

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

November 24, 1992

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



DAVID M. BEASLEY, CHAIRMAN
GOVERNOR

RICHARD A. ECKSTROM
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

HENRY E. BROWN, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

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November 24, 1992

MEMORANDUM

TO: Budget and Control Board Division Directors
FROM: Donna K. Williams, Assistant Executive Director
SUBJECT: Summary of Board Actions at November 24, 1992, 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. Adopted the agenda as proposed;
2. Approved the minutes of the November 10, 1992, Budget and Control Board meeting; and, acting as the State Education Assistance Authority, approved the minutes of the November 10, 1992, Authority meeting;
3. Received as information a report that, in accord with § 11-35-70, the Division of General Services has audited the procurement activity of the consolidated school district of Aiken County;
4. Relating to the Department of Social Services budget reduction of \$500,000, Child Support Incentives, restored \$250,000 of the reduction as a minimum, with further restoration open to increase dependent upon reimbursement from the federal government into the system, up to a maximum of \$500,000;

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5. Adopted a resolution with the accompanying four-point plan to address certain accounting and budgetary concerns and authorized the submission of the plan to the Legislature when it convenes in January 1993:
 - Change income tax withholding tables to reduce withholdings by \$270 million and to reduce the income tax refund liability (Tax Refunds Payable) by \$135 million over a period not to exceed eight years.
 - Replenish the General Reserve Fund in accordance with Constitutional requirements. Additionally, beginning in FY 92-93 transfer funds in excess of the annual operating expenditures, if any, to the General Reserve Fund until it is fully funded, as required by statute.
 - Request the Legislature to appropriate the amount necessary of the Capital Reserve Fund in FY 93-94 to fully fund the General Reserve Fund.
 - Beginning with the budget prepared for FY 94-95, request the Legislature to limit annual appropriations to the lower of (a) actual recurring revenues for the most recent completed fiscal year plus 75% of the Board of Economic Advisors (BEA) estimated recurring revenue growth or (b) the BEA's revenue projection.
6. Approved the deletion of Proviso 129.12 (POLA, 110%) and approved new Proviso 129.XX (POLA, 120%, Other Funds) for inclusion in the 1993-94 appropriations bill;
7. Approved the following appropriation recommendation in excess of \$3,512,640,509 previously allocated to agencies by the Board on September 15, 1992 (additional allocation of \$20,539,182 of new recurring revenue and \$48,625,000 in nonrecurring revenue); and directed that the 14,121 weighted pupil units be funded by a 1% reduction to non-educational agencies or by formula which would generate the 1% across non-education agencies with that distributional formula to be recommended by the Budget Division at the December 7 meeting:
 - Recurring: \$723,179 capital reserve fund; \$486,516 constitutionally mandated judges' and justices' salaries; \$12,000,000 debt service; \$6,358,406 local government fund; \$2,443,060 Homestead Exemption restoration and growth; - \$1,088,774 SVA general fund phase-out; -\$383,205 JEDA general fund phase-out;

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- Non-recurring: \$33,415,867 general reserve fund replacement; \$2,000,000 Election Commission 1994 primaries; \$5,000,000 TEC special schools; \$4,300,000 school buses; \$3,909,133 textbooks;
- 8. Approved Revision No. 5 to the Assistance Agreement with the City of North Augusta dated January 20, 1976, relating to Project C450215 in the original amount of \$386,000;
- 9. Adopted a resolution approving the private sale of Economic Development Revenue Bonds by the Jobs-Economic Development Authority for Crown Management Services, Inc., project to be located in Columbia;
- 10. Adopted a resolution approving the Dorchester County proposal to issue not exceeding \$300,000,000 Industrial Revenue Bonds on behalf of the Robert Bosch Corporation project;
- 11. Approved proposed regulation 19-446, Representation in Proceedings, for publication in the December State Register;
- 12. Authorized the Department of Mental Health to issue \$8,888,287 departmental capital improvement bonds to purchase land and construct community mental health centers in Spartanburg and Orangeburg;
- 13. Agreed to meet at 11:00 a.m. on Monday, December 7, 1992, at the Donnelley Wildlife Management Area in Colleton County;
- 14. Received legal advice relating to the Department of Social Services;
- 15. Received legal advice relating to the Water Resources Commission and the Division of General Services; and
- 16. Received a briefing on legal issues relating to the Executive Director's Office.

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MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

Tuesday, November 24, 1992 10:00 A. M.

The Budget and Control Board met at 10:00 a.m. on Tuesday, November 24, 1992, 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 John Drummond, Chairman, Senate Finance Committee;
Representative William D. Boan, Chairman, Ways and Means Committee.

Also attending were Executive Director Luther F. Carter; Board Secretary Donna K. Williams; Deputy Executive Director Richard W. Kelly; Chief Deputy Attorney General Joseph D. Shine; Governor's Senior Executive Assistant W. Eddie Gunn; Senior Assistant State Treasurer C. C. "Chuck" Sanders, Jr.; Assistant Comptrollers General George M. Lusk and Kinsey Jenkins; Finance Committee Chief of Staff Robert Merritt and Budget Division Director Susan K. Hooks; Ways and Means Committee Director of Research Frank Fusco; and other Board staff.

Adoption of Agenda

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board adopted the agenda as proposed.

Minutes of Previous Meeting

Board members previously had been furnished a draft version of the minutes of the November 10, 1992, meetings of the Budget and Control Board and the State Education Assistance Authority.

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board approved the minutes of the November 10, 1992, Budget and Control Board meeting as written.

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board, acting as the State Education Assistance Authority, approved the minutes of the November 10, 1992, meeting of the Authority as written.

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General Services: Procurement Audit, Aiken County School District (Blue #1)

The Board received as information a report that, in accord with Code Section 11-35-70, the Division of General Services has audited the procurement activity of the consolidated school district of Aiken County.

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

Department of Social Services: Child Support Incentives (Regular Session #1)

DSS Interim Commissioner J. Samuel Griswold and Mr. Oliver Nealy, Chairman of the Steering Committee of the Association of SC Clerks of Court and Recorders, appeared before the Board on this matter.

On September 15, 1992, the Board approved portions of the DSS budget reduction plan, one of which was \$500,000 in Child Support Incentives that flow to the Clerks of Court to help offset the cost of collections.

The total incentives to the Clerks for 1992-93 are projected to be \$2,025,460 (\$2,525,460 less the \$500,000), or \$229,415 less than was received by the Clerks last year.

Dr. Griswold advised by letter that he had met with the Steering Committee of the Association of SC Clerks of Court and Recorders, chaired by Mr. Oliver Nealy, and had explained the Department's budget crisis and that budget reductions have been experienced in every part and program of the agency. The Clerks requested that they be allowed to appear before the Board to ask for reconsideration of the Board's decision.

At the meeting, Dr. Griswold advised that DSS has a long-standing relationship with the clerks of court who provide the primary mechanism for collecting Child Support Program payments from absent parents who are not making payments. He said DSS also is engaged with the clerks in the development of a major automated system that, according to federal regulations, must be in place by 1995. Dr. Griswold advised that the relationship DSS has enjoyed with the clerks has been an exceptionally good one. He pointed out that DSS has had to make painful cuts in almost every aspect of its operations, one of which was in the incentive payments to the clerks. The incentive payments are made by the

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federal government to the State to encourage it to go after child support payments aggressively.

Dr. Griswold said that DSS assists the clerks in offsetting child support payments in the following two ways: (1) a unit cost which is paid to clerks for work actually performed, about \$4.6 million; and (2) incentive payments, about \$1.7 million. He said that the budget adjustments resulted in incentive payments to the clerks being reduced by \$500,000. He advised that he had met with the clerks' representative group, the South Carolina Association of Clerks of Courts and Recorders, and that they had argued that the reduction in funds presents a significant hardship and that the funds are needed to offset the costs of collecting child support payments.

Dr. Griswold advised that it is very difficult for him not to support the clerks, but that is also is very difficult for him to suggest that a certain area of DSS' operations be exempted from the reduction. He pointed out that some very sensitive areas of the Department's budget had been cut, ranging from reductions in welfare payments to staff reductions which cause significant hardship in some county offices.

Dr. Griswold proposed that the Department recently has projected growth in collections which would increase the amount of incentives. He proposed that the clerks be allowed to have their appropriate portion of the growth incentives, which he estimated to be in the \$248,000 to \$331,000 range, to offset the \$500,000 adjustment.

Mr. Nealy informed the Board that approximately twelve to fifteen clerks were present to support his request. He said that the clerks have been working for a number of years with DSS to collect child support payments that have been ordered by the court. He also pointed out that clerks provide other services for DSS, including work on the statewide computer system mandated by federal regulations. He said that each of the clerks has signed an agreement that the State will be in compliance with the federal regulation by 1995.

Mr. Nealy said the clerks have tried to cooperate and do their part to make the compliance possible. He said the cooperation has been a result of the incentives received and that those incentives were supposed to have been used by the clerks to enhance child support collections. He pointed out that clerks

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have hired personnel and have bought computers and other equipment. He said that, if incentives are cut, there will be no choice but to lay off people. He expressed the strong feeling that the clerks must receive the \$500,000 and said that they have signed contracts which call for that amount of money to be paid. He said the clerks feel that the contracts have been breached and that DSS is not doing what the clerks trusted it to do. He expressed concern that the money has been cut, especially since the federal government has not cut its share.

Regarding Dr. Griswold's proposal that the clerks receive a proportion of growth in incentives, Mr. Nealy said the clerks feel they should receive \$500,000 and that the Department should receive the anticipated increase in incentives. He said that, if the incentives are cut, the cost to DSS will be more since there will not be the same level of child support enforcement that currently exists. He reiterated that the clerks depend on the incentives, that they regard the reduction as a breach of faith, that they have signed contracts, and that they are concerned about the worth of the contracts.

Senator Drummond said he was very disturbed by Mr. Nealy's comments and asked how clerks will respond to court orders to collect child support payments. He said judges's orders are directed to the clerks, regardless of whether incentives exist. Mr. Nealy said that clerks will carry out judges' orders, but the effort to find the people and to ensure that they are brought back to court when they are in arrearage would be less than is done now. Senator Drummond pointed out that, in addition to incentives, a lot of other programs were cut. He said that the clerks are saying that they do a good job because of incentives but they should do a good job because the judge told them to do so. He asked if clerks would still carry out judges' orders if the federal government provided no incentives. Mr. Nealy responded that clerks are doing more than they are required to do because of the incentives. He said that the clerks will continue to do what the judges order.

In response to a question from Governor Campbell, Dr. Griswold pointed out that DSS uses the Electronic Parent Locator Network (EPLN) that accesses data bases in other southeastern states to find parents through employers. He said that parents then can be brought into the court system and that clerks can start collections upon the issuance of judges' orders.

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In a discussion relating to garnisheeing wages, Dr. Griswold pointed out that, by court order, the clerks of court collect the payments and transmit those payments. Governor Campbell asked if there is an ability to handle those collections and transmittals electronically so that the clerks of court do not have to collect and transmit. Dr. Griswold advised that the clerks will not be eliminated from the process.

Mr. Patterson expressed appreciation for the great service provided by the clerks and said they are key people in the efficient, orderly operation of the courts in South Carolina. He then asked Dr. Griswold if the service provided by the clerks has been reduced since the budget reduction. Dr. Griswold advised that the funding has not been reduced pending the outcome of today's meeting. Mr. Patterson then asked if funding could be continued until March to give the Legislature an opportunity to look at the situation. Dr. Griswold advised that would mean that, if the result is still to cut the budget, the cut would occur in the last quarter of the fiscal year.

Mr. Morris asked if the Department has the authority to abrogate a duly executed contract. Dr. Griswold advised that DSS has unilateral authority to make the adjustment which would be in the form of an amended contract.

Dr. Griswold advised that DSS has the option on how incentives are used. He said the Department has chosen to give the lion's share to the clerks of court because they do a significant amount of work. He expressed the view that 50-70% of the family court business is precipitated by DSS either in the form of child support enforcement or abuse and neglect cases. He said the child support enforcement program has been successful in South Carolina and that close to \$70 million is now collected. He also advised that the cost of AFDC is significantly offset through the child support enforcement program, but that has increased substantially the burden on the clerks of court.

Mr. Nealy pointed out that clerks must maintain a complete audit trail. He also pointed out that changing the contract is a two-way street.

Following a further discussion, Dr. Griswold advised that, if the Board directs that the clerks receive the \$500,000, there is no way to make up that amount within the Department. He said that, while the Department has the authority to make the unilateral change to the contracts, the clerks have the

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authority not to sign that change. He expressed the hope that the Department and the clerks could avoid getting to that juncture.

Mr. Nealy said that the clerks had depended on the incentives, they had a contract, and they had trusted the Department. He pointed out that the cooperation between DSS and the clerks has improved, and that he would not like to see that lessen.

Senator Drummond expressed the hope that he is reading Mr. Nealy wrong. He pointed out everyone in the State has had to take a cut. He asked if Mr. Nealy is saying services will not be as good if the clerks have to take a cut. Mr. Nealy said he does not think services can be as good.

Senator Drummond moved that the Board accept Dr. Griswold's recommendation. His motion was seconded by Mr. Patterson. Mr. Morris moved to amend the motion to provide that the reduction would not exceed \$200,000 in the fiscal year, rather than \$500,000, in view of the potential for increased collections.

Governor Campbell expressed his agreement with what Mr. Morris has proposed. He proposed as an alternative that the floor be established at \$250,000 and that the top be left open so that restorations could be made up to \$500,000.

Senator Drummond accepted Governor Campbell's amendment to the motion and the Board, by unanimous vote, restored \$250,000 of the \$500,000 reduction as a minimum, with further restoration open to increase dependent upon reimbursement from the federal government into the system, up to a maximum of \$500,000.

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

Budget Division: Accumulated GAAP Fund Balance Deficit Plan (Regular #2)

Budget Division Director Charles Brooks appeared before the Board on this matter.

The Board was asked to adopt a resolution with an accompanying plan to address certain accounting and budgetary concerns. If adopted by the Board, the Plan will be submitted to the Legislature when it convenes in January.

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To underscore the Budget and Control Board's commitment to fiscal responsibility and to maintaining the State's AAA credit rating, the plan proposes changes in the State income tax withholding tables, accelerated funding of the general reserve fund, and a more conservative limit on annual appropriations for the budgetary general fund.

Mr. Patterson advised that the situation the State is in has been driven by the downturn in the economy over the past three years and by the over-withholding of income taxes. He proposed that the Board address four areas as outlined in the plan in order to deal with the situation. He pointed out that the situation had been brought into sharp focus by a statement from Standard and Poors which said the State must take action to reduce the continuing accumulated GAAP deficit in order to maintain its AAA credit rating.

Mr. Patterson stressed that the deficit will not go away unless the Board and the Legislature take some action. He reiterated the four points which he said are necessary to deal with the accumulated deficit.

In response to Senator Drummond, Mr. Patterson advised that the Tax Commission has authority to change the tax tables.

Regarding part four of the plan, relating to the limitation of annual appropriations, Mr. Patterson advised that there had been a great deal of discussion and a number of meetings of Board staff, and that this proposal is a consensus resulting from those meetings.

Mr. Patterson then moved that the Board adopt the resolution and plan as presented. His motion was seconded by Mr. Boan.

Mr. Morris said he has no objection to parts one, two, and three of the plan, but that he does differ on part four.

Senator Drummond observed that everyone seems to want to beat on the BEA which he said has had an impossible task. He pointed out that the BEA has been improved and that he is reluctant to change the process at this point.

Governor Campbell pointed out that the bottom line is to keep from over-appropriating. He suggested that objective could be reached by increasing the capital reserve fund by one percent.

Mr. Morris then distributed copies of "Appropriation Limit Methods, Actual Revenue vs. 75% of BEA Estimate." He said his objection to part four of the plan

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is not against individuals, personalities, or staff, but rather is against a system that is obviously flawed and one that has failed.

Mr. Morris expressed the view that, if the State were to have used an actual collections process, the \$77,941,278 sales tax accrual in 1990-91 would not have been necessary; the special August 22, 1992, meeting of the Board to reduce 1992-93 appropriations by \$202,500,000 would not have been necessary; the Supreme Court's reversal of the Board's August 22 decision would not have occurred; as of June 30, 1992, the general reserve fund would have had \$98.8 million remaining rather than having been depleted; and the State would not be under CreditWatch.

Mr. Morris reiterated that the above situations would not have occurred had the Board used actual historical collections rather than fantasy projections. He said that, regardless of changes in personnel, the system remains the same. He urged that something more than cosmetics be done about a system that is not working.

Mr. Morris presented the following formula for future budget spending: actual revenues minus non-recurring revenues equals net revenues plus median percentage growth rate in net revenues over the last three fiscal years equals general fund appropriation limit for the next budget cycle (revenue collections in 1992-93 would be the basis for the 1994-95 appropriation limit).

Mr. Morris then presented the following formula using 75% method, which he said leaves itself open to manipulation and which multiplies the existing problem: BEA estimated revenues for the future fiscal year minus actual net revenue collections for the most recently completed fiscal year equals "A" multiplied by 75% equals "B" plus actual net revenue collections for the most recently completed fiscal year equals general fund appropriation limit for the next budget cycle (revenue collections in 1992-93 would be the basis for the 1994-95 appropriation limit).

Mr. Morris stressed that the proposed part four will perpetuate the failed, flawed system of folly and fantasy and expressed his intention to vote against it. He pointed out that, had the 1992-93 budget been based on actual collections rather than on the BEA estimate, the difference would have been \$291,204,284

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and the Board would not have been required to reduce appropriations by \$202,500,000.

Following an extended discussion of various methods for estimating revenue, Mr. Patterson urged the Board to take action today to adopt a plan that can be passed on to the rating services. Mr. Morris expressed the view that the rating services prefer his plan.

Governor Campbell observed that the past few years have been extremely unusual and that the recession is not peculiar to South Carolina. He pointed out that the steps taken with the BEA have been good and that he has more confidence in BEA projections. He also noted that, while the leveling of the field will help, it will not prevent deficits or surpluses but rather will provide a balance over a period of time.

Governor Campbell observed that Board members seem to agree on the first three parts of the plan. He cautioned that locking into a formula drives tax increases. After further discussion, he expressed no objection to either of the proposals for part four of the plan, but asked to hear from the Board of Economic Advisors on both proposals.

Mr. Boan pointed out that no one has been more critical of the BEA than he, but that the BEA now has a new format and new personnel and is able to analyze numbers and react to changes better than ever before. He then questioned whether the changing of tax tables is part of the GAAP deficit. He urged Board members not to lose sight of the fact that the GAAP deficit exists because the State has spent more than it has taken in during the past three years. He also pointed out that the formulas currently being funded in the State budget are increasing at twice the rate of revenues.

Board of Economic Advisors Chairman Harry Miley said that no one is as sensitive to errors as is the BEA. He pointed out that the BEA does not make policy, but that it deals only with the revenue side. He expressed the view that the recent changes to the BEA have improved its ability to analyze the economy and tax collections. He said that BEA Board and staff members are conscientious and diligent.

Mr. Morris said he is not critical of BEA Board or staff members. He said, however, the system is flawed and has not worked and pointed out that BEA

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estimates are based on history of revenues and the economy as well as what is anticipated for the future.

Following a further discussion, Mr. Patterson reminded the Board that there is a motion on the table and called for the question. Governor Campbell questioned whether Board members are ready to vote on all four parts of the proposed plan and recommended that the Board consider each part of the plan separately. He then recommended that part 3 be amended so that the capital reserve fund would be completely replenished.

Upon a motion by Mr. Patterson, seconded by Senator Drummond, Board members approved part three of the plan as modified ("Request the Legislature to appropriate the amount necessary of the Capital Reserve Fund in FY 93-94 to fully fund the General Reserve Fund.") and approved part two of the plan as proposed ("Replenish the General Reserve Fund in accordance with Constitutional requirements. Additionally, beginning in FY 92-93 transfer funds in excess of the annual operating expenditures, if any, to the General Reserve Fund until it is fully funded, as required by statute.").

Following a discussion, upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board approved part one of the plan as modified: "Change income tax withholding tables to reduce withholdings by \$270 million and to reduce the income tax refund liability (Tax Refunds Payable) by \$135 million over a period not to exceed eight years."

Upon a motion by Mr. Patterson, seconded by Mr. Boan, the Board adopted part four of the plan as proposed: "Beginning with the budget prepared for FY 94-95, request the Legislature to limit annual appropriations to the lower of (a) actual recurring revenues for the most recent completed fiscal year plus 75% of the Board of Economic Advisors (BEA) estimated recurring revenue growth or (b) the BEA's revenue projection." Mr. Morris voted against the motion.

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

Budget Division: POLA Operations (Regular Session #3)

Budget Division Director Charles Brooks appeared before the Board on this matter.

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The Budget Division recommended that Proviso 129.12, POLA, 110%, be deleted and that the following new proviso be included in the appropriations bill:

129.XX (POLA, 120%, Other Funds)

The Professional and Occupational Licensing Agencies referred to in Section 11-5-210 of the 1976 Code shall operate with Earmarked Other Funds authorization and shall generate revenue at least equal to 120% of their expenditures for the current fiscal year but not less than the agency remitted to the General Fund above expenditures in the prior fiscal year. The Budget Division Office shall establish a schedule for revenues to the General Fund on each agency and shall monitor to ensure all revenues above expenditures go directly to the General Fund for the current fiscal year.

The effect of the new proviso is that the source of funding for all POLA agencies is changed from State funds to other funds; revenue collections will be at least 120% of expenditures; all revenue collected above expenditures will go directly to the general fund; additional authorization and related revenue during the fiscal year will go through the JARC process.

The Budget Division and JARC would continue to have control of the agency budget process. POLA budgets would continue to be acted on by the General Assembly.

For 1993-94, each POLA must remit revenues at least as much as remitted to the general fund above expenditures as in 1992-93. This will enable the agencies to operate within their statutory requirements, to manage more effectively and efficiently, and to eliminate State fund allocations for base pay increase and related fringes, insurance, rent, etc.

1993-94 Other Fund Authorization	\$8,329,310
Revenue Projections	13,192,112
120% Requirement	9,995,172
 Net to the General Fund	 \$4,862,802

Upon a motion by Senator Drummond, seconded by Mr. Morris, the Board approved the deletion of Proviso 129.12 (POLA, 110%) and approved new Proviso 129.XX (POLA, 120%, Other Funds) for inclusion in the 1993-94 appropriations bill.

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

Budget Division: 1993-94 Appropriations Recommendation (Regular Session #4)

Budget Division Director Charles Brooks appeared before the Board on this matter.

The Budget Division presented an appropriation recommendation in excess of \$3,512,640,509 previously allocated to agencies by the Board on September 15, 1992. The Board was advised that the additional allocation consists of \$20,539,182 of new recurring revenue and \$48,625,000 in nonrecurring revenue. Expenditure recommendations included:

- Recurring: \$723,179 capital reserve fund; \$498,145 constitutional and legislative salaries; \$12,000,000 debt service; \$6,358,406 local government fund; \$2,331,431 Homestead Exemption restoration and growth; -\$1,088,774 SVA general fund phase-out; -\$383,205 JEDA general fund phase-out;
- Non-recurring: \$33,415,867 general reserve fund replacement; \$2,000,000 Election Commission 1994 primaries; \$6,800,000 school buses; \$6,409,133 textbooks.

At the meeting, Mr. Brooks advised that the BEA projected revenue growth is 0.4% over the current year's projected revised revenue which equates to 2.5% growth in recurring dollars and a -60.5% growth in nonrecurring dollars.

Mr. Brooks advised of the following slight change to the proposed allocation of the \$48,625,000 of non-recurring revenue: reduction of school buses and textbooks by \$2.5 million each and allocation of \$5,000,000 to TEC special schools for training new employees.

Governor Campbell advised that the allocation for TEC schools is needed because of required training programs in Hemingway, Myrtle Beach, Florence, Sumter, Charleston, Prosperity, Edgefield, Greenville, Bennettsville, Dillon, Cheraw, Hartsville, Anderson, Spartanburg, Chester, Gaffney, Greenwood, Barnwell, and North Augusta. He said that over 10,000 persons to be employed by new companies locating in South Carolina must be trained over the next year.

Mr. Boan said that the Constitution may require salary increases, but that he absolutely is opposed to spending \$600,000 of the \$20 million new money on

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constitutional and legislative salary increases. Mr. Brooks advised that the largest portion of that recommendation is for the salaries of Justices of the Supreme Court whose budget had been cut more than \$480,000. He said those salaries are required by law to be paid at the level in the appropriations act.

Senator Drummond expressed the view that the Board had not cut Judicial Department salaries and said the Judicial Department is receiving more money this year than it had received last year. Mr. Brooks advised that the salaries should have been excluded before the budget reduction was applied.

Following further discussion, upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board approved the following revision to the proposed budget recommendation: constitutionally mandated justices' and judges' salaries, \$486,516; and homestead exemption restoration and growth, \$2,443,060.

[Secretary's Note: The revised budget recommendations as approved at the meeting included the following:

Recurring: \$723,179 capital reserve fund; \$486,516 constitutionally mandated judges' and justices' salaries; \$12,000,000 debt service; \$6,358,406 local government fund; \$2,443,060 Homestead Exemption restoration and growth; -\$1,088,774 SVA general fund phase-out; -\$383,205 JEDA general fund phase-out;

Non-recurring: \$33,415,867 general reserve fund replacement; \$2,000,000 Election Commission 1994 primaries; \$5,000,000 TEC special schools; \$4,300,000 school buses; \$3,909,133 textbooks.]

Governor Campbell expressed confidence that the economy is growing and that the outlook will be better than has been presented today. He cautioned that, if the economy does not improve, the State will be pressured very hard by the growth in public schools. He suggested that about 1% be eliminated from the budget to fund the amount needed for pupil growth in public schools. He said the anticipated 14,000 additional students will cost about \$17.6 million, and that it must be funded.

Mr. Morris expressed opposition to reducing all other agencies by 1%.

Governor Campbell reiterated that the students will be coming into the schools and that they must be funded. He urged that it be set as a priority budget item.

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In response to Mr. Patterson, Mr. Brooks advised that about 14,000 children are expected in 1993-94 and each year after for approximately five to ten years.

Governor Campbell again urged that the item be elevated so that it does not get lost or have to compete with the clamor for pay raises.

Dr. Carter asked if the Governor Campbell's proposal is that all non-educational agencies would have a 1% across-the-board cut. Governor Campbell affirmed that his intent is that non-educational agencies be reduced 1% across-the-board if other funds are not available to fund the 14,000 students.

Mr. Boan agreed that the situation must be addressed. He expressed the hope that the Board would transmit a balanced budget proposal to the Ways and Means Committee with agency cuts included so that cuts would not have to be made when additional money did not materialize.

Dr. Carter listed the following educational agencies that would be exempt from the 1% reduction: K-12 education, higher education, technical education, and other education-related schools such as Wil Lou Gray Opportunity School, John de la Howe School, and the School for the Deaf and the Blind, and Higher Education Tuition Grants.

Mr. Morris expressed the view that the approach penalizes small agencies that have tried to hold the line. He recommended that those agencies that have not received substantial increases in base budget be exempted from the 1% reduction.

Governor Campbell expressed confidence that the Legislature would have more revenue, but stressed that this item should be included up front.

Mr. Patterson agreed that the matter must be addressed and that the children must be educated, but he pointed out that the State is making another commitment for money it doesn't have. Governor Campbell responded that he is making a commitment by changing priorities.

Dr. Carter pointed out that the Board does not send its budget to the Legislature until after the December 7 meeting. He suggested that the Board permit Mr. Brooks and the Budget Division to work on a plan for small agencies' budgets to be presented at the December 7 meeting.

Minutes of Budget and Control Board Meeting
November 24, 1992 -- Page 15

Mr. Brooks reminded the Board that the Department of Corrections, the Department of Social Services, and other agencies are running deficits this year and questioned how those agencies can be cut an additional 1%.

Following further discussion, Mr. Patterson moved that the Board submit its budget proposal as recommended by the Budget Division and to set aside 1% for education for the additional 14,000 students. His motion was seconded by Mr. Morris.

In the ensuing discussion, Mr. Boan strongly recommended that the recommended budget be balanced and that, if funding the additional students is to be a priority, it must be addressed in the recommended budget. He said that the Board cannot put a caveat on the recommendation by saying that the item will be funded if the funds are available. He said that Governor Campbell's original suggestion of funding the 14,121 weighted pupil units by cutting all other non-educational agencies by 1% is the only option. Mr. Boan again said that the Board's recommended budget must not have any caveats about additional money.

Mr. Patterson withdrew his earlier motion.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board directed that the 14,121 weighted pupil units be funded by a 1% reduction to non-educational agencies or by formula which would generate the 1% across non-education agencies with that distributional formula to be recommended by the Budget Division at the December 7 meeting.

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

City of North Augusta: Revision No. 5 to Assistance Agreement (Regular #5)

By means of Act 835 of 1973, as amended, the General Assembly appropriated \$7,500,000 to provide financial assistance in the form of loans to municipalities and special purpose districts for sewage collection, treatment, and disposal projects. Twenty-four local units entered into loan agreements with the Board.

The Board was asked to approve Revision No. 5 to the Assistance Agreement with the City of North Augusta dated January 20, 1976, relating to Project C450215 in the original amount of \$386,000.

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Minutes of Budget and Control Board Meeting
November 24, 1992 -- Page 16

The Assistance Agreement requires the City of North Augusta to repay the grant to the State with 5% interest over a 25-year period. Such payment is secured primarily by the ability of the State Treasurer to sequester funds appropriated to the City by the State. In addition, it is secured by the revenues of the Waterworks and Sewer System of the City.

Currently, the City has four bond issues outstanding. The Board has approved a Revision to the Assistance Agreement, subordinating the repayment obligation of the City under the Assistance Agreement to the pledge securing the principal and interest on the Bonds then sought to be issued, each time a bond issue has been undertaken by the City.

In order to refund its Series 1987 bonds and finance approximately \$4,000,000 of expansions and improvements to its system, the City has decided to issue \$6,455,000 of its Waterworks and Sewer System Refunding and Improvement Revenue Bonds, Series 1992.

Revision No. 5 provides that the Series 1992 Bonds would be secured by a lien on a parity with those of the outstanding bonds of the City relating to the System. The Ordinance to which the Series 1992 Bonds will be issued is a "Master Bond Ordinance" and contemplates multiple series of bonds related to the proposed refinancing to be issued from time to time in the future.

Revision No. 5 subordinates the payments owing by the City to the State to the lien securing the Series 1992 Bonds and any additional parity bonds issued from time to time under the master bond ordinance. That change would allow the City to issue additional bonds relating to the proposed refinancing as provided in the master bond ordinance without appearing before the Budget and Control Board in each instance.

Upon a motion by Senator Drummond, seconded by Mr. Patterson, the Board approved Revision No. 5 to the Assistance Agreement with the City of North Augusta dated January 20, 1976, relating to Project C450215 in the original amount of \$386,000.

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

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**Minutes of Budget and Control Board Meeting
November 24, 1992 -- Page 17**

Jobs-Economic Development Authority: Economic Development Bonds/Notes (R#6)

The Jobs-Economic Development Authority requested Board approval of the private sale of Economic Development Revenue Bonds for the following project. An allocation of a portion of the State Ceiling was not requested for this project.

Name of Project:	Crown Management Services, Inc.
Location:	Fort Jackson, Columbia, SC
Principal Amount:	\$5,000,000
Employment Impact:	48 jobs retained; 20 created
Purpose:	laundry facility

Upon a motion by Senator Drummond, seconded by Mr. Boan, the Board adopted a resolution approving the private sale of Economic Development Revenue Bonds by the Jobs-Economic Development Authority for Crown Management Services, Inc., project to be located in Columbia.

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

Dorchester County: Industrial Revenue Bonds, Robert Bosch Corporation (R#7)

The Board was advised that the required reviews on the following proposal to issue revenue bonds have been completed with satisfactory results. The project requires approval under State law. An allocation of a portion of the Ceiling is not required.

Issuing Authority:	Dorchester County
Amount of Issue:	Not exceeding \$300,000,000 Industrial Revenue Bonds
Allocation Amount:	-0-
Name of Project:	Robert Bosch Corporation
Employment Impact:	not less than 50
Project Description:	manufacture of automotive and engine components

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board adopted a resolution approving the Dorchester County proposal to issue not exceeding \$300,000,000 Industrial Revenue Bonds on behalf of the Robert Bosch Corporation project.

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

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General Services: Regulation 19-446, Representation in Proceedings (R8)

The Division of General Services requested Board approval of the following proposed regulation for publication in the December State Register:

19-446. Representation in Proceedings.

Persons not licensed to practice law in South Carolina, including laypersons, Certified Public Accountants, persons possessing Limited Certificates of Admission, architects, and engineers, may appear and represent clients in protests, contract disputes, and other proceedings before the Chief Procurement Officers, including the State Engineer.

This new regulation is proposed to effectuate the Supreme Court's September 21, 1992, Order providing that State agencies can, by such regulations, authorize persons not licensed to practice law in South Carolina to represent clients in proceedings before the agency; in this case, the Chief Procurement Officers, Division of General Services.

A public hearing is scheduled for January 28, 1993, should one be requested.

The preliminary fiscal impact statement indicates that there will be no additional costs incurred by the State and its political subdivisions in complying with this new regulation, which is completely consistent with present practice and allows parties to the protests, including State agencies, their choice of representatives in addition to lawyers licensed in South Carolina.

Final regulations will be brought back to the Board for approval for submission to the General Assembly.

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board approved proposed regulation 19-446, Representation in Proceedings, for publication in the December State Register.

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

General Services: Mental Health Departmental CIB Issue (Regular Session #9)

The Division of General Services recommended approval of the Department of Mental Health's request to issue \$8,888,287 in departmental capital improvement

**Minutes of Budget and Control Board Meeting
November 24, 1992 -- Page 19**

bonds. The proceeds of the bonds will be used to purchase land and construct community mental health centers in Spartanburg and Orangeburg.

The Spartanburg project will be funded at \$6,388,287 and the Orangeburg project at \$2,500,000. Both projects were included in the agency's 1992-93 Annual Permanent Improvement Program (APIP) and have been approved by the Board.

In accord with Section 3 of Act 151 of 1983, which authorizes the Department to issue bonds for capital improvements, the Board may approve in whole or in part any application from the Mental Health Commission. The Commission, on May 8, 1992, approved the issuance of departmental bonds for the Spartanburg and Orangeburg projects when it approved the Department's APIP.

Current annual revenues are sufficient to cover the highest annual debt service on outstanding and proposed bonds, with a margin of \$340,414. The total principal and interest on the bonds, to be paid over 15 years, is \$13,865,739. Maturity schedules provided by the Department are based on an issue of \$8,888,287 with a 7% interest rate. The interest rate is higher than will actually be used, thereby providing conservative estimates of the proposed costs and revenues.

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board authorized the Department of Mental Health to issue \$8,888,287 departmental capital improvement bonds to purchase land and construct community mental health centers in Spartanburg and Orangeburg.

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

Budget and Control Board: Future Meeting (R#10)

The Board was advised that the next regular meeting of the Budget and Control Board will be held at 11:00 a.m. on Monday, December 7, 1992, at the Donnelley Wildlife Management Area in Colleton County. Board members also were provided with the following schedule for regular meeting to be held in calendar year 1993:

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Minutes of Budget and Control Board Meeting
November 24, 1992 -- Page 20

January 12	July 15
February 16	August 10
March 9	September 14
April 20	October 14
May 11	November 9 and 23
June 8	December 14

The Board without objection agreed to meet at 11:00 a.m. on Monday, December 7, 1992, at the Donnelley Wildlife Management Area in Colleton County.

Executive Session

The Board without objection agreed to consider the following items, which had been published previously, in executive session, whereupon Governor Campbell declared the meeting to be in executive session:

- | | | |
|---|--------------------------|--|
| 1 | Dept. of Social Services | Legal Advice |
| 2 | General Services | Legal Advice (Litigation re Obstruction in Navigable Waters) |
| 3 | Executive Director | Legal Advice |

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) Department of Social Services: Legal Advice (Executive Session #1)

The Board received legal advice relating to the Department of Social Services.

(b) General Services: Legal Advice (Litigation re Obstruction in Navigable Waterway (Executive Session #2)

The Board received legal advice relating to the Water Resources Commission and the Division of General Services.

(c) Executive Director: Legal Advice (Executive Session #3)

The Board received a briefing on legal issues relating to the Executive Director's Office.

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Minutes of Budget and Control Board Meeting
November 24, 1992 -- Page 21

Adjournment

Upon a motion by Mr. Morris, the meeting was adjourned at 1:25 p.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 2:00 p.m. on Friday, November 20, 1992.]

C3535

EXHIBIT

NOV 24 1992

1

STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

ITEM NUMBER

/

AGENCY: General Services

SUBJECT: Procurement Audit, Aiken County School District

In accord with Code Section 11-35-70, the Division of General Services has audited the procurement activity of the consolidated school district of Aiken County.

Code Section 11-35-70 requires that each public school district whose annual budget of total expenditures exceeds \$75,000,000 be covered by the Procurement Code unless it develops a similar procurement code that is determined to be substantially similar to the Procurement Code. General Services is required to audit each such school district every three years.

BOARD ACTION REQUESTED:

Receive as information a report that, in accord with Code Section 11-35-70, the Division of General Services has audited the procurement activity of the consolidated school district of Aiken County.

