

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

November 21, 1989

67919

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

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

ROBERT N. McLELLAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

November 21, 1989

MEMORANDUM

TO: Budget and Control Board Division Directors
FROM: William A. McInnis, Deputy Executive Director *WAM*
SUBJECT: Summary of Board Actions at November 21, 1989, Meeting

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

1. Adopted the agenda as proposed after adding a revenue bond matter and an easement request;
2. Considered 1990-91 budget recommendations and agreed to consider budget matters further at the December 5 meeting;
3. Affirmed the following ceiling allocations: \$2,515,000 to Berkeley County W. W. Williams project and \$6,485,000 to JEDA Porter, Inc. project, and affirmed any implied pool shift;
4. Adopted a resolution approving the private sale to an underwriter for public offering thereafter of \$8,000,000 Jobs-Economic Development Authority Industrial Development Revenue Bonds (Porter, Inc. project), on the condition that the required reviews are completed with satisfactory results;
5. In accord with Code Sections 1-11-80 and 1-11-100, granted an easement to Foster Wheeler Charleston Resource Recovery, Inc., to construct a steel bridge spanning Shipyard Creek from the west bank extending 80' to the east bank; and terminated an easement for this purpose granted on December 8, 1987;
6. Received legal advice on proposed modifications of the policy and procedure for handling Fire Marshal Appeal Panel findings and recommendations in appeals from decisions of the State Fire Marshal;

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Summary of BCB Actions
November 21, 1989, Meeting
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7. Denied a Department of Highways and Public Transportation request to appeal to the Court of Common Pleas the decision of the State Employee Grievance Committee in the Kim E. Ghent case;
8. Denied a Department of Corrections request to appeal to the Court of Common Pleas the decision of the State Employee Grievance Committee in the Douglas A. Benton case;
9. Authorized the Department of Social Services to enter into a personnel settlement with Ms. Mary Francis Lansdowne; and
10. Approved the State Development Board request to pay its foreign office director a pay differential package to provide the same relative buying power in Frankfurt, Germany as in Columbia, South Carolina, as recommended by the Division of Human Resource Management as modified by the Board.

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MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

NOVEMBER 21, 1989

10 A. M.

The Budget and Control Board met at 10 a.m. on Tuesday, November 21, 1989, in the Governor's conference room in the State House, with the following members in attendance:

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

Also attending were:

Jesse A. Coles, Jr., Ph.D.	Executive Director
William A. McInnis	Secretary
J. Samuel Griswold, Ph.D.	Deputy Executive Director
Charles H. Smith	Assistant Executive Director
Donna K. Williams	Assistant to Board Secretary
Other Board staff	
Joseph D. Shine	Chief Deputy Attorney General
Q. Whitfield Ayres, Ph.D.	Governor's Senior Executive Assistant for Budget and Policy
Luther F. Carter, Ph.D.	Governor's Senior Executive Assistant for Finance and Administration
Charlie Sanders	Senior Assistant State Treasurer
George M. Lusk	Senior Assistant Comptroller General
J. Michael Ey	Finance Committee Director of Research
Scott R. Inkley, Jr.	Ways & Means Committee Dir. of Research

[Secretary's Note: Deputy Executive Director Griswold sat in for Dr. Coles who attended the latter part of the meeting.]

Adoption of Agenda

Dr. Griswold advised that the following two items had been proposed for addition to the regular session agenda: item 1A, relating to allocations of the State ceiling on the issuance of private activity bonds; and item 1B, relating to a requested easement and the termination of an easement granted previously by the Board.

Upon a motion by Mr. Patterson, seconded by Senator Waddell, the Board adopted the agenda as proposed after adding a State ceiling/revenue bond matter and an easement request.

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Regular Session -- November 21, 1989 -- Page 2

Budget Division: Budget Recommendations, 1990-91 (Regular #1)

Division Director Brooks, accompanied by several staff members, appeared before the Board on this matter.

Governor Campbell opened the discussion by noting that he had presented an executive budget in prior years but that, this year, he had tried to find a consensus. He said it is an unusual year, partly because of Hurricane Hugo, and that he had sought a spirit of everyone working together. He said there is pressure on the budget as a result of the hurricane because of the extraordinary outlays it occasioned and because of the short-term income losses. Governor Campbell expressed the view that this is a tight budget not only because of the effects of Hurricane Hugo but also because last year the General Assembly enacted virtually a two-year budget. He commented that the necessity to annualize some \$75 million from last year puts as much pressure on the budget as the storm did.

Mr. Brooks said the budget proposal developed by staff is based on the guidelines given by the Board. He said that staffs of the Budget Division, the Ways and Means Committee, the Senate Finance Committee and the Governor's Office started meeting on the budget five weeks ago to see what the priorities were. He said they knew that number one priority had to be expenses related to the Hurricane Hugo disaster. He said the consensus was to use the Capital Reserve Fund to offset the expenses caused by Hugo which would allow the use of ongoing, regular revenues for ongoing operations needs.

Mr. Brooks said some \$32.4 million of the Capital Reserve Fund for Hurricane Hugo expenses are shown first in the proposed budget. He commented that year's budget was much like a two-year budget. He said four areas were looked at first, namely, constitutional demands, statutory demands, annualization requirements, and maintenance of effort.

He said roughly \$180 million additional are available for expenditure, based on the Board of Economic Advisors November 1 revenue forecast. He expressed the view that the budget as proposed by staff is a good budget but he also said he is not happy with it. He said funding for the employee pay plan, for higher education and for elementary and secondary education are not what they ought to be.

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Governor Campbell commended Mr. Brooks on the work on the budget recommendation thus far. He agreed that the State employee pay plan is not adequate and that it needs to be increased. He also agreed that education is a top priority. He said Mr. Brooks' comments about the impact of federal program mandates and of annualizations are very important. He observed that budget growth this year can't be at last year's rate because of the two-year type of budget we have this year. Governor Campbell said he appreciated the staff recommendation as a starting point in the Board's deliberations.

Mr. Brooks said the proposal is the best staff could do within the revenues available.

Governor Campbell said he had had one-on-one conversations with Senator Waddell and with Mr. Morris regarding the handling of the budget implications of Hurricane Hugo. He said three options appear open on that including, first, to cut spending to live within our means; second, to raise taxes; and third, to find an alternate means of funding the Hugo-related expenses. He expressed a preference for looking at alternate means of funding Hugo-related expenses.

Mr. Morris said if we were to capitalize the Hugo expenses some \$30 million to \$35 million would be released for other purposes.

Senator Waddell said he had a different figure which he said totalled \$44.85 million and included the following: FEMA payback, \$8.5 million; FEMA family assistance match, which he said is open-ended, \$14.1 million; Local Government Division payback, \$3.5 million; State government obligations, \$5 million; local government obligations, \$10 million; and beach renourishment, \$3.75 million.

Governor Campbell said he had the same figures except for the \$10 million for local government obligations which he described as soft and which he thought might be duplicative. He suggested that the figure be dropped to the \$34 million area.

Mr. McLellan questioned the wisdom of borrowing for the pay back to the Division of Local Government. Senator Waddell said these funds need to be restored quickly but he did not know of any way other than a bond bill to get

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the funds restored any more quickly. Governor Campbell noted that funds needed in areas hit by the storm would be have to be denied if the funds are not restored to Local Government. Mr. McLellan suggested using the Capital Reserve Fund for this purpose instead of a bond bill, saying he did not see how funds could be obtained more quickly by way of a bond bill than is possible from the Capital Reserve Fund. Senator Waddell said a bridge loan from the Insurance Reserve Fund is a possibility. Mr. McLellan asked, in view of the indication that no funds will be available for a supplemental appropriation, how the funds could be put back in January.

Senator Waddell and Governor Campbell disagreed, saying the revenue forecast by the BEA is not yet an official one and that the official figure is to be out in the first week of December. Governor Campbell said two different communications are involved. Mr. McLellan noted that a letter he had from the BEA indicated that the forecast is official.

Mr. Morris said the Capital Reserve Fund cannot be used until next July and he asked about the feasibility of a bond bill.

Senator Waddell said we are not at the bond limits and noted that bond funding on the priority schedule now very likely won't be used by the agencies involved. Mr. McLellan urged the Board to be sure of what is available in this area and that, if a bond bill for Hugo-related expenses is to be pursued, it be strictly limited to those purposes.

Governor Campbell said he wanted to go up front on the bond bill idea, recalling he had said earlier there should not be another bond bill until 1991 except for emergencies. He expressed the view that the Hugo impacts qualify as the biggest emergency he had ever seen. But, he cautioned, that they do not qualify as a stump for a Christmas tree. He said his intention is to hold the bond bill only to Hugo-related matters and to veto others. Senator Waddell said this is a special thing and that the bond bill should include nothing but Hugo-related expenses.

