made that Palmetto Ford was the only truck shop with the Ford Company within a one hundred mile radius. The repair had to be made by the Ford Company due to a limited warranty that covered \$1000.00 of the repair cost.
- 8) PO805668 and PO805761- Disposal of hazardous waste should have been processed as an emergency versus a sole source procurement. These purchases were processed incorrectly. The procurement officers have been instructed on the proper procedures to follow.
- 9) PO805734- Food waste disposer should have been competed. The procurement officer dealing with this vendor since 1974, was not aware competition was available. Mr. Strickland is now aware other branches of Hobart do sometimes quote against each other and will seek competition on all future purchases related to this vendor.

B. Product Evaluation Not Performed

MO988600- MUSC agrees the wrong blanket determination number was used for this sole source procurement. This error has caused procedures to change assuring all evaluation documentation is included in the reference file when the blanket determination number 10 is used. In this instance, when materials were to be evaluated, only one vendor could supply a segmented pressure relief overlay system versus a convoluted foam pad. Once the vendors sent in their samples, an evaluation was not necessary and a blanket determination number of 5 (Medical instruments and supplies available only from a single source) should have been utilized.

III. Construction

This was a misunderstanding of correct procedures to follow. Mr. George Dawson has assured this will not happen again. Certified bid tabulations will be sent to all bidders on all contracts, regardless of amount.

IV. Physical Plant Procurements of Goods and Services

A. Splitting of Orders

FA805900, FA805901 and FA805902- Consolidation will be adhered to in the future.

002304

B. Approval by the State Engineer

PR26924- All contracts associated with asbestos air monitoring services regardless of the dollar amount will be approved by the State Engineer.

If there are any questions or if additional information is required, pertaining to the corrective action efforts by MUSC associated with this follow-up audit, please contact me.

Sincerely,

Howard G. Lundy, Jr.

Howard G. Lundy, Jr.
Controller and Assistant Treasurer

HGLjr/epa

attachments

EXHIBIT

SEP 24 1991

9

STATE BUDGET & CONTROL BOARD

002305

EXHIBIT

SEP 24 1991

10

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER 10

AGENCY: General Services

SUBJECT: Technical College of the Lowcountry Property Acquisition

The Division recommends approval of the Technical College of the Lowcountry request to purchase approximately 3.5 acres that is contiguous to the southwest corner of the Beaufort Campus.

Several years ago, the College was unsuccessful in its attempt to acquire the property. The College Master Plan calls for locating the Allied Health Facility on this site.

The property has an appraised value of \$400,000. The sellers, Catherine K. and Scott A. Williams, have agreed to sell the property for the appraised value. The environmental study indicated no hazardous conditions on the site. Property Management has reviewed the appraisal and the environmental study, and approves their use in granting this request.

This permanent improvement project, H59-9637, was approved by the Commission on Higher Education on September 5, 1991. It is scheduled to be reviewed by the Joint Bond Review Committee on September 25.

Local (county) funds will be used to purchase the property.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-65, authorize the Technical College of the Lowcountry to purchase approximately 3.5 acres contiguous to the southwest corner of the Beaufort Campus for the appraised value of \$400,000 using local (county) funds (project H59-9637), on the condition the project is reviewed favorably by the Joint Bond Review Committee.

ATTACHMENTS:

Agenda item worksheet; appraisal; map; environmental findings; Code Section 1-11-65

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EXHIBIT

SEP 24 1991

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

STATE BUDGET & CONTROL BOARD

Meeting Scheduled for: September 24, 1991 Regular Agenda

1. Submitted By:

- (a) Agency: Division of General Services
(b) Authorized Official Signature: Richard W. Kelly

Wayne F. Rush

2. Subject: Technical College of the Lowcountry purchase of real property in Beaufort County.

3. Summary Background Information:

The Technical College of the Lowcountry desires to purchase approximately 3.5 acres of land that is contiguous to the southwest corner of the Beaufort Campus. This is the last piece of undeveloped land that is contiguous to the main campus. The College attempted unsuccessfully to acquire the property several years ago. The College's master plan calls for locating the Allied Health Facility on this site. The property has an appraised value of \$400,000.00 and the sellers, Catherine K. and Scott A. Williams have agreed to sell the property for the appraised value. The environmental study indicated no hazardous conditions on site. Property Management has reviewed both reports and approves of their use in granting this request. The PIP # is H59-9637 and is scheduled for review by JBRC on September 25, 1991 and was approved by CHE on September 5, 1991. The source of funds for the project is Local (County Funds). The Board is requested to approve the purchase contingent upon JBRC approval.

4. What is Board asked to do?

Approve the Technical College of the Lowcountry's purchase of approximately 3.5 acres in Beaufort.

5. What is recommendation of Board Division involved?

Approve

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

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

7. List of Supporting Documents:

LIST THOSE ATTACHED:

1. Appraisal
2. Map
3. Environmental Findings
4. Code 1-11-65

002307

KEENAN AND ASSOCIATES, INC.

REAL ESTATE APPRAISERS • CONSULTANTS
SUITE 201 ORLEANS PLAZA 33 NEW ORLEANS RD HILTON HEAD ISLAND SC 29928
TELEPHONE (803) 842 3200

July 1, 1991

Mr. Charles Gould
Technical College of the Lowcountry
P.O. Box 1288
100 South Ribaut Road
Beaufort, South Carolina 29901

RE: Appraisal Report of a Vacant Site
A 3.46 Acre Parcel, Ribaut Road
Beaufort, South Carolina

Dear Mr. Gould:

As requested, we have inspected the approximate 3.46 acre property situated with 482 feet frontage at Ribaut Road, South Carolina Highway 281, City of Beaufort. The property is identified in Beaufort County Tax Records as Parcels 163A, 164, 164A, 164B, and 165, Tax Map 5, District 120. The property is in the City of Beaufort, Beaufort County, South Carolina. We have estimated the Market Value of the fee simple interest in the property as of June 27, 1991.

Submitted herewith, is our report containing the pertinent facts and data gathered in our investigation. Based on our analysis, the market value of the fee simple interest in the property, as described herein, as of June 27, 1991 is:

FOUR HUNDRED THOUSAND DOLLARS
(\$400,000)

The reported value estimated is predicated on the conditions set forth in the appraisal and subject to the special conditions and to the Limiting Conditions and Assumptions which are made a part of this report.



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EXHIBIT

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KELNAN & ASSOCIATES

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4.0 CONCLUSIONS

Based on the review of SCDHEC files and discussion with them, and soil and groundwater analyses it appears that the soil and groundwater aquifer beneath the subject site have not been adversely impacted by the UST's that were once present on site. This is based on the findings that petroleum hydrocarbons were not detected in the groundwater samples and the concentrations of total xylene in soil samples S-2 and S-3 were below the State and Federal action limits for any required soil remediation process. Based on our experience with SCDHEC, the state regulatory agency, WESTINGHOUSE believes that the concentrations of total xylenes detected in the soil are not high enough to warrant agency notification or a definition of extent.

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"Section 1-11-65. (A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

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

EXHIBIT

SEP 24 1991 10

STATE BUDGET & CONTROL BOARD

002311

EXHIBIT

SEP 24 1991

1 1

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

5

AGENCY: South Carolina State College

SUBJECT: \$1,100,000 State Institution Bonds, Series 1991G

The South Carolina State College Board of Trustees requests that the Budget and Control Board adopt a resolution approving the issuance of \$1,100,000 State Institution Bonds, Series 1991G, for South Carolina State College.

The proceeds of the bonds will provide a portion of the funds necessary to refund the bond anticipation notes issued in 1990 in the amount of \$1,200,000.

BOARD ACTION REQUESTED:

Adopt a resolution approving the issuance of \$1,100,000 State Institution Bonds, Series 1991G, for South Carolina State College.

ATTACHMENTS:

Resolution

002312

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

RICHARD W. KELLY
DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 20, 1991

EXHIBIT

SFP 2 4 1991

1 1

STATE BUDGET & CONTROL BOARD

The Honorable Donna K. Williams
Secretary
S.C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: \$1,100,000 State Institution Bonds
of the State of South Carolina
(South Carolina State College)

Dear Mrs. Williams:

We have received the Budget and Control Board Resolution Approving Issuance of State Institution Bonds for South Carolina State College, with Exhibits.

Upon review, these documents have been submitted by Bond Counsel, Hutcheson and Warren, and appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in the resolution as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form.

Sincerely,

A handwritten signature in cursive script that reads "Wayne F. Rush".

Wayne F. Rush
General Counsel

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EXHIBIT

SEP 24 1991

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HUTCHESON & WARREN

ATTORNEYS AT LAW

SUITE 340

171 CHURCH STREET

P.O. BOX 1254

CHARLESTON, S.C. 29402

(803) 577-0660

FACSIMILE

(803) 577-6843

(803) 722-0865

STATE BUDGET & CONTROL BOARD

COLUMBIA OFFICE

1901 MAIN STREET, SUITE 1590

COMPARTMENT #504

COLUMBIA, S.C. 29201-2435

(803) 799-0660

FACSIMILE

(803) 799-9102

JOHN H. WARREN, III
THOMAS A. HUTCHESON
MARK S. SHARPE
MICHAEL D. BRYAN
ELIZABETH W. SETTLE
OF COUNSEL
STANLEY H. MCGUFFIN

September 17, 1991

FEDERAL EXPRESS

Mool S. Shekhawat
Vice President for Business and Finance
South Carolina State College
300 College Street, N.E.
Administration Building, Room 105
Orangeburg, South Carolina 29117

Re: \$1,100,000 General Obligation State Institution
Bonds, Series 1991G

Dear Mool:

Enclosed are thirteen copies of a resolution to be adopted by the Board of Trustees of South Carolina State College requesting the issuance by the Budget and Control Board of \$1,100,000 State Institution Bonds, Series 1991G for the purpose of providing funds to retire the bond anticipation note which matures on October 17. I would appreciate your presenting this to the Board of Trustees for adoption at its meeting on Wednesday, September 18. In order for this matter to be placed on the agenda for the Budget and Control Board's September 24 meeting, a certified copy of this resolution must be delivered to Donna Williams (Room 601, Wade Hampton Office Building, Columbia, South Carolina 29201) no later than 9:00 a.m., Thursday, September 19. Patricia in your office advises me that meeting this deadline should not be a problem. If, however, any difficulty should arise with this delivery schedule, please let me know as soon as possible.

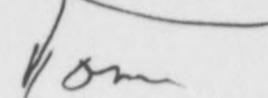
002314

HUTCHESON & WARREN

Mool S. Shekhawat
September 17, 1991
Page 2

Thank you for your help in this matter. If you have any questions, please give me a call.

Yours very truly,



Thomas A. Hutcheson

TAH/ds

Enclosures

cc/enc: Donna K. Williams ✓
enc: Sandy A. Huey

EXHIBIT

SEP 24 1991 11

STATE BUDGET & CONTROL BOARD

002315

EXHIBIT

SEP 24 1991

11

HUTCHESON & WARREN

ATTORNEYS AT LAW
SUITE 340

171 CHURCH STREET
P.O. BOX 1254
CHARLESTON, S.C. 29402
(803) 577-0660
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(803) 577-6843
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STATE BUDGET & CONTROL BOARD

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JOHN H. WARREN, III
THOMAS A. HUTCHESON
MARK S. SHARPE
MICHAEL D. BRYAN
ELIZABETH W. SETTLE
OF COUNSEL
STANLEY H. MCGUFFIN

September 17, 1991

FEDERAL EXPRESS

Ms. Donna K. Williams, Secretary
South Carolina State Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: \$1,100,000 General Obligation State Institution
Bonds, Series 1991G

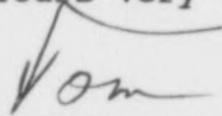
Dear Donna:

Enclosed are ten copies of a resolution for the State Budget and Control Board authorizing \$1,100,000 of state institution bonds for South Carolina State College. I would appreciate your placing this on the agenda for the September 24 meeting of the Budget and Control Board. I will plan on attending that meeting to respond to any questions which may come up.

Also enclosed is a copy of the resolution to be adopted by the Board of Trustees of South Carolina State College at its September 18 meeting. I have been assured that a certified copy of this resolution will be delivered to your office by 9:00 a.m., September 19.

If I can provide any additional information in the meantime, please do not hesitate to call me. Thank you for your help in this matter. Best personal regards.

Yours very truly,


Thomas A. Hutcheson

TAH/ds

Enclosures

cc: Sandy A. Huey
Mool S. Shekhawat

002316

EXHIBIT

SEP 24 1991

11

RESOLUTION

STATE BUDGET & CONTROL BOARD

OF THE BOARD OF TRUSTEES OF SOUTH CAROLINA STATE COLLEGE
REQUESTING THE ISSUANCE OF \$1,100,000 PRINCIPAL AMOUNT OF STATE
INSTITUTION BONDS FOR SOUTH CAROLINA STATE COLLEGE PURSUANT
TO CHAPTER 107, TITLE 59, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS
AMENDED.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF SOUTH CAROLINA STATE
COLLEGE IN MEETING DULY ASSEMBLED:

Section 1. Finding of Fact. As an incident to the adoption of this Resolution the Board of Trustees (the "Board of Trustees") of South Carolina State College (the "College") hereby finds:

(a) That by resolution adopted May 2, 1990 (the "1990 Resolution"), of the Board of Trustees, application was made to the State Budget and Control Board of South Carolina (the "State Board") pursuant to the provisions of Chapter 107, Title 59, Code of Laws of South Carolina, 1976, as amended (the "Enabling Act"), for the issuance of \$2,000,000 principal amount state institution bonds, the proceeds of which were to be applied to certain permanent improvements as described in the 1990 Resolution. By the terms of the 1990 Resolution, the Board of Trustees requested that bond anticipation notes be issued if the State Board determined that long-term obligations should not be issued under then current market conditions.

(b) The State Board reviewed the 1990 Resolution and determined that it was prudent to issue bond anticipation notes in the amount of \$1,200,000, and to finance the balance of the costs of the improvements through the application of certain accumulated debt service funds. Accordingly, \$1,200,000 principal amount state institution bond anticipation notes dated October 18, 1990, and maturing October 17, 1991 (the "Notes"), were issued.

(c) The Board of Trustees now desires to make application to the State Board for the issuance of state institution bonds as provided for under the Enabling Act, on the basis that a definite and immediate need exists for issuing new state institution bonds to pay a portion of the \$1,200,000 principal amount of the Notes.

(d) Accordingly, this Resolution is adopted pursuant to Section 59-107-40 of the Code of Laws of South Carolina, 1976, as amended, in order to make formal application for the issuance of state institution bonds for the College in the aggregate principal amount of \$1,100,000, the proceeds of which will be used, together with \$100,000 of accumulated tuition fees, to pay the \$1,200,000 principal amount due on the Notes at maturity.

Section 2. Application for Issuance of State Institution Bonds. The Board of Trustees hereby makes formal application to the State Board for the issuance of \$1,100,000 principal amount of state institution bonds (the "Bonds") pursuant to the provisions of the Enabling Act.

Section 3. Use of Proceeds. All of the proceeds of the Bonds will be applied, together with \$100,000 of accumulated tuition fees, to the payment of the \$1,200,000 principal amount of the Notes.

Section 4. Tuition Fees Received. The aggregate sum received by the College from tuition fees available to pay debt service on state institution bonds issued on behalf of the College for the preceding fiscal year, vis., July 1, 1990 through June 30, 1991, is \$420,584.

Section 5. Current Schedule of Tuition Fees. The schedule of tuition fees available to pay debt service on state institution bonds now in effect at the College is as set forth in Exhibit A to this

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Resolution. The schedule of tuition fees does not include fees collected from students for summer school terms.

Section 6. Maturity Schedule for Bonds. The suggested maturity schedule for the Bonds is set forth as Exhibit B to this Resolution.

There are no other state institution bonds heretofore issued on behalf of the College now outstanding.

Section 7. Calculation of Debt Limitation. Upon the issuance of the Bonds, the maximum annual debt service on all state institution bonds secured by the tuition fees of the College will not be greater than ninety percent (90%) of the tuition fees received by the College for the fiscal year ended June 30, 1991.

A calculation establishing the right of the College to seek the issuance of the Bonds to the extent set forth in this Resolution is set forth as Exhibit C to this Resolution.

Section 8. Request for Issuance of Bonds. The State Board is requested to make the findings required by the Enabling Act and to request the Governor and State Treasurer to provide for the issuance by the State of state institution bonds in the principal amount of \$1,100,000.

Section 9. Covenant to Impose Tuition Fees Sufficient to Pay Bonds. The Board of Trustees hereby covenants and agrees that the schedule of tuition fees now in effect at the College will be revised from time to time and whenever necessary in order to provide the annual principal and interest requirements of all state institution bonds which have been or will be issued on behalf of the College.

Section 10. Federal Guarantee Prohibition. The Board of Trustees shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986 (the "IRC") and regulations promulgated thereunder (the "Regulations").

Section 11. Private Business Use Limitation. The Board of Trustees shall assure that (i) not in excess of ten percent (10%) of the face amount of the Bonds plus accrued interest and premium, if any ("Net Proceeds"), is used directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public ("Private Business Use"), if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds during the term thereof is, under the terms thereof or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the State, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (a) in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Bonds during the term thereof is, under the terms thereof or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments whether or not to the State, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said five percent (5%) of Net Proceeds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of a portion of the facilities financed with the proceeds of the Bonds and shall not exceed the proceeds used for the governmental use of the portion of the undertaking to which such Private Business Use is related.

Section 12. Private Loan Limitation. The Board of Trustees shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

Section 13. No Arbitrage. (a) The Board of Trustees represents that it does not expect any portion of the proceeds of the Bonds to be used directly or indirectly to acquire higher yielding investments, or to replace funds which were used directly or indirectly to acquire higher yielding investments for other than a "temporary period" as defined in the IRC. The Board of Trustees further covenants that it will not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments. In making the foregoing representation and covenant, the Board of Trustees understands that certain of the words or phrases contained therein have specified meanings provided therefor under Section 148 of the IRC and Regulation proposed or promulgated thereunder or applicable thereto.

(b) The Board of Trustees hereby represents that all of the proceeds (including investment proceeds) of the Notes have been spent for the purpose for which the Notes were issued and that the entire proceeds of the Bonds requested hereunder will be applied immediately upon the receipt thereof to the payment of the principal of the Notes.

Section 14. Secretary to Present Resolution to State Board. The Secretary of the Board of Trustees is hereby directed to present a certified copy of this Resolution, together with the Exhibits heretofore referred to, to the State Board as evidence of the formal request of the Board of Trustees for the issuance of the Bonds on behalf of the College and as evidence that all conditions precedent to the issuance of such Bonds have been met prior to the issuance of either the Bonds.

Section 15. Execution of Closing Documents and Certificates. The Chairman and Secretary of the Board of Trustees, and all other officers of the College, are fully authorized and empowered to take such further action and to execute and deliver such closing documents as may be necessary and proper in order to complete the borrowing herein authorized and the action of such officers or any one or more of them in executing and delivering any of such documents, in such form as they shall approve, is hereby fully authorized.

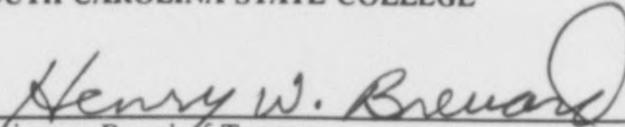
Section 16. Law and Place of Enforcement of the Resolution. This Resolution shall be construed and interpreted in accordance with the laws of this State and all suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in this State.

Section 17. Effect of Section Heading. The headings or titles of the several Sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution

Section 18. Repeal of Inconsistent Resolutions. All resolutions of the Board of Trustees, and any part of any resolution, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

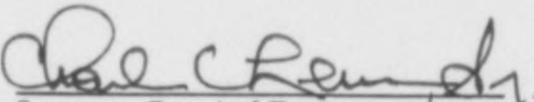
Section 19. Effectiveness of this Resolution. This Resolution shall become effective upon its adoption.

SOUTH CAROLINA STATE COLLEGE



Chairman, Board of Trustees

ATTEST:



Secretary, Board of Trustees

002319

EXHIBIT A

SOUTH CAROLINA STATE COLLEGE
SCHEDULE OF TUITION FEES IN EFFECT FOR PURPOSES OF
SECTION 59-107-10 ET. SEQ. CODE OF LAWS OF
SOUTH CAROLINA, 1976, AS AMENDED

<u>Type of Student</u>	<u>Tuition Fees</u>
Resident	\$ 75/Semester
Non-Resident	190/Semester

002320

EXHIBIT B

PRO FORMA DEBT SERVICE TABLE ON THE PROPOSED ISSUE OF \$1,100,000
STATE INSTITUTION BONDS, SERIES 1991. PRINCIPAL AND INTEREST,
PAYABLE AS INDICATED, COMPUTED AT AN ASSUMED RATE OF 6%.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>	<u>Total</u>
<u>Ending</u>	<u>June 1</u>	<u>June 1</u>	<u>December 1</u>	<u>Principal and</u>
<u>June 30</u>				<u>Interest</u>
1992	-0-	\$ 44,000*	-0-	\$ 44,000
1993	\$ 160,000	33,000	\$ 33,000	226,000
1994	170,000	28,200	28,200	226,400
1995	180,000	23,100	23,100	226,200
1996	190,000	17,700	17,700	225,400
1997	200,000	12,000	12,000	224,000
1998	200,000	6,000	6,000	212,000
	<u>\$1,100,000</u>	<u>\$ 164,000</u>	<u>\$ 120,000</u>	<u>\$1,384,000</u>

* Eight (8) months interest

EXHIBIT

SEP 24 1991 11

STATE BUDGET & CONTROL BOARD

002321

SOUTH CAROLINA STATE COLLEGE

PROOF SHOWING COMPLIANCE WITH SECTION 11-27-30,
CODE OF LAWS OF SOUTH CAROLINA,
1976, AS AMENDED

Aggregate of tuition fees received by the College during preceding fiscal year ending June 30, 1991	\$420,584
Multiplied by90
Produces	\$378,525
Maximum Annual Debt Service on all State Institution Bonds of the College (including the proposed issue of \$1,100,000 at an assumed rate of interest of 6.00% per annum	\$226,400
Margin	\$152,125

002322

STATE OF SOUTH CAROLINA)
)
COUNTY OF ORANGEBURG)

I, the undersigned, Secretary of the Board of Trustees (the "Board) of South Carolina State College (the "College"), hereby certify that:

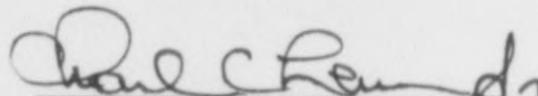
1. I am the duly elected and acting secretary of the Board of the College and the recorder and custodian of its official records.

2. Attached hereto is a true and correct copy of a resolution duly adopted by the Board at a meeting of said Board dully called and held on September 18, 1991 (the "Resolution"), notice of which meeting was duly, timely and properly given and at which meeting a quorum of the members of the Board was present and acting throughout.

3. As of the date hereof, the Resolution has not been amended, modified or revoked and remains in full force and effect.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the College this 18th day of September, 1991.

SOUTH CAROLINA STATE COLLEGE


Secretary, Board of Trustees

(SEAL)

EXHIBIT

SEP 24 1991 1 1

STATE BUDGET & CONTROL BOARD

002323

EXHIBIT

SEP 24 1991 11

STATE BUDGET & CONTROL BOARD

A RESOLUTION

**BY THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD
APPROVING THE ISSUANCE OF STATE INSTITUTION BONDS OF THE STATE
OF SOUTH CAROLINA, SERIES 1991G, FOR SOUTH CAROLINA STATE
COLLEGE IN THE PRINCIPAL AMOUNT OF ONE MILLION ONE HUNDRED
THOUSAND DOLLARS (\$1,100,000) AND OTHER MATTERS RELATED
THERE TO.**

Adopted September 24, 1991

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SEP 24 1991 11

STATE BUDGET & CONTROL BOARD

002328

BE IT RESOLVED BY THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD,
IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01. Findings. As an incident to the adoption of this Resolution, the South Carolina State Budget and Control Board (the "State Board") has made the following findings:

(A) The provisions of Chapter 107 of Title 59 of the Code of Laws of South Carolina, 1976, as amended (the "Enabling Act"), authorizes the issuance of State Institution Bonds by the State of South Carolina on behalf of State Institutions of the State of South Carolina including South Carolina State College (the "College").

(B) By resolution dated May 2, 1990 (the "1990 Resolution"), adopted by the Board of Trustees of South Carolina State College (the "Board of Trustees"), application was made to the State Budget and Control Board of South Carolina (the "State Board") pursuant to the provisions of Chapter 107, Title 59, Code of Laws of South Carolina, 1976, as amended (the "Enabling Act") for the issuance of \$2,000,000 state institution bonds the proceeds of which were to be applied to defray a portion of the costs of the projects described in the 1990 Resolution. By the terms of the 1990 Resolution, the Board of Trustees requested that bond anticipation notes be issued if the State Board determined that long term obligations should not be issued.

(C) The State Board reviewed the 1990 Resolution and determined that it was prudent to issue bond anticipation notes in the amount of \$1,200,000, and to finance the balance of the costs of the improvements through the application of certain accumulated debt service funds. Accordingly, \$1,200,000 aggregate principal amount of state institution bond anticipation notes dated October 18, 1990, and maturing October 17, 1991 (the "Notes"), were issued.

(D) Pursuant to the provisions of a resolution adopted by the Board of Trustees on September 18, 1991, the Board of Trustees has requested the State Board to authorize the Governor and State Treasurer to issue State Institution Bonds pursuant to the authorizations of Chapter 107 of Title 59 of the Code of Laws of South Carolina, 1976, as amended (the "Act") in the principal amount of \$1,100,000 in order to provide a portion of the funds necessary to refund the Notes. The Board of Trustees has determined to use tuition fees to pay \$100,000 of the principal of the Notes and the interest on the Notes at maturity.

(E) The State Board is mindful of the above-mentioned maturity date of the Notes and desires to take the necessary action to provide for the issuance of State Institution Bonds in accordance with the Enabling Act to refinance the Notes. Such State Institution Bonds shall be in the principal amount of \$1,100,000.

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ARTICLE II

STATUTORY REQUIREMENTS

Section 2.01. Findings Required by Enabling Act. The State Board makes the following findings pursuant to Section 59-107-50 of the Enabling Act in connection with the application of the College for issuance of State Institution Bonds in the amount of \$1,100,000 which sum will be used to pay the principal of the Notes:

(A) There is a definite and immediate need for the issuance of \$1,100,000 in State Institution Bonds in order to provide the necessary sums which together with Tuition Fees on deposit in the office of the State Treasurer will pay the principal and interest due on the Notes;

(B) There are presently outstanding no State Institution Bonds secured by the tuition and fees of the College;

(C) A satisfactory and proper schedule of Tuition Fees as set forth in Exhibit A attached hereto is in effect at the College;

(D) A proforma debt service table setting forth annual principal and interest requirements of the proposed State Institution Bonds is set forth on Exhibit B attached hereto. Exhibit C attached hereto shows the sum received by the College as Tuition Fees for the fiscal year ended June 30, 1991, and establishes that, based upon an average interest rate of six percent (6.0%) per annum, the maximum annual debt service of such State Institution Bonds will not be greater than ninety percent (90%) of the Tuition Fees received by the College for the fiscal year ended June 30, 1991; and

(E) The College has agreed that the scheduled Tuition Fees for the College shall be revised from time to time and whenever necessary to provide not less than the sum needed to pay the annual principal and interest requirements on the proposed State Institution Bonds and on all outstanding State Institution Bonds issued for the College.

EXHIBIT

SEP 24 1991 1 1

STATE BUDGET & CONTROL BOARD

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ARTICLE III

DEBT LIMITATION

Section 3.01. Provisos Observed. Section 11-27-30(4) of the Code of Laws of South Carolina, 1976, as amended, provides that the debt limitation of State Institution Bonds is the lesser of (i) the statutory limitation set forth in Section 59-107-90 of the Enabling Act which provides that there shall not be outstanding State Institution Bonds for all State Institutions in excess of \$60,000,000 or (ii) that sum resulting from the provisions of subparagraph (b) of paragraph 6 of Section 13 of Article X of the South Carolina Constitution which provides that the maximum annual debt service of State Institution Bonds may not be greater than ninety percent (90%) of the Tuition Fees received by such institution for the preceding fiscal year. A table set forth in Exhibit C demonstrates that the debt service of the proposed State Institution Bonds authorized herein will not exceed the proviso contained in (b) of the preceding sentence. Further, the State Board finds that the total aggregate principal amount of State Institution Bonds to be outstanding, following the issuance of the State Institution Bonds authorized by the provisions of this Resolution, will be the sum of \$28,380,000.

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EXHIBIT

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ARTICLE IV

STATE BUDGET & CONTROL BOARD DEFINITIONS AND CONSTRUCTION

Section 4.01. Definitions. As used in this Resolution unless the context otherwise requires, the following terms shall have the following respective meanings:

"Authorized Officer" means the Governor of the State of South Carolina or the State Treasurer or any other officer of the State of South Carolina designated from time to time as an Authorized Officer by resolution of the State Board, and when used with reference to any act or document also means any other person authorized by resolution of the State Board to perform such act or sign such document.

"Board of Trustees" means the governing body of the College.

"Bond" or **"Bonds"** means any of the Bonds of the State authorized by this Resolution.

"Bondholder" or **"Holder"** or **"Holders of Bonds"** or **"Owner"** or similar term means, when used with respect to a Bond or Bonds, any person who shall be registered as the owner of any Bond Outstanding.

"Bond Payment Date" means each date on which interest on any of the Bonds shall be payable or on which both the Principal Installment and interest shall be payable on any of the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"College" means South Carolina State College as established pursuant to the provisions of Chapter 127 of Title 59 of the Code of Laws of South Carolina, 1976.

"Corporate Trust Office", when used with respect to any Paying Agent or Registrar, means the office at which its principal corporate trust business shall be administered.

"Enabling Act" means Chapter 107, Title 59, Code of Laws of South Carolina 1976, as amended.

"Fiduciary" means the Paying Agent, the Registrar and their successors and assigns.

"Government Obligations" means and includes direct general obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America.

"Governor" means the Governor of the State of South Carolina.

"Outstanding" when used in this Resolution with respect to Bonds means, as of any date, all Bonds theretofore authenticated and delivered pursuant to this Resolution except:

(i) any Bond canceled or delivered to the Registrar for cancellation on or before such date;

(ii) any Bond (or any portion thereof) deemed to have been paid in accordance with the provisions of Article hereof and;

(iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 6.11 of this Resolution.

"Paying Agent" means any bank, trust company or national banking association which is authorized to pay the principal or interest on any Bonds and having the duties, responsibilities and rights provided for in this Resolution, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. The institution named as Paying Agent may also act as Registrar.

"Person" means an individual, a partnership, a corporation, a trust, a trustee, an unincorporated organization, or a government or an agency or political subdivision thereof.

"Principal Installment" means, as of any date of calculation, the principal amount of all Bonds due on a specified date.

"Record Date" means the 15th day of the month immediately preceding each Bond Payment Date.

"Registrar" means any bank, trust company, or national banking association which is authorized to maintain an accurate list of those who from time to time shall be the Holders of the Bonds and shall effect the exchange and transfer of Bonds in accordance with the provisions of this Resolution and having the duties, responsibilities, and rights provided for in this Resolution and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. The institution named as Registrar may also act as Paying Agent.

"Resolution" means this Resolution as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Secretary of State" means the Secretary of State of the State of South Carolina.

"State" means the State of South Carolina.

"State Board" means the South Carolina State Budget and Control Board.

"State Request" means a written request of the State signed by an Authorized Officer.

"State Treasurer" means the State Treasurer of the State of South Carolina.

"Tuition Fees" means those fees charged by the College for tuition, matriculation and registration in accordance with the provisions of Section 59-107-30 of the Enabling Act.

Section 4.02. Construction. In this Resolution, unless the context otherwise requires:

(A) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(B) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms refer to this Resolution, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Resolution

(C) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(D) Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Resolution, even though such Authorized Investment is evidenced only by a book entry or similar record of Investment.

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ARTICLE V

APPROVAL OF APPLICATION; AUTHORIZATION OF BONDS

Section 5.01. Authorization of Bonds. The application of the Board of Trustees is hereby approved and the State Board does hereby direct that formal request be made of the Governor and the State Treasurer to make provision for the issuance of Bonds in the principal amount of One Million One Hundred Thousand Dollars (\$1,100,000) as herein described. Such request should be evidenced by the delivery to each of the Governor and State Treasurer of a copy of this Resolution, duly certified by the Secretary of the State Board.

EXHIBIT

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STATE BUDGET & CONTROL BOARD

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ARTICLE VI

ISSUANCE OF BONDS

Section 6.01. Ordering the Issuance of Bonds. Pursuant to the provisions of the Enabling Act and in accordance with the provisions of Article V hereof, there shall be issued One Million One Hundred Thousand Dollars (\$1,100,000) of general obligation bonds of the State designated State Institution Bonds, Series 1991G, and the Governor and State Treasurer are hereby directed to issue said Bonds.

Section 6.02. Maturity Schedule of Bonds. The Bonds shall mature on the dates and in the principal amounts hereinafter set forth in this Section 6.02. Interest on the Bonds shall be payable on June 1, 1992 (at which time interest for eight (8) months will be due), and semiannually thereafter on December 1 and June 1 of each year until payment of the principal thereof.

The Bonds shall mature in annual series as follows:

<u>June 1 of the Year</u>	<u>Principal Amount</u>
1993	\$160,000
1994	170,000
1995	180,000
1996	190,000
1997	200,000
1998	200,000

Section 6.03. Provision for Payment of Interest on the Bonds. The Bonds shall be dated as of the first day of the month of their delivery and authenticated on such dates as they shall, in each case, be delivered. The Bonds shall bear interest from the June 1 or the December 1 to which interest has been paid next preceding the authentication date thereof, unless the authentication date thereof is a June 1 or a December 1, in which case, from such authentication date, or from the June 1 or the December 1 to which interest has last been paid, or if dated prior to October 1, 1991, then from the original issue date of the Bonds. The interest to be paid on any June 1 or December 1 shall be paid to the Person in whose name such Bond is registered at the close of business on the Record Date next preceding such June 1 or December 1.

Section 6.04. Medium of Payment; Form and Denomination of Bonds; Place of Payment of Principal. (A) The Bonds shall be payable as to Principal Installment and interest at the rates per annum determined in the manner prescribed by Section 6.15 hereof (on the basis of a 360 day year of twelve thirty-day months) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bonds shall be issued in the form of fully registered typewritten or printed Bonds. The Bonds shall be issued in the denomination of \$5000 or any whole multiple thereof, not exceeding the principal amount of the Bonds maturing in such year. The Bonds shall be identified in such fashion as to maintain a proper record thereof.

