

MINUTES OF BUDGET AND CONTROL BOARD

JANUARY 6 1976

The Budget and Control Board met in the Conference Room of the Governor's office at 10:00 a. m. on January 6, 1976, with the following members in attendance.

Governor James B. Edwards
Mr. Grady L. Patterson
Mr. Henry Mills
Senator Rembert C. Dennis
Mr. F. Julian LeMond

Also in attendance were Messrs. P. C. Smith and W. T. Putnam.

The following business was conducted.

APPROVAL OF MINUTES - All Budget and Control Board members had been furnished with copies of the minutes of the meeting of December 23, 1975. Upon a motion by Mr. Patterson, seconded by Mr. Mills, these minutes were approved as written.

STATE BOARD FOR TECHNICAL EDUCATION - The Budget and Control Board had previously approved a salary scale for unclassified positions (faculty) in the Technical Education System. This plan became effective as of July 1, 1975. At that time there were a number of employees, particularly those in the old Area Trade Schools at Columbia, Denmark and Beaufort, who were below the minimum compensation levels as provided by the plan. Most of these employees have been raised at least to the minimum levels but there are still some 268 employees throughout the system who are below this accepted level. At the present meeting Dr. Charles Palmer appeared before the Board to request permission to increase the salaries of these individuals to the minimum, effective January 1, 1976.

Dr. Palmer explained that one of these individuals would require an increase of only one dollar to reach the minimum standard while one

other employee, with twenty-four years of service, would require an increase of approximately four thousand dollars. He further indicated that the average increase would amount to approximately one thousand dollars per year.

It was further stated that of the total number of individuals involved, 190 would receive increments of less than one thousand dollars per year while twelve would exceed three thousand dollars per year. The maximum increase would amount to about twenty-nine percent. The total cost of these increases during the current fiscal year will amount to approximately \$164,000; and according to Dr. Palmer, this can be absorbed in the present budget.

In the discussion which followed, Board members agreed that the equalization of salaries is desirable but felt that increments of as much as \$4,000, amounting to twenty-nine percent of the employees' wages, would be contrary to the present tight fiscal policy. It was, therefore, agreed that these raises should be limited to no more than ten percent in any one fiscal year.

Board members unanimously approved a motion by Mr. Mills, seconded by Mr. Patterson, authorizing the State Board for Technical Education to increase the salaries of those individuals who are presently below the minimum compensation level as called for in the compensation plan established by that agency for unclassified positions. However, it was stipulated that no individual should receive an increase of more than ten percent in any one fiscal year. It was further understood that the first of these increments would be effective January 1, 1976 with the second and third increments, where necessary, to be granted on July 1, 1976 and July 1, 1977, respectively. The motion also recognized that these increments should be granted in addition to any other blanket increases which might be given to all State employees.

Data pertaining to this matter has been retained in these files and is identified as Exhibit I.

PERSONNEL DIVISION - Dr. Jack Mullins appeared before the Budget and Control Board to discuss the following items of business.

RULES FOR REDUCTION IN FORCE - At its meeting of November 24, 1975, the Budget and Control Board gave consideration to a preliminary draft of a plan for the reduction of personnel in State Government in case this became necessary. At that time, the Board requested that the draft be circulated to all State agencies for their review and comments. The Personnel Division received these replies and has now revised the original version of the reduction in force policy. Copies of the revised version were furnished to Budget and Control Board members and Dr. Mullins requested permission to discuss this matter at the present meeting.

In the deliberations which followed, Board members agreed that the development of a policy for reduction in force was not as critical as it had been considered during the latter part of the calendar year 1975. Board members also took note of a memorandum which was mailed by Dr. Mullins to all agency heads on December 29, 1975, advising that the Budget and Control Board had not adopted a formal policy for reduction in force and directing each agency to proceed as officials of that department saw fit in the event of such a necessity. It was agreed that this letter should remain the policy of the Board for the present and that a formal reduction in force policy was not needed at this particular time.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, adopting the statements made

in the memorandum of Dr. Mullins of December 29, 1975 as official Board policy and postponing indefinitely the approval of a more formal Board policy with respect to this matter.

A copy of Dr. Mullins' memorandum of December 29, 1975, and also a copy of a draft of a reduction in force policy which he presented to the Board for consideration have been retained in these files and are collectively identified as Exhibit II.

PROPOSED LEGISLATION - At its previous meeting the Budget and Control Board took under advisement certain proposed legislation to be submitted to the Committee on State Employees and Their Employment, which is chaired by Senator Drummond. At that time Board members agreed that these amendments deserved further study and requested that their consideration be carried over to a subsequent meeting.

Dr. Mullins furnished all Board members with a printed summary of the changes which were proposed for each of the following acts.