Mr. McLellan again questioned the idea of issuing bonds to repay the Division of Local Government and urged that other ways of restoring those funds be explored.

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[Secretary's Note: Governor Campbell excused himself from the meeting momentarily and Mr. Patterson assumed the chair.]

Mr. Brooks advised Mr. Patterson that vacancy factor funds are a possibility but he also pointed out that the Board of Economic Advisors is forecasting a \$5 million shortfall in the revenues for this year.

Mr. Morris commented that we have three years to pay our \$8.25 million matching commitment on Hugo-related funds. Dr. Carter said the obligation is repayable over three fiscal years, with \$3.3 million of the obligation due in the January-March period next year and with that same amount due again in July of 1991 with the balance due in the following fiscal year.

Mr. Patterson said it is not necessary to address all of the repayment requirements in this budget. Senator Waddell asked rhetorically why we would not go ahead and pay it off. Mr. McLellan noted that the requirement recurs two times.

Mr. Patterson noted that, if the Hugo-related expenses are funded with a bond issue of \$30 million to \$35 million, on a 15-year payback, 6% interest basis, the total repayment would be between \$45 million and \$50 million and would add about \$1.5 million to the debt service requirement annually.

[Secretary's Note: Governor Campbell returned to the meeting.]

Mr. Patterson noted that he had discussed with Senator Waddell the matter of the refund which may be due federal retirees as a result of the Supreme Court decision in a Michigan case and stated that, if the State makes the refund, the cost of it would be between \$16 million and \$17 million annually, with the total being some \$170 million to \$173 million without interest. He said a possibility is for a ten-year deferred payment approach involving notes paying between 6% and 7% tax-free interest. Mr. McLellan asked if the tax credit idea had been considered with it including a three-year retroactive tax credit and a three-year prospective tax credit. Senator Waddell said all possibilities had been examined and he noted that the 6% to 7% interest payment on the deferred payment approach, with the State Treasurer earning about 9%, would mean that this interest wouldn't cost the State anything and it would tax-exempt to the retiree.

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Mr. McLellan said the purpose is to return a tax and that the retirees have indicated that they are not interested in buying green bananas as a solution. He observed also that some of the retirees involved are 75 years old and they are not interested in the ten-year deferred repayment idea. He said he would like to see the spreadsheets on the alternatives considered.

Governor Campbell said we have two or three choices including fighting the repayment in the courts; recognizing the obligation, which he thought all had agreed to though the funds to repay it are not available; or devising an instrument for repaying it.

Mr. McLellan said he did not think the bond route is the only way to deal with the problem and that he would hate to see a \$16 million annualization requirement on this. Senator Waddell said the cost would be about \$170 million over a six-year basis.

Further discussion of this problem ensued in which Mr. McLellan noted that State law doesn't deal with private retirees and Governor Campbell said he expects we eventually will have claims from them as well. He also mentioned the differential in federal law for early retirees. Mr. Patterson commented that, if the group were to accept the return note idea which would be payable in the year 2001, the State would have to put in \$16 million annually. Senator Waddell said that these notes would be negotiable and that would be like a zero coupon. Mr. Patterson said a \$500 obligation in ten years would pay about \$700.

Governor Campbell commented that the cost is some \$175 million regardless of how it is to be addressed. Mr. McLellan asked if it is to be addressed in two bond bills and Mr. Patterson said it would be handled through notes rather than bonds. Mr. Patterson said a \$30 million to \$35 million bond bill for Hugo-related matters would free up \$30 million plus and that \$16 million of that could be applied to the federal retiree tax refund.

Mr. Morris urged the Board to address the operating budget before it, pointing out that the retiree tax refund matter is not before the Board. Governor Campbell urged that the whole issue be addressed rather than only a part of it.

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Senator Waddell commented that only 19% of the capital improvement bond funds on the schedule for the July through December period were drawn through September. He said the agencies never draw over 30% of what is available.

Mr. Morris then moved that the Board recommend a capital improvement bond bill of about \$35 million for Hurricane Hugo related costs. Senator Waddell seconded the motion.

Mr. McLellan observed that the Board is addressing debt service as a part of the overall budget and the adoption of this motion would force something out in order to provide the required debt service for the Hugo bonds. He suggested that the bond bill question be addressed after the budget is addressed. Governor Campbell said he agreed conceptually with Mr. McLellan's observation and the Board agreed to carry the motion over temporarily.

Senator Waddell said the bond bill amount ought to be not to exceed \$40 million.

Mr. McLellan asked if any consideration is being given to stumpage losses resulting from the storm, observing that the loss in some counties is said to be substantial, as in the case of Berkeley where he said it is reported to be \$1 million. Governor Campbell said that item is not included directly and that it is not yet known what assistance will come from the federal government to cover lost revenue on the education side. He also advised Mr. McLellan that a waiver of the 25% match on the revenue loss program had not been granted.

Mr. Morris said the Board needs to address today the operating budget, the Capital Reserve Fund, the Hugo bond bill and EIA, all of which go together.

Governor Campbell said he wants all salary increase money in the bill to be allocated to the individual agencies instead of treating it in a block. He said he often hears from agencies that they didn't get an increase when they in fact did but it did not show directly in the appropriations act. He said his proposal would present a truer picture of the increased dollars going to each agency.

Mr. Brooks said he would not like to see those types of funds as a part of line item appropriations to individual agencies. He observed that, once

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appropriated to agencies in that way, the funds can't be gotten back. He said the present practice gives the Board control over those funds. Governor Campbell then suggested the figures be put in as an authorized draw but Mr. McLellan said an Attorney General's opinion holds that an amount on a line is an allocation. Governor Campbell said he wants the budget document in some fashion to show agency salary allocations. Mr. Brooks urged caution in this, noting that if it is not done carefully we could find the General Assembly trying to modify the salaries of individual agency employees.

Governor Campbell said 40% of the budget goes to employee benefits and he wants to see how they are prorated among the agencies reported. He distributed some materials prepared by the Division of Human Resource Management which showed, for three grade levels, the Division's valuation of employee fringe benefits added to average salaries. He observed that the 40% for employee benefits is a cost item which has to be considered but isn't connected with the several agencies individually. But, he said, State employees still are underpaid.

Mr. Brooks said another drawback to putting the employee benefits on a line in each agency is the matter of the great number of amendments which would be involved when the amounts are changed in the bill. Governor Campbell said it is important for this information to be included in the bill if only as an information item.

Mr. Patterson asked that the future treatment of the retiree tax refund matter be addressed as a part of the Board's package.

The Board then began a detailed review of the budget recommendation prepared by staff. Governor Campbell said some \$73.9 million of annualizations are involved along with about \$19.3 million for the State health insurance plan and other compelling needs which he said together indicate that we are short by some \$121 million. He said we have to look inside formulas, saying, for example, that we cannot go merrily down the road funding the nonteaching category except on the same basis as State employees are treated. He said equity questions are raised by the current practice.

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Mr. Brooks said the recommendation on teacher pay is that 3% of the recommended 4% increase be paid from EFA funds with EIA funds picking up the difference. Senator Waddell said he had met with Senator Setzler who had noted some supreme court cases in which a failure to fully fund funds like the EFA and the EIA was at issue. Mr. McLellan said EIA funds always have been used to supplement teacher salaries and Governor Campbell noted that Governor Riley's budgets were done that way.

Mr. McLellan said he is concerned with the recommended school bus purchase delay. He said the proposed \$5.8 million postponement from this year will result in a \$15 million annualization figure next year. He suggested that these funds be moved back into the Capital Reserve Fund.

The Board appeared to agree that the \$1,950,000 from the Capital Reserve Fund for the Election Commission for the 1990 election is a priority item.

Mr. Brooks observed that, if a bond bill is to be pursued to cover Hurricane Hugo items, the \$32.4 million shown in the recommendation in the Capital Reserve Fund column can be removed. He pointed out that the fire suppression equipment requested recently by the Forestry Commission is included in the \$5 million item for State obligations related to the Hurricane.

Mr. Patterson again said there is a need to cover the retiree tax refund requirement. Also, in response to his query, he was advised that staff had looked at TEC's equipment needs.

Governor Campbell noted the recommended 1½% merit pay payout increase for State employees and said the payout for State employees has to go up. Mr. Brooks said the best he could see would be \$19 million to get a 1½% merit payout and a 1½% base pay payout. Mr. Morris urged consideration of a combination of base pay increases, merit pay and bonuses for State employees. Mr. Brooks said the \$763,000 additional in the Department of Education recommendation is intended to provide a pay increase for bus drivers equivalent to that for State employees.

