

MINUTES OF BUDGET AND CONTROL BOARD MEETING

AUGUST 16 1974

In a letter dated August 16, 1974, Mr. P. C. Smith polled the Budget and Control Board members as to the following items.

(1) Lexington County Industrial Revenue Bonds

Board members were requested to approve a Petition of Lexington County for the issuing of Industrial Revenue Bonds totaling \$1,800,000 on behalf of Columbia Warehouse Associates.

(2) Assistant Secretary To The Board

Board members were requested to approve the designation of William T. Putnam as Assistant Secretary to the Budget and Control Board and to authorize him, in this capacity, to execute bonds issued by the Board in its capacity as the Education Assistance Authority.

Both of these questions received unanimous approval, with Senator Dennis voting by telephone and all other members by written ballot.

Data pertaining to the Industrial Revenue Bonds has been retained in these files and is identified as Exhibit I. Written ballots of the Board members have been retained and are collectively identified as Exhibit II.

EXHIBIT I

AUGUST 16, 1974

STATE OF SOUTH CAROLINA)
COUNTY OF LEXINGTON)

TO THE STATE BUDGET AND CONTROL)
BOARD OF SOUTH CAROLINA)

P E T I T I O N

The Petition of the County Council of Lexington County (the County Board), pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, as amended, respectfully shows:

1. The County Board is the governing body of Lexington County as established under Chapter 48, Title 14, Code of Laws of South Carolina, 1962, as amended, and as such it is the "County Board" referred to in Act No. 103 of the South Carolina General Assembly enacted at its 1967 Session, as amended (the Act).

2. The Act authorizes and empowers the County Board if it shall comply with the provisions set forth in the Act, to acquire land, buildings, equipment and machinery and other improvements deemed necessary, suitable and useful by any commercial enterprise engaged in storing, warehousing, distributing or selling products of agriculture, mining or industry; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. The County Board has agreed with Columbia Warehouse Associates, a partnership (the Company), that the County Board will undertake to finance the acquisition, construction and equipping of new warehouse facilities to

be located in Lexington County to be constructed by the Company through the issuance of Industrial Revenue Bonds pursuant to the Act. In this connection the County Board has agreed to accept a conveyance of the approximately 10-acre parcel of land on which the warehouse is to be constructed (said land, building and equipment being hereinafter referred to as the Project), and the County Board has agreed to issue One Million Eight Hundred Thousand Dollars (\$1,800,000) Lexington County First Mortgage Industrial Revenue Bonds, Series 1974, pursuant to the Act in order to finance the acquisition, construction and equipping of the Project which, when completed, will constitute a new warehouse facility.

4. The County Board is advised by the Company that the cost of acquiring the said land, including land improvements, is approximately \$120,000, the cost of constructing and equipping the said building, is approximately \$1,650,000; and that, therefore, in order to finance the Project, including the costs and charges incident to the issuance and sale of the bonds hereinafter described, it will be necessary that the County Board issue One Million Eight Hundred Thousand Dollars (\$1,800,000) Lexington County First Mortgage Industrial Revenue Bonds, Series 1974 (the Bonds).

5. When the Project is complete, it will employ approximately 13 persons and the construction of the Project will provide additional employment during the period of construction.

6. For the reasons set forth above and hereafter disclosed, the County Board has found:

(a) The proposed Project will subserve the purposes of the Act.

(b) By reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and the Company will unconditionally obligate the Company to pay

rent in an amount adequate to provide for the principal and interest payments on the Bonds which mature on August 1, 1999, and will be subject to mandatory redemption approximately as follows:

<u>August 1</u>	<u>Principal Amount</u>
1980	\$ 35,000
1981	35,000
1982	40,000
1983	45,000
1984	50,000
1985	50,000
1986	55,000
1987	65,000
1988	70,000
1989	75,000
1990	80,000
1991	90,000
1992	100,000
1993	110,000
1994	120,000
1995	130,000
1996	140,000
1997	155,000
1998	170,000

(d) The performance of all of the Company's obligations under the said Lease, including the payment of all rentals and other sums to become due thereunder will be unconditionally guaranteed by Trammell Crow, an individual (hereinafter referred to as the Guarantor).

(e) The Guarantor is an individual with a well established credit and, therefore, it is unnecessary to establish reserve funds for the payment of such principal and interest.

(f) The terms of the Lease will require the Company to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of land, buildings and other improvements which will be necessary for, and part of, a new warehouse facility.

(b) The Project will provide considerable employment during the period of construction and when completed will provide permanent employment for approximately 13 persons. It is, therefore, believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately One Million Eight Hundred Thousand Dollars (\$1,800,000), including construction cost, cost of equipment and machinery, cost of land, financing costs and all other expenses to be incurred in in connection therewith.

8. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition, construction and equipping of the Project, the County will issue \$1,800,000 of Lexington County First Mortgage Industrial Revenue Bonds, Series 1974. All Bonds will be secured by a pledge of the rents to be paid by the Company and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to a bank yet to be named as Trustee, and the obligations of the Company under the said Lease will be unconditionally guaranteed by the Guarantor.

(b) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of the Company and the County and applied for the payment of costs incident to the acquisition, construction and equipping of the Project, and the issuance of the Bonds.

(c) The Lease will contain a specific provision by which the Company will unconditionally agree to make payments to Lexington County, to any School District in Lexington County, and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Lexington County, by any such School District, and by said political units if the Project were owned by the Company, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the Company were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

(e) The Guarantor will enter into an agreement (the Guaranty Agreement) with the County which will be attached to the said Lease and pursuant to which the Guarantor will unconditionally guarantee the performance of all of the obligations of the Company under the said Lease, including the payment of all rentals and other amounts to become due.

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real and personal property, and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease.

(c) The right, title and interest of the County in the Guaranty Agreement.

(d) All rentals and revenues derived by the County under the Lease and Guaranty Agreement, except those payments to be made in lieu of taxes or by way of indemnification.

The Indenture makes provision for the issuance of One Million Eight Hundred Thousand Dollars (\$1,800,000) of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by the Company are placed, and the use of said fund for the payment of the Bonds. It imposes upon the Company the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

10. The proposed Lease and Guaranty Agreement and the proposed Trust Indenture (draft copies of which are included herewith) will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act.

Upon the basis of the foregoing, the County Board respectfully prays:

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease, Guaranty Agreement and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding, that it does approve the Project, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in Section 14 of the Act.

Respectfully submitted,

(SEAL)

LEXINGTON COUNTY, SOUTH CAROLINA

By

L. Clyde Rouse
Chairman, County Council of
Lexington County

Attest:

Dorothy K. Wingard
Secretary, County Council of
Lexington County

SINKLER GIBBS SIMONS & GUÉRARD

PROFESSIONAL ASSOCIATION

ATTORNEYS & COUNSELLORS AT LAW

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

August 12, 1974

Honorable P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

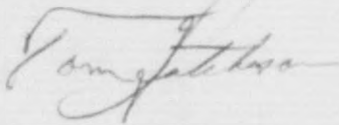
Dear Mr. Smith:

Re: \$1,800,000 Lexington County First Mortgage Industrial
Revenue Bonds, Series 1974 (Columbia Warehouse Associates -
Lessee)

I am enclosing herewith a Resolution for the Lexington County Council authorizing the Petition to the State Budget and Control Board in connection with the above Bonds. I am also enclosing the original signed Petition to the State Board. We have previously forwarded to you draft copies of the Lease, Lease Guaranty and Indenture in connection with the industrial revenue bonds for Spartanburg Warehouse Associates and Charleston Warehouse Associates. The documents for this issue will be substantially identical.

I would appreciate your placing this on the agenda for your upcoming meeting of the Budget and Control Board.

Yours very truly,



TAH:wjh

Enclosure

A RESOLUTION
APPROVING THE FINANCING OF THE ACQUISITION AND CONSTRUCTION
OF CERTAIN WAREHOUSE FACILITIES IN LEXINGTON COUNTY THROUGH
THE ISSUANCE OF ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$1,800,000) OF LEXINGTON COUNTY, SOUTH CAROLINA, FIRST
MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES 1974: AND AUTHORIZING
THE PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH
CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ACT
NO. 103 OF THE 1967 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY,
AS AMENDED.

As an incident to the adoption of this Resolution, the
County Council of Lexington County (the County Board) has
made the following findings:

1. Columbia Warehouse Associates, a partnership (the
Company), has proposed that the County Board undertake to finance
the acquisition, construction and equipping of new warehouse fa-
cilities at an estimated cost of \$1,800,000, including the acqui-
sition of an approximately 10-acre tract of land, on which the
said warehouse is to be constructed, in Arrow Industrial Park in
Lexington County, South Carolina, through the issuance of Indus-
trial Revenue Bonds pursuant to the authorization of Act No. 103
of the 1967 Acts of the South Carolina General Assembly, as
amended (the Act). The County Board has agreed to finance
the acquisition, construction and equipping of the said
warehouse (the said tract of land and the warehouse
building to be constructed thereon and the equipment and
machinery to be installed therein being hereinafter referred
to as the Project), through the issuance of \$1,800,000
industrial revenue bonds pursuant to the Act; and adopts this
Resolution to evidence its approval of the issuance of bonds
as aforesaid and to authorize a petition to the State Budget
and Control Board (the State Board) setting forth the facts
required by Section 14 of the Act.