- a. Grievance Law
- b. Holiday Law
- c. Nepotism Law
- d. Sick Leave Law

Dr. Mullins thoroughly discussed each of those changes which were proposed and answered all questions submitted by Board members.

Senator Dennis stated, and the other members of the Board agreed, that the following agencies should be exempt from the laws pertaining to State employees.

South Carolina Public Service Authority
State Ports Authority
South Carolina Public Railways Commission

In the discussion which followed, several Board members indicated that they had not yet had an opportunity to

completely study these proposed changes. Therefore, the matter was accepted as information and a final vote on the proposed changes was deferred until a subsequent meeting.

The summary of the proposed changes as submitted by Dr. Mullins along with copies of the bills which would effect such changes have been retained in these files and are collectively identified as Exhibit III.

POLLUTION CONTROL FACILITIES BONDS - SPARTANBURG COUNTY - The Budget and Control Board received a Petition from Spartanburg County requesting authority to issue Pollution Control Facilities Bonds in the amount of \$1,700,000 on behalf of Spartan Mills.

After being assured that the Office of the Attorney General had examined the legal documents pertaining to this issue and that personnel of the State Auditor's office had examined the financial data, Board members unanimously approved a motion by Senator Dennis, seconded by Mr. Mills, authorizing this issue.

Data pertaining to this matter has been retained in these files and is identified as Exhibit IV.

BUDGET RECOMMENDATIONS FOR 1976-77 - Mr. P. C. Smith furnished all Board members with tentative figures for a proposed budget for the fiscal year 1976-77. These figures show estimated revenues to be \$1,096,422,000 with proposed appropriations amounting to \$1,096,208,000. The appropriations were compiled by taking the revised figures for 1975-76 (those remaining after the cuts ordered by the Budget and Control Board) and adding new items (net) totaling \$40,095,000.

The data furnished by Mr. Smith showed the recommended changes for 1976-77 for both increases and reductions and carried a schedule, by agency, with details as to how the total amount recommended for that department was determined.

In the discussion which followed, Board members were further advised

that the proposed budget called for the freezing of Aid to Subdivisions at 1975-76 levels and the freezing of State employees' wages for the entire fiscal year 1976-77. This wage freeze would be accomplished by denying any cost of living or merit raises.

Mr. Smith asked for Budget and Control Board guidance as to how to deal with the question of salary increments for teachers. He pointed out that the schedule for the distribution for teachers salaries called for an increase for each year of service up to fourteen years. He further indicated that he knew of no instance in the past when such increments were not granted. However, to allow these increases while denying State employees merit raises would create inequities in treatment. Mr. Smith further stated that if, in the interest of equality, the Budget and Control Board decided to recommend a freeze on teacher pay for one year total expenditures would be reduced by approximately \$2,000,000. He suggested that this savings should be applied to other public educational purposes.

A lengthy discussion followed after which Board members unanimously agreed that teachers and State employees should be treated alike with respect to salary increments. It was also agreed that the Board should recommend a review of the fiscal situation as of December 31, 1976, and to recommend salary increments for State employees from any accumulations of personal service monies. At the same time, the Board agreed to recommend that any excess that there may be in the estimated amount required for State Aid for Public School Teachers, over actual requirements for 1976-77, would be applied to restoring annual State Aid increments, resulting from teaching experience, temporarily suspended for 1976-77.

Board members unanimously approved a preliminary motion by Mr. Mills, seconded by Senator Dennis, that teachers and State employees be treated alike with respect to the freeze on salaries for the fiscal year 1976-77.

Board members unanimously approved a motion by Mr. LeMond, seconded by Mr. Patterson, adopting the following recommendations.

1. That State Aid to Subdivisions be maintained at the 1975-76 level.
2. That no cost of living or merit raises for State employees be incorporated in the original budget recommendation for the fiscal year 1976-77 but that a review should be made on December 31, 1976, of the amount of unspent appropriations for personal services among State agencies, and that these accumulated funds be applied to some form of increase for employees, effective January 1, 1977.
3. That an appropriate recommendation be included which will have the effect of holding individual teachers' pay at 1975-76 levels, but will provide that a review will be made as of December 31, 1976, to determine if any excess in State Aid for Public School Teachers can be made available for restoring State Aid increments.
4. That any savings to be realized from the action holding teachers pay to current levels be added to recommendations for other public education purposes.
5. That the balance of the recommendations contained in the information furnished by Mr. Smith be authorized for inclusion in the 1976-77 budget.

Data furnished by Mr. Smith has been retained in these files and is identified as Exhibit V.

AERONAUTICS COMMISSION - STATE AVIATION MAINTENANCE SHOP - As the result of a preliminary survey, the Aeronautics Commission has reason to believe that the establishment of a central aviation maintenance shop, to service aircraft of all State agencies, will provide significant financial savings and will assure safer aircraft. In a letter dated December 19, 1975, Mr. John W. Hamilton stated that one hundred percent of this service would not be feasible but he feels that a high percentage can be accomplished by a central maintenance shop.