(C) The Principal Installment of all Bonds shall be payable at the Corporate Trust Office of the Paying Agent and payment of the interest on each Bond shall be made by the Paying Agent to the Person appearing on each Record Date on the registration books of the State, which books shall be held by the Registrar as provided in Section 6.08 hereof, as the registered owner thereof, by check or draft mailed to such registered owner at his address as it appears on such registration books in sufficient time to reach such registered owner on the Bond Payment Date. Payment of the Principal Installment of all

Bonds shall be made upon the presentation and surrender for cancellation of such Bonds as the same shall become due and payable.

Section 6.05. Agreement to Maintain Registrar and Paying Agent. As long as any of the Bonds remain Outstanding there shall be a Registrar and a Paying Agent each of which shall be a financial institution maintaining Corporate Trust Offices where (i) the Bonds may be presented for registration of transfers and exchanges, (ii) notices and demands to or upon the State in respect of the Bonds may be served, and (iii) the Bonds may be presented for payment, exchange and transfer. The State Treasurer is hereby authorized to determine the institution, pursuant to the results of competitive bid, which shall exercise both the functions of the Paying Agent and the Registrar.

Section 6.06. Execution and Authentication. (A) The Bonds shall be executed in the name and on behalf of the State by the manual or facsimile signatures of the Governor and the State Treasurer, with the Great Seal of the State of South Carolina impressed, imprinted or otherwise reproduced thereon, and attested by the manual or facsimile signature of the Secretary of State; provided that any of such officers required to execute or attest the execution of the Bonds may employ a facsimile of his signature in lieu of the manual signing or attesting of the Bonds, provided the laws of the State of South Carolina permit the execution of the bonds in such manner. Bonds bearing the manual or facsimile signature of any Person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the State notwithstanding the fact that he may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of the authentication and delivery of the Bonds.

(B) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in this Resolution, duly executed by the manual signature of the Registrar and such certificate of authentication upon any Bond executed on behalf of the State shall be conclusive evidence that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefit of the terms and provisions of this Resolution.

Section 6.07. Exchange of Bonds. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered Holder or his duly authorized attorney, may, at the option of the registered Holder thereof, be exchanged for an equal aggregate principal amount of Bonds in authorized denominations of the same interest rate and maturity. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Registrar.

Section 6.08. Transferability and Registry. All Bonds shall at all times, when the same are Outstanding, be payable, both as to Principal Installment and interest to a Person, and shall be transferable, only in accordance with the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds remain Outstanding, the State shall maintain and keep, at the office of the Registrar, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at the Corporate Trust Office of the Registrar, the State shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Registrar may prescribe, any Bond, except that under no circumstances shall any Bond be registered or transferred to bearer. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the transfer of Bonds at the Corporate Trust Office of the Registrar.

Section 6.09. Transfer of Bonds. Each Bond shall be transferable only upon the books of the State, which shall be kept for such purpose at the Corporate Trust Office of the Registrar which shall be maintained for such purpose by the Registrar, upon presentation and surrender thereof by the Holder of such Bond in person or by his attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Bond, the State shall execute and the Registrar shall

authenticate and deliver, in the name of the Person who is the transferee, one or more new Bonds of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond. All action taken by the Registrar pursuant to this Section shall be deemed to be the action of the State.

Section 6.10. Relations with Respect to Exchanges and Transfers. All Bonds surrendered in any exchanges or transfers shall forthwith be canceled by the Registrar. For each such exchange or transfer of Bonds, the State or the Registrar may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Holder requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The State shall not be obligated to issue, exchange or transfer any Bond during the fifteen (15) days next preceding any Bond Payment Date of the Bonds.

Section 6.11. Mutilated, Destroyed, Lost and Stolen Bonds. (A) If any mutilated Bond is surrendered to the Registrar and the Registrar or the State receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and there is delivered to the Registrar, or the State such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice that such Bond has been acquired by a *bona fide* purchaser, the State shall execute, and upon State Request, the Registrar shall authenticate and deliver, in exchange for any such mutilated Bond or in lieu of any such destroyed, lost or stolen Bond, a new Bond of like tenor and principal amount, bearing a number unlike that of a Bond contemporaneously Outstanding. The Registrar shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the State in its discretion may, instead of issuing a new Bond, pay such Bond.

(B) Upon the issuance of any new Bond under this Section, the State may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees or other fees, of the State or the Registrar connected therewith.

(C) Each new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the State, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued pursuant to this Resolution. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds or securities.

Section 6.12. Holder as Owner of Bond. The State, the Registrar and any Paying Agent may treat the Holder of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal Installment of and interest on such Bond and for all other purposes, and payment of the Principal Installment and interest shall be made only to, or upon the order of, such Holder. All payments to such Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the State nor any Paying Agent shall be affected by any notice to the contrary.

Section 6.13. Cancellation of Bonds. The Registrar shall destroy all Bonds surrendered to it for cancellation and shall deliver a certificate to that effect to the State. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof.

Section 6.14. Payments Due on Saturdays, Sundays and Holidays. In any case where the Bond Payment Date shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest

on or Principal Installment of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such date.

Section 6.15. Conditions Relating to Naming of Interest Rates. The Bonds shall bear such rate or rates of interest as shall at the sale of such Bonds reflect the lowest net interest cost to the State calculated in the manner hereinafter prescribed in this Section provided:

- (A) all Bonds of the same maturity shall bear the same rate of interest;
- (B) no rate of interest named shall be more than two (2) percentage points higher than the lowest rate of interest named;
- (C) each interest rate named shall be a multiple of 1/20th of one (1) percentage point;
- (D) any premium offered must be paid in cash as a part of the purchase price; and
- (E) no rate of interest named shall exceed eight percent (8.0%).

For the purpose of determining lowest net interest cost, the aggregate of interest on all Bonds from the first day of the month in which the Bonds are delivered, which is the original issue date, until their respective maturities, less any sum named by way of premium, shall be determined on each bid and the smallest amount to be paid by the State shall reflect lowest net interest cost.

Section 6.16. Tax Exemption in South Carolina. Both the principal and interest on said Bonds shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

Section 6.17. Security for the Bonds. For the prompt payment of the principal and interest on the Bonds, as they respectively mature, the full faith, credit and taxing power of the State are irrevocably pledged and in addition thereto, but subject to the provisions of the Enabling Act, all Tuition Fees received by South Carolina State College are also pledged. In accordance with the provisions of Section 11-29-30 of the Code of Laws of South Carolina, 1976, as amended, and in order to provide for the punctual payment of the principal of and interest on the Bonds herein authorized, the State Treasurer is hereby directed to set aside from the Tuition Fees received in each fiscal year in which the interest on and principal of the Bonds herein authorized are due or will become due so much of the revenues derived from such Tuition Fees as may be necessary in order to pay the interest on and principal of all Bonds falling due in such fiscal year and the State Treasurer shall thereafter apply such moneys to the punctual payment of such principal and interest as the same respectively fall due. In the event that the revenues derived from the Tuition Fees so pledged prove insufficient to meet the payments of the interest on and principal of such Bonds in such fiscal year, then the State Treasurer is authorized and directed to set aside from the general tax revenues received in such fiscal year so much of such general tax revenues as become needed for such purpose and to apply the same to the punctual payment of the interest on and principal of such Bonds due or to become due in such fiscal year.

Section 6.18. Form of Bonds. The form of the Bonds, and registration provisions to be endorsed thereon shall be substantially as set forth in Exhibit D attached hereto and made a part of this Resolution.

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EXHIBIT

SEP 24 1991 11

STATE BUDGET & CONTROL BOARD

ARTICLE VII

REDEMPTION AND PURCHASE OF BONDS

Section 7.01. Redemption. The Bonds are not subject to redemption prior to their stated maturities.

Section 7.02. Purchases of Bonds Outstanding. Purchases of Bonds Outstanding may be made by the State at any time. Upon any such purchase the State shall deliver such Bonds to the Registrar for cancellation.

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ARTICLE VIII

SALE OF BONDS

Section 8.01. Authorization to State Treasurer. The Bonds shall be sold at public sale in accordance with the provisions of the Enabling Act and upon such terms and conditions as the State Treasurer may determine, provided the award of the Bonds by the State Treasurer is made to the bidder whose bid meets the requirements of the provisions of Section 6.15 hereof.

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ARTICLE IX

DISPOSITION OF PROCEEDS OF SALE OF BONDS

Section 9.01. Disposition of Bond Proceeds. The proceeds derived from the sale of the Bonds issued pursuant to this Resolution shall be paid to the State Treasurer as follows:

- (A) any accrued interest shall be applied to the payment of the first installment of interest to become due on such Bonds;
- (B) any premium shall be applied to the payment of the first installment of principal of such Bonds; and
- (C) the remaining proceeds shall be used to pay the principal due on the Notes.

Provided, that neither the purchaser nor any Holder of the Bonds shall be liable for the proper application of the proceeds thereof.

002341

ARTICLE X

DEFEASANCE OF BONDS

Section 10.01. Discharge of Resolution -- Where and How Bonds Are Deemed to Have Been Paid and Defeased. If all of the said Bonds issued pursuant to this Resolution and all interest thereon shall have been paid and discharged, then the obligations of the State under this Resolution and all other rights granted hereby shall cease and determine. The Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances, viz.:

(A) The Paying Agent shall hold, at the stated maturities of the Bonds, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Principal Installment and interest thereof; or

(B) If default in the payment of the principal of the Bonds or the interest thereon shall have occurred on any Bond Payment Date, and thereafter tender of such payment shall have been made, and at such time as the Paying Agent shall hold in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(C) If the State shall elect to provide for the payment of the Bonds prior to their stated maturities in accordance with the provisions of Section 59-107-200 of the Enabling Act and shall have established in an irrevocable trust, moneys which shall be sufficient, or Government Obligations, the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited at the same time, shall be sufficient to pay when due the Principal Installment and interest due and to become due on the Bonds on and prior to their maturity dates.

Neither the Government Obligations nor moneys deposited pursuant to this Section nor the principal or interest payments thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Installment or interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal Installment or interest to become due on said Bonds on and prior to the maturity date thereof and interest earned from such reinvestments not required for the payment of the Principal Installment or interest may be paid over to the State, free and clear of any trust, lien or pledge.

EXHIBIT

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STATE BUDGET & CONTROL BOARD

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ARTICLE XI

CONCERNING THE FIDUCIARIES

Section 11.01. Fiduciary; Appointment and Acceptance of Duties. The financial institution chosen pursuant to Section 6.05 hereof to act initially as Paying Agent and Registrar hereunder shall accept the duties and trusts imposed upon it by this Resolution and shall agree in writing to perform such trusts but only upon the terms and conditions set forth in this Article. Similarly, each financial institution appointed as a successor Registrar or as a successor Paying Agent shall signify its acceptance of the duties and trusts imposed by this Resolution by a written acceptance.

Section 11.02. Responsibilities of Fiduciaries. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the State and no Fiduciary assumes any responsibility for the correctness of the same except in respect of the authentication certificate of the Registrar endorsed on the Bonds. No Fiduciary makes any representations as to the validity or sufficiency of this Resolution or of any Bonds or as to the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

Section 11.03. Evidence on Which Fiduciaries May Act. (A) Each Fiduciary, upon receipt of any notice, resolution, request, consent order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the State, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(B) Whenever any Fiduciary shall deem it necessary or desirable that a matter to be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable.

(C) Except as otherwise expressly provided in this Resolution any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the State to any Fiduciary shall be sufficiently executed if executed in the name of the State by an Authorized Officer.

Section 11.04. Compensation. The State shall pay to each Fiduciary from time to time reasonable compensation based on the then standard fee schedule of the Fiduciary for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution; *provided, however,* that any specific agreement between the State and a Fiduciary with respect to the compensation of such Fiduciary shall control the compensation to be paid to such Fiduciary.

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Section 11.05. Certain Permitted Acts. Any Fiduciary may become the owner or underwriter of any Bonds, notes or other obligations of the State or conduct any banking activities with respect to the State, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for, and permit any of its officers or directors to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution.

Section 11.06. Resignation of Any Fiduciary. Any Fiduciary may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days written notice to the State and not less than thirty (30) days written notice to the Holders of the Bonds as established by the books of registration prior to the next succeeding Bond Payment Date and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the State pursuant to Section 11.08 hereof in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor has been appointed.

Section 11.07. Removal of Fiduciary. Any Fiduciary may be removed at any time by an instrument or concurrent instruments in writing, filed with the State and such Fiduciary, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys in fact duly authorized, excluding any Bonds held by or for the account of the State.

Section 11.08. Appointment of Successor Fiduciaries. In case any Fiduciary hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the State. Every such Fiduciary appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a stockholders' equity of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable and customary terms.

If in a proper case no appointment of a successor Fiduciary shall be made by the State pursuant to the foregoing provisions of this Section within forty-five (45) days after any Fiduciary shall have given to the State written notice as provided in Section 11.06 hereof or after a vacancy in the office of such Fiduciary shall have occurred by reason of its removal or inability to act, the former Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor.

Section 11.09. Transfer of Rights and Property to Successor. Any successor Fiduciary appointed under this Resolution shall execute, acknowledge and deliver to its predecessor, and also to the State, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if originally named in such capacity; but the Fiduciary ceasing to act shall nevertheless, on the written request of the State, or of the successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the State be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the State. Any such successor Fiduciary shall promptly notify the Paying Agent and Depositories, if any, of its appointment as Fiduciary.

Section 11.10. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 11.11. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Registrar may adopt the certificate of authentication of any predecessor Registrar so authenticating such Bonds and deliver such Bonds so authenticated. In case any such Bonds shall not have been authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in the name of the successor Registrar, and in all such cases such certificate shall be of full force and effect.

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EXHIBIT

SEP 24 1991

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STATE BUDGET & CONTROL BOARD

ARTICLE XII

COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 12.01. General Covenant. The State will comply with all requirements of the Code in order to preserve the tax-exempt status of the Bonds, including without limitation, (i) the requirement to file the information report with the Internal Revenue Service, and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code. In this connection, the State covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel as will enable it to comply with this Section.

Section 12.02. Tax Representations and Covenants. The State hereby represents and covenants that it will not take any actions which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. Without limiting the generality of the foregoing, the State represents and covenants that:

(A) All property provided by the net proceeds of the Bonds or the Notes will be owned by the State or a political subdivision thereof in accordance with the rules governing the ownership of property for federal income tax purposes.

(B) The State shall not permit the proceeds of the Bonds or any facility financed with the proceeds of the Bonds or the Notes to be used in any manner that would result in (a) ten percent (10%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(C) The State is not a party to or will enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds or the Notes that do not conform to the guidelines set forth in Revenue Procedure 82-14, 1982-1 C.B. 459 or Revenue Procedure 82-15, 1982-1 C.B. 460, as modified by the Code.

(D) The State will not sell or lease any property provided by the Bonds the Notes to any person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Bonds.

(E) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The State shall not enter into any leases or sales or service contract with any federal government agency with respect to any facility financed with the proceeds of the Bonds or the Notes and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Bonds.

(F) To the extent proceeds of the Bonds will ultimately be utilized by political subdivisions of the State, the State will cause such political subdivisions to covenant as to the items contained in this Section.

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ARTICLE XIII

MISCELLANEOUS

Section 13.01. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds, or the interest thereon, which remains unclaimed for such period of time, after the date when such Bonds have become due and payable, that the Holder thereof shall no longer be able to enforce the payment thereof, the Paying Agent shall at the written request of the State pay such money to the State as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the State for the payment of such Bonds; provided, however, the Paying Agent shall forward to the State all moneys which remain unclaimed during a period five (5) years from a Bond Payment Date, provided, however, that before being required to make any such payment to the State, the Paying Agent, at the expense of the State, may conduct such investigations as may in the opinion of the Paying Agent be necessary to locate the Holders of those who would take if the Holder shall have died.

Section 13.02. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Resolution should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Section 13.03. Successors. Whenever in this Resolution the State is named or referred to, it shall be deemed to include any entity, which may succeed to the principal functions and powers of the State, and all the covenants and agreements contained in this Resolution or by or on behalf of the State shall bind and inure to the benefit of said successor whether so expressed or not.

Section 13.04. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the State and the Holders from time to time of the Bonds, and such provisions are covenants and agreements with such Holders which the State hereby determined to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the State shall be for the equal benefit, protection, and security of the Holders of any and all of the Bonds, all of which shall be of equal rank without preference, priority or distinction of any Bonds over any other Bonds.

Section 13.05. Filing of Copies of Resolution. Copies of this Resolution shall be filed in the offices of the State Board, the office of the Secretary of State (as a part of the Transcript of Proceedings) and at the offices of each of the Paying Agent and Registrar.

Section 13.06. Further Action by Officers of State. The proper officers of the State are fully authorized and empowered to take the actions required to implement the provisions of this Resolution and to furnish such certificates and other proofs as may be required of them.

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EXHIBIT A

SOUTH CAROLINA STATE COLLEGE
SCHEDULE OF TUITION FEES IN EFFECT FOR PURPOSES OF
SECTION 59-107-10 ET. SEQ. CODE OF LAWS OF
SOUTH CAROLINA 1976, AS AMENDED

<u>Type of Student</u>	<u>Tuition Fees</u>
Resident	\$ 75.00/Semester
Non-Resident	190.00/Semester

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EXHIBIT B

SOUTH CAROLINA STATE COLLEGE

PRO FORMA DEBT SERVICE TABLE ON THE PROPOSED ISSUE OF \$1,200,000
STATE INSTITUTION BONDS, SERIES 1991G. PRINCIPAL AND INTEREST,
PAYABLE AS INDICATED, COMPUTED AT AN ASSUMED RATE OF 6%.

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Principal</u> <u>June 1</u>	<u>Interest</u> <u>June 1</u>	<u>Interest</u> <u>December 1</u>	<u>Total</u> <u>Principal and</u> <u>Interest</u>
1992	-0-	\$ 44,000*	-0-	\$ 44,000
1993	\$ 160,000	33,000	\$ 33,000	226,000
1994	170,000	28,200	28,200	226,400
1995	180,000	23,100	23,100	226,200
1996	190,000	17,700	17,700	225,400
1997	200,000	12,000	12,000	224,000
1998	<u>200,000</u>	<u>6,000</u>	<u>6,000</u>	<u>212,000</u>
	<u>\$1,100,000</u>	<u>\$ 164,000</u>	<u>\$ 120,000</u>	<u>\$1,384,000</u>

* Eight (8) months interest

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SOUTH CAROLINA STATE COLLEGE

PROOF SHOWING COMPLIANCE WITH SECTION 11-27-30,
CODE OF LAWS OF SOUTH CAROLINA,
1976, AS AMENDED

Aggregate of tuition fees received by the College during preceding fiscal year ending June 30, 1991	\$420,584
Multiplied by90
Produces	\$378,525
Maximum Annual Debt Service on all State Institution Bonds of the College (including the proposed issue of \$1,100,000 at an assumed rate of interest of 6.0% per annum)	\$226,400
Margin	\$152,125

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(FORM OF BOND)

(Face of Bond)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE INSTITUTION BOND, SERIES 1991G

(Issued On Behalf of South Carolina State College)

No. R - _____

Rate of
Interest

Maturity
Date

Original
Issue Date

CUSIP

_____ 1, _____, 1991

Registered Holder:

Principal Amount:

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder (named above) or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, upon presentation and surrender of this Bond at the Corporate Trust Office of in the City of _____ State of _____ (the "Paying Agent"), and to pay interest on such Principal Amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve thirty-day months), until the obligation of the State with respect to the payment of such Principal Amount shall be discharged.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the facsimile signature of the Governor of the State of South Carolina and by the facsimile signature of the State Treasurer of the State of South Carolina, the Great Seal of the State of South Carolina to be hereunto reproduced and the same to be attested by the facsimile signature of the Secretary of State of the State of South Carolina.

(FACSIMILE SEAL)

(Facsimile Signature)
Carroll A. Campbell, Jr. Governor

(Facsimile Signature)
Grady L. Patterson, Jr.
State Treasurer

Attest:

(Facsimile Signature)
Jim Miles
Secretary of State

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(FORM OF CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds of the issue described in the within mentioned Resolution.

as Registrar

Authentication Date:

Authorized Officer

[Date]

By _____

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(Back of Bond)

**UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE INSTITUTION BOND, SERIES 1991G**

(Issued On Behalf of South Carolina State College)

This Bond bears interest from the June 1 or the December 1 to which interest has been paid next preceding the authentication date hereof, unless the authentication date hereof is a June 1 or a December 1, in which event this Bond will bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided that if the authentication date hereof precedes October 1, 1991, or if the State shall fail to pay interest on June 1, 1992, then this Bond will bear interest from October 1, 1991. Interest on this Bond is payable on June 1 and December 1 of each year beginning June 1, 1992, at which time interest for eight (8) months will be due. The interest so payable on any June 1 or December 1 shall be payable to the person in whose name this Bond is registered at the close of business on the 15th day of the May or on the 15th day of the November next preceding such June 1 or December 1.

Interest hereon shall be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered at the address shown on the registration books. The principal of and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; provided, however, that payment of the interest on this Bond shall be effected by check or draft as set forth above.

This Bond is one of an issue of Bonds in the aggregate principal amount of One Million One Hundred Thousand Dollars (\$1,100,000) of like tenor, except as to number, rate of interest, and date of maturity and issued pursuant to and in accordance with the Constitution and statutes of the State of South Carolina, including particularly the provisions of the Chapter 107, Title 59, Code of Laws of South Carolina, 1976, as amended, and a Resolution duly adopted by the South Carolina State Budget and Control Board (the "Resolution").

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Registrar, in the office of the Paying Agent and in the office of the Secretary of State of the State of South Carolina.

Bonds of the Series of which this Bond is one are not subject to redemption prior to their stated maturities.

For the prompt payment hereof, both principal and interest, as the same shall become due, the full faith, credit and taxing power of the State are irrevocably pledged and in addition thereto, but subject to the provisions of the Statute law above-referred to, all tuition fees received by South Carolina State College.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

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(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (please print or type name and address of Transferee and Social Security or other identifying number of Transferee) the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

EXHIBIT

SEP 24 1991 11

STATE BUDGET & CONTROL BOARD

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EXHIBIT

SEP 24 1991

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STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 6

AGENCY: State Housing Finance and Development Authority

SUBJECT: \$7,000,000 Multifamily Housing Revenue Bonds (United Dominion - Plum Chase Apartments Project)

The Board is asked to adopt a resolution approving the State Housing Finance and Development Authority proposal to issue \$7,000,000 Multifamily Housing Revenue Bonds on behalf of the Plum Chase Apartments. A ceiling allocation of \$7,000,000 for this project was made on July 17, 1991.

The projects consists of the rehabilitation of a 300-unit apartment complex located in Richland County for occupancy by persons and families of low and low-to-moderate income.

BOARD ACTION REQUESTED:

Adopt a resolution approving South Carolina State Housing Finance and Development Authority proposal to issue \$7,000,000 Multifamily Housing Revenue Bonds, Series 1991, on behalf of the United Dominion - Plum Chase Apartments project.

ATTACHMENTS:

Transmittal Form; Resolution

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TRANSMITTAL FORM, REVENUE BONDS

Date: September 13, 1991
Submitted for BCB Meeting on:
September 24, 1991

TO: Donna K. Williams, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

Lewis M. Levy
Name of ~~Law~~ Firm
SC State Housing Fin. & Dev. Auth
City, State, Zip Code

1710 Gervais Street, Columbia, SC 29201
Street Address/Box Number
1710 Gervais Street, Columbia, SC 29201
Telephone Area Code and Number
SC State Housing Fin. & Dev. Auth.
Multifamily Housing Revenue Bonds

RE: \$7,000,000
Amount of Issue
SC State Housing Fin. & Dev. Auth.
Issuing Authority Name

Type of Bonds or Notes
October 1, 1991
Projected Issue Date

Project Name: Plum Chase Apartments
Project Description: Rehabilitation of 300 unit apartment complex located in Richland
County, SC for occupancy by persons and families of low and low-to-moderate income.
Employment as result of project: _____

CEILING ALLOCATION REQUIRED

Yes (\$ _____) X No
Amount

REFUNDING INVOLVED

Yes (\$ _____) X No
Amount

PROJECT APPROVED PREVIOUSLY

Yes (_____) X No
Date

DOCUMENTS ENCLOSED (executed original and three copies of each):

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. Petition
- B. Resolution or ordinance
- C. Inducement Resolution or comparable preliminary approval
- D. Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)
- OR Audited financial statements for three most recent years
- E. Department of Health and Environmental Control certificate IF REQUIRED
- F. Budget and Control Board Resolution and Public Notice (original)
[Plus 8 copies for certification and return to counsel]
- G. Processing fee
Amount \$ _____ Check No. _____
Payor _____
- H. Draft bond counsel opinion letter

XXXX Bond Counsel: Lewis M. Levy
Typed Name of Counsel

By: [Signature]
Signature

EXHIBIT

SEP 24 1991

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002356

STATE BUDGET & CONTROL BOARD

EXHIBIT

SEP 24 1991

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A RESOLUTION

STATE BUDGET & CONTROL BOARD

GRANTING APPROVAL TO THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF HOUSING REVENUE BONDS OF THE AUTHORITY (UNITED DOMINION - PLUM CHASE, SERIES 1991), SUBJECT TO THE APPROVAL BY THE STATE TREASURER AS TO CERTAIN MATTERS RELATING TO SUCH BONDS.

WHEREAS, it is provided by Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended (the "Act"), that, upon the approval of the State Budget and Control Board (the "Board"), the South Carolina State Housing Finance and Development Authority (the "Authority") may issue from time to time notes or bonds for the purpose of obtaining funds with which to make (1) construction and/or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class as defined in the Act, provided, there is in effect such security and limitations upon liability as the Authority determines to be sufficient under the circumstances; and

WHEREAS, United Dominion Realty Trust, Inc., a Virginia corporation (the "Housing Sponsor"), a housing sponsor as defined in the Act, seeks the assistance of the Authority in an undertaking to provide certain multi-family residential property, as defined in the Act, consisting of approximately 300 units of residential rental property located in Columbia, South Carolina, referred to as Plum Chase Apartments (the "Project") which are to be acquired and rehabilitated through the proceeds of Housing Revenue Bonds issued by the Authority, in the principal amount of \$7,000,000 (the "Series 1991 Bonds"); and

WHEREAS, Wheat, First Securities, Inc. (the "Placement Agent") has agreed to make arrangements for a limited institutional offering of certain bonds of the Authority as permitted by Section 31-13-200(1)(b)(ii)(b), Code of Laws, South Carolina, 1976, as amended by Act No. 538 of the 1988 Acts of the South Carolina General Assembly, under circumstances that limit the right of the bondholders to seek enforcement against the Authority to an assignment of certain collateral and that provide indemnification to the Authority; and

WHEREAS, the Authority proposes to issue its bonds to be known as: South Carolina State Housing Finance and Development Authority Housing Revenue Bonds (United Dominion - Plum Chase), Series 1991, in the principal amount of \$7,000,000 (the "Bonds") pursuant to a Loan Agreement between the Authority and the Housing Sponsor; and

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WHEREAS, the Authority has presented to the Board its Petition dated as of September 11, 1991 (the "Petition"), which sets forth certain information with respect to the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD IN MEETING DULY ASSEMBLED:

Section 1. It is found and determined that the facts set forth in the preambles to this Resolution are in all respects true and correct.

Section 2. Approval is granted to the undertaking of the Authority as outlined in the Petition.

Section 3. Subject to the conditions set forth in Section 4, approval is hereby granted by the Board to the execution and delivery by the Authority of its South Carolina State Housing Finance and Development Authority Housing Revenue Bonds (United Dominion - Plum Chase), Series 1991, in the principal amount of \$7,000,000.

The Bonds shall bear interest as provided in and be issued under and secured by the Trust Indenture and Loan Agreement and shall be subject to the terms and conditions set forth in the Trust Indenture and Loan Agreement with the interest rate thereon to be approved by the State Treasurer.

Section 4. The approval of the Board is hereby conditioned on the following:

(a) The documents pursuant to which the Bonds are being issued shall provide that the Authority shall avoid any default with respect to the Bonds by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds.

(b) The documents pursuant to which the Bonds are being issued shall provide that all expenses, costs and fees of the Authority in connection with the issuance of the Bonds, including legal fees, printing and all disbursements shall be paid by the Housing Sponsor.

Section 5. The Board hereby finds it in the best interests of the Authority and the Board to delegate to the State Treasurer on behalf of the Board the final approval as the elected official of the State of South Carolina for purposes of the Internal Revenue Code of 1986, as amended.

Section 6. This Resolution shall take effect immediately upon its adoption.

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STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

RICHARD W. KELLY
DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 19, 1991

EXHIBIT

SEP 24 1991 12

STATE BUDGET & CONTROL BOARD

The Honorable Donna K. Williams
Secretary
State Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: S.C. State Housing Finance and Development Authority -
Multi-Family Housing Revenue Bonds
Plum Chase Apartments - \$7,000,000

Dear Mrs. Williams:

We have received the S.C. State Housing Finance and Development Authority's Resolution approving issuance of the bonds subject to approval by the Budget and Control Board, the draft resolution of the Authority making provision for the issuance of the bonds, the Authority's Petition to the Budget and Control Board (Board) seeking approval of the issuance of the bonds, and the Proposed Resolution of the Board conditionally approving the issuance.

It is my understanding that in order to comply with §31-13-220, S.C. Code of Laws, 1976, the Authority will furnish the Treasurer of the State of South Carolina the necessary information to satisfy subsections (3), (4) and (5) and that the Treasurer on behalf of the Budget and Control Board will then determine whether the requirement of §31-13-220

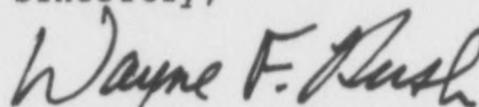
that the funds estimated to thereafter be available for the repayment of the Authority's notes and bonds, including the proposed notes or bonds, will be sufficient to provide for the payment of the principal and interest on the Authority's notes and bonds thereafter to be outstanding as they become due.

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Donna K. Williams
September 19, 1991
Page Two

Once the Treasurer receives the necessary information and makes the required determination on behalf of the Board and the other conditions in the Board's Resolution have been satisfied, the requirements of State law would appear to have been met and the Board will be authorized to give its approval to the issuance of the proposed bonds.

Sincerely,



Wayne F. Rush
General Counsel

CC: Chuck Sanders, Jr.

EXHIBIT

SEP 24 1991 12

STATE BUDGET & CONTROL BOARD

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3. Wheat, First Securities, Inc. (the "Placement Agent") has agreed to make arrangements for a limited institutional offering of certain bonds of the Authority as permitted by Section 31-13-200(1)(b)(ii)(b), Code of Laws, South Carolina, 1976, as amended by Act No. 538 of the 1988 Acts of the South Carolina General Assembly, under circumstances that limit the right of the bondholders to seek enforcement against the Authority to an assignment of certain collateral and provide indemnification to the Authority. In view of this undertaking, the Authority has determined that it, its credit and its other programs are protected.

4. The Project to be financed by the bonds will be privately owned by the Housing Sponsor. The Project is subject to full ad valorem taxes.

5. The Authority proposes to issue its bonds to be known as: South Carolina State Housing Finance and Development Authority Housing Revenue Bonds (United Dominion - Plum Chase), Series 1991, in the principal amount of \$7,000,000 (the "Bonds") pursuant to a Loan Agreement between the Authority and the Housing Sponsor.

6. The Authority has found and determined that:

(a) Sufficient persons or families within the Beneficiary Class are unable to pay rent in the amounts at which private enterprise is providing decent, safe and sanitary housing and that through the exercise of powers conferred upon the Authority, decent, safe and sanitary housing will remain available to members of the Beneficiary Class in need therefor.

(b) In order to provide the moneys necessary to acquire the Project, the Bonds must be issued as provided in the Agreement.

7. The Authority will adopt a final resolution or resolutions authorizing the issuance and sale of a specific principal amount of Bonds and establishing the definitive terms thereof, including those revenues and assets to be pledged to the payment of the Bonds. The Authority will take all steps necessary to comply with the requirements of Section 103 and 141-150 of the Internal Revenue Code of 1986, as amended, relating to the issuance of the Bonds.

8. Interest on the Bonds shall be determined weekly by the Rate Agent (as defined in the Agreement) based on money market conditions, not to exceed 12% per annum.

9. The Bonds shall be special obligations of the Authority secured by and payable solely from the moneys, income and receipts of the Authority pledged under the Agreement with respect thereto.

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10. Prior to delivery of the Bonds, the Authority shall file a schedule showing the annual debt service requirements on all outstanding bonds and notes of the Authority and the amount and source of revenues available for the payment of such debt service requirements.

11. The Authority shall appoint a Trustee, Registrar, Paying Agent and Rate Agent in connection with the issuance of the Bonds with the approval of the State Treasurer.

The Agreement and the Bonds are coordinated so that so long as the Bonds are outstanding, the Authority is assured that its revenues and receipts under the Agreement will be sufficient to pay the debt service of the Bonds and is further assured that it shall avoid any default with respect to the Bonds by completing an assignment of, or foregoing its rights with respect to, any collateral or security pledged to secure the Bonds.

The Authority will produce any further information with respect to the Bonds required by the Board.

WHEREFORE, on the basis of the foregoing the Authority prays approval by the Board as outlined herein, to the issuance and sale of the Bonds in the principal amount of \$7,000,000 to defray the cost of the Project and the cost and expenses of the Authority in issuing the Bonds for the purposes any upon the terms and conditions herein described.

Respectfully submitted,

THE SOUTH CAROLINA STATE
HOUSING FINANCE AND
DEVELOPMENT AUTHORITY

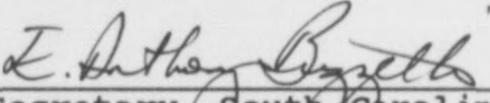
By: E. Anthony Bennett
Executive Director

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**CERTIFIED COPY OF RESOLUTION
APPROVING THE ISSUANCE OF THE BONDS**

I, the undersigned, E. Anthony Buzzetti, the duly qualified and acting Secretary of the South Carolina State Housing Finance and Development Authority (the "Authority"), do hereby certify that attached hereto is a copy of a Resolution entitled: "A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF HOUSING REVENUE BONDS OF THE AUTHORITY (UNITED DOMINION - PLUM CHASE, SERIES 1991), SUBJECT TO THE APPROVAL BY THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD AS TO CERTAIN MATTERS RELATING TO SUCH BONDS" which resolution was adopted by the Board of Commissioners of the Authority at a meeting duly called and held on September 11, 1991, at which meeting a quorum was present and acting throughout, which resolution has been compared by me with the original thereof as recorded in the minute book of the Board of Commissioners of the Authority and that said copy is a true, complete and correct copy thereof and that said resolution has been duly adopted and has not been modified, amended or repealed and is in full force and effect on and as of the date hereof in the form attached hereto.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority for delivery on the 13th day of September, 1991.