2. The County Board has determined that the Project
will subserve the purposes of the Act and neither the Project
nor the bonds will give rise to any pecuniary liability of
Lexington County or a charge against its general credit or
taxing power.

3. The amount necessary to finance the Project is One Million Eight Hundred Thousand Dollars (\$1,800,000).

4. The Company has submitted to the County Board an outline of the proposed Lease, under which the Company will agree to pay as rent the amount necessary to provide the annual payments of principal and interest on the bonds, which will mature as more fully set forth in paragraph 6(c) of the attached Petition on August 1, 1999, and bear interest at the rate not to exceed 9 1/2% per annum.

5. The proposed Lease obligates the Company unconditionally to pay the amount necessary to provide the payments of principal and interest, and premium, if any, to become due on the bonds and to pay other costs in connection therewith and contains an appropriate provision requiring the Company to pay in lieu of taxes, such amounts as would otherwise be paid if the Company owned the Project.

6. The performance of all of the Company's obligations under the said Lease, including the payment of all rents and other sums to become due thereunder, will be unconditionally guaranteed by Trammell Crow, an individual (hereinafter referred to as the Guarantor).

7. The Company has advised the County Board that the Company will arrange for the sale of the Bonds.

8. The Bonds will be issued as tax exempt bonds pursuant to the provisions of Section 103(c)(6)(D) of the Internal Revenue Code of 1954, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF LEXINGTON COUNTY, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such basis determines to finance the Project above described, and to authorize the sale of the bonds by Lexington County as aforesaid.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached hereto be presented to the State Board to seek the approval required by Section 14 of the Act; and that said Petition shall be duly executed by the Chairman of the County Council and attested by its Secretary.

(SEAL)

S. Clyde Rawah
Chairman

Elmer S. Paet

William E. Stittwell

Terrell D. Beal

Joseph W. Smith
Constituting the County Council of
Lexington County

Attest:

Dorothy K. Wingard
Secretary, County Council of
Lexington County

STATE OF SOUTH CAROLINA)
)
COUNTY OF LEXINGTON)

TO THE STATE BUDGET AND CONTROL)
)
BOARD OF SOUTH CAROLINA)

P E T I T I O N

The Petition of the County Council of Lexington County (the County Board), pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, as amended, respectfully shows:

1. The County Board is the governing body of Lexington County as established under Chapter 48, Title 14, Code of Laws of South Carolina, 1962, as amended, and as such it is the "County Board" referred to in Act No. 103 of the South Carolina General Assembly enacted at its 1967 Session, as amended (the Act).

2. The Act authorizes and empowers the County Board if it shall comply with the provisions set forth in the Act, to acquire land, buildings, equipment and machinery and other improvements deemed necessary, suitable and useful by any commercial enterprise engaged in storing, warehousing, distributing or selling products of agriculture, mining or industry; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. The County Board has agreed with Columbia Warehouse Associates, a partnership (the Company), that the County Board will undertake to finance the acquisition, construction and equipping of new warehouse facilities to

be located in Lexington County to be constructed by the Company through the issuance of Industrial Revenue Bonds pursuant to the Act. In this connection the County Board has agreed to accept a conveyance of the approximately 10-acre parcel of land on which the warehouse is to be constructed (said land, building and equipment being hereinafter referred to as the Project), and the County Board has agreed to issue One Million Eight Hundred Thousand Dollars (\$1,800,000) Lexington County First Mortgage Industrial Revenue Bonds, Series 1974, pursuant to the Act in order to finance the acquisition, construction and equipping of the Project which, when completed, will constitute a new warehouse facility.

4. The County Board is advised by the Company that the cost of acquiring the said land, including land improvements, is approximately \$120,000, the cost of constructing and equipping the said building, is approximately \$1,650,000; and that, therefore, in order to finance the Project, including the costs and charges incident to the issuance and sale of the bonds hereinafter described, it will be necessary that the County Board issue One Million Eight Hundred Thousand Dollars (\$1,800,000) Lexington County First Mortgage Industrial Revenue Bonds, Series 1974 (the Bonds).

5. When the Project is complete, it will employ approximately 13 persons and the construction of the Project will provide additional employment during the period of construction.

6. For the reasons set forth above and hereafter disclosed, the County Board has found:

(a) The proposed Project will subserve the purposes of the Act.