Mr. Brooks mentioned the possibility of funding the \$2,500,000 for Mental Health for the VA Nursing Home from nonrecurring funds since the funds are for contractual services to run the facility initially.

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Regular Session -- November 21, 1989 -- Page 10

With regard to State employee pay, Board members asked staff to look at various options including provisions for bonuses.

Governor Campbell observed, even with pulling Hugo-related expenses out, we are still \$55 million short. He urged that the Board get away from talking about percentage increases and focus instead on the dollars involved. He said the higher education formula initially was a device for allocating resources rather than vice versa.

Following further discussion, the Board asked staff to rework the recommendations to reflect the discussion and agreed to consider its 1990-91 budget recommendations further at the December 5 meeting.

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

Executive Director: Allocations of State Ceiling on Issuance of Private Activity Bonds (Regular Add-on)

Board Secretary McInnis appeared before the Board on this matter.

The Board was reminded in the agenda materials that staff at the November 16, 1989, meeting reported on the allocation of the \$2,800,000 portion of the York County Baldor Electric Company project allocation which had been relinquished. The Board was reminded that the \$365,000 balance due the JEDA Spartanburg County Ph. Orth project [queue spot (g)] and the \$950,000 JEDA Colleton County Ridge Pallets project [queue spot (h)] had been covered by part of the relinquished allocation. It was also pointed out to the Board that the \$1,485,000 unallocated balance then left was allocated against the \$4,000,000 requested for the Berkeley County W. W. Williams project [queue spot (i)] which left a balance of \$2,515,000 due that project.

The Board was advised in the agenda materials that, since the November 16 meeting, the Charleston County Mearl Corporation project bond counsel has advised staff that the Corporation does not now plan to pursue the project and that the \$9 million State Ceiling allocation for that project has now been relinquished.

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Staff further advised the Board in the agenda materials that, in accord with the Board's October 24 action agreeing to allocate the State Ceiling balance on a first-come, first-served basis and authorizing staff to make whatever shifts from one Pool to another may be required to allocate the balance to JEDA and other local projects on that basis, the relinquished amount has been allocated as follows:

- (i) Issuing Authority: Berkeley County
Amount of Issue: \$4,000,000 Industrial Revenue Bonds
Allocation Amount: \$2,515,000 (\$1,485,000 allocated previously)
Name of Project: W. W. Williams
Employment Impact: adds 250 jobs
Project Description: remanufacture transmissions & related products
- (j) Issuing Authority: Jobs-Economic Development Authority
Amount of Issue: \$8,000,000 Industrial Development Revenue Bonds
Allocation Amount: \$6,485,000 (\$1,515,000 balance due)
Name of Project: Porter, Inc. Location: Beaufort County
Employment Impact: adds 50 jobs increasing to 225 in full operation
Project Description: manufacture of luxury yachts

Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board, with Senator Waddell abstaining, (a) affirmed the following ceiling allocations: \$2,515,000 to the Berkeley County W. W. Williams project and \$6,485,000 to the JEDA Porter, Inc. project, and affirmed any implied pool shifts; and (b) adopted a resolution approving the private sale to an underwriter for public offering thereafter of \$8,000,000 Jobs-Economic Development Authority Industrial Development Revenue Bonds (Porter, Inc. project), on the condition that the required reviews are completed with satisfactory results.

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

General Services: Easement (Regular Add-on)

Division Counsel Wayne Rush appeared before the Board on this matter.

Mr. Rush explained that the Board previously granted an easement to allow the construction of a steel bridge for a pipeline to be used to transport steam across Shipyard Creek but that the bridge had been built in the wrong location. He said the request is for an as-built easement.

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Regular Session -- November 21, 1989 -- Page 12

Upon a motion by Senator Waddell, seconded by Mr. Patterson, the Board, in accord with Code Sections 1-11-80 and 1-11-100, granted an easement to Foster Wheeler Charleston Resource Recovery, Inc., to construct a steel bridge spanning Shipyard Creek from the west bank extending 80' to the east bank and terminated an easement granted for this purpose on December 8, 1987.

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

Executive Session

Dr. Griswold advised that the following items, which had been published with the regular session agenda, had been proposed for consideration during executive session:

- 1 Executive Director Receipt of Legal Advice (Fire Marshal Appeal Panel Recommendations Policy and Procedure)
- 2 Human Resource Mgmt Receipt of Legal Advice (Grievance Committee Decision Appeal, Highways & Public Transportation)
- 3 Human Resource Mgmt Receipt of Legal Advice (Grievance Committee Decision Appeal, Corrections)
- 4 Human Resource Mgmt Receipt of Legal Advice (Personnel Settlement, DSS)
- 5 Human Resource Mgmt Discussion of Employee Compensation (Geographic Pay Differential, State Development Board)

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

Report on Matters Discussed in Executive Session

Following the executive session, the meeting was opened, and the Board reported on the items which had been discussed during executive session as follows:

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Regular Session -- November 21, 1989 -- Page 13

- (a) Executive Director: Legal Advice (Fire Marshal Appeal Panel Recommendations Policy and Procedure) (Executive #1)

The Board received legal advice on proposed modifications of the policy and procedure for handling Fire Marshal Appeal Panel findings and recommendations in appeals from decisions of the State Fire Marshal and no action was taken.

- (b) Human Resource Mgmt: Receipt of Legal Advice (Grievance Committee Decision Appeal, Highways & Public Transportation) (Executive #2)

Upon a motion by Mr. McLellan, seconded by Mr. Morris, the Board, by a vote of 4 (Patterson, Morris, Waddell and McLellan) to 1 (Campbell), denied a Department of Highways and Public Transportation request to appeal to the Court of Common Pleas the decision of the State Employee Grievance Committee in the Kim E. Ghent case.

- (c) Human Resource Mgmt: Receipt of Legal Advice (Grievance Committee Decision Appeal, Corrections) (Executive #3)

Upon a motion by Mr. McLellan, seconded by Mr. Morris, the Board denied a Department of Corrections request to appeal to the Court of Common Pleas the decision of the State Employee Grievance Committee in the Douglas A. Benton case.

- (d) Human Resource Mgmt: Receipt of Legal Advice (Personnel Settlement, DSS) (Executive #4)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the Department of Social Services to enter into a personnel settlement with Ms. Mary Francis Lansdowne.

- (e) Human Resource Mgmt: Discussion of Employee Compensation (Geographic Pay Differential, State Development Board) (Executive #5)

Upon a motion by Senator Waddell, seconded by Mr. Patterson, the Board, by a vote of 4 (Campbell, Patterson, Morris, Waddell) to 1 (McLellan) approved the State Development Board request to pay its foreign office director a pay differential package to provide the same relative buying power in Frankfurt, Germany as in Columbia, South Carolina, as recommended by the Division of Human Resource Management as modified at the meeting.

Adjournment

Upon a motion by Senator Waddell, seconded by Mr. Patterson, the meeting was adjourned at 1:10 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 3:15 p.m. on Friday, November 17, 1989.]

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EXHIBIT

OCT 21 1989

1

STATE BUDGET AND CONTROL BOARD
MEETING OF November 21, 1989

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 1

AGENCY: Budget Division

SUBJECT: Budget Recommendations, 1990-91

Please refer to the attachments for details.

BOARD ACTION REQUESTED:

Consider.