Secretary, South Carolina
State Housing Finance and
Development Authority

(SEAL)

EXHIBIT

SEP 24 1991 12

STATE BUDGET & CONTROL BOARD

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EXHIBIT

SEP 24 1991

12

A RESOLUTION

STATE BUDGET & CONTROL BOARD

APPROVING THE ISSUANCE BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY OF HOUSING REVENUE BONDS OF THE AUTHORITY (UNITED DOMINION - PLUM CHASE, SERIES 1991), SUBJECT TO THE APPROVAL BY THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD AS TO CERTAIN MATTERS RELATING TO SUCH BONDS

WHEREAS, it is provided by Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended (the "Act"), that, upon the approval of the State Budget and Control Board (the "Board"), the South Carolina State Housing Finance and Development Authority (the "Authority") may issue from time to time notes or bonds for the purpose of obtaining funds with which to make (1) construction and/or rehabilitation loans secured by mortgages of housing sponsors; and (2) permanent mortgage loans to housing sponsors who agree to and shall be required to provide construction and/or rehabilitation of residential housing for rental by persons or families of either beneficiary class as defined in the Act, provided, there is in effect such security and limitations upon liability as the Authority determines to be sufficient under the circumstances; and

WHEREAS, United Dominion Realty Trust, Inc., a Virginia corporation (the "Housing Sponsor"), a housing sponsor as defined in the Act, seeks the assistance of the Authority in an undertaking to provide certain multi-family residential property, as defined in the Act, consisting of approximately 300 units of residential rental property located in Columbia, South Carolina, referred to as Plum Chase Apartments (the "Project") which are to be acquired and rehabilitated through the proceeds of Housing Revenue Bonds issued by the Authority, in the principal amount of \$7,000,000 (the "Series 1991 Bonds"); and

WHEREAS, Wheat, First Securities, Inc. (the "Placement Agent") has agreed to make arrangements for a limited institutional offering of certain bonds of the Authority as permitted by Section 31-13-200(1)(b)(ii)(b), Code of Laws, South Carolina, 1976, as amended by Act No. 538 of the 1988 Acts of the South Carolina General Assembly, under circumstances that limit the right of the bondholders to seek enforcement against the Authority to an assignment of certain collateral and that provide indemnification to the Authority; and

WHEREAS, the Authority proposes to issue its bonds to be known as: South Carolina State Housing Finance and Development Authority Housing Revenue Bonds (United Dominion - Plum Chase), Series 1991, in the principal amount of \$7,000,000 (the "Bonds") pursuant to a Loan Agreement between the Authority and the Housing Sponsor; and

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WHEREAS, the Authority has presented to the Board its Petition dated as of September 11, 1991 (the "Petition"), which sets forth certain information with respect to the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY IN MEETING DULY ASSEMBLED:

Section 1. It is found and determined that the facts set forth in the preambles to this Resolution are in all respects true and correct.

Section 2. Issuance of the Series 1991 Bonds as discribed in the Petition is hereby approved, it being contemplated that a formal Bond Resolution will be adopted by the Authority at its October meeting.

Section 3. This Resolution shall take effect immediately upon its adoption.

EXHIBIT

SEP 24 1991 12

STATE BUDGET & CONTROL BOARD

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CERTIFIED COPY OF RESOLUTION
MAKING PROVISION FOR THE ISSUANCE OF BONDS

I, the undersigned, E. Anthony Buzzetti, the duly qualified and acting Secretary of the South Carolina State Housing Finance and Development Authority (the "Authority"), do hereby certify that attached hereto is a copy of a Resolution entitled: "A RESOLUTION MAKING PROVISION FOR THE ISSUANCE OF \$7,000,000 HOUSING REVENUE BONDS, SERIES 1991 OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF FINANCING THE ACQUISITION AND REHABILITATION OF PLUM CHASE APARTMENTS BY UNITED DOMINION REALTY TRUST, INC., AND OTHER MATTERS RELATED THERETO." which resolution was adopted by the Board of Commissioners of the Authority at a meeting duly called and held on October 9, 1991, at which meeting a quorum was present and acting throughout, which resolution has been compared by me with the original thereof as recorded in the minute book of the Board of Commissioners of the Authority and that said copy is a true, complete and correct copy thereof and that said resolution has been duly adopted and has not been modified, amended or repealed and is in full force and effect on and as of the date hereof in the form attached hereto.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority for delivery on the ___ day of October 1991.

Secretary, South Carolina
State Housing Finance and
Development Authority

(SEAL)

EXHIBIT

SEP 24 1991

12

STATE BUDGET & CONTROL BOARD

DRAFT
DATED 9/12/91

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EXHIBIT

SEP 24 1991

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RESOLUTION NO. _____ STATE BUDGET & CONTROL BOARD

A RESOLUTION MAKING PROVISION FOR THE ISSUANCE OF \$7,000,000 HOUSING REVENUE BONDS, SERIES 1991 OF THE SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY FOR THE PURPOSE OF FINANCING THE ACQUISITION AND REHABILITATION OF PLUM CHASE APARTMENTS BY UNITED DOMINION REALTY TRUST, INC., AND OTHER MATTERS RELATED THERETO.

WHEREAS, pursuant to Act No. 76 of the Acts and Joint Resolutions of the General Assembly of 1977, as amended (the "Act"), the South Carolina State Housing Finance and Development Authority (the "Authority") is authorized and empowered to determine that sufficient persons or families of either "beneficiary class" (as defined in the Act) are unable to pay the amounts at which private enterprise is providing decent, safe and sanitary housing and that through the exercise of one or more of the programs authorized by the Act, decent, safe and sanitary housing will become available to members of the class in need therefor; and

WHEREAS, after making such a determination and, upon obtaining the approval of the State Budget and Control Board pursuant to the Act, the Authority is authorized to issue from time to time its notes and bonds, the proceeds of which shall be used to make construction and permanent mortgage loans secured by mortgages of housing sponsors (as defined in the Act) who agree to and are required to provide for construction and/or rehabilitation of residential housing (as defined in the Act) for rental by persons or families of either beneficiary class; provided, there is in effect such security and

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limitations upon liability as the Authority determines to be sufficient under the circumstances; and

WHEREAS, United Dominion Realty Trust, Inc., a Virginia corporation (the "Housing Sponsor"), a housing sponsor as defined in the Act, seeks the assistance of the Authority in an undertaking to provide certain multi-family residential property, as defined in the Act, consisting of approximately 300 units of residential rental property located in Columbia, South Carolina, referred to as Plum Chase Apartments (the "Project") which are to be acquired and rehabilitated through the proceeds of Housing Revenue Bonds issued by the Authority, in the principal amount of \$7,000,000 (the "Series 1991 Bonds"); and

WHEREAS, Wheat, First Securities, Inc. (the "Placement Agent") has agreed to make arrangements for a limited institutional offering of certain bonds of the Authority as permitted by Section 31-13-200(1)(b)(ii)(b), Code of Laws, South Carolina, 1976, as amended by Act No. 538 of the 1988 Acts of the South Carolina General Assembly, under circumstances that limit the right of the bondholders to seek enforcement against the Authority to an assignment of certain collateral and that provide indemnification to the Authority; and

WHEREAS, the Authority proposes to issue its bonds to be known as: South Carolina State Housing Finance and Development Authority Housing Revenue Bonds (United Dominion - Plum Chase),

EXHIBIT

SEP 24 1991

1 2

STATE BUDGET & CONTROL BOARD

A Resolution Providing that the South Carolina State Housing Finance and Development Authority will issue, under certain conditions, its notes or bonds to finance a mortgage loan of not exceeding \$7,500,000 for United Dominion Realty Trust, Inc.

WHEREAS, the South Carolina State Housing Finance and Development Authority (the "Authority") is authorized and empowered under and pursuant to the provisions of Act Number 76 of 1977, known as the South Carolina State Housing Authority Act of 1977, as amended (the "Act"), to make mortgage loans in such amounts and on such terms and conditions as the Authority shall approve to housing sponsors for residential housing and housing development and to make loans to or purchase securities from mortgage lenders upon such terms and conditions as the Authority shall approve including a requirement that the proceeds thereof be used by such mortgage lender for the making of mortgage loans for residential housing all for the purpose of providing decent, safe and sanitary residential housing to persons in the beneficiary classes (as defined in the Act); and

WHEREAS, the Authority is authorized and empowered by the Act to make commitments for any programs over which the Authority has jurisdiction; and

WHEREAS, heretofore United Dominion Realty Trust, Inc. (the "Applicant") a housing sponsor, as defined in the Act, sought the assistance of the Authority in an undertaking to provide certain residential property, as defined in the Act, consisting of 300 units of rental residential property located in Columbia, South Carolina, referred to as Plum Chase Apartments (the "Project"), which will be acquired, by construction or purchase, through the proceeds of assistance offered by the Authority; and

WHEREAS, the Applicant now requests the assistance of the Authority to refinance its outstanding mortgage loan; and

WHEREAS, the Authority desires to formally indicate its present intent to provide such assistance to the Applicant through the proceeds of its refunding notes or bonds pursuant to the Act, subject to the terms and conditions hereof;

NOW THEREFORE, be it resolved by the Authority as follows:

SECTION 1. Undertakings of Authority. In the event the Applicant meets the requirements set forth herein, the Authority will undertake to issue its notes or bonds under the provisions of the Act in the amount necessary to fund a mortgage loan to the Applicant, either directly, by purchase, or through a mortgage lender, in an amount not exceeding \$7,500,000. Any obligation of the Authority hereunder is subject to (a) the requirements that (i) the Project received such local approval, if any, as is required under the Act, and (ii) the Authority approves the items which may be included in any required charges (rent plus any other mandatory payments by the occupants of the project, and (iii) the notes or bonds of the Authority be approved by the South Carolina State Budget and Control Board and (b) the right of the Authority, in its sole discretion, to rescind this resolution and elect not to issue such refunding notes or bonds or fund such mortgage loan at some future date.

SECTION 2. Obligation of Applicant. If the plan proceeds as contemplated, the Applicant agrees as follows:

a) to make the project available for occupancy by persons in the beneficiary classes, as defined in the Act, for such period and subject to such conditions as the Authority may determine;

b) to provide such security for any of its obligations or mortgages to the Authority, or of the obligations of any other person to the Authority, as the Authority may, in its sole discretion request, which such security may include federal mortgage insurance or federal agreements to make payments adequate to pay amounts due by the Applicant or such other person;

c) to enter into a mortgage loan agreement with respect to the Project on such terms and conditions as the Authority may deem necessary or desirable;

d) to pay all costs and expenses incurred by the Authority, including its reasonable counsel fees, in furtherance of the undertakings of the Authority hereunder, regardless of whether any bonds or notes are issued with respect to the Project;

e) to provide the Authority with such information and material with respect to the Project, including financial statements and information, reports, tests, surveys, appraisals, plans, specifications, drawings, occupancy rates or rent rolls, studies or feasibility studies, legal opinions, descriptions, and access for inspection of the Project or any other such items as may be requested by the Authority; and

f) to enter into such agreements, execute such documents and provide such proofs or evidence as the Authority may, in its sole discretion, request in connection with its undertakings hereunder.

SECTION 3. Termination. The Authority or the Applicant may elect not to proceed with the Project or any issue of notes or bonds hereunder. The Authority shall not be obligated hereby to the Applicant or any other person by virtue of the adoption of this resolution. Neither the Applicant nor any other person shall have any right hereunder and the Authority shall not be liable in any way to the Applicant or such other person for any decision it makes not to proceed hereunder regardless of any action taken by the Applicant or such other person whether known or unknown to the Authority.

SECTION 4. Extension. This resolution will expire six months from the date hereof. Prior to its expiration, this resolution may be extended for a period of six (6) months only upon the request of the Applicant and upon payment to the Authority of \$500 renewal fee. This resolution will be extended for only one six (6) month period.

SECTION 5. Miscellaneous. All orders and resolutions or any parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and upon its adoption by the Authority.

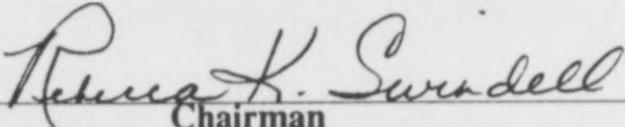
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SECTION 6. Official Action. It is the intention of the Authority that this resolution shall constitute an official action by the Authority evidencing its present intent within the meaning of the applicable regulations of the United States Department of the Treasury relating to the issuance of tax exempt bonds under the Internal Revenue Code of 1986, as amended .

SECTION 7. Non-Transferrable. This resolution may not be transferred by the Applicant. No attempted assignment or other transfer of this resolution shall be valid or binding upon the Authority.

Done in meeting duly assembled this 12th day of December, 1990.

**SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY**


Chairman

(SEAL)

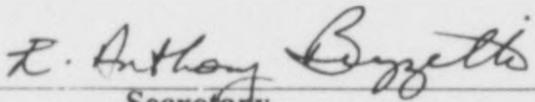
ATTEST:

**SOUTH CAROLINA STATE HOUSING FINANCE
AND DEVELOPMENT AUTHORITY**

EXHIBIT

SEP 24 1991 12

STATE BUDGET & CONTROL BOARD


Secretary

*Extended an addition 6 mos.
per attached cover letter.*

United Dominion
REALTY TRUST

June 11, 1991

Mr. Lewis M. Levy
General Counsel
South Carolina State Housing Finance
And Development Authority
1710 Jervais Street
Columbia, SC 29201

Re: Inducement Resolution Dated December 12, 1990
Patriot Place Apartments
Columbia, South Carolina
Extension

for Clean Lines

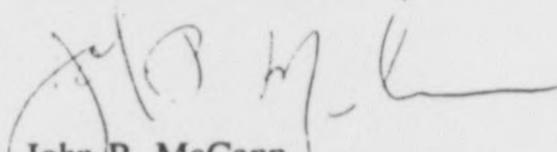
Dear Mr. Levy:

In accordance with Section 4 of the above referenced Inducement Resolution, please extend the Inducement Resolution for an additional six (6) months. We have enclosed the \$500 renewal fee made payable to the Authority.

As you know, we recently submitted our financing plan as the next step in proceeding with the project.

Sincerely,

UNITED DOMINION REALTY TRUST


John P. McCann
President

JPM/cd

EXHIBIT

SEP 24 1991

12

STATE BUDGET & CONTROL BOARD

002374

OCT 4 1991

McNAIR LAW FIRM, P.A.
ATTORNEYS AND COUNSELORS AT LAW

140 EAST BAY STREET
CHARLESTON, SOUTH CAROLINA 29401

MAILING ADDRESS:
POST OFFICE BOX 1431
CHARLESTON, SOUTH CAROLINA 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

COLUMBIA OFFICE
NCNB TOWER
1301 GERVAIS STREET
POST OFFICE BOX 11390
COLUMBIA, SC 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

GEORGETOWN OFFICE
121 SCREVEN STREET
POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
TELEPHONE 803/546-6102
FACSIMILE 803/546-0096

GREENVILLE OFFICE
NCNB PLAZA
SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SC 29601
TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

HILTON HEAD ISLAND OFFICE
MCNAIR LAW BUILDING
10 POPE AVENUE EXECUTIVE PARK
POST OFFICE DRAWER 7787
HILTON HEAD ISLAND, SC 29938
TELEPHONE 803/785-5169
FACSIMILE 803/785-3029

RALEIGH OFFICE
RALEIGH FEDERAL BUILDING
ONE EXCHANGE PLAZA
SUITE 810
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/890-4190
FACSIMILE 919/890-4180

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

October 3, 1991

VIA FEDERAL EXPRESS

Ms. Donna K. Williams
Secretary
South Carolina State Budget
and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201

Re: \$7,000,000 South Carolina State Housing Finance and Development Authority Housing Revenue Bonds (United Dominion - Plum Chase), Series 1991

Dear Donna:

Enclosed are copies of the Budget and Control Board Resolution reflecting the change anticipated at the meeting. Closing is currently scheduled for October 11 in Charleston. Lewis Levy will be providing you the information needed to issue the Final Allocation Certificate.

If you should have any questions, please do not hesitate to call.

With warm personal regards,

McNAIR LAW FIRM, P.A.

Bill Youngblood/ebs
M. William Youngblood

MWY/ebs
Enclosures

EXHIBIT

SEP 24 1991

12

STATE BUDGET & CONTROL BOARD

002375

EXHIBIT

SEP 24 1991

12

STATE BUDGET & CONTROL BOARD

October __ 1991

South Carolina State Housing
Finance and Development Authority
1710 Gervais Street
Columbia, South Carolina 29201

Re: \$7,000,000 South Carolina State Housing Finance and
Development Authority Housing Revenue Bonds (United
Dominion - Plum Chase), Series 1991

Gentlemen:

We have acted as Bond Counsel in connection with the authorization, issuance and sale by the South Carolina State Housing Finance and Development Authority (the "Issuer") of its Housing Revenue Bonds (United Dominion - Plum Chase), Series 1991 (the "Bonds"), in the aggregate principal amount of \$7,000,000, originally dated September 1, 1991. The Bonds are being issued to provide a portion of the funds necessary to permit United Dominion Realty Trust, Inc., a Virginia Corporation (the "Trust") to acquire and rehabilitate a multifamily residential rental project in the City of Columbia, South Carolina (the "Project") pursuant to a Loan Agreement dated as of September 1, 1991 between the Issuer and the Trust (the "Loan Agreement"). Capitalized terms not otherwise defined herein are used with the meanings ascribed thereto in a Trust Indenture (the "Indenture") dated as of September 1, 1991 between the Issuer and Crestar Bank, as Trustee and in its other capacities thereunder (the "Trustee").

Certain agreements between the Issuer and the Trust (or its successors) include covenants (the "Tax Covenants") with respect to operating the Project as a "qualified residential rental project" within the meaning of Section 142 (d) of the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the Issuer or the Trust to comply with such covenants could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issuance. We assume no responsibility for and will not monitor compliance with such covenants.

The Bonds are subject to redemption prior to maturity at the

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time, in the manner and upon the terms provided in the Bonds and in the Indenture.

The Bonds constitute a limited obligation of the Issuer, and the principal of and interest on the Bonds are payable solely from revenues of the Issuer derived and to be derived from the Project and pursuant to the Indenture. The Bonds do not now and shall never constitute an indebtedness of the State of South Carolina or any political subdivision thereof, including the Issuer, within the meaning of any State of South Carolina constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power.

The Bonds shall mature and bear interest as provided in the Indenture.

In connection with the issuance of the Bonds, we have examined (a) a copy of the Bond Resolution providing for the issuance of the Bonds, adopted by the Board of Commissioners of the Issuer on October 9, 1991 (the "Resolution") pursuant to and under the provisions of Act No. 76 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1977, as amended (the "Act"); (b) the form of the Bonds; (c) copies of the Indenture, the Loan Agreement, the Agreement as to Restrictive Covenants; and (d) other opinions, documents, certificates and letters we consider necessary in rendering this opinion.

From such examination, assuming the authenticity of the documents we have examined, the genuineness of the signatures thereon and the accuracy of the facts stated therein, on the basis of laws, regulations, rulings and decisions enacted, promulgated or rendered and in effect on the date hereof, it is our opinion that:

1. The Issuer is a public body corporate and politic and an agency of the State of South Carolina. Pursuant to the Act, the Issuer is empowered to issue the Bonds for the purpose of financing the cost of the Project (as defined in the Indenture), and to pledge the payments to be received pursuant to, and certain of its interests in, the Loan Agreement as security for the payment of the principal of, premium, if any, and interest on the Bonds.

2. The Issuer has complied with all applicable provisions of the Constitution and laws of the State of South Carolina now in force, including the Act, and has full power and authority

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to execute and deliver the Bonds, the Loan Agreement, the Indenture, and the Agreement as to Restrictive Covenants (the "Issuer Documents") and to carry out the terms thereof.

3. The Issuer Documents have been duly executed and delivered by the Issuer, are in full force and effect and are valid and binding upon the Issuer and enforceable in accordance with their respective terms, except to the extent that the enforceability (but not the validity) thereof may be limited by any applicable bankruptcy, insolvency or other law or enactment now or hereafter enacted by the State or Federal government affecting the enforcement of creditors' rights and except that equitable remedies lie in the discretion of a court and may not be available.

4. The Bonds have been duly and validly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer in accordance with their terms and the terms of the Indenture, equally and ratably secured by and entitled to the benefits provided by the Indenture, and are not a general obligation or indebtedness of the Issuer within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit, but are payable solely from revenues pledged and assigned to the payment thereof, secured by the provisions of the Indenture, the Loan Agreement, and provided that the enforceability (but not the validity) of the Bonds may be limited by any applicable bankruptcy, insolvency or other law or enactment now or hereafter enacted by the State or Federal government affecting the enforcement of creditors' rights and provided further that equitable remedies lie in the discretion of a court and may not be available.

5. All interests of the Issuer in the Loan Agreement, including amounts payable thereunder to the Issuer by the Participant (except for rights to indemnification and to certain payments of costs, expenses and other amounts as set forth in the Indenture), have been duly pledged and assigned to the Trustee and a security interest therein granted by the Indenture.

6. Subject to the qualifications stated below, under the law existing as of the date of delivery of the Bonds and assuming continuous compliance by the Trust with the provisions of the Restrictive Covenants (disregarding, however, general covenants to take all action necessary, or to amend the Restrictive Covenants as may be necessary, in order to maintain

South Carolina State Housing
Finance and Development Authority
October __, 1991
Page 4

the exemption of interest on the Bonds from Federal income taxation), the interest on the Bonds is exempt from inclusion in gross income for Federal income tax purposes; provided, however, that such Federal exemption shall not apply with respect to any Bond for any period during which it may be held by a "substantial user" of the Project or a "related person" thereto (as those terms are defined in Section 147(a) of the Code); further provided that pursuant to the Code, interest on the Bonds will be an item of tax preference for purposes of the Federal alternative minimum income tax imposed on individuals and corporations. We express no other opinion regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

7. Under existing law, the interest on the Bonds is exempt from South Carolina income taxes.

8. The Master Bond and the Bonds are exempt from registration under the Securities Act of 1933 and the Indenture is not required to be qualified under the Trust Indenture Act of 1939.

In rendering this opinion, we have relied upon representations made by the Trust as to the application of the proceeds of the Bonds and other matters relating to the exemption of the interest on the Bonds from Federal income taxation.

Very truly yours,

McNAIR LAW FIRM, P.A.

By: _____
A Member of the Firm

EXHIBIT

SEP 24 1991

12

STATE BUDGET & CONTROL BOARD

002379

EXHIBIT

SEP 24 1991

13

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

7

AGENCY: Abbeville County

SUBJECT: Ceiling Allocation Extension

On July 17, the Board made a tentative allocation of \$3,000,000 for the Abbeville County Bibb Company project. That tentative allocation expires October 15.

Bond counsel advises that the project is progressing. Closing is scheduled for late October or early November. Abbeville County Council meets only once each month; third reading of the bond ordinance is scheduled for the Council's October 14 meeting.

In accord with Code Section 1-11-560(c), the Board is asked to extend for 31 days the period in which the \$3,000,000 allocation is valid.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-560(c), extend for 31 days the period in which the \$3,000,000 allocation for the Abbeville County Bibb Company project is valid.

ATTACHMENTS:

Page September 9 letter

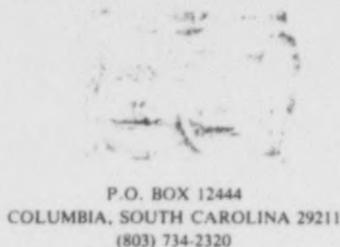
002380

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 24, 1991

EXHIBIT

SEP 24 1991 13

STATE BUDGET & CONTROL BOARD

Ms. Nancy Page
McNair Law Firm, P.A.
NCNB Plaza, Suite 1201
7 North Laurens Street
Greenville, SC 29601

Dear Nancy:

Re: \$3,000,000 Abbeville County, South Carolina
Industrial Revenue Bonds, Series 1991
(The Bibb Company Project)

By means of a letter dated July 17, 1991, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that a tentative allocation of \$3,000,000 of the State Ceiling established in the Tax Reform Act of 1986 had been made by the Budget and Control Board for the referenced project.

In response to your request of September 9, 1991, in which you acted in your capacity as agent for Abbeville County, and in accordance with the provision of Code Section 1-11-560(c), the Budget and Control Board, at its meeting on September 24, 1991, extended for 31 days the period in which the \$3,000,000 allocation is valid. As a result of the Board action, the tentative allocation will expire on November 15, 1991, if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Sincerely,

A handwritten signature in cursive script that reads "Donna".

Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:ns1

002381

SEP 9 1991

McNAIR LAW FIRM, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NCNB PLAZA / SUITE 1201
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601

TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

CHARLESTON OFFICE
140 EAST BAY STREET
POST OFFICE BOX 1431
CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

COLUMBIA OFFICE
NCNB TOWER
1301 GERVAIS STREET
POST OFFICE BOX 11390
COLUMBIA, SC 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

GEORGETOWN OFFICE
121 SCREVEN STREET
POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
TELEPHONE 803/546-6102
FACSIMILE 803/546-0096

HILTON HEAD ISLAND OFFICE
McNAIR LAW BUILDING
10 POPE AVENUE EXECUTIVE PARK
POST OFFICE DRAWER 7787
HILTON HEAD ISLAND, SC 29938
TELEPHONE 803/785-5169
FACSIMILE 803/785-3029

RALEIGH OFFICE
RALEIGH FEDERAL BUILDING
ONE EXCHANGE PLAZA
SUITE 810
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/890-4190
FACSIMILE 919/890-4180

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

September 9, 1991

Mrs. Donna K. Williams
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, South Carolina 29201

VIA ANDERSON ARMORED CAR

Re: Not Exceeding \$3,000,000 Abbeville County, South
Carolina, Industrial Revenue Bonds (The Bibb
Company Project) Series 1991

Dear Donna:

On July 17, 1991, the South Carolina Budget and Control Board granted an allocation of \$3,000,000 for The Bibb Company's project in Abbeville County. This allocation is to expire on October 15, 1991. In accordance with Section 7(c) of the regulations of the Board, I am requesting on behalf of Abbeville County an extension of this allocation for 31 calendar days. The Bibb Company's project is progressing and closing is scheduled for late October or early November. The Abbeville County Council only meets once each month and third reading of the bond ordinance is scheduled for the October 14 meeting of the Abbeville County Council.

Please let me know if you need anything further.

Sincerely,

McNAIR LAW FIRM, P.A.

Nancy

Nancy Page

NP/dcp

cc: Mr. David M. Bates
Mr. Alan Masarek

EXHIBIT

SEP 24 1991

13

STATE BUDGET & CONTROL BOARD

002382

EXHIBIT

SEP 24 1991

14

TRANSMITTAL FORM, REVENUE BONDS

Date: September 11, 1991
Submitted for BCB Meeting on:
September 24, 1991

TO: STATE BUDGET & CONTROL BOARD
Donna K. Williams, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

Haynsworth, Marion, McKay & Guerard
Name of Law Firm
Charleston, SC 29401 / 29402
City, State, Zip Code

2 Prioleau Street/P. O. Box 1119
Street Address/Box Number
803-722-7606
Telephone Area Code and Number

RE: \$4,065,000
Amount of Issue
Charleston County, South Carolina
Issuing Authority Name

Industrial Revenue Refunding Bonds
Type of Bonds or Notes
October 24, 1991
Projected Issue Date

Project Name: Coburg Dairy, Inc.

Project Description: To refund the Series 1986 Bonds, the proceeds of which were
used for the acquisition, construction and equipping of facilities for processing milk
and other food and beverage products.
Employment as result of project: current employment in Charleston County - 158

CEILING ALLOCATION REQUIRED

Yes (\$ _____) No
Amount

REFUNDING INVOLVED

Yes (\$4,065,000) No
Amount

PROJECT APPROVED PREVIOUSLY

Yes (9/9/86) No
Date

DOCUMENTS ENCLOSED (executed original and three copies of each):

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. Petition
- B. Resolution or ordinance
- C. Inducement Resolution or comparable preliminary approval
- D. Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)
- OR Audited financial statements for three most recent years
- E. Department of Health and Environmental Control certificate IF REQUIRED
- F. Budget and Control Board Resolution and Public Notice (original)
[Plus 10 copies for certification and return to counsel]
- G. Processing fee
Amount \$ 3,000.00 Check No. 007714
Payor Coburg Dairy, Inc.
- H. Draft bond counsel opinion letter

Bond Counsel: W.E. Applegate, III
Typed Name of Counsel

By: W.E. Applegate
Signature

EXHIBIT

SEP 24 1991

14

A RESOLUTION

STATE BUDGET & CONTROL BOARD

APPROVING AN UNDERTAKING BY THE COUNTY COUNCIL OF CHARLESTON COUNTY PURSUANT TO CHAPTER 29, TITLE 4, VOLUME 1, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, TO REFUND THE \$5,000,000 CHARLESTON COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BONDS, SERIES 1986, THE OUTSTANDING PRINCIPAL BALANCE OF WHICH IS \$4,065,000, AND THE PROCEEDS OF WHICH WERE USED TO ACQUIRE, EXPAND AND EQUIP AN INDUSTRIAL PROJECT THROUGH THE ISSUANCE OF \$4,065,000 CHARLESTON COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE REFUNDING BONDS, SERIES 1991 (COBURG DAIRY, INC. PROJECT).

WHEREAS, heretofore the County Council of Charleston County (County Council) did, pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended (the Enabling Statute), petition the State Budget and Control Board of South Carolina (the State Board), seeking approval of the State Board of an undertaking by the County Council pursuant to the Enabling Statute; and

WHEREAS, the undertaking provides for the issuance of \$4,065,000 Charleston County, South Carolina, Industrial Revenue Refunding Bonds, Series 1991 (Coburg Dairy, Inc. Project) pursuant to the Enabling Statute (the Bonds), and the loan of the proceeds thereof to Coburg Dairy, Inc. (the Company), under the terms of a loan agreement between the County and the Company (the Loan Agreement), to refund the \$5,000,000 Charleston County, South Carolina, Industrial Revenue Bonds, Series 1986 (Coburg Dairy, Inc. Project), the outstanding principal balance of which is \$4,065,000 (the Prior Bonds), the proceeds of which were used to finance the (i) construction and renovation of buildings containing approximately 97,000 square feet located at 5000 LaCross Road, in the City of North Charleston, Charleston County, and (ii) acquisition and installation of equipment therein and thereon (such

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building and equipment, as so acquired, renovated, constructed and installed, being referred to herein as the Project) all of which are owned by the Company and constitute facilities for the processing of milk and other food beverage products; and

WHEREAS, under the Loan Agreement, loan payments sufficient to provide for the payment of the Bonds and costs and expenses resulting from the issuance thereof will be made by the Company; and

WHEREAS, the Bonds will be secured by a letter of credit (the Letter of Credit) from South Carolina National Bank to Trust Company Bank, as Trustee (the Trustee) under the Trust Indenture by and between the County and the Trustee, dated as of October 1, 1991, and the pledge of the loan payments under the Loan Agreement; and

WHEREAS, the State Board has made such independent investigation as it deems advisable,

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD, IN MEETING DULY ASSEMBLED:

1. The State Board has made such investigation of the matters set forth in the Petition as it deems appropriate and it is hereby found and determined as follows:

a. County Council has filed a proper Petition to the State Board, establishing a reasonable estimate of the cost of the Project and a general summary of the terms and conditions of the Loan Agreement to be made by the County.

b. The Project currently provides employment for one

hundred fifty-eight (158) employees; and

c. The Project is intended to promote the purposes of the Enabling Statute and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings, the proposed undertaking of the County Council to refinance the acquisition, expansion and equipping of a milk and food beverage processing facility will constitute a "project" under the Enabling Statute, through the issuance of the not exceeding \$4,065,000 Charleston County, South Carolina, Industrial Revenue Refunding Bonds, payable from the loan payments to be derived under the Loan Agreement, and additionally to be secured by the Letter of Credit, and by the pledge of loan payments to be paid under the Loan Agreement, all pursuant to the Enabling Statute (including changes in any details of the financing, as finally consummated, which do not materially affect the undertaking), be, and the same is, hereby approved.

3. Notice of the action taken by the Sate Board in giving approval to the undertaking of Charleston County above described in Paragraph 2, supra, shall be published one time in The News and Courier, a newspaper published in the City of Charleston, South Carolina, having general circulation in Charleston County.

4. The notice to be published shall be in the form substantially as set forth as Exhibit A of this Resolution.

hundred fifty-eight (158) employees; and

c. The Project is intended to promote the purposes of the Enabling Statute and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings, the proposed undertaking of the County Council to refinance the acquisition, expansion and equipping of a milk and food beverage processing facility will constitute a "project" under the Enabling Statute, through the issuance of the not exceeding \$4,065,000 Charleston County, South Carolina, Industrial Revenue Refunding Bonds, payable from the loan payments to be derived under the Loan Agreement, and additionally to be secured by the Letter of Credit, and by the pledge of loan payments to be paid under the Loan Agreement, all pursuant to the Enabling Statute (including changes in any details of the financing, as finally consummated, which do not materially affect the undertaking), be, and the same is, hereby approved.

3. Notice of the action taken by the Sate Board in giving approval to the undertaking of Charleston County above described in Paragraph 2, supra, shall be published one time in The News and Courier, a newspaper published in the City of Charleston, South Carolina, having general circulation in Charleston County.