(b) By reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and the Company will unconditionally obligate the Company to pay

rent in an amount adequate to provide for the principal and interest payments on the Bonds which mature on August 1, 1999, and will be subject to mandatory redemption approximately as follows:

<u>August 1</u>	<u>Principal Amount</u>
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1990	80,000
1991	90,000
1992	100,000
1993	110,000
1994	120,000
1995	130,000
1996	140,000
1997	155,000
1998	170,000

(d) The performance of all of the Company's obligations under the said Lease, including the payment of all rentals and other sums to become due thereunder will be unconditionally guaranteed by Trammell Crow, an individual (hereinafter referred to as the Guarantor).

(e) The Guarantor is an individual with a well established credit and, therefore, it is unnecessary to establish reserve funds for the payment of such principal and interest.

(f) The terms of the Lease will require the Company to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of land, buildings and other improvements which will be necessary for, and part of, a new warehouse facility.

(b) The Project will provide considerable employment during the period of construction and when completed will provide permanent employment for approximately 13 persons. It is, therefore, believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately One Million Eight Hundred Thousand Dollars (\$1,800,000), including construction cost, cost of equipment and machinery, cost of land, financing costs and all other expenses to be incurred in in connection therewith.

8. The proposed Lease will provide, among other things, the following:

(a) To finance the cost of the acquisition, construction and equipping of the Project, the County will issue \$1,800,000 of Lexington County First Mortgage Industrial Revenue Bonds, Series 1974. All Bonds will be secured by a pledge of the rents to be paid by the Company and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to a bank yet to be named as Trustee, and the obligations of the Company under the said Lease will be unconditionally guaranteed by the Guarantor.

(b) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of the Company and the County and applied for the payment of costs incident to the acquisition, construction and equipping of the Project, and the issuance of the Bonds.

(c) The Lease will contain a specific provision by which the Company will unconditionally agree to make payments to Lexington County, to any School District in Lexington County, and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Lexington County, by any such School District, and by said political units if the Project were owned by the Company, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the Company were it the owner of the Project.

(d) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

(e) The Guarantor will enter into an agreement (the Guaranty Agreement) with the County which will be attached to the said Lease and pursuant to which the Guarantor will unconditionally guarantee the performance of all of the obligations of the Company under the said Lease, including the payment of all rentals and other amounts to become due.

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real and personal property, and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease.

(c) The right, title and interest of the County in the Guaranty Agreement.

(d) All rentals and revenues derived by the County under the Lease and Guaranty Agreement, except those payments to be made in lieu of taxes or by way of indemnification.

The Indenture makes provision for the issuance of One Million Eight Hundred Thousand Dollars (\$1,800,000) of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by the Company are placed, and the use of said fund for the payment of the Bonds. It imposes upon the Company the obligation to pay, in addition to the moneys required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

10. The proposed Lease and Guaranty Agreement and the proposed Trust Indenture (draft copies of which are included herewith) will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act.

Upon the basis of the foregoing, the County Board respectfully prays:

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease, Guaranty Agreement and the Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding, that it does approve the Project, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in Section 14 of the Act.

Respectfully submitted,

(SEAL)

LEXINGTON COUNTY, SOUTH CAROLINA

By _____
Chairman, County Council of
Lexington County

Attest:

Secretary, County Council of
Lexington County

STATE OF SOUTH CAROLINA

COUNTY OF LEXINGTON

I, the undersigned, Secretary of the County Council, of Lexington County, Lexington, South Carolina, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution unanimously adopted by the said County Council at a duly called and regularly held meeting at which all members attended and remained throughout on August 7th, 1974.

That the said Resolution was proposed by Mr. Lonnie Dickert, seconded by Mr. William E. Stilwell, and the same is now in full force and effect and has not been modified, amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of the said County _____ this 7th day of August, A. D., 1974.

(SEAL)

Dorothy K. Wingard
Secretary, County Council of
Lexington County

SINKLER GIBBS SIMONS & GUÉRARD

PROFESSIONAL ASSOCIATION

ATTORNEYS & COUNSELLORS AT LAW

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

August 12, 1974

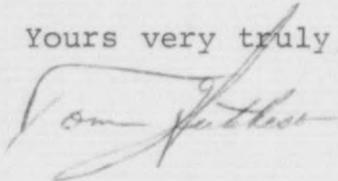
Honorable P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

Re: \$1,800,000 Lexington County First Mortgage Industrial
Revenue Bonds (Columbia Warehouse Associates - Lessee)

I am enclosing herewith ten copies of the proposed draft of a Resolution of the State Budget and Control Board approving the above Bonds. If these Bonds are approved, I would appreciate your signing the enclosed Resolutions and returning them to me.