ATTACHMENTS:

Code Section 11-35-70

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requirements that are more restrictive than federal requirements shall be followed.

(4) The acquisition of any facility or capital improvement by a foundation or eleemosynary organization on behalf of or for the use of any state agency or institution of higher learning which involves the use of public funds in the acquisition, financing, construction, or current or subsequent leasing of the facility or capital improvement is subject to the provisions of this Code in the same manner as any governmental body. The definition and application of the terms "acquisition", "financing", "construction", and "leasing" are governed by standards and principles established by the State Auditor.

Section 11-35-45. Payment for Goods and Services Received by State.

(A) Beginning January 1, 1983, all vouchers for payment of purchases of goods or services shall be delivered to the Comptroller General's office within thirty work days from receipt of the goods or services whichever is received later by the agency. After the thirtieth work day, the Comptroller General shall levy an amount not to exceed fifteen percent per annum from the funds available to the agency, such amount to be applied to the unpaid balance to be remitted to the vendor.

(B) All agencies and institutions of the State are required to comply with the provisions of this section. Beginning July 1, 1983, the Department of Mental Health, the Department of Mental Retardation, the Department of Corrections, the Interagency Council on Public Transportation and the Sea Grant Consortium shall process all payments for goods or services through the Comptroller's Office. Only the lump sum institutions of higher education and the Department of Highways and Public Transportation shall be responsible for the payment of all goods or services within thirty work days after the receipt of the goods or services, whichever is received later and shall pay an amount not to exceed fifteen percent per annum on any unpaid balance which exceeds the thirty work day period.

(C) The Comptroller General shall issue written instructions to the agencies to carry out the intent of this section. All offices, institutions, and agencies of state government shall fully cooperate with the Comptroller General in the implementation of this section.

(D) The thirty day period shall not begin until the agency, whether or not the agency processes vouchers through the Comptroller General, certifies its satisfaction with the received goods or services.

Section 11-35-50. Political Subdivisions Required to Develop and Adopt Procurement Laws.

All political subdivisions of the State shall adopt ordinances or procedures embodying sound principles of appropriately competitive procurement no later than July 1, 1983. The Budget and Control Board, in cooperation with the Procurement Policy Committee and subdivisions concerned, shall create a task force to draft model ordinances, regulations and manuals for consideration by the political subdivisions. The expenses of the task force shall be funded by the General Assembly. The task force shall complete its work no later than January 1, 1982.

Section 11-35-60. Dissemination of Regulations.

The dissemination of regulations relating to the implementation of this code shall be in accordance with Sections 1-23-10 et. seq. of the 1976 Code.

Section 11-35-70. School District Subject to Consolidated Procurement Code.

Irrespective of the source of funds of any school district whose budget of total expenditures, including debt service, exceeds seventy-five million dollars annually is subject to the provisions of Chapter 35 of Title 11, Code of Laws of South Carolina, 1976 (South Carolina Consolidated Procurement Code) and shall notify the Director of the Division of General Services of the Budget and Control Board of its expenditures within ninety days after the close of its fiscal year. However, if a district has its own procurement code which is in the written opinion of the Division of General Services of the State Budget and Control Board substantially similar to the provisions of the South Carolina Consolidated Procurement Code, the district is exempt from the provisions of the South Carolina Consolidated Procurement Code except for a procurement audit which must be performed every three years by the Division of General Services.

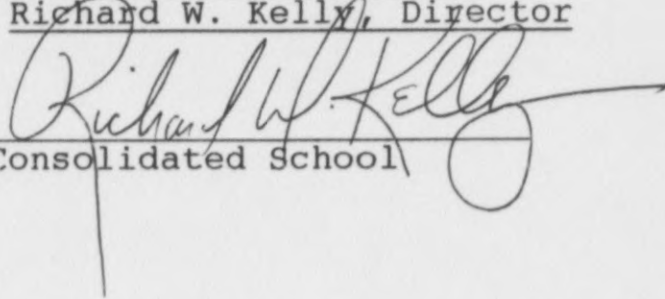
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/91)

For meeting scheduled for:

November 24, 1992

☒ Blue Agenda
☐ Regular session
☐ Executive session

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



2. Subject: Procurement Audit of the Consolidated School
District of Aiken County

3. Summary Background Information:

Section 11-35-70 of the Consolidated Procurement Code requires that each public school district whose annual budget of total expenditures exceeds seventy-five million dollars be covered by the South Carolina Consolidated Procurement Code unless they develop a procurement code that is determined to be substantially similar to the Consolidated Procurement Code. Further, the Act requires that the Division of General Services audit each such school district every three years.

The Division of General Services has performed an audit of the procurement activity of the Consolidated School District of Aiken County and submits the report as information.

4. What is Board asked to do?

Receive the report as information

5. What is recommendation of Board division involved?

That the report be received as information

6. Recommendation of other office (as required)?

Office Name _____	Authorized Signature _____
-------------------	----------------------------

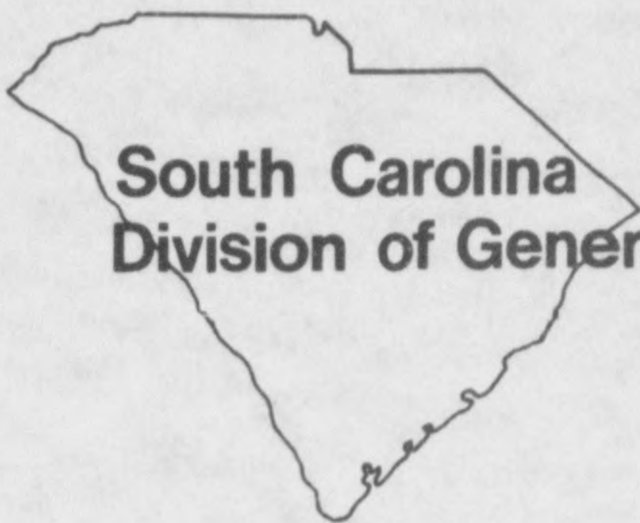
7. Supporting Documents:

List those attached:

List those not attached
but available:

-Copy of Section 11-35-70 of the Procurement Code

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South Carolina
Division of General Services

EXHIBIT

NOV 24 1992

1

STATE BUDGET & CONTROL BOARD

PROCUREMENT AUDIT AND CERTIFICATION

THE CONSOLIDATED SCHOOL
DISTRICT OF AIKEN COUNTY

AGENCY

APRIL 1, 1992 - SEPTEMBER 30, 1992

DATE

C3539

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

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 18, 1992

Mr. Richard W. Kelly
Director
Division of General Services
1201 Main Street, Suite 420
Columbia, South Carolina 29201

Dear Rick:

I have attached the final Consolidated School District of Aiken County procurement audit report and recommendations made by the Office of Audit and Certification. The audit was performed in accordance with Section 11-35-70 of the Consolidated Procurement Code. Since Budget and Control Board action is not required, I recommend the report be presented as information.

Sincerely,

James J. Forth, Jr.
Assistant Division Director

JJF/jj

Attachment

EXHIBIT

NOV 24 1992

1

STATE BUDGET & CONTROL BOARD

03540

EXHIBIT

NOV 24 1992

1

STATE BUDGET & CONTROL BOARD

THE CONSOLIDATED SCHOOL DISTRICT OF AIKEN COUNTY

PROCUREMENT AUDIT REPORT

JULY 1, 1990 - MARCH 31, 1992

FOLLOW-UP REVIEW

APRIL 1, 1992 - SEPTEMBER 30, 1992

C3541

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Results of Examination.....	11
Conclusion.....	32
Follow-up Review.....	34

NOTE: The District's responses to issues noted in this report have been inserted immediately following the issues 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

November 13, 1992

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

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 Consolidated School District of Aiken County for the period July 1, 1990 - September 30, 1992. 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 Section 11-35-70 of the South Carolina Consolidated Procurement Code and the District's procurement code and regulations. 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 Consolidated School District of Aiken County is responsible for establishing and maintaining a

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system of internal control over procurement transactions. In fulfilling 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.

C3544

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

Voight Shealy

R. Voight Shealy, CFE, Manager
Audit and Certification

03545

SCOPE

We conducted our examination in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures of the Consolidated School District of Aiken County and its 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.

We statistically selected random samples of procurement transactions for the period July 1, 1990 - March 31, 1992, for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. Specifically, the scope of our audit included, but was not limited to, the following:

- (1) One hundred and five randomly selected procurement transactions which included maintenance contracts
- (2) An additional review of ten sealed bids which included seven supply warehouse term contracts
- (3) Fifteen judgementally selected procurement transactions from Food Services
- (4) Block sample of five hundred sequentially numbered purchase orders
- (5) The selection and approval of seven architect and engineering service contracts
- (6) Thirteen permanent improvement projects for approvals and compliance with the South Carolina School Facilities Planning and Construction Guide

INTRODUCTION

On April 6 - May 21, 1992, we conducted an examination of the internal procurement operating procedures and policies of the Consolidated School District of Aiken County. We made the examination under authority described in Section 11-35-70 of the South Carolina Consolidated Procurement Code.

Our 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 Consolidated School District of Aiken County Procurement Code and regulations were in compliance with existing laws and regulations and with accepted public procurement standards.

As with our audits of state agencies, our work was directed also toward assisting the school district in promoting the underlying purposes of the Consolidated Procurement Code which we believe to be appropriate for all governmental bodies and which are outlined in Code Section 11-35-20, to include:

- (1) to ensure the fair and equitable treatment of all persons who deal with the procurement system of this State
- (2) to provide increased economy in state procurement activities and to maximize to the fullest extent practicable the purchasing values of funds of the State
- (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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SCOPE

We conducted our examination in accordance with Generally Accepted Auditing Standards as they apply to compliance audits. Our examination encompassed a detailed analysis of the internal procurement operating procedures of the Consolidated School District of Aiken County and its 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.

We statistically selected random samples of procurement transactions for the period July 1, 1990 - March 31, 1992, for compliance testing and performed other audit procedures that we considered necessary to formulate this opinion. Specifically, the scope of our audit included, but was not limited to, the following:

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- (4) Block sample of five hundred sequentially numbered purchase orders
- (5) The selection and approval of seven architect and engineering service contracts
- (6) Thirteen permanent improvement projects for approvals and compliance with the South Carolina School Facilities Planning and Construction Guide

C3547

- (7) All sole source procurements for the period
7/1/90 - 3/31/92
- (8) All emergency procurements for the period 7/1/90 - 03/31/92
- (9) Minority Business Plan and reports to the School Board
- (10) Adherence to applicable procurements laws, regulations and
internal policy
- (11) Procurement staff and training
- (12) Adequate audit trails
- (13) Evidence of competition and sealed bidding procedures
and format
- (14) Warehousing, inventory and disposition of surplus property
procedures
- (15) Property management accountability
- (16) Economy and efficiency of the procurement process

FOLLOW-UP REVIEW SCOPE

During a two day follow-up review that we performed October 21-22, 1992, we tested the following additional transactions:

- (1) All sole source and emergency procurements for the period
4/1/92 - 9/30/92
- (2) Five sealed bids processed since our audit
- (3) One hundred sequentially numbered purchase orders for the
period 9/15/92 - 9/18/92
- (4) Selection of one A&E contract
- (5) A review of the corrective action taken by the District

Please see page 34 of this report for the follow-up results.

C3548

EXHIBIT

SUMMARY OF AUDIT FINDINGS

NOV 24 1992

1

STATE BUDGET & CONTROL BOARD

Our audit of the procurement system of the Consolidated School District of Aiken County, hereinafter referred to as the District, produced findings and recommendations in the following areas:

PAGE

I. Compliance - General Sample

During our review of the random sample we noted the following exceptions.

A. Procurements Made Without Evidence of Competition

11

Five procurements were not supported by the required competition, sole source or emergency determinations.

B. Maintenance Contract Extended Without Competition

12

One maintenance contract was extended without competition being solicited or a sole source determination being prepared.

C. Insufficient Number of Quotations or Bids Solicited

13

On four procurements the District did not solicit the required number of bids or quotations.

D. State Contract Numbers Not Referenced

13

State contract numbers were not referenced on purchase orders using state contract prices.

E. No Statements of Awards Prepared 14

Two bid folders lacked statements of awards to the successful bidder.

F. No 16 Day Intent to Award Notice 14

One proposal for a contract greater than \$50,000 lacked the required 16 day intent to award notice.

G. No Written Bid Tabulations Prepared 15

Written bid tabulations were not prepared for a food service equipment bid and two sealed proposals.

H. Multi-Term Determinations Not Prepared 16

The District failed to prepare multi-term determinations for two multiple year contracts.

I. Determinations for Requests for Proposals Not Prepared 17

Determinations "to do" and "to award" proposals were not prepared in three instances.

J. Bidders List Not Available for Review 17

The bidders list was not retained in one bid package for award greater than \$30,000.

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K. Sole Source and Emergency Determinations Not Approved

18

Two sole source and two emergency determinations were not approved by an authorized official.

L. Legal Services Contract Approval Not Documented

18

A contract for legal services was not supported by Board minutes.

M. Overpayment Made to Vendor

19

An overpayment of \$120.00 for freight was made to a vendor.

II. Sealed Bid Package Problems

20

The Purchasing Director needs to review the bid packages for clarity of bid opening time and dates, bid specifications, rejections of bids, statement of awards and signature of bidders.

III. Compliance - Food Service Contract

21

Food Service failed to seal bid smallware procurements which were greater than \$2,500.

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- IV. Compliance - Sole Source and Emergency Procurements 22
- We noted the following types of exceptions in this area:
- a. Required reports not prepared
 - b. Unnecessary sole sources
 - c. Inappropriate sole source and emergency procurements
 - d. Inadequate sole source justifications
- V. General Review of Bid Package and Purchasing Procedures 26
- We noted several areas where the bid packages and bidding procedures can be improved.
- VI. Minority Business Enterprise Utilization Plan 28
- The District has not adopted a comprehensive Minority Business Enterprise Utilization Plan as required by its Code.
- VII. Missing Documentation in Permanent Improvement Files 29
- Permanent improvement files documentation is incomplete and poorly organized for both A&E Services and major construction.

03552

RESULTS OF EXAMINATION

I. Compliance - General Sample

To test for general compliance with the District's Procurement Code, hereinafter referred to as the District's Code, we selected a random sample of one hundred fifteen procurement transactions and/or contracts from the audit period July 1, 1990 through March 31, 1992. As a result of this testing, we noted the following exceptions:

A. Procurements Made Without Evidence of Competition

Five procurements were not supported by evidence of proper competition or sole source or emergency determinations. These were as follows:

<u>Item #</u>	<u>PO#/Check#</u>	<u>Amount</u>	<u>Item/Service Description</u>
1	93216	1,466.85	Trophies
2	87838	1,032.00	Forms detacher
3	90521	3,000.00	French drain
4	100315	3,600.00	Estimating services
5	95056	2,353.86	Electrical services

The District's Code and regulations require that all procurements above \$500.00, which are not exempt, be competitively bid or justified as sole source or emergency procurements.

Item (1) was a two year contract (approximately \$10,000 per year) for employee uniform rentals. This contract was handled by the Physical Plant instead of being submitted to the Purchasing Director. We recommend that the Purchasing Office solicit bids for a new contract at the end of this contract term.

Items (2) and (3) should have been supported by informal quotations obtained prior to purchase. Items (4) through (7) should have been bid by the Maintenance Department or the Physical Plant.

We recommend that the District adhere to its Code's requirements regarding competition on all future procurements.

DISTRICT RESPONSE

The District will adhere to its codes requirements regarding competition and documentation of sole source/emergency determination on all future procurements.

B. Maintenance Contract Extended Without Competition

The District has extended the following contract year after year without seeking competition or preparing sole source determinations and multi-term determinations. This agreement was entered into prior to the District coming under the Code.

<u>DESCRIPTION</u>	<u>YEARLY AMOUNT</u>
Temperature control maintenance contract	\$20,964.84

The District must evaluate each continuing maintenance procurement and handle as appropriate: Either

- a) seek competition through sealed bid method.
- b) seek competition through request for proposal process.
- c) determine that the procurement is a sole source and prepare the sole source determination.

The District may make multi-year awards up to a maximum of five years if the services meet the criteria as stated in the regulations.

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DISTRICT RESPONSE

STATE BUDGET & CONTROL BOARD

The District will evaluate this continuing contract at the end of every five years. At the end of each five year contract period, the District will either:

- a) Seek competition through sealed bid method
- b) Seek competition through request for proposal process
- c) Determine that the procurement is a sole source and prepare the sole source determination.

C. Insufficient Number of Quotations or Bids Solicited

The District procured copiers and attachments from the United States General Services Administration (GSA) contract. Purchase order numbers 39124 for \$2,100 and 38152 for \$5,882.10 for these copiers were not supported by any additional competition. It is our opinion that these purchases should have been bid and the GSA price used as a responding competitive bid.

Also, purchase order 39923 for \$2,271.15 was for a stove and refrigerator. Only two written quotations were solicited. The District Code requires three written quotations.

Finally, purchase order 43174 for \$1,786.85 for electronic testing equipment was supported by four verbal quotes. However, the regulations require three written quotes.

DISTRICT RESPONSE

In the future, the District will solicit the required number of bids or quotations on all procurements.

D. State Contract Numbers Not Referenced

Many purchase orders resulting from state contracts failed to reference the applicable contract number. For compliance

verification, every purchase made from an existing state contract should reference the contract number.

We recommend that the District reference state contract numbers when they are utilized.

DISTRICT RESPONSE

The District will begin referencing state contract numbers on purchase orders using state contract prices.

E. No Statements of Awards Prepared

The District could not document that a statement of award was prepared for the following awards:

<u>Bid#</u>	<u>Resulting PO#</u>	<u>PO Amount</u>	<u>Item Description</u>
B911218A	39881	\$ 3,137.40	Chalkboards
B911024	42120	30,485.02	Computer equipment

Section P.3. of the regulations states in part: "written notice of award shall be sent to the successful bidder in procurements over \$2,500.00."

A copy of the statement of award should be retained in all bid packages for compliance verification.

DISTRICT RESPONSE

In the future, a copy of the statement of award will be retained in all bid packages.

F. No 16 Day Intent To Award Notice

We noted that in the following proposal package, that the required 16 day intent to award notice was not prepared and mailed to the

responding bidders as required for all contracts in excess of \$50,000 per the District's Code (Section V.B.2.J).

<u>Proposal Number</u>	<u>Item/Description</u>	<u>Amount</u>
RFP 910809	Line of credit	\$ 200,000

Notice must be given to all responding bidders that a certain bidder is the lowest responsible and responsive bidder whose proposal meets the requirements and criteria set forth in the invitation.

We recommend that notices of intent to award be issued for all contracts of \$50,000 or more.

DISTRICT RESPONSE

In the past, the District ran a general notice in the newspaper for notice of award over \$50,000 but no individual notices were sent. All future procurements over \$50,000 will be handled as recommended.

G. No Written Bid Tabulations Prepared

A bid tabulation was not prepared for bid package B921219 for food service equipment. Section V.B.2.f of the District's Code reads in part: "the amount of each bid..., together with the name of each bidder shall be tabulated. The tabulation shall be opened to public inspection at that time."

Furthermore, bid tabulation sheets were not prepared for the following requests for proposals:

<u>RPF#</u>	<u>Description</u>
910809	Line of credit
910619	Educational supplies

All tabulation sheets should be signed by the Purchasing Agent and witnessed by an assistant at the opening.

DISTRICT RESPONSE

A "tabulation sheet" form has been developed by Food Service on all bids and has been utilized since this was brought to the attention of the Supervisor of Purchasing and Director of Food Service. All tabulation sheets will be signed by the Purchasing Agent and witnessed by an assistant at the opening. All purchasing agents have been instructed as to the proper procedure to be used.

H. Multi-Term Determinations Not Prepared

The District failed to prepare multi-term determinations to support two multiple year contracts. These were for bids B921212 for educational supplies and B911024D for educational technology equipment. The District's regulations, Section Y.4, states in part... "a multi-term contract may be used when it is determined in writing (Emphasis Added) by the purchasing agent that:

1. a special production of definite quantities or the furnishing of long-term services are required to meet District's needs; or
2. a multi-term contract will serve the best interest of the District by encouraging effective competition... (Emphasis added)

Since the required determinations were not prepared, extension options should not be exercised. The District should prepare these determinations to support future multi-term solicitations to ensure compliance with its Code.

DISTRICT RESPONSE

All future multi-term contract procurements will have multi-term determination prepared by the Supervisor of Purchasing. Notice will furnish all purchasing agents authorized to procure. Procurements cited will not be renewed after this contract expires.

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I. Determinations for Requests for Proposals

We noted three instances where required written determinations to solicit proposals and award proposals were not prepared.

These exceptions were as follows:

<u>RPF#</u>	<u>Description</u>
910809	Line of credit
910619	Educational supplies
911212	Educational supplies

Section V.B.3 of the District's Code states in part: "the purchasing department will determine in writing that competitive sealed proposals will be used in the procurement of new technology or nonstandard items complex in nature." Further, this section reads "Award shall be made to the responsive offeror whose proposal is determined in writing to be the most advantageous to the District..." (Emphasis Added)

We recommend the District adhere to these requirements on all requests for proposals in the future.

DISTRICT RESPONSE

Future procurements will have written determinations to solicit proposals and award proposals. All purchasing agents authorized to procure will receive notice of this requirement.

J. Bidders List Not Available for Review

Since a bidders list was not in the file, we were unable to document the number of bids solicited in bid package B911024D. Since the award was \$30,485.02, ten bids should have been solicited.

We recommend that a bidders list be documented in each sealed bid file.

DISTRICT RESPONSE

Bidders list will be documented in each sealed bid file.

K. Sole Source and Emergency Determinations Not Approved

The following sole source and emergency determinations were not approved by the appropriate authority.

<u>Item#</u>	<u>PO#/Check#</u>	<u>Amount</u>	<u>Item Description</u>
1	42393	\$ 1,367.28	Parts for custodial equipment
2	40208	1,117.20	Elementary school furniture
3	88687	1,621.77	Services to extract water from carpet
4	86780	12,696.28	Replacement of carpet

All four purchases made mention of a sole source or emergency situation, however; a written determination by the Comptroller was never approved as required by the District's Code.

The District must ensure that valid determinations are prepared and approved prior to using the sole source or emergency procurement methods.

DISTRICT RESPONSE

The District purchasing agents will ensure that valid determinations are prepared and approved prior to using the sole source or emergency procurement methods.

L. Legal Services Contract Approval Not Documented

The required approval by the Board of Trustees for professional services by a law firm was not available for review. Section IV.6.f of

the District's Code states: "No contract for the services of attorneys shall be awarded without the approval of the Board of Trustees or its designee."

We were unable to determine if this approval requirement was met for check number 100381 for \$2,451.60.

This approval should be made part of the voucher package.

DISTRICT RESPONSE

The District will require formal approval by the Board prior to contracting with attorneys.

M. Overpayment Made to Vendor

Purchase order 38683 for \$1,773.50 was for musical instruments. The successful vendor quoted free freight. However when the invoice came in, a \$120.00 freight charge had been added by the vendor making the payment due \$1,893.50. Accounting paid the invoice without discussing the difference with the Purchasing Director. The District's Code states in Section X.2 that "adjustments in price shall be documented with a written change order." If this procedure had been followed, the overcharge should have been caught and the overpayment not made.

We recommend that the District develop a comprehensive change order policy to address the type and amount of difference that Accounting may pay without Purchasing's approval, the type and amount of difference that Purchasing can merely approve and the type and amount of difference that requires a written change order. Generally, since Purchasing is most familiar with its agreements with vendors, we recommend their review of invoice differences.

DISTRICT RESPONSE

Overpayment was made and the District is recovering the money. All differences in invoices and purchase orders will be verified by the Purchasing Agent.

A comprehensive change order policy will be developed as recommended.

II. Sealed Bid Package Problems

We noted problems in the following sealed bid files:

A. In bid B911024 for a computer for \$4,592.82 we noted the following inconsistencies:

1. There were conflicting times listed for the bid opening
2. The letter of award was dated prior to the bid opening
3. The letter of award referenced the wrong bid number
4. The contract agreement title referenced "W-2" forms instead of "computers."

B. In Bid B900522B for wax/finishes, we noted that the documentation in the bid file did not clearly explain the rejection of some of the low bids.

C. In Bid 910619 for a piano for \$2,720, we noted the following problems:

1. The letter of award was dated prior to the bid opening date.
2. The low bid, by \$400.00, was rejected without any written justification even though the bid allowed for a "brand name or equal" product.

D. Bid 911016 for a car was to be opened 10/16/90. However, a purchase order was issued 10/09/90 for \$9,394.01 for the vehicle and justified as a sole source procurement because

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the District needed immediate delivery. In response to the solicitation, two other bids were received but the purchase had already been made. The invitation for bids was never cancelled and should have been. In our opinion, this appears to have been more of an emergency than a sole source procurement.

E. In Bid B910326 for office furniture awarded for \$3,431.57, we noted the following problems:

1. The invitation showed conflicting opening dates which were a month apart. There was no evidence of an amendment or clarification in the file.
2. The bids of five vendors were not signed and should have been rejected as per condition 18 of the invitation for bids.

Bid awards must be made based on the requirements of each invitation for bids. If conditions or instructions are incorrect or change, all bidders must be notified by a written amendment prior to bid opening.

DISTRICT RESPONSE

Personnel will make every effort to correct mistakes and other typographical errors contained in bid packages.

Any low bids rejected will clearly explain why their bids were rejected. Purchasing personnel will ensure that all bids are signed as rejected.

III. Compliance - Food Services

In reference to purchase order numbers 45070 and 45073, the District received two informal quotations for food service smallwares. However, since the estimated quantities and prices on this invitation for quotations exceeded \$10,000, competitively sealed bids should have

been solicited from at least ten bidders, if available, according to the District's regulations.

In the future, the District must anticipate the total potential expenditure when determining the appropriate source selection method.

DISTRICT RESPONSE

In the future, the appropriate method of procurement will be used to purchase smallwares.

IV. Compliance - Sole Source and Emergency Procurements

A. Required Reports Not Prepared

Section VIII.D. of the District's Procurement Code requires the following records of procurement actions:

1. Contents of Record: The District shall submit semiannually a record listing all contracts made under sole source procurement or emergency procurements to the Comptroller (Emphasis Added). The record shall contain:

- a. Each contractors name
- b. The amount and type of each contract
- c. A listing of the supplies, services, equipment, or construction procured under each contract.

The purchasing department shall maintain these records for 5 years.

2. Publication of Record: A copy of the record shall be submitted to the Board, through the Superintendent on an annual basis and shall be available for public inspection.

These reports have not been prepared, submitted to the Board or made available for public inspection.

We recommend that the District immediately implement these reporting requirements of its Code.

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DISTRICT RESPONSE

STATE BUDGET & CONTROL BOARD

This report was presented to the Aiken County Board of Education August 11, 1992. Reports have been prepared in the past but not sent to the Board. In the future, all requirements will be met.

B. Unnecessary Sole Sources

Because the following five procurements were exempt from the District's Code, they should not have been justified as sole sources:

	<u>PO#</u>	<u>PO Amount</u>	<u>Date</u>	<u>Description</u>
1.	46796	\$ 1,585.82	09/26/91	Copyrighted software/film-strips/guides
2.	41098	1,022.41	10/19/90	Copyrighted program materials
3.	40559	838.79	10/24/90	Related materials for books
4.	39846	1,465.40	09/09/90	Copyrighted program materials
5.	38754	2,406.00	07/31/90	Computer curriculum courseware

We recommend that the District not use the sole source procurement method for exempt items.

DISTRICT RESPONSE

In the future, all exempt procurements will be handled in the recommended manner.

C. Inappropriate Sole Source and Emergency Procurements

(1) We believe the following two sole sources were inappropriate:

	<u>PO#</u>	<u>PO Amount</u>	<u>Date</u>	<u>Description</u>
1.	42627	\$ 953.40	12/27/90	End tables
2.	40134	1,794.98	10/04/90	Electronic supplies

Regulation S.2. states that "sole source procurement is not permissible unless there is only a single supplier."

The District should ensure that competition is solicited for commercially available items and that sole source procurements are limited to the criteria outlined in its Code and regulations.

(2) We believe that one emergency totalling \$805.88 for styro trays was inappropriate (Ref. purchase order number 44890).

Section V.7 of the District's Code states that emergency procurements may be made when:

"...there exists an immediate threat to public health, welfare, critical economy and efficiency, or safety under emergency conditions as defined in regulation; and provided, that such emergency procurements shall be made with as much competition as is practicable under the circumstances...."

The justifications for these procurements did not fully explain the reasons for the emergencies. Further, competition was not solicited for either item. Since both of these procurements could have been made using small purchase procedures, the emergency procurement method was inappropriate.

We recommend that the District adhere to its guidelines for emergency procurements.

DISTRICT RESPONSE

In the future, every effort will be made to solicit competition for commercially available items. Sole source items will be documented as to amount of competition solicited. Emergency purchases will be fully explained by written justification.

The District will adhere to its guidelines for emergency purchases.

D. Inadequate Sole Source Justifications

The following four sole source determinations were either poorly justified or inappropriate:

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<u>PO#</u>	<u>PO Amount</u>	<u>Date</u>	<u>Description</u>
1. 47205	\$ 648.00	10/21/91	Software for special education
2. 38861	601.94	08/14/90	Chemicals
3. 47906	1,431.35	11/25/91	Curriculum materials
4. 47558	552.50	11/08/91	Meeting room and meal

For items 1 and 2, the justifications were vague and did not fully explain the reason for use of the sole source method of purchase.

Item 3 was sole sourced for compatibility after competition (comparison of catalog prices) had been obtained. Because this item was available from other sources, it was inappropriate to use the sole source method of procurement.

Item 4 was also sole sourced for compatibility. The District sole sourced a meeting room and meals at a local restaurant.

In each case noted above, the District should have provided more complete justifications and ensured compliance with the District's Regulation, S.2. Also, the District should make sure that these justifications are consistent in terminology with the Code and regulations.

In most cases, sole source determinations merely repeat one of the allowed sole source conditions from the District's regulations rather than explaining how each procurement fits that condition. We recommend that each sole source determination be written in such a manner that it alone justifies the procurement as a sole source.

DISTRICT RESPONSE

Each sole source determination will be written to fully explain the justification of a sole source.

V. General Review of Bid Packages and Purchasing Procedures

A. Bid Packages and Bidding Procedures Need Improvement

Throughout our review of sealed bids and bid packages, we noted several areas where improvements need to be made.

1. Terminologies of sealed bid packages should be consistent. In the same invitation for bids we saw references to (1) quote prices, (2) bids and (3) quotations. These terms are not the same. If the package is an invitation for bids, then all references should be as such. The bid package should not be called a "memorandum."
2. Most invitations for bids do not state how the award will be made, such as by lots, individual items or in total. This award criteria should be included in all bids.
3. There is no place in the bid package for bidders to address delivery time or allowable discounts.
4. Bid tabulation sheets are seldom signed and never witnessed. These two procedures are not only required, they are necessary purchasing practices in case of protests.
5. Mailed and hand carried sealed bids or proposal envelopes are not time and date stamped when they are received, only if the bid is late. All bids should be time and date stamped to document timely receipt of all bids.
6. Invitations for bids should be proof read for clarity. We noted several instances of misspellings, conflicting bid opening times and dates, and conflicting bid titles versus what was actually being requested in the bid.

7. In the invitation for bids it states, "the right is reserved, in case of tie bids, to make awards considered to be most advantageous to the School District." However, this is not appropriate as the District's Code spells out in Section V.B.2(i) exactly how a tie will be handled.
8. When the Purchasing Office receives sealed bids prior to the opening date, they file them in the bid folder in a central file. However, the file is not kept locked per purchasing personnel. This file drawer has a lock on it and per the regulations must be kept locked.

B. Improvements to the Purchase Order

1. The purchase order does not include delivery dates or applicable discount terms. These items should be shown when available.
2. Some purchase orders only reference the word, "bid", "RFP" or "state contract" on the face of the purchase order. The bid, RFP or state contract number itself should be referenced on the purchase order to identify the solicitation or contract that supports the purchase.

DISTRICT RESPONSE

The Purchasing Department will develop and use consistent terminology in sealed bid packages. Award criteria will be included in all bids. Future bid packages will reserve a place for bidders to address delivery time or allowable discounts. Bid tabulation sheets will be signed and witnessed. In the future, all bids will be time and date stamped to document timely receipt of all bids. Invitation to bids state that ties will be resolved according to section V.B2(i) of the code. All sealed bids will be maintained in a locked file prior to opening date.

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VI. Minority Business Enterprise Utilization Plan

Act 493 of 1984, which brought the Consolidated School District of Aiken County under the South Carolina Consolidated Procurement Code was effective July 1, 1984. Section 11-35-5240 of the State Procurement Code requires the preparation of a Minority Business Enterprise Utilization Plan to include but not be limited to:

- (1) A policy statement expressing commitment to use MBE's in all aspects of procurement;
- (2) The name of the coordinator responsible for monitoring the MBE Utilization Plan;
- (3) Goals that include a reasonable percentage of total procurements directed toward minority vendors;
- (4) Procedures to be used when it is necessary to divide total project requirements into smaller tasks which will permit increased MBE participation, and;
- (5) Procedures to be used when subcontracts are made with another governmental body.

In concert with this requirement of the State Procurement Code, Section XV.E, of the District's Procurement Code requires development of the same type plan. Further, regulation CC.5(e) requires fiscal year (FY) reporting procedures as follows:

- (1) The MBE Utilization Plan shall be submitted to the Board not later than June 30, 1990, and annually thereafter.
- (2) Progress reports will be submitted quarterly to the Superintendent not later than thirty (30) days after the last day of each fiscal quarter.
- (3) Annual reports will be submitted to the Board not later than thirty days after the end of the fiscal year.

As of the time this audit was performed, the District had not submitted reports of minority participation to the Board. Further, a Minority Business Enterprise Utilization Plan had not been approved by the Board of Trustees.

We recommend the MBE plan be presented to the Board for approval and the MBE reporting requirements be fulfilled.

DISTRICT RESPONSE

The MBE plan was presented to the Board in June 1992.

VII. Missing Documentation in Permanent Improvement Files

During our review of the permanent improvement files, we reviewed the selection process of seven architect/engineer service firms and thirteen major construction files for approvals and compliance with the South Carolina School Facilities Planning and Construction Guide.

As can be seen by the following noted exceptions, the documentation in project files is incomplete and in disarray.

A. Missing A/E File Documentation

The following is a list of required documentation missing from the A/E selection process.

<u>Project</u>	<u>Documentation Missing</u>
1 Voc Ed Renovations	1. Newspaper advertisement 2. A&E Form 254 3. Ranking of five A&E firms 4. No Board approval minutes
2 HVAC upgrade N. Augusta High	1. Only interviewed four firms 2. No Board approval minutes

B. Missing Major Construction Documentation

The following is a list of required documentation missing from the construction files:

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<u>Contract Description</u>	<u>Original Contract Amount</u>
1. Additions to E. Aiken Elementary School	\$645,394.00
(1) 16 Day Intent to Award Letter	
(2) Bid Form of Low Bidder	
(3) Bid Bond with Power of Attorney	
(4) List of Subcontractors	
2. Oakwood Windsor School	\$ 44,910.00
(1) Performance Bond	
(2) Labor and Materials Payment Bond	
3. Belvedere Elementary School	\$ 45,500.00
(1) Performance Bond	
(2) Labor and Materials Payment Bond	
(3) General Power of Attorney	
(4) Bid Bond with Power of Attorney	
(5) List of Subcontractors	
4. Renovations to Paul Knox Middle School	\$159,400.00
16 Day Intent to Award Notice	
5. Roof replacement E. Aiken Elementary School	\$ 33,541.00
(1) Newspaper Advertisement	
(2) Bid Tabulation Sheet	
(3) Performance Bond	
(4) Labor & Materials Payment Bond	
(5) General Power of Attorney	
(6) Bid form of Low Bidder	
(7) Bid Bond with Power of Attorney	
(8) List of Subcontractors	
6. Renovation to Schofield Middle School	\$627,019.00
16 Day Intent to Award Letter	
7. E. Aiken Elementary School	\$202,712.00
16 Day Intent to Award Letter	

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Since the District has been unable to provide these required documents, we have been unable to verify compliance with its Code and regulations on these projects. Because of this, we must consider these exceptions.

We recommend that, in the future, the Physical Plant complete its project files with the required documentation. We also recommend that the project officer devise a check off list for these required documents to insure all files are complete and support the steps taken throughout the project.

DISTRICT RESPONSE

The contract specialist has devised and is using a list to check off documents required to insure all files are complete. The construction management firm employed by the District has been sent a copy of the procurement code. This firm will assist in meeting the required documentation.

03573

CONCLUSION

We must express our concern over the variety and number of exceptions noted during this audit. However, we recognize that this is our first audit of the District since it enacted its Code and regulations.

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 District in compliance with the South Carolina Consolidated Procurement Code. Subject to this corrective action, we recommend that the Consolidated School District of Aiken County be allowed to continue procuring all goods and services in accordance with Section 11-35-70 of the South Consolidated Procurement Code.

In order to verify corrective action, we will perform a follow-up review on or before October 31, 1992.

DISTRICT RESPONSE

The Aiken County School District Administration is of the opinion that some of the exceptions contained in the audit would not have occurred if the Purchasing Office was properly staffed. Many of the clerical errors and lack of documentation exists because of the volume and lack of personnel to properly adhere to the code.