4. The notice to be published shall be in the form substantially as set forth as Exhibit A of this Resolution.

NOTICE PURSUANT TO
CHAPTER 29, TITLE 4,
CODE OF LAWS OF SOUTH CAROLINA 1976,
AS AMENDED

Notice is hereby given that, following the filing of a Petition by the County Council of Charleston County (the County Council) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including any changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz:

The refunding by County Council of the outstanding \$5,000,000 Charleston County, South Carolina, Industrial Revenue Bonds, Series 1986 (Coburg Dairy, Inc. Project), the outstanding principal balance of which is \$4,065,000 and the proceeds of which were used to finance the (i) construction and renovation of buildings containing approximately 97,000 square feet located at 5000 LaCross Road, in the City of North Charleston, Charleston County, and (ii) acquisition and installation of equipment therein and thereon (such building and equipment, as so acquired, renovated, constructed and installed, being referred to herein as the Project) all of which are owned by Coburg Dairy, Inc. (the Company) and constitute facilities for the processing of milk and other food beverage

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products. To refinance the Project, the County Council will issue \$4,065,000 Charleston County, South Carolina, Industrial Revenue Refunding Bonds, Series 1991 (Coburg Dairy, Inc. Project) (the Bonds), pursuant to Chapter 29, Title 4, Code of Laws of South Carolina 1976, as amended, under the terms of a Trust Indenture by and between the County and Trust Company Bank, as Trustee (the Trustee). The Bonds of Charleston County will be payable by the County solely from the loan payments paid by the Company under the Loan Agreement (the Loan Agreement) by and between the County and the Company, which has irrevocably covenanted and agreed to pay, when due, all sums required for the principal and interest thereon, and the Bonds will be secured by a letter of credit from South Carolina National Bank to the Trustee and a pledge of the loan payments to be paid under the Loan Agreement. The Bonds shall not constitute a charge against the general credit or taxing power of Charleston County.

The Project currently provides employment for 158 employees. Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Council by action de novo instituted in the Court of Common Pleas for Charleston County.

STATE BUDGET AND CONTROL BOARD OF
SOUTH CAROLINA

By: _____
Donna K. Williams, Secretary

Publication Date:
October __, 1991

SEP 17 1991

The State of South Carolina



Office of the Attorney General

EXHIBIT

SEP 24 1991

14

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

September 17, 1991

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

RE: \$4,065,000 Industrial Revenue Refunding Bonds
Charleston County, South Carolina
(Coburg Dairy, Inc.)

Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval pursuant to Section 4-29-140, et seq., South Carolina Code of Laws, 1976, as amended. The documents, with one exception, appear to comply with the requirements of the referenced Code sections that certain specific information be addressed in these documents.

Section 4-29-140 (b) requires a reasonable estimate of the cost of the project. This information would be found in the findings that the governing body must make pursuant to Section 4-29-60, regarding not only the amount of bonds necessary to finance the project, but the amount necessary each year to pay the principal of and interest on the bonds proposed to be issued to finance the project be stated. The Petition at paragraph 3 does represent that the industry is obligated

...to make payments on the purchase price for the Facilities sufficient to pay the principal of, premium, if any, and interest on the Refunding Bonds as they become due.

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Ms. Donna K. Williams
September 17, 1991
Page 2

However, it should be noted that the information required by the code as to the specific amount, is not included in the information submitted to this Office.

This opinion addresses only the fact that the documents, other than the exceptions noted above, appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

BY: Steve Ashworth

TGA:bvc

002391

HAYNSWORTH, MARION, McKAY & GUÉRARD

Attorneys At Law

Two Prioleau Street
Post Office Box 1119
Charleston, South Carolina 29402
(803) 722-7606

Telecopier (803) 723-5263

September 18, 1991

VIA FACSIMILE

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, SC 29211
FAX 803-734-2117

RE: \$4,065,000 Charleston County, South Carolina
Industrial Revenue Refunding Bonds
(Coburg Dairy, Inc. Project) Series 1991

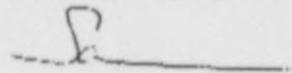
Dear Ms. Williams:

Please be advised that the principal on the above referenced bonds will be payable in the amounts and in the years as set forth below at an interest rate not to exceed eight percent (8%). As soon as the bonds are priced, I will be in a position to give you the exact annual principal and interest payments.

October 1, 1992	\$170,000
October 1, 1993	\$180,000
October 1, 1994	\$190,000
October 1, 1995	\$200,000
October 1, 1996	\$215,000
October 1, 1997	\$230,000
October 1, 1998	\$245,000
October 1, 1999	\$260,000
October 1, 2000	\$275,000
October 1, 2001	\$295,000
October 1, 2002	\$315,000
October 1, 2003	\$335,000
October 1, 2004	\$360,000
October 1, 2005	\$385,000
October 1, 2006	\$410,000

Thank you for your assistance in this matter.

Sincerely yours,



W. E. Applegate, III

WEA:egb

002392

State of South Carolina



Office of the State Auditor

P.O. BOX 11333
COLUMBIA, S.C. 29211
(803) 253-4160
FAX: (803) 343-0723

EDGAR A. VAUGHN, JR., CPA
STATE AUDITOR

MARGARET C. STILWELL, CPA
DEPUTY STATE AUDITOR

September 18, 1991

EXHIBIT

SEP 24 1991 14

STATE BUDGET & CONTROL BOARD

Mrs. Donna K. Williams, Secretary
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

RE: Coburg Dairy, Inc. - Industrial Revenue Refunding Bonds - Charleston
County - \$4,065,000

Dear Mrs. Williams:

The proposed refunding bond issue Series 1991 is intended to provide monies to refund the Series 1986 industrial revenue bonds of which \$4,065,000 in principal was outstanding at December 31, 1990. The proceeds of the Series 1986 bonds were used for the acquisition, construction, renovation, and equipping of facilities for processing milk and other food and beverage products.

1. We reviewed various documents submitted to the State Budget and Control Board in connection with its review and approval of the Series 1991 bonds.

Charleston County Council's Petition to the Board (signed September 10, 1991) states that the refunding bonds will be secured by an assignment of payments due under the Loan Agreement between the County and Coburg Dairy. In addition, the Petition states that "County Council has found and determined that... (Coburg) is a corporation with established credit and is financially responsible and capable of fulfilling its obligations under the Loan Agreement..."

The draft of bond counsel's (Haynsworth, Marion, McKay & Guerard, Charleston, South Carolina) opinion on the taxability of the bonds states that "...the Bonds are secured by a letter of credit dated October __, 1991 ... from The South Carolina National Bank (SCN)..."

The Resolution and Notice prepared for the Board's approval of the issuance of the Series 1991 bonds also states that the bonds will be payable solely from payments under the Loan Agreement and will be secured by a letter of credit (LOC).

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Mrs. Donna K. Williams, Secretary
September 18, 1991
Page Two

2. We reviewed audited consolidated financial statements of Coburg Dairy, Inc. and Subsidiaries for the fiscal years ended December 31, 1988, through December 31, 1990. The statements were audited by Arthur Andersen & Co., Columbia, South Carolina. Each year received an unqualified opinion from the independent auditors.

The notes to the financial statements noted that the LOC securing the Series 1986 industrial revenue bonds contains certain restrictive covenants. "The Company did not meet the minimum cash flow requirement in 1989, and this violation has been waived by the bank." On August 7, 1990, the Company purchased the assets of Sumter Dairies, Inc. for \$3,180,820 which was financed with a term note (\$2,500,000) and draws under a revolving credit note (\$885,000). "At December 31, 1990, the Company did not meet the minimum tangible net worth and maximum capital expenditure requirements related to the letter of credit and credit agreement. As of year-end, the Company was either in compliance with or had obtained waivers for all covenants of the loan agreements."

We noted that over the past three years Coburg's profitability decreased significantly and its leverage position increased.

3. We asked Mr. W. E. Applegate, III, Esq., bond counsel, why Coburg was refunding the Series 1986 bonds which have an average interest rate of 6.45% and a final maturity of December 1, 1996, and whether prospective investors in the Series 1991 bonds would be adequately informed of the potential risk in the investment.

By phone on September 18, 1991, Mr. Applegate informed us that the bonds are being refunded to obtain a fixed interest rate (expected to not exceed 8%); extend the maturity to October 1, 2006; and obtain relief from certain covenants and restrictions under the LOC agreement. (Coburg and SCN are currently negotiating the terms of the 5 year LOC for the Series 1991 bonds which will contain restrictive covenants acceptable to SCN and with which Coburg expects to be able to comply.)

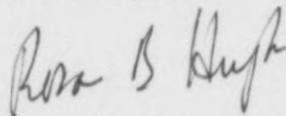
Mr. Applegate provided us with selected pages from the draft Preliminary Official Statement (POS) for the Series 1991 bond issue. The cover pages show that the bonds will carry a Moody's rating (based on SCN's rating); the bonds are payable solely from the LOC and the funds pledged for their payment in accordance with the Loan Agreement and Indenture; the bonds are not secured by a lien on the project (The Series 1986 bonds were secured by a first mortgage on land, buildings, and equipment and by a LOC.); and the LOC expires October 16, 1996, subject to any extension. (At the time the initial LOC expires, the outstanding principal balance will be \$3,110,000 of the original Series 1991 balance of \$4,065,000.) Under terms of the LOC, upon expiration of the LOC or failure to provide substitute LOC's to be effective through the final maturity of the Series 1991 bonds, the trustee may draw funds to redeem the bonds.

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Mrs. Donna K. Williams, Secretary
September 18, 1991
Page Three

Relying solely upon the irrevocable letter of credit to be issued by The South Carolina National Bank and any extensions or substitutions thereof to be effective throughout the life of the Series 1991 bonds and the mandatory redemption (funded under the terms of the expiring LOC) required upon expiration of the LOC securing Coburg Dairy, Inc.'s indebtedness for these bonds, we see no reason to disapprove the proposed bond issue.

Yours truly,



Rosa B. Hughes, CPA
Audit Manager

RBH/jap

002395

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

RICHARD W. KELLY
DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 20, 1991

EXHIBIT

SEP 24 1991 14

STATE BUDGET & CONTROL BOARD

The Honorable Donna K. Williams
Secretary
S.C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Charleston County Industrial Revenue Refunding
Bonds - Coburg Dairy, Inc.

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form with the enclosed Petition of County Council to the Budget and Control Board, Resolution Making Application to the State, Resolution Authorizing an Assistance Contract, the Assistance Contract, draft Resolution of the Budget and Control Board Approving Issuance, Public Notice and draft of Opinion of Bond Counsel.

Upon review, these documents have been submitted by Bond Counsel, Haynsworth, Marion, McKay & Guerard, and appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

A handwritten signature in cursive script that reads "Wayne F. Rush".

Wayne F. Rush
General Counsel

002396

EXHIBIT

SEP 24 1991 14

STATE BUDGET & CONTROL BOARD

PETITION

TO

THE STATE BUDGET AND CONTROL BOARD

OF

SOUTH CAROLINA

PURSUANT TO SECTION 4-29-140 AND
4-29-110 OF THE CODE OF LAWS OF SOUTH
CAROLINA 1976, AS AMENDED

RE: NOT EXCEEDING \$4,065,000 CHARLESTON COUNTY, SOUTH
CAROLINA, INDUSTRIAL REVENUE REFUNDING BONDS (COBURG
DAIRY, INC. PROJECT)

EX PARTE:

CHARLESTON COUNTY COUNCIL, SOUTH CAROLINA

002397

TO: The Honorable Carroll A. Campbell, Jr., Governor
The Honorable Grady L. Patterson, Jr., State Treasurer
The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable James M. Waddell, Jr., Chairman Senate Finance
Committee
The Honorable William D. Boan, Chairman House Ways and
Means Committee

Constituting the State Budget and Control Board of the State
of South Carolina

Your Petitioner, the Charleston County Council, South Carolina
(County Council) respectfully prays:

A. Charleston County, South Carolina (the County) proposes
to refund the outstanding \$4,065,000 Charleston County, South
Carolina, Industrial Revenue Bonds, Series 1986 (Coburg Diary, Inc.
Project) (the Series 1986 Bonds), by authorizing the issuance of not
exceeding \$4,065,000 Charleston County, South Carolina, Industrial
Revenue Refunding Bonds, Series 1991 (Coburg Diary, Inc. Project)
(the Refunding Bonds) pursuant to Chapter 29, Title 4 of the Code of
Laws of South Carolina 1976, as amended (the Enabling Statute).
Proceeds of the Series 1986 Bonds were loaned to Coburg Diary, Inc.,
a South Carolina corporation (the Industry), and used to finance (i)
the construction and renovation of buildings located or to be located
on LaCross Road, in the City of North Charleston, Charleston County,
South Carolina, and (ii) the acquisition and installation of
equipment therein and thereon (such facilities being referred to
herein as the Facilities). The State Budget and Control Board has
heretofore approved the Facilities and the issuance of the Series
1986 Bonds by resolution adopted on September 9, 1986.

2. The Refunding Bonds will be secured by an assignment of
payments due under the Loan Agreement between the County and the
Industry (the Loan Agreement) to a trustee to be named (the Trustee),

under a Trust Indenture between the County and the Trustee for the benefit of the holder or holders of the Refunding Bonds.

3. The Industry, under the terms of the Loan Agreement, is required, at its expense, to maintain the Facilities in good repair and to keep the Facilities properly insured; and to make payments on the purchase price for the Facilities sufficient to pay the principal of, premium, if any, and interest on the Refunding Bonds as they become due.

4. The County Council has found and determined that:

a. The Facilities have been completed and provide employment for 158 people. The continued use of the Facilities will continue to benefit the economy of Charleston County and the areas adjacent thereto.

b. The Industry is a corporation with established credit and is financially responsible and capable of fulfilling its obligations under the Loan Agreement to be entered into between the County and the Industry, including the obligations to make the payments required thereunder, to operate, repair, and maintain, at its own expense, the Facilities, and to discharge such other responsibilities as may be imposed under the Loan Agreement, which Loan Agreement the Industry covenants to enter into prior to the issuance of the Refunding Bonds.

c. The underwriter for the Refunding Bonds, J. C. Bradford & Co. (the "Underwriter"), has expressed its intent to purchase the Refunding Bonds, the final maturity of which will be 15 years from the date of the Refunding Bonds with interest at a rate not to exceed eight percent (8%) per annum. The Refunding Bonds will be secured by a letter of credit from the South Carolina National

Bank. In as much as the Underwriter has not deemed it necessary to build up and maintain any reserve in connection with the Facilities, no loan repayment will be required for such purpose.

d. The issuance of the Refunding Bonds will subserve the purposes and in all respects conform to the provisions and requirements of the Enabling Statute.

e. Neither the Facilities, the Refunding Bonds, nor any documents or agreements entered into by the County in connection therewith, will constitute an indebtedness of the County within the meaning of any State constitutional provision (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing county obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

f. The Refunding Bonds are not subject to the volume cap limitations of Section 146 of the Internal Revenue Code of 1986, as amended, because the principal amount of the Refunding Bonds will not exceed the principal amount of the Series 1986 Bonds refunded.

Upon the basis of the foregoing, the County Council respectfully prays:

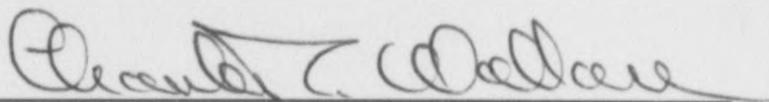
That the State Budget and Control Board accept the filing of the Petition presented herewith and that it thereafter approve the refunding of the Series 1986 Bonds by the issuance of the Refunding Bonds in the amount of not exceeding \$4,065,000 in one or more series, including changes in details of the financing as finally

consummated which do not materially affect the undertaking, and that it give published notice of its approval in the manner set forth in Code Section 4-29-140.

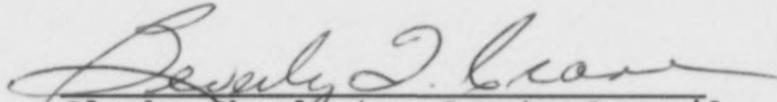
Respectfully submitted,

CHARLESTON COUNTY, SOUTH CAROLINA

(SEAL)

By: 
Chairman, Charleston County Council,
South Carolina

ATTEST:


Clerk, Charleston County Council,
South Carolina

EXHIBIT

SEP 24 1991

14

STATE BUDGET & CONTROL BOARD

EXHIBIT

SEP 24 1991

14

A RESOLUTION

STATE BUDGET & CONTROL BOARD

MAKING CERTAIN DETERMINATIONS AND FINDINGS PRIOR TO THE ISSUANCE OF CHARLESTON COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE REFUNDING BONDS; CONFIRMING THE APPROVAL OF THE UNDERTAKING OF THE FACILITIES AND THE ISSUANCE OF THE INDUSTRIAL REVENUE REFUNDING BONDS; AND AUTHORIZING THE FILING OF A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, SEEKING ITS APPROVAL OF THE ISSUANCE OF THE INDUSTRIAL REVENUE REFUNDING BONDS.

BE IT RESOLVED BY THE CHARLESTON COUNTY COUNCIL (the County Council), in meeting duly assembled, that the County Council hereby determines and finds as follows:

1. Charleston County, South Carolina (the County), acting by and through its County Council, is authorized and empowered under and pursuant to the provisions of Chapter 29, Title 4 of the Code of Laws of South Carolina 1976, as amended (the Enabling Statute), to issue revenue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, enlarge, improve or expand any project and to secure the payment of the bonds by a pledge of the revenues payable pursuant to the loan agreement with respect to such bonds and may also be secured by a lien on any property given as security pursuant to the loan agreement and by a trust indenture.

2. The County is further empowered at any time and from time to time to refund bonds issued pursuant to the Enabling Statute, but only with the approval of the State Budget and Control Board (the State Board) being first obtained, by the issuance of its refunding bonds in such amount as the County Council may deem necessary but not exceeding an amount sufficient to refund the principal of the bonds to be refunded, together with unpaid interest thereon and any premiums, expenses, and commissions necessary to be paid in connection therewith. All refunding bonds issued under the authority of the Enabling Statute shall be payable in the same manner and under the same terms and conditions as are therein provided for the issuance of bonds.

3. The County entered into an assistance contract dated as of June 17, 1986, with Coburg Dairy, Inc. (the Industry), whereby the County agreed, under the conditions set forth in the assistance contract, inter alia, to issue not to exceed \$5,000,000 Charleston County, South Carolina, Industrial Revenue Bonds pursuant to the Enabling Statute, to finance (i) the construction and renovation of buildings located or to be located on LaCross Road, in the City of North Charleston, Charleston County, South Carolina, and (ii) the acquisition and installation of equipment therein and thereon (such facilities being referred to collectively as the Facilities).

4. The County heretofore found that the Facilities subserve the purposes of the Enabling Statute, and the amount of bonds

002402

necessary to finance a portion of the Facilities was \$5,000,000 and by petition to the State Board the County requested the State Board's approval of the Industrial and the financing of a portion of the Industrial by the issuance of industrial revenue bonds.

5. The State Board, by resolution adopted on September 9, 1986, approved the Facilities and the proposal of the County to finance a portion of the Facilities by the issuance of industrial revenue bonds.

6. By Ordinance enacted December 16, 1986, the County approved the issuance of \$5,000,000 Charleston County, South Carolina, Industrial Revenue Bonds, Series 1986 (Coburg Dairy Inc. Project) (the Series 1986 Bonds), to finance the Facilities.

7. The Industry has now requested the County to refund the Series 1986 Bonds by issuing Charleston County, South Carolina, Industrial Revenue Refunding Bonds, Series 1991 (Coburg Dairy Inc. Project) in the aggregate principal amount of not exceeding \$4,065,000, in one or more series (the Refunding Bonds), the proceeds of which will be used to retire the outstanding Series 1986 Bonds, pursuant to the Enabling Statute.

8. The Refunding Bonds will be secured by an assignment of payments due under the Loan Agreement between the County and the Industry (the Loan Agreement) to a trustee to be named (the Trustee) under a Trust Indenture between the County and the Trustee for the benefit of the holder or holders of the Refunding Bonds.

9. The Industry, under the terms of the Loan Agreement is required, at its expense, to maintain the Facilities in good repair and to keep the Facilities properly insured; and to make loan repayments sufficient to pay the principal of, premium, if any, and interest on the Refunding Bonds as they become due. Neither the Facilities nor any charges in connection with the Facilities or the construction, expansion, acquisition, installation, operation, and maintenance of the Facilities or in connection with the Refunding Bonds, including the payment of principal or interest, shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

AND, BE IT FURTHER RESOLVED that the Charleston County Council hereby confirms its approval of the undertaking of the Facilities and approves the issuance of its Refunding Bonds to refund the Series 1986 Bonds as aforesaid, the filing of its petition, in accordance with Code Sections 4-29-140 and 4-29-110, to the State Budget and Control Board of South Carolina, in substantially the form of the Petition attached hereto (or with such changes as shall be approved by the Attorney for Charleston County), and the execution by the Chairman of County Council, or in his absence, the Vice Chairman, and the attestation by the Clerk of the County

Council to the same and the affixation of the County Seal thereto, and, further, authorizes and empowers the Chairman of County Council, or, in his absence, the Vice Chairman, to take all other action necessary or incidental to the execution and filing of such Petition.

EXHIBIT A

EXHIBIT

SEP 24 1991 1.4

STATE BUDGET & CONTROL BOARD

PETITION

TO

THE STATE BUDGET AND CONTROL BOARD

OF

SOUTH CAROLINA

PURSUANT TO SECTION 4-29-140 AND
4-29-110 OF THE CODE OF LAWS OF SOUTH
CAROLINA 1976, AS AMENDED

RE: NOT EXCEEDING \$4,065,000 CHARLESTON COUNTY, SOUTH
CAROLINA, INDUSTRIAL REVENUE REFUNDING BONDS (COBURG
DAIRY, INC. PROJECT)

EX PARTE:

CHARLESTON COUNTY COUNCIL, SOUTH CAROLINA

002405

TO: The Honorable Carroll A. Campbell, Jr., Governor
The Honorable Grady L. Patterson, Jr., State Treasurer
The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable James M. Waddell, Jr., Chairman Senate Finance
Committee
The Honorable William D. Boan, Chairman House Ways and
Means Committee

Constituting the State Budget and Control Board of the State
of South Carolina

Your Petitioner, the Charleston County Council, South Carolina
(County Council) respectfully prays:

1. Charleston County, South Carolina (the County) proposes to refund the outstanding \$4,065,000 Charleston County, South Carolina, Industrial Revenue Bonds, Series 1986 (Coburg Diary, Inc. Project) (the Series 1986 Bonds), by authorizing the issuance of not exceeding \$4,065,000 Charleston County, South Carolina, Industrial Revenue Refunding Bonds, Series 1991 (Coburg Diary, Inc. Project) (the Refunding Bonds) pursuant to Chapter 29, Title 4 of the Code of Laws of South Carolina 1976, as amended (the Enabling Statute). Proceeds of the Series 1986 Bonds were loaned to Coburg Diary, Inc., a South Carolina corporation (the Industry), and used to finance (i) the construction and renovation of buildings located or to be located on LaCross Road, in the City of North Charleston, Charleston County, South Carolina, and (ii) the acquisition and installation of equipment therein and thereon, (such facilities being referred to herein as the Facilities). The State Budget and Control Board has heretofore approved the Facilities and the

issuance of the Series 1986 Bonds by resolution adopted on September 9, 1986.

2. The Refunding Bonds will be secured by an assignment of payments due under the Loan Agreement between the County and the Industry (the Loan Agreement) to a trustee to be named (the Trustee), under a Trust Indenture between the County and the Trustee for the benefit of the holder or holders of the Refunding Bonds.

3. The Industry, under the terms of the Loan Agreement, is required, at its expense, to maintain the Facilities in good repair and to keep the Facilities properly insured; and to make payments on the purchase price for the Facilities sufficient to pay the principal of, premium, if any, and interest on the Refunding Bonds as they become due.

4. The County Council has found and determined that:

a. The Industry is a corporation with established credit and is financially responsible and capable of fulfilling its obligations under the Loan Agreement to be entered into between the County and the Industry, including the obligations to make the payments required thereunder, to operate, repair, and maintain, at its own expense, the Facilities, and to discharge such other responsibilities as may be imposed under the Loan Agreement, which Loan Agreement the Industry covenants to enter into prior to the issuance of the Refunding Bonds.

b. The issuance of the Refunding Bonds will subserve the purposes and in all respects conform to the provisions and requirements of the Enabling Statute.

c. Neither the Facilities, the Refunding Bonds, nor any documents or agreements entered into by the County in connection therewith, will constitute an indebtedness of the County within the meaning of any State constitutional provision (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing county obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

d. The Refunding Bonds are not subject to the volume cap limitations of Section 146 of the Internal Revenue Code of 1986, as amended, because the principal amount of the Refunding Bonds will not exceed the principal amount of the Series 1986 Bonds refunded.

Upon the basis of the foregoing, the County Council respectfully prays:

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it thereafter approve the refunding of the Series 1986 Bonds by the issuance of the Refunding Bonds in the amount of not exceeding \$4,065,000 in one or more series, including changes in details of the financing as finally

consummated which do not materially affect the undertaking, and that it give published notice of its approval in the manner set forth in Code Section 4-29-140.

Respectfully submitted,

CHARLESTON COUNTY, SOUTH CAROLINA

(SEAL)

By: _____
Chairman, Charleston County Council,
South Carolina

ATTEST:

Clerk, Charleston County Council,
South Carolina

CERTIFICATE TO RESOLUTION

THIS IS TO CERTIFY that the foregoing is an exact, verbatim copy of a Resolution unanimously adopted at a duly called and held regular meeting of the County Council of Charleston County, South Carolina (the Council), held August 20, 1991, at which meeting a quorum was present and remained throughout and which meeting was open to the public.

Written public notice of all regular meetings for the current calendar year was given at the beginning of this year by posting a copy of the notice, obtaining the dates, times and places of such meetings, at the principal office of the Council. The agendas for the regular meetings were posted on a bulletin board at the office of the Council at least twenty-four (24) hours prior to such meetings. An effort was made on behalf of the Council to notify local news media and such other news media as may request official notification of the time, date, place and agenda of the meeting. The efforts were noted in the minutes of such meeting.

The Resolution has been recorded in the Council's records of proceedings and remains in my custody as Clerk, and such Resolution remains in full force and effect and has not been amended, modified, or repealed.

WITNESS my Hand and the Seal of Charleston County, South Carolina, this 10th day of September, A.D., 1991.

(SEAL)



Beverly T. Craven
Clerk
County Council of Charleston County,
South Carolina

EXHIBIT

SEP. 24 1991 .14

STATE BUDGET & CONTROL BOARD

002410

EXHIBIT

SEP 24 1991

14

A RESOLUTION

STATE BUDGET & CONTROL BOARD

AUTHORIZING AN ASSISTANCE CONTRACT BETWEEN CHARLESTON COUNTY AND COBURG FOODS, INC. TO PROVIDE FOR THE ISSUANCE OF CHARLESTON COUNTY INDUSTRIAL REVENUE BONDS (COBURG FOODS, INC. PROJECT), THE PROCEEDS OF WHICH WILL BE LOANED TO COBURG FOODS, INC. TO FINANCE THE CONSTRUCTION AND RENOVATION OF THE BUILDINGS AND THE EQUIPPING THEREOF OF A MANUFACTURING FACILITY LOCATED IN THE CITY OF NORTH CHARLESTON, CHARLESTON COUNTY AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED by the County Council of Charleston County (the County Council) in meeting duly assembled:

That, subject to the provisions of Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended (the Enabling Statute), the County Council approves the issuance of not exceeding \$5,000,000 Charleston County, South Carolina, Industrial Revenue Bonds (the Bonds), on behalf of Coburg Foods, Inc. a corporation organized and existing under the Laws of the State of South Carolina (the Industry), for financing the construction and renovation of buildings located and to be located on Lacross Road, in the City of North Charleston, Charleston County, South Carolina and the installation of equipment therein and thereon (such construction and renovation of buildings and installation of equipment as so acquired, constructed and installed, being referred to herein as the Project), all of which will constitute facilities for the processing of milk and other food and beverage products and that the proposed Project will qualify as a "project" under the Enabling Statute; and

002411

That the Bonds shall never constitute an indebtedness of Charleston County (the County) within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers; and

That the Chairman, or, in his absence, the Vice Chairman, of the County Council is authorized to sign, with the approval of the County Attorney, attested by the Clerk of the Charleston County Council, an Assistance Contract, substantially in the form attached hereto as Exhibit A, providing for the issuance of Bonds. Any execution and attestation prior to the adoption of this Resolution is hereby authorized, ratified and confirmed; and

That County Council and its duly elected officers shall take any and all further action required to implement this Resolution and the Assistance Contract entered into with the Industry pursuant hereto; and

That this resolution shall take effect immediately.

ASSISTANCE CONTRACT

THIS CONTRACT made and entered into by and between CHARLESTON COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the County), and COBURG FOODS, INC. a corporation organized and existing under the Laws of the State of South Carolina (the Industry),

W I T N E S S E T H :

ARTICLE 1

RECITATION OF FACTS

SECTION 1.01

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Contract, the following statements of fact are herewith recited:

1. The County is body politic and corporate and a political subdivision of the State of South Carolina and is authorized and empowered by the provisions of Chapter 29, Title 4, Volume 1, Laws of South Carolina 1976, as amended (the Enabling Statute): (i) to enter into agreements with any industry (as defined in the Enabling Statute) necessary or incidental to the issuance of bonds pursuant to the Enabling Statute; (ii) to enter into loan agreements (as defined in the Enabling Statute) with such industries prescribing the payments to be made by such industries to the County or its assignee to meet the payments that shall become due on any bonds issued by the County

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pursuant to the Enabling Statute, including terms and conditions relative to the acquisition and use of the facilities and the issuance of bonds; and (iii) to issue bonds for the purpose of financing the acquisition, enlarging, improving, expanding, equipping, furnishing, owning, leasing, and disposing of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in South Carolina and by encouraging industries now located in South Carolina to expand their investments and thus utilize and employ manpower and other resources of South Carolina.

2. The Industry proposes that the County finance the (i) construction and renovation of buildings located or to be located on Lacross Road, in the City of North Charleston, Charleston County, South Carolina and (ii) acquisition and installation of equipment therein and thereon, at a cost of not exceeding \$5,000,000. Such buildings and equipment, as so acquired, constructed, and installed, are hereinafter called the Project. The acquisition, construction and installation of the Project will allow the Industry to diversify its product line adding new items to meet the demand of its customers and market place. It will introduce new packaging and material handling techniques. It will require re-training and up-grading of current employees and job categories. In addition, it is anticipated that employment will increase from 189 presently to 194 by July 1987. Other employment opportunities will occur as new items are added over the next three to five years. The Project will constitute facilities for the processing of milk and other food and beverage products.

3. The Industry has advised the County that the Project would be aided by the availability of the assistance which the County might render through the sale of Charleston County Industrial Revenue Bonds pursuant to the Enabling Statute, whereby the County would finance the acquisition, construction, and installation of the Project.

4. The County has given due consideration to all of the proposals and requests of the Industry submitted to it and has agreed to endeavor to effect the issuance of the bonds hereinafter spoken of at the time and on the terms and conditions hereinafter set forth.

EXHIBIT

SEP 24 1991 14

STATE BUDGET & CONTROL BOARD

002415

ARTICLE II
UNDERTAKINGS OF THE COUNTY

SECTION 2.01

The County agrees, subject to the provisions of the Enabling Statute and compliance therewith, as follows:

1. That it will enter into a Loan Agreement (the Loan Agreement) with the Industry, upon such terms and conditions as shall be mutually agreed upon between the County and the Industry, pursuant to which it will lend to the Industry the proceeds of not exceeding \$5,000,000 Industrial Revenue Bonds (Coburg Foods, Inc., Project), in order that such proceeds be applied to the cost of the Project and expenses incident thereto, including the costs of the financing;

2. That it will, subject to the approval by the State Budget and Control Board required by the Enabling Statute, authorize the issuance of not exceeding FIVE MILLION (\$5,000,000) DOLLARS Charleston County, South Carolina, Industrial Revenue Bonds (Coburg Foods, Inc., Project) (the Bonds), under the Enabling Statute, as a single issue or as several separate issues, at such time as the Industry may request the County to do so;

3. That it will permit the Industry to arrange for the sale of the Bonds, and, if successful marketing arrangements can be made, the County will adopt such proceedings as are necessary for the making of the Loan Agreement and the issuance and securing of the Bonds;

4. That if the Bonds shall be sold, the County will provide that the proceeds thereof shall be applied to the payment of the costs theretofore and thereafter to be incurred in the acquisition,

construction, and installation of the Project, including advances made or loans incurred by the Industry for such purposes, costs incident to the issuance of the Bonds, and the payment, to the extent permitted by the Enabling Statute, of interest on the Bonds;

5. That, prior to the issuance of the Bonds, the County will, if requested by the Industry, enter into an indenture, providing for the issuance and securing of the Bonds, with a bank or banks, as trustee, to be selected by the Industry with the approval of the County. Such indenture shall be substantially in the form used in connection with the issuance of South Carolina industrial revenue bonds, upon such terms and conditions as the Industry shall purpose and shall be agreeable to the County. In this connection, the parties recognize that such terms and conditions will be initially agreed upon between the Industry and the purchasers of the bonds, and the County will not unreasonably disagree with any terms and conditions so agreed upon;

6. That simultaneously with the issuance of the Bonds, the County will assign to the trustee or the initial purchaser of the Bonds, as the case may be, its interest in the Loan Agreement and a mortgage upon the Project between the Industry and the County (the Mortgage), securing the obligations of the Industry under the Loan Agreement; and

7. That the County will perform such other acts and adopt such further proceedings as may be required faithfully to implement its undertakings under this Contract.

EXHIBIT

SEP 24 1991

14

STATE BUDGET & CONTROL BOARD

ARTICLE III
UNDERTAKINGS OF THE INDUSTRY

SECTION 3.01

The Industry agrees as follows:

1. That the Industry will market the Bonds on behalf of the County and, in this connection, the Industry expressly acknowledges that the County has no obligation with regard to the marketing of the Bonds;

2. That the Industry will enter into the Loan Agreement with the County under the terms of which the Industry will unconditionally obligate itself to pay to the County sums sufficient to pay the principal of, premium, if any, and interest on the Bonds as and when the same become due and payable; and the Loan Agreement shall be in such form and content satisfactory to the County and to the Industry;

3. That the Industry will enter into the Mortgage, securing its obligations to the County under the Loan Agreement;

4. That the Industry will obligate itself to perform all obligations required of it pursuant to the Enabling Statute;

5. That the Industry will hold the County harmless from all pecuniary liability and will reimburse it for all expenses to which the County might be put in the fulfillment of its obligations under this Contract and the Loan Agreement and in the implementation of the respective terms and provisions thereof; and

6. That the Industry will perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings under this Contract.

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ARTICLE IV
GENERAL PROVISIONS

SECTION 4.01

Neither the performance of this Contract by the County, nor any obligation of the County resulting from the execution and delivery, or performance, of this Contract, nor any failure by the County to perform under this Contract, shall constitute or give rise to a pecuniary liability of the County or charge against its general credit or taxing powers.