ATTACHMENTS:

07936

EXHIBIT

OCT 21 1989

1

STATE BUDGET & CONTROL BOARD

**BUDGET & CONTROL
BOARD**

**FY 1990-91
BUDGET
RECOMMENDATIONS**

67937

FY 1990-91 BUDGET RECOMMENDATION
November 21, 1989

BEA Revenue Estimate for FY 1990-91	\$3,538,491,658
Revenue Enhancements	2,247,194
Less General Reserve Fund Contribution	<u>6,114,923</u>
Adjusted Revenue for FY 1990-91	\$3,534,623,929
Appropriation Base for FY 1990-91	3,360,351,109
New Expenditure Recommendations	<u>173,998,538</u>
Recommended Appropriation for FY 1990-91	<u>\$3,534,349,647</u>
Balance	<u><u>\$274,282</u></u>

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GENERAL RESERVE FUND OBLIGATION

FY 1988-89 General Fund Revenue	\$3,137,145,049
	<u>x 3%</u>
General Reserve Fund Obligation	\$94,114,351
Less GRF Balance June 30, 1989	<u>87,999,428</u>
Additional Obligation for GRF	<u><u>\$6,114,923</u></u>

EXHIBIT

OCT 21 1989

1

STATE BUDGET & CONTROL BOARD

C7939

FY 1990-91 REVENUE

BEA Revenue Estimate (November 1, 1989)	\$3,538,491,658
Less FY 1990-91 Expenditure Base	<u>3,360,351,109</u>
Regular Revenue Available	\$178,140,549
Revenue Identified But Not Included in BEA Estimate:	
Departmental Revenue	\$251,492
Indirect Cost Recoveries	638,369
Unclaimed Property Fund	1,057,333
Installment Note Proceeds Interest	<u>300,000</u>
Total Revenue Identified Above BEA Estimate	\$2,247,194
Less General Reserve Fund Contribution	<u>6,114,923</u>
Total Revenue Available Over FY 1990-91 Base	<u><u>\$174,272,820</u></u>

BEA Revenue Estimate	\$3,538,491,658
Revenue Identified Above BEA Estimate	2,247,194
Less General Reserve Fund Contribution	<u>6,114,923</u>
Total General Fund Revenue Available FY 1990-91	<u><u>\$3,534,623,929</u></u>

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FY 1989-90 REVENUE
(Revised November 1, 1989)

BEA Revenue Estimate FY 1989-90 (11-1-89)	\$3,354,991,658
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Less FY 1989-90 Appropriation Act	<u>3,360,351,109</u>
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	<u><u>(\$5,359,451)</u></u>
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Identified Capital Reserve Fund Lapse State Employee Bonus	\$681,154
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**RECOMMENDATIONS FOR APPROPRIATIONS
FROM THE FY 1989-90
CAPITAL RESERVE FUND**

Allowable Uses of the Capital Reserve Fund:

(Section 11-11-320 as amended)

- A. To finance in cash previously authorized capital improvement bond projects.
- B. To retire interest or principal on bonds previously issued.
- C. For capital improvements or other nonrecurring purposes.

Capital Reserve Fund

FY 1989-90 Appropriation Act	\$58,666,285
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Recommendations for Appropriation of CRF	<u>58,478,903</u>
--	-------------------

Balance	<u><u>\$187,382</u></u>
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07942

FY 1990-91 EDUCATION IMPROVEMENT ACT

EIA Revenue Estimate FY 1990-91	\$298,650,000
Less FY 1989-90 EIA Expenditure Base	<u>282,675,000</u>
Additional EIA Funds Available	<u><u>\$15,975,000</u></u>

FY 1990-91 EIA RECOMMENDED INCREASES

Teacher Salary Supplement to Maintain Southeastern Average	\$11,143,911
Employer Contributions for Teacher Salaries	4,145,938
School Building Fund	596,956
Annualization of FY 1989-90 Base Pay Increase for SDE Staff	22,048
Employer Contributions for SDE Staff	<u>66,147</u>
Total Recommended EIA Increases	<u><u>\$15,975,000</u></u>

EXHIBIT

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OCT 21 1989

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STATE BUDGET & CONTROL BOARD

SBD Summary Control Document

STATE BUDGET DIVISION
Recurring Recommendations
DETAIL

RECOMMENDATIONS	RECURRING CRITERIA				TOTAL RECURRING Budget & Control Board	TOTAL NONRECURRING Budget & Control Board
	Constitutional	Statutory	Annualization	Maintenance of Effort		
STATEWIDE						
Hurricane Hugo						
FEMA Payback						3,300,000
Family Assistance Match DSS						14,100,000
State Obligations						5,000,000
Local Obligations						10,000,000
SUBTOTAL HUGO NONRECURRING RECOMMENDATIONS						32,400,000
Capital Reserve Fund (2% of FY89 Rev)	4,076,616				4,076,616	
Inventory Tax Reimbursement				1,312,037	1,312,037	
Debt Service	8,676,042				8,676,042	
Homestead Exemption Growth		1,537,292			1,537,292	
Aid to Subdivisions (85.4% Level)		13,632,067			13,632,067	
Veto Pool for Exemptions for Vacancy Factors						3,034,342
EMPLOYEE BENEFITS PACKAGE						
Annualizations from FY90 Act						
Health Insurance Rate Increase			19,834,206		19,834,206	
Social Security Rate Increase			1,219,434		1,219,434	
State Pay Plan (Second 2%)			10,679,857		10,679,857	
Health & Human Services COLA			818,719		818,719	
State Health Insurance				19,267,354	19,267,354	
State Pay Plan (3.0% Merit, 1.5% Payout)				18,878,620	18,878,620	
SUBTOTAL EMPLOYEE BENEFITS					70,698,190	
SUBTOTAL STATEWIDE RECURRING RECOMMENDATIONS					99,932,244	
RECOMMENDATIONS						
Ag# AGENCIES						
D10 Governor's Office - SLED						
SLED Lab Center 18.00 FTE's				855,808	855,808	
E28 Election Commission						
1990 Election						1,950,000
F04 B&C Board - Internal Operations						
Protection & Advocacy to Foster Care Review Bd.				(413,881)	(413,881)	
H03 Commission on Higher Education						
Formula Annualization			17,014,000		17,014,000	
Cutting Edge						5,000,000

EXHIBIT

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STATE BUDGET & CONTROL BOARD

07974

SBD Summary Control Document

STATE BUDGET DIVISION
Recurring Recommendations
DETAIL

RECOMMENDATIONS	RECURRING CRITERIA			TOTAL	TOTAL	
	Constitutional	Statutory	Annualization	Maintenance of Effort	RECURRING Budget & Control Board	NONRECURRING Budget & Control Board
H06 Higher Education Tuition Grants Annualization			525,000		525,000	
H63 State Education Department						
Bus Purchase Base Delay				(5,885,000)	(5,885,000)	
Education Finance Act Formula		30,252,232			30,252,232	
Bus Drivers Pay Plan				763,735	763,735	
Textbooks						9,450,338
Target 2000						5,877,803
Testing - Maintenance						766,420
SUBTOTAL STATE EDUCATION DEPARTMENT					25,130,967	16,094,561
H67 Educational TV Commission						
Annualization Instructional Tech. Fixed System			100,000		100,000	
J02 Health & Human Svcs Finance Comm						
OBRA Federal Mandates:						
Nursing Homes		1,396,000			1,396,000	
CTLC Patient Liability		234,000			234,000	
Long Term Care Quality Assurance		200,000			200,000	
Nursing Home Survey/Certification		175,000			175,000	
Medicaid Match Rate Increase				1,266,000	1,266,000	
State Nursing Home Bed Mandate		499,000			499,000	
SUBTOTAL HEALTH & HUMAN SERVICES					3,770,000	
J04 Dept of Health & Env Control						
Annualize Information Tech. Recurring Expenses			370,000		370,000	
J12 Dept of Mental Health						
Medicaid Match Shortfall				2,700,000	2,700,000	
VA Nursing Home Operations		2,500,000			2,500,000	
SUBTOTAL MENTAL HEALTH					5,200,000	
J16 Dept of Mental Retardation						
Annualize Community Residences			1,147,000		1,147,000	
Early Childhood Intervention Act		1,000,000			1,000,000	
SUBTOTAL MENTAL RETARDATION					2,147,000	
L04 Dept of Social Services						
Child Support Match Rate Increase				165,437	165,437	

07945

SBD Summary Control Document

STATE BUDGET DIVISION
Recurring Recommendations
DETAIL

RECOMMENDATIONS	RECURRING CRITERIA				TOTAL RECURRING Budget & Control Board	TOTAL NONRECURRING Budget & Control Board
	Constitutional	Statutory	Annualization	Maintenance of Effort		
L16 Foster Care Review Board						
Review Board Certification (Sec.20-7-2385)		8,856			8,856	
Protection & Advocacy from B&C Board				413,881	413,881	
SUBTOTAL FOSTER CARE REVIEW BOARD					422,737	
N04 Dept of Corrections						
Annualize New Facilities			5,500,000		5,500,000	
Double Celling				5,000,000	5,000,000	
New Facility - State Park				865,000	865,000	
- Work Camps				797,000	797,000	
- Women's Center				5,000,000	5,000,000	
SUBTOTAL CORRECTIONS					17,162,000	
N08 Probation, Parole & Pardon Svcs						
Omnibus Act Implementation				1,500,000	1,500,000	
N12 Dept of Youth Services						
Annualization Client Tracking System			117,226		117,226	
TOTALS	12,752,658	51,434,447	58,637,479	51,173,954	173,998,538	58,478,903
REVENUE FORECAST of NEW \$					174,272,820	58,666,285
Residual Not Allocated					274,282	187,382
=====						
REVENUES FY 1990-91						
BEA Forecast (11-1-89)					3,538,491,658	
FY 1989-90 Appropriation Act					- 3,360,351,109	
General Reserve Fund (3% of FY89 Revenue)					- 6,114,923	
Available "New" Funds					= 172,025,626	
Plus Identified Revenue Not Included in BEA Estimate					=====	
Departmental Revenue					+ 251,492	
Indirect Cost Recoveries					+ 638,369	
Unclaimed Property Fund					+ 1,057,333	
Installment Note Proceeds Interest					+ 300,000	
SUBTOTAL					+ 2,247,194	
TOTAL "NEW" FUNDS					= 174,272,820	
					=====	