03574

Other exceptions have occurred due to the interpretations of the code. A review will be made of the District's Procurement Code to clarify ambiguities.

James M. Stiles
James M. Stiles, CPPB
Audit Manager

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

03575

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

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DIVISION DIRECTOR

MATERIALS MANAGEMENT OFFICE
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JAMES J. FORTH, JR.
ASSISTANT DIVISION DIRECTOR

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 18, 1992

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

Dear Jim:

To conclude our audit, we performed a two-day follow-up review at the Consolidated School District of Aiken County to determine if the District has taken the corrective actions as outlined in our audit report. The scope of our follow-up review included, but was not limited to, the following:

- (1) All sole source and emergency procurements for the period 4/1/92 - 9/30/92
- (2) Five sealed bids processed since our audit
- (3) One hundred sequentially numbered purchase orders for the period 9/15/92 - 9/18/92
- (4) Selection of one architect-engineer contract
- (5) A review of the corrective action taken by the District

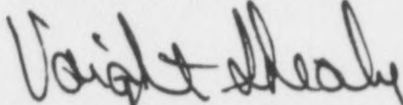
This review produced several findings and recommendations that we have communicated to the District. Overall, we found that the District has made progress toward correcting the findings noted and implementing the recommendations made in our audit report.

C3576

James Forth
Page 2
November 18, 1992

We, therefore, recommend that the District be allowed to continue operating under its own procurement code as authorized by Section 11-35-70 of the Consolidated Procurement Code.

Sincerely,



R. Voight Shealy, Manager
Audit and Certification

RVS/jj

EXHIBIT

NOV 24 1992

1

STATE BUDGET & CONTROL BOARD

C3577

EXHIBIT

NOV 24 1992

2

STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 1

AGENCY: Department of Social Services

SUBJECT: Child Support Incentives

On September 15, 1992, the Board approved portions of the DSS budget reduction plan, one of which was \$500,000 in Child Support Incentives that flow to the Clerks of Court to help offset the cost of collections.

The total incentives to the Clerks for 1992-93 are projected to be \$2,025,460 (\$2,525,460 less the \$500,000), or \$229,415 less than was received by the Clerks last year.

Dr. Griswold has met with the Steering Committee of the Association of SC Clerks of Court and Recorders, chaired by Mr. Oliver Nealy, and has explained the Department's budget crisis and that budget reductions have been experienced in every part and program of the agency.

The Clerks have requested that they be allowed to appear before the Board to ask for reconsideration of the Board's decision.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Griswold October 23 letter; Comparative Analysis of Clerk of Court Incentive Reduction

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OCT 27 1992



**SOUTH CAROLINA
DEPARTMENT OF SOCIAL SERVICES**

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

Public Information Telephone (803) 734-6179 FAX NUMBER 734-5597



October 23, 1992

J. SAMUEL GRISWOLD, PH. D.
INTERIM COMMISSIONER

Ms. Donna K. Williams
Secretary
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Dear Ms. Williams:

At its meeting on September 15, 1992, the Budget and Control Board reviewed the DSS plan for reducing its budget in accordance with Board directives. As you know certain portions of that plan were rejected and other portions were approved. One reduction that was approved was \$500,000 in Child Support Incentives that flow to the Clerks of Court to help offset the cost of collections. We project the total incentives to the Clerks for this fiscal year to be \$2,525,460 less the \$500,000 for a net of \$2,025,460. This would be \$229,415 less than the Clerks received last year. The enclosed schedule shows this distribution by county.

The Steering Committee of the Association of SC Clerks of Court and Recorders, chaired by Mr. Oliver Nealy requested a meeting with me regarding the impact of this reduction. I explained the Department's budget crisis and the reductions experienced by every part and program of the agency. However, the Clerks make a compelling argument. They have requested that I ask for a place on the Board agenda on November 10, 1992, for them to request a reconsideration of the Board's decision. Please consider this letter as such a request.

Thank you for your assistance in this matter.

Sincerely,

J. Samuel Griswold, Ph.D.
Interim Commissioner

JSG/w

Enclosure

ACCREDITED



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

03579

EXHIBIT

NOV 24 1992

2

Comparative Analysis Of Clerk Of Court
Incentive Reduction State Fiscal Year 1992 & 1993
Based On Estimated 12% Increase In Incentives

STATE BUDGET & CONTROL BOARD

	--SFY 1992--			--SFY 1993--			
	Incentives Paid	Net Reduction	Net Payment	Projected Incentives	Projected Reduction	Est. Net Incentives	Pro. Diff. This Yr. To Last Year
Abbeville	\$23,462.62	\$5,202.64	\$18,259.98	\$26,278.13	\$5,202.64	\$21,075.49	(\$2,387.13)
Aiken	81,394.84	18,048.64	63,346.20	\$91,162.22	18,048.64	73,113.59	(8,281.25)
Allendale	22,060.63	4,891.76	17,168.87	\$24,707.91	4,891.76	19,816.14	(2,244.49)
Anderson	53,523.93	11,868.49	41,655.44	\$59,946.80	11,868.49	48,078.31	(5,445.62)
Bamberg	26,838.93	5,951.31	20,887.62	\$30,059.60	5,951.31	24,108.29	(2,730.64)
Barnwell	26,645.15	5,908.34	20,736.81	\$29,842.57	5,908.34	23,934.23	(2,710.92)
Beaufort	37,830.91	8,388.69	29,442.22	\$42,370.62	8,388.69	33,981.93	(3,848.98)
Berkeley	61,269.91	13,586.10	47,683.81	\$68,622.30	13,586.10	55,036.20	(6,233.71)
Calhoun	11,622.88	2,577.28	9,045.60	\$13,017.63	2,577.28	10,440.35	(1,182.53)
Charleston	114,815.35	25,459.36	89,355.99	\$128,593.19	25,459.36	103,133.83	(11,681.52)
Cherokee	41,057.56	9,104.18	31,953.38	\$45,984.47	9,104.18	36,880.29	(4,177.27)
Chester	45,654.72	10,123.56	35,531.16	\$51,133.29	10,123.56	41,009.73	(4,644.99)
Chesterfield	39,121.34	8,674.83	30,446.51	\$43,815.90	8,674.83	35,141.07	(3,980.27)
Clarendon	36,820.22	8,164.58	28,655.64	\$41,238.65	8,164.58	33,074.07	(3,746.15)
Colleton	37,516.17	8,318.90	29,197.27	\$42,018.11	8,318.90	33,699.21	(3,816.96)
Darlington	96,197.06	21,330.91	74,866.15	\$107,740.71	21,330.91	86,409.80	(9,787.26)
Dillon	51,270.58	11,368.83	39,901.75	\$57,423.05	11,368.83	46,054.22	(5,216.36)
Dorchester	27,728.71	6,148.61	21,580.10	\$31,056.16	6,148.61	24,907.54	(2,821.17)
Edgefield	21,392.63	4,743.64	16,648.99	\$23,959.75	4,743.64	19,216.11	(2,176.52)
Fairfield	27,755.16	6,154.48	21,600.68	\$31,085.78	6,154.48	24,931.30	(2,823.86)
Florence	130,723.62	28,986.89	101,736.73	\$146,410.45	28,986.89	117,423.57	(13,300.05)
Georgetown	24,659.63	5,468.07	19,191.56	\$27,618.79	5,468.07	22,150.72	(2,508.91)
Greenville	102,127.24	22,645.87	79,481.37	\$114,382.51	22,645.87	91,736.63	(10,390.61)
Greenwood	38,277.93	8,487.82	29,790.11	\$42,871.28	8,487.82	34,383.47	(3,894.46)
Hampton	20,129.14	4,463.47	15,665.67	\$22,544.64	4,463.47	18,081.17	(2,047.97)
Horry	59,846.72	13,270.52	46,576.20	\$67,028.33	13,270.52	53,757.81	(6,088.91)
Jasper	10,736.08	2,380.64	8,355.44	\$12,024.41	2,380.64	9,643.77	(1,092.31)
Kershaw	18,064.63	4,005.68	14,058.95	\$20,232.39	4,005.68	16,226.70	(1,837.93)
Lancaster	40,407.31	8,959.99	31,447.32	\$45,256.19	8,959.99	36,296.20	(4,111.11)
Laurens	31,663.24	7,021.06	24,642.18	\$35,462.83	7,021.06	28,441.77	(3,221.47)
Lee	42,810.74	9,492.93	33,317.81	\$47,948.03	9,492.93	38,455.10	(4,355.64)
Lexington	31,599.60	7,006.95	24,592.65	\$35,391.55	7,006.95	28,384.60	(3,215.00)
McCormick	10,444.59	2,316.00	8,128.59	\$11,697.94	2,316.00	9,381.94	(1,062.65)
Marion	44,520.96	9,872.16	34,648.80	\$49,863.48	9,872.16	39,991.32	(4,529.64)
Marlboro	42,740.91	9,477.44	33,263.47	\$47,869.82	9,477.44	38,392.37	(4,348.54)
Newberry	28,080.31	6,226.58	21,853.73	\$31,449.95	6,226.58	25,223.37	(2,856.94)
Oconee	14,276.97	3,165.80	11,111.17	\$15,990.21	3,165.80	12,824.41	(1,452.56)
Orangeburg	123,439.02	27,371.59	96,067.43	\$138,251.70	27,371.59	110,880.12	(12,558.90)
Pickens	10,470.55	2,321.76	8,148.79	\$11,727.02	2,321.76	9,405.26	(1,065.29)
Richland	137,893.45	30,576.74	107,316.71	\$154,440.66	30,576.74	123,863.93	(14,029.52)
Saluda	15,074.49	3,342.64	11,731.85	\$16,883.43	3,342.64	13,540.78	(1,533.71)
Spartanburg	109,256.08	24,226.64	85,029.44	\$122,366.81	24,226.64	98,140.17	(11,115.91)
Sumter	130,832.11	29,010.94	101,821.17	\$146,531.96	29,010.94	117,521.02	(13,311.09)
Union	33,525.86	7,434.08	26,091.78	\$37,548.96	7,434.08	30,114.88	(3,410.98)
Williamsburg	58,159.41	12,896.37	45,263.04	\$65,138.54	12,896.37	52,242.17	(5,917.24)
York	61,135.32	13,556.25	47,579.07	\$68,471.56	13,556.25	54,915.30	(6,220.02)
TOTAL	\$2,254,875.21	\$500,000.00	\$1,754,875.21	\$2,525,460.24	\$500,000.00	\$2,025,460.24	(\$229,414.97)

03580

EXHIBIT

NOV 24 1992

3

STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER 2

AGENCY: Budget Division

SUBJECT: Accumulated GAAP Fund Balance Deficit Plan

The Board is asked to adopt a resolution with the accompanying plan to address certain accounting and budgetary concerns. If adopted by the Board, the Plan will be submitted to the Legislature when it convenes in January.

To underscore the Budget and Control Board's commitment to fiscal responsibility and to maintaining the State's AAA credit rating, the plan proposes changes in the state income tax withholding tables, accelerated funding of the general reserve fund, and a more conservative limit on annual appropriations for the budgetary general fund.

BOARD ACTION REQUESTED:

Adopt a resolution with the accompanying plan to address certain accounting and budgetary concerns and authorize the submission of the plan to the Legislature when it convenes in January 1993.

ATTACHMENTS:

Agenda item worksheet; Resolution; Plan

C3581

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

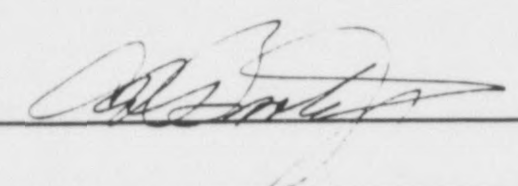
93-38

Meeting Scheduled for: November 24, 1992

Regular Agenda

1. Submitted By:

(a) Agency: State Budget Division

(b) Authorized Official Signature: 

2. Subject:

Accumulated GAAP Fund Balance Deficit Plan

3. Summary Background Information:

The Budget and Control Board is asked to consider addressing the following resolution. A copy of the plan is attached. The plan consists of four items: 1. Change income tax withholding tables; 2. Replenish the General Reserve Fund; 3. Legislature appropriate Capital Reserve Fund as necessary; 4. Adoption of a conservative method of limiting appropriations.

4. What is Board asked to do?

Consider the attached resolution.

5. What is recommendation of Board Division involved?

Recommend consideration.

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

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents:

(a) List Those Attached:

1. Accumulated GAAP Fund Balance Deficit Plan

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

03582

EXHIBIT

NOV 24 1992

3

STATE BUDGET & CONTROL BOARD

The Budget and Control Board is asked to adopt the following Resolution with accompanying Plan to address certain accounting and budgetary concerns.

RESOLUTION

The State Budget and Control Board is committed to fiscal responsibility and to maintaining the State's coveted and cherished AAA credit rating. To underscore these commitments, the Board hereby adopts a Plan to address certain budgetary and accounting issues. The Plan proposes changes in the State income tax withholding tables, accelerated funding of the General Reserve Fund, and a more conservative limit on annual appropriations for the Budgetary General Fund.

The Board submits this Plan to the Legislature for its support when it convenes in January, 1993.

The amounts used in the Plan are submitted as pro forma based on information available as of June 30, 1992.

11/24/92

03583

EXHIBIT

NOV 24 1992

3

STATE OF SOUTH CAROLINA STATE BUDGET & CONTROL BOARD PLAN TO ADDRESS ACCUMULATED GAAP FUND BALANCE DEFICIT

November 24, 1992

BACKGROUND

Standard & Poor's has expressed concern with South Carolina's increasing GAAP Fund Balance deficit and with the growing level of accrued liability resulting from South Carolina's overwithholding of Income Tax revenues. The liability results from the fact that South Carolina pays prior year Income Tax refunds with current year Income Tax revenues, which causes the State to recognize a liability of six month's worth of refunds payable at June 30 each year. That liability was \$255 million at June 30, 1991.

On the GAAP basis, the General Fund has recorded expenditures in excess of revenues each year since FY 1988-89. A contributing factor to the GAAP General Fund deficit has been the overestimation of revenues for the past three years.

The following Plan is proposed to address the GAAP accumulated fund balance deficit and is based on conditions known at this time.

THE PLAN

The Plan to address the GAAP accumulated fund balance deficit includes four points which are detailed below. Projections are based on information as of June 30, 1992.

- (1) Change Income Tax withholding tables to reduce withholdings by \$270 million and to reduce the Income Tax refund liability (Tax Refunds Payable) by \$135 million over a period of 5 years.
- (2) Replenish the General Reserve Fund in accordance with Constitutional requirements. Additionally, beginning in FY 92-93, transfer funds in excess of the annual operating expenditures, if any, to the General Reserve Fund until it is fully funded, as required by statute.
- (3) Request the Legislature to appropriate as much as may be needed of the Capital Reserve Fund in FY 93-94 to accelerate funding of the General Reserve Fund.
- (4) Beginning with the budget prepared for FY 94-95, request the Legislature to limit annual appropriations to the lower of (a) actual recurring revenues for the most recent completed fiscal year plus 75% of the Board of Economic Advisors (BEA) estimated recurring revenue growth or (b) the BEA's revenue projection.

03584

PROPOSAL TO ADDRESS GAAP FUND DEFICIT, Page 2

1. Change South Carolina's Income Tax Withholding Tables

Based on the information obtained in discussions with the South Carolina Tax Commission and with other states which have experienced a similar overwithholding tax problem, the following change in Income Tax withholding tables is recommended:

Structure a graduated change in the Income Tax withholding tables to reduce the GAAP Tax Refunds Payable Liability. Taking into account anticipated growth in refunds payable, the tables should be changed to reduce tax refunds payable by \$15mm in FY 93-94, and by \$30mm in each of the 4 fiscal years thereafter (a total reduction of \$135mm by the end of FY 97-98).

This would result in a decrease in budgetary basis revenue (estimates) of \$15mm in FY 93-94 and an additional \$15mm decrease in FY 94-95. Thereafter, the decreases in withholding collections would be offset by reduced refund disbursements.

2. Commit Any Funds in Excess of Annual Operating Expenditures to Replenish The General Reserve Fund, If Needed, To Reach Its Constitutional Level

Fully funding the General Reserve Fund would help to reduce the total GAAP fund balance deficit. Normal replenishment procedures will bring the General Reserve Fund balance to approximately \$70 million by the end of FY 93-94 and to full funding of approximately \$105 million by the end of FY 94-95.

To accelerate the replenishment of the General Reserve Fund to its Constitutionally mandated level (3% of the most recently completed fiscal year's revenues), beginning in FY 92-93 the Legislature is asked to transfer funds in excess of the annual operating expenditures to the General Reserve Fund until it is fully funded, as required by statute.

3. Appropriate As Much As May Be Needed Of The Capital Reserve Fund In FY 93-94 To Accelerate the Replenishment of The General Reserve Fund To Its Constitutional Level

Request the Legislature to appropriate the FY 93-94 Capital Reserve Fund to replenish the General Reserve Fund, if needed, to reach the Constitutionally required level. The first use of the Capital Reserve Fund, however, would continue to be to cover a shortfall in revenues during the budget year, if any.

03585

PROPOSAL TO ADDRESS GAAP FUND DEFICIT, Page 3

4. Limit Annual Appropriations To The Lower Of An Amount Based On Actual Past Revenues Plus 75% of the Board of Economic Advisors Estimated Growth, Or The Board Of Economic Advisors' Revenue Estimate

Beginning with the FY 94-95 budget, the General Assembly is requested to limit budgetary General Fund appropriations to the lesser of the following two amounts: (a) recurring budgetary-basis revenues collected during the latest completed fiscal year plus 75% of the estimated recurring revenue growth provided by the Board of Economic Advisors or (b) the Board of Economic Advisors' revenue estimate for the budget year.

The objective is to provide for a more conservative budget in order to preclude the occurrence of operating deficits.

Adjustments to the Income Tax withholding tables combined with replenishing the Constitutional reserve funds (2% Capital Reserve Fund and 3% General Reserve Fund) and a more conservative approach to budgeting would cover the current GAAP accumulated fund balance deficit by FY 97-98, based on current information.

EXHIBIT

NOV 24 1992 3

STATE BUDGET & CONTROL BOARD

03586

EXHIBIT

NOV 24 1992

4

STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET AND CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 3

AGENCY: Budget Division

SUBJECT: Professional and Occupational Licensing Agencies (POLA) Operations

The Budget Division recommends that Proviso 129.12, POLA, 110%, be deleted and that the following new proviso be included in the appropriations bill:

129.XX (POLA, 120%, Other Funds)

The Professional and Occupational Licensing Agencies referred to in Section 11-5-210 of the 1976 Code shall operate with Earmarked Other Funds authorization and shall generate revenue at least equal to 120% of their expenditures for the current fiscal year but not less than the agency remitted to the General Fund above expenditures in the prior fiscal year. The Budget Division Office shall establish a schedule for revenues to the General Fund on each agency and shall monitor to ensure all revenues above expenditures go directly to the General Fund for the current fiscal year.

The effect of the new proviso is that the source of funding for all POLA agencies is changed from state funds to other funds; revenue collections will be at least 120% of expenditures, all revenue collected above expenditures will go directly to the general fund; additional authorization and related revenue during the fiscal year will go through the JARC process.

The Budget Division and JARC would continue to have control of the agency budget process. POLA budgets would continue to be acted on by the General Assembly.

For 1993-94, each POLA must remit revenues at least as much as remitted to the general fund above expenditures as in 1992-93. This will enable the agencies to operate within their statutory requirements, to manage more effectively and efficiently, and to eliminate state fund allocations for base pay increase and related fringes, insurance, rent, etc.

1993-94 Other Fund Authorization	\$8,329,310
Revenue Projections	13,192,112
120% Requirement	9,995,172
Net to the General Fund	\$4,862,802

BOARD ACTION REQUESTED:

Approve the deletion of Proviso 129.12 (POLA, 110%) and approve new proviso 129.XX (POLA, 120%, Other Funds) for inclusion in the 1993-94 appropriations bill.

ATTACHMENTS:

Agenda item worksheet; Proviso

03587

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

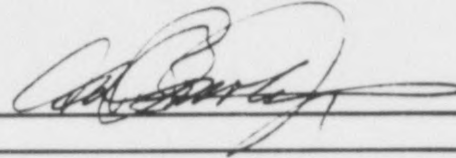
93-36

Meeting Scheduled for: November 24, 1992

Regular Agenda

1. Submitted By:

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



2. Subject:

Convert The Professional Occupational Licensing Agencies (POLA) from State Funds to Other Funds

3. Summary Background Information:

The Budget Division recommends changing the Source of Funding for all POLA agencies from State Funds to Other Funds; revenue collections will be at least 120% of expenditures; all revenue collected above expenditures will go directly to the General Fund; additional authorization and related revenue during the fiscal year will go through the Joint Appropriation Review Committee (JARC) process. The Budget Division and JARC would continue to have control of the agency budget process; and the POLA agencies' budgets would continue to be acted upon by the General Assembly.

However, for Fiscal Year 1993-94 each agency must remit revenues at least as much as remitted to the General Fund above expenditures as in Fiscal Year 1992-93. This would enable the agencies to operate within their statutory requirements, to manage more effectively and efficiently, and eliminate state fund allocations for base pay increase, and related fringes, insurance, rent, etc.

1993-94 Other Fund Authorization	\$ 8,329,310	
Revenue Projections	13,192,112	
120% Requirement	9,995,172	
Net to the General Fund		\$4,862,802

4. What is Board asked to do?

To adopt attached proviso for inclusion in the 1993-94 Appropriation Act.

5. What is recommendation of Board Division involved?

Recommend adoption of attached proviso.

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

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

7. Supporting Documents:

- (a) List Those Attached:
1. Proviso 129.12

03588

DELETE PROVISIO: Section 129.12 (POLA, 110%)

INSERT:
NEW PROVISIO

129.____ (POLA, 120%, Other Funds)

The Professional and Occupational Licensing Agencies referred to in Section 11-5-210, of the 1976 Code, shall operate with Earmarked Other Funds authorization and shall generate revenue at least equal to 120 percent of their expenditures for the current fiscal year but not less than the agency remitted to the General Fund above expenditures in the prior fiscal year. The Budget Division Office shall establish a schedule for revenues to the General Fund on each agency and shall monitor to insure all revenues above expenditures go directly to the General Fund for the current fiscal year.

November 17, 1992

EXHIBIT

NOV 24 1992

4

STATE BUDGET & CONTROL BOARD

03589

EXHIBIT

NOV 24 1992

5

STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

4

AGENCY: Budget Division

SUBJECT: 1993-94 Appropriations Recommendation

The Budget Division presents the attached appropriation recommendation in excess of \$3,512,640,509 previously allocated to agencies by the Board on September 15, 1992.

The additional allocation consists of \$20,539,182 of new recurring revenue and \$48,625,000 in nonrecurring revenue.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

Agenda item worksheet; 1993-94 appropriations recommendations

03590

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


93-37

Meeting Scheduled for: November 24, 1992

Regular Agenda

1. Submitted By:

(a) Agency: State Budget Division

(b) Authorized Official Signature: 

2. Subject:

1993-94 Appropriation Recommendation

3. Summary Background Information:

The Budget Division presents the attached Appropriation Recommendation in excess of \$3,512,640,509 previously allocated to agencies by the Budget and Control Board at its September 15, 1992 meeting. The additional allocation consists of \$20,539,182 of new recurring revenue and \$48,625,000 in nonrecurring revenue.

4. What is Board asked to do?

For consideration.

5. What is recommendation of Board Division involved?

Recommend consideration.

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

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents:

(a) List Those Attached:

1. Expenditure Recommendations

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

3591

GENERAL FUND REVENUE FY 1993-94

	TOTAL	RECURRING	NON- RECURRING
GENERAL FUND REVENUE FY 1992-93 (8-21-92)	3,567,159,627	3,444,197,484	122,962,143
GENERAL FUND REVENUE FY 1993-94 (11-10-92)	3,581,804,691	3,533,179,691	48,625,000
% CHANGE	0.4%	2.6%	-60.5%

Revised FY 1992-93 Revenue Forecast 3,567,159,627

MINUS: Non-Recurring Revenue in FY 1992-93 Base 122,962,143

BASE Revised FY 1992-93 Recurring Revenue 3,444,197,484

FY 1993-94 RECURRING Revenue Forecast 3,533,179,691

MINUS: Initial RECURRING Allocation FY 1993-94 \$3,512,640,509

RESIDUAL "New Money" RECURRING Available for Allocation 20,539,182

NON-RECURRING Revenue FY 1993-94 48,625,000

TOTAL AVAILABLE GENERAL FUNDS FY 1993-94 69,164,182

EXHIBIT

NOV 24 1992 5

STATE BUDGET & CONTROL BOARD

03592

EXPENDITURE RECOMMENDATIONS
FY 1993-94

	RECURRING	NON-RECURRING
Capital Reserve Fund	723,179	
Constitutional & Legislative Salaries	598,145	
Debt Service	12,000,000	
Local Government Fund	6,358,406	
Homestead Exemption Restoration & Growth	2,331,431	
Savannah Valley Authority General Fund Phase-out	(1,088,774)	
Jobs Economic Dev. Auth. General Fund Phase-out	(383,205)	
General Reserve Fund Replacement (NON-RECURRING)		33,415,867
Election Commission 1994 Primaries (NON-RECURRING)		2,000,000
School Buses (NON-RECURRING)		6,800,000
Textbooks (NON-RECURRING)		6,409,133
TOTAL	20,539,182	48,625,000
BALANCE	0	0

EXHIBIT

NOV 24 1992 5

STATE BUDGET & CONTROL BOARD

03593

EXHIBIT

NOV 24 1992

6

STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

5

AGENCY: City of North Augusta

SUBJECT: Revision No. 5 to Assistance Agreement

By means of Act 835 of 1973, as amended, the General Assembly appropriated \$7,500,000 to provide financial assistance in the form of loans to municipalities and special purpose districts for sewage collection, treatment, and disposal projects. Twenty-four local units entered into loan agreements with the Board.

The Board is asked to approve Revision No. 5 to the Assistance Agreement with the City of North Augusta dated January 20, 1976, relating to Project C450215 in the original amount of \$386,000.

The Assistance Agreement requires the City of North Augusta to repay the grant to the State with 5% interest over a 25-year period. Such payment is secured primarily by the ability of the State Treasurer to sequester funds appropriated to the City by the State. In addition, it is secured by the revenues of the Waterworks and Sewer System of the City.

Currently, the City has four bond issues outstanding. The Board has approved a Revision to the Assistance Agreement, subordinating the repayment obligation of the City under the Assistance Agreement to the pledge securing the principal and interest on the Bonds then sought to be issued, each time a bond issue has been undertaken by the City.

In order to refund its Series 1987 bonds and finance approximately \$4,000,000 of expansions and improvements to its system, the City has decided to issue \$6,455,000 of its Waterworks and Sewer System Refunding and Improvement Revenue Bonds, Series 1992.

Revision No. 5 provides that the Series 1992 Bonds would be secured by a lien on a parity with those of the outstanding bonds of the City relating to the System. The Ordinance to which the Series 1992 Bonds will be issued is a "Master Bond Ordinance" and contemplates multiple series of bonds related to the proposed refinancing to be issued from time to time in the future.

Revision No. 5 subordinates the payments owing by the City to the State to the lien securing the Series 1992 Bonds and any additional parity bonds issued from time to time under the master bond ordinance. That change would allow the City to issue additional bonds relating to the proposed refinancing as provided in the master bond ordinance without appearing before the Budget and Control Board in each instance.

BOARD ACTION REQUESTED:

Approve Revision No. 5 to the Assistance Agreement with the City of North Augusta dated January 20, 1976, relating to Project C450215 in the original amount of \$386,000.

ATTACHMENTS:

Van Duys November 3 letter; Resolution

03594

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

City of North Augusta

I, DONNA K. WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 a.m. on Tuesday, November 24, 1992, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index 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, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 2:00 p.m. on Friday, November 20, 1992.

That all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

December 15, 1992

Donna K. Williams

03595

EXHIBIT

NOV 24 1992

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A RESOLUTION

STATE BUDGET & CONTROL BOARD

AUTHORIZING THE EXECUTION OF AND ENTERING INTO REVISION NO. 5 OF AN ASSISTANCE AGREEMENT ENTERED INTO BY AND BETWEEN THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD AND THE CITY OF NORTH AUGUSTA, SOUTH CAROLINA.

BE IT RESOLVED BY THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

On January 20, 1976, the South Carolina State Budget and Control Board entered into an Assistance Agreement with the City of North Augusta, South Carolina, pursuant to the terms of which the South Carolina State Budget and Control Board on behalf of the General Assembly of the State of South Carolina granted to the City of North Augusta the total sum of \$386,000 in order to assist the said City in the financing of certain improvements to its Waterworks and Sewer System (the System). The terms of the Assistance Agreement further set forth that the grant is payable in 25 installments of principal of varying amounts commencing on July 16, 1976, and ending on July 16, 2000, together with interest on the unpaid balance of the principal at the rate of five percent (5%) per annum.

Section 1.02

The City of North Augusta has heretofore issued the following bonds which are payable from the revenues of the System:

(a) the now outstanding \$635,000 of an original issue of \$1,000,000 Waterworks and Sewer System Revenue Bonds (Second Lien), Series of 1976, of the City of North Augusta, dated June 1, 1976 (the Bonds of 1976), which bonds mature as follows:

03596

\$35,000 on June 1, 1993;

\$40,000 on June 1 in each of the years 1994 to 1998,
inclusive; and

\$50,000 on June 1 in each of the years 1999 to 2006,
inclusive.

The Bonds of 1976 bear interest at the rate of 6% per annum.

(b) the now outstanding \$430,000 of an original issue of \$725,000 Waterworks and Sewer System Revenue Bonds (Second Lien), Series of 1977, of the City of North Augusta, dated February 1, 1977 (the Bonds of 1977), which bonds mature as follows:

\$45,000 on June 1 in each of the years 1993 and 1994,
inclusive; and

\$50,000 on June 1 in each of the years 1995 and 1996,
inclusive.

\$55,000 on June 1 in the year 1997;

\$60,000 on June 1 in each of the years 1998 and 1999;
and

\$65,000 on June 1 in the year 2000.

The Bonds of 1977 bear interest at the rate of 6.60% per annum.

(c) the now outstanding \$338,086.65 of an original issue of an \$875,000 Waterworks and Sewer System Revenue Bond, Series 1982, of the City of North Augusta, dated as of December 1, 1981 (the Bond of 1982), which bond matures on June 1, as follows:

<u>YEAR</u>	<u>AMOUNT</u>
1993	83,905.96
1994	93,204.25
1995	103,532.96
1996	57,443.48

The Bond of 1982 bears interest at the rate of 10.50% per annum.

(d) the now outstanding \$2,535,000 of an original issue of \$4,000,000 Waterworks and Sewer System Revenue Bonds, Series 1987, of the City of North Augusta, dated December 1, 1987 (the Bonds of 1987) which bonds bear interest and mature on June 1 of each year as follows:

<u>June 1</u>	<u>Principal</u>	<u>Interest Rate</u>
1993	\$435,000	6.60%
1994	465,000	6.70
1995	505,000	6.80
1996	545,000	6.90
1997	585,000	7.00

The outstanding bonds of the four issues hereinabove mentioned are hereinafter referred to collectively as the Parity Bonds.

The City of North Augusta presently plans to issue its Waterworks and Sewer System Refunding and Improvement Revenue Bonds, Series 1992 (the Bonds) pursuant to Ordinance No. 92-18 of the City Council (the "Bond Ordinance"), in order to defray the cost of refunding all or any portion of the Parity Bonds and constructing improvements to the System. In order for the Bonds to be issued on a parity with the above described Parity Bonds, it is necessary for the pledge of revenues made to secure the debt evidenced by the Assistance Agreement to be subordinated to the pledge of revenues which will be made to secure the payment of the Bonds.

Section 1.03

The South Carolina State Budget and Control Board has reviewed the contents of Revision No. 5 of the Assistance Agreement (Revision No. 5) which is attached hereto as Exhibit A, and has determined to enter into and execute Revision No. 5.

REVISION OF ASSISTANCE AGREEMENT

(Revision No. 5)

1. The City of North Augusta (the Local Unit) has heretofore issued the following bonds which are payable from the revenues of its Waterworks and Sewer System:

(a) the now outstanding \$635,000 of an original issue of \$1,000,000 Waterworks and Sewer System Revenue Bonds (Second Lien), Series of 1976, of the City of North Augusta, dated June 1, 1976 (the Bonds of 1976), which bonds mature as follows:

\$35,000 on June 1, 1993;

\$40,000 on June 1 in each of the years 1994 to 1998,
inclusive; and

\$50,000 on June 1 in each of the years 1999 to 2006,
inclusive.

The Bonds of 1976 bear interest at the rate of 6% per annum.

(b) the now outstanding \$430,000 of an original issue of \$725,000 Waterworks and Sewer System Revenue Bonds (Second Lien), Series of 1977, of the City of North Augusta, dated February 1, 1977 (the Bonds of 1977), which bonds mature as follows:

\$45,000 on June 1 in each of the years 1993 and 1994,
inclusive; and

\$50,000 on June 1 in each of the years 1995 and 1996,
inclusive.

\$55,000 on June 1 in the year 1997;

\$60,000 on June 1 in each of the years 1998 and 1999;
and

\$65,000 on June 1 in the year 2000.

The Bonds of 1977 bear interest at the rate of 6.60% per annum.

03599

(c) the now outstanding \$338,086.65 of an original issue of an \$875,000 Waterworks and Sewer System Revenue Bond, Series 1982, of the City of North Augusta, dated as of December 1, 1981 (the Bond of 1982), which bond matures on June 1, as follows:

<u>YEAR</u>	<u>AMOUNT</u>
1993	83,905.96
1994	93,204.25
1995	103,532.96
1996	57,443.48

The Bond of 1982 bears interest at the rate of 10.50% per annum.

(d) the now outstanding \$2,535,000 of an original issue of \$4,000,000 Waterworks and Sewer System Revenue Bonds, Series 1987, of the City of North Augusta, dated December 1, 1987 (the Bonds of 1987) which bonds bear interest and mature on June 1 of each year as follows:

<u>June 1</u>	<u>Principal</u>	<u>Interest Rate</u>
1993	\$435,000	6.60%
1994	465,000	6.70
1995	505,000	6.80
1996	545,000	6.90
1997	585,000	7.00

The outstanding bonds of the four issues hereinabove mentioned are hereinafter referred to collectively as the Parity Bonds.

Pursuant to Ordinance No. 92-18 (the "Bond Ordinance"), the Local Unit presently plans to issue its Waterworks and Sewer System Refunding and Improvement Revenue Bonds, Series 1992 (the Bonds) on a parity with the Parity Bonds, for the purpose of defraying the cost of refunding all or any portion of the Parity Bonds and constructing improvements to its Waterworks and Sewer System.

The Local Unit has requested the South Carolina State Budget and Control Board (the "State Board") to revise the Assistance Agreement entered into between the State of South Carolina acting by and through the State Board and the Local Unit (the "Assistance Agreement") which is more fully described hereinafter, by subordinating the pledge of revenues of the System made by the Local Unit to secure the payment to the State Board of the annual installments of the \$386,000 Grant (the "Grant") to the pledges of revenues of the System made by the Local Unit to secure the payment of the Bonds provided that the Local Unit authorize the State Board in the event of default to repay the annual installments due on the Grant from any and all other State aid to which the Local Unit may thereafter become entitled.

2. The Assistance Agreement by and between the State of South Carolina acting by and through the State Board and the Local Unit, dated January 20, 1976, relating to a certain sewage collection and/or treatment Project declared eligible under the terms of Act No. 835 of the Acts and Joint Resolutions of 1973 and designated by the Department of Health and Environmental Control as Project No. C450215 is hereby revised so as to amend the source of revenue to be designated for and applied by the Local Unit to the repayment of the Grant in the following respects:

(A.) The State Board agrees that its claim to any revenues of the Waterworks and Sewer System of the City of North Augusta pursuant to the Assistance Agreement above referred to shall be junior and subordinate in all respects to the pledge of revenues to be made to secure the payment of the Waterworks and Sewer System Refunding and Improvement Revenue Bonds, Series 1992, of the City of North Augusta.

(B.) The Local Unit agrees that the ultimate source of payment of the \$386,000 Grant made by the State Board shall be any and all other State aid to which the Local Unit may hereafter become entitled to, and said funds shall be used by the State Treasurer to pay the annual installments of the Grant as the same mature.

3. The total sum granted to the Local Unit by the State Board, as shown in Paragraph 2 of the referenced Assistance Agreement, is not changed by this revision. The total sum granted is \$386,000.

4. The Grant Repayment Schedule, attached as Exhibit A to the Assistance Agreement dated January 20, 1976 is not changed by this revision.

5. It is further agreed by the Local Unit that it shall furnish to the State Board a certificate signed by the Mayor, the Finance Director and City Administrator of the Local Unit that said officials fully understand the contents of this Revision No. 5 of the Assistance Agreement and that under Paragraph 2 (B) above the State Board shall, in the event of default, cause the State Treasurer to use any and all other State aid to which the Local Unit may be entitled to pay the annual installments of the Grant as the same mature. Such certificate shall further establish that this Revision No. 5 of the Assistance Agreement has been duly read to all members of the governing body of the Local Unit at a public meeting of said governing body and that said Revision No. 5 of Assistance Agreement has been incorporated into the codification of Ordinances of the Local Unit as prescribed by law.