Yours very truly,



TAH:wjh

Enclosures



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

M E M O R A N D U M

Date: August 22, 1974

TO: Governor John C. West

FROM: William T. Putnam

RE: Lexington County Industrial Revenue Bonds

In a letter dated August 16, 1974, Mr. P. C. Smith polled the members of the Budget and Control Board for approval of a Petition of Lexington County for permission to issue Industrial Revenue Bonds in the amount of \$1,800,000. In reply to this letter, you approved the bond issue but requested additional information pertaining to this matter for your files. Details of the Petition are set forth below.

Messrs. Trammell Crow, William W. Sirmon, Jr. and Benson B. Brooks, along with a Corporation known as Crow, Pope & Land Enterprises, Inc., have formed three partnerships for the purpose of constructing and operating three public warehouses which will be located in Spartanburg County, Lexington County and Berkeley County. These partnerships will be known as Spartanburg Warehouse Associates, Columbia Warehouse Associates and Charleston Warehouse Associates; and the facilities to be operated will be constructed at a cost of \$1,800,000 each.

It was the intention of the partners, working through Huger Sinkler's firm, to arrange for the presentation of all three County Petitions at the same meeting of the Budget and Control Board. However, the resistance of local warehousing interests caused the Richland County Council to deny the request for Industrial Revenue Bonds for a warehouse in Richland County, resulting in negotiation with officials of Lexington County.

Because of the delay mentioned above, only the Petitions of Spartanburg County and Berkeley County were presented at the July 23, 1974 meeting of the Budget and Control Board. It was intended that the Lexington County Petition be presented at the Board meeting held on August 14, 1974; but, apparently because of poor mail delivery, the documents did not reach our office prior to the time of the meeting.

Governor John C. West

- 2 -

August 22, 1974

The debt service of each of the above mentioned bond issues is personally guaranteed by Mr. Trammell Crow, a Texas resident. The financial statements which were furnished to this office show that Mr. Crow's individual net worth exceeds 25 million dollars.

If you desire additional information pertaining to this matter, please let us know.

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofor the County Council of Lexington County (the County Board) did, pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (the Act), petition the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act, and

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of a parcel of land located in Lexington County, and the improvements thereon; and the County Board proposes to finance the acquisition, construction and equipping of the said facilities which will constitute warehouse facilities (said tract of land, and the buildings and equipment to be located thereon included in the said facilities being hereinafter referred to as the Project) by the issuance of Bonds pursuant to the Act, and to lease the same to Columbia Warehouse Associates, a partnership (Lessee); and

WHEREAS, the Project is to be leased to the Lessee at a rental sufficient to provide for the payment of the Bonds of Lexington County hereafter referred to, and costs and expenses resulting from the issuance thereof; and

WHEREAS, in order to finance the Project the County Board proposes to provide for an issue of \$1,800,000 Lexington County First Mortgage Industrial Revenue Bonds pursuant to the Act payable from the rentals derived from the Lessee and additionally secured by a Trust Indenture between Lexington County and a bank to be chosen as Trustee; and

WHEREAS, the performance of the Lessee's obligations under the Lease Agreement will be unconditionally guaranteed pursuant to a Guaranty Agreement between the County and Trammell Crow, an individual.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the State Board:

(a) That the statement of facts set forth in the recitals to this Resolution are in all respects true and correct.

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease, the Trust Indenture and the Guaranty Agreement to be made by the County Board and has established that the Lessee will pay as additional rentals, in lieu of taxes, the sum prescribed by Section 6 of the Act.

(c) That the Project will provide employment for approximately 13 persons, and will be of benefit to Lexington County and adjoining areas.

(d) That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the land included in the Project and to finance the construction and equipping of the building thereon to lease the Project to the

Lessee and to finance the cost of acquiring, constructing and equipping the Project through the issuance of \$1,800,000 Lexington County First Mortgage Industrial Revenue Bonds, payable from the revenues to be derived from the leasing of the Project, and additionally secured by the said Trust Indenture, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), be and the same is hereby approved.

3. Notice of the action taken by the State Board in giving approval to the undertaking of Lexington County above described in paragraph 2, supra, shall be published in THE STATE, a newspaper having general circulation in Lexington County.