EXHIBIT

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STATE BUDGET & CONTROL BOARD

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EXHIBIT

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STATE BUDGET & CONTROL BOARD

BUDGET & CONTROL BOARD RECOMMENDATIONS FY 1990-91

	<u>TOTAL</u>	<u>STATE</u>	<u>FEDERAL</u>	<u>OTHER</u>
<u>Joint Legislative Committees</u>				
Voluntary Deletion	-3.00	-3.00		
<u>Comptroller General's Office</u>				
Voluntary Deletion	-1.00	-1.00		
<u>Governor's Office-SLED</u>				
Laboratories and Enforcement Departments	18.00	18.00		
<u>Governor's Office-OEPP</u>				
Change in Source of Funds	0.00		6.80	-6.80
<u>BCB-Information Resource Management</u>				
Telecommunications	2.00			2.00
Microwave	1.00			1.00
Information Processing Center	6.00			6.00
<u>BCB-Insurance Services</u>				
Insurance Reserve Fund	2.00			2.00
Insurance Benefits	1.00			1.00
<u>BCB-Local Government</u>				
Revolving Fund Loan Administration	1.00		1.00	
<u>BCB-Retirement Division</u>				
Administration	3.00			3.00
Self Insurance	1.00			1.00
<u>Clemson University</u>				
Formula	248.00	*	22.00	226.00
<u>College of Charleston</u>				
Formula	5.65	*		5.65
<u>Francis Marion College</u>				
Formula	9.90	*	0.50	9.40
<u>Lander College</u>				
Formula	1.75	*		1.75
<u>University of South Carolina-Columbia</u>				
Formula	169.49	*	86.99	82.50

07947

<u>USC-Medical</u> Formula	15.00	*	6.00	9.00
<u>USC-Aiken</u> Formula	4.50	*		4.50
<u>USC-Coastal</u> Formula	0.00	*		
<u>USC-Spartanburg</u> Formula	0.00	*		
<u>USC-Beaufort</u> Formula	1.50	*		1.50
<u>USC-Lancaster</u> Formula	0.00	*		
<u>USC-Salkehatchie</u> Formula	0.00	*		
<u>USC-Sumter</u> Formula	0.00	*		
<u>USC-Union</u> Formula	0.00	*		
<u>Winthrop College</u> Formula	3.00	*		3.00
<u>State Board for Technical & Comprehensive Education</u> Formula	0.00	*	-17.91	17.91
<u>Commission on Alcohol & Drug Abuse</u> Change in Source of Funds	0.00		1.50	-1.50
<u>State Housing Finance & Development Authority</u> Program Expansion	10.00		1.00	9.00
Staff Reassignment	0.00		1.00	-1.00
<u>Department of Corrections</u> Double Celling	49.00	49.00		
New Institutions: State Park	60.00	60.00		
Work Camps (2)	41.00	41.00		
Women's Center	249.00	249.00		
Literacy	1.00			1.00
Prison Industries/Canteen	27.00			27.00
<u>Clemson-Public Service Activities</u> Agricultural Research & Extension	21.00		21.00	

07948

<u>Migratory Waterfowl Commission</u>				
Voluntary Deletion	-1.00			-1.00
<u>State Workers' Compensation Fund</u>				
Claims Administration	5.00			5.00
<u>Second Injury Fund</u>				
Paralegal Assistant & Claims Examiner	2.00			2.00
<u>Employment Security Commission</u>				
Change in Source of Funds	0.00		-22.00	22.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>953.79</u>	<u>413.00</u>	<u>107.88</u>	<u>432.91</u>

* No new state funded FTE positions are being recommended at this time; however, if General Fund revenue is appropriated during the legislative process, college and university state-funded FTE requests should receive consideration.

EXHIBIT

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STATE BUDGET & CONTROL BOARD

C7949

EXHIBIT

OCT 21 1989

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State Employee - Grade 15

STATE BUDGET & CONTROL BOARD

Average Salary	\$12,245.00
Benefits	
Annual Leave	706.44
Sick Leave	706.44
Health, Life and Disability Insurance	1,120.56
Dental Insurance	118.56
Holidays	541.60
Retirement Match	924.50
Social Security Match	919.60
Worker's Compensation	214.29
Unemployment Compensation	183.68
Total Dollar Amount of Fringe Benefits	\$ 5,435.67
Total Compensation	\$17,680.67
Compensation Hourly Rate With Benefits	\$ 8.50
Compensation Hourly Rate Without Benefits	\$ 5.89

07950

State Employee - Grade 25

Average Salary	\$19,009.00
Benefits	
Annual Leave	1,096.67
Sick Leave	1,096.67
Health, Life and Disability Insurance	1,120.56
Dental Insurance	118.56
Holidays	840.78
Retirement Match	1,435.18
Social Security Match	1,427.58
Worker's Compensation	332.66
Unemployment Compensation	285.14
Total Dollar Amount of Fringe Benefits	\$ 7,753.80
Total Compensation	\$26,762.80
Compensation Hourly Rate With Benefits	\$ 12.87
Compensation Hourly Rate Without Benefits	\$ 9.14

07951

State Employee - Grade 35

Average Salary	\$28,869.00
Benefits	
Annual Leave	1,665.52
Sick Leave	1,665.52
Health, Life and Disability Insurance	1,120.56
Dental Insurance	118.56
Holidays	1,276.90
Retirement Match	2,179.61
Social Security Match	2,168.06
Worker's Compensation	505.21
Unemployment Compensation	433.04
Total Dollar Amount of Fringe Benefits	\$11,132.98
Total Compensation	\$40,001.98
Compensation Hourly Rate With Benefits	\$ 19.23
Compensation Hourly Rate Without Benefits	\$ 13.88

EXHIBIT

OCT 21 1989

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STATE BUDGET & CONTROL BOARD

07952

EXHIBIT

OCT 21 1989

2

STATE BUDGET AND CONTROL BOARD
MEETING OF NOVEMBER 21, 1989

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 1-A

AGENCY: Executive Director

SUBJECT: Allocations of State Ceiling on Issuance of Private Activity Bonds

Status of State Ceiling Reported at November 16 Meeting

Staff at that meeting reported on the allocation of the \$2,800,000 portion of the York County Baldor Electric Company project allocation which had been relinquished. The \$365,000 balance due the JEDA Spartanburg County Ph. Orth project [queue spot (g)] and the \$950,000 JEDA Colleton County Ridge Pallets project [queue spot (h)] were covered. Also, the \$1,485,000 unallocated balance then left was allocated against the \$4,000,000 requested for the Berkeley County W. W. Williams project [queue spot (i)] leaving \$2,515,000 due.

Subsequent \$9 Million Relinquishment

The Charleston County Mearl Corporation project bond counsel has advised staff that the Corporation does not now plan to pursue the project and that the \$9 million State Ceiling allocation for that project has now been relinquished.

Allocation of the \$9 Million Relinquishment

In accord with the Board's October 24 action agreeing to allocate the State Ceiling balance on a first-come, first-served basis and authorizing staff to make whatever shifts from one Pool to another may be required to allocate the balance to JEDA and other local projects on that basis, the relinquished amount has been allocated as follows:

- | | |
|------------------------|--|
| (i) Issuing Authority: | Berkeley County |
| Amount of Issue: | \$4,000,000 Industrial Revenue Bonds |
| Allocation Amount: | \$2,515,000 (\$1,485,000 allocated previously) |
| Name of Project: | W. W. Williams |
| Employment Impact: | adds 250 jobs |
| Project Description: | remanufacture transmissions & related products |
| (j) Issuing Authority: | Jobs-Economic Development Authority |
| Amount of Issue: | \$8,000,000 Industrial Development Revenue Bonds |
| Allocation Amount: | \$6,485,000 (\$1,515,000 balance due) |
| Name of Project: | Porter, Inc. Location: Beaufort County |
| Employment Impact: | adds 50 jobs increasing to 225 in full operation |
| Project Description: | manufacture of luxury yachts |

BOARD ACTION REQUESTED:

(a) Affirm the referenced State Ceiling allocations [(i) \$2,515,000 for the Berkeley County W. W. Williams project; and (j) \$6,485,000 for the JEDA Porter, Inc., project;] and any implied Pool shift; and

(b) Adopt a resolution approving the private sale to an underwriter for public offering thereafter of \$8,000,000 Jobs-Economic Development Authority Industrial Development Revenue Bonds (Porter, Inc., project), on the condition that the required reviews are completed with satisfactory results.

