

Columbia, South Carolina
June 20, 1955

The State Budget and Control Board met in the Governor's office at 10:30 A. M., on June 20, 1955. All members of the Board were present.

Mr. Chovine Sprott, Acting Commissioner of Agriculture, Mr. L. M. Beecham, co-receiver of John M. Little Warehouse at Union, S. C., and Mr. James S. Verner, Assistant Attorney General, were present at the meeting to discuss with the Board the matter of the State's liability on account of State Warehouse receipts in connection with the operation of the John M. Little State Warehouse at Union.

The Board had a request from the Commercial National Bank of Spartanburg that cotton warehouse receipts held by the Bank be redeemed by the State in view of the fact that the commodities covered by the receipts held by the Bank had been released from the warehouse and sold without surrender of the said receipts. The amount involved was approximately \$200,000.00.

After considerable discussion of this matter, it was the opinion of the Board that ^{an} audit should be made of the warehouse and Mr. Little's affiliated affairs, covering his dealings with the above bank and the manner in which the receipts were handled, before payment of this account should be considered further by the Board. It was the opinion of the Board that this audit should be performed in order to definitely determine the exact amount of the State's liability in this connection. The Board, however, went on record as recognizing the liability of the State as to loans protected by the receipts, or to any others holding legal claims against such receipts.

The State Auditor was directed to arrange for an audit of the above warehouse.

Mr. Arthur M. Williams, attorney for the S. C. Electric & Gas Company, Mr. Walker, Engineer of the Company, and representatives of the Public Service Commission of South Carolina appeared before the Board to discuss an amendment to the State's contract with the Power Company for power furnished the State, so as to permit the

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Power Company to serve each of the State's institutions or buildings from more convenient substations than was possible if power was continued to be transmitted over the so-called "old State Line".

It was pointed out by the representatives of the Power Company that, because the Company had ~~extended considerable sums from time to time within the grounds of the~~ State's institutions, as well as on the old State Line outside of the grounds of the State's institutions, the interest of the State and the Power Company in these facilities both inside and outside the grounds of State institutions was not clearly established.

It was proposed that the State transfer to the Power Company all of the State's interest in these facilities outside the grounds of the State's institutions and buildings, and that the Power Company transfer to the State all of its interest within the grounds of the institutions and buildings.

The Public Service Commission, at the request of the Board, had appraised the value of these facilities both inside and outside the State's property limit, and it was the recommendation of the Commission that such transfers could be made on an even basis with some advantage to the State.

The Board agreed to this proposal and the State Auditor was directed to execute such agreement as was necessary to accomplish these purposes.

The Board approved a transfer of \$1,785,000.00 from the account For Operation of School Busses to the account For Purchas of School Busses, pending a bond issue for the purchase of busses. The amount of this transfer is to be re-funded to the operating account when funds are received from the Bond issue.

The Board then adjourned.

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END OF FISCAL YEAR 1954-55

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