In his letter, Mr. Hamilton requested Budget and Control Board approval for the Aeronautics Commission to contact those agencies having aircraft to request completion of questionnaires which would furnish the necessary data to determine the feasibility of this project. Budget and Control Board members unanimously approved a motion by Senator Dennis, seconded by Mr. Mills, authorizing this survey.

A copy of Mr. Hamilton's letter has been retained in these files and is identified as Exhibit VI.

STATE HIGHWAY BONDS - The State Highway Commission has approved the issuance of additional highway bonds in the amount of \$30,000,000 and the Budget and Control Board was asked to approve a Resolution authorizing this issue.

Mr. Silas Pearman, Chief Highway Commissioner, and Mr. William Brooks, Secretary-Treasurer, appeared before the Board to discuss this matter.

In answer to various questions, Mr. Pearman indicated that the statutory limit for highway bonds is \$150,000,000 but that his Commission does not anticipate any additional bonds for highway construction in the near future. He also indicated that the maximum annual debt service on all outstanding bonds and those proposed might reach ten to twelve percent of the highway revenue. Senator Dennis asked if the Highway Commission intended to request a gasoline tax increase for the fiscal year 1976-77. Mr. Pearman said that he felt that the Commission would simply pursue the bill which has been passed by the Senate but now resides in the House of Representatives. This bill would provide additional fees and would increase revenues by approximately \$10,000,000 per year, but would not increase the gasoline tax.

Board members unanimously approved a motion by Mr. Mills, seconded by Senator Dennis, authorizing the issuance of \$30,000,000 of highway bonds.

Data pertaining to this matter has been retained in these files 1582

and is identified as Exhibit VII.

BUDGET AND CONTROL BOARD MEETING - Board members unanimously agreed to hold the next regular Budget and Control Board meeting at 10:00 a. m. on January 20, 1976.

SUPREME COURT - PAYMENT OF SPECIAL CIRCUIT JUDGE - Section 61-257 of the SOUTH CAROLINA CODE OF LAWS reads as follows "Any retired Justice or Judge may be called upon and appointed by the Chief Justice of the Supreme Court to perform such Judicial duties in the Supreme Court and Circuit Court as such retired Justice or Judge may be willing and able to undertake. Any retired Justice or Judge so serving as acting Associate Justice or Special Circuit Judge shall serve without pay except for his actual expenses while serving. Provided, however, that if any retired Justice or Judge, pursuant to the call of the Chief Justice, shall have performed for a period of three or more consecutive months full Judicial duties as acting Associate Justice or Special Circuit Judge, his retirement pay for such full month during such period shall be increased by an amount equal to the difference between retirement pay and active pay, and upon certification by the Chief Justice setting forth the number of full months of such service the State Treasurer shall make payment accordingly."

Judge Joseph R. Moss, retired, has been serving on special assignments as Special Circuit Judge and acting Associate Justice of the Supreme Court for the months of September - December, 1975. In a letter dated December 1, 1975, Chief Justice J. Woodrow Lewis has requested that Mr. Patterson make available \$2,962 for the purpose of paying the difference between Judge Moss' retirement and the amount of active pay to which he is entitled for this period.

In answer to questions by Board members, Mr. P. C. Smith indicated that this payment should be made out of the general fund of the State but from an accounting standpoint, it can be handled through the Civil Contin- 1583
gent Fund.

Board members unanimously approved a motion by Mr. Mills, seconded by Senator Dennis, authorizing this payment of \$2,962 and also directing that a letter of appreciation be addressed to Judge Moss for his untiring efforts in the capacity of the Special Judge.

Data pertaining to this matter has been retained in these files and is identified as Exhibit VIII.

STATE MUSEUM COMMISSION - PORTRAIT OF JOHN C. CALHOUN - Mr. P. C.

Smith reported that steps were being taken to provide the initial funds for the purchase of the portrait of John C. Calhoun which had been discussed at previous meetings. However, he indicated that no firm decision had been made as to how the balance of \$10,000 is to be paid. Mr. Smith asked for a statement from the Board concerning this matter.

Board members unanimously approved a motion by Mr. Mills, seconded by Senator Dennis, reconfirming a desire to buy the portrait of John C. Calhoun and requesting continued efforts on the part of officials of the Museum Commission to obtain private donations for its purchase. Board members also agreed to include \$10,000, if so much be necessary, in the appropriations recommendations for the Museum Commission for the fiscal year 1976-77 for payment of the balance due on this portrait should attempts to raise private donations fail.

Data pertaining to this matter has been retained in these files and is identified as Exhibit IX.