ATTACHMENTS:

Proposed resolution on the JEDA Porter, Inc., project.

07853

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY THROUGH PRIVATE SALE OF NOT EXCEEDING \$8,000,000 AGGREGATE PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BONDS (PORTER, INC. PROJECT) 1989, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended, (the "Act") requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Industrial Development Revenue Bonds (Porter, Inc. Project) 1989 in the aggregate principal amount of not exceeding \$8,000,000 (the "Bonds"); and

WHEREAS, the Authority represents to the State Budget and Control Board that the Bonds will be secured by a Letter of Credit issued by NNCB National Bank of South Carolina 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 Request filed by the Authority contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to issue the Bonds through private sale to an underwriter for public offering thereafter be and the same is hereby in all respects approved.

Section 3. This Resolution shall take effect immediately.

EXHIBIT

OCT 21 1989

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STATE BUDGET & CONTROL BOARD

C7954

EXHIBIT

OCT 21 1989

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

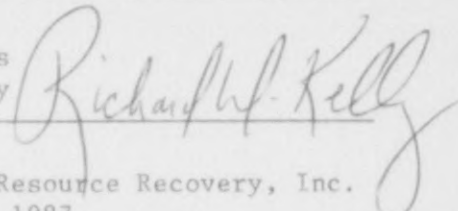
Meeting Scheduled for: November 20, 1989

STATE BUDGET & CONTROL BOARD

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly



2. Subject:

Grant of New Easement to Foster Wheeler Charleston Resource Recovery, Inc.
Termination of Original Easement Issued December 8, 1987

3. Summary Background Information:

The Budget and Control Board granted an Easement to Foster Wheeler Charleston Resource Recovery, Inc. (FWCRR) on December 8, 1987, to construct a steel bridge spanning Shipyard Creek to transport steam to the US Naval Reservation from a solid waste incinerator.

The steamline was erroneously constructed outside the easement area, and FWCRR is seeking an easement in the as built location, and proposes to terminate all rights, title and interest in the original easement.

The South Carolina Coastal Council is issuing a new or modified permit.

The new permanent easement is 20' wide across Shipyard Creek from the West bank extending 80' to the East bank.

The documents have been approved by the Attorney General's Office.

A consideration of \$130 was paid by Foster Wheeler.

4. What is Board asked to do?

Approve grant of Easement to Foster Wheeler, in accordance with Section 1-11-80, 1-11-100, S.C. Code of Laws, 1976 as amended.

5. What is recommendation of Board Division involved?

That new Easement be approved and the Termination of the original Easement be accepted.

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

(a) Authorized Signature:

(b) Division/Agency Name:

7. List of Supporting Documents:

(a) Attached:

1. New Easement Document with drawing
2. Termination of Easement with Original Easement attached
3. Statutory Authority 1-11-80 and 1-11-100

07955

EXHIBIT

OCT 21 1989

3

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

STATE BUDGET & CONTROL BOARD
EASEMENT

THIS EASEMENT, made and entered into this _____ day of _____, 19____, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and Foster Wheeler Charleston Resource Recovery, Inc., as Grantee (hereinafter "FWCRR").

WITNESSETH:

WHEREAS, FWCRR is a private corporation which processes municipal solid waste generated within Charleston County. FWCRR's mailing address is Perryville Corporate Park, Clinton, New Jersey 08809-4000; and

WHEREAS, FWCRR has constructed a steel bridge, with supports, spanning Shipyard Creek in Charleston County, South Carolina, and attached a 14" diameter carbon steel pipeline to the bridge in order to transport steam to the U.S. Naval Reservation. The bridge, with steam line, and easement area are more particularly shown and delineated on a drawing entitled "Exhibit Showing 20' Easement" which is attached hereto and incorporated herein by reference as Exhibit A.

WHEREAS, pursuant to §§1-11-80 and 1-11-100 of the South Carolina Code of Laws, 1976, as amended, the STATE is empowered to grant certain rights-of-way or easements through and over riverbeds and marshlands for construction, operation, and maintenance of structures over, on, or under such land or marshland as are owned by the STATE; and

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WHEREAS, FWCRR is desirous of obtaining the hereinafter described easement through and over riverbeds and marahlands in Charleston County, and the STATE considers the granting of such an easement to be in the public interest.

NOW, THEREFORE, the STATE, as Grantor, in consideration of the sum of One (\$1.00) Dollar and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant, remise and release unto FWCRR, its successors and assigns, a right-of-way easement in, to, upon and cver the below described portion of riverbed and marshland; such riverbed and marshland situate in Charleston County and lying below the mean high water line.

This Easement of right-of-way shall be used solely for the purposes incidental with the construction and operation of a steel bridge, with supports, spanning Shipyard Creek in Charleston County, South Carolina, and the attachment of a 14" diameter carbon steel pipeline to the bridge in order to transport steam to the U. S. Naval Reservation. The easement area is more particularly described as follows:

All that parcel of land located in the County of Charleston, State of South Carolina, measuring twenty (20') feet in width and described as follows: A twenty by eighty (20' x 80') foot piped bridge easement extending from the mean high water line on the west bank of Shipyard Creek to the mean high water line on the east bank of Shipyard Creek. Commencing at Point 1, a traverse point, located north 08 degrees 05 minutes 49 seconds east, a distance of twenty-nine and forty-two hundredths (29.42') feet from Point D. Thence turning and running along the centerline of said twenty (20') foot easement north 89 degrees 55 minutes 40 seconds east, a distance of eighty and no hundredths (80.00') feet to Point 2, a traverse point, and the end of said piped bridge easement.

The easement is more fully shown on an exhibit prepared by David & Floyd, Inc. entitled

07957

"Exhibit Showing 20' Easement," dated November 17, 1989, a copy of which is attached hereto, made a part hereof and incorporated herein by referenced as Exhibit A.

This easement of right-of-way is subject to all easements and rights-of-way of record or which may be revealed by inspection of the property and extends only to the STATE'S prima facie ownership.

FWCRR hereby agrees and covenants with the State that FWCRR, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. FWCRR shall use the easement area solely for the purposes incidental with the construction, operation, and maintenance of said steel bridge, with support, and steam pipeline, and shall maintain such easement area and bridge and pipeline in good condition.

FWCRR further agrees and covenants that FWCRR shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

FWCRR will comply with and be bound by any and all applicable

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State statutes, regulations and terms and conditions of any permits or agreements concerning this project and any and all lands and waters involved therewith.

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if FWCRR, its successors and assigns: (1) quits and abandons all use of such steel bridge and steam pipeline, in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 21st day of November, 1989.

WITNESSES:

William A. Theunis
Loana K. Williams

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD

By: [Signature]
CARROLL A. CAMPBELL, JR.
Chairman

Harry A. Galtman
David B. [Signature]

FOSTER WHEELER CHARLESTON
RESOURCE RECOVERY, INC.

By: North Mat
Its: President

07959

ATTORNEY GENERAL'S OFFICE

Approved: Kenneth P. Woodly

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me Donna K. Williams and made oath that he/she saw the within named State of South Carolina, Budget and Control Board, by its Chairman, Governor Carroll A. Campbell, Jr., sign, seal and as its act and deed deliver the within written Easement, and that he/she, along with William A. McInnis witnessed the execution thereof.

Donna K. Williams

SWORN to before me this

21st day of November, 1989.

Dorothy S. Sanders (L.S.)
Notary Public for South Carolina

My Commission Expires March 22, 1995

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me HENRY B. FISHBURNE JR and made oath that he/she saw the within-named Foster Wheeler Charleston Resource Recovery, Inc., by MORTON MATUNY, its PRESIDENT sign, seal and as its act and deed deliver the within written Easement, and that he/she, along with DONALD B. CLARK witnessed the execution thereof.