4. That notice to be published shall be in form substantially as set forth as EXHIBIT "A" of this Resolution.

EXHIBIT "A"

NOTICE PURSUANT TO ACT NO. 103 OF
THE ACTS OF THE GENERAL ASSEMBLY
OF SOUTH CAROLINA FOR THE YEAR
1967

Notice is hereby given that following the filing of a Petition by the County Council of Lexington County (the County Board) 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 changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz.:

The acquisition by the County Board of a parcel of land in Lexington County together with the building and equipment thereon (the said tract of land and the building and equipment included in the said facilities being hereinafter referred to as the Project), all of which will constitute warehousing facilities. To finance the acquisition, construction and equipping of the Project, the County Board will issue \$1,800,000 of Lexington County, First Mortgage Industrial Revenue Bonds (the Bonds) pursuant to Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967, as amended. The County Board will lease the Project to Columbia Warehouse Associates, a partnership (Lessee), under a Lease Agreement and the Bonds of Lexington County will be payable solely from the rentals to be paid to the County by the Lessee. The obligations of the Lessee under the Lease Agreement will be unconditionally guaranteed by Trammell Crow, an individual. The Bonds will be additionally secured by a Trust Indenture which will constitute a fore-closable lien upon the Project.

In addition, the Lessee has agreed to pay as additional rentals to Lexington County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Lexington County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by the Lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the Project.

The Lease by which Lexington County will lease the Project to the Lessee provides that the Lessee shall purchase the Project for One Dollar (\$1.00) upon the payment in full of the bonds.

When completed, it is estimated that the Project will provide employment for approximately 13 persons.

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 Board by action de novo instituted in the Court of Common Pleas for Lexington County.

THE STATE BUDGET AND CONTROL
BOARD

By: P. C. Smith, Secretary

PUBLICATION DATE:

August __, 1974.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. Smith, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

That the said State Budget and Control Board is composed of the following:

His Excellency, John C. West, Governor of South Carolina and Chairman of the Board;

The Honorable Grady Leslie Patterson, Jr., State Treasurer;

The Honorable John Henry Mills, Comptroller General of South Carolina;

The Honorable Rembert C. Dennis, Chairman of the Senate Finance Committee; and

The Honorable F. Julian Leamond, Chairman of the House Ways and Means Committee.

That due notice of meeting of said Board, called to be held at the office of the Governor, in the Capital Building, at Columbia, South Carolina, at _____ A. M., August 16, 1974, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

NONE

That at said meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by MR. PATTERSON, who moved its adoption; said motion was seconded by MR. MILLS, and upon vote being taken and recorded it appeared that the following votes were cast:

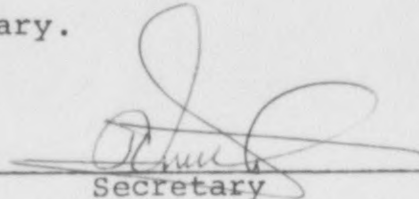
FOR MOTION

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AGAINST MOTION

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The Chairman thereupon declared the Resolution unanimously adopted, and the original thereof has been duly entered in the permanent records of minutes of said Board, in my custody as its Secretary.


Secretary

AUGUST 16, 1974.



EXHIBIT II
AUG. 16, 1974

STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

August 16, 1974

TO MEMBERS OF THE BUDGET AND CONTROL BOARD

Gentlemen:

We have been requested to poll the Board on the following two items:

(1) \$1,800,000 Lexington County Industrial Revenue Bond

A petition and other required papers have been received requesting the Board's approval of a \$1,800,000 Industrial Revenue Bond to be issued by Lexington County for Columbia Warehouse Associates.

Columbia Warehouse Associates is an affiliate of the same firm for which Industrial Revenue Bonds were recently approved for Spartanburg and Berkeley Counties. The Lexington Bonds will likewise be guaranteed by the same parties involved in the Spartanburg and Berkeley Bonds. Financial data indicates good coverage.

(2) Designation of Assistant Secretary to the Board

It is requested that the Board approve designating Mr. William T. Putnam as Assistant Secretary to the Board, and that in this capacity he be authorized to execute, to the extent necessary, the \$5,000,000 of bonds issued by the Board in its capacity as the Educational Assistance Authority. (These bonds are planned for delivery September 1. I have plans to be away on that day.)

It is requested that you indicate your position with respect to the above two items in the form below, and that one copy of this notice be returned for the Board's records.

Very truly yours,

P. C. Smith
State Auditor

PCS:dr

I APPROVE

I DISAPPROVE

HOLD FOR DISCUSSION AT NEXT MEETING

Item 1

Item 2

✓

✓

(SIGNED) _____

731



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

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I APPROVE
I DISAPPROVE
HOLD FOR DISCUSSION AT NEXT MEETING

Item 1 Item 2

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<input type="checkbox"/>	<input type="checkbox"/>

(SIGNED)

CORRECTION



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

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TELEPHONE
(803) 758-3106

August 16, 1974

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State Auditor

PCS:dr

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I DISAPPROVE

HOLD FOR DISCUSSION AT NEXT MEETING

Item 1

Item 2

✓

✓

(SIGNED)