6. All terms and conditions set forth in the referenced Assistance Agreement other than those revised herein are hereby reaffirmed.

IN WITNESS WHEREOF, the State of South Carolina by and through the State Board, by its duly authorized officers and the Local Unit, by its duly authorized officers, have set their hands and seals this 24th day of Nov. 1992.

IN THE PRESENCE OF:

Michael R. Thompson
As To The State Board

IN THE PRESENCE OF:

Leona J. Lewis
As To The Local Unit

THE STATE OF SOUTH CAROLINA
BY: THE STATE BUDGET AND CONTROL BOARD

By:

By:

Donna F. Williams
Its Secretary (SEAL)

CITY OF NORTH AUGUSTA,
SOUTH CAROLINA

By:

Thomas W. Greene
Its Mayor

By:

Charles A. Martin
Its City Administrator

SINKLER & BOYD, P.A.

ATTORNEYS AT LAW

THE PALMETTO CENTER
1426 MAIN STREET, SUITE 1200
COLUMBIA, SOUTH CAROLINA 29201-2834
TELEPHONE (803) 779-3080
CABLE ADDRESS: PALMETTO
FAX (803) 765-1243

REPLY TO:
COLUMBIA OFFICE
POST OFFICE BOX 11889
COLUMBIA, S.C. 29211-1889

CHARLESTON OFFICE:
160 EAST BAY STREET
POST OFFICE BOX 340
CHARLESTON, S.C. 29402-0340
TELEPHONE (803) 722-3366
FAX (803) 722-2266

November 3, 1992

EXHIBIT

NOV 24 1992

b

VIA HAND DELIVERY

STATE BUDGET & CONTROL BOARD

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

Re: Revision No. 5 to Assistance Agreement with City of North Augusta, South Carolina

Dear Ms. Williams:

I enclose with this letter the proposed form of Revision No. 5 to the Assistance Agreement dated January 20, 1976 relating to Project C450215 in the original amount of \$386,000. For your convenience, I include the best copy I have available of the original Assistance Agreement and Revisions 1 through 4 thereto as certified by the State Board in 1987.

The Assistance Agreement requires the City of North Augusta to repay the grant to the State of South Carolina with 5% interest over a 25-year period. Such repayment is primarily secured by the ability of the State Treasurer to sequester funds appropriated to the City by the State. The repayment is additionally secured by the revenues of the Waterworks and Sewer System of the City.

The City currently has four bond issues outstanding. Each time a bond issue has been undertaken by the City, the City has obtained a Revision to the Assistance Agreement from the State Budget and Control Board which subordinates the repayment obligation of the City under the Assistance Agreement to the pledge securing the principal and interest on the Bonds then sought to be issued. The City has decided to issue \$6,455,000 of its Waterworks and Sewer System Refunding and Improvement Revenue Bonds, Series 1992 in order to refund its Series 1987 Bonds and finance approximately \$4,000,000 of expansions and improvements to its Waterworks and Sewer System. On behalf of the City I respectfully request the State Budget and Control Board at its meeting on November 10, 1992 consider the execution of enclosed Revision No. 5 to the Assistance Agreement so that the Series 1992 Bonds would be secured by a lien on

03604

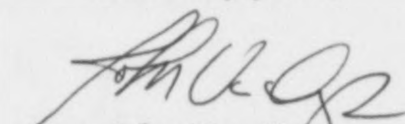
SINKLER & BOYD, P.A.

Ms. Donna Williams
November 3, 1992
Page 2

a parity with those of the Outstanding Bonds of the City relating to the System. The Ordinance pursuant to which the Series 1992 Bonds will be issued is a "Master Bond Ordinance" and contemplates multiple series of bonds issued from time to time in the future. The enclosed Revision No. 5 to the Assistance Agreement subordinates the payments owing by the City under the Assistance Agreement to the State to the lien securing the Series 1992 Bonds and any Additional Parity Bonds issued from time to time under the Master Bond Ordinance. This change will allow the City to issue Additional Bonds as provided in the Master Bond Ordinance without appearing before the Budget and Control Board in each instance.

I apologize for the lateness of this submission; however, the City Council only last night decided to proceed to issue the Bonds this year. Since the Budget and Control Board has gone through this process on four prior occasions and since I am told that the City has been faithfully paying its amounts under the Assistance Agreement, I do not expect this matter to be controversial. Please call me at your convenience so that we may discuss this further.

Sincerely yours,



John Van Duys

JVD/cg

Enclosures

cc: Charles Martin (w/encl.)

03605

ARTICLE II

AUTHORIZATION TO EXECUTE AND ENTER INTO
REVISION NO. 5 OF THE ASSISTANCE AGREEMENT

Section 2.01

The South Carolina State Budget and Control Board has reviewed the findings of fact set forth in Article I hereof and finds the same to be true and correct. Pursuant thereto, the South Carolina State Budget and Control Board does hereby authorize the Chairman of the said Board and the Secretary on its behalf to execute and enter into Revision No. 5.

ARTICLE III

EFFECTIVE DATE OF REVISION NO. 5 TO THE
ASSISTANCE AGREEMENT

Revision No. 5 shall not become effective until such time as the City of North Augusta, by and through its duly authorized officials, shall approve and execute Revision No. 5 to the Assistance Agreement, and shall have complied with all such other conditions as may be required by the provisions of said Revision No. 5 its Ordinance authorizing the Execution of Revision No. 5 and this Resolution in order for such Revision No. 5 to become effective.

SINKLER & BOYD, P.A.

ATTORNEYS AT LAW

THE PALMETTO CENTER
1426 MAIN STREET, SUITE 1200
COLUMBIA, SOUTH CAROLINA 29201-2834
TELEPHONE (803) 779-3080
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TELEPHONE (803) 722-3366
FAX (803) 722-2266

November 19, 1992

EXHIBIT

NOV 24 1992

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VIA HAND DELIVERY

STATE BUDGET & CONTROL BOARD

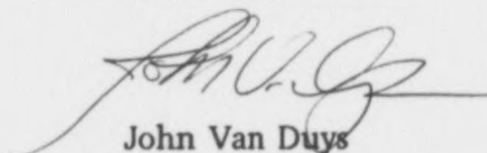
Ms. Donna K. Williams
South Carolina State Budget and Control Board
600 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: \$6,455,000 City of North Augusta, South Carolina Waterworks and Sewer System
Refunding and Improvement Revenue Bonds, Series 1992

Dear Ms. Williams:

As we discussed this morning, I enclose herewith an executed counterpart of Ordinance No. 92-20 adopted by the City Council, City of North Augusta on Monday and six signed copies of Revision No. 5 to the Assistance Agreement with the State Budget and Control Board. I understand that this matter will be on the Board's agenda for their November 24 meeting at the State Capitol. Please pardon any inconvenience that the last-minute delivery of these documents has caused.

Sincerely yours,


John Van Duys

JVD/cg

Enclosures

03607

EXHIBIT

NOV 24 1992

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AN ORDINANCE NO. 92-20

STATE BUDGET & CONTROL BOARD

AUTHORIZING THE REVISION OF AN ASSISTANCE AGREEMENT WITH THE SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD FOR SEWER IMPROVEMENTS IN THE CITY OF NORTH AUGUSTA, AND THE EXECUTION THEREOF.

BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF NORTH AUGUSTA, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

On January 20, 1976, the South Carolina State Budget and Control Board entered into an Assistance Agreement with the City of North Augusta, South Carolina, pursuant to the terms of which the South Carolina State Budget and Control Board on behalf of the General Assembly of the State of South Carolina granted to the City of North Augusta the total sum of \$386,000 in order to assist the said City in the financing of certain improvements to its Waterworks and Sewer System. The terms of the Assistance Agreement (the "Assistance Agreement") further set forth that the grant is payable in 25 installments of principal of varying amounts commencing on July 16, 1976, and ending on July 16, 2000, together with interest on the unpaid balance of the principal at the rate of five percent (5%) per annum.

Section 1.02

The City of North Augusta presently plans to issue its Waterworks and Sewer System Refunding and Improvement Bonds, Series 1992, (the "Bonds"), in order to defray a portion of the cost of refunding its Series 1987 Bonds and constructing improvements to its Waterworks and Sewer System.

Pursuant to the provisions of Ordinance No. 92-18 of the City (the "Bond Ordinance") authorizing the issuance of the Bonds, said Bonds and any Additional Parity Bonds issued thereunder are to be secured by a pledge of the revenues of the Waterworks and Sewer System of the City of North Augusta (the "System") which pledge of revenues are not to be subordinate

03608

to any other obligations of the City secured by a pledge of the revenues of the System. The City has requested the South Carolina State Budget and Control Board (the "State Board") to revise the Assistance Agreement by subordinating the pledge of revenues of the System made by the City to secure the payment to the State Board of the annual installments of the \$386,000 Grant (the "Grant") to the pledge of revenues of the System made by the City to secure the payment of the Bonds and any Additional Parity Bonds issued from time to time under the Bond Ordinance and to further reconfirm that the City will pay the annual installments due on the Grant from any and all State aid to which the City may thereafter become entitled to. The State Board has agreed to this request by the City, and it is now in order to implement this agreement and to authorize the execution of the Revision of Assistance Agreement referred to as Revision No. 5, a copy of which is attached hereto as Exhibit A.

ARTICLE II

AUTHORIZATION TO ENTER INTO AND EXECUTE ASSISTANCE AGREEMENT (REVISION NO. 5)

Section 2.01

The Assistance Agreement by and between the State of South Carolina acting by and through the State Board and the City, dated January 20, 1976, relating to a certain sewage collection and/or treatment Project declared eligible under the terms of Act No. 835 of the Acts and Joint Resolutions of 1973 and designated by the South Carolina Department of Health and Environmental Control as Project No. C450215 is hereby authorized to be revised so as to change the source of revenue to be designated for and applied by the City to the repayment of the Grant, which Revision No. 5 contains the following provisions:

- A. The State Board agrees that its claim to any revenues of the Waterworks and Sewer System of the City of North Augusta pursuant to the Assistance Agreement above referred to shall be junior and subordinate in all respects to the pledge of revenues to be made to secure the payment of the Waterworks and Sewer System Refunding

and Improvement Revenue Bonds, Series 1992, of the City of North Augusta.

- B. The City agrees that the primary source of payment of the \$386,000 Grant made by the State Board shall be any and all other State aid to which the City may hereafter become entitled, and said funds shall be used by the State Treasurer to pay the annual installments of the Grant as the same mature.

That the Mayor and the City Administrator of the City of North Augusta are hereby authorized and directed to execute in the name of and on behalf of said City the Revision of Assistance Agreement (Revision No. 5) as attached hereto as Exhibit A.

Section 2.02

The members of City Council by signing this Ordinance hereby certify that said Revision of Assistance Agreement (Revision No. 5) has been read to them at a Public Meeting of said City Council on November 2, 1992.

DONE, RATIFIED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF NORTH AUGUSTA, SOUTH CAROLINA, THIS 16th DAY OF NOVEMBER 1992, IN REGULAR SESSION OF CITY COUNCIL.

First Reading: November 2, 1992
Second Reading: November 9, 1992
Third Reading: November 16, 1992

Thomas W. Greene
Mayor

ATTEST:

Leona J. Lewis
City Clerk

EXHIBIT

NOV 24 1992

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STATE OF SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

COUNTY OF RICHLAND

I, the undersigned, WILLIAM A. McINNIS, Deputy Director of the State Budget and Control Board, DO HEREBY CERTIFY:

That the only borrowing by the City of North Augusta from the State of South Carolina acting by and through the South Carolina State Budget and Control Board pursuant to Act No. 835 of the Acts and Joint Resolutions of 1973 consists of a grant in the principal amount of \$386,000 in connection with Project C450215 which grant is evidenced by the Assistance Agreement referred to below.

That the documents, a copy of each of which is attached hereto, which constitute the Assistance Agreement between the City of North Augusta, and the State of South Carolina, acting by and through the South Carolina State Budget and Control Board, and evidencing said grant consist of the following:

1. Assistance Agreement dated January 20, 1976;
2. Revision No. 1 to Assistance Agreement dated January 18, 1977;
3. Revision No. 2 to Assistance Agreement dated February 9, 1982;
4. Revision No. 3 to Assistance Agreement dated September 14, 1982; and
5. Revision No. 4 to Assistance Agreement dated December 8, 1987.

03611

IN WITNESS WHEREOF, I have hereunto set my Hand and
Seal this 18th day of December, 1987.

William J. McAnis

Deputy Director of the State
Budget and Control Board

03612

STATE OF SOUTH CAROLINA)
)
COUNTY OF)

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ASSISTANCE AGREEMENT

This Assistance Agreement made and concluded at North Augusta,
South Carolina, this 20th day of January, 1976, pursuant to the provisions
of Act No. 835 of the Acts and Joint Resolutions of 1973 (the Act), as and if amended
by and between the State of South Carolina acting by and through the State Budget and
Control Board (the State Board) and The City of North Augusta, S. C. (Local Unit):

WITNESSETH:

WHEREAS, the Government of the United States has recognized the necessity
of treating sewage and other effluent matter for the purpose of preventing such
matter from reaching rivers, streams and other bodies of water in these United States
in untreated form thereby polluting any of those bodies of water and has made availa-
ble federal grants and other forms of assistance to the various states and local
governmental units for the purpose of eliminating or reducing pollution as a hazard
to the health of its citizens; and

WHEREAS, the General Assembly of South Carolina has authorized the State
Board to provide financial assistance to Local Units which undertake projects which
are approved and declared eligible under the terms of the Act by the State Depart-
ment of Health and Environmental Control or its successor (the Authority) for the
collection, treatment and disposal of sewage and other effluent; and

WHEREAS, the Local Unit has made application to the State Board for a
grant to defray a portion of the costs incidental to the construction of a project
approved and declared to be an eligible project by the Authority; and

WHEREAS, included in the application by the Local Unit are: (A) an executive
copy of a document whereby the Authority has approved the project and found it to be
eligible for a grant under the terms of the Act; (B) a certification by the Authority
of the total cost of the project; and (C) a certification by the Authority of the

03613

source(s) of funds from which the Local Unit intends to pay for the project, including all sources of local, federal, state and other funds, and such other documents and/or data as are necessary to show all particulars of project financing to the satisfaction of the State Board; and

WHEREAS, the State Board desires to assist the Local Unit in its obtaining the maximum amount of federal grants available for the project and, therefore, desires to assist the Local Unit by making a grant available;

NOW, THEREFORE, in consideration of \$5.00 to each party in hand paid by the other, the receipt whereof is acknowledged, and the mutual covenants and agreements contained herein, the State Board and the Local Unit, for themselves, their successors and assigns, mutually agree as follows:

1. The definitions of terms and words contained in the Act shall be controlling in the construction of this Assistance Agreement.
2. The State Board acknowledges receipt of and approves the application of the Local Unit referred to in the above preamble, and agrees to grant to the Local Unit the total sum of \$ 386,000.00 to assist in the financing of the project heretofore approved, declared eligible and designated by the Authority as No. C450215 and referred to hereafter as the PROJECT.
3. The grant shall be payable from time to time as may be required to meet expenses incurred by the Local Unit in the construction of the PROJECT. To the extent practicable, the Local Unit shall expend funds from all sources proportionately. The Local Unit agrees to furnish such PROJECT financial reports as the State Board may request from time to time.
4. Notwithstanding anything herein to the contrary, the State Board shall have the unqualified right to retain five per cent (5%) of this grant until it has received an executed copy of the document by which the Authority certifies that the PROJECT has been completed and that the facilities provided are operating properly. Any funds so retained shall be paid to the Local Unit upon receipt of said certificate by the State Board.

5. This grant shall be repaid in 25 annual installments as shown on Exhibit A attached hereto and, by reference, incorporated herein. Interest on the unpaid principal shall also be paid annually at the annual rate of five per cent (5%) and such payments of interest shall continue until all principal and interest are paid fully. It is further agreed that the Local Unit may at any time prepay, without penalty, any future principal payments scheduled in Exhibit A.

6. The source(s) of revenue to be designated for and applied by the Local Unit to the repayment of the grant is(are) described in Exhibit B attached hereto and made a part of this agreement.

7. If at any time the Local Unit should fail to pay to the State Board with reasonable promptness the amounts due annually as shown on Exhibit A, the State Board may, without further action, require the State Treasurer and the Comptroller General to pay to the State Board such amount of other state aid to which the Local Unit may thereafter become entitled until all delinquent payments, together with interest thereon at the rate of six per cent (6%) per annum, have been paid. The Local Unit agrees that such payments may be made by the State Treasurer and the Comptroller General solely upon the request of the State Board. If the Local Unit is a special purpose district and receives no other state aid, it agrees that, upon its failure to make the requisite payments to the State Board in accordance with the repayment schedule shown on Exhibit A, the Comptroller General may levy a special tax calculated to produce revenues sufficient to meet the repayment schedule plus any interest due on any delinquent payments, and the Comptroller General may require the applicable county treasurer to collect and remit the revenues derived therefrom to the State Board.

8. It is explicitly understood and agreed that all funds made available to the Local Unit under the terms of this Assistance Agreement shall be expended exclusively to meet expenses incurred in connection with the PROJECT.

IN WITNESS WHEREOF, the State of South Carolina by and through the State

Beard, by its duly authorized officer, and the Local Unit, by its duly authorized officer, have set their hands and seals the day and year first above written.

IN THE PRESENCE OF:

[Signature]

[Signature]
As to the State Board

[Signature]

[Signature]
As to the Local Unit

THE STATE OF SOUTH CAROLINA

BY: THE STATE BUDGET AND
CONTROL BOARD

(SEAL)

By: [Signature]

Its: [Signature]
STATE BOARD

By: [Signature]

Its: [Signature]
MAYOR
LOCAL UNIT

03616

ASSISTANCE AGREEMENT: EXHIBIT A

GRANT REPAYMENT SCHEDULE

Local Unit: City of North Augusta, S. C. Authority Project # 0450215

Total Grant Amount: \$386,000.00 Date of Assistance Agreement 1-'6-76

<u>Payment Number</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
1	7-16-76	\$ 1,000	\$19,300	\$20,300
2	7-16-77	\$ 1,000	\$19,250	\$20,250
3	7-16-78	\$ 1,000	\$19,200	\$20,200
4	7-16-79	\$ 1,000	\$19,150	\$20,150
5	7-16-80	\$ 5,000	\$19,100	\$24,100
6	7-16-81	\$ 5,000	\$18,350	\$23,350
7	7-16-82	\$ 7,000	\$18,600	\$25,600
8	7-16-83	\$ 7,000	\$18,250	\$25,250
9	7-16-84	\$ 9,000	\$17,900	\$26,900
10	7-16-85	\$ 9,000	\$17,450	\$26,450
11	7-16-86	\$11,000	\$17,000	\$28,000
12	7-16-87	\$11,000	\$16,450	\$27,450
13	7-16-88	\$11,000	\$15,900	\$26,900
14	7-16-89	\$13,000	\$15,250	\$28,250
15	7-16-90	\$22,000	\$14,600	\$36,600
16	7-16-91	\$22,000	\$13,500	\$35,500
17	7-16-92	\$24,000	\$12,400	\$36,400
18	7-16-93	\$24,000	\$11,200	\$35,200
19	7-16-94	\$26,000	\$10,000	\$36,000
20	7-16-95	\$26,000	\$ 8,700	\$34,700
21	7-16-96	\$28,000	\$ 7,400	\$35,400
22	7-16-97	\$28,000	\$ 6,000	\$34,000
23	7-16-98	\$30,000	\$ 4,600	\$34,600
24	7-16-99	\$30,000	\$ 3,100	\$33,100
25	7-16-00	\$12,000	\$ 1,500	\$13,500

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

03617

ASSISTANCE AGREEMENT: EXHIBIT B

RE: SOURCES OF FUNDS FOR GRANT REPAYMENT

Local Unit City of North Augusta, S. C. Authority Project # 0450115

Amount of Grant: \$ 366,000

The Local Unit proposes to repay the grant from -

- (1) Current Operating Revenues ☒ X
- (2) Special Charges Imposed for that Purpose ☐
- (3) A Combination of Current Revenues and Special Charges ☐

The following data on these sources is submitted:

I. CURRENT OPERATIONS
(Last Two Complete Fiscal Years)

	Year Ending May 31, 19 75	Year Ending May 31, 19 74
Beginning Unencumbered Balance	\$ 172,350	\$ 53,172
Revenue	\$ 463,025	\$437,090
Expenditures	\$ 313,704	\$264,740
Sub-Total	\$ 149,321	\$172,350
Ending Unencumbered Balance	\$ 149,321	\$172,350

II. SPECIAL CHARGES

Description:

Estimated Annual Revenue

\$ N/A

Highest Annual Principal and Interest
Payment on Grant (From Exhibit A)

\$ 36,000

03618

RESOLUTION

A RESOLUTION ACCEPTING A LOAN ASSISTANCE AGREEMENT
PROPOSED BY THE SOUTH CAROLINA BUDGET AND CONTROL
BOARD FOR WATER AND SEWER IMPROVEMENTS IN NORTH
AUGUSTA.

WHEREAS, the governing body of the City of North Augusta has
recognized the necessity of collecting and treating sewage and other
effluent water; and

WHEREAS, the General Assembly of South Carolina has authorized
the South Carolina Budget and Control Board to provide financial assistance
to local governments which undertake sewage treatment and collection projects
which are approved and declared eligible under the terms of Act #835 of the
Acts and Joint Resolutions of 1973 by the Department of Health and Environmental
Control; and

WHEREAS, the City of North Augusta has made application to the
South Carolina Budget and Control Board for an assistance loan to defray
portion of the costs incidental to the construction of sewage project
#C450215 approved and declared eligible by the Department of Health and
Environmental Control;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of
North Augusta as follows:

1. That the amount of \$336,000.00 is hereby approved to be
borrowed under the terms of the agreement.
2. That the attached loan repayment schedule (Exhibit A) is
approved to be paid on an annual basis.
3. That the Mayor is authorized to execute the attached
agreement on behalf of the City.

PASSED AND APPROVED by the City Council of North Augusta, South
Carolina on the 20th day of January 1976.

ATTEND:

City Clerk

Mayor

EXHIBIT

NOV 24 1992

6

STATE BUDGET & CONTROL BOARD

Council Members

03619

REVISION OF ASSISTANCE AGREEMENT
(REVISION NO. 1)

1. Heretofore under date of September 7, 1971, the City of North Augusta, South Carolina (the Local Unit) entered into a Loan Agreement with the United States Department of Housing and Urban Development ("DHUD"), which Loan Agreement and all subsequent amendments thereto are collectively referred to as the "Loan Agreement", under which DHUD agreed to purchase from the Local Unit \$1,000,000 Water and Sewer Revenue Bonds of the City of North Augusta South Carolina to be dated as of July 1, 1976 (the "Revenue Bonds") and pursuant to said Loan Agreement said Revenue Bonds were to be secured by a pledge of the revenues of the Waterworks and Sewer System of the City of North Augusta (the "System") which pledge of revenues is to be junior and subordinate to the pledges of revenues of the System securing the following three issues of revenue bonds of the Local Unit:

- (a) the Waterworks and Sewer System Revenue Bonds, Series of 1952, dated June 1, 1952;
- (b) the Waterworks and Sewer System Revenue Bonds, Series of 1959, dated June 1, 1959; and
- (c) the Waterworks and Sewer System Revenue Bonds, Series of 1969, dated June 1, 1969;

and which pledge securing the Revenue Bonds is not to be junior and subordinate to any other obligations of the Local Unit secured by a pledge of the revenues of the System. The Local Unit has requested the State Budget and Control Board (the "State Board") to revise the Assistance Agreement entered into between the State of South Carolina acting by and through the State Board and the

Local Unit (the "Assistance Agreement") which is more fully described hereinafter, by subordinating the pledge of revenues of the System made by the Local Unit to secure the payment to the State Board of the annual installments of the \$386,000 Grant (the "Grant") to the pledges of revenues of the System made by the Local Unit to secure the payment of the Revenue Bonds and to secure the payment of \$850,00 Waterworks and Sewer System Revenue Bond to be issued on a parity with the Revenue Bonds on condition that the Local Unit authorize the State Board to repay the annual installments due on the Grant from any and all other state aid to which the Local Unit may thereafter become entitled.

2. The Assistance Agreement by and between the State of South Carolina acting by and through the State Board and the Local Unit, dated January 20, 1976, relating to a certain sewage collection and/or treatment PROJECT declared eligible under the terms of Act 835 of the Acts and Joint Resolutions of 1973 and designated by the Department of Health and Environmental Control as PROJECT NO. C450215 is hereby revised so as to change the source of revenue to be designated for and applied by the Local Unit to the repayment of the Grant in the following respects:

A. The State Board agrees that its claim to any revenues of the Waterworks and Sewer System of the City of North August pursuant to the Assistance Agreement above referred to shall be junior and subordinate in all respects to the pledge of revenues to be made to secure the payment of the \$1,000,000 Waterworks and Sewer System Revenue Bonds of the City of North Augusta to be dated July 1, 1976, and sold to DHUD pursuant to the Loan Agreement and also subordinate in all respects to the pledge to secure the payment

of an additional \$850,000 of Waterworks and Sewer System Revenue Bonds to be issued on a parity with the Revenue Bonds being sold to DHUD.

B. The Local Unit agrees that the primary source of payment of the \$386,000 Grant made by the State Board shall be any and all other state aid to which the Local Unit may hereafter become entitled to, and said funds shall be used by the State Treasurer to pay the annual installments of the Grant as the same mature.

3. The total sum granted to the Local Unit by the State Board, as shown in Paragraph 2 of the referenced Assistance Agreement is not changed by this revision. The total sum granted is \$386,000.

4. The Grant Repayment Schedule, attached as Exhibit A to the Assistance Agreement dated January 20, 1976 is not changed by this revision.

5. It is further agreed by the Local Unit that it shall furnish to the State Board a certificate signed by the Mayor, the Clerk and Treasurer, & City Administrator of the Local Unit that said officials fully understand the contents of this Revision of Assistance Agreement and that under Paragraph 2 B above the State Board may cause the State Treasurer to use any and all other state aid to which the Local Unit may be entitled to pay the annual installments of the Grant as the same mature. Such certificate shall further establish that this Revision of Assistance Agreement has been duly read to all members of the governing body of the Local Unit at a public meeting of said governing body and that said Revision of Assistance Agreement has been incorporated into the codification of Ordinances of the Local Unit as prescribed by law.

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6. All terms and conditions set forth in the referenced Assistance Agreement other than those revised herein are hereby reaffirmed.

IN WITNESS WHEREOF, the State of South Carolina by and through the State Board, by its duly authorized officer, and the Local Unit, by its duly authorized officer, have set their hands and seals this 18 day of January, 1977.

THE STATE OF SOUTH CAROLINA
BY: THE STATE BUDGET AND CONTROL
BOARD (SEAL)

IN THE PRESENCE OF:

William A. McInnis
As To The State Board

Anna H. Anderson
Adrian D. Durringer
As to Local Unit

BY W. F. Putnam
Its Secretary

LOCAL UNIT: City of North Augusta,

BY Henry R. McNamee
Its Mayor

BY Nellie D. Annett
Its Clerk and Treasurer

BY Carney J. Smith
Its City Administrator

EXHIBIT :

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

03623

REVISION OF ASSISTANCE AGREEMENT
(Revision No. 2)

1. Heretofore under date of July 16, 1981, the City of North Augusta, South Carolina (the Local Unit) entered into a Purchase and Sale Agreement (the "Agreement") with Water Distributors, Incorporated, a South Carolina corporation, pursuant to the terms of which Water Distributors, Incorporated, agreed to sell its waterworks and sewer system which it presently owns and operates in the unincorporated area of Aiken County known as Belvedere to the Local Unit. Pursuant to the terms of the Agreement, Water Distributors, Incorporated, agreed to sell the said system for the purchase price of Eight Hundred Seventy-Five Thousand Dollars (\$875,000) which sum is to be paid to Water Distributors, Incorporated, by the delivery of an issue of a Waterworks and Sewer System Revenue Bond (Second Lien), Series 1982, of the City of North Augusta, South Carolina, in the principal amount of \$875,000 (the "Bond"). Further, and pursuant to the terms of the Agreement, the Bond is to be secured by a pledge of the revenues of the Waterworks and Sewer System of the City of North Augusta (the "System"), which pledge of revenues is to be junior and subordinate to the pledges of revenues of the System securing the following three issues of revenue bonds of the Local Unit:

- (a) the now outstanding \$20,000 of an original of \$420,000 First Lien Waterworks and Sewer System Revenue Bonds of the Town of North

Augusta, dated June 1, 1952 (the "Bonds of 1952");

(b) the now outstanding \$80,000 of an original issue of \$233,000 Waterworks and Sewer System Revenue Bonds, Series of 1959 of the City of North Augusta, dated June 1, 1959 (the "Bonds of 1959"); and

(c) the now outstanding \$205,000 of an original issue of \$340,000 Waterworks and Sewer System Revenue Bonds, Series of 1969 of the City of North Augusta, dated June 1, 1969 (the "Bonds of 1969");

and which pledge securing the Bond is not to be junior and subordinate to any other obligations of the Local Unit secured by a pledge of the revenues of the System. The Local Unit has requested the South Carolina State Budget and Control Board (the "State Board") to revise the Assistance Agreement entered into between the State of South Carolina acting by and through the State Board and the Local Unit (the "Assistance Agreement") which is more fully described hereinafter, by subordinating the pledge of revenues of the System made by the Local Unit to secure the payment to the State Board of the annual installments of the \$386,000 Grant (the "Grant") to the pledges of revenues of the System made by the Local Unit to secure the payment of the Bond provided that the Local Unit authorize the State Board in the event of default to repay the annual installments due on the Grant from any and all other State aid to which the Local Unit may thereafter become entitled.

2. The Assistance Agreement by and between the State of South Carolina acting by and through the State Board and the Local Unit, dated January 20, 1976, relating to a

certain sewage collection and/or treatment Project declared eligible under the terms of Act No. 835 of the Acts and Joint Resolutions of 1973 and designated by the Department of Health and Environmental Control as Project No. C450215 is hereby revised so as to amend the source of revenue to be designated for and applied by the Local Unit to the repayment of the Grant in the following respects:

(A.) The State Board agrees that its claim to any revenues of the Waterworks and Sewer System of the City of North Augusta pursuant to the Assistance Agreement above referred to shall be junior and subordinate in all respects to the pledge of revenues to be made to secure the payment of the \$875,000 Waterworks and Sewer System Bond, (Second Lien), Series 1982, of the City of North Augusta and sold to Water Distributors, Incorporated, pursuant to the Agreement.

(B.) The Local Unit agrees that the ultimate source of payment of the \$386,000 Grant made by the State Board shall be any and all other State aid to which the Local Unit may hereafter become entitled to, and said funds shall be used by the State Treasurer to pay the annual installments of the Grant as the same mature.

3. The total sum granted to the Local Unit by the State Board, as shown in Paragraph 2 of the referenced Assistance Agreement, is not changed by this revision. The total sum granted is \$386,000.

4. The Grant Repayment Schedule, attached as Exhibit A to the Assistance Agreement dated January 20, 1976 is not changed by this revision.

5. It is further agreed by the Local Unit that it shall furnish to the State Board a certificate signed by the Mayor, the Finance Director and City Administrator of the Local Unit that said officials fully understand the contents of this Revision No. 2 of the Assistance Agreement and that under Paragraph 2 (B) above the State Board shall, in the event of default, cause the State Treasurer to use any and all other State aid to which the Local Unit may be entitled to pay the annual installments of the Grant as the same mature. Such certificate shall further establish that this Revision No. 2 of the Assistance Agreement has been duly read to all members of the governing body of the Local Unit at a public meeting of said governing body and that said Revision of Assistance Agreement has been incorporated into the codification of Ordinances of the Local Unit as prescribed by law.

6. All terms and conditions set forth in the referenced Assistance Agreement other than those revised herein are hereby reaffirmed.

IN WITNESS WHEREOF, the State of South Carolina by and through the State Board, by its duly authorized officers,

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the Local Unit, by its duly authorized officers, have set
their hands and seals this _____ day of _____, 1982.

THE STATE OF SOUTH CAROLINA
BY: THE STATE BUDGET AND
CONTROL BOARD (SEAL)

IN THE PRESENCE OF:

By _____

Its Chairman

As To The State Board

By _____

Its Secretary

CITY OF NORTH AUGUSTA,
SOUTH CAROLINA

IN THE PRESENCE OF:

By _____

Its Mayor

As To The Local Unit

By _____

Its City Administrator

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

03628

REVISION OF ASSISTANCE AGREEMENT
(Revision No. 3)

1. The City of North Augusta (the Local Unit) has heretofore issued the following bonds which are payable from the revenues of its Waterworks and Sewer System:

(a) the now outstanding \$70,000 of an original issue of \$233,000 Waterworks and Sewer System Revenue Bonds, Series of 1959, of the City of North Augusta, dated June 1st, 1959 (the Bonds of 1959); and

(b) the now outstanding \$190,000 of an original issue of \$340,000 Waterworks and Sewer System Revenue Bonds, Series of 1969 of the City of North Augusta, dated June 1, 1969 (the Bonds of 1969).

The outstanding bonds of the two issues hereinabove mentioned are hereinafter referred to as the First Lien Bonds.

The revenues of the Waterworks and Sewer System are also pledged to the following issues of bonds:

(a) the now outstanding \$940,000 of an original issue of \$1,000,000 Waterworks and Sewer System Revenue Bonds (Second Lien), Series of 1976, of the City of North Augusta, dated June 1, 1976 (the Bonds of 1976);

(b) the now outstanding \$680,000 of an original issue of \$725,000 Waterworks and Sewer System Revenue Bonds (Second Lien), Series of 1977, of the City of North Augusta, dated February 1, 1977 (the Bonds of 1977); and

(c) the now outstanding \$840,040 of an original issue of an \$875,000 Waterworks and Sewer System Revenue Bond, Series 1982, of the City of North Augusta, dated December 1, 1981 (the Bond of 1981).

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The outstanding bonds of the three issues hereinabove mentioned are hereinafter referred to collectively as the Parity Bonds.

The Local Unit presently plans to issue its \$1,000,000 Waterworks and Sewer System Revenue Bonds, Series 1982 (the Bonds) in order to defray the cost of constructing improvements to the water treatment plant and to the water distribution system of its Waterworks and Sewer System.

Pursuant to the terms of the Ordinance which authorized the issuance of the Bonds, the Local Unit has authorized the defeasance of the First Lien Bonds and made provision for the Bonds to be secured by a pledge of the revenues of the Waterworks and Sewer System of the City of North Augusta (the "System"), which pledge of revenues is to be on a parity with the Parity Bonds.

The Local Unit has requested the South Carolina State Budget and Control Board (the "State Board") to revise the Assistance Agreement entered into between the State of South Carolina acting by and through the State Board and the Local Unit (the "Assistance Agreement") which is more fully described hereinafter, by subordinating the pledge of revenues of the System made by the Local Unit to secure the payment to the State Board of the annual installments of the \$386,000 Grant (the "Grant") to the pledges of revenues of the System made by the Local Unit to secure the payment of the Bonds provided that the Local Unit authorize the State Board in the event of default to repay the annual

installments due on the Grant from any and all other State aid to which the Local Unit may thereafter become entitled.

2. The Assistance Agreement by and between the State of South Carolina acting by and through the State Board and the Local Unit, dated January 20, 1976, relating to a certain sewage collection and/or treatment Project declared eligible under the terms of Act No. 835 of the Acts and Joint Resolutions of 1973 and designated by the Department of Health and Environmental Control as Project No. C450215 is hereby revised so as to amend the source of revenue to be designated for and applied by the Local Unit to the repayment of the Grant in the following respects:

(A.) The State Board agrees that its claim to any revenues of the Waterworks and Sewer System of the City of North Augusta pursuant to the Assistance Agreement above referred to shall be junior and subordinate in all respects to the pledge of revenues to be made to secure the payment of the \$1,000,000 Waterworks and Sewer System Bonds, Series 1982, of the City of North Augusta.

(B.) The Local Unit agrees that the ultimate source of payment of the \$386,000 Grant made by the State Board shall be any and all other State aid to which the Local Unit may hereafter become entitled to, and said funds shall be used by the State Treasurer to pay the annual installments of the Grant as the same mature.

3. The total sum granted to the Local Unit by the State Board, as shown in Paragraph 2 of the referenced

Assistance Agreement, is not changed by this revision. The total sum granted is \$386,000.

4. The Grant Repayment Schedule, attached as Exhibit A to the Assistance Agreement dated January 20, 1976 is not changed by this revision.

5. It is further agreed by the Local Unit that it shall furnish to the State Board a certificate signed by the Mayor, the Finance Director and City Administrator of the Local Unit that said officials fully understand the contents of this Revision No. 3 of the Assistance Agreement and that under Paragraph 2 (B) above the State Board shall, in the event of default, cause the State Treasurer to use any and all other State aid to which the Local Unit may be entitled to pay the annual installments of the Grant as the same mature. Such certificate shall further establish that this Revision No. 3 of the Assistance Agreement has been duly read to all members of the governing body of the Local Unit at a public meeting of said governing body and that said Revision No. 3 of Assistance Agreement has been incorporated into the codification of Ordinances of the Local Unit as prescribed by law.