MEDICAL UNIVERSITY OF SOUTH CAROLINA - POSITION OF PRESIDENT EMERITUS -

In a letter dated December 30, 1975, Dr. William H. Knisely, President of the Medical University, requested authority of the Budget and Control Board to establish Dr. William McCord as President Emeritus of that Institution at a salary equal to that which Dr. McCord has been receiving as President and that this appointment continue in effect until June 30, 1977, at which time Dr. McCord intends to retire. It was also requested that, in the capacity of President Emeritus, Dr. McCord be furnished with a house, office, private

secretary and a State owned passenger vehicle.

Board members unanimously approved a motion by Senator Dennis, seconded by Mr. Mills, approving this request and further directed that a letter of commendation be addressed to Dr. William McCord for his outstanding service to the Medical University of South Carolina and to the State as a whole.

Data pertaining to this matter has been retained in these files and is identified as Exhibit X.

LICENSE TO TRAP FUR BEARING ANIMALS - Present law requires any person who wishes to trap animals to obtain written authorization from the owner of the property upon which he intends to set traps. In a letter dated January 2, 1976, Mr. David Miller, a resident of Charleston, South Carolina, who is presently serving in the armed forces has requested authority to trap fur bearing animals along the Santee River from Wilson's Landing on Route 31 to Route 52, along the Intercoastal Waterway from Route 174 to the South Edisto River, and in the Tidal Marsh Creeks on Edisto Island.

Some Board members had previously expressed an opinion that an official of the Wildlife and Marine Resources Department should appear before the Budget and Control Board to discuss this matter. At the present meeting Mr. Bill Cotty, an attorney for the Wildlife and Marine Resources Department, was in attendance to answer any questions which Board members might have.

Mr. Cotty indicated that officials of the Wildlife Department would like to participate in any decision which the Board might consider pertaining to the trapping of fur bearing animals and also stated that that Department was willing to assume any authority which the Budget and Control Board might wish to delegate in this matter.

Board members agreed that questions of this sort should logically be referred to the Wildlife and Marine Resources Department and, therefore, unanimously approved a motion by Senator Dennis, seconded by Mr. Mills, to

delegate to that agency the authority to speak on behalf of the Budget and Control Board in granting permission for the trapping of animals on State owned lands. However, the motion also called for advice to the Wildlife and Marine Resources Department to proceed with caution in the granting of these authorizations.

Data pertaining to this matter has been retained in these files and is identified as Exhibit XI.

CAPITAL IMPROVEMENT BONDS - HORRY COUNTY AND WILLIAMSBURG COUNTY

AIRPORT - Senator Dennis reported that he had letters from Senator LaNue Floyd and Senator James Stevens of Williamsburg County and Horry County, respectively, asking if the Budget and Control Board could make funds available for Airport Construction in those counties.

Information furnished by Senator Stevens indicates that a \$500,000 Federal grant has been approved for improvement of commercial facilities at the Myrtle Beach Air Base and that this amount can be matched by \$350,000 of local funds. He requested that \$350,000 be made available from State Capital Improvement funds in order to begin this work as soon as possible. Senator Floyd indicated that an airport facility costing over \$500,000 had recently been completed in Williamsburg County and asked for State funds of \$48,000, which would be matched on an equal basis, by county funds, for the construction of an administration building.

Mr. John Hamilton, Director of the Aeronautics Commission, has been contacted and indicated that these projects, and their financing, would meet with his approval provided the funds could be found by the Budget and Control Board.

Board members unanimously approved a motion by Senator Dennis, seconded by Mr. Mills, approving these projects if sufficient Capital Improvement Bond funds can be found. The motion also directed the State Auditor's office to restudy the allocation of funds provided at the meeting of December 23, 1975, to see if certain approved projects can be adjusted or deleted to

provide for these expenditures.

Copies of the letters from Senators Floyd and Stevens have been retained in these files and are collectively identified as Exhibit XII.

CIVIL CONTINGENT FUND - ETHICS COMMISSION - Governor Edwards reported that a member of the Ethics Commission had attended a meeting in Denver, Colorado concerning ethics legislation and requested that \$443 be made available from the Civil Contingent Fund to pay these travel expenses.

Board members unanimously approved a motion by Mr. Mills, seconded by Senator Dennis, authorizing this payment.

There being no further business, the meeting was adjourned at 12:15 p. m.