732

COPY



STATE OF SOUTH CAROLINA
OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

August 16, 1974

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Very truly yours,

P. C. Smith
State Auditor

PCS:dr

I APPROVE

I DISAPPROVE

HOLD FOR DISCUSSION AT NEXT MEETING

Item 1

Item 2

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(SIGNED)

Henry Miller 733



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

August 16, 1974

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P. C. Smith
State Auditor

PCS:dr

I APPROVE

I DISAPPROVE

HOLD FOR DISCUSSION AT NEXT MEETING

Item 1

Item 2

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(SIGNED)

E N D

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MINUTES OF BUDGET AND CONTROL BOARD MEETING

AUGUST 29 1974

In a letter dated August 27, 1974, Mr. Rex L. Carter, Speaker of the House of Representatives, requested permission of the Budget and Control Board to obtain three computer programs from the IBM Corporation to be used in conjunction with the Legislative computer system to be obtained from the State of Florida.

Mr. Charles H. Burr, Director of the Division of Computer Systems Management, studied the matter and determined that these programs could only be furnished by the IBM Corporation and that it would be meaningless to invite three bids simply to satisfy the letter of the law.

Governor West then requested that all members of the Budget and Control Board be contacted and asked to vote on the following question. "Contingent upon a favorable opinion from the Office of the Attorney General, would you approve the granting of a single-source contract to the IBM Corporation for computer programs to be used in conjunction with the Legislative computer system to be acquired from the State of Florida?"

On August 29, 1974, all Board members, except Senator Dennis, were reached either by telephone or personal contact and voted in favor of this proposal. On the morning of August 30, 1974, Senator Dennis was contacted by telephone and also voted in favor of the motion.

Data pertaining to this matter is attached.



State of South Carolina

JOHN C. WEST
GOVERNOR

August 30, 1974

OFFICE OF THE GOVERNOR
COLUMBIA 29211

The Hon. Rex L. Carter
Speaker, the House of Representatives
Post Office Box 11430
Columbia, South Carolina 29211

Dear Mr. Speaker:

Your letter of August 27, 1974, regarding the proposed information system for the House of Representatives has been received and I have reviewed it, along with proper staff personnel at the Budget and Control Board. As is our practice in matters such as this, the proposal has been submitted to Mr. Charles H. Burr, Director of the Division of Computer Systems Management of the Budget and Control Board for his evaluation, and I am attaching a copy of his response.

As you will note, Mr. Burr is aware of your activities with regard to the modernization of the legislative process, and is in agreement with your objectives and the listing of equipment and programs needed for them. He does, however, raise a question concerning the possible applicability of recently-passed Section 18 of the 1974-75 General Appropriations Bill requiring all state agencies and departments to invite at least three bids on contracts of \$1,500 or more.

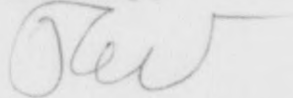
Based upon Mr. Burr's comments, members of the Budget and Control Board have been consulted about your proposal and have indicated their approval, contingent upon a clarification of Section 18 as it may or may not relate to this proposal. I concur with Mr. Burr that an opinion from the Attorney General would clarify this point, and I suggest that you request from that office such a clarification. I therefore convey to you the approval of a majority of the members of the Budget and Control

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Page 2
The Hon. Rex L. Carter
August 30, 1974

Board (Senator Dennis could not be reached) for the proposal outlined in your August 27 letter, contingent upon a favorable opinion from the Attorney General regarding the possible application of Section 18 to this proposal.

Sincerely,



John C. West

JCW:GSB

Attachment

cc: The Hon. Grady Patterson
The Hon. Henry Mills
The Hon. Julian Leamond
The Hon. Rembert Dennis

bcc: Mr. William Putnam

E 738



STATE OF SOUTH CAROLINA
DIVISION OF COMPUTER SYSTEMS MANAGEMENT

STATE BUDGET AND CONTROL BOARD

P. O. BOX 11488
COLUMBIA, S. C. 29211
803-758-3578

JOHN C. WEST
GOVERNOR

August 29, 1974

CHARLES H. BURR
DIRECTOR

Governor John C. West
The State House
Columbia, South Carolina

Dear Governor West:

The following comments are submitted regarding the attached letter to you from the Honorable Rex L. Carter, Speaker of the House.

I have been aware of the activities of the House Committee regarding the modernization of the legislative process. The proposal of automating the tracking and subsequent history of bills and resolutions is in my opinion very sound and should result in expediting their workload. The Florida system, which they propose to adopt, is programmed for operating on IBM equipment.