6. All terms and conditions set forth in the referenced Assistance Agreement other than those revised herein are hereby reaffirmed.

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IN WITNESS WHEREOF, the State of South Carolina by and through the State Board, by its duly authorized officers, the Local Unit, by its duly authorized officers, have set their hands and seals this 14 day of September, 1982.

THE STATE OF SOUTH CAROLINA
BY: THE STATE BUDGET AND
CONTROL BOARD (SEAL)

IN THE PRESENCE OF:

Katherine M. Clarke
Donna K. Williams
As To The State Board

By Richard W. Riley
Its Chairman

By William A. McInnis
Its Secretary

CITY OF NORTH AUGUSTA,
SOUTH CAROLINA

IN THE PRESENCE OF:

As To The Local Unit

By _____
Its Mayor
By _____
Its City Administrator

EXHIBIT

NOV 24 1992 6

STATE BUDGET & CONTROL BOARD

03633

REVISION OF ASSISTANCE AGREEMENT

(Revision No. 4)

1. The City of North Augusta (the Local Unit) has heretofore issued the following bonds which are payable from the revenues of its Waterworks and Sewer System:

(a) the now outstanding \$20,000 of an original issue of \$233,000 Waterworks and Sewer System Revenue Bonds, Series of 1959, of the City of North Augusta, dated June 1st, 1959 (the Bonds of 1959); and

(b) the now outstanding \$60,000 of an original issue of \$340,000 Waterworks and Sewer System Revenue Bonds, Series of 1969 of the City of North Augusta, dated June 1, 1969 (the Bonds of 1969).

The outstanding bonds of the two issues hereinabove mentioned are hereinafter referred to as the First Lien Bonds.

The revenues of the Waterworks and Sewer System are also pledged to the following issues of bonds:

(a) the now outstanding \$800,000 of an original issue of \$1,000,000 Waterworks Sewer System Revenue Bonds (Second Lien), Series of 1976, of the City of North Augusta, dated June 1, 1976 (the Bonds of 1976);

(b) the now outstanding \$600,000 of an original issue of \$725,000 Waterworks and Sewer System Revenue Bonds (Second Lien), Series of 1977, of the City of North Augusta, dated February 1, 1977 (the Bonds of 1977); and

(c) the now outstanding \$647,558.59 of an original issue of an \$875,000 Waterworks and Sewer System Revenue Bond, Series 1982, of the City of North Augusta, dated December 1, 1981 (the Bond of 1982).

The outstanding bonds of the three issues hereinabove mentioned are hereinafter referred to collectively as the Parity Bonds.

The Local Unit presently plans to issue its \$4,000,000 Waterworks and Sewer System Revenue Bonds, Series 1987 (the Bonds) on a parity with the Parity Bonds, for the purpose of defraying the cost of constructing improvements to its Waterworks and Sewer System.

Pursuant to the terms of an Ordinance adopted by the City Council of the Local Unit, the Local Unit has effected the defeasance of the First Lien Bonds by the establishment of special irrevocable trust funds, into which have been deposited moneys and securities of the Local Unit which have been calculated to be sufficient to pay the principal and maturity on the First Lien Bonds as they mature.

The Local Unit has requested the South Carolina State Budget and Control Board (the "State Board") to revise the Assistance Agreement entered into between the State of South Carolina acting by and through the State Board and the Local Unit (the "Assistance Agreement") which is more fully described hereinafter, by subordinating the pledge of revenues of the System made by the Local Unit to secure the payment to the State Board of the annual installments of the \$386,000 Grant (the "Grant") to the pledges of

revenues of the System made by the Local Unit to secure the payment of the Bonds provided that the Local Unit authorize the State Board in the event of default to repay the annual installments due on the Grant from any and all other State aid to which the Local Unit may thereafter become entitled.

2. The Assistance Agreement by and between the State of South Carolina acting by and through the State Board and the Local Unit, dated January 20, 1976, relating to a certain sewage collection and/or treatment Project declared eligible under the terms of Act No. 835 of the Acts and Joint Resolutions of 1973 and designated by the Department of Health and Environmental Control as Project No. C450215 is hereby revised so as to amend the source of revenue to be designated for and applied by the Local Unit to the repayment of the Grant in the following respects:

(A.) The State Board agrees that its claim to any revenues of the Waterworks and Sewer System of the City of North Augusta pursuant to the Assistance Agreement above referred to shall be junior and subordinate in all respects to the pledge of revenues to be made to secure the payment of the \$4,000,000 Waterworks and Sewer System Bonds, Series 1987, of the City of North Augusta.

(B.) The Local Unit agrees that the ultimate source of payment of the \$386,000 Grant made by the State Board shall be any and all other State aid to which the Local Unit may hereafter become entitled to, and said funds shall be used by the State Treasurer to pay the annual installments of the Grant as the same mature.

3. The total sum granted to the Local Unit by the State Board, as shown in Paragraph 2 of the referenced Assistance Agreement, is not changed by this revision. The total sum granted is \$386,000.

4. The Grant Repayment Schedule, attached as Exhibit A to the Assistance Agreement dated January 20, 1976 is not changed by this revision.

5. It is further agreed by the Local Unit that it shall furnish to the State Board a certificate signed by the Mayor, the Finance Director and City Administrator of the Local Unit that said officials fully understand the contents of this Revision No. 4 of the Assistance Agreement and that under Paragraph 2 (B) above the State Board shall, in the event of default, cause the State Treasurer to use any and all other State aid to which the Local Unit may be entitled to pay the annual installments of the Grant as the same mature. Such certificate shall further establish that this Revision No. 4 of the Assistance Agreement has been duly read to all members of

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the governing body of the Local Unit at a public meeting of said governing body and that said Revision No. 4 of Assistance Agreement has been incorporated into the codification of Ordinances of the Local Unit as prescribed by law.

6. All terms and conditions set forth in the referenced Assistance Agreement other than those revised herein are hereby reaffirmed.

IN WITNESS WHEREOF, the State of South Carolina by and through the State Board, by its duly authorized officers, the Local Unit, by its duly authorized officers, have set their hands and seals this 8th day of December, 1987.

IN THE PRESENCE OF:

Mark R. Elam

Jay Robison
As To The State Board

IN THE PRESENCE OF:

Y Margaret C. Pope

Y William L. Heister
As To The Local Unit

THE STATE OF SOUTH CAROLINA
BY: THE STATE BUDGET AND
CONTROL BOARD (SEAL)

By: [Signature]
Its Chairman

By: William A. McFarris
Its Secretary

CITY OF NORTH AUGUSTA,
SOUTH CAROLINA

By: Y Thomas W. Burns
Its Mayor

By: Y Charles B. Martin
Its City Administrator

EXHIBIT

NOV 24 1992

6

STATE BUDGET & CONTROL BOARD

C.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

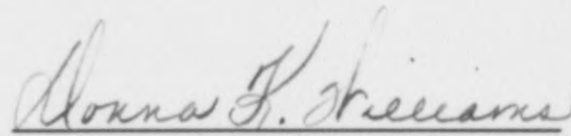
I, the undersigned, Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

That the only borrowing by the City of North Augusta from the State of South Carolina acting by and through the South Carolina State Budget and Control Board pursuant to Act No. 835 of the Acts and Joint Resolutions of 1973 consists of a grant in the principal amount of \$386,000 in connection with Project C450215 which grant is evidenced by the Assistance Agreement referred to below.

That the documents, a copy of each of which is attached hereto, which constitute the Assistance Agreement between the City of North Augusta, and the State of South Carolina, acting by and through the South Carolina State Budget and Control Board, and evidencing said grant consist of the following:

1. Assistance Agreement dated January 20, 1976;
2. Revision No. 1 to Assistance Agreement dated January 18, 1977;
3. Revision No. 2 to Assistance Agreement dated February 9, 1982;
4. Revision No. 3 to Assistance Agreement dated September 14, 1982;
5. Revision No. 4 to Assistance Agreement dated December 8, 1987; and
6. Revision No. 5 to Assistance Agreement dated December 7, 1992.

IN WITNESS WHEREOF, I have hereunto set my Hand and Seal this 11th day of December, 1992.


Secretary of the State Budget and
Control Board

03639

SINKLER & BOYD, P.A.

ATTORNEYS AT LAW

THE PALMETTO CENTER
1426 MAIN STREET, SUITE 1200
COLUMBIA, SOUTH CAROLINA 29201-2834
TELEPHONE (803) 779-3080
CABLE ADDRESS: PALMETTO
FAX (803) 765-1243

REPLY TO:
COLUMBIA OFFICE
POST OFFICE BOX 11889
COLUMBIA, S.C. 29211-8889

CHARLESTON OFFICE:
160 EAST BAY STREET
POST OFFICE BOX 340
CHARLESTON, S.C. 29402-0340
TELEPHONE (803) 722-3366
FAX (803) 722-2266

December 10, 1992

VIA HAND DELIVERY

Ms. Donna K. Williams
South Carolina State Budget and Control Board
State Budget & Control Board
Wade Hampton Office Bldg., Rm. 600
Columbia, SC 29201

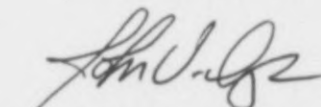
Re: \$6,100,000 City of North Augusta, South Carolina Waterworks and Sewer System
Refunding and Improvement Revenue Bonds, Series 1992

Dear Donna:

As we discussed yesterday, the sale of the above-referenced series of bonds is expected to close next Friday, December 18, 1992 here in Columbia. One of the closing documents which I enclose for your review and approval is a Secretary's Certificate which certifies that the \$386,000 loan is the only borrowing by the City with the State Board and that the enclosed documents are the appropriate ones representing or documenting the loan. These are the best copies that I have available. They were taken out of the transcript for the last issue done by the City. This is the same Certificate that was done in 1987 for that issue.

If the Certificate appears to be in order, please execute each of the enclosed counterparts and call me so that I may send a courier to come and pick them up.

Sincerely yours,


John Van Duys

JVD:src

Enclosures

03640



EXHIBIT

NOV 24 1992

7

STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

6

AGENCY: Jobs-Economic Development Authority

SUBJECT: Economic Development Bonds

The Jobs-Economic Development Authority requests Board approval of the private sale of Economic Development Revenue Bonds the following project. An allocation of a portion of the State Ceiling is not requested for this project.

Name of Project:	Crown Management Services, Inc.
Location:	Fort Jackson, Columbia, SC
Principal Amount:	\$5,000,000
Employment Impact:	48 jobs retained; 20 created
Purpose:	laundry facility

BOARD ACTION REQUESTED:

Adopt a resolution approving the private sale of Economic Development Revenue Bonds by the Jobs-Economic Development Authority for Crown Management Services, Inc., project to be located in Columbia.

ATTACHMENTS:

Referenced resolution

03641

NOV 2 1992
11:53 a.m.

TRANSMITTAL FORM, REVENUE BONDS

Date: 10/30/92
Submitted for BCB Meeting on:
November 10, 1992

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:

Sinkler & Boyd, P.A.
Name of Law Firm
Columbia, SC 29211
City, State, Zip Code

P.O. Box 11889
Street Address/Box Number
(803) 779-3080
Telephone Area Code and Number

RE: \$5,000,000
Amount of Issue
SC Jobs - Economic Development
Authority
Issuing Authority Name

Economic Development Taxable Revenue
Type of Bonds or Notes
November 19, 1992
Projected Issue Date

Project Name: Crown Management Services, Inc.
Project Description: Construction of 36,995 square foot laundry facility at
Fort Jackson, Richland County, South Carolina
Employment as result of project: 48 jobs retained, 20 created

CEILING ALLOCATION REQUIRED
Yes (\$) X No
Amount

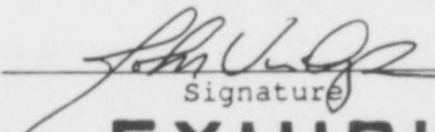
REFUNDING INVOLVED
Yes (\$) X No
Amount

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. X Petition
B. X Resolution or ordinance
C. X Inducement Resolution or comparable preliminary approval
D. X ~~Standard~~ Form Investment Letter from bonds purchaser (executed original)
(Purchaser: AmSouth Bank, N.A., placement agent)
OR Audited financial statements for three most recent years
E. Department of Health and Environmental Control certificate IF REQUIRED
F. X Budget and Control Board Resolution and Public Notice (original)
[Plus six copies for certification and return to counsel]
G. X Processing fee
Amount \$ 3,000,000 Check No. 17817
Payor Crown Management Services, Inc.
H. X Draft bond counsel opinion letter

Bond Counsel: Sinkler & Boyd, P.A.
Typed Name of Counsel

By: 
Signature

EXHIBIT

EXHIBIT

NOV 24 1992

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STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Crown Management STATE BUDGET & CONTROL BOARD

I, DONNA K. WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 a.m. on Tuesday, November 24, 1992, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index 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, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 2:00 p.m. on Friday, November 20, 1992.

That all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

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

December 1, 1992

Donna K. Williams

03643

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING \$5,000,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT TAXABLE REVENUE BONDS (CROWN CONTRACT SERVICES, INC.), 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 Taxable Revenue Bonds (Crown Management Services, Inc.) in the aggregate principal amount of not exceeding \$5,000,000 (the "Bonds") through private sale to institutional investors located by AmSouth Bank, N.A., as placement agent (the "Placement Agent"), which the Authority has determined to be most advantageous; and

WHEREAS, the Authority represents to the State Budget and Control Board that the obligation of Crown Management Services, Inc. to make payments sufficient to pay principal and interest on the Bonds will be secured by a Letter of Credit to be issued by AmSouth Bank, N.A. until the construction of the Project is completed and the Project is accepted by the United States Army whereupon the Bonds will be secured by the obligation of the United States Army to pay a Debt Retirement Charge calculated to be sufficient to pay the principal and interest on the Bonds, which will be assigned for the benefit of the trustee for the Bonds, and that the Authority finds such security for payment of the Bonds to be acceptable.

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 private placement to institutional investors by the Placement Agent be and the same is hereby in all respects approved.

Section 3. That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such purposes.

03644

Section 4. This Resolution shall take effect immediately.

EXHIBIT

NOV 24 1992 7

STATE BUDGET & CONTROL BOARD

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

November 16, 1992

EXHIBIT

NOV 24 1992 7

STATE BUDGET & CONTROL BOARD

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: Jobs-Economic Development Authority
\$5,000,000 Economic Development Taxable Revenue Bonds
Crown Management Services, Inc., Project

Dear Ms. Williams:

This Office has received the documents you have forwarded to us regarding a proposed issuance of \$5,000,000 Economic Development Revenue Bonds.

As of November 12, 1992, 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.

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:

A handwritten signature in dark ink, appearing to read "Drew Ashworth", written over a horizontal line.

TGA:bvc

03646

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

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 18, 1992

EXHIBIT

NOV 24 1992

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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

\$5,000,000 Economic Development Taxable Revenue Bonds
Jobs-Economic Development Authority
(Crown Management Services, Inc.)

Dear Mrs. Williams:

This Office has received the documents you have forwarded to us regarding a proposed issuance of \$5,000,000 Economic Development Taxable Revenue Bonds

The State Budget and Control Board (Board) has been petitioned to authorize the issuance of these bonds through a private sale. The Board under the authority of South Carolina Code of Laws, 1976, Section 41-43-110 has the authority to allow bonds issued under the Economic Development Fund Act to be "...sold at a public or private sale as may be determined to be most advantageous."

Upon review, these documents have been submitted by bond counsel, Sinkler & Boyd, 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,

Wayne F. Rush
General Counsel

03647

EXHIBIT

2.3

STATE OF SOUTH CAROLINA)

RICHLAND COUNTY)

NOV 24 1992

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TO THE STATE BUDGET
AND CONTROL BOARD
OF SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD
PETITION OF SOUTH
CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

This Petition of the South Carolina Jobs-Economic Development Authority (the "Authority"), pursuant to Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), and specifically Section 41-43-110 thereof, respectfully shows:

1. The Act, among other things, empowers the Authority: (i) to utilize any of its program funds to establish loan programs to be utilized to acquire, by construction or purchase, land and buildings or other improvements thereon, machinery, equipment, office furnishings or other depreciable assets, or for research and design costs, legal and accounting fees, or other expenses in connection with the acquisition or construction thereof 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 and act in conjunction with other persons and organizations, public or private, in the promotion and advancement of industrial, commercial, agricultural, and recreational development in this State; and (ii) subject to the approval of the State Budget and Control Board of the issuance of its bonds through public or private sale pursuant to Section 41-43-110 of the Act, to issue revenue bonds in order to provide funds for any program authorized by the Act, and to secure the payment of such bonds all as in the Act provided.

2. The Authority has agreed to assist Crown Management Services, Inc., a Florida corporation (the "Borrower") by issuing its revenue bonds for the purpose of defraying the cost of leasing a parcel of land (the "Land") located on Fort Jackson in Richland County, South Carolina and constructing and operating thereon a laundry facility for the sole use and benefit of the United States Army (the "Project").

3. The Authority has been advised by the Borrower that the estimated cost of the Project will be \$5,000,000 and the Borrower has requested the Authority to execute and deliver its Economic Development Taxable Revenue Bonds (Crown Management Services, Inc. Project) (the "Bonds") in the aggregate principal amount of not exceeding \$5,000,000 to defray such costs.

4. The Bonds will be privately placed through AmSouth Bank, N.A., as placement agent (the "Placement Agent") with financial institutions and other institutional investors located in Alabama, Georgia and Mississippi. Until the Project is accepted by the U.S. Army (the "Acceptance Date"), the Bonds will be secured by an irrevocable direct-pay letter of credit to be issued by AmSouth Bank, N.A., Birmingham, Alabama. After the Acceptance Date, the Bonds will be secured by the unconditional obligation of the U.S.

03648

Army to make Debt Retirement Charge payments to the Bondholders Trustee sufficient to pay the principal and interest on the Bonds as they come due.

5. Pursuant to Section 41-43-150 of the Act, the Authority has made the requisite findings that:

(a) The Borrower is engaged in the business providing contract support to the United States Armed Services, and the Project is located in Richland County, South Carolina.

(b) The Borrower is an eligible business enterprise as defined in Section 41-43-150 of the Act, the Project will further the public purposes of the Authority as set forth in Section 41-43-70 of the Act, and the issuance of the Bonds in the principal amount of not exceeding \$5,000,000 to defray the cost of the Project will result in the creation or maintenance of employment for those engaged in construction of the Project, and retain permanent employment for approximately 48 people and add permanent employment of approximately 20 people from Richland 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 business 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.

(c) It is anticipated that the Project will benefit the general public welfare of the State of South Carolina, and Richland County in particular, by providing employment for those engaged in construction of the Project, by retaining approximately 48 permanent jobs and by providing additional permanent employment for approximately 20 people from Richland 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.

(d) Neither the Project, the Bonds proposed to be issued by the Authority to defray the cost of the Project, nor any documents or agreements entered into by the Authority in connection therewith will constitute or give rise to a pecuniary liability of the Authority or the State of South Carolina or any of its political subdivisions or a charge against general credit or taxing power of any of them, and only program funds (as defined in the Act) will be made available to finance the cost of the Project.

(e) The Borrower is a corporation with established credit and is a responsible party.

(f) The issuance of the Bonds by the Authority in the aggregate principal amount of not exceeding \$5,000,000 will be required to defray the cost of the Project, and such principal amount bears a reasonable relationship to the amount of private funds also committed to the Project.

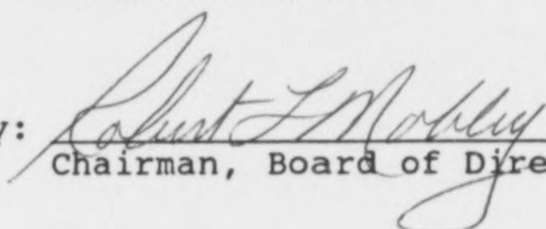
(g) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Richland County in particular, is reasonably expected to result therefrom.

Prior to issuance of the Bonds, the Authority will, as part of its proceedings make findings as to the terms of the agreements to be entered into in connection with the Project and the adequacy of protection for the public interest provided by such terms.

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 private sale 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 Authority).

Respectfully submitted,

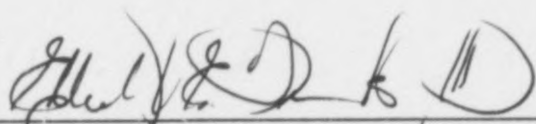
SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: 
Chairman, Board of Directors

Dated: October 28, 1992

(SEAL)

ATTEST:


Elliott E. Franks, II,
Director

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

2.2

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND CROWN CONTRACT SERVICES, INC. WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE APPROXIMATELY \$5,000,000 OF ITS ECONOMIC DEVELOPMENT TAXABLE 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 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, Crown Management Services, Inc., a Florida corporation, (the "Borrower") has applied to the Authority to issue approximately \$5,000,000 of its economic development revenue bonds or notes in order to defray the cost of leasing a parcel of land (the "Land") located on Fort Jackson in Richland County, South Carolina and constructing and operating thereon a laundry facility for the use and benefit of the United States Army (the "Project") and the Authority wishes to induce the Borrower to acquire and construct the Project within the State of South Carolina; and

WHEREAS, it is in the public interest, for public benefit and in furtherance of the public purposes of the Authority that its

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Board of Directors 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 note or bonds at 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 providing contract services to the United States Government, and the Project is located in Richland County, South Carolina.

(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 Project, and by retaining permanent employment for approximately 48 people and additional permanent employment of approximately 20 people from Richland 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 Richland County in particular, is reasonably expected to result therefrom.

Section 2. Subject to such approval by the State Budget and Control Board and the governing board of Richland County, South Carolina as required by law, the Board of Directors of the Authority preliminarily approves the issuance and sale of economic development revenue bonds or notes of the Authority pursuant to Section 41-43-110 of the Act in a principal amount of not exceeding

\$5,000,000 (the "Bonds") for the purpose of providing financing to the Borrower for the acquisition and construction of 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. 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, other details of any loan agreement relating to the Bonds, and findings required by the Act shall be prescribed by subsequent resolution of the Authority and 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; the public interest shall be adequately protected by the terms thereof.

Section 4. The Chairman of the Board of the Authority (or in his absence the Vice Chairman) 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. 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 6. 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.

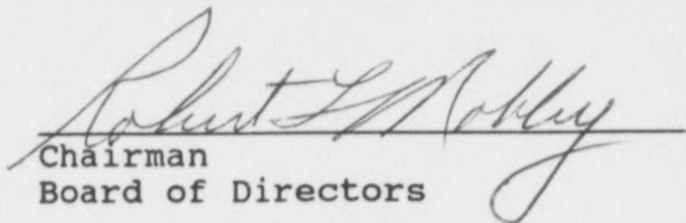
Section 7. The Chairman of the Board of Directors (or in his absence the Vice Chairman) of the Authority shall be and is hereby authorized and directed to execute said Petition in the name and on behalf of the Authority, and the Director of the Authority shall be and is hereby authorized and directed 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 Board of South Carolina.

Section 8. 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.

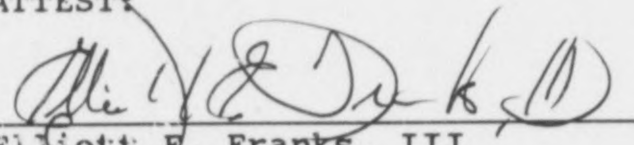
Passed and approved October 28, 1992.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY


Chairman
Board of Directors

(SEAL)

ATTEST:


Elliott E. Franks, III
Director

STATE OF SOUTH CAROLINA
STATE BUDGET AND CONTROL BOARD
Form Investment Undertaking

EXHIBIT

NOV 24 1992

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TO: Secretary, State Budget and Control Board
P.O. Box 12444
Columbia, SC 29211

STATE BUDGET & CONTROL BOARD

RE: Sale by South Carolina Jobs-Economic Development Authority (the "Issuer")
Of its Taxable Revenue Bonds (the "Bonds")
On behalf of Crown Management Services, Inc. (the "Company")
Fort Jackson Laundry (the "Project")
To _____ (the "Purchaser")
AmSouth Bank N.A. (the "Placement Agent")

In connection with the referenced sale of Bonds by the Issuer, the Placement Agent covenants with the State Budget and Control Board that at the Closing Date the Placement Agent will receive from the Purchasers an investment letter containing the following representations and certifications:

1. The Purchasers have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of their prospective investment in the Bonds;
2. The Purchasers are financially able to bear the economic risk of their proposed investment in the Bonds for an indefinite period.
3. The Purchasers are familiar with the business affairs of the Company and have obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which they deem necessary in order to enable them to evaluate the merits and risks of their investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchasers have 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 they deem relevant to the Bonds and their investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchasers and for the purpose of investment and not presently for resale, and the Purchasers have 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.

SWORN to and subscribed
before me this 28th day
of October, 1992.

Georgia H. McMiller
Notary Public

My Commission expires
3-25-95.

PLACEMENT AGENT:

Name: AmSouth Bank, N.A.
Address: Investment Services Department
P. O. Box 11007
Birmingham, AL 35288

By: J. Thomas Bandy
Signature of Authorized Official

Date: October 28, 1992

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EXHIBIT

NOV 24 1992 7

STATE BUDGET & CONTROL BOARD

November __, 1992

South Carolina Jobs - Economic Development Authority
Columbia, South Carolina

Crown Management Services, Inc.
Pensacola, Florida

AmSouth Bank, N.A.
Birmingham, Alabama

Re: \$5,000,000 South Carolina Jobs - Economic Development Authority Economic
Development Taxable Revenue Bonds (Crown Management Services, Inc. Project),
Series 1992

Ladies and Gentlemen:

We have examined the Transcript of Proceedings filed with the Clerk of the Court of Common Pleas and General Sessions for Richland County, South Carolina and the Constitution and statutes of the State of South Carolina (the "State"), including specifically Title 41, Chapter 43, Code of Laws of South Carolina 1976, as amended (the "Act"), all in connection with the issuance and delivery by the South Carolina Jobs - Economic Development Authority (the "Authority") of the above-referenced bonds (the "Bonds"), issued under a resolution (the "Bond Resolution") adopted by the Board of Directors (the "Board") of the Authority and a Trust Indenture dated as of November 1, 1992 (the "Indenture") between the Authority and AmSouth Bank, N.A., as trustee (the "Trustee"). The Bonds are being issued by the Authority and sold to certain accredited investors (as such term is defined in Rule 501 of Regulation D of the United States Securities and Exchange Commission) located by AmSouth Bank, N.A., as placement agent (the "Placement Agent"), to provide program funds to the Authority to be loaned to Crown Management Services, Inc., a Florida corporation (the "Borrower") for the purpose of financing the acquisition and construction of laundry facilities and other related costs (the "Project") at Fort Jackson, Richland County, South Carolina pursuant to a Loan Agreement dated as of November 1, 1992 between the Authority and the Borrower (the "Loan Agreement"). Pursuant to the Indenture, the Authority has assigned certain of its rights in the Loan Agreement to the Trustee.

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The obligations of the Borrower under the Loan Agreement are secured by a Mortgage and Security Agreement dated as of November 1, 1992 from the Borrower to the Trustee (the "Mortgage").

The Project is being constructed by the Borrower for the sole use and benefit of the United States Army (the "Army") pursuant to Contract DACA21-91-C-0045 as modified by modification P00001 (collectively, the "Contract"). The Contract provides that, after acceptance of the Project by the Army, the Army will, among other things, make payments of a debt retirement charge (the "Debt Retirement Charge") to the Borrower. During the construction period and at all times prior to the acceptance of the Project by the Army, the Bonds will be secured by an unconditional direct-pay letter of credit issued by AmSouth Bank, N.A. (the "Letter of Credit"). Upon the acceptance of the Project by the Army, the Trustee will cancel the Letter of Credit and the Bonds will be secured by an assignment for the Trustee of the Army's obligation to make Debt Retirement Charge payments.

In addition, we have examined, among other items, the following:

1. A certified copy of the Bond Resolution authorizing, among other things, the following:
 - (a) the execution and delivery of the Indenture and the Loan Agreement (collectively, the "Documents"); and
 - (b) the issuance and delivery of the Bonds.
2. Executed counterparts of the Bonds and the Documents.
3. The opinion of Haynesworth, Marion, McKay & Guerard, Columbia, South Carolina, counsel for the Authority, dated the date hereof, as to the obligations of the Authority under the Documents, the validity and enforceability of the Bonds and the legality and sufficiency of all actions taken by the Authority in approving the Project, authorizing the execution and delivery of the Documents and the issuance and delivery of the Bonds.
4. The opinion of Clark, Partington, Hart, Larry, Bond, Stackhouse & Stone, counsel for the Borrower dated the date hereof, as to the enforceability of the Loan Agreement and the Mortgage; the procuring of all consents, approvals and authorizations required in connection with the execution and delivery of the Loan Agreement and Mortgage by the Borrower; the validity and enforceability against the Army of the assignment of the Contract to the Trustee and the absence of conflict between the Documents and any agreement, decree or order by which the Borrower is bound.
5. The opinion of Maynard, Cooper, Frierson & Gale, P.C., counsel to the Placement Agent, dated the date hereof, as to the compliance by the Borrower and the Placement Agent with the requirements of Rules 505 or 506 of Regulation D as they apply to the offer and sale of the Bonds and as to the validity and enforceability of the Letter of Credit.
6. Such certifications of public officials, without undertaking to verify the accuracy thereof, as we have deemed necessary to render the opinions expressed herein.

In rendering this opinion, we have assumed, and have not verified, that the signatures on all documents which we have examined are genuine.

As bond counsel, we have been retained for the sole purpose of examining the validity and legality of the Bonds and of rendering certain specific opinions herein stated. We have not verified the accuracy, completeness or fairness of any representations or information concerning the business or financial condition of the Borrower in connection with the sale of the Bonds nor have we undertaken any review of the Contract, the obligations of the Army thereunder or the Assignment thereof to the Trustee nor have we undertaken any review of the Letter of Credit or any documents of the Borrower relating thereto. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representations or information nor do we express any opinion as to the enforceability or validity of any such documents. Further, no opinion is expressed herein as to the validity, priority or enforceability of the Mortgage.

On the basis of the foregoing and an examination of such other documents and consideration of such matters of law as we have deemed appropriate to enable us to render this opinion, we are of the opinion that:

(i) the Authority is a public body corporate and politic of the State and has full power and authority to issue and deliver the Bonds, to finance the acquisition, construction and installation of the Project and to execute and deliver, and to perform its obligations under, the Bonds and the Documents to which it is a party;

(ii) the Loan Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their terms, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(iii) the execution and delivery of the Documents by the Authority and the performance by the Authority of its obligations thereunder do not violate any provision of law of the State or any applicable judgment, order or regulation of any court or of any public or governmental agency or authority of the State;

(iv) no additional or further approval, consent or authorization of any governmental or public agency or authority is required by the Authority in connection with the issuance and delivery of the Bonds or the execution and delivery of the Documents or the performance by the Authority of its obligations thereunder;

(v) the Bonds have been duly authorized, executed and delivered by the Authority and constitute legal, valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture, except as enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally or by usual limitations on the availability of equitable remedies;

(vi) the Bonds are limited obligations of the Authority payable by the Authority solely out of the Pledged Amounts (as defined in the Loan Agreement), and shall never

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constitute an indebtedness of the State of South Carolina or of the Authority within the meaning of any State constitutional or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the State or of the Authority or a charge against the general credit of the Authority or the State or the taxing powers of the State;

(vii) income to be received by the Authority from the payments to be made by the Borrower pursuant to the Loan Agreement and interest received by the Bondholders on the Bonds are exempt from all taxation by the State; the principal of the Bonds is exempt from all taxation by the State except from such inheritance, estate or transfer taxes as might be applicable in the case of residents of the State; and the original issue and subsequent transfers of the Bonds are exempt from all stamp and transfer taxes of the State; no opinion is rendered as to the exemption of interest on the Bonds in any jurisdiction other than the State;

(viii) interest on the Bonds is not excluded from gross income of the registered owners thereof for federal income tax purposes.

The opinions given herein are as of the date hereof. We assume no obligation to update or supplement our opinions herein to reflect any facts or circumstances which may hereafter come to our attention or any changes in laws which may hereafter occur.

We specifically express no opinion concerning provisions in the Documents that: (i) restrict access to legal or equitable remedies; (ii) purport to establish evidentiary standards; (iii) purport to waive or affect any right to notice; (iv) relate to the delay or omission of enforcement of remedies; (v) purport to reserve the right to remove or exclude persons from or take possession of any property; or (vi) purport to establish personal jurisdiction or venue.

This opinion is not intended to be relied upon by, or to be distributed or disclosed to, persons other than the addressees and the registered owners of the Bonds, except to the directors and officers of the addressees and their counsel, without the prior written consent of a shareholder of this law firm in each instance.

Very truly yours,

SINKLER & BOYD, P.A.

By: _____

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[illegible]

NOV 24 1992

STATE BUDGET & CONTROL BOARD.

SINKLER & BOYD, P.A.

ATTORNEYS AT LAW

THE PALMETTO CENTER
1426 MAIN STREET, SUITE 1200
COLUMBIA, SOUTH CAROLINA 29201-2834
TELEPHONE (803) 779-3080
CABLE ADDRESS: PALMETTO
FAX (803) 765-1243

REPLY TO:
COLUMBIA OFFICE
POST OFFICE BOX 11889
COLUMBIA, S.C. 29211-1889

CHARLESTON OFFICE:
160 EAST BAY STREET
POST OFFICE BOX 340
CHARLESTON, S.C. 29402-0340
TELEPHONE (803) 722-3366
FAX (803) 722-2266

November 18, 1992

VIA HAND DELIVERY

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

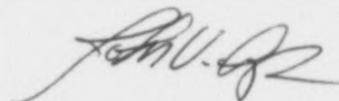
Ms. Donna K. Williams
South Carolina State Budget and Control Board
600 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: \$5,000,000 South Carolina Jobs-Economic Development Authority Economic
Development Taxable Revenue Bonds (Crown Contract Services, Inc. Project),
Series 1992

Dear Ms. Williams:

At the request of Wayne Rush of the General Services Administration this morning I have revised the Petition to the State Budget and Control Board which has been submitted by the South Carolina Jobs-Economic Development Authority relating to the above-referenced Bonds and the form of bond counsel opinion previously submitted with such Petition. Please substitute the enclosed Petition and form of bond counsel opinion to the packet which has previously been furnished to you for this issue. I know that you are pressed for time in getting this package together and I hope that this substitution will not inconvenience you. Please call me if we need to discuss this further.

Sincerely yours,



John Van Duys

JVD/cg

Enclosures

cc: Wayne F. Rush
General Services Administration
1201 Main Street, Suite 420
Columbia, SC 29201 (by hand-delivery with blacklined enclosures)

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SINKLER & BOYD, P.A.

ATTORNEYS AT LAW

THE PALMETTO CENTER
1426 MAIN STREET, SUITE 1200
COLUMBIA, SOUTH CAROLINA 29201-2834
TELEPHONE (803) 779-3080
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CHARLESTON, S.C. 29402-0340
TELEPHONE (803) 722-3366
FAX (803) 722-2266

October 30, 1992

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

VIA HAND DELIVERY

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

Re: \$5,000,000 South Carolina Jobs-Economic Development Authority
Economic Development Taxable Revenue Bonds (Crown Management
Services, Inc., Project), Series 1992

Dear Ms. Williams:

I enclose with this letter the transmittal form and associated documents relating to the approval requested by the South Carolina Jobs-Economic Development Authority ("JEDA") of the above-referenced bonds. JEDA adopted the enclosed inducement resolution for the bonds on October 28, 1992. On October 27, 1992, the Administration and Finance Committee of the Richland County Council considered the application of JEDA for a support resolution and recommended that the full council adopt such resolution and hold a public hearing relating to the bonds on November 17, 1992. I have briefly discussed this matter with Chuck Sanders at the State Treasurer's office and I trust that you will find the enclosed documents to be in order. If any changes to the enclosed documents or any further requirements are necessary, please call me as soon as possible. JEDA expects this issue to close prior to the end of November so that the

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SINKLER & BOYD, P.A.

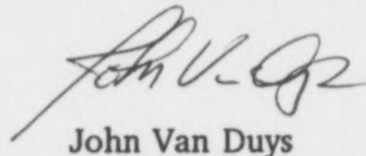
Ms. Donna Williams

October 30, 1992

Page 2

Project can be completed within the time constraints imposed by the U.S. Army. If you need additional information concerning the Project, please feel free to call me.

Sincerely yours,



John Van Duys

JVD:src

cc: Tom Barnett (Via Telecopy W/O Encl.)
Jesse Rigby, Esquire (Via Telecopy W/O Encl.)

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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

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 2, 1992

EXHIBIT

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STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: Treva Ashworth, Wayne Rush, and ~~Rosa Hughes~~
FROM: Donna K. Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 24 Budget and Control Board agenda:

Jobs-Economic Development Authority
\$5,000,000 Economic Development Taxable Revenue Bonds
Crown Management Services, Inc., project

For this proposal to be included on the November 24 agenda, I must have the written results of your review before 12 noon on Wednesday, November 18.

DKW/laf
Enclosure

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EXHIBIT

NOV 24 1992

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

~~STATE BUDGET & CONTROL BOARD~~
ITEM NUMBER 7

AGENCY: Dorchester County

SUBJECT: Industrial Revenue Bonds (Robert Bosch Corporation)

The required reviews on the following proposal to issue revenue bonds have been completed with satisfactory results.