CHARLES E. PALMER
EXECUTIVE DIRECTOR

THE STATE BOARD

OFFICERS

Y.W. SCARBOROUGH, JR.
CHAIRMAN

TRACY J. GAINES
VICE-CHAIRMAN

CHARLES E. PALMER
SECRETARY

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First Congressional District

WILLIAM A. HORGER
Orangeburg, S.C.
Second Congressional District

P. HENDERSON BARNETTE
Greenwood, S.C.
Third Congressional District

TRACY J. GAINES
Inman, S.C.
Fourth Congressional District

FRANCIS L. BELL
Fort Mill, S.C.
Fifth Congressional District

JOHN G. WELLMAN
Johnsonville, S.C.
Sixth Congressional District

JOHN L. BAUER
Greenville, S.C.
At-Large

HERBERT A. DeCOSTA
Charleston, S.C.
At-Large

CYRIL B. BUSBEE
Columbia, S.C.
Superintendent of Education
Ex-Officio

W. MILTON FOLDS
Columbia, S.C.
State Development Board
Ex-Officio

STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

1429 Senate Street Columbia, South Carolina 29201 803-758-3171

January 6, 1976

The Budget and Control Board
State House
Columbia, South Carolina 29201

Gentlemen:

On June 27, 1974, you approved the State TEC Board's Compensation Plan for Faculty Personnel and related Plan of Implementation. Both plans were developed and implemented for the purpose of achieving fair and equitable compensation administered uniformly on a statewide basis for all faculty (unclassified) personnel under the jurisdiction of the State TEC Board. Fiscal year 1974/75 was designated as a transition period with the plan to become fully effective on July 1, 1975. General acceptance of the plan has been good except for a few difficulties arising primarily from our inability to fully implement all the financial provisions.

The entire Faculty Compensation Plan is now undergoing an intensive study, involving input from individual faculty members and the administrations of all the institutions. This is a thorough review, normal following implementation of a plan of this nature and magnitude, and it is to be anticipated that some modifications and refinements of the plan will be found desirable. The plan was developed during 1973/74, adopted in June, 1974, and implemented during fiscal year 1974/75. The salary ranges have not been adjusted since adoption of the plan and it is evident that the ranges of the salary schedules must be increased before the next fiscal year begins. These and other modifications to the plan will be brought to you for consideration on or before April 1, 1976.

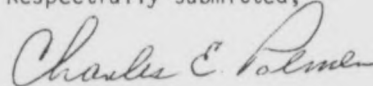
Implementation of the plan is now substantially complete except for approximately 293 individuals whose salaries are still below the minimums of the appropriate salary schedules. Financial and other constraints in 1975 made it impossible to immediately adjust all faculty salaries to the minimum of the schedule for which each employee qualified. New employees, however, were initially hired at the minimum which, in practically every instance, resulted in the new employee being compensated at a higher rate than some of the older, more senior TEC faculty. This has created a severe morale problem throughout the TEC System and is our greatest single concern.

To adjust salaries of the approximately 293 individuals to the minimum of their respective salary schedules effective January 1, 1976 would amount to approximately \$164,000 which would have relatively little impact (.086%) on the total of approximately \$19,000,000 budgeted for the 16 institutions in the State TEC System for personal services of faculty this year. By reordering objectives and priorities, and by judicious use of carry-over funds and fund balances, the adjustments can be implemented immediately with funds currently on hand within the TEC System.

The Budget and Control Board
Page 2
January 6, 1976

The State Board for Technical and Comprehensive Education respectfully requests approval to proceed at its discretion to make the adjustments in compensation necessary to bring all faculty personnel to the minimum of the appropriate salary schedules of the approved Compensation Plan for Faculty Personnel, such adjustments to become effective January 1, 1976.

Respectfully submitted,

A handwritten signature in cursive script, reading "Charles E. Palmer".

Charles E. Palmer
Executive Director

CEP:rkg

CC: Members of the State Board for Technical
and Comprehensive Education
Director, State Personnel Division

EXHIBIT II
JAN. 6, 1975

RECEIVED



JAN 02 1976

State Budget & Control Board
PERSONNEL DIVISION
1205 Pendleton Street
Columbia, South Carolina 29201

REFERRED TO *W-P*

ANSWERED

Jack S. Mullins, Ph.D.
Director

803-758-3334

MEMORANDUM

TO: Agency Heads, Departments and Institutions,
Agency Personnel Directors

FROM: Jack S. Mullins *JSM*

DATE: December 29, 1975

SUBJECT: Reduction in Force Procedure

As you are aware, this agency recently issued a draft of a proposed Reduction in Force Procedure. This procedure is currently pending approval of the Budget and Control Board and has not been adopted at this time.

Until such time that the Board adopts a Reduction in Force Procedure, agencies may use any procedure that they feel appropriate and equitable in the event that a reduction in force is necessary.

Upon approval of a Reduction in Force Procedure by the Budget and Control Board, you will be promptly notified.

JSM/mpg

REDUCTION IN FORCE POLICY

This policy is initiated by the State Budget and Control Board under the authority of Act 190, the State Personnel Act.

I. Purpose and Scope

The purpose of this policy is to prescribe the manner in which employees in State service are released in a positive and equitable manner should a reduction in force become necessary.