Henry B. Fishburne Jr

SWORN to before me this

____ day of _____, 1989.

Donald B. Clark (L.S.)
Notary Public for South Carolina

My Commission Expires 12-15-97

EXHIBIT

OCT 21 1989

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STATE BUDGET & CONTROL BOARD

07981



COASTAL COUNCIL
CRITICAL LINE

CHARLESTON COUNTY
INCINERATOR SITE

PROPERTY OF
STATE OF
SOUTH CAROLINA

COASTAL COUNCIL
CRITICAL LINE

20' EASEMENT
PIPE BRIDGE

U.S. GOVERNMENT
PROPERTY

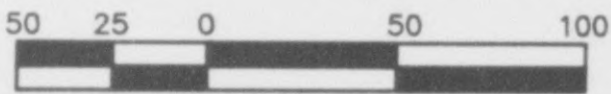
APPROXIMATE MEAN HIGH WATER LINE

SHIPYARD CREEK



EXHIBIT
SHOWING
20' EASEMENT

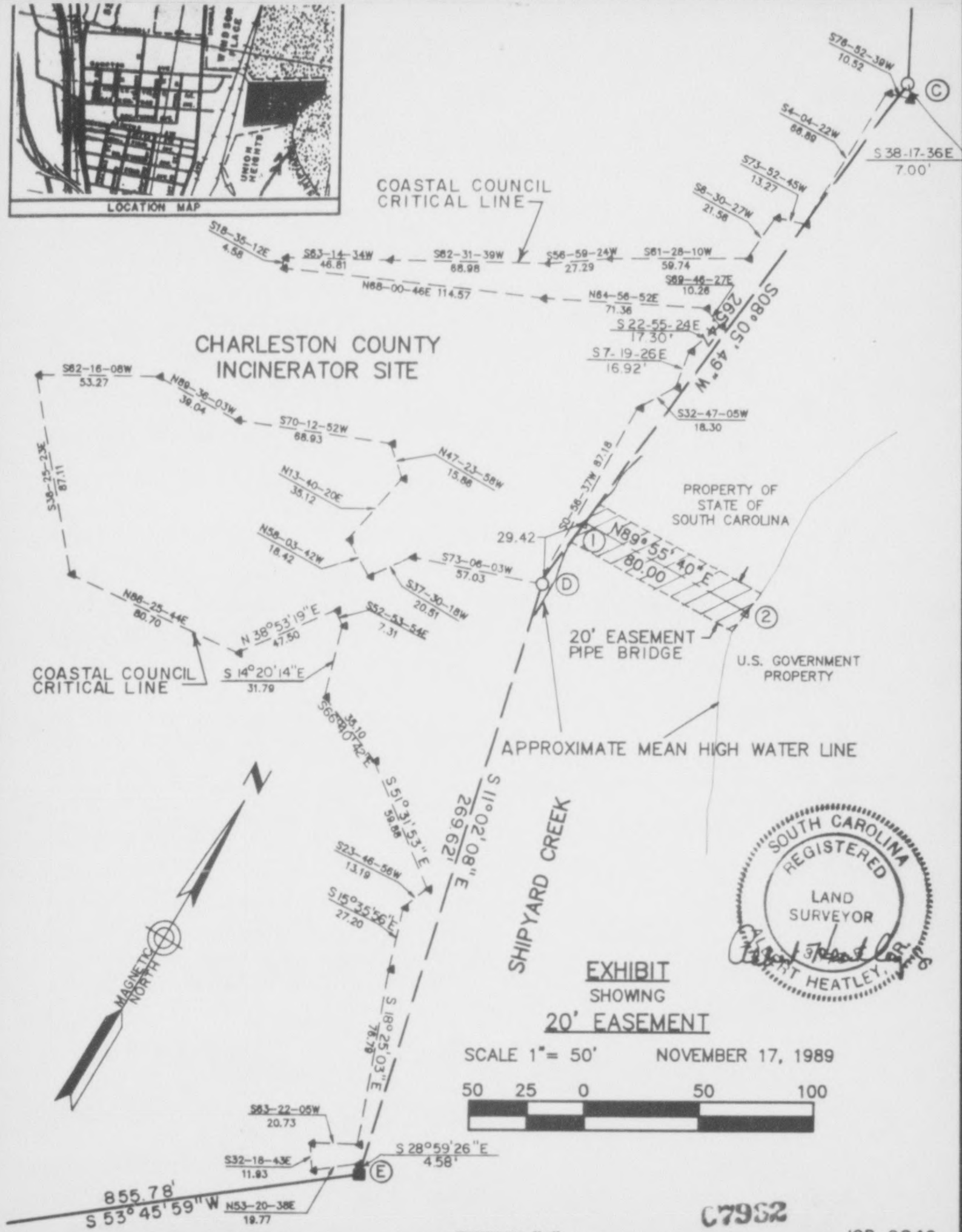
SCALE 1" = 50' NOVEMBER 17, 1989



C7952

EXHIBIT "A"

JOB 8248
L.C.V.



STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

TERMINATION OF EASEMENT

This Termination of Easement is made and entered into this 21st day of November, 1989, by and between The State of South Carolina, Budget & Control Board (hereinafter "STATE") and Foster Wheeler Charleston Resource Recovery, Inc. (hereinafter "FWCRR").

W I T N E S S E T H :

WHEREAS, by Easement dated December 7, 1987, recorded December 15, 1987, in Book D-171 at page 413 in the RMC Office for Charleston County (the "Easement"), the STATE did grant unto FWCRR an easement for the construction and operation of a steamline, a copy of the Easement being attached hereto and made a part hereof as Exhibit A; and

WHEREAS, the steamline was not constructed within the area contained in the Easement; and

WHEREAS, the STATE has granted FWCRR an easement in the appropriate location and FWCRR desires to terminate all its right, title and interest in and to the Easement.

NOW, THEREFORE, for and in consideration of the granting by the State to FWCRR of the new easement as referenced hereinabove, FWCRR hereby relinquish, releases and terminates all its rights, title and interest in and to the Easement.

WITNESSES:

William McInnis
Gonna K. Williams

STATE OF SOUTH CAROLINA
CONTROL & BUDGET BOARD
By: Carroll A. Campbell, Jr.
Governor Carroll A. Campbell,
Jr., Chairman

Henry B. Furkerson
Daniel B. Blunt

FOSTER WHEELER CHARLESTON
RESOURCE RECOVERY, INC.
By: Mark Matney
Title: President

07963

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me Donna K. Williams
and made oath that he/she saw the within-named State of South
Carolina, Budget and Control Board, by its Chairman, Governor
Carroll A. Carpbell, Jr., sign, seal and as its act and deed
deliver the within written Termination of Easement, and that
he/she, along with William A. McInnis witnessed the execution
thereof.

Donna K. Williams

SWORN to before me this

21st day of November, 1989.

Deborah S. Cauders (L.S.)
Notary Public for South Carolina

My Commission Expires March 22, 1995

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me HENRY B. FISHKANE, JR. and
made oath that he/she saw the within-named Foster Wheeler
Charleston Resource Recovery, Inc., by MORTON MATUNY,
its PRESIDENT sign, seal and as its act and deed deliver
the within written Termination of Easement, and that he/she, along
with DONALD B. CLARK witnessed the execution thereof.

Henry B. Fishkane

SWORN to before me this

____ day of _____, 1989.

Daniel B. Bell (L.S.)
Notary Public for South Carolina

My Commission Expires 12-15-97

EXHIBIT

OCT 21 1989

3

STATE BUDGET & CONTROL BOARD

07954

EXHIBIT

OCT 21 1989

3

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

STATE BUDGET & CONTROL BOARD EASEMENT

THIS EASEMENT, made and entered into this 7th day of December, 1987, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and Foster Wheeler Charleston Resource Recovery, Inc., as Grantee (hereinafter "FWCRR").

WITNESSETH

WHEREAS, FWCRR is a private corporation which processes municipal solid waste generated within Charleston County. FWCRR's mailing address is Perryville Corporate Park, Clinton, New Jersey 08809-4000; and

WHEREAS, FWCRR proposes to construct a steel bridge, with supports, spanning Shipyard Creek in Charleston County, South Carolina, and attach a 14" diameter carbon steel pipeline to the bridge in order to transport steam to the U.S. Naval Reservation. The bridge, with steam line, and easement area are more particularly shown and delineated on a drawing entitled "Easement for Steamline Bridge over Shipyard Creek Charleston, S.C.," which is attached hereto and incorporated herein by reference as Exhibit A.

WHEREAS, pursuant to §§1-11-80 and 1-11-100 of the South Carolina Code of Laws, 1976, as amended, the STATE is empowered to grant certain rights-of-way or easements through and over riverbeds and marshlands for construction, operation, and maintenance of structures over, on, or under such land or marshland as are owned by the STATE; and

07965

EXHIBIT A

WHEREAS, FWCRR is desirous of obtaining the hereinafter described easement through and over riverbeds and marshlands in Charleston County, and the STATE considers the granting of such an easement to be in the public interest.