The project requires approval under State law. An allocation of a portion of the Ceiling is not required.

Issuing Authority:	Dorchester County
Amount of Issue:	Not exceeding \$300,000,000 Industrial Revenue Bonds
Allocation Amount:	-0-
Name of Project:	Robert Bosch Corporation
Employment Impact:	not less than 50
Project Description:	manufacture of automotive and engine components

BOARD ACTION REQUESTED:

Adopt a resolution approving the Dorchester County proposal to issue not exceeding \$300,000,000 Industrial Revenue Bonds on behalf of the Robert Bosch Corporation project.

ATTACHMENTS:

Resolution

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NOV 4 1992

10:25 a.m.

TRANSMITTAL FORM, REVENUE BONDS

Date: November 3, 1992

Submitted for BCB Meeting on:
November 10, 1992

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: McNair Law Firm, P.A.

Name of Law Firm
Greenville, South Carolina 29601

City, State, Zip Code

RE: NE \$300,000,000.00

Amount of Issue
Dorchester County

Issuing Authority Name

7 North Laurens Street, Suite 601/NationsBank Plaza

Street Address/Box Number
(803) 271-4940

Telephone Area Code and Number

Industrial Revenue Bonds

Type of Bonds or Notes
December 15, 1992

Projected Issue Date

Project Name: Robert Bosch Corporation

Project Description: Manufacture of automotive and engine components

Employment as result of project: Not less than 50.

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.)

EXHIBIT

A. ☒ Petition

B. ☒ Resolution or ordinance

C. ☒ Inducement Resolution or comparable preliminary **STATE BUDGET & CONTROL BOARD**

D. N/A Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser:)

OR Audited financial statements for three most recent years

E. N/A Department of Health and Environmental Control certificate IF REQUIRED

F. ☒ Budget and Control Board Resolution and Public Notice (original)
[Plus five copies for certification and return to counsel]

G. Processing fee

Amount \$ 4,000.00

Check No.

Payor Robert Bosch Corporation (To follow at a later date)

H. ☒ Draft bond counsel opinion letter

Bond Counsel: Kathy C. McKinney, Esq.

Typed Name of Counsel
McNair Law Firm, P.A.

By: Kathleen Ann McKinney

Signature

EXHIBIT

NOV 24 1992

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STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD
Robert Bosch Corporation

I, DONNA K. WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10:00 a.m. on Tuesday, November 24, 1992, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index 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, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 2:00 p.m. on Friday, November 20, 1992.

That all members of the Board were present at the meeting.

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

FOR MOTION

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AGAINST MOTION

0

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

December 1, 1992

Donna K. Williams

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A RESOLUTION APPROVING THE ISSUANCE BY DORCHESTER COUNTY, SOUTH CAROLINA, OF NOT EXCEEDING \$300,000,000 PRINCIPAL AMOUNT INDUSTRIAL REVENUE BONDS (ROBERT BOSCH CORPORATION PROJECT) PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Dorchester 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 Dorchester County (the "County") pursuant to the Act of its Industrial Revenue Bonds (Robert Bosch Corporation Project) in the aggregate principal amount of not exceeding \$300,000,000 (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 manufacturing automotive and engine components; and

WHEREAS, the Project is to be leased by the County to Robert Bosch Corporation (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 October 5, 1992;

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 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

(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.

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Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available 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 of Trust, 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 of Trust 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 Post and Courier, which is a newspaper having general circulation in Dorchester County.

Section 4. The Notice, required in Section 3 above to be published, shall be in substantially the form set forth in Exhibit "A" of this Resolution.

Section 5. This Resolution shall take effect immediately.

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF 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 Dorchester County, South Carolina, has given its approval to the following undertaking by Dorchester County, South Carolina:

The issuance by Dorchester County of its Industrial Revenue Bonds (Robert Bosch Corporation Project) in the original principal amount of not exceeding \$300,000,000 (the "Bonds"), to defray the costs 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 by Robert Bosch Corporation, a Delaware corporation, to be used as an industrial facility for the purpose of manufacturing automotive and engine components (the "Project") to be located in Dorchester County. The Project will be leased to Robert Bosch Corporation which 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 Robert Bosch Corporation 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 Dorchester County to finance the same, by action de novo instituted in the Circuit Court for Dorchester County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: DONNA K. WILLIAMS, Secretary

Dated: November 10, 1992

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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

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

November 18, 1992

EXHIBIT

NOV 24 1992

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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: \$300,000,000 Dorchester County
Industrial Development Revenue Bonds
(Robert Bosch Corporation)

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form with the enclosed Resolution Making Application to the Budget and Control Board, Petition to Budget and Control Board, Resolution Authorizing Execution of Inducement Agreement, Inducement Agreement, Budget and Control Board Resolution Approving Issuance and Public Notice, and draft of Bond Counsel's Opinion.

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.

Sincerely,

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

Wayne F. Rush
General Counsel

03671

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

NOV 24 1992

8

STATE BUDGET & CONTROL BOARD

November 16, 1992

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: Not Exceeding \$300,000,000 Industrial Revenue Bonds
Dorchester, South Carolina
Robert Bosch Corporation 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 S.C. Code Ann. §4-29-140, et. seq. (1976 and Supp. 1991). In addition, the bond attorney has made two changes to the Petition, a copy of these changes is attached. 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

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Ms. Donna K. Williams
November 16, 1992
Page 2

the Bonds proposed to be issued to defray the
cost of the Project.

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 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

03673

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 in good repair 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 of all sums due 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 the 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 payments and rights to indemnification payments and administration expenses), 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.

EXHIBIT

STATE OF SOUTH CAROLINA)
)
DORCHESTER COUNTY)

NOV 24 1992 8

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 Dorchester 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 Dorchester 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 Robert Bosch Corporation, a Delaware corporation qualified to do business as a corporation in South Carolina (the "Tenant"), by issuing its revenue bonds for the purpose of defraying the cost of acquiring certain facilities located in the County (the "Project") more fully described in Exhibits A and B to 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 \$300,000,000 and it has requested the County to execute and deliver its Industrial Revenue Bonds (Robert Bosch Corporation Project) (the "Bonds") in the aggregate principal amount of not exceeding \$300,000,000 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 serve 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 \$300,000,000; (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 on Exhibits A and B to 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 manufacturing automotive and engine components. It is anticipated that, upon completion, the Project will provide directly 400 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 \$300,000,000.

(c) Copies of the Lease Agreement and the Indenture are available from the County. The following summary of terms is in no wise 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 the 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 payments and rights to indemnification payments and administration expenses), 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. Neither the approvals granted in connection with the Bonds nor the request for an allocation granted by the State Budget and Control Board 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,

DORCHESTER COUNTY, SOUTH CAROLINA

By: Kenneth F. Waggoner
Kenneth F. Waggoner, Chairman, County
Council of Dorchester County,
South Carolina

By: Jack C. Langston
Jack C. Langston, Administrator,
Dorchester County, South Carolina

ATTEST:

Myrtle Barten
Myrtle Barten, Clerk,
County Council of
Dorchester County,
South Carolina

Dated: 10-5-92, 1992.

03678

EXHIBIT

NOV 24 1992

8

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 DORCHESTER COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL REVENUE BONDS (ROBERT BOSCH CORPORATION PROJECT), PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$300,000,000.

WHEREAS, Dorchester 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, the County and Robert Bosch Corporation, a Delaware corporation (the "Tenant"), entered into an Inducement Agreement (the "Inducement Agreement") executed by the Tenant and executed by the County on May 18, 1992, 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 County pursuant to the Inducement Agreement, the County proposes to issue its Industrial Revenue Bonds (Robert Bosch Corporation Project) in the aggregate principal amount of not exceeding \$300,000,000 (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 machinery, apparatus, equipment, office facilities and furnishings (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 Dorchester

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 \$300,000,000 to defray the cost of the Project will serve 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 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 \$300,000,000 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 Exhibits A and B to the Lease Agreement and the Indenture to be

entered into between the County and the purchaser of the Bonds (the "Purchaser").

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$300,000,000.

(i) Neither the approvals granted in connection with the Bonds nor the request for an allocation granted by the State Budget and Control Board have 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 10-5-92, 1992

DORCHESTER COUNTY, SOUTH CAROLINA

By: Kenneth Waggoner
Kenneth Waggoner, Chairman, County
Council of Dorchester County,
South Carolina

By: Jack C. Langston
Jack C. Langston, Administrator,
Dorchester County, South Carolina

ATTEST:

Myrtle Barten
Myrtle Barten, Clerk,
County Council of
Dorchester County,
South Carolina

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN DORCHESTER COUNTY, SOUTH CAROLINA, AND ROBERT BOSCH CORPORATION WHEREBY, UNDER CERTAIN CONDITIONS, DORCHESTER COUNTY WILL ISSUE NOT EXCEEDING THREE HUNDRED MILLION DOLLARS (\$300,000,000) INDUSTRIAL DEVELOPMENT REVENUE BONDS OR NOTES.

WHEREAS, Dorchester County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to acquire, or cause to be acquired, properties (which such properties constitute "projects" as defined in the Act) and to enter into agreements with any industry to construct, operate, maintain and improve such projects; to enter into financing agreements with respect to such projects; to issue revenue bonds to defray the costs of such projects; and to accept any grants for such projects through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate 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 authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely out of the revenues derived from a financing agreement with respect to such project and may further be secured by a pledge of said revenues, a trust indenture or indenture covering all or any part of such project, and a pledge of any financing agreement with respect to such project; and

WHEREAS, Robert Bosch Corporation, a Delaware corporation (the "Corporation"), has requested the County to issue not exceeding \$300,000,000 of its Industrial Development Revenue Bonds or Notes (Robert Bosch Corporation Project) pursuant to the Act for the purpose of defraying the cost of acquiring by construction and purchase certain land, a building or buildings or other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the purpose of manufacturing automotive and engine components constituting an industrial facility (the "Project"), all as more fully set forth in the Inducement Agreement attached hereto; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Corporation that the Project would be a "project" as that term is defined in the Act and that the Project would subserve the purposes of the Act.

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

33683

NOW, THEREFORE, BE IT RESOLVED, by the County Council as follows:

Section 1. Pursuant to the authority of the Act and subject to the approval by the State Budget and Control Board, and for the purpose of defraying a portion of the cost (as defined in the Act) of acquiring the Project there is hereby authorized to be issued revenue bonds or notes of the County in the principal amount of not exceeding Three Hundred Million Dollars (\$300,000,000) to be designated "Dorchester County, South Carolina, Industrial Development Revenue Bonds or Notes (Robert Bosch Corporation Project)" (the "Bonds").

Section 2. The provisions, terms and conditions of the financing agreement by and between the County and the Corporation, the provisions, terms and conditions of the trust indenture or indenture by and between the County and the Trustee or Bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds shall be prescribed by subsequent resolution or ordinance of the County Council.

Section 3. The Chairman of the County Council and Administrator of the County are hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to attest the same; and the Chairman of the County Council and Administrator of the County are hereby further authorized and directed to deliver said executed Inducement Agreement to the Corporation.

Section 4. Prior to the issuance of any Bonds, the County Council will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 5. All orders, resolutions, and 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 after its passage by the County Council.

Section 6. It is the intention of the County Council that this resolution shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

C3684

Done in meeting duly assembled this 18th day of May,

1992.

DORCHESTER COUNTY, SOUTH CAROLINA

By: Kenneth F. Waggoner
Kenneth F. Waggoner, Chairman, County
Council of Dorchester County,
South Carolina

By: Jack C. Langston
Jack C. Langston, Administrator,
Dorchester County, South Carolina

ATTEST:

By: Myrtle Barten
Myrtle Barten, Acting Clerk
County Council of
Dorchester County,
South Carolina

C3685

INDUCEMENT AGREEMENT

THIS INDUCEMENT AGREEMENT made and entered into between Dorchester County, South Carolina (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and Robert Bosch Corporation (the "Company"), a corporation organized and existing under the laws of the State of Delaware.

W I T N E S S E T H: **EXHIBIT**

ARTICLE I

NOV 24 1992

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RECITATION OF FACTS

STATE BUDGET & CONTROL BOARD

Section 1.1. 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:

A. The County is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Bond Act") to acquire, enlarge, improve, expand, equip, furnish, 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 new industries to locate in the State and by encouraging industries now located in the State to expand their investments and thus utilize and employ manpower and other resources of the State.

B. The Company is considering the expansion of its existing facilities to include the manufacture of automotive and engine components (the "Project") in the County. The Project would involve an investment of at least \$85 million within the meaning of Section 4-29-67 of the Bond Act. Upon completion, it is expected that the Project will provide employment for additional persons.

C. The County has determined, after due investigation, that the Project would be aided by the availability of the assistance which the County might render (i) through the issuance of Dorchester County, South Carolina, Industrial Revenue Bonds (the "Bonds") pursuant to the Bond Act whereby the County would finance the acquisition and installation of the Project; and (ii) through the incentive of a payment in lieu of ad valorem taxes as authorized by Section 4-29-67 of the Bond Act.

D. The County has given due consideration to the economic development impact of the Project, has found that the Project and the payments in lieu of ad valorem taxes set forth herein are beneficial to the pursuit of excellence in education in the County and has agreed to effect the issuance and delivery, pursuant to the

03686

Bond Act, of the Bonds at the times and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.1. The County will issue the Bonds in one or more series on or before December 31, 1992, in an aggregate principal amount of not exceeding \$300,000,000 for the purpose of paying the costs of planning, designing, acquiring constructing and carrying out of the Project. The Project will be constructed or installed on the site now owned by the Company. In connection with the issuance of the Bonds, title to the Project will be vested in the County and the Project shall be leased to the Company. Advances or loans, if any, made by the Company for the planning, design, acquisition, construction and carrying out of the Project shall be repaid to the Company from the proceeds of the sale of the Bonds when the same are issued and delivered.

Section 2.2. The Bonds will be issued at such times, in such amounts and upon such terms as the Company shall request subject to Section 4.2 herein.

Section 2.3. The terms and provisions of the Lease Agreement (the "Lease Agreement") by and between the County and the Company shall be substantially in the form generally utilized in connection with the Bond Act as agreed upon by the County and the Company. Such Lease Agreement shall contain, in substance, the following provisions:

(a) The term of the Lease Agreement will coincide with the term of the final maturity of the Bonds.

(b) The amounts payable under the Lease Agreement will at the option of the Company be paid directly to the bondholders or to a corporate trustee to be named by the County and subject to the approval of the Company for the benefit of the bondholders at such times and in such amounts as shall be timely and sufficient to pay the principal of, and the redemption premium (if any) and the interest on, the Bonds as the same become due and payable. The obligation of the Company to make all payments required under the Lease Agreement shall be absolute and unconditional upon the delivery of the Bonds.

(c) The proceeds of the sale of the Bonds shall be either (i) paid directly to the Company to reimburse it for expenditures theretofore made for Project costs as permitted

by the Bond Act; or (ii) should the Company choose to finance the construction cost, be deposited into a construction fund as required under the terms of the Lease Agreement. During the construction period, moneys in the construction fund may be invested in obligations which represent legal investments for bond proceeds of the County.

(d) The Company will (i) keep the Project insured against loss or damage or perils generally insured against by industries or businesses similar to the Company, and will carry public liability insurance covering personal injury, death or property damage with respect to the Project; or (ii) self-insure with respect to such risks in the same manner as it does with respect to similar property owned by the Company; or (iii) maintain a combination of insurance coverage and self-insurance as to such risks.

(e) The Lease Agreement shall provide that, in the performance of the agreements contained therein on the part of the County, any obligations the County may incur for the payment of money shall not create a pecuniary liability of the County nor create a general obligation on its part or by the State of South Carolina, but shall be payable solely from the payments received under such Lease Agreement or from bond proceeds, and, under certain circumstances, insurance proceeds and condemnation awards.

(f) The Lease Agreement shall contain agreements providing for the indemnification of the County and the individual officers, agents and employees thereof for all expenses incurred by them and for any claim of loss suffered or damage to property or any injury or death of any person occurring in connection with the planning, design, acquisition, construction and carrying out of the Project.

(g) The Lease Agreement shall contain a provision requiring the Company to make payments in lieu of taxes. Pursuant to Section 4-29-67 of the Bond Act, such payments shall continue for a period of up to twenty (20) years from the date of the Lease Agreement and any amendments or supplements thereto to the extent permitted by law. The amounts of such payments for each bond issue shall be determined by using an assessment ratio of 6.0%, a millage rate of 199.1 mills and the fair market value (which values are not subject to reassessment as provided in the Bond Act) as determined using original cost for any real property and original cost less allowable depreciation for any personal property in accordance with Title 12, Chapter 37, Code of Laws of South Carolina 1976, as amended, and calculated using the methodology applied in the \$85,000,000 example contained in Schedule A attached hereto and incorporated herein.

(h) The Lease Agreement shall provide that at the end of the lease term and upon payment of all outstanding indebtedness incurred thereunder, the Company shall have the option to purchase the Project for one dollar (\$1.00).

Section 2.4. Upon the request of the Company, the County will permit the planning, design, acquisition, construction and carrying out of the Project to commence prior to the issuance and delivery of the Bonds. Contracts for construction and for purchase of machinery, equipment and related real and personal property deemed necessary under the Lease Agreement may be let by the Company.

Section 2.5. The County Council will perform such other acts and adopt such further proceedings as may be required to faithfully implement this Agreement.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE COMPANY

Section 3.1. Prior to issuance of the Bonds, the Company may advance any acquisition or construction funds required in connection with the planning, design, acquisition, construction and carrying out of the Project and be reimbursed from the proceeds of the Bonds.

Section 3.2. The County will have no obligation to find a purchaser of the Bonds, and the Company will endeavor to market the Bonds on behalf of the County to the extent required to finance the cost of issuing the Bonds and the cost of the acquisition and installation of the Project.

Section 3.3. If the plan proceeds as contemplated, the Company further agrees as follows:

(a) To enter into the Lease Agreement, under the terms of which it will 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, the Lease Agreement to be in form and to contain such provisions consistent with those set forth in Section 2.3 hereof as shall be satisfactory to the County and to the Company;

(b) To obligate itself to make the additional payments required by the Bond Act including, but not limited to, payments in lieu of taxes at rates calculated in accordance with Section 2.3(g) hereof;

(c) To hold the County 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 and in the implementation of its terms and provisions;

(d) To perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing;

(e) To apply for, and use its best efforts to obtain, all permits, licenses, authorizations and approvals required by all governmental authorities in connection with the acquisition, construction, operation and use of the Project; and

(f) To indemnify, defend and hold the County and the individual directors, officers, agents and employees thereof harmless against any claim or loss or damage to property or any injury or death of any person or persons occurring in connection with the planning, design, acquisition, construction and carrying out of the Project. The Company also agrees to reimburse or otherwise pay, on behalf of the County, any and all expenses not hereinbefore mentioned incurred by the County in connection with the Project. This indemnity shall be superseded by a similar indemnity in the Lease Agreement.

ARTICLE IV

GENERAL PROVISIONS

Section 4.1. All commitments of the County under Article II hereof are subject to all of the provisions of the Bond Act, including, without limitation, the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Section 4.2. All commitments of the County and the Company hereunder are subject to the condition that the County and the Company agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

Section 4.3. If for any reason this Agreement is not executed and delivered by the Company on or before November 15, 1991, the provisions of this Agreement shall be cancelled and neither party shall have any rights against the other and no third parties shall have any rights against either party except:

(a) The County will convey to the Company any title it may have acquired to the Project, to the extent of its ownership therein, if any;

(b) The Company will pay the County for all expenses which have been authorized by the Company in writing and incurred by the County in connection with the planning, design, acquisition, construction and carrying out of the Project;

(c) The Company will assume and be responsible for all contracts for construction or purchase of the Project entered into by the County at the written request or direction of the Company in connection with the Project; and

(d) The Company will pay the out-of-pocket expenses of officers, agents and employees of the County, Counsel for the County and Bond Counsel incurred in connection with the Project and the issuance of the Bonds and will pay fees for legal services related to the Project and the issuance of the bonds.

Section 4.4. The parties understand that the Company may choose not to proceed with the Project or not to finance the Project by the Bonds, in which event this Agreement shall be cancelled and, subject to parties' obligations described in Section 4.3., neither party shall have any further rights against the other, and no third party shall have any rights against either party.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Inducement Agreement on the respective dates indicated below.

DORCHESTER COUNTY, SOUTH CAROLINA

By: Kenneth F. Waggoner
Kenneth F. Waggoner, Chairman, County
Council of Dorchester County, South
Carolina

By: Jack C. Langston
Jack C. Langston, Administrator,
Dorchester County, South Carolina

ATTEST:

By: Myrtle Barten
Myrtle Barten, Acting Clerk County
Council of Dorchester County,
South Carolina

Date: May 18, 1992

ROBERT BOSCH CORPORATION

By: *Gary M. Saunders*
Gary M. Saunders - Executive
Vice President

Effective Date: *May 20*, 1992

PAYMENTS DUE IN DORCHESTER COUNTY

	1992 PAYMENT	1993 PAYMENT	1994 PAYMENT	1995 PAYMENT	1996 PAYMENT	TOTAL PAYMENT DUE
YEAR 1	\$84,304					\$84,304
YEAR 2	\$84,304	\$84,304				\$168,608
YEAR 3	\$84,304	\$84,304	\$84,304			\$252,912
YEAR 4	\$84,304	\$84,304	\$84,304	\$84,304		\$337,216
YEAR 5	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 6	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 7	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 8	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 9	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 10	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 11	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 12	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 13	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 14	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 15	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 16	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 17	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 18	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 19	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 20	\$84,304	\$84,304	\$84,304	\$84,304	\$84,304	\$421,520
YEAR 21		\$84,304	\$84,304	\$84,304	\$84,304	\$337,216
YEAR 22			\$84,304	\$84,304	\$84,304	\$252,912
YEAR 23				\$84,304	\$84,304	\$168,608
YEAR 24					\$84,304	\$84,304

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03694

ESTIMATE OF FEE-IN-LIEU PAYMENTS
1992 INVESTMENT IN DORCHESTER COUNTY

LAND & BUILDING		\$272,000
MACHINERY & EQUIPMENT	\$16,728,000	
LESS DEPRECIATION	0.11	

	\$1,840,060	
TOTAL MACHINERY & EQUIPMENT		\$14,887,920

TOTAL PROPERTY		\$15,159,920

TIMES ASSESSMENT RATIO		0.06

ASSESSED VALUE		\$909,595

MILLAGE

0.1991

TAXES

\$181,100

	ESTIMATE USING 6% RATIO	EQUAL ANNUAL PAYMENT
YEAR 1	\$181,100	\$84,304
YEAR 2	\$159,119	\$84,304
YEAR 3	\$137,137	\$84,304
YEAR 4	\$115,156	\$84,304
YEAR 5	\$93,174	\$84,304
YEAR 6	\$71,192	\$84,304
YEAR 7	\$49,211	\$84,304
YEAR 8	\$43,216	\$84,304
YEAR 9	\$43,216	\$84,304
YEAR 10	\$43,216	\$84,304
YEAR 11	\$43,216	\$84,304
YEAR 12	\$43,216	\$84,304
YEAR 13	\$43,216	\$84,304
YEAR 14	\$43,216	\$84,304
YEAR 15	\$43,216	\$84,304
YEAR 16	\$43,216	\$84,304
YEAR 17	\$43,216	\$84,304
YEAR 18	\$43,216	\$84,304
YEAR 19	\$43,216	\$84,304
YEAR 20	\$43,216	\$84,304
	-----	-----
	\$1,367,897	\$1,686,070
NET PRESENT VALUE AT 7.7%	\$846,514	\$846,514

LOTUS17/WES1

03695

ESTIMATE OF FEE-IN-LIEU PAYMENTS
1993 INVESTMENT IN DORCHESTER COUNTY

LAND & BUILDING		\$272,000
MACHINERY & EQUIPMENT	\$16,728,000	
LESS DEPRECIATION	0.11	

	\$1,840,080	
TOTAL MACHINERY & EQUIPMENT		\$14,887,920

TOTAL PROPERTY		\$15,159,920

TIMES ASSESSMENT RATIO		0.06

ASSESSED VALUE		\$909,595

MILLAGE

0.1991

TAXES

\$181,100

	ESTIMATE USING 6% RATIO	EQUAL ANNUAL PAYMENT
	-----	-----
YEAR 1	\$181,100	\$84,304
YEAR 2	\$159,119	\$84,304
YEAR 3	\$137,137	\$84,304
YEAR 4	\$115,156	\$84,304
YEAR 5	\$93,174	\$84,304
YEAR 6	\$71,192	\$84,304
YEAR 7	\$49,211	\$84,304
YEAR 8	\$43,216	\$84,304
YEAR 9	\$43,216	\$84,304
YEAR 10	\$43,216	\$84,304
YEAR 11	\$43,216	\$84,304
YEAR 12	\$43,216	\$84,304
YEAR 13	\$43,216	\$84,304
YEAR 14	\$43,216	\$84,304
YEAR 15	\$43,216	\$84,304
YEAR 16	\$43,216	\$84,304
YEAR 17	\$43,216	\$84,304
YEAR 18	\$43,216	\$84,304
YEAR 19	\$43,216	\$84,304
YEAR 20	\$43,216	\$84,304
	-----	-----
	\$1,367,897	\$1,686,070
NET PRESENT VALUE AT 7.7%	\$846,514	\$846,514

LOTUS17/WES1

03696

ESTIMATE OF FEE-IN-LIEU PAYMENTS
1994 INVESTMENT IN DORCHESTER COUNTY

LAND & BUILDING		\$272,000
MACHINERY & EQUIPMENT	\$16,728,000	
LESS DEPRECIATION	0.11	

	\$1,840,080	
TOTAL MACHINERY & EQUIPMENT		\$14,887,920
TOTAL PROPERTY		-----
		\$15,159,920
TIMES ASSESSMENT RATIO		0.06

ASSESSED VALUE		\$909,595

MILLAGE

0.1991

TAXES

\$181,100

	ESTIMATE USING 6% RATIO	EQUAL ANNUAL PAYMENT
	-----	-----
YEAR 1	\$181,100	\$84,304
YEAR 2	\$159,119	\$84,304
YEAR 3	\$137,137	\$84,304
YEAR 4	\$115,156	\$84,304
YEAR 5	\$93,174	\$84,304
YEAR 6	\$71,192	\$84,304
YEAR 7	\$49,211	\$84,304
YEAR 8	\$43,216	\$84,304
YEAR 9	\$43,216	\$84,304
YEAR 10	\$43,216	\$84,304
YEAR 11	\$43,216	\$84,304
YEAR 12	\$43,216	\$84,304
YEAR 13	\$43,216	\$84,304
YEAR 14	\$43,216	\$84,304
YEAR 15	\$43,216	\$84,304
YEAR 16	\$43,216	\$84,304
YEAR 17	\$43,216	\$84,304
YEAR 18	\$43,216	\$84,304
YEAR 19	\$43,216	\$84,304
YEAR 20	\$43,216	\$84,304
	-----	-----
	\$1,367,897	\$1,686,070
NET PRESENT VALUE AT 7.7%	\$846,514	\$846,514

LOTUS17/WES1

03697

ESTIMATE OF FEE-IN-LIEU PAYMENTS
1995 INVESTMENT IN DORCHESTER COUNTY

LAND & BUILDING		\$272,000
MACHINERY & EQUIPMENT	\$16,728,000	
LESS DEPRECIATION	0.11	

	\$1,840,080	
TOTAL MACHINERY & EQUIPMENT		\$14,887,920

TOTAL PROPERTY		\$15,159,920

TIMES ASSESSMENT RATIO		0.06

ASSESSED VALUE		\$909,595

MILLAGE

0.1991

TAXES

\$181,100

	ESTIMATE USING 6% RATIO	EQUAL ANNUAL PAYMENT
	-----	-----
YEAR 1	\$181,100	\$84,304
YEAR 2	\$159,119	\$84,304
YEAR 3	\$137,137	\$84,304
YEAR 4	\$115,156	\$84,304
YEAR 5	\$93,174	\$84,304
YEAR 6	\$71,192	\$84,304
YEAR 7	\$49,211	\$84,304
YEAR 8	\$43,216	\$84,304
YEAR 9	\$43,216	\$84,304
YEAR 10	\$43,216	\$84,304
YEAR 11	\$43,216	\$84,304
YEAR 12	\$43,216	\$84,304
YEAR 13	\$43,216	\$84,304
YEAR 14	\$43,216	\$84,304
YEAR 15	\$43,216	\$84,304
YEAR 16	\$43,216	\$84,304
YEAR 17	\$43,216	\$84,304
YEAR 18	\$43,216	\$84,304
YEAR 19	\$43,216	\$84,304
YEAR 20	\$43,216	\$84,304
	-----	-----
	\$1,367,897	\$1,686,070

NET PRESENT
VALUE AT 7.7%

\$846,514

\$846,514

LOTUS17/WES1

03698

ESTIMATE OF FEE-IN-LIEU PAYMENTS
1996 INVESTMENT IN DORCHESTER COUNTY

LAND & BUILDING		\$272,000
MACHINERY & EQUIPMENT	\$16,728,000	
LESS DEPRECIATION	0.11	

	\$1,840,080	
TOTAL MACHINERY & EQUIPMENT		\$14,887,920

TOTAL PROPERTY		\$15,159,920

TIMES ASSESSMENT RATIO		0.06

ASSESSED VALUE		\$909,595

MILLAGE

0.1991

TAXES

\$181,100

	ESTIMATE USING 6% RATIO	EQUAL ANNUAL PAYMENT
	-----	-----
YEAR 1	\$181,100	\$84,304
YEAR 2	\$159,119	\$84,304
YEAR 3	\$137,137	\$84,304
YEAR 4	\$115,156	\$84,304
YEAR 5	\$93,174	\$84,304
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YEAR 12	\$43,216	\$84,304
YEAR 13	\$43,216	\$84,304
YEAR 14	\$43,216	\$84,304
YEAR 15	\$43,216	\$84,304
YEAR 16	\$43,216	\$84,304
YEAR 17	\$43,216	\$84,304
YEAR 18	\$43,216	\$84,304
YEAR 19	\$43,216	\$84,304
YEAR 20	\$43,216	\$84,304
	-----	-----
	\$1,367,897	\$1,686,070
NET PRESENT VALUE AT 7.7%	\$846,514	\$846,514

LOTUS17/WES1

03699

(Bond Opinion)

_____, 1992

EXHIBIT

NOV 24 1992

8

STATE BUDGET & CONTROL BOARD

County Council of Dorchester County
Post Office Box 4126
St. George, South Carolina 29477

Robert Bosch Corporation
2800 South 25th Avenue
Broadview, Illinois 60153

Re: Not Exceeding \$300,000,000 Dorchester County, South Carolina,
Industrial Development Revenue Bonds, Series 1992
(Robert Bosch Corporation Project)

Gentlemen:

We have acted as bond counsel in connection with the issuance by Dorchester County, South Carolina (the "County"), of \$300,000,000 principal amount Industrial Revenue Bonds, Series 1992 (Robert Bosch Corporation Project) (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

The Bonds are issued pursuant to a Lease Agreement (the "Agreement") dated as of _____, 1992, between the County and Robert Bosch Corporation (the "Company"), and secured by an Indenture dated as of _____, 1992 (the "Indenture"), by and between the County and Robert Bosch Corporation, as purchaser (the "Purchaser"). Under the Agreement, the Company has agreed to make lease payments to be used to pay when due the principal of and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the County under the Agreement (except certain rights to indemnification, reimbursements, fees in lieu of ad valorem taxes and administrative fees) are pledged and assigned by the County as security for the Bonds. The Bonds are payable solely from the Revenues.

Reference is made to an opinion of even date of John G. Frampton, Esquire, counsel to the Company, with respect, among other matters, to the power of the Company to enter into and perform the Agreement and the Escrow Agreement dated as of _____, 1992, by and among the County, the, McNair Law Firm, P.A., and the Company, and the authorization, execution and delivery of the Agreement and the Escrow Agreement.

03700

Robert Bosch Corporation
County Council of Dorchester County
, 1992
Page 2

As to questions of fact material to our opinion, we have relied upon representations of the County and the Company contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Company, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The County is duly created and validly existing as a body corporate and politic and a political subdivision of the State of South Carolina with the corporate power to enter into and perform its obligations under the Agreement, the Indenture, and the Escrow Agreement, and to issue the Bonds.
2. The 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 enforceable in accordance with their terms. The Indenture creates a valid lien on the Revenues and assignment of the rights of the County under the Agreement (except certain rights to indemnification, reimbursements and administrative fees).
3. The Bonds have been duly authorized, executed and issued by the County and are valid and binding special obligations of the County enforceable in accordance with their terms and payable solely from the Revenues. The Bonds do not create or constitute a pledge of the faith and credit of the Issuer or the State or the taxing power of the State. The Issuer does not have taxing power. Neither the Issuer nor the State is obligated to make any payment with respect to the Bonds except from the special funds provided therefor and the property pledged thereto under the Indenture.
4. Under existing law, the interest on the Bonds is exempt from South Carolina taxation, except for inheritance, estate or transfer taxes. Certain taxes, however, specifically including the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina, 1976, as amended, are enforced as franchise taxes on some measure of assets or income, which may include the Bonds or income therefrom.
5. The Bonds are exempt from registration under the Securities Act of 1933 and the Indenture is exempt from qualification under the Trust Indenture Act of 1939. The Bonds are exempt from any registration or filing requirement under the securities laws of the State of South Carolina.

03701

Robert Bosch Corporation
County Council of Dorchester County
, 1992
Page 3

It is to be understood that the rights of the holder of the Bonds and the enforceability of the Bonds, the Indenture, the Agreement, and the Escrow Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have been retained solely for the purpose of examining into the validity and legality of the Bonds and of rendering certain specific opinions hereinbefore stated and for no other purpose. We have not verified the accuracy, completeness or fairness of any representations or information concerning the business or financial condition of 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.

Very truly yours,

MCNAIR LAW FIRM, P.A.

By: _____
Kathleen Crum McKinney

03702

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

November 5, 1992

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

EXHIBIT

NOV 24 1992

8

STATE BUDGET & CONTROL BOARD

MEMORANDUM

TO: Treva Ashworth; Wayne Rush
FROM: Donna K. Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the November 24 Budget and Control Board agenda:

Dorchester County
Not Exceeding \$300,000,000 Industrial Revenue Bonds
Robert Bosch Corporation project

For this proposal to be included on the November 24 agenda, I must have the written results of your review before 12 noon on Wednesday, November 18.

DKW/laf
Enclosure

03703

McNAIR LAW FIRM, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK PLAZA/SUITE 601
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
NATIONSBANK 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

November 3, 1992

EXHIBIT

NOV 24 1992

8

STATE BUDGET & CONTROL BOARD

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

Re: Not Exceeding \$300,000,000 Dorchester County,
South Carolina Industrial Revenue Bonds, Series 1992
(Robert Bosch Corporation Project)

Dear Donna:

Please find enclosed the Transmittal Form for the next Budget and Control Board meeting to be held on November 10, 1992 in connection with the above-referenced bond issue.

Robert Bosch Corporation is mailing us the processing fee of \$4,000 tomorrow and as soon as we receive the check, we will forward it to you.

If you have any questions or need anything further, please do not hesitate to give me a call.

Sincerely,

McNAIR LAW FIRM, P.A.

Wesley
J. Wesley Crum, III

WC/lrs
Enclosures

03704

McNAIR LAW FIRM, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NCNB PLAZA / SUITE 601
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 803/722-3277

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

November 30, 1992

EXHIBIT

NOV 24 1992 8

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

STATE BUDGET & CONTROL BOARD

Re: Not Exceeding \$300,000,000 Dorchester County,
South Carolina Industrial Revenue Bonds, Series 1992
(Robert Bosch Corporation Project)

Dear Donna:

Please find enclosed a copy of the Affidavit of Publication of the Notice of Approval in connection with the above-referenced bond issue.

If you have any questions or need anything further, please do not hesitate to give me a call.

Sincerely,

McNAIR LAW FIRM, P.A.

Wesley
J. Wesley Crum, III

WC/lrs
Enclosures

03705

AFFIDAVIT
OF
PUBLICATION

The Post and Courier

State of South Carolina

County of Charleston

Personally appeared before me
the undersigned advertising Clerk of the
above indicated newspaper 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

on the following day(s):

November 25, 1992

Subscribed and sworn to

before me this 27th day

of November

A.D. 19 92

[Signature]

NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission expires June 18, 2000

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 Dorchester County, South Carolina, has given its approval to the following undertaking by Dorchester County, South Carolina:

The issuance by Dorchester County of its Industrial Revenue Bonds (Robert Bosch Corporation Project) in the original principal amount of not exceeding \$300,000,000 (the "Bonds"), to defray the costs 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 by Robert Bosch Corporation, a Delaware corporation, to be used as an industrial facility for the purpose of manufacturing automotive and engine components (the "Project") to be located in Dorchester County. The Project will be leased to Robert Bosch Corporation which 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 Robert Bosch Corporation 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 Dorchester County to finance the same, by action de novo instituted in the Circuit Court for Dorchester County, South Carolina.