Reduction in force may be necessary because of conditions inside or outside the agency. Agency management may reduce certain phases of work as the work load changes. Federal, State, or local appropriations may be reduced or terminated entirely, or the agency may be allowed to use only part of its appropriation. These and other factors, occurring singly or in combination, may make it necessary for the agency to have a reduction in force.

Reduction in force may require the separation of all employees of an agency or employees in part of an agency or may require separation of some and the reassignment of others. Some reductions may not require involuntary separations if they can be accomplished through transfers, reorganization, or normal attrition.

II. Preparation

A. Management Responsibilities

Planning the work program and organizing the work force to accomplish agency objectives within available resources are management responsibilities. The agency must decide what positions are required, where they are to be located, and when they are to be filled, abolished or vacated. The agency determines when there is a surplus of employees at a particular kind of work. A surplus of employees in any part of an agency requires the agency to determine whether the employees will:

1. Be assigned to vacant positions, which exist in unaffected areas.
2. Compete in reduction in force.

B. Management Considerations

Reductions in force constitute a highly sensitive area of employee-management relations and should be viewed as part of the overall personnel management program of any agency.

C. Communications

Before a reduction in force occurs, affected employees should be informed on several matters. The employee's supervisor, with assistance from the agency personnel office, should provide, on an individual basis, the following information:

1. The reason for the layoff.
2. The benefits to which the employee is entitled.
3. The affects upon State benefits, such as group insurance, retirement, etc.

Efforts should be made to assist the affected employees in finding other work by such actions as referral to the State Personnel Division and the State Employment Service.

The State Personnel Division shall maintain a roster of State employees who have been terminated in a reduction in force. Such a roster shall be available to all agencies.

III. General Provisions

A. The Agency Head may terminate an employee whenever it is deemed necessary by reason of shortage of work or funds, or the abolition of position or other material change in duties or organization. The order in which an employee is to be terminated shall be determined by a specific plan to be devised by agency management and approved by the Budget and Control Board. The State Personnel Division shall be consulted in the development of such a plan and shall review this plan before submission to the Budget and Control Board.

Any employee discharged as a result of a reduction in force who is rehired anywhere in State Government within one year will be entitled to all benefits that longevity would legally entitle an employee to have, including accumulated sick leave.

An employee who is terminated as a result of a reduction in force will be given priority for rehire if the same position from which he was terminated is reactivated. This priority will be available to that employee for a period of one year. The agency management should notify the employee in writing upon the reactivation of the position. The notified employee shall have ten days from receipt of notification to accept the position in writing or all priority is nullified.

The order of priority for rehire shall be in accordance with the specific provision of the agency plans.

B. Prior to the separation or involuntary demotion of any employee by reduction in force, the Agency Director shall present a written plan to the Budget and Control Board, through the State Personnel Director, which shall address the following issues:

1. The reason for the reduction in force.
2. The selection process and rationale for the procedure to be used.
3. The efforts to be used to relocate individuals within State government.
4. The appropriate means of notifying individuals selected for separation.
5. The detailed procedures for the separation process.
6. The method for rehire.

C. It shall be the duty of the State Personnel Director to assist the Budget and Control Board in reviewing the plan.

D. The plan as adopted by the Agency Head shall be available, upon written request, after approval by the Budget and Control Board, for perusal by any employee or former employee adversely affected.

IV. Report of Reduction in Force

When the layoff or reduction in force has been completed, the Agency Head shall certify to the State Personnel Director that such was accomplished in accordance with the approved plan.

V. Grievances

An employee who is affected by a reduction in force has the right to appeal through the agency's grievance procedure and to the State Employee Grievance Committee.

SUMMARY OF PROPOSED LEGISLATION

I. State Employee Grievance Act

Recommended Revisions:

- (1) Remove promotion as a grievable item except where discrimination is charged.
- (2) Remove statement allowing employees to "grieve any matter affecting their continued employment or career status." This is a catch-all phrase allowing employees to grieve almost anything.
- (3) Add statement that employees may appeal classification matters to the State Personnel Director.
- (4) ~~Remove the phrase "any matter" to include any matter affecting their continued employment or career status."~~
~~Remove the phrase "any matter" to include any matter affecting their continued employment or career status."~~
- (5) Allow the State Personnel Director or his designee to meet with the agency and employee to resolve the grievance before it goes to the State Committee.
- (6) Allow the State Personnel Director or his designee to provide pertinent information on policies, rules and regulations during the hearings.
- (7) Exemption of certain groups from the Act.

II. Holiday Act

Recommended Revisions:

- (1) Allow payment at a straight hourly rate for those employees who occupy positions which are defined as non-exempt by the Fair Labor Standards Act for holiday time which cannot be given as compensatory time in the required periods.

- (2) Allow Saturday holidays to be observed on the following Monday.