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of One (\$1.00) Dollar and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant, remise, and release unto FWCRR, its successors and assigns, a right-of-way easement in, to, upon and over the below described portion of riverbed and marshland; such riverbed and marshland situate in Charleston County and lying below the mean high water line.

This Easement of right-of-way shall be used solely for the purposes incidental with the construction of a steel bridge, with supports, spanning Shipyard Creek in Charleston County, South Carolina, and the attachment of a 14" diameter carbon steel pipeline to the bridge in order to transport steam to the U.S. Naval Reservation. The easement area is more particularly described as follows:

A 20' Permanent Easement contained within an 80' Temporary Construction Easement which extends from the mean high water line on the east bank to the mean high water line on the west bank of Shipyard Creek and which begins at a point North 11 Degrees 02 Minutes 08 Seconds West, distant 60 feet from an iron pin at the southeast property corner of Tract B; thence North 78 Degrees 57 Minutes 52 Seconds East, 104.36 feet; thence North 22 Degrees 54 Minutes 08 Seconds West, 81.75 feet; thence South 78 Degrees 57 Minutes 52 Seconds West, 87.55 feet; thence South 11 Degrees 02 Minutes 08 Seconds East, 80.0 feet to the point and place of beginning.

The easement area is more particularly shown and delineated on a drawing entitled "Easement for Steamline Bridge over Shipyard Creek Charleston, S.C.," which is attached hereto and incorporated herein by reference as Exhibit A.

07956

This easement of right-of-way is subject to all easements and rights-of-way of record or which may be revealed by inspection of the property and extends only to the STATE's prima facie ownership.

FWCRR hereby agrees and covenants with the STATE that FWCRR, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. FWCRR shall use the easement area solely for the purposes incidental with the construction, operation, and maintenance of said Steel bridge, with support, and steam pipeline, and shall maintain such easement area and bridge and pipeline in good condition.

FWCRR further agrees and covenants that FWCRR shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees, resulting from bodily injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, affecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

FWCRR will comply with and be bound by any and all applicable State statutes, regulations and terms and conditions of any permits or agreements concerning this project and any and all lands and waters involved therewith.

07957

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if FWCRR, its successors and assigns: (1) quits and abandons all use of such steel bridge and steam pipeline, in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

It is further understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE or to others later granted a similar right. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 8th day of December, 1987.

WITNESSES:

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY: Carroll A. Campbell, Jr.
Governor Carroll A. Campbell, Jr.
Chairman

Mark R. Elam
Ray W. White, Jr.

FOSTER WHEELER CHARLESTON
RESOURCE RECOVERY, INC.

Maria Los
Lois Brown

BY: Martha Matney 07968
TITLE: President

ATTORNEY GENERAL'S OFFICE

Approved: Kenneth L. Woodruff

EXHIBIT

OCT 21 1989

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STATE BUDGET & CONTROL BOARD

07989

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me Mark R. Elam
and made oath that he/she saw the within named State of South
Carolina, Budget and Control Board, by its Chairman, Governor
Carroll A. Campbell, Jr., sign, seal, and as its act and deed
deliver the within written Easement, and that he/she, along with
Harry W. Miley, witnessed the execution thereof.

Mark R. Elam

SWORN to before me this 8th
day of December, 1987.

Judith Shealy Taylor (L.S.)
Notary Public for South Carolina

My Commission Expires: 7/19/89

STATE OF NEW JERSEY)
)
COUNTY OF HUNTERDON)

PERSONALLY appeared before me Lois Brown
and made oath that he/she saw the within named Foster Wheeler
Charleston Resource Recovery, Inc., by Morton G. Matuny,
its President, sign, seal, and as its act and
deed deliver the within written Easement, and that he/she, along
with Maria Soc, witnessed the execution thereof.

Lois Brown
LOIS BROWN

SWORN to before me this 7
day of December, 1987.

Maryann Lato (L.S.)
Notary Public for State of New Jersey

My Commission Expires: NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 4, 1989

07970

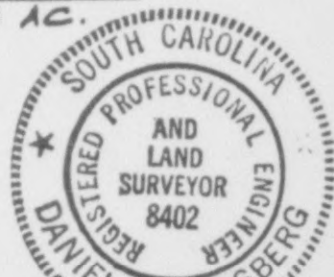
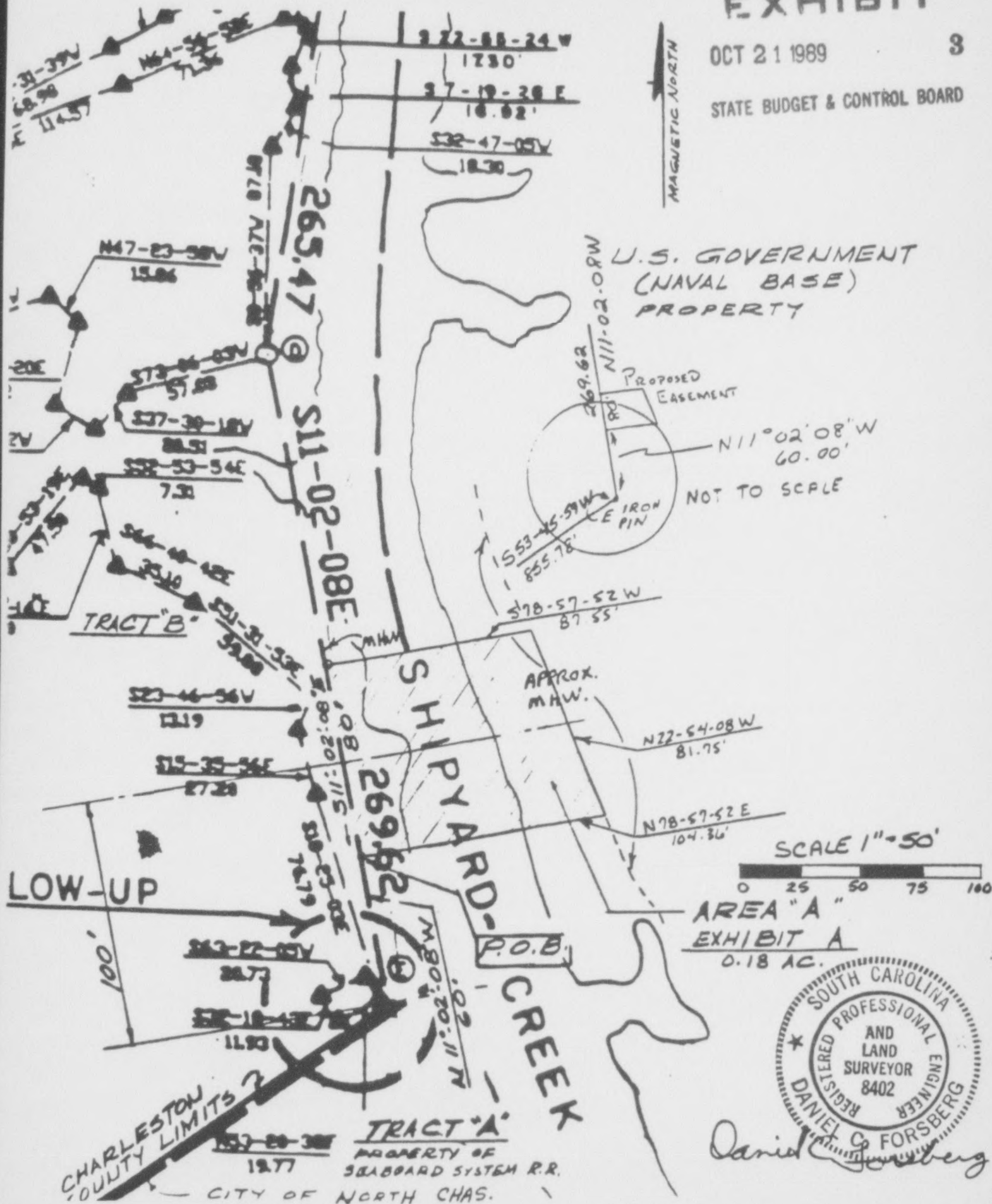
EXHIBIT

OCT 21 1989

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STATE BUDGET & CONTROL BOARD

MAGNETIC NORTH



07971

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

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

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

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

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

Cross references—

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

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

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

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

Cross references—

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

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

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

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

Cross References—

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

Research and Practice References—

63A Am Jur 2d, Public Lands § 115.

73B CJS, Public Lands §§ 178, 180.

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

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

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

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

Cross references—

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

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

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

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

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

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

STATE BUDGET & CONTROL BOARD

OCT 21 1989

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EXHIBIT

07972