I understand that the House of Representatives desires to have this system in operation by January 1, 1975. If they expect to meet this date then it would be necessary for them to begin testing and programming by December 1, 1974. This is a very short time period and if these dates are to be met action should be started immediately to acquire the necessary equipment and computer programs.

In my opinion we are faced with a legal problem in acquiring the necessary products to install the system. In the General Appropriations Act for 1974-1975, Section 18 of Part II requires State agencies and departments to invite at least three bids on contracts of \$1500 or more. We will encounter no problem in acquiring the necessary equipment, however, the three software packages (or computer programs) which will be required are available only from IBM. While other vendors could conceivably provide the programs, the cost of developing them would be prohibitive, so from a practical stand point we do not have three qualified sources for these particular programs.

There are other programs which accomplish similar functions but the Florida system could not then be used without delay of twelve to fifteen months and the expenditure of at least \$100,000 to rewrite the linkages with the Florida system. In summary, we cannot comply with what I believe is the intent of the new law without delaying the installation of the system for at least one year.

I am in complete agreement with their stated objectives and with their listing of equipment and programs needed to accomplish the desired tasks. However, I believe an opinion from the Attorney General would be needed on the method of acquiring the computer programs from IBM.

Very truly yours,

Charles H. Burr 739
Charles H. Burr, Director

cc: Hon. Rex L. Carter

The State of South Carolina



Office of the Attorney General

M. ELIZABETH CRUM
STAFF ATTORNEY

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-3970

August 29, 1974

DANIEL R. McLEOD
ATTORNEY GENERAL

JOSEPH C. COLEMAN
DEPUTY ATTORNEY GENERAL

The Honorable Rex L. Carter
Speaker of The House
The House of Representatives
Post Office Box 11867
Columbia, South Carolina 29211

Dear Mr. Carter:

In your letter of August 29, 1974, you asked whether or not the House of Representatives is bound by the provisions of Section 18 Part II of the Appropriation Act of 1974, R. No. 1314 July 9, 1974, with regard to the adoption of the Florida Legislative System and the accompanying computer systems needed to implement the Florida System. It is the opinion of this Office that Section 18 Part II of the Appropriation Act does not bind the South Carolina House of Representatives.

The pertinent part of Section 18 provides:

Notwithstanding any other provision of law, all State agencies and departments, before contracting for fifteen hundred dollars or more with private individuals or companies for products or services, shall invite bids on such contract from at least three qualified sources. (Emphasis applied).
Section 18 Part II R. No. 1314.

The provisions of this Section apply only to "all State agencies and departments." The House of Representatives is not a State agency or department and is therefore, not covered under the provisions of this Act. The House of Representatives, in order to be bound by such an Act, must be specific referred to or the intent to bind the House

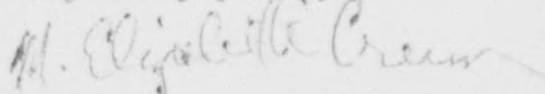
The Honorable Rex L. Carter
August 29, 1974
Page two

must appear in the Legislation.

Specifically, you questioned whether or not bids must be invited for software packages for the computer system and point out the fact that the systems required for the State computers are manufactured by only one company. As pointed out above, Section 18 required that bids be invited from "at least three qualified sources." To determine legislative intent this Section must be looked at in its entirety. This Office feels that in passing Section 18, the legislature intended to require all State agencies and departments to invite multiple bids when there were qualified sources from which to invite the bids. Where there is only one qualified source from which to invite a bid the multiple bid situation envisioned by the legislature does not exist; therefore, where there is only one qualified source from which the materials or services can be obtained bid invitations are not necessary. However, this Office feels that if two qualified sources existed this would be included within the multiple bid situation provided for in Section 18. The requirement of "at least three qualified sources" simply provides for a minimum number from which bids must be invited in situations where there are three or more qualified sources.

Consequently, since the House of Representatives is not covered by the contracting provisions of Section 18 Part II any contract in which it enters into is not subject to the bid requirements of Section 18. Furthermore, in any instance where there is only one qualified source for the materials or services for which the House is contracting, the House is exempt from the provisions of Section 18.

Very truly yours,



M. Elizabeth Crum
Assistant Attorney General

MEC/cm

741

STATE OF SOUTH CAROLINA
DIVISION OF COMPUTER SYSTEMS MANAGEMENT
STATE BUDGET AND CONTROL BOARD

P. O. BOX 11488
COLUMBIA, S. C. 29211
803-758-3578

JOHN C. WEST
GOVERNOR

August 29, 1974

CHARLES H. BURR
DIRECTOR

Governor John C. West
The State House
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Very truly yours,

742

cc: Hon. Rex L. Carter

Charles H. Burr, Director

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