III. Compulsory Retirement

Recommended Revisions:

- (1) Change compulsory retirement to age 65.
- (2) Allow retention of 65 year old employee to age 70 with approval of State Budget and Control Board.

IV. Nepotism Act

Recommended Revisions:

- (1) Expand to include all supervisory personnel. Basically prohibits an employee from supervising a member of his/her immediate family or being in a position to influence over an immediate family member's employment, promotion, salary administration, and other related management or personnel administration.
- (2) Provide a grandfather clause for those employment situations in effect prior to July 1, 1976.

V. Sick Leave Act

Recommended Revisions:

- (1) Allow audit of sick leave records by State Personnel Division.
- (2) Allow accumulation in excess of ninety days but allowing a limit of ninety days to be carried over from one calendar year to the next.

DRAFT

ACT #1025

AN ACT TO PROVIDE FOR STATE EMPLOYEES GRIEVANCE PROCEDURES AND THE STATE EMPLOYEE GRIEVANCE COMMITTEE: AND REPEAL ACT 1025 OF 1974 RELATING GENERALLY TO THE SAME MATTERS.

BE IT ENACTED by the General Assembly of the State of South Carolina:

Section 1. The General Assembly finds that harmonious relations between public employers and public employees are a necessary and most important factor in the effective and efficient operation of government and that a proper forum for the understanding and resolution of employee grievances will contribute to the establishment and maintenance of harmony, good faith and the quality of public service. It is for that purpose that this act, which may be cited as the "State Employee Grievance Procedure Act of 1975", is enacted.

Section 2. Each agency and department of State government shall establish an employee grievance procedure within such agency or department, which shall be reduced to writing and be approved by the State Personnel Director. A copy of the approved grievance procedure plan shall be furnished and explained to each employee of the agency or department concerned. The plan shall provide that the department or agency shall act on a grievance within forty-five days. Failure to act positively within such period will be considered an adverse decision which the employee may appeal. No employee shall be disciplined or otherwise prejudiced in employment for exercising rights under the plan, and department and agency heads shall encourage the use of the plan in the resolution of grievances arising in the course of public employment. As used in this section, grievances may include

dismissals, suspensions, involuntary transfers, layoffs, reductions in pay, and demotions. Compensation shall not be deemed a proper subject for consideration under the grievance procedure except as it applies to alleged inequities within a particular agency or department. Classification and promotion shall be deemed proper subjects for consideration only as they relate to alleged discrimination.

Section 3. There is hereby created the State Employee Grievance Committee constituted and appointed as hereinafter provided. Permanent State employees who have completed six months of satisfactory service shall have the right to appeal to the State Employee Grievance Committee any grievances involving issues which affect their career status or continuing employment with the State, as specified in Section 2, after all administrative remedies to secure acceptable adjudication within their own agency or department have been exhausted. Appeals to the committee shall be initiated as provided for in Section 4.

The State Employee Grievance Committee shall consist of seven members who shall be appointed by the State Budget and Control Board to serve for terms of three years. Appointments shall follow the overlapping schedule now in effect. In addition to the regular seven members, there shall also be appointed two alternate members to serve for three year terms. Any interim appointment to replace a member who resigns or otherwise ceases to be a member of the committee prior to the completion of the term shall be for the duration of the unexpired terms. Any member may be reappointed for succeeding terms at the discretion of the State Budget and Control Board.

All members of the State Employee Grievance Committee shall be selected on a broadly representative basis from among the career service or appointed personnel of the several State agencies, with the provision that whenever a grievance comes before the committee initiated by or involving an employee of an agency of which a committee member also is an employee, such member shall be disqualified from participating in the hearing.

Members of the Grievance Committee shall receive subsistence for meals and lodging and reimbursement for mileage to and from the meeting site when they use their personal automobiles.

The committee shall select its own chairman from among its members. The chairman shall serve as the presiding officer at all hearings but may designate some other member to serve as presiding officer in his/her absence.

A quorum shall consist of a least five committee members, and no hearing may be held without a quorum.

The presiding officer will have control of the proceedings. Necessary action will be taken to insure an equitable, orderly and expeditious hearing. Parties will abide by the presiding officer's decisions, except when a committee member objects to a decision to accept evidence, in which case the majority vote of the committee will govern.

The committee shall have the authority to issue subpoenas for files, records, and papers pertinent to any investigation; to determine the order to testimony and the appearance of witnesses; to call additional witnesses; to subpoena witnesses; to make such rules and regulations as may be necessary to carry out the provisions of this act; and to secure the services of a recording secretary at its discretion.