SECTION 4.02

The parties agree that the Industry may proceed with the acquisition, construction, and installation of the Project prior to the issuance of the Bonds.

SECTION 4.03

All commitments of the County and the Industry hereunder are subject to the condition that the County and the Industry do agree on mutually acceptable terms and conditions of all documents whose execution and delivery are contemplated by the provisions hereof.

EXHIBIT

SEP 24 1991 14

STATE BUDGET & CONTROL BOARD

002419

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have caused this Contract to be executed in their respective names and under their respective seals as of June 17, 1986, but on the respective dates indicated below.

(SEAL)

CHARLESTON COUNTY, SOUTH CAROLINA

By: *Lonnie Hamilton*
Lonnie Hamilton, Vice Chairman
Charleston County Council

ATTEST:

Evelyn K. Bonham
Evelyn K. Bonham, Clerk
Charleston County Council

Dated: June 18th, 1986

COBURG FOODS, INC.

By: *James W. Smith*
Its: President

ATTEST:

Its: _____

Dated: July 1st, 1986

APPROVED AS TO FORM AND CONTENT:

A. Arthur Rosenblum
A. Arthur Rosenblum, County Attorney
Charleston County, South Carolina

EXHIBIT

SEP 24 1991 14
STATE BUDGET & CONTROL BOARD

002420

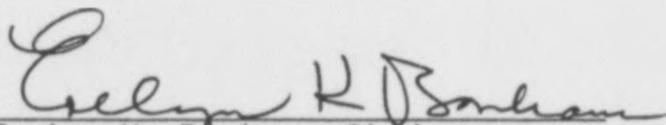
STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

THIS IS TO CERTIFY that the foregoing is an exact, verbatim copy of a Resolution unanimously adopted at a duly called and held regular meeting of the County Council of Charleston County, South Carolina, held in the Charleston County Courthouse, Charleston, South Carolina, on June 17, 1986, at which meeting a quorum was present and remained throughout.

The Resolution was offered by Councilmember Dr. Wannanaher, seconded by Councilmember Mrs. Reevson, and has been recorded in the County Council's records of proceedings and remains in my custody as Clerk, and the Resolution remains in full force and effect and has not been amended, modified, or repealed.

WITNESS my Hand and the Seal of Charleston County, South Carolina,
this 2nd day of September, A.D. 1986.

(SEAL)


Evelyn K. Bonham, Clerk
County Council of
Charleston County, South Carolina

EXHIBIT

SEP 24 1991

14

STATE BUDGET & CONTROL BOARD

002421



COBURG DAIRY, INC.

5000 LACROSS RD. P.O. BOX 2941102
N. CHARLESTON, SOUTH CAROLINA 29418
803/554-4870

007714

67-1
532

Three thousand dollars and no cents

DATE
9/9/91

AMOUNT
\$3000.00

PAY
TO THE
ORDER
OF

State Budget & Control Board

COBURG DAIRY, INC.

SOUTH CAROLINA NATIONAL BANK
CHARLESTON, SC

⑈007714⑈ ⑆053200019⑆ 1003 97942⑈

COBURG DAIRY, INC. - N. CHARLESTON, SC 29418

DETACH BEFORE DEPOSITING

DATE	INVOICE NO.	STOCK NO.	QUANTITY	VEHICLE NO.	ACCOUNT NUMBER	AMOUNT
9/9/91						3000.00

EXHIBIT
SEP 24 1991
STATE BUDGET & CONTROL BOARD
14

DETACHED CHECK IS PAYMENT IN FULL OF ACCOUNT SHOWN ABOVE. IF INCORRECT RETURN WITHOUT ALTERATIONS.

002422

OCT 9 1991

HAYNSWORTH, MARION, MCKAY & GUÉRARD

Attorneys At Law

Two Prioleau Street
Post Office Box 1119
Charleston, South Carolina 29402
(803) 722-7606
Telecopier (803) 723-5263

Other Offices:
1201 Main Street
AT&T Building - Suite 2400
Post Office Drawer 7157
Columbia, South Carolina 29202
(803) 765-1818

75 Beattie Place
Two Shelter Center - 11th Floor
Post Office Box 2048
Greenville, South Carolina 29602
(803) 240-3200

October 8, 1991

EXHIBIT

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, SC 29211

SEP 24 1991 14

STATE BUDGET & CONTROL BOARD

RE: \$4,065,000 Charleston County, South Carolina
Industrial Revenue Refunding Bonds
(Coburg Dairy, Inc. Project) Series 1991
Our File No. 2965-3

Dear Ms. Williams:

Enclosed please find the Affidavit of Publication of State Board Approval in connection with the above referenced matter. Please send the Budget and Control Board Resolutions to me at your earliest convenience.

Thank you for your assistance in this matter.

Sincerely,

Susan R. McDonald
Susan R. McDonald
Legal Assistant

SRM:egb
Enclosure

002423

AFFIDAVIT
OF
PUBLICATION

The News and Courier

THE EVENING POST

State of South Carolina

County of Charleston

Personally appeared before me

the undersigned advertising Clerk of the
above indicated newspaper(s), published
in the City of Charleston, County and
State aforesaid, who, being duly sworn,
says that the advertisement of

(copy attached)

appeared in the issues of said newspaper(s)

on the following day(s): _____

SEPTEMBER 26, 1991

Subscribed and sworn to

before me this 4th day

of OCTOBER

A.D. 1991

Rockelle Cohen

Judith W. Pash
NOTARY PUBLIC SOUTH CAROLINA
Commission expires June 18, 2000

(Form 43030)

NOTICE PURSUANT TO
CHAPTER 29, TITLE 4,
CODE OF LAWS
OF SOUTH CAROLINA, 1976,

AS AMENDED

Notice is hereby given that, following the filing of a Petition by the County Council of Charleston County (the County Council) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including any changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz:

The refunding by County Council of the outstanding \$5,000,000 Charleston County, South Carolina, Industrial Revenue Bonds, Series 1986, (Coburg Dairy, Inc. Project), the outstanding principal balance of which is \$4,065,000 and the proceeds of which were used to finance the (i) construction and renovation of buildings containing approximately 97,000 square feet located at 5000 LaCross Road, in the City of North Charleston, Charleston County, and (ii) acquisition and installation therein and thereon (such building and equipment, as so acquired, renovated, constructed and installed, being referred to herein as the Project) all of which are owned by Coburg Dairy, Inc. (the Company) and constitute facilities for the processing of milk and other food beverage products. To refinance the Project which is now complete, the County Council will issue \$4,065,000 Charleston County, South Carolina, Industrial Revenue Refunding Bonds, Series 1991 (Coburg Dairy, Inc. Project) (the Bonds), pursuant to Chapter 29, Title 4, Code of Laws of South Carolina 1976, as amended, under the terms of a Trust Indenture by and between the County and Trust Company Bank, Atlanta, Georgia, as Trustee (the Trustee). The Bonds of Charleston County will be payable by the County solely from the loan payments paid by the Company under the Loan Agreement (the Loan Agreement) by and between the County and the Company, which has irrevocably covenanted and agreed to pay, when due, all sums required for the principal and interest thereon, and the Bonds will be secured by a letter of credit from South Carolina National Bank to the Trustee and a pledge of the loan payments to be paid under the Loan Agreement. The Bonds shall not constitute a charge against the general credit or taxing power of Charleston County.

The Project currently provides employment for 158 employees. Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Council by action de novo instituted in the Court of Common Pleas for Charleston County.

STATE BUDGET AND
CONTROL BOARD
OF SOUTH CAROLINA

By: Donna K. Williams, Secretary
Publication Date

002424

EXHIBIT

SEP 24 1991

14

STATE BUDGET & CONTROL BOARD

October __, 1991

Charleston County, South Carolina
c/o County Council of Charleston County
2 Courthouse Square
Charleston, South Carolina 29401

Sirs:

RE: \$4,065,000 Charleston County, South Carolina, Industrial
Revenue Refunding Bond, Series 1991 (Coburg Dairy, Inc.)

We have examined a certified copy of the Transcript of Proceedings filed with the Clerk of Court of Common Pleas and General Sessions for Charleston County, South Carolina, and other proofs submitted to us, relative to the issuance and sale by Charleston County, South Carolina (the County) of the above described Bonds (the Bonds), pursuant to the terms of an Indenture of Trust, dated as of October 1, 1991 (the Indenture) between the County and Trust Company Bank, as trustee (the Trustee). The proceeds of the Bonds are being loaned by the County to Coburg Dairy, Inc. (the Company) pursuant to the terms of a Loan Agreement, dated as of October 1, 1991 (the Loan Agreement) between the County and the Company to provide funds for the refunding of the outstanding \$4,065,000 Charleston County, South Carolina, Industrial Revenue Bonds, Series 1986, (Coburg Dairy, Inc. Project) (the Prior Bonds), the proceeds of which were used to finance the (i) construction and renovation of buildings containing approximately 97,000 square feet located at 5000 LaCross Road, in the City of North Charleston, Charleston County, and (ii) acquisition and installation of equipment therein and thereon (such building and equipment, as so acquired, renovated, constructed and installed, being referred to herein as the Project). In the Loan Agreement, the Company unconditionally agrees to pay an amount equal to the principal of, premium, if any, and interest on the Bonds, as the same become due. By the Indenture, the County has assigned all of its interest in and to the Loan Agreement to the Trustee, except only the rights of County to be indemnified pursuant to Section 7.02 thereof, the right to receive reimbursement for all costs, liabilities and expenses pursuant to Sections 5.03 and 7.03 thereof, and the right to receive attorneys' fees pursuant to Section 9.04 thereof. The principal of, and one hundred and ninety-eight (198) days interest on, the Bonds are

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Charleston County, South Carolina
c/o County Council of Charleston County
2 Courthouse Square
Charleston, South Carolina. 29401
October __, 1991
Page 2

secured by a letter of credit, dated October __, 1991 (the "Letter of Credit") from The South Carolina National Bank (the "Letter of Credit Bank") issued pursuant to a letter of credit agreement dated October 1, 1991 (the "Letter of Credit Agreement") between the Letter of Credit Bank and the Company.

The Bonds are issued as fully registered Bonds in denominations of \$5,000 or any whole multiple thereof (not exceeding the amount coming due in any one year), numbered R-1 and upward, are dated October 1, 1991, and bear interest at the rates and mature in the amounts and on the dates, as follows:

<u>Oct. 1 of</u> <u>the Year</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Oct. 1 of</u> <u>the Year</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
1992	\$170,000		1998	\$245,000	
1993	180,000		1999	260,000	
1994	190,000		2000	275,000	
1995	200,000		2001	295,000	
1996	215,000		2006	1,805,000	
1997	230,000				

The Bonds are subject to redemption upon the terms and conditions set forth therein.

As to questions of fact material to our opinion, we have relied upon representations of the County and the Company contained in the Loan Agreement, the Indenture, the certified copy of the Transcript of Proceedings and other certifications of the County furnished to us, and certifications by officers of the Company without undertaking to verify the same by independent investigation. We have not been engaged or undertaken to review the accuracy, completeness of sufficiency of the Preliminary Official Statement or the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Preliminary Official Statement and the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Preliminary Official Statement and the Official Statement).

We are of the opinion that the County is a duly organized and existing subdivision of the State of South Carolina, with full power to loan the proceeds of the Bonds to the Company to refund the Prior Bonds, the proceeds of which were used to acquire,

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Charleston County, South Carolina
c/o County Council of Charleston County
2 Courthouse Square
Charleston, South Carolina 29401
October __, 1991
Page 3

EXHIBIT

SEP 24 1991

14

STATE BUDGET & CONTROL BOARD

renovate, construct, and install the Project, and that the proceedings show lawful authority for the issuance and sale of the Bonds, pursuant to Chapter 29, Title 4, Volume 1, Code of Laws of South Carolina 1976, as amended, and other applicable provisions of law, and an Ordinance, duly enacted by the County Council of Charleston County (the Ordinance); that the Bonds are duly issued and are valid and enforceable in accordance with their terms, subject only to laws relating to bankruptcy or insolvency or other laws affecting creditors' rights generally, and are limited obligations of the County payable by the County solely out of the loan payments payable under the Loan Agreement and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing County obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

We are further of the opinion that the Loan Agreement and the Indenture have been duly authorized, executed, and delivered by the parties thereto and constitute valid and legally binding obligations enforceable in accordance with their terms, subject to the laws relating to bankruptcy or insolvency or other laws affecting creditors' rights generally; by the terms of the Indenture, the loan payments provided to be paid by the Company to the County under the terms of the Loan Agreement have been effectively assigned to the Trustee as security for the Bonds, and the Loan Agreement provides that the loan repayments so assigned are sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature and become due.

With respect to the due authorization, execution, and delivery of the Loan Agreement, we have relied upon the opinion of Messrs. Young, Clement, Rivers and Tisdale, Charleston South Carolina, Counsel for the Company, dated the date hereof.

All authorizations, consents, and approvals of and registrations or filings with, governmental bodies or agencies (other than approvals that might be required under the Securities laws of any other state) required on the part of the County in connection with the execution, delivery, issuance, and sale of the Bonds, the execution and delivery of the Loan Agreement, the Indenture, and the enactment of the Ordinance providing for the

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Charleston County, South Carolina
c/o County Council of Charleston County
2 Courthouse Square
Charleston, South Carolina 29401
October __, 1991
Page 4

issuance of the Bonds or in connection with the carrying out by the County of its obligations thereunder, have been obtained or made and are in full force and effect, including, without limitation, the approval of the State Budget and Control Board of South Carolina of the Project and the proposal of the County to issue the Bonds.

We are further of the opinion that the Bonds and the entire obligation evidenced thereby, including those parts thereof that are payable out of payment pursuant to the Loan Agreement, constitute exempt securities under Section 3(a)(2) of the Securities Act of 1933, as amended, to this date and under Section 3(a) of the Securities Exchange Act of 1934, as amended to this date, and the offer, sale, and delivery of the Bonds do not require registration of the Bonds or the Loan Agreement under said Securities Act of 1933. The Bonds, including the obligations evidenced by the Loan Agreement, are exempted from registration or qualification under South Carolina Uniform Securities Act, Chapter 1, Title 35, Code of Laws of South Carolina 1976, as amended.

We are further of the opinion that interest on the Bonds is exempt from Federal Income Taxes under existing statutes, regulations, and Court decisions except with respect to a recipient of such interest who is a substantial user of the Project or a related person within the meaning of Section 144(a)(3) of the Internal Revenue Code of 1986, as amended (the Code) and except for any period during which the Bonds are held by a corporation subject to alternative minimum tax, the environmental tax, or the branch profits tax imposed under the Code. In rendering this opinion, we have assumed continuing compliance with the covenants and agreements set forth in the Company's Tax Certificate of even date herewith (the Tax Agreement). Interest on the Note may become subject to federal income taxes as of the date of its initial issuance as a result of events or circumstances occurring after the issuance of the Bonds, including, without limitation, the following:

(a) the proceeds of the Bonds are used or spent other than as contemplated in the County's Non-Arbitrage Certificate and the Tax Agreement or in some other manner that would cause the Bonds to be "arbitrage bonds" under Section 103(c) of the Code;

(b) any person takes action, per its action to be taken or fails to take action, which causes the limitations on

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Charleston County, South Carolina
c/o County Council of Charleston County
2 Courthouse Square
Charleston, South Carolina 29401
October __, 1991
Page 5

investments in non-purpose obligations or the requirements for rebate to the United States, as described in the Tax Agreement, to be violated with respect to the Bonds;

(c) the proceeds of the Bonds are not used or spent as certified by the Company in the Tax Agreement so that the Bonds do not qualify as an "exempt small issue" under Section 103(b)(6) of the Code; or

(d) any person takes action, permits action to be taken or fails to take action, which causes the \$40,000,000 limitation contained in Section 103(b)(15) of the Code to be exceeded within three years after the date on which the Project is placed in service.

We are further of the opinion that the Bonds and the income therefrom are exempt from all taxation in the State of South Carolina, except for inheritance, estate, or transfer taxes.

We have examined executed Bond No. 1 and, in our opinion, its form and execution are in due form of law.

Very truly yours,

[Haynsworth, Marion, McKay & Guerard]

EXHIBIT
SEP 24 1991 14
STATE BUDGET & CONTROL BOARD

002429

OCT 17 1991

HAYNSWORTH, MARION, MCKAY & GUÉRARD

Attorneys At Law

Two Prioleau Street
Post Office Box 1119
Charleston, South Carolina 29402
(803) 722-7606
Telecopier (803) 723-5263

Other Offices:
1201 Main Street
AT&T Building - Suite 2400
Post Office Drawer 7157
Columbia, South Carolina 29202
(803) 765-1818

75 Beattie Place
Two Shelter Center - 11th Floor
Post Office Box 2048
Greenville, South Carolina 29602
(803) 240-3200

October 10, 1991

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, SC 29211

RE: \$4,065,000 Charleston County, South Carolina
Industrial Revenue Refunding Bonds
(Coburg Dairy, Inc. Project) Series 1991
Our File No. 2965-3

Dear Ms. Williams:

Enclosed please find a copy of the Final Pricing and Maturities Schedule for your information in connection with the above referenced issue.

Sincerely,

Susan R. McDonald

Susan R. McDonald
Legal Assistant

SRM:egb

Enclosure

002430

FINAL PRICING AND MATURITIES SCHEDULE

\$4,065,000

Charleston County, South Carolina
Industrial Revenue Refunding Bonds
Series 1991 (Coburg Dairy, Inc. Project)

Serial Bonds

10/01/92	\$ 170.000	5.00%
10/01/93	180.000	5.25%
10/01/94	190.000	5.50%
10/01/95	200.000	5.75%
10/01/96	215.000	6.00%
10/01/97	230.000	6.10%
10/01/98	245.000	6.20%
10/01/99	260.000	6.30%
10/01/00	275.000	6.40%
10/01/01	295.000	6.50%

6.875% \$1,805,000 Term Bonds due October 1, 2006 (Subject to following Sinking Fund)

10/01/02	\$ 315.000	10/01/05	\$ 385.000
10/01/03	335.000	10/01/06	410.000
10/01/04	360.000		

002431

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 21, 1991

Ms. April Lucas
The McNair Firm
P. O. Box 1190
Columbia, SC 29211

Dear Ms. Lucas:

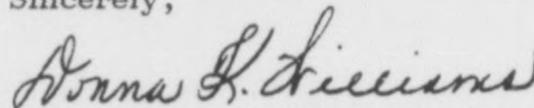
Re: Action de novo, Teledyne Allvac Project

As we discussed today, our office has received via US mail a copy of the action de novo, Teledyne Allvac Project addressed to the Clerk of Court of Chester County.

It is my understanding from our telephone conversation today that the McNair Law Firm will assist Chester County in preparing a response.

Please keep us advised of the proceedings.

Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:ns1
cc: Joseph D. Shine

002432

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JAMES M. WADDELL, JR.
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WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 21, 1991

The Honorable William D. Boan
House Ways & Means Committee
P.O. Box 248
Heath Springs, SC 29058

Dear Mr. Boan:

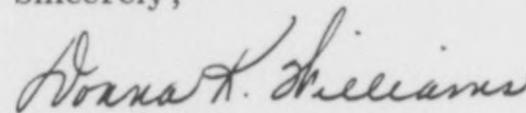
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The Teledyne Allvac project, which was approved at the September 24, 1991, Board meeting, is a \$125,000,000 fee in lieu of taxes industrial development revenue bond project in Chester County involved in extruding metal coils and bars.

Chester County Attorney William C. Keels has discussed this matter with local bond counsel, Ms. April Lucas of The McNair Firm. Ms. Lucas has advised that the McNair Firm will assist the County in preparing its response. Ms. Lucas also has advised that she will keep Board staff and counsel advised of any proceedings.

Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:ns1
Enclosure
cc: Joseph D. Shine

002433

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 21, 1991

The Honorable William D. Boan
House Ways & Means Committee
525 Blatt Building
Columbia, SC 29201

Dear Mr. Boan:

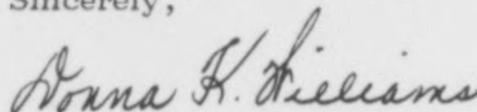
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Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:nsi
Enclosure
cc: Joseph D. Shine

002434

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 21, 1991

The Honorable James M. Waddell, Jr.
Senate Finance Committee
111 Gressette Building
Columbia, SC 29201

Dear Senator Waddell:

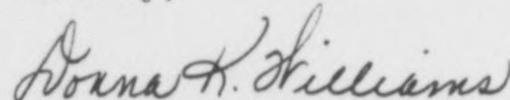
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Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:nsi
Enclosure
cc: Joseph D. Shine

002435

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

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P.O. BOX 12444
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(803) 734-2320

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 21, 1991

The Honorable Earle E. Morris, Jr.
Comptroller General
305 Wade Hampton Building
Columbia, SC 29201

Dear Mr. Morris:

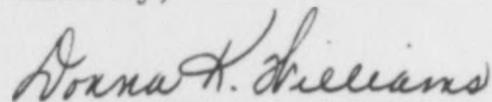
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Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:ns1
Enclosure
cc: Joseph D. Shine

002436

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

October 21, 1991

The Honorable Grady L. Patterson, Jr.
State Treasurer
118 Wade Hampton Building
Columbia, SC 29201

Dear Mr. Patterson:

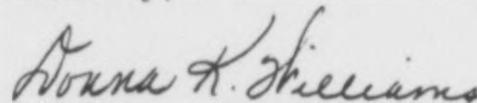
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Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:ns1
Enclosure
cc: Joseph D. Shine

002437

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

P.O. BOX 12444
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(803) 734-2320

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 21, 1991

The Honorable Carroll A. Campbell, Jr.
Governor
State House
Columbia, SC 29201

Dear Governor Campbell:

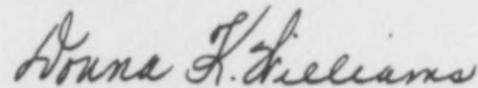
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Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:ns1
Enclosure
cc: Joseph D. Shine

002438

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 21, 1991

Ms. April Lucas
The McNair Firm
P. O. Box 1190
Columbia, SC 29211

Dear Ms. Lucas:

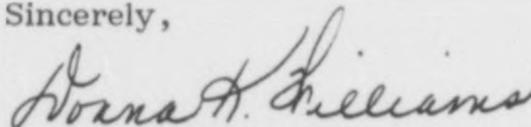
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Please keep us advised of the proceedings.

Sincerely,



Donna K. Williams
Assistant Executive Director
and Secretary to the Board

DKW:ns1
Enclosure
cc: Joseph D. Shine

002439

William T. Hunter
Route 1, Box 47
Richburg, South Carolina 29729

October 11, 1991

RECEIVED

Honorable Sue K. Carpenter
Clerk of Court, County of Chester
Post Office Drawer 580
Chester, South Carolina 29706

OCT 15 1991

Budget and Control Board
Office of the Executive Director

Re: Action de novo, Teledyne Allvac Project

Dear Mrs. Carpenter:

Enclosed for filing is an action de novo per the newspaper advertisement dated September 25, 1991. Also enclosed is the certificate of mailing (service).

Please provide me with the necessary procedures involving an action de novo (Teledyne Allvac Project).

With kindest regards, I am

Sincerely,

William T. Hunter
William T. Hunter
803-789-3379

WTH:bh

cc: State Budget and Control Board
State of South Carolina

Chester County Council
State of South Carolina

Mr. William C. Keels
Attorney, County of Chester

OCT 11 9 41 AM '91
FILED
CLERK OF COURT
CHESTER COUNTY, S.C.

FILED

002440

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHESTER)

IN THE COURT OF COMMON PLEAS

William T. Hunter,)
)
Petitioner,)
)
)

NOTICE OF FILING ACTION
DE NOVO APPLICABLE TO THE
TELEDYNE ALLVAC PROJECT

TO: THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA AND THE CHESTER COUNTY COUNCIL, CHESTER COUNTY, SOUTH CAROLINA, PLEASE TAKE NOTICE THAT THE PETITIONER, WILLIAM T. HUNTER, HAS FILED AND INSTITUTED ACTION DE NOVO IN THE CIRCUIT COURT FOR CHESTER COUNTY, THIS DATE, OCTOBER 11, 1991, WHICH CHALLENGE THE VALIDITY OF THE STATE BUDGET AND CONTROL BOARD'S APPROVAL OF THE PROJECT AND THE ISSUANCE OF BONDS BY CHESTER COUNTY TO FINANCE THE SAME.

WILLIAM T. HUNTER

By: William T. Hunter
William T. Hunter, Petitioner
Route 1, Box 47
Richburg, South Carolina 29729
803-789-3379

Chester County, South Carolina

October 11, 1991

FILED
OCT 11 9 48 AM '91
SEE
COURT
CHESTER COUNTY, S.C.

002441

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHESTER)

IN THE COURT OF COMMON PLEAS

William T. Hunter,)
)
Petitioner,)
)

ACTION DE NOVO
TELEDYNE ALLVAC PROJECT

OCT 1 1991
FILED
CLERK OF COURT
CHESTER COUNTY
SOUTH CAROLINA

Pursuant to the newspaper advertisement on ~~Wednesday~~, September 25, 1991, and Section 4-29-140 of South Carolina Code of Annotated, Title 4, Chapter 29 (1976) as amended, any interested party may, within twenty (20) days after the date of the publication of their notice challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of Bonds by Chester County to finance the same by action de novo instituted in the Circuit Court for Chester County, South Carolina.

CAUSE OF ACTION

1. Upon information and belief Teledyne Industries purchased some 38.88 acres from Mr. Joseph P. Bagwell and some 626.32 acres from Land Associates for a total of 665.20 acres.

2. Upon information and belief Teledyne Industries caused such property, including a federal finance Watershed Conservation Project containing an Automatic Float Dam, to be fenced-in.

3. Upon information and belief Teledyne Industries sold some 665.20 acres to the South Carolina Public Service Authority that was created pursuant to Act 887, 1934 (1976 Code Section 58-31-10 through 58-31-460) to construct and operate the Senate Cooper Hydro-Electric and Navigation System, flood control, reforestation, and public recreational facilities of the state owned authority.

002442

4. Upon information and belief South Carolina Public Service Authority sold some 189.367 acres to Teledyne Industries on 3-12-91 for some \$331,575.12 (county tax map number 136-0-0-53).

5. Upon Information and belief South Carolina Public Service Authority sold some 15.954 acres to Teledyne Industries on 3-12-91 for some \$331,575.12 (county tax map number 136-0-0-54).

6. Upon information and belief Teledyne Industries sold Chester County some 189.367 acres, including the property location of their so-called Agricultural Operations Building and Teledyne Hunt Club, on 6-28-91 for some \$1.00 so as to qualify for a lesser tax payment (fee in lieu of 10.5 percent tax rate) causing the Chester School District to lose some \$475,200.00 a year in county school taxes and the Chester County government to lose some \$328,500.00 in county property taxes and so as to qualify for an Industrial Revenue Bond Project (TELEDYNE ALLVAC PROJECT) in the amount of \$125,000,000.00 (county tax map #136-0-0-53).

7. Upon information and belief Teledyne Industries sold Chester County some 15.954 acres, including a portion of the acres where the federal finance Watershed Conservation Project is located, on June 28, 1991 for some \$1.00 so as to qualify for a lesser tax payment (fee in lieu of 10.5 percent tax rate) causing the County School District to lose some \$475,200.00 a year in county school taxes and the Chester County government to lose some \$328,500.00 in property taxes and so as to qualify for an Industrial Revenue Bond Project (TELEDYNE ALLVAC PROJECT) in the amount of \$125,000,000.00 (county tax map #136-0-0-54).

002443

8. Upon information and belief South Carolina Public Service Authority continues to own some 459.0 acres which they have placed under the operation of the Teledyne Hunt Club manager or Teledyne Industries for a Teledyne Shooting Reserve, License #754, attached to the surrounding fenced-in property (county tax map #136-0-0-2).

9. Upon information and belief Teledyne Industries secured a "Teledyne Shooting Reserve License #754" from the South Carolina Wildlife Department with Teledyne employing certain personnel in a so-called "Agricultural Operation" to manage, plant and/or bait such property for a created "Teledyne Hunt Club" which is exclusively for Teledyne employees, politicians, state and county officials, and their other invited guest.

10. Upon information and belief South Carolina Public Service Authority, Santee Cooper Electric, or the Fairfield Electric, have installed separate electric power lines, off the highway-right-away and on (their) private property, in the direction of the federal financed Watershed Conservation Project, which includes the 15.954 acres that Chester County Leases to Teledyne Industries, for what appears to be an ongoing Lake Front Resort Area for officials of the South Carolina Public Service Authority, Teledyne officials, their employees or other invited guest, but not for public use or access!

11. Upon information and belief the non-industrial use of said property (county tax map #136-0-0-2, 136-0-0-53, and 136-0-0-54) violates the intent and purpose of the approved Chester County Land Use Maps previously adopted by the Chester County Council.

002444

12. Upon information and belief the Chester County Council have no legal, statutory or constitutional, authority to negotiate a Fee In Lieu of Taxes (downward adjustment of the 10.5 percent tax rate) for the Chester County School District.

13. Upon information and belief South Carolina Public Service Authority have no legal, statutory or constitutional, authority to purchase this particular property in Chester County, South Carolina, and have shown no valid reason or purpose for being involved in the ongoing Teledyne Hunt Club, Teledyne Shooting Reserve, the so-called Teledyne Agricultural Operation, Lake Front Resort Area on a federal financed Watershed Conservation Project, or any of these particular "fee In Lieu of Taxes" projects in Chester County, South Carolina.

14. Upon information and belief Wildlife is being turned-loose on such property so that specially invited hunters can KILL them and such open fields are being planted to entice Wildlife onto the elite Shooting and Hunting Reserve all of which involves property tax reduction, industrial revenue bond project, and fees in lieu of taxes not intended by law.

CONCLUSION

This area of Chester County is heavily populated with rural residents and during hunting season residents are being subjected to a combat zone.

The laws applicable to Industrial Revenue Bonds and Fees in lieu of taxes are not intended to subsidize Shooting Reserves, Hunt Clubs or so-called Agricultural Farming Operations.

C02445

WHEREFORE, petitioner request that all Industrial Revenue Bonding Projects and Fee In Lieu of Taxes be denied until such time the property is used for Industrial purposes only!

Petitioner further request that all back-up water in the federal financed Watershed Conservation Project be opened for public use (fishing) and that official of the State of South Carolina Land Resources Conversation Commission, State and Federal Soil and Water Conservation Agencies, be the sole agency, person or persons, which is authorized to regulate the water-flow at the Float Dam.

Petitioner further request that such action de novo be open to the public and such de novo proceedings be held in the County of Chester, South Carolina.

WILLIAM T. HUNTER

By: William T. Hunter
William T. Hunter, Petitioner
Route 1, Box 47
Richburg, South Carolina 29729
803-789-3379

Chester, South Carolina
October 11, 1991

ATTACHMENTS: (10)

Copy of Newspaper advertisement dated September 25, 1991
Copy of Appraisal Card (county tax map #136-0-0-2) 665.20 acres
Copy of Appraisal Card (county tax map #136-0-0-2) 664.20 acres
Copy of Appraisal Card (county tax map #136-0-0-2) 459.00 acres
Copy of Appraisal Card (county tax map #136-0-0-53) 189,367 acres
Copy of Appraisal Card (county tax map #136-0-0-54) 15.954 acres
Copy of Appraisal Card (county tax map #136-0-0-42) 709.0 acres
Letters (3) ... requesting information associated hereto

002446

NEWS & REPORTER
SEPTEMBER 25, 1991

NOTICE
PURSUANT TO
THE PROVISIONS OF
SOUTH CAROLINA
CODE ANNOTATED,
TITLE 4,
CHAPTER 29 (1976),
AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the

"Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Chester County, South Carolina, has given its approval to the following undertaking by Chester County, South Carolina:

The issuance by Chester County of its Industrial Revenue Bonds (Teledyne Allvac Project) in the original principal amount of not exceeding \$125,000,000 (the "Bonds"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings on behalf of Teledyne Industries, Inc., a California corporation acting through its Teledyne Allvac Division, (the "Tenant"), to be used as an industrial facility for the purpose of extruding metal coils and bars (the "Project") and to be located in Chester County. The Project will be leased to the Tenant, and the Tenant will unconditionally covenant to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by the Tenant for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Chester County to finance the same, by action de novo instituted in the Circuit Court for Chester County, South Carolina.