STATE BUDGET
AND CONTROL BOARD
BY: DONNA K. WILLIAMS,
Secretary
Dated: November 24, 1992

Doreen Mazzyck
(Advertising clerk)

2800 S. 25TH AVENUE
BROADVIEW, IL 60153

70-1141
719

CHECK NO. _____

105582

The sum of 4.000 dal's 00 cts

PAY

TO THE ORDER OF

South Carolina State Treasurer

Columbia, SC

DATE _____

CHECK AMOUNT

November 4, 1992

\$4,000.00

Robert Bosch Corporation
Corporate Headquarters

[Signature]

HARRIS BANK ARGO, SUMMIT, ILLINOIS

11 10558211 1:0719114161: 04...193...538...611

2800 S. 25TH AVENUE, BROADVIEW, IL 60153

DATE _____

CHECK NO.

11-04-92

105582

DATE	REFERENCE	TYPE	DESCRIPTION	GROSS	DISCOUNT	NET
11-04-92			Industrial Revenue Bonds			\$4,000
				EXHIBIT NOV 24 1992 8 STATE BUDGET & CONTROL BOARD		
			TOTAL >			\$4,000.00

03707

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

May 7, 1993

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER P. CARTER
EXECUTIVE DIRECTOR

Mr. Wesley Crum
McNair Law Firm, P.A.
7 North Laurens Street, Suite 601
NationsBank Plaza
Greenville, SC 29601

Dear Mr. Crum:

Re: Dorchester County
Not Exceeding \$300,000,000 Industrial Revenue Bonds
(Robert Bosch Corporation project)

On November 4, you transmitted the packet of information for the referenced bond issue for approval by the Budget and Control Board. That transmittal form indicated that a \$4,000 processing fee would be sent separately.

Check No. 105582 for \$4,000 subsequently was received from the Bosch Corporation. However, the processing fee for revenue bond issue amounts over \$50,000 require a \$5,000 processing fee (see Section 1-11-135, Code of Laws of South Carolina, 1976 as amended).

Would you please remit the additional \$1,000 processing fee.

Sincerely,

A handwritten signature in cursive script that reads "Donna K. Williams".

Donna K. Williams
Assistant Executive Director

W

03708

McNAIR & SANFORD, P.A.

ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK PLAZA/SUITE 601
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
NATIONSBANK 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

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

SPARTANBURG OFFICE
SPARTAN CENTRE/SUITE 306
101 WEST ST. JOHN STREET
POST OFFICE BOX 5137
SPARTANBURG, SC 29304
TELEPHONE 803/542 1300
FACSIMILE 803/542 0705

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659 3900
FACSIMILE 202/659 5763

August 31, 1993

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

Re: Robert Bosch Corporation
Series 1992

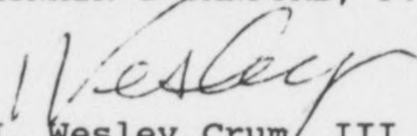
Dear Donna:

Please find enclosed a check in the amount of \$1,000 from the Robert Bosch Corporation for the fee-in-lieu of tax transaction done in 1992.

If you have any questions or need anything further, please do not hesitate to give us a call.

Sincerely,

McNAIR & SANFORD, P.A.


J. Wesley Crum, III

WC/lrs
Enclosure

GRVL:8434

03709



2800 S. 25TH AVENUE
BROADVIEW, IL 60153

70-1141
719

CHECK NO. _____

110117

110117

PAY ONE THOUSAND DOLLARS AND NO CENTS

TO THE ORDER OF

DATE _____

CHECK AMOUNT

08/19/93 *****1,000.00

Robert Bosch Corporation
Corporate Headquarters

SOUTH CAROLINA STATE TREASURER
COLUMBIA, SC

HARRIS BANK ARGO, SUMMIT, ILLINOIS

11# 1 0 1 1 7 11# 1:0 7 1 9 1 1 4 1 6 1: 0 4 11# 1 9 3 11# 5 3 8 11# 6 11#

2800 S. 25TH AVENUE, BROADVIEW, IL 60153

DATE
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EXHIBIT

NOV 24 1992

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

8

AGENCY: General Services

SUBJECT: Proposed Regulation 19-446, Representation in Proceedings

The Division of General Services requests Board approval of the following proposed regulation for publication in the December State Register:

19-446. Representation in Proceedings.

Persons not licensed to practice law in South Carolina, including laypersons, Certified Public Accountants, persons possessing Limited Certificates of Admission, architects, and engineers, may appear and represent clients in protests, contract disputes, and other proceedings before the Chief Procurement Officers, including the State Engineer.

This new regulation is proposed to effectuate the Supreme Court's September 21, 1992, Order providing that state agencies can, by such regulations, authorize persons not licensed to practice law in South Carolina to represent clients in proceedings before the agency; in this case, the Chief Procurement Officers, Division of General Services.

A public hearing is scheduled for January 28, 1993, should one be requested.

The preliminary fiscal impact statement indicates that there will be no additional costs incurred by the State and its political subdivisions in complying with this new regulation, which is completely consistent with present practice and allows parties to the protests, including state agencies, their choice of representatives in addition to lawyers licensed in South Carolina.

Final regulations will be brought back to the Board for approval for submission to the General Assembly.

BOARD ACTION REQUESTED:

Approve proposed regulation 19-446, Representation in Proceedings, for publication in the December State Register.

ATTACHMENTS:

Agenda item worksheet; Proposed Regulation; September 21, 1992, Supreme Court Order; Notice of Drafting Period

03711

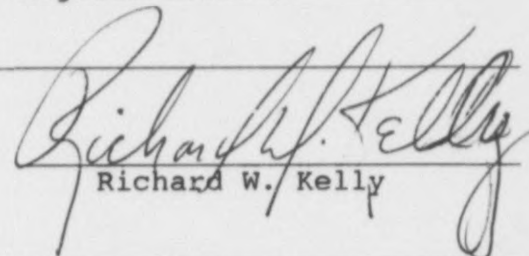
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 24, 1992

*Regular Session

1. Submitted by:

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


Richard W. Kelly

2. Subject: Layperson representation in proceedings before the Chief Procurement Officers (CPOs)

3. Summary Background Information:

The Supreme Court held, on September 21, 1992 (Order attached), that agencies could, by regulation, authorize persons not licensed to practice law in South Carolina to represent clients before the agency. The Chief Procurement Officers' hearings are informal, are not required by law and are not contested cases under the Administrative Procedures Act. Laypersons have represented vendors, contractors and agencies in protests and contract disputes as often as not, without serious incident attributable thereto. Consequently, in furtherance of the Procurement Code purposes and the public interest, the Division of General Services has filed the attached Notice of Drafting.

4. What is Board asked to do?

Authorize the attached proposed regulation and promulgate same upon completion of the notice and comment period.

5. What is the recommendation of Board Division involved?

It is requesting this Board action for the reasons stated in 3 above.

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

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

7. List of Supporting Documents:

1. September 21, 1992 Supreme Court Order.
2. Notice of Drafting Period as filed October 9, 1992.
3. Proposed Regulation.

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

03712

EXHIBIT

NOV 24 1992

9

PROPOSED REGULATION

STATE BUDGET & CONTROL BOARD

BUDGET AND CONTROL BOARD, DIVISION OF GENERAL SERVICES

Chapter 19

Statutory Authority: 1976 Code Section 11-35-540

19-446. Representation in Proceedings.

Persons not licensed to practice law in South Carolina, including laypersons, Certified Public Accountants, attorney's licensed in other jurisdictions, persons possessing Limited Certificates of Admission, architects, and engineers, may appear and represent clients in protests, contract disputes and other proceedings before the Chief Procurement Officers, including the State Engineer.

Synopsis:

This new regulation is proposed to effectuate the Supreme Court's September 21, 1992 Order providing that state agencies can, by such regulations, authorize persons not licensed to practice law in South Carolina to represent clients in proceedings before the agency; in this case, the Chief Procurement Officers, Division of General Services.

Notice of Public Hearing:

Should a hearing be requested pursuant to Section 1-23-110(b) of the 1976 Code, as amended, such a hearing will be conducted at 420 AT&T Building, 1201 Main Street, Columbia, S.C. on January 29, 1993, at 10:30 a.m. Written comments may be directed to James W. Rion, Legal Counsel, Division of General Services, no later than January 28, 1993.

Preliminary Fiscal Impact Statement:

The South Carolina Budget and Control Board estimates that there will be no additional costs incurred by the State and its political subdivisions in complying with this new Regulation, which is completely consistent with present practice and allows parties to protests, including state agencies, their choice of representatives in addition to lawyers licensed in South Carolina.

03713

Proposed Regulation
Chapter 19 of Title 23

Statutory Authority:

Chapter 305 of Title 11, S.C. Code Ann. (1986)
Alternative - Section 11-35-540, S.C. Code Ann. (1986)

Persons not licensed to practice law in South Carolina, including laypersons, Certified Public Accountants, attorney's licensed in other jurisdictions, persons possessing Limited Certificates of Admission, architects, and engineers, may appear and represent clients in protests, contract disputes and other proceedings before the Chief Procurement Officers, including the State Engineer.

03714

EXHIBIT

The Supreme Court of South Carolina

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

In re: Unauthorized Practice of Law Rules Proposed
by the South Carolina Bar

ORDER

In June 1991 the South Carolina Bar through a special subcommittee of the Unauthorized Practice of Law Committee (Committee) submitted to the Supreme Court a set of proposed rules governing the unauthorized practice of law (Proposed Rules). This comprehensive set of Proposed Rules represents the Committee's collective wisdom accumulated during its thirteen years of existence, as well as the efforts of the special subcommittee which spent over a year drafting these rules. The Proposed Rules attempt to define and delineate the practice of law, and to establish clear guidelines so that professionals other than attorneys can ensure they do not inadvertently engage in the practice of law.

It is impossible for anyone not familiar with the scope of the issues embraced by the Proposed Rules to truly appreciate the enormity of the task undertaken by the special subcommittee. After careful review of the Proposed Rules, the documentation in support of these rules, and the tremendous amount of memoranda in opposition to their adoption, we conclude that the Proposed Rules should not be adopted. We commend the subcommittee for its Herculean efforts to define the practice of law. We are convinced, however, that it is neither practicable nor wise to attempt a comprehensive definition by way of a set of rules.

03715

Instead, we are convinced that the better course is to decide what is and what is not the unauthorized practice of law in the context of an actual case or controversy.

The Constitution commits to this Court the duty to regulate the practice of law in South Carolina. S.C. Const. art. V, § 4; see also S.C. Code Ann. § 40-5-10 (1986). We take this opportunity to clarify certain practices which we hold do not constitute the unauthorized practice of law.

First, we recognize the validity of the principle found in S.C. Code Ann. § 40-5-80 (1986): any individual may represent another individual before any tribunal, if (1) the tribunal approves of the representation and (2) the representative is not compensated for his services. We have refused, however, to allow an individual to represent a business entity under the statute. See State ex rel. Daniel v. Wells, 191 S.C. 468, 5 S.E.2d 181 (1939). We modify Wells today to allow a business to be represented by a non-lawyer officer, agent or employee, including attorneys licensed in other jurisdictions and those possessing Limited Certificates of Admission pursuant to Rule 405, SCACR, in civil magistrate's court proceedings. Such representation may be compensated and shall be undertaken at the business's option, and with the understanding that the business assumes the risk of any problems incurred as the result of such representation. The magistrate shall require a written authorization from the entity's president, chairperson, general partner, owner or chief executive officer, or in the case of a person possessing a

03716

Limited Certificate, a copy of that Certificate, before permitting such representation.

Second, we hold that State agencies may, by regulation¹, authorize persons not licensed to practice law in South Carolina, including laypersons, Certified Public Accountants (CPAs), attorneys licensed in other jurisdictions and persons possessing Limited Certificates of Admission, to appear and represent clients before the agency. These regulations are presumptively valid and acts done in compliance with the regulations are presumptively not the unauthorized practice of law. We recognize, however, that such an agency practice could be abused, and reserve the authority to declare unenforceable any regulation which results in injury to the public.

Third, our respect for the rigorous professional training, certification and licensing procedures, continuing education requirements, and ethical code required of Certified Public Accountants (CPAs) convinces us that they are entitled to recognition of their unique status. We hold that CPAs do not engage in the unauthorized practice of law when they render professional assistance, including compensated representation before agencies and the Probate Court, that is within their professional expertise and qualifications. We are confident that allowing CPAs to practice in their areas of expertise, subject to their own professional regulation, will best serve to both protect and promote the public interest.

¹A copy of the proposed regulation shall be filed with the Supreme Court Clerk at the same time it is filed with the Legislative Council.

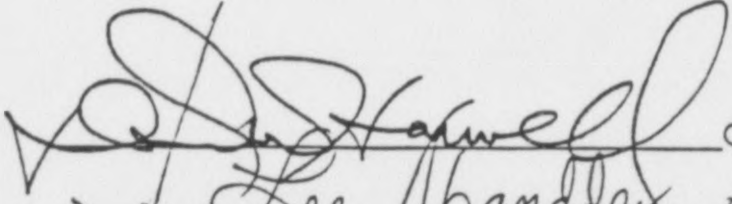
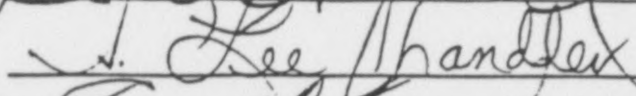
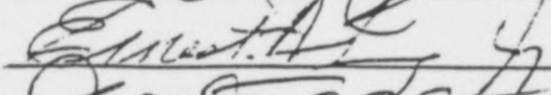
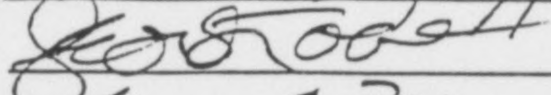
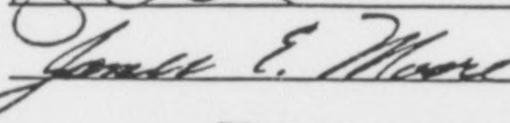
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We also take this opportunity to reaffirm the rule that police officers may prosecute traffic offenses in magistrate's court and in municipal court. Only the arresting officer may prosecute the case, although if the officer is new or inexperienced, he may be assisted at trial by one of his supervisors. State v. Sossamon, 298 S.C. 72, 378 S.E.2d 259 (1989); see also State ex rel. McLeod v. Seaborn, 270 S.C. 696, 244 S.E.2d 317 (1978).

Finally, we recognize that other situations will arise which will require this Court to determine whether the conduct at issue involves the unauthorized practice of law. We urge any interested individual who becomes aware of such conduct to bring a declaratory judgment action in this Court's original jurisdiction to determine the validity of the conduct. We hope by this provision to strike a proper balance between the legal profession and other professionals which will ensure the public's protection from the harms caused by the unauthorized practice of law.

Let this order be published with the Administrative Orders of this Court.

IT IS SO ORDERED.

	C.J.
	A.J.
	A.J.
	A.J.
	A.J.

Columbia, South Carolina

September 21, 1992

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

-4-

03718

EXHIBIT

NOV 24 1992

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STATE BUDGET AND CONTROL BOARD
MEETING OF November 24, 1992

STATE BUDGET & CONTROL BOARD
ITEM NUMBER 9

AGENCY: General Services

SUBJECT: Mental Health Departmental CIB Issue

The Division of General Services recommends approval of the Department of Mental Health's request to issue \$8,888,287 in departmental capital improvement bonds. The proceeds of the bonds will be used to purchase land and construct community mental health centers in Spartanburg and Orangeburg.

The Spartanburg project will be funded at \$6,388,287 and the Orangeburg project at \$2,500,000. Both projects were included in the agency's 1992-93 Annual Permanent Improvement Program (APIP) and have been approved by the Board.

In accord with Section 3 of Act 151 of 1983, which authorizes the Department to issue bonds for capital improvements, the Board may approve in whole or in part any application from the Mental Health Commission. The Commission, on May 8, 1992, approved the issuance of departmental bonds for the Spartanburg and Orangeburg projects when it approved the Department's APIP.

Current annual revenues are sufficient to cover the highest annual debt service on outstanding and proposed bonds, with a margin of \$340,414. The total principal and interest on the bonds, to be paid over 15 years, is \$13,865,739. Maturity schedules provided by the Department are based on an issue of \$8,888,287 with a 7% interest rate. The interest rate is higher than will actually be used, thereby providing conservative estimates of the proposed costs and revenues.

BOARD ACTION REQUESTED:

Authorize the Department of Mental Health to issue \$8,888,287 departmental capital improvement bonds to purchase land and construct community mental health centers in Spartanburg and Orangeburg.

ATTACHMENTS:

Agenda item worksheet; Morris November 10 letter; A-1 forms; excerpt from minutes of May 8 Commission meeting; debt service test; maturity schedules; Section 3 of Act 151 of 1983

03719

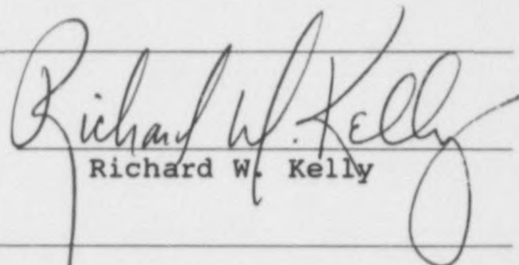
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: November 24, 1992

Regular Agenda

1. Submitted by:

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


Richard W. Kelly

2. Subject: Department of Mental Health Departmental Capital Improvement Bond Issuance Request

3. Summary Background Information

The Department of Mental Health seeks permission to issue \$8,888,287 in departmental capital improvement bonds to purchase land and construct community mental health centers in Spartanburg and Orangeburg. The Spartanburg project would be funded at \$6,388,287 and the Orangeburg project at \$2,500,000. Both projects were approved by the Board in the Department's 1992-93 Annual Permanent Improvement Program.

Under Act 151 of 1983, Section 3, giving the Department of Mental Health authority to issue bonds for capital improvements, the Board may approve in whole or in part any application from the Mental Health Commission. On May 8, 1992, that Commission approved the issuance of bonds for the Spartanburg and Orangeburg projects in approving the Department's Annual Permanent Improvement Program.

The Department has provided the information required by law in making application to the Board for the issuance of departmental bonds. The Department has sufficient bonding capability, compared to its statutory authority of \$30 million, to issue the requested bonds, with a remaining margin of \$9.7 million. Annual estimated revenues from patient paying fees are sufficient to cover debt service on outstanding and proposed bonds, based on a 15-year maturity schedule, with a margin of \$15.1 million over the 15-year period.

Current annual revenues are also sufficient to cover the highest annual debt service on outstanding and proposed bonds, with a margin of \$340,414. The total cost of principal and interest on \$8,888,287 in bonds, to be paid over 15 years, is \$13,865,739.

The maturity schedules provided by the Department of Mental Health are based on a proposed bond issue of \$8,888,287 with a 7% interest rate. The interest rate on the schedules is higher than will actually be used, thereby providing conservative estimates of the proposed costs and revenues relating to the bond issue.

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

03720

4. What is Board asked to do?

Approve the issuance of \$8,888,287 in departmental capital improvement bonds by the Department of Mental Health.

5. What is the recommendation of Board Division involved?

Recommend approval of the issuance of \$8,888,287 in departmental capital improvement bonds by the Department of Mental Health.

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

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

7. List of Supporting Documents:

- (a) Attached:
 - 1. Forms A-1 for Spartanburg and Orangeburg Community Mental Health Center.
 - 2. Capital Improvement Bond form.
 - 3. Maturity Schedules for outstanding and proposed bonds.
 - 4. Act 151 of 1983, Section 3.

03721



South Carolina
Department of
Mental Health

Commissioner's Office
2414 Bull Street/P.O. Box 485
Columbia, SC 29202
(803) 734-7780
Information: (803) 734-7766

Joseph J. Bevilacqua, Ph.D.
State Commissioner

November 10, 1992

EXHIBIT

INTERAGENCY

NOV 24 1992 10

Ms. Carol Routh
Property Management
Division of General Services
1201 Main Street
Columbia, S. C. 29201

STATE BUDGET & CONTROL BOARD

Dear Ms. Routh:

On May 8, 1992, the Mental Health Commission approved the Department of Mental Health Annual Permanent Improvement Program. Priority #1 (Spartanburg Area CMHC construction) and Priority #2 (Orangeburg Area CMHC construction) specified Departmental Capital Improvement Bonds as the source of funds.

It is, therefore, requested that the required action be taken to issue Departmental Bonds to fund these projects. Mental Health would like to draw on the proceeds beginning on or about January 1, 1993. A detailed draw schedule will be provided at a later date.

If additional information is necessary, please contact Mr. James E. Boggs.

Sincerely,

John A. Morris
Executive Deputy Commissioner

JAM/ccr

Enclosure

MENTAL HEALTH COMMISSION:

Richard K. Harding, M.D., Chairman, Columbia
C. Alex Harvin, Jr., Vice-Chairman, Summerton
Elizabeth L. Forrester, Georgetown

Fred H. Gantt, Columbia
E.A. Hall, Jr., Columbia
Louise R. Hassenplug, Rock Hill

John P. Linton, Esq., Charleston

03722

FOR BOARD USE ONLY

CHE _____
 JBRC Staff _____
 JBRC _____
 BC Board _____
 BC Staff _____
 A Forms Mailed _____
 SPIRS Date _____
 Summary _____

FORM A-1 PAGE 1 OF 2

EXHIBIT

NOV 24 1992

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STATE BUDGET & CONTROL BOARD

(For Board Use Only)

8-93(I)

SUMMARY NUMBER

FORM NUMBER

BUDGET AND CONTROL BOARD - PERMANENT IMPROVEMENT PROJECT REQUEST

1. AGENCY

Code J12 Name S. C. Department of Mental Health
 Contact Person Daniel W. Paxton Phone # 734-7760

2. PROJECT X Establish Project Revise Existing Project

Number 9585 Name Spartanburg Area CMHC Const. J12-9585
 Facility # Facility Name Spartanburg Mental Health Center
 Project Type Construct Add. Facility Facility Type Health care/medical
 County Code 42

3. APIP PROJECT APPROVAL FOR CURRENT FISCAL YEAR

APIP priority number 1 of 24

4. PROJECT ACTION PROPOSED (Indicate action(s) from list included with instructions.)

Establish project - APIP '92-'93

5. PROJECT DESCRIPTION AND JUSTIFICATION

(Explain and justify the project or revision, including what it is, why it is needed, and any alternatives considered. Attach supporting documentation/maps to fully convey the need for the request.)

Purchase 20 acres of land in Spartanburg County and construct a 55,000 sq.ft. facility. Inadequate space to accommodate programs on a community level

(Land purchase to be processed separately)



6. OPERATING COST IMPLICATIONS

Attach Form A-49 if any additional operating costs or savings will result from this request. This includes costs to be absorbed with current funding.

7. ESTIMATED PROJECT SCHEDULE AND EXPENDITURES

Estimated start date: 11/92 Estimated Completion Date: 11/94
 Estimated expenditures: In current FY 92/93 \$ 600,000 After current FY: \$ 5,788,287

03723

8. ESTIMATES OF NEW/REVISED PROJECT COSTS

FORM A-1 PAGE 2 OF 2

1.	<u>1,000,000</u>	Land/Building Purchase	Floor Space:	<u> </u>	Gross Square Feet
2.	<u>400,000</u>	Professional Services	Land:	<u>20</u>	Acres
3.	<u>170,000</u>	Site Work (including utilities)			
4.	<u> </u>	Asbestos/PCB Abatement	\$ <u> </u>		Design Services
			\$ <u> </u>		Air Monitoring
			\$ <u> </u>		Abatement Work
5.	<u>3,850,000</u>	New Construction	Floor Space:	<u>55,000</u>	Gross Square Feet
6.	<u> </u>	General Renovation/Repair	Floor Space:	<u> </u>	Gross Square Feet
7.	<u> </u>	Mechanical Repair/Replacement			
8.	<u> </u>	Roof Repair/Replacement	Roof Age:	<u> </u>	Years
9.	<u>698,287</u>	Equipment:	Information Technology \$ <u> </u>		
10.	<u> </u>	Construction Materials			
11.	<u> </u>	Labor Costs			
12.	<u> </u>	Other (Specify) <u> </u>			
13.	<u> </u>	Other (Specify) <u> </u>			
14.	<u> </u>	Insurance/Construction Bond Costs/Cost of Bond Financing			
15.	<u>270,000</u>	Project Contingency			
	<u>6,388,287</u>	TOTAL PROJECT BUDGET			

9. PROPOSED SOURCE OF FUNDING

Source	Previously Approved Amount	Proposed Increase/Decrease	Original/Revised Budget	Transfer to/from Proj. #	Rev Object Code	Treasurer ID Number	Rev Sub Fund	Exp Sub Fund
(0) Capital Improvement Bonds Group <u> </u>					8115		3043	3043
(1) Dept Capital Improvement Bonds Group <u> </u>	0	+6,388,287	6,388,287		8115		3143	3143
(2) Institution Bonds								3235
(3) Revenue Bonds								3393
(4) Excess Debt Service Type <u> </u>								3497
(5) Capital Reserve Fund					8895		3603	3603
(6) Appropriated State Program Source <u> </u>					8895	68800100	1001	3600
(7) Federal						78800100		5787
(8) Athletic						88800100		3807
(9) Other (Specify)						98800100		3907
TOTAL BUDGET	0	+6,388,287	6,388,287					

10. SUBMITTED BY:

R. Brooks Galloway 10/26/92 DWS
 Signature of Authorized Official and Title Date
 R. Brooks Galloway, Deputy Commissioner, Admin. Services

APIP 1992-93

JBRC 08-04-92
B&CB 09-15-92

APPROVED BY:

(se Only)

Authorized Signature and Title

Date

03724

FOR BOARD USE ONLY

CHE _____
 JBRC Staff _____
 JBRC _____
 BC Board _____
 BC Staff _____
 A Forms Mailed _____
 SPIRS Date _____
 Summary _____

FORM A-1 PAGE 1 OF 2

(For Board Use Only)

8-93(I)

SUMMARY NUMBER

FORM NUMBER

BUDGET AND CONTROL BOARD - PERMANENT IMPROVEMENT PROJECT REQUEST

1. AGENCY

Code J12 Name S. C. Department of Mental Health
 Contact Person Daniel W. Paxton Phone # 734-7760

2. PROJECT ☒ Establish Project ☐ Revise Existing Project

Number 9586 Name Orangeburg Area CMHC Construction J12-9586
 Facility # _____ Facility Name Orangeburg Mental Health Center
 Project Type Construct Add. Facility Facility Type Health Care/Medical
 County Code 38

3. APIP PROJECT APPROVAL FOR CURRENT FISCAL YEAR

APIP priority number 2 of 24

4. PROJECT ACTION PROPOSED (Indicate action(s) from list included with instructions)

Establish project - APIP '92-'93

5. PROJECT DESCRIPTION AND JUSTIFICATION

(Explain and justify the project or revision, including what it is, why it is needed, and any alternatives considered. Attach supporting documentation/maps to fully convey the need for the request.)

Purchase approximately 5 acres of land in Orangeburg County and construct a 25,000 sq.ft. facility. This structure will house all services now provided in Orangeburg.

Current space is inadequate to accommodate all services at the community level.
 (Land purchase to be processed separately-)

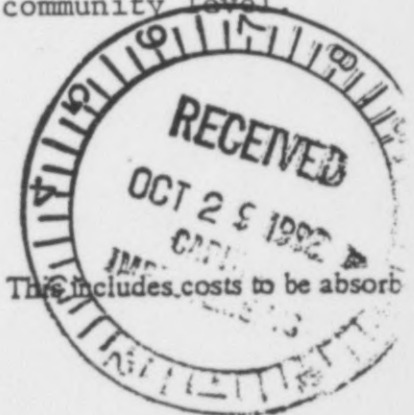
6. OPERATING COST IMPLICATIONS

Attach Form A-49 if any additional operating costs or savings will result from this request. This includes costs to be absorbed with current funding.

7. ESTIMATED PROJECT SCHEDULE AND EXPENDITURES

Estimated start date: 11/92 Estimated Completion Date: 11/94

Estimated expenditures: In current FY 92/93 \$ 250,000 After current FY: \$ 2,250,000



03725

8. ESTIMATES OF NEW/REVISED PROJECT COSTS

FORM A-1 PAGE 2 OF 2

1.	<u>200,000</u>	Land/Building Purchase	Floor Space:	<u> </u>	Gross Square Feet
			Land:	<u>5</u>	Acres
2.	<u>250,000</u>	Professional Services			
3.	<u>30,000</u>	Site Work (including utilities)			
4.	<u> </u>	Asbestos/PCB Abatement	\$ <u> </u>		Design Services
			\$ <u> </u>		Air Monitoring
			\$ <u> </u>		Abatement Work
5.	<u>2,020,000</u>	New Construction	Floor Space:	<u>25,000</u>	Gross Square Feet
6.	<u> </u>	General Renovation/Repair	Floor Space:	<u> </u>	Gross Square Feet
7.	<u> </u>	Mechanical Repair/Replacement			
8.	<u> </u>	Roof Repair/Replacement	Roof Age:	<u> </u>	Years
9.	<u> </u>	Equipment:	Information Technology	\$ <u> </u>	
10.	<u> </u>	Construction Materials			
11.	<u> </u>	Labor Costs			
12.	<u> </u>	Other (Specify) <u> </u>			
13.	<u> </u>	Other (Specify) <u> </u>			
14.	<u> </u>	Insurance/Construction Bond Costs/Cost of Bond Financing			
15.	<u> </u>	Project Contingency			
	<u>2,500,000</u>	TOTAL PROJECT BUDGET			

9. PROPOSED SOURCE OF FUNDING

Source	Previously Approved Amount	Proposed Increase/Decrease	Original/Revised Budget	Transfer to/from Proj. #	Rev Object Code	Treasurer ID Number	Rev Sub Fund	Exp Sub Fund
(0) Capital Improvement Bonds Group <u> </u>					8115		3043	3043
(1) Dept Capital Improvement Bonds Group <u> </u>	0	+2,500,000	-2,500,000		8115		3143	3143
(2) Institution Bonds								3235
(3) Revenue Bonds								3393
(4) Excess Debt Service Type <u> </u>								3497
(5) Capital Reserve Fund					8895		3603	3603
(6) Appropriated State Program Source <u> </u>					8895	68800100	1001	3600
(7) Federal						78800100		5787
(8) Athletic						88800100		3807
(9) Other (Specify)						98800100		3907
TOTAL BUDGET	0	+2,500,000	2,500,000					

10. SUBMITTED BY:

R. Brooks Galloway
Signature of Authorized Official and Title

R. Brooks Galloway, Deputy Commissioner, Admin. Services

Date

10/26/92

APIP 1992-93

JBRC 08-04-92
B&CB 09-15-92

APPROVED BY:

(see Only)

Authorized Signature and Title

Date

03726

DWR
M/K

S. C. Mental Health Commission
Page Two - May 8, 1992.

2. **WELCOME AND OVERVIEW OF THE COASTAL EMPIRE MHC:**

Mr. Robert Bundy, Board Chair, welcomed the Commission to Beaufort. He asked Mr. Ray Norris to provide an overview of the Coastal Empire Mental Health Center.

Mr. Norris introduced several staff members present. A map of the Coastal Empire Mental Health Center's catchment area was distributed to those in attendance. He noted the center has the second largest land area to cover in the state. The center is looking forward to hiring staff within the next several months in all geographic areas. There are also plans to add five positions in the child and adolescent area of which two of the positions will be involved in intensive in-home intervention.

The center is interested in establishing some local inpatient beds and is also intensively recruiting for two psychiatrists.

3. **APPROVAL OF MINUTES:**

The minutes of the April 7, 1992, meeting of the Commission were not approved at this time. Mrs. Forrester referred to page three of the minutes regarding the recommendations contained in the report from the Task Force on Citizen and Community Participation. She inquired as to if these recommendations were not endorsed by the Commission in the form of a motion. Mrs. Hassenplug asked Mrs. Bland to review the tape of the meeting for necessary action at the June meeting.

4. **APPROVAL OF DMH ANNUAL PERMANENT IMPROVEMENT PROJECT (APIP):**

Mr. Linton reported the Finance Committee reviewed the Annual Permanent Improvement Project list for 1992 and the Commission was also provided copies for review at the April meeting. The APIP was submitted for approval.

MOTION: The Finance Committee moves the Commission adopt the staff recommendations concerning the Annual Permanent Improvement Project (APIP) list for 1992. All voted in favor. Motion carried.

03727

MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
PREVIOUSLY PROPOSED
BUT NOT YET ISSUED

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

State Treasurer ID# 18900200					
07/01/92	7.0000%		17,500.00	17,500.00	
01/01/93	7.0000%	33,333.00	17,500.00	50,833.00	68,333.00
07/01/93	7.0000%		16,333.35	16,333.35	
01/01/94	7.0000%	33,333.00	16,333.35	49,666.35	65,999.70
07/01/94	7.0000%		15,166.69	15,166.69	
01/01/95	7.0000%	33,333.00	15,166.69	48,499.69	63,666.38
07/01/95	7.0000%		14,000.04	14,000.04	
01/01/96	7.0000%	33,333.00	14,000.04	47,333.04	61,333.08
07/01/96	7.0000%		12,833.38	12,833.38	
01/01/97	7.0000%	33,333.00	12,833.38	46,166.38	58,999.76
07/01/97	7.0000%		11,666.73	11,666.73	
01/01/98	7.0000%	33,333.00	11,666.73	44,999.73	56,666.46
07/01/98	7.0000%		10,500.07	10,500.07	
01/01/99	7.0000%	33,333.00	10,500.07	43,833.07	54,333.14
07/01/99	7.0000%		9,333.42	9,333.42	
01/01/00	7.0000%	33,333.00	9,333.42	42,666.42	51,999.84
07/01/00	7.0000%		8,166.76	8,166.76	
01/01/01	7.0000%	33,333.00	8,166.76	41,499.76	49,666.52
07/01/01	7.0000%		7,000.11	7,000.11	
01/01/02	7.0000%	33,333.00	7,000.11	40,333.11	47,333.22
07/01/02	7.0000%		5,833.45	5,833.45	
01/01/03	7.0000%	33,333.00	5,833.45	39,166.45	44,999.90
07/01/03	7.0000%		4,666.80	4,666.80	
01/01/04	7.0000%	33,333.00	4,666.80	37,999.80	42,666.60
07/01/04	7.0000%		3,500.14	3,500.14	
01/01/05	7.0000%	33,333.00	3,500.14	36,833.14	40,333.28
07/01/05	7.0000%		2,333.49	2,333.49	
01/01/06	7.0000%	33,333.00	2,333.49	35,666.49	37,999.98
07/01/06	7.0000%		1,166.83	1,166.83	
01/01/07	7.0000%	33,338.00	1,166.83	34,504.83	35,671.66

Total		500,000.00	280,002.52	780,002.52	780,002.52
=====					

MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF COMBINED
OUTSTANDING ISSUES
AS OF OCTOBER 22, 1992

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

06/01/01	8.0000%		32,160.00	32,160.00	
06/01/01	9.0000%	25,000.00	3,375.00	28,375.00	235,430.00
12/01/01	8.0000%	134,000.00	32,160.00	166,160.00	
12/01/01	9.0000%		2,250.00	2,250.00	
06/01/02	8.0000%		26,800.00	26,800.00	
06/01/02	9.0000%	25,000.00	2,250.00	27,250.00	222,460.00
12/01/02	8.0000%	134,000.00	26,800.00	160,800.00	
12/01/02	9.0000%		1,125.00	1,125.00	
06/01/03	8.0000%		21,440.00	21,440.00	
06/01/03	9.0000%	25,000.00	1,125.00	26,125.00	209,490.00
12/01/03	8.0000%	134,000.00	21,440.00	155,440.00	
06/01/04	8.0000%		16,080.00	16,080.00	171,520.00
12/01/04	8.0000%	134,000.00	16,080.00	150,080.00	
06/01/05	8.0000%		10,720.00	10,720.00	160,800.00
12/01/05	8.0000%	134,000.00	10,720.00	144,720.00	
06/01/06	8.0000%		5,360.00	5,360.00	150,080.00
12/01/06	8.0000%	134,000.00	5,360.00	139,360.00	139,360.00

		2,810,000.00	1,394,045.20	4,204,045.20	4,204,045.20
=====					

MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF COMBINED
OUTSTANDING ISSUES
AS OF OCTOBER 22, 1992

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

12/01/92	4.6841%		10,539.23	10,539.23	
12/01/92	5.2850%		1,981.88	1,981.88	
12/01/92	8.0000%	134,000.00	80,400.00	214,400.00	
12/01/92	9.0000%		12,375.00	12,375.00	
06/01/93	4.6841%	225,000.00	10,539.23	235,539.23	
06/01/93	5.2850%	25,000.00	1,981.88	26,981.88	
06/01/93	8.0000%		75,040.00	75,040.00	
06/01/93	9.0000%	25,000.00	12,375.00	37,375.00	614,232.22
12/01/93	4.6841%		5,269.61	5,269.61	
12/01/93	5.2850%		1,321.25	1,321.25	
12/01/93	8.0000%	134,000.00	75,040.00	209,040.00	
12/01/93	9.0000%		11,250.00	11,250.00	
06/01/94	4.6841%	225,000.00	5,269.61	230,269.61	
06/01/94	5.2850%	25,000.00	1,321.25	26,321.25	
06/01/94	8.0000%		69,680.00	69,680.00	
06/01/94	9.0000%	25,000.00	11,250.00	36,250.00	589,401.72
12/01/94	5.2850%		660.63	660.63	
12/01/94	8.0000%	134,000.00	69,680.00	203,680.00	
12/01/94	9.0000%		10,125.00	10,125.00	
06/01/95	5.2850%	25,000.00	660.63	25,660.63	
06/01/95	8.0000%		64,320.00	64,320.00	
06/01/95	9.0000%	25,000.00	10,125.00	35,125.00	339,571.26
12/01/95	8.0000%	134,000.00	64,320.00	198,320.00	
12/01/95	9.0000%		9,000.00	9,000.00	
06/01/96	8.0000%		58,960.00	58,960.00	
06/01/96	9.0000%	25,000.00	9,000.00	34,000.00	300,280.00
12/01/96	8.0000%	134,000.00	58,960.00	192,960.00	
12/01/96	9.0000%		7,875.00	7,875.00	
06/01/97	8.0000%		53,600.00	53,600.00	
06/01/97	9.0000%	25,000.00	7,875.00	32,875.00	287,310.00
12/01/97	8.0000%	134,000.00	53,600.00	187,600.00	
12/01/97	9.0000%		6,750.00	6,750.00	
06/01/98	8.0000%		48,240.00	48,240.00	
06/01/98	9.0000%	25,000.00	6,750.00	31,750.00	274,340.00
12/01/98	8.0000%	134,000.00	48,240.00	182,240.00	
12/01/98	9.0000%		5,625.00	5,625.00	
06/01/99	8.0000%		42,880.00	42,880.00	
06/01/99	9.0000%	25,000.00	5,625.00	30,625.00	261,370.00
12/01/99	8.0000%	134,000.00	42,880.00	176,880.00	
12/01/99	9.0000%		4,500.00	4,500.00	
06/01/00	8.0000%		37,520.00	37,520.00	
06/01/00	9.0000%	25,000.00	4,500.00	29,500.00	248,400.00
12/01/00	8.0000%	134,000.00	37,520.00	171,520.00	
12/01/00	9.0000%		3,375.00	3,375.00	

The following mandated expenditures from the Patient Fee Account must reduce the annual fees before calculating debt service coverage:

ITEM	AMOUNT
General Fund	\$4,090,963.00
Palmetto Pathways	50,000.00
Continuum of Care	400,000.00
Share	250,000.00
Alliance for Mentally Ill	30,000.00
DMH Operations	6,214,911.00
Campbell VA Hospital	685,000.00
Part B Medicare Premiums	150,000.00
William S. Hall Institute	1,530,520.00
DMR Patient Transfer	500,000.00

\$13,901,394.00
=====

Test B

Average annual fees (Line 3)	\$17,530,034.00
Less Mandate Expenditures above	(13,901,394.00)

3,628,640.00
X 15 years

\$54,429,600.00
=====

Test C

Current Annual Fees (Line 2(9))	\$17,237,992.00
Less Mandated Expenditures above	(13,901,394.00)

\$3,336,598.00
=====

(Note 1)

03731

CAPITAL IMPROVEMENT BONDS

Date 10/23/92

1. (a) Total principal and interest presently outstanding on State Notes and Capital Improvement Bonds (from Exhibit I)	\$ 4,204,045.20
(b) Total estimated principal and interest of unissued bonds for previously authorized projects (from Exhibit II)	13,402,806.09
(c) Total estimated principal and interest of bonds currently proposed (from Exhibit III)	13,865,738.58
(d) Total of outstanding and proposed bonds	\$ 31,472,589.87
2. Three year schedule of paying patients:	
(a) Twelve months preceding current date	
From <u>07/01/91</u> to <u>06/30/92</u>	
(Date) (Date)	
Number of Patients <u>2,419</u>	\$ 17,237,992.00
(b) Twelve months preceding period shown in 2(a)	
From <u>07/01/90</u> to <u>06/30/91</u>	
(Date) (Date)	
Number of Patients <u>2,614</u>	16,260,634.00
(c) Twelve months preceding period shown in 2(b)	
From <u>07/01/89</u> to <u>06/30/90</u>	
(Date) (Date)	
Number of Patients <u>2,800</u>	19,091,476.00
(d) Total fees for three years	\$ 52,590,102.00
3. Average yearly fees (Line 2(d) ÷ 3)	\$ 17,530,034.00
4. Highest annual debt service (from Exhibits I, II & III)	\$ 2,723,812.58

5. <u>Test A</u>	
Maximum statutory limit	\$ 30,000,000.00
Less:	
Total principal of outstanding and proposed bonds	20,289,827.57
Margin	\$ 9,710,172.43
6. <u>Test B</u>	
Average annual fees (Line 3) x total years bonds outstanding (NOTE 1)	\$ 54,421,600.00
Less:	
Total estimated debt service (Line 1(d))	\$ 31,472,589.87
Multiply by	125%
Product	39,340,737.34
Margin	\$ 15,088,862.66
7. <u>Test C</u>	
Current annual fees (2(a))	(NOTE 1) \$ 3,336,598.00
Less:	
Highest annual debt service	\$ 2,723,812.58
Multiply by	110%
Product	2,996,193.84
Margin	\$ 340,404.16

This form must be accompanied by the following:

- Exhibit I - Maturity schedule of principal and interest of combined outstanding issues.
- Exhibit II - Maturity schedule of principal and interest of bonds previously proposed but not yet issued.
- Exhibit III - Maturity schedule of principal and interest of currently proposed issue.