STATE BUDGET AND
CONTROL BOARD
BY: DONNA WILLIAMS,
Secretary

Dated: September 25,
1991

It Sept 25 C

-Tel: 1-754-2520

002447

COUNTY _____

TAX MAP <i>136-0-0-2</i>	DISTRICT <i>1</i>	DATE OF APPRAISAL				APPRAISER		
136-0-0-2 South Carolina Public Service Authority	TRANSFERRED FROM	Deed Book	Deed Page	Acres or Lots	Plat Book	Plat Page	Date of Sale	SALES PRICE
	<i>Land Assoc. - Correction Deed</i>	<i>565</i>	<i>318</i>	<i>626.32</i>	<i>B</i>	<i>114</i>	<i>4-22-89</i>	<i>6,625.00</i>
	<i>Joseph P. Bagwell - Correction Deed</i>	<i>565</i>	<i>311</i>	<i>626.32</i>	<i>B</i>	<i>114</i>	<i>1-25-89</i>	<i>5,854.00</i>
	<i>Joseph P. Bagwell - Correction Deed</i>	<i>565</i>	<i>314</i>	<i>626.32</i>	<i>B</i>	<i>114</i>	<i>4-25-89</i>	<i>6,625.00</i>
	<i>Joseph P. Bagwell - Correction Deed</i>	<i>579</i>	<i>147</i>	<i>38.88</i>	<i>B</i>	<i>114</i>	<i>1-17-90</i>	<i>Correction Deed</i>

PROPERTY LOCATION	GENERAL DATA <i>Teledyne Industries, Inc</i>	581	137	8	114	1-23-90	1,194,114.00
St., Rt. & No. <i> Hwy 9 & Hwy 49</i>	Yr. Built	Land	Econ. Rent	Cap. Rate	Remarks:		
City	Economic Life	Imp.	Expenses	Income			
Use	Condition	L. H.	Net Inc.	Cap. Rate			
Subdivision	Quality	Total	Land Inc.	Imp. Value			
Legal Description	Annual Rent	Stamps	Imp. Inc.	Land Value			
	Bldg. Permit	Old Map Ref.	Recap	Total Value			
	Mort.	File No.	Int. Rate				

STANDARD CLASSIFICATION		PROPERTY DATA		LAND VALUATION					
NEIGHBORHOOD	TRANSPORTATION	LAND IMP.	UTILITIES	CLASS	ACRES	MARKET VALUE		USE VALUE	
						Price per Acre	Total	Price per Acre	Total
Progressive	Paved Road	Buildings	Electricity	4T	104	74	7918		
Static	Earth Road	Pavement	Water	3T	443	109	48,287		
Regressive	Railroad	Fence	Gas	6	26	39	1,014		
Old	Water	Landscaping	Sewer	4	4	101	404		
New	Airport	Well	All Utilities	3	91	148	13,468		
LAND									
Number of Acres <i>665.2</i>		Number of Lots							
Per Acre Value <i>700</i>		Number of Front Ft.							
Value for Acres		Per Lot Value							
Returned Area		Per Front Ft. Value							
Legal Area		Value for Lots							
Planimetered Area		Value for Fr. Ft.							
Total Land Value									
ESTIMATED MARKET VALUE									
	Land Acres or Lots	Improvement	Total						
Number	<i>665.2</i>		<i>465,500</i>	19		19		19	<i>90</i>
Cost Approach									
Market Approach				Market Value				<i>465,500</i>	<i>465,500</i>
Income Approach				Use Value				<i>71,100</i>	
Correlated Value				Difference					
Assessed %									
Reviewed by		Date							

002448

2

FARM APPRAISAL CARD

SOUTH CAROLINA

CARD _____ OF _____ CARDS

COUNTY _____

TAX MAP <i>136-0-0-2</i>	DISTRICT <i>1</i>	DATE OF APPRAISAL				APPRAISER			
<p>136-0-0-2</p> <p>South Carolina Public Service Authority</p>	TRANSFERRED FROM	Deed Book	Deed Page	Acres or Lots	Plat Book	Plat Page	Date of Sale	SALES PRICE	
	<i>Land Associates & Partners</i>	<i>565</i>	<i>318</i>	<i>626^{1/2}</i>	<i>B</i>	<i>114</i>	<i>4-27-89</i>	<i>1,194,444</i>	
	<i>Joseph P. Bagwell</i>	<i>565</i>	<i>314</i>	<i>28.88</i>	<i>B</i>	<i>114</i>	<i>4-25-89</i>	<i>68,750</i>	
	<i>Joseph P. Bagwell - Correction Deed</i>	<i>579</i>	<i>177</i>	<i>38.88</i>	<i>B</i>	<i>114</i>	<i>1-17-90</i>	<i>Correction Deed</i>	
	<i>Land Associates - Correction Deed</i>	<i>579</i>	<i>179</i>	<i>626^{1/2}</i>	<i>B</i>	<i>114</i>	<i>1-17-90</i>	<i>Correction Deed</i>	

PROPERTY LOCATION	GENERAL DATA <i>Teledyne Industries, Inc</i>	<i>581</i>	<i>137</i>	<i>114</i>	<i>1-13-90</i>	<i>1,194,444</i>
St., Rt. & No. <i>Nwy 9 & Nwy 99</i>	Yr. Built	Land	Econ. Rent	Cap. Rate	Remarks:	
City	Economic Life	Imp.	Expenses	Income		
Use	Condition	L. H.	Net Inc.	Cap. Rate		
Subdivision	Quality	Total	Land Inc.	Imp. Value		
Legal Description	Annual Rent	Stamps	Imp. Inc.	Land Value		
	Bldg. Permit	Old Map Ref.	Recap	Total Value		
	Mort.	File No.	Int. Rate			

STANDARD CLASSIFICATION				PROPERTY DATA				LAND VALUATION					
NEIGHBORHOOD		TRANSPORTATION		LAND IMP.		UTILITIES		CLASS	ACRES	MARKET VALUE		USE VALUE	
Progressive	Static	Paved Road	Earth Road	Buildings	Pavement	Electricity	Water			Price per Acre	Total	Price per Acre	Total
								<i>4T</i>	<i>104</i>	<i>74</i>	<i>7918</i>		
								<i>3T</i>	<i>443</i>	<i>109</i>	<i>48,287</i>		
								<i>6</i>	<i>22</i>	<i>39</i>	<i>858</i>		
								<i>4</i>	<i>4</i>	<i>101</i>	<i>404</i>		
								<i>3</i>	<i>91</i>	<i>148</i>	<i>13,468</i>		
Total Land Value								TOTAL	<i>664</i>				

ESTIMATED MARKET VALUE				LAND VALUATION BY YEAR				
	Land Acres or Lots	Improvement	Total	19 <i>91</i>	19 <i>92</i>	19	19	19
Number	<i>664</i>			<i>665</i>	<i>664</i>		<i>668 ac.</i>	<i>665</i>
Cost Approach								
Market Approach				<i>465,500</i>	<i>464,800</i>		<i>465,500</i>	
Income Approach								
Correlated Value							<i>77,100</i>	
Assessed %								
Reviewed by			Date					

002949

Sold 12-23-91 LOT SEC 136-0-0-51 Right of Way 665.2 ac whether Survey Dist-1-2-91

3

12-10/3/91

FARM APPRAISAL CARD

SOUTH CAROLINA

CARD OF CARDS

COUNTY

TAX MAP 136-0-0-2	DISTRICT	DATE OF APPRAISAL				APPRAISER		
136-0-0-2	TRANSFERRED FROM	Deed Book	Deed Page	Acres or Lots	Plat Book	Plat Page	Date of Sale	SALES PRICE
South Carolina Public Service Authority	Land Assoc. - Correction Deed	565	318	626.32	B	114	4-27-84	1,100,000
	Joseph P. Bagwell - Correction Deed	565	311	626.32	B	114	4-28-84	585,460.00
	Joseph P. Bagwell	565	314	626.32	B	114	4-28-84	18,995.00
	Joseph P. Bagwell - Correction Deed	574	144	38.88	B	114	1-17-90	correction deed
	Land Assoc. - Correction Deed	577	149	626.32	B	114	1-17-90	correction deed

PROPERTY LOCATION	GENERAL DATA	581	137	114	1-23-90	1,194,444.00
St., Rt. & No. Hwy 70 3/7	Yr. Built	598	89	511P	B 114 78	7-10-90 1,000
City	Economic Life	Expenses	Income			
Use	Condition	603	357	28,235	Not Recorded 2-1-91	Exchange Property
Subdivision	Quality	Total	Land Inc.			
Legal Description	Annual Rent	Stamps	Imp. Inc.			
	Bldg. Permit	Old Map Ref.	Recap			
	Mort.	File No.	Int. Rate			

STANDARD CLASSIFICATION		PROPERTY DATA		LAND VALUATION			
NEIGHBORHOOD	TRANSPORTATION	LAND IMP.	UTILITIES	CLASS	ACRES	MARKET VALUE	USE VALUE
Progressive	Paved Road	Buildings	Electricity	91	54	Price per Acre 81	Total 4,374
Static	Earth Road	Pavement	Water	47	104	74	7,918
Regressive	Railroad	Fence	Gas		338	179	40,222
Old	Water	Landscaping	Sewer	37	443	109	48,287
New	Airport	Well	All Utilities		17	43	731
				6	22	39	858
				4	446	161	404
				3	91	161	7,406
						48	13,468
				TOTAL	664		53,173
							53,200

ESTIMATED MARKET VALUE				LAND VALUATION BY YEAR				
Number	Land Acres or Lots	Improvement	Total	1991	1992	1993	1994	1995
002450	459			32,130	164,800		465,500	465,500
Cost Approach				53,200			71,400	
Market Approach								
Income Approach								
Correlated Value								
Assessed %								
Reviewed by			Date					

old 1-23-91 120T sec 136-0-0-51

12-14/3/91

COMMERCIAL-INDUSTRIAL APPRAISAL CARD
SOUTH CAROLINA COUNTY Chester

CARD _____ OF _____ CARDS
PROPERTY CLASS _____

136-0-0-53

Chester County
140 Main Street
P.O. Box 580
Chester, SC 29706
Attn.: County Administrator

DISTRICT	DATE OF APPRAISAL	APPRAISER
Occupants Name & Address — Lessee		Property Location
		St. Rt. & No.
		Legal Desc.
		State Standard Class
		Occupancy

Transferred From	Deed Book	Deed Page	Acres or Lots	Plat Book	Plat Page	Date of Sale	Sales Prices	Aff-idavit	Mortgage	Stamps
S.C. Public Serv. Auth.	600	326	189.367	B	114 p 9	3-12-41	331,575.12			
Teledyne Industries, Inc. - Recorded 6-28-91	604	273	189.367	CABB	51.8 p 114 p. 9	6-28-91	\$1.00			

INCOME APPROACH

PROPERTY DATA

Econ. Life	Int. Rate	Neighborhood	Transportation	Land Imp.	Utilities	Topography
Econ. Rent	Cap. Rate	Progressive	Paved Road	Buildings	Electricity	Level
Expenses	Income	Static	Earth Road	Pavement	Water	High
Net Inc.	Cap. Rate +	Regressive	Railroad	Fence	Gas	Low
Inc. to Land	Imp. Value	Old	Water	Landscaping	Sewer	Rolling
Inc. to Imp.	Land Value	New	Airport	Well	All Utilities	Swampy
Recapture	Total Value					

ZONING

Residential	Industrial
Commercial	Agricultural

002451

ESTIMATED MARKET VALUE

LEASE ___ BK ___ PG. ___ NO. YRS. ___ REM. YRS. ___ RENT ___ L/P ___

Number	Ac.	LOTS	IMPS.	TOTAL	LAND VALUATION									
					Frontage	Depth	Depth Factor	Unit	Unit Value	Lot Value	Corner Influence	Distracting Influences	Total	
Correlated 92 Value	189			339,750										
Appeal Value														
Assessed %														
Reviewed By														
Date														
													Total Land Value	

Measured By

Date

H-10/3/91

136-0-0-54 136-0-0-54 Chester County 140 Main Street P.O. Box 580 Chester, SC 29706 Attn: County Administrator	DISTRICT	DATE OF APPRAISAL				APPRAISER			
	Transferred From	Date Recorded	Date of Sale	Deed Book	Deed Page	Plot Book	Plot Page	Acres or Lots	Sales Price
	S.C. Public Service Auth Teledyne Industries, Inc.	6-28-91	9-12-91 6-28-91	600 604	326 273	B B	14-29 51-114 P-9	15.954 15.954	331,575 1.00

PROPERTY LOCATION	GENERAL DATA	COST DATA	INCOME APPROACH		Remarks
St., Rt. & No.,	Yr. Built	Land	Econ. Rent	Cap. Rate	
City	Economic Life	Imp.	Expenses	Income	
Subdivision	Condition	L. H.	Net Inc.	Cap. Rate	
OCCUPANT and USE	Quality	Total	Land Inc.	Imp. Value	
	Annual Rent	Stamps	Imp. Inc.	Land Value	
	Bldg. Permit	Old Map Ref.	Recap	Total Value	
	Mort.	File No.	Int. Rate		

PROPERTY DATA					LAND CLASSIFICATION			
Neighborhood	Transportation	Land Imp.	Utilities	Topography	Land Class	No. of Acres	Value Per Acre	Value Per Class
Progressive	Paved Road	Buildings	Electricity	Level	Open Land			
Static	Earth Road	Pavement	Water	High				
Regressive	Railroad	Fence	Gas	Low				
Old	Water	Landscaping	Sewer	Rolling				
New	Airport	Well	All Utilities	Swampy				

LAND		LOT SIZE		Remarks & Description
Number of Acres	Number of Lots	Front	Timberland	
Per Acre Value	Number of Front Ft.	Depth		
Value for Acres	Per Lot Value	Rear		
Returned Area	Per Front Ft. Value			
Legal Area	Value for Lots	Total		
Planimetered Area	Value for Fr. Ft.			
Total Land Value				

ESTIMATED MARKET VALUE			
	Land Acres or Lots	Improvement	Total
Number	16		
Cost Approach	331,200		331,200
Market Approach			
Income Approach			
Correlated Value			
Appeal Value			
Assessed %			

Reviewed by _____ Date _____

William T. Hunter
Route 1, Box 47
Richburg, South Carolina 29729

October 11, 1991

Mr. Chas Nicholson
Chester County Building Official
Post Office Drawer 580
Chester, South Carolina 29706

Re: Teledyne Shooting Reserve (Teledyne Hunt Club)

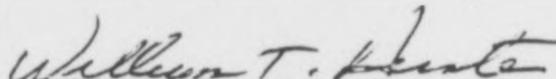
Dear Mr. Nicholson:

It has been reported that you were invited and accepted an invitation to hunt at the Teledyne Shooting Reserve (Teledyne Hunt Club).

If this information is true ... Please provide me with the dates you hunted, who invited you, and the names of all people who hunted with you or were present on the day or days that you hunted there.

Your attention to this request will be appreciated.

Sincerely,


William T. Hunter

WTH:bh

cc: Chester County Council

002455

William T. Hunter
Route 1, Box 47
Richburg, South Carolina 29729

October 11, 1991

Mr. Rodgers, Manager
Teledyne Shooting Reserve
Teledyne Hunt Club
Route 1,
Richburg, South Carolina 29729

Re: Teledyne Shooting Reserve License #754 (Teledyne Hunt Club).

Dear Mr. Rodgers:

Thank you for talking with me on October 3, 1991.

Hoping to talk with you more about the reason for planting the Hunt Club (Shooting Reserve) fields and why you don't sale any feed or grain derived therefrom.

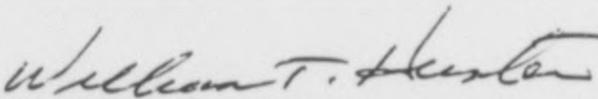
Please provide me with a listing of all person or persons who have either hunted or been invited to hunt and fish on the property which you manage for Chester County, Teledyne, or the South Carolina Public Service Authority, which is identified on county tax map numbers 136-0-0-2, 136-0-0-53, and 136-0-0-54.

Also, please provide me with a copy of Teledyne's Shooting Reserve License #754 and a list of person or persons who are now members, or scheduled to become members, in the Teledyne Hunt Club.

Your approval of this request will be greatly appreciated.

With kindest regards, I am

Sincerely,


William T. Hunter

WTH:bh

cc: Chester County Council

South Carolina Public Service Authority

002456

William T. Hunter
Route 1, Box 47
Richburg, South Carolina 29729

October 11, 1991

Mr. Ken Ford
President & Chief Executive Officer
S.C. Public Service Authority
One Riverwood Drive
Box 398
Moncks Corner, South Carolina 29461

Re: Property listed on Chester County Map Number 136-0-0-2
belonging to the South Carolina Public Service Authority

Dear Mr. Ford:

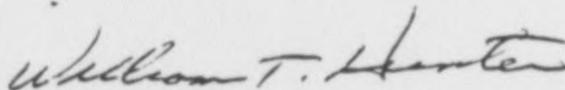
Please provide me with information concerning a lease of property belonging to or titled in the name of South Carolina Public Service Authority and which is located in Chester County under county tax map number 136-0-0-2, some 459.0 acres.

Enclosed please find a copy of my letter addressed to Mr. Rodgers who manages property belonging to or titled in the name of South Carolina Public Service Authority. Upon information and belief the property is being used as a private Teledyne Shooting Reserve and Teledyne Hunt Club.

Any information and copy of such lease would be greatly appreciated.

With kindest regards, I am

Sincerely,


William T. Hunter

WTH:bh

Enclosure:

002457

CERTIFICATE OF MAILING

The undersigned hereby certifies that he is the Petitioner in this within matter and that the within Notice and associated documents of an action de novo was mailed (served) upon the following:

State Budget and Control Board
State of South Carolina
612 Wade Hampton Building
Box 12444
Columbia, South Carolina 29211

Chester County Council
Chester County Courthouse
Post Office Drawer 580
Chester, South Carolina 29706

This 11 day of October, 1991

William T. Hunter

William T. Hunter, Petitioner
Route 1, Box 47
Richburg, South Carolina 29729
803-789-3379

FILED
OCT 11 9 41 AM '91
CLERK OF COURT
SOUTH CAROLINA

002458

William T. Hunter
Route 1, Box 47
Richburg, South Carolina 29729

October 11, 1991

Mr. Ken Ford
President & Chief Executive Officer
S.C. Public Service Authority
One Riverwood Drive
Box 398
Moncks Corner, South Carolina 29461

Re: Property listed on Chester County Map Number 136-0-0-2
belonging to the South Carolina Public Service Authority

Dear Mr. Ford:

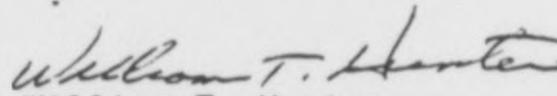
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Enclosed please find a copy of my letter addressed to Mr. Rodgers who manages property belonging to or titled in the name of South Carolina Public Service Authority. Upon information and belief the property is being used as a private Teledyne Shooting Reserve and Teledyne Hunt Club.

Any information and copy of such lease would be greatly appreciated.

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Sincerely,


William T. Hunter

WTH:bh

Enclosure:

002459

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State Budget and Control Board
State of South Carolina
612 Wade Hampton Building
Box 12444
Columbia, South Carolina 29211

Chester County Council
Chester County Courthouse
Post Office Drawer 580
Chester, South Carolina 29706

This 11 day of October, 1991

William T. Hunter

William T. Hunter, Petitioner
Route 1, Box 47
Richburg, South Carolina 29729
803-789-3379

FILED
OCT 11 9 41 AM '91
CLERK OF COURT
CHESTER COUNTY, S.C.

002460

SEP 13 1991

TRANSMITTAL FORM, REVENUE BONDS

Date: July 24, 1991
Submitted for BCB Meeting on:
Sept. 24, 1991

TO: Donna K. Williams, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM: April C. Lucas, Esq.
McNair Law Firm, P.A.
Name of Law Firm
Columbia, South Carolina 29211
City, State, Zip Code

P.O. Box 11390 (1301 Gervais Street)
Street Address/Box Number
(803) 799-9800
Telephone Area Code and Number

RE: \$125,000,000
Amount of Issue
Chester County
Issuing Authority Name

IDB - Fee in lieu of taxes
Type of Bonds or Notes
October 30, 1991
Projected Issue Date

Project Name: Teledyne Allvac Project
Project Description: Extruding metal coils and bars

EXHIBIT

SEP 24 1991 15

Employment as result of project: 300

STATE BUDGET & CONTROL BOARD

<u>CEILING ALLOCATION REQUIRED</u>	<u>REFUNDING INVOLVED</u>	<u>PROJECT APPROVED PREVIOUSLY</u>
<u>Yes (\$ _____) X No</u>	<u>Yes (\$ _____) X No</u>	<u>Yes (_____) X No</u>
Amount	Amount	Date

DOCUMENTS ENCLOSED (executed original and three copies of each):
(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition
- B. X Resolution or ordinance
- C. X Inducement Resolution or comparable preliminary approval - ordinance
- D. X Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: Teledyne Industries, Inc.)
- OR Audited financial statements for three most recent years
- E. na Department of Health and Environmental Control certificate IF REQUIRED
- F. X Budget and Control Board Resolution and Public Notice (original)
[Plus 5 copies for certification and return to counsel]
- G. X Processing fee
Amount \$ 5,000.00 Check No. _____
Payor Teledyne Industries, Inc.
- H. X Draft bond counsel opinion letter

Bond Counsel: April C. Lucas, Esq.
Typed Name of Counsel

By: April Lucas
Signature

STATE OF SOUTH CAROLINA
State Budget and Control Board
DIVISION OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880

RICHARD W. KELLY
DIVISION DIRECTOR

JAMES M. WADDELL, JR.
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 20, 1991

EXHIBIT

SEP 24 1991

15

STATE BUDGET & CONTROL BOARD

The Honorable Donna K. Williams
Secretary
S.C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Chester County Fee in Lieu of Taxes
Industrial Revenue Bonds
(Teledyne Allvac)

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form with the enclosed Petition of County Council to the Budget and Control Board, Standard Form Investment Letter, Ordinance Authorizing Issuance and Sale of the Bonds, Resolution Authorizing the Petition to the State Board, Resolution of the Budget and Control Board Approving Issuance, Public Notice, and Opinion of Bond Counsel.

Upon review, these documents have been submitted by Bond Counsel, McNair Law Firm, P.A. and appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

A handwritten signature in cursive script that reads "Wayne F. Rush".

Wayne F. Rush
General Counsel

002462

EXHIBIT

SEP 24 1991 15

STATE OF SOUTH CAROLINA
STATE BUDGET AND CONTROL BOARD STATE BUDGET & CONTROL BOARD
Standard Form Investment Letter

TO: Secretary, State Budget and Control Board
P. O. Box 12444
Columbia, SC 29211

RE: Sale by Chester County (the "Issuer")
Of its Not Exceeding \$125,000,000 (the "Bonds")
On behalf of Teledyne Industries, Inc. through/ its Teledyne Allvac Division (the "Company")
(Teledyne Allvac) (the "Project")
To Teledyne Industries, Inc. (the "Purchaser")

DATE: Sept. 11, 1991

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES SS.
SWORN to and subscribed
before me this 11th day
of September 1991

Tracy M. Lucast
Notary Public

OFFICIAL SEAL
TRACY M. LUCAST
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My comm. expires AUG 20, 1993

My Commission expires
August 20, 1993

002463

PURCHASER: TELEDYNE INDUSTRIES, INC.

Name: Judith R. Nelson

Address: 1901 Avenue of the Stars
Suite 1800

Los Angeles, CA 90067

BY: *Judith R. Nelson*
Signature of Authorized Official

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

EXHIBIT

SEP 24 1991 15

STATE BUDGET & CONTROL BOARD

September 18, 1991

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

RE: \$125,000,000 - IDB - Fee in Lieu of Taxes
Chester County, South Carolina
(Teledyne Allvac Project)

Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval pursuant to Section 4-29-140, et seq., South Carolina Code of Laws, 1976, as amended. The documents, with one exception, appear to comply with the requirements of the referenced Code sections that certain specific information be addressed in these documents.

Section 4-29-140 (b) requires a reasonable estimate of the cost of the project. This information would be found in the findings that the governing body must make pursuant to Section 4-29-60, regarding not only the amount of bonds necessary to finance the project, but the amount necessary each year to pay the principal of and interest on the bonds proposed to be issued to finance the project be stated. The Petition at paragraph 5 (vi) does represent that

...the County Council will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the Bonds proposed to be issued to defray the cost of the Project.

002464

Ms. Donna K. Williams
September 18, 1991
Page 2

However, it should be noted that the information required by the code as to the specific amount, is not included in the information submitted to this Office.

This letter addresses only the fact that the documents, other than the exception noted above, appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

BY:



TGA:bvc

002465

A RESOLUTION APPROVING THE ISSUANCE BY CHESTER COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$125,000,000 PRINCIPAL AMOUNT INDUSTRIAL REVENUE BONDS (TELEDYNE ALLVAC PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Chester County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition") under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Chester County (the "County") pursuant to the Act of its Industrial Revenue Bonds (Teledyne Allvac Project) in the aggregate principal amount of not exceeding \$125,000,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for the purpose of extruding metal coils and bars; and

WHEREAS, the Project is to be leased by the County to Teledyne Industries, Inc., acting through its Teledyne Allvac Division, (the "Tenant") upon terms which require the Tenant to make payments to or for the account of the County in amounts sufficient to pay the principal and interest on the Bonds; and

WHEREAS, the Bonds will be payable from and secured by an assignment of the obligations of the Tenant; and

WHEREAS, the County has submitted a copy of a resolution and petition adopted by the County on June 24, 1991;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made such investigation of the matters set forth in the Petition as it deems appropriate, and on the basis of such investigation it is hereby found, determined and declared:

(a) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 4-29-140 of the Act; and

002467

(b) The Project subject of the Petition of the Governing Board is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to lease the Project to the Tenant, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Lease Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Tenant, and do not make inaccurate, except as to dates and amounts, the summaries of the Lease Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above-described undertaking of the County shall be published in the The State, a newspaper having general circulation in Chester County.

Section 4. The notice required in Section 3 above to be published, shall be in substantially the form set forth in Exhibit "A" of this Resolution.

Section 5. This Resolution shall take effect immediately.

002468

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 4, CHAPTER 29
(1976), AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Chester County, South Carolina, has given its approval to the following undertaking by Chester County, South Carolina:

The issuance by Chester County of its Industrial Revenue Bonds (Teledyne Allvac Project) in the original principal amount of not exceeding \$125,000,000 (the "Bonds"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings on behalf of Teledyne Industries, Inc., a California corporation acting through its Teledyne Allvac Division, (the "Tenant"), to be used as an industrial facility for the purpose of extruding metal coils and bars (the "Project") and to be located in Chester County. The Project will be leased to the Tenant, and the Tenant will unconditionally covenant to make payments sufficient to pay the principal and interest on the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by the Tenant for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Chester County to finance the same, by action de novo instituted in the Circuit Court for Chester County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: DONNA WILLIAMS, Secretary

Dated: September 25, 1991

002469

EXHIBIT

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHESTER)

SEP 24 1991 1 5
STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL)
)
BOARD OF SOUTH CAROLINA)

P E T I T I O N

This Petition of Chester County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Chester County (the "County Council") is the governing body of the County and as such is the "governing board" of the County referred to in the Act.

2. The Act, among other things, empowers the County, subject to obtaining the approval of the State Budget and Control Board, pursuant to Section 4-29-140 of the Act: (i) to acquire, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects (as defined in the Act) which shall be located within the jurisdiction of the County; (ii) to make available to any industry or industries any or all of its projects for such payments and upon such terms and conditions as the governing board may deem advisable and as shall not conflict with the provisions of the Act; and (iii) to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist Teledyne Industries, Inc., a California corporation qualified to do business as a corporation in South Carolina (the "Tenant"), by issuing its revenue bonds pursuant to the terms of the Act and of a trust indenture to be entered into between the County and Teledyne Industries, Inc. as the purchaser of such bonds (the "Indenture") for the purpose of defraying the cost of acquiring certain facilities located in the County (the "Project"), which facilities shall be leased to the Tenant pursuant to a lease agreement (the "Lease Agreement") and Indenture.

4. The County has been advised by the Tenant that the estimated cost of the Project will be not exceeding \$125,000,000 and it has requested the County to execute and deliver its

Industrial Revenue Bonds, Series 1991 (Teledyne Allvac Project) (the "Bonds") in the aggregate principal amount of not exceeding \$125,000,000 to defray such costs.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) it is anticipated that the Project will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided locally; (iii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the principal amount of the Bonds required to finance the Project is expected to be not exceeding \$125,000,000; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed Bonds and the maintenance of the Project; and (vi) the terms under which the Project is to be leased to the Tenant provide that the Tenant shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Council will make the requisite finding as to the amount necessary in each year to pay the principal and the interest on the Bonds proposed to be issued to defray the cost of the Project.

6. Pursuant to Section 4-29-140 of the Act, the County sets forth the following information:

(a) The Project, described in detail in the Lease Agreement and the Indenture, consists of land, a building or buildings and other improvements thereon and certain machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of extruding metal coils and bars. It is anticipated that, upon completion, the Project will provide directly 300 additional full-time jobs in the County and neighboring areas and that the Project will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be not exceeding \$125,000,000.

(c) Copies of the Lease Agreement and the Indenture are available from the County. The following summary of terms is in no way intended to affect or alter the actual terms of the documents themselves:

(i) The proposed Lease Agreement between the Tenant and the County provides in general:

(A) Proceeds derived from the placement of the Bonds will be used and applied by the County upon request of the Tenant solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) The Tenant obligates itself: to effect the completion of the Project if the proceeds derived from the placement of the Bonds prove insufficient therefor without diminution of any payments to the County required by the Lease Agreement; to meet the payments of principal and interest on the Bonds as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Lease Agreement.

(C) The County does not incur any pecuniary liability or charge upon its general credit or taxing powers.

(D) The Company agrees to make payments in lieu of taxes in accordance with Sections 4-29-60 and 4-29-67 of the Act.

(ii) The proposed Indenture between the County and Teledyne Industries, Inc. as purchaser of the Bonds (the "Purchaser"), provides in general:

(A) An irrevocable pledge and assignment for the benefit of the Purchaser or its assigns as holder of the Bonds of the County's right, title and interest in and to the Lease Agreement and all payments, receipts and revenues which the County has a right to receive under the Lease Agreement or with respect to any security afforded thereunder or any other financing agreement with respect to the Project in favor of the County (except the right to receive notices and payments and rights related to indemnification and administration expenses and rights to receive payments in lieu of taxes), and all the moneys and securities in funds created under the Indenture.

(B) The terms of the Bonds, the provisions for exchange and transfer of the Bonds, the prepayment provisions, the means of disbursement, default provisions and remedies therefor and various other matters relating to the Bonds.

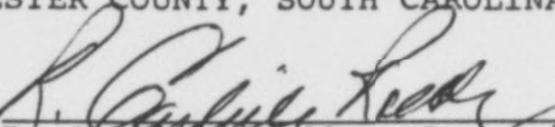
(C) The execution of the Indenture imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

7. None of the approvals granted in connection with the Bonds have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

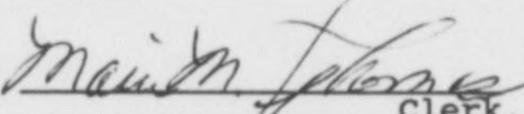
Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the Bonds by the County pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

CHESTER COUNTY, SOUTH CAROLINA

By: 
R. Carlisle Roddey, Supervisor and
Chairman, County Council of Chester
County, South Carolina

ATTEST:


Clerk,
County Council of
Chester County,
South Carolina

Dated: June 24, 1991

EXHIBIT

SEP 24 1991 15

STATE BUDGET & CONTROL BOARD

002473

EXHIBIT

SEP 24 1991

15

STATE BUDGET & CONTROL BOARD

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY CHESTER COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL REVENUE BONDS, SERIES 1991 (TELEDYNE ALLVAC PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$125,000,000.

WHEREAS, Chester County, South Carolina (the "County"), acting by and through its County Council, is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), to acquire and cause to be acquired properties that are projects under the Act through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely from revenues and receipts from any financing agreement with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, pursuant to a commitment heretofore made to Teledyne Industries, Inc., a California corporation (the "Tenant"), and in order to implement the public purposes enumerated in the Act, the County proposes to issue its Industrial Revenue Bonds, Series 1991 (Teledyne Allvac Project) in the aggregate principal amount of not exceeding \$125,000,000 (the "Bonds") under and pursuant to the Act to defray the costs of acquiring by construction and purchase certain land, a building or buildings and other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein (the "Project") to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to lease the Project to the Tenant under and pursuant to the terms of a Lease Agreement (the "Lease Agreement") to be entered into between the County and the Tenant; and

WHEREAS, it is now deemed advisable by the County Council to file with the State Budget and Control Board of South Carolina, in compliance with Section 4-29-140 of the Act, the Petition of the County requesting approval of the proposed financing by the State Budget and Control Board;

NOW, THEREFORE, BE IT RESOLVED by the County Council of Chester County, South Carolina, as follows:

Section 1. It is hereby found, determined and declared as follows:

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the Bonds in the principal amount of not exceeding \$125,000,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project, and by providing additional permanent employment for approximately 300 people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided locally.

(c) Neither the Project, the Bonds proposed to be issued by the County to defray the cost of the Project, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

(d) The issuance of the Bonds by the County in the principal amount of not exceeding \$125,000,000 will be required to defray the cost of the Project.

(e) Inasmuch as the Tenant is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Bonds and the maintenance of the Project is deemed unnecessary.

(f) The Project will be leased by the County to the Tenant upon terms which will require the Tenant, at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto.

(g) The Project will consist of the items described in the Lease Agreement and the Indenture to be entered into between

the County and Teledyne Industries, Inc. as the purchaser of the Bonds (the "Purchaser").

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$125,000,000.

(i) The approvals granted in connection with the Bonds have not been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County of a Petition requesting the approval of the proposal of the County to issue the Bonds by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

Section 3. The Chairman of the County Council and the Administrator of the County be and are hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the Clerk of the County Council be and is hereby authorized and directed to attest the same and thereafter to submit an executed copy of this resolution to the State Budget and Control Board in Columbia, South Carolina.

Section 4. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved June 24, 1991.

CHESTER COUNTY, SOUTH CAROLINA

By: R. Carlisle Roddey
R. Carlisle Roddey, Supervisor and
Chairman, County Council of Chester
County, South Carolina

ATTEST:

Mary J. Stone, Clerk,
County Council of
Chester County,
South Carolina

EXHIBIT
SEP 24 1991 1:51
STATE BUDGET & CONTROL BOARD

EXHIBIT

SEP 24 1991

15

ORDINANCE

STATE BUDGET & CONTROL BOARD

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING \$125,000,000 AGGREGATE PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES 1991 (TELEDYNE ALLVAC PROJECT) OF CHESTER COUNTY, SOUTH CAROLINA; THE APPLICATION OF THE PROCEEDS OF SAID BONDS TO PAY THE COSTS OF ACQUIRING BY CONSTRUCTION OR PURCHASE LAND, A BUILDING OR BUILDINGS AND OTHER IMPROVEMENTS THEREON, AND ALL MACHINERY, APPARATUS, EQUIPMENT, OFFICE FACILITIES AND FURNISHINGS TO BE INSTALLED THEREIN WHICH COMPRISE AN INDUSTRIAL FACILITY; THE ENTERING INTO OF CERTAIN COVENANTS AND AGREEMENTS AND THE EXECUTION AND DELIVERY OF CERTAIN INSTRUMENTS RELATING TO THE ISSUANCE OF THE AFORESAID BONDS INCLUDING (i) AN INDENTURE BETWEEN CHESTER COUNTY AND TELEDYNE INDUSTRIES, INC., AS PURCHASER OF SAID BONDS, SECURING SAID BONDS AND PRESCRIBING MATTERS RELATED THERETO; (ii) A LEASE AGREEMENT BETWEEN CHESTER COUNTY AND TELEDYNE INDUSTRIES, INC.; (iii) AN ESCROW AGREEMENT AMONG CHESTER COUNTY, TELEDYNE INDUSTRIES, INC. AND AN ESCROW AGENT TO BE DESIGNATED; AND (iv) OTHER MATTERS RELATING THERETO.

WHEREAS, Chester County, South Carolina (the "County") acting by and through its County Council is empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), to acquire, own, lease and dispose of properties through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate in and remain in the State of South Carolina, and thus utilize and employ the manpower, agricultural products and natural resources of the State of South Carolina; and

WHEREAS, the County, subject to the approval of the State Budget and Control Board of South Carolina, is authorized by the Act to issue its revenue bonds for the purpose of defraying a portion of the cost of acquiring, or causing to be acquired, by construction and purchase, a project (as defined in the Act), such revenue bonds to be payable by the County solely from the revenues and receipts derived under any financing agreement with respect to such project and to be further secured by a pledge of said revenues and receipts and by an assignment of the rights of the County under such financing agreement; and

WHEREAS, Teledyne Industries, Inc. (the "Corporation") has determined that it desires to locate an industrial facility in the jurisdiction of the County; and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to assist the Corporation in locating an industrial facility within the State of South Carolina, the County has agreed to issue and sell its industrial development revenue bonds under and pursuant to the Act

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to defray the cost of acquiring by construction or purchase certain land, a building or buildings and other improvements thereon and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein to be used for the purpose of extruding metal coils and bars, all constituting a project as defined in the Act (the "Project"), and in connection therewith to make the Project available to the Corporation under and pursuant to the terms of a lease agreement to be entered into between the County and the Corporation; and

WHEREAS, the County Council, having determined that the Project will provide permanent employment for approximately 300 people from the County and areas adjacent thereto with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations, proposes to issue and sell not exceeding \$125,000,000 aggregate principal amount of its revenue bonds, to be designated "Chester County, South Carolina Industrial Development Revenue Bonds, Series 1991 (Teledyne Allvac Project)" (the "Bonds") to be issued under and pursuant to the provisions of the Act, and to be secured by and to contain such terms and provisions as are set forth in an Indenture of Trust (the "Indenture") by and between the County and Teledyne Industries, Inc., as purchaser of the Bonds, (the "Purchaser"), dated as of June 1, 1991 or such other date on or before August 31, 1991 as may be agreed to by the Purchaser; the proceeds from the Series 1991 Bonds to be deposited with the Purchaser and disbursed (i) for the payment of costs incurred by the County or the Corporation in connection with the acquisition of the Project, (ii) for the payment of related expenses, and (iii) for the payment of certain expenses of issuance, all as set forth in the Indenture; and

WHEREAS, the County Council, having determined as aforesaid that it will be of substantial public benefit to do so, proposes to make the Project available to the Corporation under and pursuant to the provisions of a Lease Agreement (the "Lease Agreement") by and between the County and the Corporation dated as of the date of the Indenture, pursuant to which the Corporation is obligated (i) to make or cause to be made payments directly to the Purchaser for the account of the County in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 1991 Bonds, (ii) to maintain the Project in good repair at its own expense and (iii) to carry all proper insurance with respect thereto; and

WHEREAS, the acquisition and construction of the Project and the issuance of the Series 1991 Bonds by the County as herein recited and provided is subject to approval by the State Budget and Control Board of South Carolina, and will serve the intended purposes and in all respects conform to the provisions and requirements of the Act; and

WHEREAS, it has been determined that the estimated amount necessary to finance that portion of the cost of the Project to be defrayed by the County and expenses incidental thereto requires that Series 1991 Bonds of the County in the aggregate principal amount of not exceeding \$125,000,000 be authorized as hereinafter provided; and

WHEREAS, the County Council has caused to be prepared and presented to this meeting the following documents which the County proposes to execute and deliver:

1. The form of the Indenture by and between the County and the Purchaser;
2. The form of the Lease Agreement by and between the County and the Corporation; and
3. The form of the Escrow Agreement by and among the County, the Corporation and an escrow agent to be designated by the Chairman of County Council (the "Escrow Agreement").

WHEREAS, it appears that each of the instruments above referred to, which are now before this meeting, is in appropriate form and is an appropriate instrument to be executed and delivered by the County for the purposes intended.

NOW, THEREFORE, BE IT ORDAINED by Chester County, South Carolina, as follows:

Section 1. In order to promote industry, develop trade and utilize and employ the manpower, agricultural products and natural resources of the State of South Carolina by assisting the Corporation to locate an industrial facility in the State of South Carolina, the acquisition by construction or purchase of certain land, a building or buildings and other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings therein, all as a part of the Project is hereby authorized, ratified and approved.

Section 2. Pursuant to the authority of the Act, and for the purpose of defraying the cost of acquiring the Project, including necessary expenses incidental thereto, there is hereby authorized to be issued, and shall be issued, revenue bonds of the County in the aggregate principal amount of not exceeding One Hundred Twenty-Five Million Dollars (\$125,000,000), to be designated "Chester County, South Carolina Industrial Development Revenue Bonds, Series 1991 (Teledyne Allvac Project)" subject to the provisions of this ordinance and the Indenture hereinafter authorized. The Bonds shall be dated; shall be issued in such denominations; shall be payable as to principal, interest and redemption premium, if any; shall bear interest; shall mature;

shall be secured; shall contain provisions for execution, authentication, payment, registration, redemption and numbering; and shall contain such other terms and conditions as set forth in the Indenture.

The Bonds shall be in substantially the form set forth in the Indenture, now before this meeting and filed with the County Council, with necessary or appropriate variations, omissions and insertions as permitted or required by the Indenture. The form, terms and provisions of the Bonds presented to this meeting and filed with the County Council be and they are hereby approved, and all of the terms, provisions and conditions thereof are hereby incorporated by reference as if set out in this ordinance in their entirety.

There is hereby authorized the execution and delivery of the Bonds to the Purchaser at a price equal to 100% of the principal amount thereof. The Bonds shall bear interest at the rate or rates approved by the Chairman of the County Council, provided that the interest rate on any Bond shall not exceed fifteen percent (15%) per annum. The Chairman of the County Council is hereby authorized, empowered and directed to execute and deliver the Bonds to the Purchaser, which is hereby appointed Bond Registrar under the Indenture, and the Clerk of the County Council is hereby authorized and directed to affix the corporate seal of the County to the Bonds and to attest the same. The Bonds are to be in substantially the form now before this meeting and hereby approved, or with such changes, insertions and omissions therein as do not impose liability upon the County and as shall be approved by the Chairman of the County Council executing the same, with the advice of counsel, said execution to constitute conclusive evidence of such approval.

Section 3. The Bonds shall be limited obligations of the County payable by the County solely from, and secured by a pledge of, the gross revenues and receipts derived by the County from or in connection with the Lease Agreement hereinafter authorized. The Bonds do not and shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power. Such limitation shall be plainly stated on the face of the Bond.

Nothing in this ordinance, the Lease Agreement, the Indenture, or the Bonds shall be construed as an obligation or commitment by the County to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the revenues derived by the County from the Lease Agreement, (iii) any proceeds accruing to the County on account of insurance on the Project, (iv) any moneys accruing to the County on account of any taking or condemnation of title to all or part of the Project, and (v) any moneys arising out of the

investment or reinvestment of said proceeds, revenues or moneys.

Section 4. The Bonds shall be executed in the name of the County with the manual or facsimile signature of the Chairman of the County Council, shall be attested by the manual or facsimile signature of the Clerk of the County Council and shall have the seal of the County Council impressed or imprinted thereon. In case the officers whose signature shall appear on the Bonds shall cease to be such officers before the delivery of the Bonds, such signatures shall nevertheless be valid and sufficient for all purposes, the same as if such officers had remained in office until delivery.

Section 5. The form of the Indenture, as submitted to this meeting and made a part of this ordinance as though set forth in full herein, be and the same is hereby approved. The Chairman of the County Council is hereby authorized and directed to execute and deliver the Indenture with such changes, insertions and omissions as do not impose liability upon the County and as may be approved by said Chairman, with the advice of counsel, said execution being conclusive evidence of such approval; and the Clerk of the County Council is hereby authorized and directed to affix the corporate seal of the County to the Indenture and to attest the same.

Section 6. The form of the Lease Agreement, as submitted to this meeting and made a part of this ordinance as though set forth in full herein, be and the same hereby is approved. The Chairman of the County Council is hereby authorized and directed to execute and deliver the Lease Agreement with such changes, insertions and omissions as do not impose liability upon the County and as may be approved by the Chairman, with the advice of counsel, said execution being conclusive evidence of such approval; and the Clerk of the County Council is hereby authorized and directed to affix the corporate seal of the County to the Lease Agreement and to attest the same.

Section 7. The form of the Escrow Agreement, as submitted to this meeting and made a part of this ordinance as though set forth in full herein, be and the same hereby is approved. The Chairman of the County Council is hereby authorized and directed to execute and deliver the Escrow Agreement with such changes, insertions and omissions as do not impose liability upon the County and as may be approved by the Chairman, with the advice of counsel, said execution being conclusive evidence of such approval; and the Clerk of the County Council is hereby authorized and directed to affix the corporate seal of the County to the Escrow Agreement and to attest the same.

Section 8. The Chairman and Clerk of the County Council and any other proper officer of the County, be and each of them is hereby authorized and directed to execute and deliver any

and all documents and instruments and to do and to cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this ordinance.

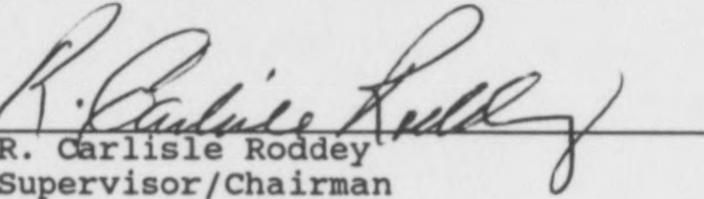
Section 9. The Purchaser is hereby authorized to receive and receipt for the proceeds of the Bonds on behalf of the County and to hold, invest and disburse said proceeds in accordance with the provisions of the Indenture.

Section 10. The provisions of this ordinance are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

Section 11. All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict herewith are, to the extent of such conflict, hereby repealed and this ordinance shall take effect and be in full force from and after its passage and approval.

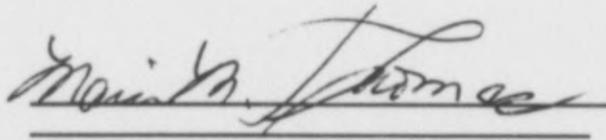
Passed and approved this 24th day of June, 1991.

CHESTER COUNTY, SOUTH CAROLINA

By 
R. Carlisle Roddey
Supervisor/Chairman
Chester County Council

(SEAL)

ATTEST:


Clerk, County Council

EXHIBIT

SEP 24 1991 15

STATE BUDGET & CONTROL BOARD

First Reading: May 6, 1991
Second Reading: May 20, 1991
Public Hearing: June 3, 1991
Third Reading: June 24, 1991

EXHIBIT

26

SEP 24 1991 15

STATE BUDGET & CONTROL BOARD

October __, 1991

Teledyne Allvac, a Division of
Teledyne Industries, Inc.
2020 Ashcraft Avenue
Monroe, North Carolina 28110

County Council of Chester County
140 Main Street
Chester, South Carolina 29706

Re: Not Exceeding \$125,000,000 Chester County, South
Carolina, Industrial Revenue Bonds, Series 1991
(Teledyne Allvac Project)

Gentlemen:

We have acted as bond counsel in connection with the issuance by Chester County, South Carolina (the "County"), of not exceeding \$125,000,000 principal amount Industrial Revenue Bonds, Series 1991 (Teledyne Allvac Project) (the "Bonds"). We have examined the law, including Act No. 487 of the 1988 Acts and Joint Resolutions of the General Assembly of the State of South Carolina (the "State"), as amended by Act No. 173 of the 1989 Acts and Joint Resolutions of the General Assembly of the State, (collectively, the "Act") and the Constitution of the State, and such certified proceedings and other papers as we deem necessary to render this opinion.

The Bonds are issued pursuant to a Lease Agreement dated as of June 27, 1991, as supplemented by the First Amendment to Lease dated as of October 1, 1991 (collectively, the "Lease Agreement") between the County and Teledyne Industries, Inc., a California Corporation acting through its Teledyne Allvac Division, (the "Company"), and secured by an Indenture dated as of October 1, 1991 (the "Indenture"), by and between the County and Teledyne Industries, Inc., as purchaser (the "Purchaser"). Under the Lease Agreement, the Company has agreed to make payments to be used to pay when due the principal of and interest on the Bonds, and such payments and other revenues under the Lease Agreement (except certain rights to indemnification and to payment of administrative fees, taxes, utility charges, governmental charges and fees in lieu

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of taxes) (collectively, the "Revenues") are pledged and assigned by the County as security for the Bonds. The Bonds are payable solely from the Revenues. In connection with the Lease Agreement, the County, the Purchaser, the Company and McNair Law Firm, P.A., have entered into that certain Escrow Agreement dated as of June 27, 1991, as amended by that First Amendment to Escrow Agreement dated as of October 1, 1991 (collectively, the "Escrow Agreement").

With respect to the organization of the Company, the power of the Company to enter into and perform its obligations under the Lease Agreement and the Escrow Agreement, the due authorization, execution and delivery of the Lease Agreement and the Escrow Agreement and the validity and enforceability thereof against the Company, we refer you to an opinion of even date of Judith Nelson, Esquire, counsel to the Company.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Company and the County contained in the Lease Agreement, certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company and the Purchaser, without undertaking to verify the same by independent investigation. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties thereto other than the County, and we have further assumed the due organization, existence and powers of such other parties other than the County.

Based upon the foregoing and subject to the matters set forth in paragraph 5 below, we are of the opinion that, under existing law:

1. The County is a body politic and corporate and a political subdivision of the State created pursuant to and existing under Article VII of the Constitution of the State of South Carolina with the power to enter into and carry out and consummate the transactions contemplated by the Lease Agreement, the Indenture and the Escrow Agreement and to issue the Bonds.

2. The Lease Agreement, the Indenture and the Escrow Agreement have been duly authorized, executed and delivered by the County and are valid and binding obligations of the County. The Lease Agreement, the Revenues and the interest of the County in any security afforded thereunder (except certain rights to indemnification and to payment of administrative fees, taxes, utility charges, governmental charges and fees in lieu of taxes) have been duly and legally mortgaged, assigned and pledged to the Purchaser under the Indenture as security for and the sole source of funds to make payment on the Bonds.

002485

3. The Bonds have been duly authorized, executed and issued by the County and are valid and binding special obligations of the County payable solely from the Revenues. The Bonds do not create or constitute a pledge of the faith and credit or the taxing power of the County or the State of South Carolina.

4. Under existing law, the interest on the Bonds is exempt from South Carolina taxation, except for inheritance, estate or transfer taxes.

5. It is to be understood that the rights of the holder of the Bonds and the enforceability of the Bonds, the Indenture, the Lease Agreement and the Escrow Agreement may be subject to the exercise of judicial discretion in accordance with general principles of equity, the valid exercise of the constitutional powers of the United States and the police powers of the State and to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted. Certain indemnity provisions may be unenforceable pursuant to court decisions on grounds of public policy. The Supreme Court of the State of recently upheld the legality of the Act under the South Carolina Constitution in the case of Quirk v. Campbell, 394 S. E. 2d (1990). No judicial or administrative precedent exists, however, with respect to certain administrative questions presented by the Act. Although we know of no existing precedent which concludes that any provision of the Bonds, the Lease Agreement, the Indenture or the Escrow Agreement would be unenforceable, we render no opinion as to the enforceability of the Bonds, the Lease Agreement, the Indenture or the Escrow Agreement.

We have been retained solely for the purpose of examining the validity and legality of the Bonds and of rendering certain specific opinions hereinbefore stated and for no other purpose. We have not examined any documents or other information concerning the business or financial condition of the County or the Company or any other party made, prepared or issued by any party, or on behalf of any party, in connection with the sale of the Bonds. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representations or information.

This opinion is limited to and based upon the laws of the State of South Carolina in full force and effect on the date hereof, and no one other than the addressee may rely upon this opinion.

Very truly yours,

McNAIR LAW FIRM, P.A.

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**TELEDYNE
ALLVAC II**

P.O. BOX 5030
MONROE, N.C. 28110-0531

No. M-00505

North American Division
1850 Gateway Blvd., Concord, Calif. 94520

Bank of America

September 11 19 91 16-66
1220

PAY REGISTERED \$5000 and 00cts DOLLARS \$ 5,000.00

TO
THE
ORDER
OF

State of South Carolina

Frank Elliott
ET Matthews

⑈000505⑈ ⑆122000661⑆ 12355⑈01121⑈

TELEDYNE P.O. BOX 5030
ALLVAC II MONROE, N.C. 28110-0531

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

V# 16783-01

INVOICE		VOUCHER NO.	DESCRIPTION	TOTAL AMOUNT	DISCOUNT	NET AMOUNT
DATE	NO.					
-11-91			Chester County Fee In Lieu	\$5,000.00	.00	\$5,000.00

EXHIBIT
SEP 24 1991
STATE BUDGET & CONTROL BOARD

002487

McNAIR LAW FIRM, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NCNB TOWER / 1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

CHARLESTON OFFICE
140 EAST BAY STREET
POST OFFICE BOX 1431
CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

GEORGETOWN OFFICE
121 SCREVEN STREET
POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
TELEPHONE 803/546-6102
FACSIMILE 803/546-0096

GREENVILLE OFFICE
NCNB PLAZA
SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SC 29601
TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

HILTON HEAD ISLAND OFFICE
MCNAIR LAW BUILDING
10 POPE AVENUE EXECUTIVE PARK
POST OFFICE DRAWER 7787
HILTON HEAD ISLAND, SC 29938
TELEPHONE 803/785-5169
FACSIMILE 803/785-3029

RALEIGH OFFICE
RALEIGH FEDERAL BUILDING
ONE EXCHANGE PLAZA
SUITE 810
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/890-4190
FACSIMILE 919/890-4180

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

October 23, 1991

Ms. Donna Williams
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina 29201

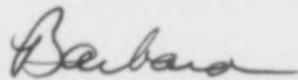
Re: \$125,000 Chester County, South Carolina, Industrial Revenue Bonds, Series 1991
Teledyne Industries, Inc. (Teledyne Allvac Project)
File No. 19263.00001

Dear Donna:

Enclosed is a copy of the Affidavit of Publication of the Notice of State Budget and Control Board approval in connection with the above-captioned issue. Please let me know if you need any further information.

Thank you for your assistance.

Yours very truly,



Barbara C. Strett
Paralegal, Bond Department

/bcs

Enclosure

002488

THE STATE-RECORD CO., INC.
Columbia, South Carolina
publisher of



STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

Personally appeared before me Ann Rowe, Classified Assistant Manager

of THE STATE, and makes oath that the advertisement,

Notice Pursuant tot he Provisions of South Carolina Code

was inserted in THE STATE, a daily newspaper of general circulation published

City of Columbia, State and County aforesaid, in the issues of

September 25, 1991

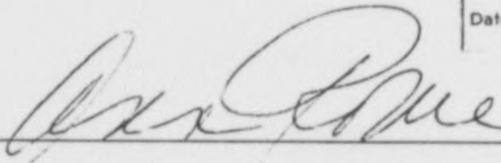
**NOTICE PURSUANT TO
THE PROVISIONS OF
SOUTH CAROLINA CODE
ANNOTATED, TITLE 4,
CHAPTER 29 (1976),
AS AMENDED**

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Chester County, South Carolina, has given its approval to the following undertaking by Chester County, South Carolina: The issuance by Chester County of its Industrial Revenue Bonds (Teledyne Allvac Project) in the original principal amount of not exceeding \$125,000,000 (the "Bonds"), to defray the costs of

acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings on behalf of Teledyne Industries, Inc., a California corporation acting through its Teledyne Allvac Division, (the "Tenant"), to be used as an industrial facility for the purpose of extruding metal coils and bars (the "Project") and to be located in Chester County. The Project will be leased to the Tenant, and the Tenant will unconditionally covenant to make payments sufficient to pay the principal and interest of the Bonds. The Bonds will be payable solely and exclusively out of payments to be made by the Tenant for the use of the Project.

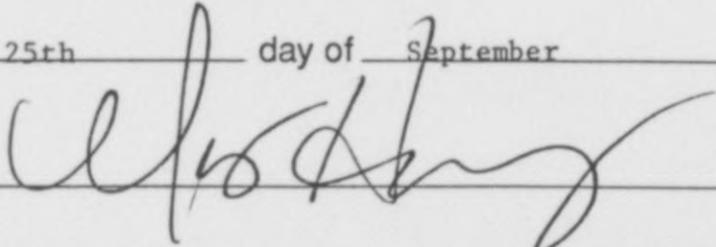
Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Chester County to finance the same, by action de novo instituted in the Circuit Court for Chester County, South Carolina.

STATE BUDGET
AND CONTROL BOARD
BY: DONNA WILLIAMS,
Secretary
Dated: September 25, 1991 5061



Subscribed and sworn to before me

this 25th day of September 19 91.


_____ Notary Public

"Errors - the liability of the publisher on account of errors in or omissions from any advertisement will in no way exceed the amount of the charge for the space occupied by the item in error, and then only for the first incorrect insertion."

OCT 30 1991

McNAIR LAW FIRM, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NCNB TOWER / 1301 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201

MAILING ADDRESS:
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FACSIMILE 803/546-0096

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FACSIMILE 803/271-4015

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McNAIR LAW BUILDING
10 POPE AVENUE EXECUTIVE PARK
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HILTON HEAD ISLAND, SC 29938
TELEPHONE 803/785-5169
FACSIMILE 803/785-3029

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RALEIGH FEDERAL BUILDING
ONE EXCHANGE PLAZA
SUITE 810
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/890-4190
FACSIMILE 919/890-4180

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

October 29, 1991

Jean Schanberger, Esq.
Teledyne, Inc.
1901 Avenue of the Stars, Suite 1800
Los Angeles, California 90067

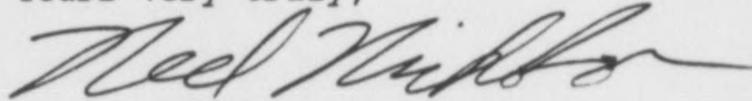
Re: William T. Hunter Lawsuit in Chester County

Dear Jean:

Please find enclosed the current draft of a motion to dismiss, memorandum in support and proposed order. If you have any comments, please do not hesitate to call me or April Lucas.

Please accept my high regards.

Yours very truly,



Benjamin Edward Nicholson, V

BEN/sjn
Enclosures

cc: April C. Lucas, Esq., w/encl.
Joseph D. Shine, Esq., w/encl.
Ms. Donna Williams, w/encl.
Jane W. Trinkley, Esq., w/encl.

002490

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHESTER)

IN THE COURT OF COMMON PLEAS

William T. Hunter,)
)
Petitioner)
)
vs.)

Case No. (Unassigned)

NOTICE OF MOTION AND MOTION TO DISMISS

TO: THE PETITIONER, WILLIAM T. HUNTER:

YOU ARE HEREBY PUT ON NOTICE that on the 10th day after service hereof, or as soon thereafter as the Court may order, the Chester County Council, Chester County, South Carolina, by and through the undersigned attorney, will move before the Administrative Judge for the Sixth Judicial Circuit, Court of Common Pleas, County of Chester, State of South Carolina, for an Order dismissing the "Action de novo Teledyne Allvac Project" pursuant to South Carolina Rule of Civil Procedure 12(b)(1), 12(b)(4), and 12(b)(5). This motion is made on the grounds that petitioner failed to file and serve a summons, failed to name a defendant, failed to effect service on a defendant in accordance with South Carolina law and failed to serve any entity having the legal capacity to be sued.

Chester, South Carolina

October __, 1991

002491

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHESTER)

IN THE COURT OF COMMON PLEAS

William T. Hunter,)
)
Petitioner,)
)
vs.)
)

Case No. (Unassigned)

MEMORANDUM IN SUPPORT OF
MOTION TO DISMISS

The petitioner, William T. Hunter, filed on October 11, 1991, what he denominates an "Action de novo Teledyne Allvac Project." However, he named therein no defendants; he filed and served no summons; he failed to properly serve any defendant; and he failed to serve in any manner a person having the capacity to be sued. Therefore, his action should be dismissed pursuant to South Carolina Rule of Civil Procedure 12(b)(1), (4) and (5).

1. This Court lacks subject matter jurisdiction.

South Carolina Rule of Civil Procedure 3(a), states: "A civil action is commenced by filing and service of a summons and complaint." (Emphasis added). A summons is mandatory. Without it, the court acquires no subject matter jurisdiction.

The summons is the paper which gives jurisdiction to the court over the person of the party brought in; and when the law has provided a special mode or character of said summons, either as to service, form, or otherwise, involuntary jurisdiction cannot be acquired without compliance of said law. And especially is this so in all statutory proceedings or remedies.

Adkins v. Moore, 43 S.C. 173, 20 S.E. 985, 986 (1895). And see Newberry County Water and Sewer Authority v. Wellco Construction and Utilities Co., Inc., 266 S.E.2d 875, 877 (S.C. 1980).

The requirement of dismissal has not changed with the adoption of the South Carolina Rules of Civil Procedure. Rule 12(h)(3) provides that the court shall dismiss an action when it appears that subject matter jurisdiction is lacking. Accordingly, this action should be dismissed pursuant to Rule 12(b)(1) if there is no document in this action which could qualify as a Summons.

Petitioner's action should be dismissed pursuant to South Carolina Rule of Civil Procedure 12(b)(4) because no summons in the form required by Rule 4(b) was served. Rule 4(b) states the specific form required for the summons:

The summons shall be signed by the plaintiff or his attorneys, contain the name of the State and county, the name of the court, the file number of the action, and the names of the parties, be directed to the defendant, state the name and address of the plaintiff's attorney, if any, otherwise the plaintiff's address, and the time within which these rules require the defendant to appear and defend, and shall notify him that in case of his failure to do so, judgment by default will be rendered against him for the relief demanded in the Complaint.

Petitioner's Notice of Filing obviously fails to contain the elements required by Rule 4(b) in a summons. It fails to name any defendant. It fails to state a time within which any defendant must answer. It fails to state the penalty any defendant would suffer in the event of a default.

The petitioner neither filed nor served any document labeled "Summons" to notify any defendant that it was being sued. The only document filed with the petitioner's action is denominated "Notice of Filing Action de novo Applicable to Teledyne Allvac Project," ("Notice of Filing") The Notice of Filing cannot be construed as a summons because it does not contain the distinctive elements of a summons. The failure to state on the summons the proper time period in which the defendant is to respond is a fatal jurisdictional defect and requires the trial court to dismiss the action for lack of subject matter jurisdiction. State v. Tollison, 95 S.C. 58, 78 S.E. 521, 522 (1913).

When required by a state's rules of civil procedure, as in SCRCP Rule 4(b), the failure to state the relief demanded or the failure to state that if the defendant fails to appear, he will be held in default, or that the plaintiff will apply to the court for the relief demanded in the complaint, constitutes a failure to comply with the specific requirements of a summons and renders the summons fatally defective. 72 C.J.S. Process, § 20, p. 603-04 (West 1987). Accordingly, this action must be dismissed pursuant to South Carolina Rule of Civil Procedure 12(b)(4) because the process is insufficient.

2. Petitioner's Service of Process is Insufficient

Petitioner's only proof of service is a Certificate of Mailing indicating that he simply mailed the Notice of Filing and "action de novo" to the Budget and Control Board and the County Council. No certification is made of even first class delivery,

much less registered or certified mailing. The South Carolina Rules of Civil Procedure do not permit service of process to be made by regular mail.

Rule 4(b)(8) provides that service of the summons and complaint may be made upon a defendant "by registered or certified mail, return receipt requested, and delivery restricted to the addressee. Service is effective upon the date of delivery as shown on the return receipt." Further, Rule 4(g) states "if service was by mail, the person serving process shall show in his proof of service the date and place of mailing, and attach a copy of the return receipt or returned envelope of and when received by him showing whether the mailing was accepted, refused, or otherwise returned."

Service under the provisions of South Carolina Rule of Civil Procedure 4(d)(8) is defective when service is not effected by registered or certified mail with restricted delivery to the addressee/defendant. Jacobson v. Sternberg, ___ S.C. ___, 408 S.E.2d 245 (1991). In this case, the petitioner merely mailed by regular mail with no return receipt requested or restricted delivery the cover letter and Complaint. The North Carolina Court of Appeals has held that service identical to plaintiff's was insufficient for the trial court to acquire jurisdiction. Broughton v. Dumont, 43 N.C. App. 512, 259 S.E.2d 361 (1979). The Broughton court, interpreting North Carolina Rule of Civil Procedure 4(j)(1)(c), which is identical to South Carolina Rule of Civil Procedure 4(d)(8), held that:

Where a statute provides for service of summons by designated methods, the specified requirements must be complied with or there is no valid service. . . . Statutory provisions prescribing the manner of service of process must be strictly construed, and the prescribed procedure must be strictly followed; and unless the specified requirements are complied with, there is no valid service. . . . Since there was no valid service of process, the court acquired no jurisdiction over defendant.

Id. at 363 (citations omitted).

Rule 4(d)(6) requires service on a governmental subdivision to be made upon the political subdivision's "chief executive officer or clerk thereof." Petitioner's mailing his papers to the "County Council" is insufficient service under Rule 4(d)(6).¹ Therefore, the petitioner having failed to properly serve any defendant, this action must be dismissed pursuant to South Carolina Rule of Civil Procedure 12(b)(5).

¹ Furthermore, the petitioner's attempted service on the Budget and Control Board and the County Council is ineffective because he did not serve proper persons. Rule 4(d)(5) and 4(d)(6) contain specific requirements for service on state agencies and governmental subdivisions. Rule 4(d)(5) provides that effective service on a state agency must include service by registered or certified mail to the Attorney General. No service was made on the Attorney General by any means.

CONCLUSION

This action should be dismissed pursuant to S.C.R.C.P.:
12(b)(1) because the court lacks subject matter
jurisdiction as no summons was filed or served; 12(b)(4) because
the process served was fatally defective; and 12(b)(5) because the
service of process was insufficient.

Respectfully submitted,

October __, 1991

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHESTER)

IN THE COURT OF COMMON PLEAS

William T. Hunter,)
)
Petitioner,)
)
vs.)

Case No. (Unassigned)

ORDER

This matter came before me upon motion of the Chester County Council, Chester County, South Carolina, by and through the County Attorney, pursuant to South Carolina Rules of Civil Procedure, Rules 12(b)(1), 12(b)(4), and 12(b)(5). After reviewing arguments of the petitioner and of the County Attorney, and the documents filed with the Clerk of Court, I have determined that this action must be dismissed as this Court lacks subject matter jurisdiction of the matters alleged because of the absence of a summons, the insufficiency of the process and insufficiency of the service of process.¹

South Carolina Rule of Civil Procedure 4(b) specifically states the form and content required of a summons which accompanies a complaint. The failure to comply with these provisions is fatal to the action as these provisions are intended to protect defendants from prejudice and preserve an orderly judicial system. Plaintiff's "Notice of Filing Action de novo Applicable to the

¹ Although the State Budget and Control Board or the South Carolina Attorney General's office have made no appearance in this action, this Court's order will necessarily require the dismissal of this matter with reference to all parties.

Teledyne Allvac Project" is not a summons and cannot be interpreted as one.

The "notice of filing" does not state that it is a summons and does not name any defendants. It does not contain any statement notifying any defendants of any time within which they are to answer or otherwise respond; nor does it state that the failure of any defendants to answer could result in a default judgment of some type being entered against them. The notice therefore is not a summons, Rule 4(b), and therefore no action has been commenced, Rule 3. The notice cannot be construed as a summons, even for a pro se plaintiff. The omission of language notifying a defendant of the time in which he must answer and the consequences of failing to do so are fundamental defects which prevent the court from acquiring subject matter jurisdiction. State v. Tollison, 95 S.C. 58, 78 S.E. 521, 522 (1913); 72 C.J.S. Process, Section 20, page 603-4 (West 1987). This action must therefore be dismissed pursuant to Rule 12(b)(1). S.C.R.A.P. 12(h)(3).

An additional ground for this Court to dismiss this action is that it has not been properly served as provided within the South Carolina Rules of Civil Procedure. South Carolina Rule of Civil Procedure 3(a) provides that an action is commenced by the serving of a summons and complaint. These may be served on an individual pursuant to provisions of Rule 4(d)(8) which states that service may properly be made by the use of the United States mail, provided that it be made "by registered or certified mail, return

receipt requested and delivery restricted to the addressee." Rule 4(g) requires "[i]f service was by mail, the person serving process shall show in its proof of service the date and place of mailing, and attach a copy of the return receipt or returned envelope of and when received by him showing whether the mailing was accepted, refused, or otherwise returned." Petitioner has filed no proof of certified or registered mail or any proof of receipt. Failure by a plaintiff to comply with this rule with regard to service by mail renders the service fatally defective. Jacobson v. Sternberg, ___ S. C. ___, 408 S.E.2d 245 (1991). Accord, see Broughton v. Dumont, 43 N.C. App. 512, 259 S.E.2d 361 (1979). Additionally, petitioner has failed to file any indication that he made service upon the persons required to be served to effect service on a governmental agency or political subdivision. See Rule 4(d)(5) and (6).

For the foregoing reasons, it is hereby ORDERED that this action be and is hereby dismissed pursuant to S.C.R.C.P. 12(b)(1), (4) and (5).

Judge, Sixth Judicial Circuit

November __, 1991

Chester, South Carolina

EXHIBIT

SEP 24 1991 16

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

STATE BUDGET AND CONTROL BOARD
MEETING OF September 24, 1991

ITEM NUMBER 9

AGENCY: Jobs-Economic Development Authority

SUBJECT: Economic Development Bonds/Notes

The Jobs-Economic Development Authority requests Board approval of the private sale to an underwriter for public offering thereafter of Economic Development Revenue Bonds for the following project:

Name of Project:	Carolinas Hospital System
Location:	Florence County
Principal Amount:	\$14,500,000
Employment Impact:	55
Purpose:	acquiring land, constructing and equipping a new women's hospital in Florence County; acquisition of MRI equipment; refinancing of building housing equipment

BOARD ACTION REQUESTED:

Adopt a resolution approving the private sale to an underwriter for public offering thereafter \$14,500,000 Economic Development Revenue Bonds and/or Notes by the Jobs-Economic Development Authority for the Carolinas Hospital System project.