03732

S. C. Mental Health Commission
Page Three - May 8, 1992

Mr. Linton further explained this document is the way by which the Department presents to the Budget and Control Board and the Joint Bond Review Committee recommendations for capital needs for the fiscal year. Dr. Bevilacqua reported the Beckman Mental Health Center Board asked him to thank the Mental Health Commission for acknowledging their request in the Annual Permanent Improvement Project list.

5. **ADOPTION OF RESOLUTION:**

Dr. Harding presented a Resolution for adoption by the Commission to Mr. L. Gregory Pearce, Jr. The Commission so ordered that this Resolution be made a permanent record of the Commission. As ordered, the Resolution reads as follows:

WHEREAS:	the members of the South Carolina Mental Health Commission note the resignation of L. Gregory Pearce, Jr. and acknowledge with great admiration and gratitude his 23 years of service during which time he rose from the ranks, having begun his employment as a mental health specialist; and
WHEREAS:	the Commission members deeply appreciate Mr. Pearce's admirable performance of his responsibilities as director of the Crafts-Farrow State Hospital for six years; and
WHEREAS:	the Commission members express their high regard for Mr. Pearce's major accomplishments, which include reducing the hospital's psychiatric census from 830 to 338; enhancing the facility's Medicaid base from \$2 million to a projected \$9 million in 1992; and obtaining Commission on Accreditation of Rehabilitation Facilities accreditation for the alcohol and drug program in 1991;
NOW, THEREFORE:	The Commission members express their regrets upon Mr. Pearce's resignation, reaffirm their appreciation for his outstanding service to the mentally ill, offer their best wishes for his future endeavors, and order that a copy of this Resolution be made a part of the permanent records of the Commission.

The Resolution for Mr. Pearce will be presented at the upcoming agency wide meeting in Hilton Head May 8 and 9, 1992.

6. **REPORT OF THE STATE COMMISSIONER:**

6.1 Last month the Finance Committee discussed a proposal from the City of Columbia regarding the possibility of using a site on the campus of the State Hospital

03733

MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
PREVIOUSLY PROPOSED
BUT NOT YET ISSUED

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

State Treasurer ID# 12205300					
07/01/94	7.0000%		205,800.00	205,800.00	
01/01/95	7.0000%	392,000.00	205,800.00	597,800.00	803,600.00
07/01/95	7.0000%		192,080.00	192,080.00	
01/01/96	7.0000%	392,000.00	192,080.00	584,080.00	776,160.00
07/01/96	7.0000%		178,360.00	178,360.00	
01/01/97	7.0000%	392,000.00	178,360.00	570,360.00	748,720.00
07/01/97	7.0000%		164,640.00	164,640.00	
01/01/98	7.0000%	392,000.00	164,640.00	556,640.00	721,280.00
07/01/98	7.0000%		150,920.00	150,920.00	
01/01/99	7.0000%	392,000.00	150,920.00	542,920.00	693,840.00
07/01/99	7.0000%		137,200.00	137,200.00	
01/01/00	7.0000%	392,000.00	137,200.00	529,200.00	666,400.00
07/01/00	7.0000%		123,480.00	123,480.00	
01/01/01	7.0000%	392,000.00	123,480.00	515,480.00	638,960.00
07/01/01	7.0000%		109,760.00	109,760.00	
01/01/02	7.0000%	392,000.00	109,760.00	501,760.00	611,520.00
07/01/02	7.0000%		96,040.00	96,040.00	
01/01/03	7.0000%	392,000.00	96,040.00	488,040.00	584,080.00
07/01/03	7.0000%		82,320.00	82,320.00	
01/01/04	7.0000%	392,000.00	82,320.00	474,320.00	556,640.00
07/01/04	7.0000%		68,600.00	68,600.00	
01/01/05	7.0000%	392,000.00	68,600.00	460,600.00	529,200.00
07/01/05	7.0000%		54,880.00	54,880.00	
01/01/06	7.0000%	392,000.00	54,880.00	446,880.00	501,760.00
07/01/06	7.0000%		41,160.00	41,160.00	
01/01/07	7.0000%	392,000.00	41,160.00	433,160.00	474,320.00
07/01/07	7.0000%		27,440.00	27,440.00	
01/01/08	7.0000%	392,000.00	27,440.00	419,440.00	446,880.00
07/01/08	7.0000%		13,720.00	13,720.00	
01/01/09	7.0000%	392,000.00	13,720.00	405,720.00	419,440.00

Total		5,880,000.00	3,292,800.00	9,172,800.00	9,172,800.00
=====					

EXHIBIT

NOV 24 1992

10

STATE BUDGET & CONTROL BOARD

MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
PREVIOUSLY PROPOSED
BUT NOT YET ISSUED

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

State Treasurer ID# 12205300					
07/01/94	7.0000%		77,403.92	77,403.92	
01/01/95	7.0000%	147,436.00	77,403.92	224,839.92	302,243.84
07/01/95	7.0000%		72,243.66	72,243.66	
01/01/96	7.0000%	147,436.00	72,243.66	219,679.66	291,923.32
07/01/96	7.0000%		67,083.40	67,083.40	
01/01/97	7.0000%	147,436.00	67,083.40	214,519.40	281,602.80
07/01/97	7.0000%		61,923.14	61,923.14	
01/01/98	7.0000%	147,436.00	61,923.14	209,359.14	271,282.28
07/01/98	7.0000%		56,762.88	56,762.88	
01/01/99	7.0000%	147,436.00	56,762.88	204,198.88	260,961.76
07/01/99	7.0000%		51,602.62	51,602.62	
01/01/00	7.0000%	147,436.00	51,602.62	199,038.62	250,641.24
07/01/00	7.0000%		46,442.36	46,442.36	
01/01/01	7.0000%	147,436.00	46,442.36	193,878.36	240,320.72
07/01/01	7.0000%		41,282.10	41,282.10	
01/01/02	7.0000%	147,436.00	41,282.10	188,718.10	230,000.20
07/01/02	7.0000%		36,121.84	36,121.84	
01/01/03	7.0000%	147,436.00	36,121.84	183,557.84	219,679.68
07/01/03	7.0000%		30,961.58	30,961.58	
01/01/04	7.0000%	147,436.00	30,961.58	178,397.58	209,359.16
07/01/04	7.0000%		25,801.32	25,801.32	
01/01/05	7.0000%	147,436.00	25,801.32	173,237.32	199,038.64
07/01/05	7.0000%		20,641.06	20,641.06	
01/01/06	7.0000%	147,436.00	20,641.06	168,077.06	188,718.12
07/01/06	7.0000%		15,480.80	15,480.80	
01/01/07	7.0000%	147,436.00	15,480.80	162,916.80	178,397.60
07/01/07	7.0000%		10,320.54	10,320.54	
01/01/08	7.0000%	147,436.00	10,320.54	157,756.54	168,077.08
07/01/08	7.0000%		5,160.28	5,160.28	
01/01/09	7.0000%	147,436.57	5,160.28	152,596.85	157,757.13

Total		2,211,540.57	1,238,463.00	3,450,003.57	3,450,003.57
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MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
PREVIOUSLY PROPOSED
BUT NOT YET ISSUED

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

Combined Debt Service					
07/01/92	7.0000%		17,500.00	17,500.00	
01/01/93	7.0000%	33,333.00	17,500.00	50,833.00	68,333.00
07/01/93	7.0000%		16,333.35	16,333.35	
01/01/94	7.0000%	33,333.00	16,333.35	49,666.35	65,999.70
07/01/94	7.0000%		77,403.92	77,403.92	
07/01/94	7.0000%		15,166.69	15,166.69	
07/01/94	7.0000%		205,800.00	205,800.00	
01/01/95	7.0000%	33,333.00	15,166.69	48,499.69	
01/01/95	7.0000%	392,000.00	205,800.00	597,800.00	
01/01/95	7.0000%	147,436.00	77,403.92	224,839.92	1,169,510.22
07/01/95	7.0000%		14,000.04	14,000.04	
07/01/95	7.0000%		192,080.00	192,080.00	
07/01/95	7.0000%		72,243.66	72,243.66	
01/01/96	7.0000%	33,333.00	14,000.04	47,333.04	
01/01/96	7.0000%	147,436.00	72,243.66	219,679.66	
01/01/96	7.0000%	392,000.00	192,080.00	584,080.00	1,129,416.40
07/01/96	7.0000%		178,360.00	178,360.00	
07/01/96	7.0000%		12,833.38	12,833.38	
07/01/96	7.0000%		67,083.40	67,083.40	
01/01/97	7.0000%	33,333.00	12,833.38	46,166.38	
01/01/97	7.0000%	392,000.00	178,360.00	570,360.00	
01/01/97	7.0000%	147,436.00	67,083.40	214,519.40	1,089,322.56
07/01/97	7.0000%		164,640.00	164,640.00	
07/01/97	7.0000%		11,666.73	11,666.73	
07/01/97	7.0000%		61,923.14	61,923.14	
01/01/98	7.0000%	392,000.00	164,640.00	556,640.00	
01/01/98	7.0000%	147,436.00	61,923.14	209,359.14	
01/01/98	7.0000%	33,333.00	11,666.73	44,999.73	1,049,228.74
07/01/98	7.0000%		150,920.00	150,920.00	
07/01/98	7.0000%		56,762.88	56,762.88	
07/01/98	7.0000%		10,500.07	10,500.07	
01/01/99	7.0000%	147,436.00	56,762.88	204,198.88	
01/01/99	7.0000%	33,333.00	10,500.07	43,833.07	
01/01/99	7.0000%	392,000.00	150,920.00	542,920.00	1,009,134.90
07/01/99	7.0000%		51,602.62	51,602.62	
07/01/99	7.0000%		9,333.42	9,333.42	
07/01/99	7.0000%		137,200.00	137,200.00	
01/01/00	7.0000%	147,436.00	51,602.62	199,038.62	
01/01/00	7.0000%	392,000.00	137,200.00	529,200.00	
01/01/00	7.0000%	33,333.00	9,333.42	42,666.42	969,041.08
07/01/00	7.0000%		123,480.00	123,480.00	
07/01/00	7.0000%		46,442.36	46,442.36	
07/01/00	7.0000%		8,166.76	8,166.76	

MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
PREVIOUSLY PROPOSED
BUT NOT YET ISSUED

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

01/01/01	7.0000%	33,333.00	8,166.76	41,499.76	
01/01/01	7.0000%	147,436.00	46,442.36	193,878.36	
01/01/01	7.0000%	392,000.00	123,480.00	515,480.00	928,947.24
07/01/01	7.0000%		41,282.10	41,282.10	
07/01/01	7.0000%		7,000.11	7,000.11	
07/01/01	7.0000%		109,760.00	109,760.00	
01/01/02	7.0000%	33,333.00	7,000.11	40,333.11	
01/01/02	7.0000%	147,436.00	41,282.10	188,718.10	
01/01/02	7.0000%	392,000.00	109,760.00	501,760.00	888,853.42
07/01/02	7.0000%		96,040.00	96,040.00	
07/01/02	7.0000%		5,833.45	5,833.45	
07/01/02	7.0000%		36,121.84	36,121.84	
01/01/03	7.0000%	33,333.00	5,833.45	39,166.45	
01/01/03	7.0000%	147,436.00	36,121.84	183,557.84	
01/01/03	7.0000%	392,000.00	96,040.00	488,040.00	848,759.58
07/01/03	7.0000%		82,320.00	82,320.00	
07/01/03	7.0000%		4,666.80	4,666.80	
07/01/03	7.0000%		30,961.58	30,961.58	
01/01/04	7.0000%	147,436.00	30,961.58	178,397.58	
01/01/04	7.0000%	33,333.00	4,666.80	37,999.80	
01/01/04	7.0000%	392,000.00	82,320.00	474,320.00	808,665.76
07/01/04	7.0000%		25,801.32	25,801.32	
07/01/04	7.0000%		68,600.00	68,600.00	
07/01/04	7.0000%		3,500.14	3,500.14	
01/01/05	7.0000%	147,436.00	25,801.32	173,237.32	
01/01/05	7.0000%	33,333.00	3,500.14	36,833.14	
01/01/05	7.0000%	392,000.00	68,600.00	460,600.00	768,571.92
07/01/05	7.0000%		20,641.06	20,641.06	
07/01/05	7.0000%		2,333.49	2,333.49	
07/01/05	7.0000%		54,880.00	54,880.00	
01/01/06	7.0000%	392,000.00	54,880.00	446,880.00	
01/01/06	7.0000%	33,333.00	2,333.49	35,666.49	
01/01/06	7.0000%	147,436.00	20,641.06	168,077.06	728,478.10
07/01/06	7.0000%		1,166.83	1,166.83	
07/01/06	7.0000%		41,160.00	41,160.00	
07/01/06	7.0000%		15,480.80	15,480.80	
01/01/07	7.0000%	392,000.00	41,160.00	433,160.00	
01/01/07	7.0000%	147,436.00	15,480.80	162,916.80	
01/01/07	7.0000%	33,338.00	1,166.83	34,504.83	688,389.26
07/01/07	7.0000%		10,320.54	10,320.54	
07/01/07	7.0000%		27,440.00	27,440.00	
01/01/08	7.0000%	147,436.00	10,320.54	157,756.54	
01/01/08	7.0000%	392,000.00	27,440.00	419,440.00	614,957.08
07/01/08	7.0000%		5,160.28	5,160.28	

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MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
PREVIOUSLY PROPOSED
BUT NOT YET ISSUED

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

07/01/08	7.0000%		13,720.00	13,720.00	
01/01/09	7.0000%	147,436.57	5,160.28	152,596.85	
01/01/09	7.0000%	392,000.00	13,720.00	405,720.00	577,197.13

Total		8,591,540.57	4,811,265.52	13,402,806.09	13,402,806.09
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MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
CURRENTLY PROPOSED
Spartanburg

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

07/01/94	7.0000%		223,590.05	223,590.05	
01/01/95	7.0000%	425,885.00	223,590.05	649,475.05	873,065.10
07/01/95	7.0000%		208,684.07	208,684.07	
01/01/96	7.0000%	425,885.00	208,684.07	634,569.07	843,253.14
07/01/96	7.0000%		193,778.10	193,778.10	
01/01/97	7.0000%	425,885.00	193,778.10	619,663.10	813,441.20
07/01/97	7.0000%		178,872.12	178,872.12	
01/01/98	7.0000%	425,885.00	178,872.12	604,757.12	783,629.24
07/01/98	7.0000%		163,966.15	163,966.15	
01/01/99	7.0000%	425,885.00	163,966.15	589,851.15	753,817.30
07/01/99	7.0000%		149,060.17	149,060.17	
01/01/00	7.0000%	425,885.00	149,060.17	574,945.17	724,005.34
07/01/00	7.0000%		134,154.20	134,154.20	
01/01/01	7.0000%	425,885.00	134,154.20	560,039.20	694,193.40
07/01/01	7.0000%		119,248.22	119,248.22	
01/01/02	7.0000%	425,885.00	119,248.22	545,133.22	664,381.44
07/01/02	7.0000%		104,342.25	104,342.25	
01/01/03	7.0000%	425,885.00	104,342.25	530,227.25	634,569.50
07/01/03	7.0000%		89,436.27	89,436.27	
01/01/04	7.0000%	425,885.00	89,436.27	515,321.27	604,757.54
07/01/04	7.0000%		74,530.30	74,530.30	
01/01/05	7.0000%	425,885.00	74,530.30	500,415.30	574,945.60
07/01/05	7.0000%		59,624.32	59,624.32	
01/01/06	7.0000%	425,885.00	59,624.32	485,509.32	545,133.64
07/01/06	7.0000%		44,718.35	44,718.35	
01/01/07	7.0000%	425,885.00	44,718.35	470,603.35	515,321.70
07/01/07	7.0000%		29,812.37	29,812.37	
01/01/08	7.0000%	425,885.00	29,812.37	455,697.37	485,509.74
07/01/08	7.0000%		14,906.40	14,906.40	
01/01/09	7.0000%	425,897.00	14,906.40	440,803.40	455,709.80

Total		6,388,287.00	3,577,446.68	9,965,733.68	9,965,733.68
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MATURITY SCHEDULE OF PRINCIPAL
AND INTEREST OF BONDS
CURRENTLY PROPOSED
Orangeburg

DATE	INTEREST RATE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	FY TOTAL

07/01/94	7.0000%		87,500.00	87,500.00	
01/01/95	7.0000%	166,666.00	87,500.00	254,166.00	341,666.00
07/01/95	7.0000%		81,666.69	81,666.69	
01/01/96	7.0000%	166,666.00	81,666.69	248,332.69	329,999.38
07/01/96	7.0000%		75,833.38	75,833.38	
01/01/97	7.0000%	166,666.00	75,833.38	242,499.38	318,332.76
07/01/97	7.0000%		70,000.07	70,000.07	
01/01/98	7.0000%	166,666.00	70,000.07	236,666.07	306,666.14
07/01/98	7.0000%		64,166.76	64,166.76	
01/01/99	7.0000%	166,666.00	64,166.76	230,832.76	294,999.52
07/01/99	7.0000%		58,333.45	58,333.45	
01/01/00	7.0000%	166,666.00	58,333.45	224,999.45	283,332.90
07/01/00	7.0000%		52,500.14	52,500.14	
01/01/01	7.0000%	166,666.00	52,500.14	219,166.14	271,666.28
07/01/01	7.0000%		46,666.83	46,666.83	
01/01/02	7.0000%	166,666.00	46,666.83	213,332.83	259,999.66
07/01/02	7.0000%		40,833.52	40,833.52	
01/01/03	7.0000%	166,666.00	40,833.52	207,499.52	248,333.04
07/01/03	7.0000%		35,000.21	35,000.21	
01/01/04	7.0000%	166,666.00	35,000.21	201,666.21	236,666.42
07/01/04	7.0000%		29,166.90	29,166.90	
01/01/05	7.0000%	166,666.00	29,166.90	195,832.90	224,999.80
07/01/05	7.0000%		23,333.59	23,333.59	
01/01/06	7.0000%	166,666.00	23,333.59	189,999.59	213,333.18
07/01/06	7.0000%		17,500.28	17,500.28	
01/01/07	7.0000%	166,666.00	17,500.28	184,166.28	201,666.56
07/01/07	7.0000%		11,666.97	11,666.97	
01/01/08	7.0000%	166,666.00	11,666.97	178,332.97	189,999.94
07/01/08	7.0000%		5,833.66	5,833.66	
01/01/09	7.0000%	166,676.00	5,833.66	172,509.66	178,343.32

Total		2,500,000.00	1,400,004.90	3,900,004.90	3,900,004.90
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Consolidated Maturity Schedule
Of Currently Outstanding,
Previously Proposed and,
Currently Proposed Bonds

FY	Currently Outstanding Exhibit I	Previously Proposed Exhibit II	/-----Currently Proposed-----\			Total Debt Service
			Spartanburg Exhibit III	ORANGEBURG Exhibit III	Total Exhibit III	
1993	614,232.22	68,333.00				682,565.22
1994	589,401.72	65,999.70				655,401.42
1995	339,571.26	1,169,510.22	873,065.10	341,666.00	1,214,731.10	2,723,812.58
1996	300,280.00	1,129,416.40	843,253.14	329,999.38	1,173,252.52	2,602,948.92
1997	287,310.00	1,089,322.56	813,441.20	318,332.76	1,131,773.96	2,508,406.52
1998	274,340.00	1,049,228.74	783,629.24	306,666.14	1,090,295.38	2,413,864.12
1999	261,370.00	1,009,134.90	753,817.30	294,999.52	1,048,816.82	2,319,321.72
2000	248,400.00	969,041.08	724,005.34	283,332.90	1,007,338.24	2,224,779.32
2001	235,430.00	928,947.24	694,193.40	271,666.28	965,859.68	2,130,236.92
2002	222,460.00	888,853.42	664,381.44	259,999.66	924,381.10	2,035,694.52
2003	209,490.00	848,759.58	634,569.50	248,333.04	882,902.54	1,941,152.12
2004	171,520.00	808,665.76	604,757.54	236,666.42	841,423.96	1,821,609.72
2005	160,800.00	768,571.92	574,945.60	224,999.80	799,945.40	1,729,317.32
2006	150,080.00	728,478.10	545,133.64	213,333.18	758,466.82	1,637,024.92
2007	139,360.00	688,389.26	515,321.70	201,666.56	716,988.26	1,544,737.52
2008		614,957.08	485,509.74	189,999.94	675,509.68	1,290,466.76
2009		577,197.13	455,709.80	178,343.32	634,053.12	1,211,250.25

	4,204,045.20	13,402,806.09	9,965,733.68	3,900,004.90	13,865,738.58	31,472,589.87
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[No. 151]

No. 151]

OF SOUTH CAROLINA

1139

GENERAL AND PERMANENT LAWS—1983

NOV 24 1992

EXHIBIT

SECTION 3

STATE BUDGET & CONTROL BOARD

To Empower the South Carolina Mental Health Commission to Acquire Capital Improvements for Institutions and Agencies Under its Jurisdiction; To Prescribe the Terms and Conditions Under Which Such Improvements May be Acquired; To Require all State Capital Improvement Bonds Issued for Such Purpose to be Repaid From the Revenues Derived From Paying Patients at Institutions or Agencies Under the Jurisdiction of the Commission; and to Prescribe the Terms and Conditions of Such Repayment Obligations.

A. For the purposes of this section, unless the context clearly indicates otherwise, the following defined terms shall have the meanings hereafter set forth:

(1) Commission shall mean the South Carolina Mental Health Commission as established by Section 44-9-10 of the 1976 Code.

(2) Improvements shall mean the construction, reconstruction of buildings and other permanent improvements for institutions or agencies under the jurisdiction of the Commission, including equipment, planning, surveying and the cost of acquiring and improving lands therefor.

(3) Institution shall mean any institutions or other facility which at any time may be under the jurisdiction of the Commission.

(4) Obligations shall mean the obligations in the form of —notes or bonds or contractual agreements issued, or entered into, by the Commission pursuant to the authorization of this section and of Act 1377 of 1968 (Act 1377) to provide funds with which to repay the proceeds of capital improvement bonds allocated by the State board to the Commission.

(5) Revenues or its revenues shall mean revenue derived from paying patients at all institutions or facilities which shall be from time to time under the jurisdiction of the Commission.

Revenues derived from paying patients at the Alcohol and Drug Addiction Center shall be used exclusively for the support of bonded indebtedness for permanent improvements concerning the Alcohol and Drug Addiction Program.

(6) State board shall mean the State Budget and Control Board.

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(7) State capital improvement bonds shall mean bonds issued pursuant to Act 1377.

B. The General Assembly finds that by Section 44-9-10 of the 1976 Code the State Department of Mental Health was created and given jurisdiction over all of the State's mental hospitals, clinics and centers, joint State and community sponsored mental health clinics and centers and facilities for the treatment and care of alcohol and drug addicts, including the authority to name each facility.

C. By Section 44-9-20 of the 1976 Code all of the powers and duties vested in the Commission were transferred to and vested in the State Department of Mental Health. By such section all appropriations and funds for the aforesaid institutions or departments were transferred to the State Department of Mental Health. By Section 44-9-30 of the 1976 Code there was created a policy-making board of regents which was given the name "South Carolina Mental Health Commission", which was intended to have all of the powers intended for the institutions described in subsection B, and it was intended that the Commission should have the power to provide new or improved facilities for institutions under its jurisdiction, pursuant to the authorization of Act 1100 of 1964 (Act 1100).

Act 1100 made provisions for the raising of funds to construct, reconstruct, maintain, improve, furnish and refurbish buildings or other permanent improvements for institutions under the control of the Commission.

Certain questions have now arisen as to whether, for the purpose of issuing obligations pursuant to Act 1100, the patient revenues from all of the facilities under the jurisdiction of the Commission should be pooled.

By Act 1377 of 1968 (Act 1377) provision was made for the issuance of State capital improvement bonds and the act provided that such bonds should be issued in lieu of the State notes authorized by Act 1100, under the same limitations applicable to the State notes, including the condition that the Commission's revenues would be applied to the retirement of the bonds thus issued. Act 1377, as now amended, provided further that when State capital improvement bonds are issued for the Commission, the State board may contract with the Commission for reimbursement of principal and interest on such bonds, from the Commission's revenues, over a period

greater or lesser than bonds. By Section 12-33 tax of now forty-eight case of alcoholic liquor purposes enumerated in structing, improving or alcohol or drug addict bonds issued for such purposes Commission would have of alcohol and drug ad facilities therefor in the for facilities for other jurisdiction as authorized

Act 1100 also included ing of funds for the S retarded. It has now be be rewritten by two act mission and a second r Retardation Commission, the authorizations and r respect to the raising o each Commission under that now exist and shoul capital improvement bor the Commission, the C make repayment to the S principal amount of su should have such terms such rate as the State requirements of this section

D. The Commission s construction of improvement the terms and conditions o

E. The aggregate of State notes issued for t and the State capital im mission pursuant to Act dollars.

F. Whenever the Com ments are required for tion, it may make appl Such application shall cont

bonds shall mean bonds

as provided by Section 44-9-10 of the Code of Mental Health was created by the State's mental health commission. State and community mental health centers and facilities for alcohol and drug addicts, and the State's mental health commission.

Code all of the powers were transferred to and the State Board of Mental Health. By such means for the aforesaid powers were transferred to the State Board of Mental Health Commission 44-9-30 of the 1976 Code. The making board of regents of the State Board of Mental Health Commission. The powers intended for the State Board of Mental Health Commission and it was intended that the State Board of Mental Health Commission provide new or improved facilities pursuant to the authorization of the State Board of Mental Health Commission.

raising of funds to construct, improve, furnish and refund improvements for the State Board of Mental Health Commission.

As to whether, for the purpose of Act 1100, the State Board of Mental Health Commission has the authority under the jurisdiction of the State Board of Mental Health Commission.

Provision was made for the State Board of Mental Health Commission bonds and the act provided in lieu of the State Board of Mental Health Commission for the same limitations regarding the condition that applied to the retirement of the State Board of Mental Health Commission, as now amended, provided that improvement bonds are issued by the State Board of Mental Health Commission may contract with the State Board of Mental Health Commission for principal and interest on the State Board of Mental Health Commission's revenues, over a period of ten years.

greater or lesser than the actual maturity period of the bonds. By Section 12-33-420 of the 1976 Code, an additional tax of now forty-eight cents was imposed on each standard case of alcoholic liquor sold to be used for the specific purposes enumerated in the act, including planning, constructing, improving or equipping treatment facilities for alcohol or drug addicts and to retire general obligation bonds issued for such purposes; and it was intended that the Commission would have primary responsibility for treatment of alcohol and drug addicts and to provide new or improved facilities therefor in the same manner that it could provide for facilities for other institutions or programs under its jurisdiction as authorized by Act 1377.

Act 1100 also included provisions relating to the borrowing of funds for the State's institutions for the mentally retarded. It has now been determined that Act 1100 should be rewritten by two acts - one relating entirely to the Commission and a second relating entirely to the State Mental Retardation Commission, and that each act should both extend the authorizations and requirements that now exist with the respect to the raising of funds for capital improvements by each Commission under Act 1100, but should remove questions that now exist and should simply provide that whenever State capital improvement bonds are issued for improvements for the Commission, the Commission should obligate itself to make repayment to the State board in an amount equal to the principal amount of such bonds, and that such obligation should have such terms and conditions and bear interest at such rate as the State board shall prescribe, subject to the requirements of this section.

D. The Commission shall be empowered to effect the construction of improvements and to raise monies therefor under the terms and conditions of this section.

E. The aggregate of the outstanding principal amounts of State notes issued for the Commission pursuant to Act 1100 and the State capital improvement bonds issued for the Commission pursuant to Act 1377 shall not exceed thirty million dollars.

F. Whenever the Commission shall determine that improvements are required for any institution under its jurisdiction, it may make application therefor to the State board. Such application shall contain the following:

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- (1) A description of the improvements sought;
- (2) The estimated cost thereof;
- (3) The number of paying patients at all of its institutions, the amount of fees received from such patients during the preceding fiscal year, and the estimated amount to be received from such patients during the next succeeding fiscal year;
- (4) The revenues derived from all paying patients during the preceding three fiscal years;
- (5) A suggested maturity schedule (which shall not exceed twenty years) for the repayment of monies to be made available to the Commission from State capital improvement bonds; and
- (6) A statement showing the debt service requirements of other obligations then outstanding.

G. The State board may approve in whole or in part, or may modify, any application from the Commission. If it shall find that a need for the improvements sought by the Commission exists, it may contract to make available to the Commission funds to be realized from the sale of State capital improvement bonds, but only under the following condition: it shall find that the revenues for the preceding fiscal year, if multiplied by the number of years (which shall not exceed twenty) contemplated by the suggested or revised maturity schedule for the repayment of the monies to be made available to the Commission, will result in the production of a sum equal to not less than one hundred twenty-five percent of the aggregate principal and interest requirements of all obligations then outstanding and all obligations to be incurred by the Commission.

H. Upon receiving the approval of the State board it shall be the duty of the Commission to obligate itself to apply all monies derived from all of its revenues to the payment of the principal and interest of its obligations then outstanding and then to be issued, and to deliver to the State Board its obligation therefor.

I. Following the execution and delivery of any obligations, it shall be the duty of the Commission to remit all revenues to the State Treasurer for credit to a special fund. Such special fund shall be applied to meet the sums due by the Commission under its obligations. Monies so applied shall, in turn, be applied to the State Treasurer to

the payment of the p
capital improvement bon

To Direct the State
Funds From the
Fund of the State
The State Budget
\$32,000,000 from the In
of General Services t
Fiscal Year 1983-84.

To Amend Section 58-2
1976, Relating to F
Public Service Cor
Authority of Car
Increase the Fee
One Dollar to F
Increase Shall be

Section 1. Section 58-
to read:

"Section 58-23-640. The
mission shall charge f
and motor carriers of ex
tration fee of twenty-
interstate authority, and
this department. There s
dollars for any amendme
mobile home transporter
amendment fee. The Com
dollars for stamp issued
All funds derived from su
ited in the state treasur
provided by Section 58-2
of the five-dollar stamp fee s
become part of the unrestrict
Carolina Public Service Cor
pursuant to this section."

03745

sought;

at all of its insti-
such patients dur-
estimated amount to
the next succeeding

paying patients dur-

e (which shall not
monies to be made
capital improvement

service requirements

whole or in part, or
Commission. If it
ents sought by the
ake available to the
sale of State capi-
der the following
es for the preced-
ber of years (which
y the suggested or
ent of the monies to
ll result in the pro-
than one hundred
incipal and interest
outstanding and all

the State board it
o obligate itself to
its revenues to the
of its obligations
, and to deliver to

livery of any obli-
mission to remit all
credit to a special
l to meet the sums
igations. Monies so
State Treasurer to

the payment of the principal of and interest on any State
capital improvement bonds then outstanding.

SECTION 4

To Direct the State Budget and Control Board to Transfer
Funds From the Insurance Reserve Fund to the General
Fund of the State for Fiscal Year 1983-84.

The State Budget and Control Board shall transfer
\$32,000,000 from the Insurance Reserve Fund of the Division
of General Services to the General Fund of the State for
Fiscal Year 1983-84.

SECTION 5

To Amend Section 58-23-640, Code of Laws of South Carolina,
1976, Relating to Fees and Charges of the South Carolina
Public Service Commission for Registration of Interstate
Authority of Carriers of Exempt Commodities, so as to
Increase the Fee for a Stamp Issued for Vehicles from
One Dollar to Five Dollars and to Provide That the
Increase Shall be Paid to the General Fund of the State.

Section 1. Section 58-23-640 of the 1976 Code is amended
to read:

"Section 58-23-640. The South Carolina Public Service Com-
mission shall charge for-hire carriers, contract carriers,
and motor carriers of exempt commodities an initial regis-
tration fee of twenty-five dollars for registration of
interstate authority, and letters of exemption filed with
this department. There shall be an additional charge of ten
dollars for any amendment to this authority; provided, that
mobile home transporters shall be charged one-half the
amendment fee. The Commission shall charge a fee of five
dollars for stamp issued, pursuant to the above vehicle.
All funds derived from such fees and charges shall be depos-
ited in the state treasury and distributed in the manner
provided by Section 58-23-630; provided, that four dollars
of the five-dollar stamp fee shall be remitted to the general fund and
become part of the unrestricted general fund revenue. The South
Carolina Public Service Commission may promulgate regulations
pursuant to this section."

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