ATTACHMENTS:

Transmittal form; Resolution; Ashworth September 18 letter; Rush September 20 letter

002501

Recd 9/18/91
10:53am

TRANSMITTAL FORM, REVENUE BONDS

TO: Donna K. Williams, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

Date: September 18, 1991
Submitted for BCB Meeting on:
September 24, 1991

FROM:

Nelson, Mullins Riley & Scarborough
Name of Law Firm
Columbia, SC 29211
City, State, Zip Code

Post Office Box 11070
Street Address/Box Number
(803) 799-2000
Telephone Area Code and Number

RE: \$14,500,000
Amount of Issue
Jobs-Economic development Authority
Issuing Authority Name

Economic Development Revenue Bonds
Type of Bonds or Notes
Prior to October 31
Projected Issue Date

Project Name: Carolinas Hospital System

Project Description: Aquisition of land, construction and equipping of a new womens hospital, aquisition of MRI equipment and refinancing of building housing equipment and payment of cost of issuance of the Bonds
Employment as result of project: 55

CEILING ALLOCATION REQUIRED
Yes (\$ _____) **No**
Amount

REFUNDING INVOLVED
Yes (\$ _____) **No**
Amount

PROJECT APPROVED PREVIOUSLY
Yes (_____) **No**
Date

DOCUMENTS ENCLOSED (executed original and three copies of each):

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. Petition
- B. Resolution or ordinance
- C. Inducement Resolution or comparable preliminary approval (County Resolution, Commitment Letter, Resolution & Inducement Agreement by JEDA)
- D. Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)
OR Audited financial statements for three most recent years
- E. Department of Health and Environmental Control certificate IF REQUIRED
- F. Budget and Control Board Resolution and Public Notice (original)
[Plus 5 copies for certification and return to counsel]
- G. Processing fee
Amount \$ _____ Check No. _____
Payor _____
- H. Draft bond counsel opinion letter

Bond Counsel: Brent Jeffcoat
Typed Name of Counsel

By: [Signature]
Signature

EXHIBIT

5/91

SEP 24 1991

16

002502

STATE BUDGET & CONTROL BOARD

A RESOLUTION OF THE STATE BUDGET AND CONTROL BOARD APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE TO AN UNDERWRITER FOR PUBLIC OFFERING THEREAFTER OF NOT EXCEEDING \$14,500,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE BONDS (CAROLINAS HOSPITAL SYSTEM PROJECT), PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of the Code of Laws of South Carolina 1976, as amended (the "Act"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Bonds (Carolinas Hospital System Project) in the aggregate principal amount of not exceeding \$14,500,000, in two series of bonds (the "Bonds"), through private sale to Sovran Investment Corporation, on behalf of itself and as representative for a group of underwriters, for public offering thereafter, which the Authority has determined to be most advantageous; and

WHEREAS, the State Budget and Control Board finds that revenue bonds issued on behalf of hospitals are typically sold to an underwriter through a negotiated private sale, for subsequent reoffering;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. It is hereby found, determined and declared by the Board that the Petition filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through a negotiated private sale to Sovran Investment Corporation, for reoffering thereafter, be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

EXHIBIT

SEP 24 1991

16

STATE BUDGET & CONTROL BOARD

002504

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

EXHIBIT

SEP 24 1991 16

STATE BUDGET & CONTROL BOARD

September 18, 1991

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

RE: \$14,500,000 Economic Development Revenue Bonds
Jobs-Economic Development Authority
(Carolinas Hospital System Project)

Dear Ms. Williams:

This Office has received the documents you have forwarded to us regarding a proposed issuance of \$14,500,000 Economic Development Revenue Bonds.

This Office does not know of any litigation of any nature, now pending, or to this Office's knowledge, threatened, restraining or enjoining the issuance and delivery of the Bonds, nor in any manner questioning the proceedings and authority under which the same is made or affecting the validity of the Bonds thereunder; that neither the corporate existence of the State Budget and Control Board (State Board) nor the title of the present officers of the State Board to their respective offices is known to be contested.

002505

Ms. Donna K. Williams
September 18, 1991
Page 2

No opinion is expressed as to any matters other than as set forth herein. Specifically no opinion is expressed as to any business judgment decisions in relation to this transaction.

Office of the Attorney General

BY:

Steve Ashworth

TGA:bvc

002506

5. The Authority hereby finds that:

(a) The Borrower is engaged in the business of providing medical facilities, and the Project is located in Florence County, South Carolina.

(b) It is anticipated that the Project will benefit the general public welfare of the State of South Carolina, and Florence County in particular, by providing employment for those engaged in construction of the Project, and by providing employment for the equivalent of up to 55 people from Florence County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally and the number of jobs resulting from the assistance authorized by the Authority bears a reasonable relationship to the principal amount of the Bonds.

(c) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Florence County in particular, is reasonably expected to result therefrom.

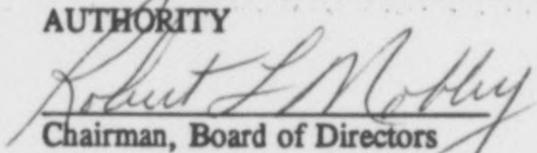
(d) The Bonds are revenue bonds to be repaid from the revenues of the Borrower. The obligation of the Borrower to repay the principal amount outstanding with respect to one series of Bonds will be guaranteed by Florence General Hospital and the obligation of the Borrower to repay the principal amount outstanding with respect to the other series of Bonds will be guaranteed by Bruce Hospital. Such security for payment of the Bonds is acceptable.

(e) The proposed arrangement for sale of the Bonds to Sovran Investment Corporation for reoffering is the most advantageous method of sale for the Bonds.

Upon the basis of the foregoing, the Authority respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, and (iii) approve the issuance of the Bonds by the Authority through a negotiated private sale to Sovran Investment Corporation on behalf of itself and a group of underwriters and subsequent offering of the Bonds to the public.

Respectfully submitted,

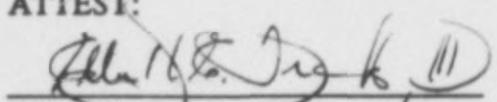
SOUTH CAROLINA JOBS-
ECONOMIC DEVELOPMENT
AUTHORITY


Chairman, Board of Directors

August 28, 1991

(SEAL)

ATTEST:


Elliott E. Franks, III,
Director

002508

EXHIBIT

STATE OF SOUTH CAROLINA)
)
COUNTY OF FLORENCE)

SEP 24 1991 16

RESOLUTION #3-91/92 STATE BUDGET & CONTROL BOARD

IN SUPPORT OF THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY OF ITS ECONOMIC DEVELOPMENT REVENUE BONDS OR NOTES (CAROLINAS HOSPITAL SYSTEM, INC. PROJECT) PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$14,500,000.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to utilize any of its program funds to establish loan programs to be utilized to acquire, by construction or purchase, properties and for other purposes described in Section 41-43-160 of the Act in order to reduce the cost of capital to eligible business enterprises, promote and develop the business and economic welfare of the State of South Carolina, encourage and assist in the location of new business enterprises in the State of South Carolina and in rehabilitation and assistance of existing business enterprises and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act; and

WHEREAS, the Authority and Carolinas Hospital System, a South Carolina non-profit corporation (the "Borrower"), have entered or will enter into an Inducement Agreement (the "Inducement Agreement"), pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the Authority pursuant to the Inducement Agreement, the Authority proposes, subject to such approval of the State Budget and Control Board of South Carolina and the County Council of Florence County as may be required by law, to issue not exceeding \$14,500,000 aggregate principal amount of its Economic Development Revenue Bonds or Notes (Carolinas Hospital System Project) (the "Bonds") under and pursuant to Section 41-43-110 of the Act for the purpose of defraying the costs of (i) the acquisition of land and the construction and equipping of a new women's hospital (the "Women's Hospital") to be located in the jurisdiction of Florence County, South Carolina (the "County");

002509

(ii) the acquisition of Magnetic Resonance Imaging ("MRI") equipment from Bruce Hospital; (iii) the refinancing of the cost of a building that houses the MRI equipment ((i), (ii) and (iii) being collectively referred to as the "Project"); (iv) the payment of interest due on all or a portion of the Bonds during construction of the Women's Hospital; (v) the payment of all or a portion of the costs of issuance of the Bonds, (vi) the funding of any debt service reserve fund or letter of credit necessary for the issuance of the Bonds and (vii) the payment of the cost of a bond insurance policy or letter of credit; and

WHEREAS, the Borrower is projecting that the assistance of the Authority by the issuance of the Bonds will result in the creation or maintenance of employment of those engaged in the construction of the Project, and by providing additional employment for the equivalent of up to 55 people from the County and surrounding areas and that the Project will stimulate the economy of the County and surrounding areas by increased payrolls, capital investment and tax revenues; and

WHEREAS, the County Council of Florence County and the Authority have this day jointly held a public hearing, duly noticed by publication in a newspaper having general circulation in Florence County not less than 15 days prior to the date hereof, at which all interested persons were given a reasonable opportunity to express their views;

NOW, THEREFORE, BE IT RESOLVED by the County Council of Florence County, South Carolina, as follows:

Section 1. It is hereby found, determined and declared that the Project is anticipated to benefit the general public welfare of Florence County by providing services, employment or other public benefits not otherwise provided locally.

Section 2. The County Council of Florence County supports the Authority in its determination to issue the Bonds to defray the cost related to the Project.

Section 3. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its adoption.

Adopted this 1st day of August, A.D. 1991.

FLORENCE COUNTY, SOUTH CAROLINA

By: Joseph W. King
Chairman, County Council of Florence
County, South Carolina

By: [Signature]
County Administrator of Florence
County, South Carolina

(SEAL)

ATTEST:

Jo Ann Welch
Clerk to County Council of Florence
County, South Carolina

EXHIBIT

SEP 24 1991 16'

STATE BUDGET & CONTROL BOARD

South Carolina Jobs-Economic Development Authority

Board of Directors
Robert L. Mobley
Chairman
Andrew J. Combs
First Congressional District
R. Phil Roof
Second Congressional District
Alfred B. Robinson, Jr.
Third Congressional District
Donald F. Bolt
Fourth Congressional District
Terry B. Wiley
Fifth Congressional District



Elliott E. Franks, III
Chief Executive Officer

Robert G. Clawson
Sixth Congressional District

T. Rhett Evatt
State Development Board

Charles L. Appleby, III
Governor's Designee

Honorable Thomas L. Moore
Senate Labor, Commerce & Industry

Honorable Luther L. Taylor, Jr.
House Labor, Commerce & Industry

September 11, 1991

EXHIBIT

SEP 24 1991

16'

STATE BUDGET & CONTROL BOARD

Mr. Edward D. Tinsley, III
President
Carolinas Hospital System, Incorporated
511 South Dargan Street
Florence, South Carolina 29506

RE: \$14,500,000
Revenue Bond

Dear Mr. Tinsley:

The South Carolina Jobs-Economic Development Authority (JEDA) is pleased to provide a credit enhancement for the above referenced undertaking for your medical care facility located in Florence, South Carolina.

The commitment by JEDA for this credit enhancement will be under the guidelines of paragraph 41-43-110 of the South Carolina Jobs-Economic Development Fund Act 1983, and will not exceed \$14,500,000. For this undertaking JEDA should receive a \$9,000 service fee which is payable at bond closing. The following restrictions apply to this commitment:

1. Bruce Hospital System and Florence General Hospital System (Guarantors) will receive a BAA or better rating from Moody's Rating Service.
2. The underwriter, the Citizens and Southern National Bank, will place the bonds with institutional investors only.
3. Unconditional guarantee by the Guarantors, with each bearing responsibility for one-half of the debt.

The Carolinas Hospital System must accept this commitment by executing the original copy hereof in the space provided below, and delivering it to JEDA

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Mr. Edward D. Tinsley, III
September 11, 1991
Page 2

on or before September 26, 1991. Such execution and delivery shall evidence Carolinas agreement to be bound by the terms and conditions herein set forth.

Very truly yours,

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: 
Elliott E. Franks, III
Its: Director

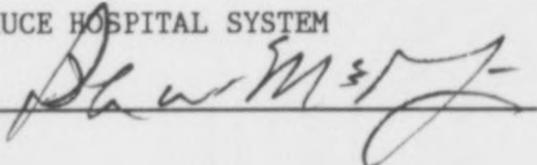
ACCEPTED AND AGREED TO:

CAROLINAS HOSPITAL SYSTEM, INCORPORATED

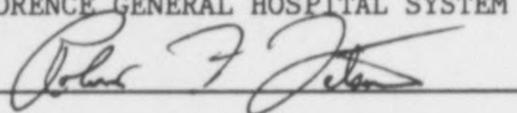
By: 
Its: President
Date: September 17, 1991

ACKNOWLEDGMENT OF GUARANTORS:

BRUCE HOSPITAL SYSTEM



FLORENCE GENERAL HOSPITAL SYSTEM



002513

A RESOLUTION OF THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND CAROLINAS HOSPITAL SYSTEM, WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE NOT EXCEEDING \$14,500,000 OF ITS ECONOMIC DEVELOPMENT REVENUE BONDS OR NOTES PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43 OF THE CODE OF LAWS OF SOUTH CAROLINA (1976), AS AMENDED, AND AUTHORIZING APPLICATION UPON CERTAIN CONDITIONS TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of the State of South Carolina (1976), as amended (the "Act"), to utilize any of its program funds to establish loan programs to be utilized to acquire, by construction or purchase, properties and for other purposes described in Section 41-43-160 of the Act in order to promote and develop the business and economic wealth of the State of South Carolina, encourage and assist in the location of new business enterprises in the State of South Carolina and in the rehabilitation and assistance of existing business enterprises and in the promotion of the export of goods, services, commodities and capital equipment produced within the State of South Carolina, and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State of South Carolina; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act; and

WHEREAS, Carolinas Hospital System (the "Borrower"), a South Carolina nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 which owns and operates certain health care facilities located in Florence, South Carolina, for the benefit of itself and Florence General Hospital and Bruce Hospital, has applied to the Authority to issue not exceeding \$14,500,000 of its economic development revenue bonds or notes (the "Bonds") in order to defray the costs of (i) the acquisition of land and construction and equipping of a new women's hospital (the "Women's Hospital"); (ii) the acquisition of Magnetic Resonance Imaging ("MRI") equipment from Bruce Hospital; (iii) the refinancing of the cost of a building that houses the MRI equipment ((i), (ii) and (iii) being collectively referred to as the "Project"); (iv) the payment of interest due on all or a portion of the Bonds during construction of the Women's Hospital; (v) the payment of all or a portion of the costs of issuance of the Bonds; (vi) the funding of any debt service reserve fund or letter of credit necessary for the issuance of the Bonds; and (vii) the payment of the cost of a premium for a bond insurance policy or letter of credit; and

WHEREAS, the Authority wishes to induce the Borrower to acquire, rehabilitate, construct, equip and/or fund the Project within the State of South Carolina; and

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WHEREAS, it is in the public interest, public benefit and in furtherance of the public purposes of the Authority for the Board of Directors of the Authority to provide preliminary approval of the issuance of economic development revenue bonds for the aforesaid purposes; and

WHEREAS, it is deemed advisable by the Authority to file with the State Budget and Control Board of South Carolina, in compliance with Section 41-43-110 of the Act, the Petition of the Authority requesting approval by the State Budget and Control Board for the issuance of the Bonds or notes at public or private sale upon receipt by the Authority from the Borrower of evidence satisfactory to the Authority of the economic feasibility of the Project;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Authority as follows:

Section 1. It is hereby found, determined and declared as follows:

(a) The Borrower is a responsible party engaged in the business of owning and operating health care facilities located in Florence County, South Carolina.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of the Bonds will result in the creation or maintenance of employment for those engaged in construction of the Women's Hospital, and by providing additional permanent employment for approximately 55 people from Florence County and adjacent areas when the Women's Hospital is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise adequately provided for locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds (as described below).

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Florence County in particular, is reasonably expected to result therefrom.

Section 2. Subject to such approval by the State Budget and Control Board and the County Council of Florence County, South Carolina as may be required by law, the Board of Directors of the Authority preliminarily approves the issuance and sale of the Bonds under the Act in a principal amount of not exceeding \$14,500,000 for the purpose of providing financing to the Borrower for the Project.

Section 3. The issuance and sale of the Bonds shall be upon such terms and conditions as may be mutually agreed upon by the Authority, the Borrower and the purchaser of the Bonds and shall be subject to completion of proceedings for issuance, sale and delivery of the Bonds satisfactory to the Authority. To the extent that the Borrower determines not to go forward with any portions of the Project prior to issuance of the Bonds, the principal amount of the Bonds shall be decreased accordingly. The provisions, terms and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds, and findings required by the Act shall be reasonable and proper, taking into account such factors as the type of program involved, the principal amount of the Bonds and the number and type of jobs involved; provided, the public interest shall be protected by the terms thereof.

Section 4. The Chairman of the Board of the Authority is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the Authority, and the Director of the Authority is hereby authorized and directed to affix thereto the seal of the Authority and to attest the same, and the Director of the Authority is hereby further authorized and directed to deliver said executed Inducement Agreement to the Borrower.

Section 5. It is the intention of the Authority that this resolution shall constitute an official action on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax exempt revenue bonds.

Section 6. The Bonds shall never constitute an indebtedness of the Authority or the State of South Carolina (the "State") within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Authority or the State or a charge against the general credit of the Authority or the State or the taxing powers of the State.

Section 7. Upon receipt by the Authority from the Borrower of evidence which shall be satisfactory to the Authority, of the economic feasibility of the Project, there shall be and is hereby authorized and directed the submission on behalf of the Authority, of a Petition requesting approval by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 41-43-110 of the Act of the issuance of the Bonds through public or private sale, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in form acceptable to the State Budget and Control Board.

Section 8. The Chairman of the Board of Directors of the Authority shall be and is hereby authorized and directed to execute said Petition in the name and on behalf of the Authority, and the Director of the Authority shall be and is hereby authorized and directed to affix the seal of the Authority to said Petition and to attest the same and thereafter, upon the conditions set forth hereinabove, to submit an executed copy of this resolution to the State Budget and Control of South Carolina.

Section 9. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force and after its passage and approval.

Passed and approved August 28, 1991.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: Robert L. Mobley
Title: Chairman

(SEAL)

ATTEST:

William J. ...
Title

INDUCEMENT AGREEMENT

THIS AGREEMENT made and entered into by and between South Carolina Jobs-Economic Development Authority, a public body corporate and politic and an agency and duly constituted authority of the State of South Carolina (the "Authority"), and Carolinas Hospital System, a South Carolina non-profit corporation (the "Borrower").

WITNESSETH

ARTICLE I RECITATION OF FACTS

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

Section 1.01. The Authority, acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to utilize any of its program funds to establish loan programs to be utilized to acquire, by construction or purchase, properties and for other purposes described in Section 41-43-160 of the Act in order to promote and develop the business and economic wealth of the State of South Carolina, encourage and assist in the location of new business enterprises in the State of South Carolina and in the rehabilitation and assistance of existing business enterprises and in the promotion of the export of goods, services, commodities and capital equipment produced within the State of South Carolina, and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State of South Carolina.

Section 1.02. The Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act.

Section 1.03. The Borrower has applied to the Authority to issue not exceeding \$14,500,000 of its economic development revenue bonds or notes in order to defray the cost of (i) the acquisition of land and construction and equipping of a new women's hospital (the "Women's Hospital"); (ii) the acquisition of Magnetic Resonance Imaging ("MRI") equipment from Bruce Hospital; (iii) the refinancing of the cost of a building that houses the MRI equipment ((i), (ii) and (iii) being collectively referred to as the "Project"); (iv) the payment of interest due on all or a portion of the Bonds during construction of the Women's Hospital; (v) the payment of all or a portion of the costs of issuance of the Bonds; (vi) the funding of any debt service reserve fund or letter of credit necessary for the issuance of the Bonds; and (vii) the payment of the cost of a premium for a bond insurance policy or letter of credit. The Authority wishes to induce the Borrower to acquire and construct the Project within the State of South Carolina.

Section 1.04. (a) The Borrower is a responsible party engaged in the business of owning and operating health care facilities located in Florence County, South Carolina.

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(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of its economic development revenue bonds or notes will result in the creation or maintenance of employment for those engaged in construction of the Women's Hospital, and by providing additional permanent employment for approximately 55 people from Florence County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds (as described below).

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Florence County in particular, is reasonably expected to result therefrom.

Section 1.05. The Authority has given due consideration to all the proposals and requests of the Borrower and has agreed to endeavor to effect the issuance of the bonds or notes at the time and on the terms and conditions hereafter set forth.

ARTICLE II UNDERTAKING ON THE PART OF THE AUTHORITY

The Authority agrees as follows:

Section 2.01. The Authority will, subject to such approval by the State Budget and Control Board and the governing body of Florence County, South Carolina, as may be required by law and subject to the limitations set forth herein, authorize the issuance of not exceeding \$14,500,000 Economic Development Revenue Bonds (or Notes) (Carolinas Hospital System, Inc. Project) (the "Bonds"), at such time as the Borrower may request the Authority to do so.

Section 2.02. The Authority will permit the Borrower to arrange for the sale of the Bonds to defray certain costs of the Project as aforesaid and if successful marketing arrangements can be made, it will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Bonds.

Section 2.03. The proceeds of any sale of the Bonds may be applied to the payment of the costs of the Project as determined under the Act including, without limitation, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisition of the Project including land, buildings, necessary machinery and equipment and other items permitted by the Act, and the repayment of any funds, advances or loans incurred by the Borrower for such purposes.

Section 2.04. Prior to issuing the Bonds, the Authority may enter into a loan agreement with the Borrower and a security agreement with the trustee (to be requested by the Borrower and approved by the Authority and the State Treasurer) or with the purchasers of the Bonds, pursuant to which the Bonds will be secured and issued. Such documents shall be substantially in the form used in connection with the issuance of other South Carolina industrial development revenue bonds and shall constitute a lien on the revenues derived from the Borrower with respect to the Project to secure the payment of the Bonds. Provisions, terms and conditions of the agreements to be entered into in connection with the issuance of

the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, redemption provisions, if any, of the Bonds, and other details of any loan agreement relating to the Bonds shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such facts as type of program involved, the principal amount of the Bonds and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 2.05. The Authority will perform such other acts and adopt such further proceedings as may be required faithfully to implement its undertaking and to consummate the proposed financing.

Section 2.06. The undertakings of the Authority hereunder are contingent upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware and upon the Borrower providing the Authority with such further evidence as may be satisfactory to the Authority as to compliance with all applicable statutes and regulations.

ARTICLE III UNDERTAKINGS ON THE PART OF THE BORROWER

Section 3.01. The Borrower agrees that the Authority will have no obligation to find a purchaser of the Bonds and acknowledges that the Authority's approval of this Agreement is preliminary and is conditioned upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware.

Section 3.02. The Borrower further agrees, if the plan proceeds as contemplated, as follows:

- (a) to acquire, construct and/or fund the Project;
- (b) to enter into a loan agreement with the Authority, under the terms of which the Borrower will obligate itself to pay to the Authority sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable;
- (c) to hold the Authority harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement;
- (d) to perform such further acts and adopt such further proceedings as may be required faithfully to implement its undertakings and to consummate the proposed financing; and
- (e) to covenant and agree in the loan agreement referred to above to install in the buildings which are to become a part of the Project all necessary equipment and machinery and initially to operate the Project in the manner described in Section 1.03 hereof.

ARTICLE IV GENERAL PROVISIONS

Section 4.01. All commitments of the Authority under Article II hereof are subject to all of the provisions of the Act and regulations of the Authority pursuant thereto and the condition that nothing contained in this Agreement shall constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit.

Section 4.02. The parties hereto agree that the Borrower may proceed with the Project including the acquisition of land, the construction of a building or buildings and the acquisition and installation of the equipment and machinery prior to the issuance of Bonds.

Section 4.03. All commitments of the Authority and the Borrower hereunder are subject to the condition that the Authority and the Borrower do agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

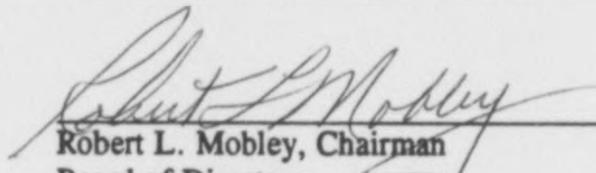
Section 4.04. The parties understand that the Borrower or the Authority may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.05. This Agreement may be assigned by the Borrower to any of its corporate affiliates, any partner or shareholder in the Borrower or to any company in which the Borrower or one or more of its partners or shareholders has an interest (any of the foregoing being referred to hereinafter as a "Related Company") or any person or company which is willing to lease the Project to the Borrower or any Related Company.

Section 4.06. It is the intention of the parties hereto that this Agreement shall constitute an official action on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt revenue bonds.

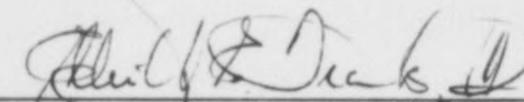
IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement on the respective dates indicated below.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY


Robert L. Mobley, Chairman
Board of Directors

(SEAL)

ATTEST:


Elliott E. Franks, III
Director

Dated: August 28, 1991

CAROLINAS HOSPITAL SYSTEM

By: Edward D. Lofgren
Its: President

(SEAL)

ATTEST:

By: Shirley M. [Signature]
Its: DIRECTOR
Dated: 9/17/91

Document: C:\DATA\JSE\0011079.WP

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CERTIFICATE AS TO PUBLIC HEARING

I, the undersigned Charles Kerekes, Senior Loan Officer, and duly authorized representative of the South Carolina Jobs-Economic Development Authority (the "Authority") and representative for the Governor of the State of South Carolina, DO HEREBY CERTIFY as follows:

1. Attached hereto is an Affidavit of Publication of Notice of Public Hearing held jointly by the Authority and the County Council of Florence County in connection with the issuance by the Authority of its Economic Development Revenue Bonds (Carolinas Hospital System Project) Series 1991, the proceeds of which will be used to defray the costs of (i) the acquisition of land and construction and equipping of a new women's hospital (the "Women's Hospital") to be located in Florence County, South Carolina; (ii) the acquisition of Magnetic Resonance Imaging ("MRI") equipment from Bruce Hospital; (iii) the refinancing of the cost of a building that houses the MRI equipment ((i), (ii) and (iii) being collectively referred to as the "Project"); (iv) the payment of interest due on all or a portion of such revenue bonds during construction of the Women's Hospital; (v) the payment of all or a portion of the cost of issuance of such revenue bonds and (vi) the funding of any debt service reserve fund, bond insurance policy or letter of credit necessary for the issuance of the revenue bonds and payment of any premium associated therewith.

2. I was present at the public hearing described in the above-mentioned Notice, which hearing was held at the time and place specified therein. All persons desiring to do so were given reasonable opportunity to speak and, if requested, to present their opinions in writing regarding the issuance by the Authority of the Bonds and the use of the proceeds for the above-described purposes. There were no written comments received nor person in attendance at the public hearing to speak in opposition to the issuance of the Bonds for such purposes.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of September, 1991.

Charles Kerekes

EXHIBIT

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STATE BUDGET & CONTROL BOARD

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Florence Morning News

141 Irby St. - P.O. Box F-11
Florence, SC 29501
803-669-1771

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

Personally appeared before me Janice Richardson
and upon being duly sworn says that she is the Legal Clerk for The
Florence Morning News, Publishers of The Florence Morning News, a daily
newspaper published in the City of Florence, County of Florence, and the
State of South Carolina and further says that the above attached adver-
tisement was published in...

July 17, 1991, _____ and _____,
as shown by the files of said company.

Janice Richardson
sworn to and subscribed before me this 17th day of July
_____, 19 91.

Sandra J. Thompson (L.S.)
Notary Public For South Carolina

My Commission Expires: _____

MY COMMISSION EXPIRES
NOVEMBER 23, 1993

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NOTICE OF PUBLIC HEARING
Notice is hereby given that the
County Council of Florence
County will hold a public hear-
ing at its regular meeting on
Thursday August 1, 1991, at 9:30
a.m. at the County Council
offices, Room 803, City-County
Complex, 180 N. Irby Street,
Florence, South Carolina, 29501,
to adopt a resolution authorizing
Carolinas Hospital System, Inc.,
to make application to the South
Carolina Jobs Economic Devel-
opment Authority ("JEDA")
for the issuance by JEDA of not
exceeding \$14,500,000 revenue
bonds on behalf of Carolinas
Hospital System, Inc. The pro-
ceeds of the revenue bonds are
to be used by Carolinas Hospital
System, Inc. for women's hos-
pital and for other projects of
Carolinas Hospital System, Inc.
The hospital facility, to be
located at 801 Pamlico High-
way, Florence, will be operated
by Carolinas Hospital System,
Inc. Interested their comments
in writing to Mr. B.L. Elliott,
County Administrator, Drawer
A, City-County Complex, Flo-
rence, South Carolina, 29501.
(July 17, 1991)

EXHIBIT

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STATE BUDGET & CONTROL BOARD

[DRAFT OF NELSON, MULLINS, RILEY & SCARBOROUGH OPINION]

_____, 1991

Columbia Office

South Carolina Jobs-Economic
Development Authority
1201 Main Street
Columbia, South Carolina 29211

Re: South Carolina Jobs-Economic Development Authority
Economic Development Revenue Bonds (Carolinas Hospital System
Project) Series 1991 A and Series 1991 B

At your request we have examined into the validity of \$14,500,000* aggregate principal amount of Economic Development Revenue Bonds (Carolinas Hospital System Project) Series 1991 A and Series 1991 B (both Series 1991 A and Series 1991 B Bonds are collectively referred to as the "Bonds") of the South Carolina Jobs-Economic Development Authority (the "Issuer") a public body corporate and politic and an agency of the State of South Carolina. The Bonds are dated as of _____ 1, 1991, mature on _____ 1, in each year in the amounts and bear interest, payable on _____ 1, 1992, and on each _____ 1 and _____ 1 thereafter at the rates with respect to each maturity all as set forth in the table below:

<u>Year of</u>	<u>Principal</u>	<u>Interest</u>	<u>Year of</u>	<u>Principal</u>	<u>Interest</u>
<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>

The Bonds are subject to redemption prior to their stated maturities on the terms and conditions set forth therein.

The Bonds recite that they are issued under a Trust Agreement dated as of _____ 1, 1991 (the "Trust Agreement"), between the Issuer and [Trustee] as trustee (the "Trustee") to provide funds which, together with other available funds, will be used (i) to pay the cost of acquisition of certain land and construction and equipping of a new women's hospital, the acquisition of Magnetic Resonance Imaging Equipment and the refinancing of a building containing such equipment* (the "Project"), (ii) to pay the interest accruing on a portion of the Bonds from _____ 1, 1991, to _____ 1, 1992, and (iii) to pay certain costs of issuance of the Bonds[, including the bond insurance premium for the Bonds]. The Bonds are secured by payments required to be made to the Issuer under the terms of a Loan Agreement dated as of _____

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_____, 1, 1991 (the "Agreement"), between the Issuer and the Carolinas Hospital System (the "Hospital") which payment obligation is evidenced by Obligation No. 1 of the Hospital dated as of _____ 1, 1991, (the "Obligation No. 1") issued pursuant to the Master Trust Indenture dated as of _____ 1, 1991 (the "Master Trust Indenture") between the Hospital and [Trustee] as Trustee (the "Master Trustee"). The Master Trust Indenture contains covenants and grants a security interest in certain revenues of the Hospital and certain affiliates as security for Obligation No. 1 and other similar obligations which may hereafter be issued on a parity therewith.

We have examined (i) the Constitution and laws of the State of South Carolina; (ii) a duplicate executed copy of the Master Trust Indenture, the Trust Agreement, the Agreement [and a Tax Regulatory Agreement dated as of _____ 1, 1991 (the "Tax Regulatory Agreement")], by and among the Issuer, the Hospital and the Trustee]; (iii) certified or duplicate executed copies of proceedings of the State Budget and Control Board with respect to the issuance of the Bonds; (iv) certified or duplicate executed copies of proceedings of the Board of the Issuer authorizing the issuance of the Bonds and the execution and delivery by the Issuer of the Bonds and the execution and delivery by the Issuer of the Trust Agreement, the Agreement [and the Tax Regulatory Agreement]; (v) opinions of _____, counsel to the Hospital, _____, counsel to the Trustee and the Master Trustee, _____, counsel to the Issuer; and (vi) such other papers, instruments and documents in this matter as we have deemed necessary or advisable. We have also examined an executed Bond.

Based on the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized and issued in accordance with the Constitution and laws of the State of South Carolina and constitute valid and legally binding limited obligations of the Issuer, the principal of and interest on which are payable solely out of the amounts pledged therefor which include the rights of the Issuer under Obligation No. 1 and the security therefor under the Master Trust Indenture, the rights of the Issuer under the Agreement including the right to Loan Repayments (as defined in the Agreement) and the rights of the Trustee in and to certain funds and accounts created under the Trust Agreement and rights of the Trustee pursuant to certain guarantees provided in connection with each series of the Bonds.

2. Each of the Trust Agreement, the Agreement [and the Tax Regulatory Agreement] have been duly authorized, executed and

delivered by the Issuer and, subject to the due authorization, execution and delivery thereof by the other party or parties thereto, each constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Master Trust Indenture is a valid and binding agreement securing Obligation No. 1 in accordance with the terms thereof.

4. Obligation No. 1 is a valid and binding obligation of the Hospital payable in accordance with its terms.

5. Assuming continuing compliance by the Issuer and the Hospital with certain covenants contained in the [Tax Regulatory Agreement], the interest on the Bonds is not includable in gross income for Federal income tax purposes under laws, regulations, rulings and judicial decisions existing on this date, and is not a tax preference item for purposes of computing the alternative minimum taxable income of individuals. In addition, certain financial institutions may be disallowed deductions for expenses deemed to be incurred for the purpose of carrying the Bonds and certain property and casualty insurance companies may be disallowed a deduction for losses in an amount related to any income received from the Bonds. Interest on the Bonds may be includable in the computation of certain additional taxes including the branch profits tax on foreign corporations and the corporate environmental tax. Under the laws of the State of South Carolina the Bonds and the income therefrom are presently exempt from all taxation in such State, except for inheritance, estate or transfer taxes.

It is to be understood that the rights of the Holders of the Bonds and the parties under the Master Trust Indenture, the Trust Agreement and the Agreement and the enforceability of the Master Trust Indenture, Obligation No. 1, the Trust Agreement, the Agreement or the Bonds, as the case may be, are subject to general principles of equity which permit the exercise of judicial discretion, the exercise of the sovereign police powers of the State of South Carolina and the constitutional powers of the United States of America and to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally.

In rendering the opinions expressed above, we have relied on opinions of counsel for the Issuer, the Hospital and the Trustee and the Master Trustee as to the due authorization, execution and delivery by the parties thereto of the Master Trust Indenture, the

South Carolina Jobs-Economic
Development Authority
September __, 1991
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Supplement, Obligation No. 1, the Trust Agreement and the
Agreement.

Very truly yours,

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