The committee shall, within twenty days after hearing an appeal make its findings and decisions and report such findings and decisions to the State Budget and Control Board. Unless the State Budget and Control Board takes action to reject a decision made by the committee within fifteen days, the decision of the State Employee Grievance Committee shall be transmitted by the State Budget and Control Board to the employee, the employing agency and the State Personnel Division and shall be final. If however, the State Budget and Control Board rejects the decision of the committee, the board shall make its own decision without further hearing at its next regular meeting or within ten days, whichever comes first, and that decision shall be final with copies transmitted to the employee, the employing agency and the State Personnel Division. The agency-respondent in the appeal will be bound by the final decision and will take action immediately to implement its obligation under the decision.

Section 4. A State employee who wishes to appeal the decision of the agency or departmental grievance procedure to the State Employee Grievance Committee shall file a request for such an appeal within ten days of receipt of the decision from the agency or department head. The request shall be filed directly with the State Personnel Director by the employee.

The State Personnel Director shall assemble all records, reports and documentation of the earlier hearings on the grievance and review the case to ascertain that there has been full compliance with the established grievance policies, procedures and regulations within the agency or department involved and determine whether the action is grievable to the State Committee. Before the grievance is forwarded to the committee, the State Personnel Director or his designee shall meet with both sides of the issue and try to resolve the grievance. If that is not possible, then the State Personnel

Director shall forward to the chairman of the State Employee Grievance Committee those requests which are determined to be in order. Upon being advised by the chairman of the committee as to the date and time when the committee shall meet, the State Personnel Director shall notify all parties concerned of the date, time and place of the hearing and request their presence.

The State Personnel Division shall arrange for the reproduction of pertinent records and papers and distribute copies to the members of the committee prior to the date of the hearing. The State Personnel Director or designated alternate shall attend all hearings of the committee to render advice on or interpretation of applicable laws, policies and regulations. The State Personnel Director shall provide to the committee from the resources of the State Personnel Division such administrative and clerical services as may be required.

Section 5. The following groups of employees shall be exempt from the provisions of this act:

1. Members, officers and employees of the General Assembly;
2. Executive assistants, administrative assistants and secretaries on the Governor's immediate staff;
3. Officers elected by popular vote and persons appointed to fill vacancies in such offices;
4. Supreme Court Justices and Circuit Court Judges, referees, receivers, jurors, and masters of equity;
5. Members of boards, commissions, councils, advisory councils, and committees compensated on a per diem basis;
6. All inmate help in all charitable, penal and correctional institutions, residents of rehabilitation facilities, and students employed in institutions of learning.

7. Part-time professional personnel engaged in consultant services without administrative duties and personnel employees for less than ninety working days per year;
8. Those agency, institution or division heads appointed by the Governor.

Section 6. Act 1025 of 1974 is hereby repealed.

Section 7. This act shall take effect on July 1, 1976.

D R A F T

A BILL

TO AMEND SECTIONS 64-151.2 AND 64-153, CODE OF LAWS OF SOUTH CAROLINA, 1962, RELATING TO HOLIDAYS, AS AMENDED, TO PROVIDE FOR HOLIDAYS FALLING ON SATURDAYS: AND TO PROVIDE REVISIONS IN THE COMPENSATORY LEAVE PROVISION.

BE IT ENACTED by the General Assembly of the State of South Carolina:

Section 1. Section 64-151.2 of the 1962 Code is amended to read as follows:

"Section 64-151.2. A State employee who is required to work on a legal holiday shall be given compensatory time at the convenience of the agency in which employed within ninety days of such holiday, except employees of agencies following academic schedules. Employees following academic schedules who are required to work on a legal holiday shall be given compensatory time off at the convenience of the agency in which employed within one year from the date of the holiday. Employees who do not work a normal Monday through Friday workweek shall receive no more nor any fewer number of holidays than those employees who work the normal Monday through Friday workweek. All State employees whose positions are non-exempt as defined by the Fair Labor Standards Act and who are not allowed to take compensatory leave, earned for working on a legal holiday, within the ninety day period or the one year period in the case of employees who follow academic schedules, shall be compensated for the holiday by the employing agency, at the straight hourly pay rate of the employee, no later than the second regular pay period following the last day of the time period prescribed in which compensatory time off must be given."

Section 2. Section 64-153 of the 1962 Code is amended to read as follows:

"Section 64-153. Whenever any of the legal holidays specified in Section 64-151 fall upon Saturday or Sunday the following Monday shall be deemed a public holiday for all of the aforesaid purposes. If holidays fall upon both Saturday and Sunday, the following Monday and Tuesday shall be observed. If the holiday falls on Sunday and Monday, Tuesday shall be observed for the Sunday holiday. All bills of exchange, checks, and promissory notes which would otherwise be presentable for acceptance of payment on any such Monday or Tuesday shall be deemed to be presentable for acceptance or payment on the secular or business day succeeding the holiday."

Section 3. This act shall take effect on July 1, 1976.

A BILL

TO AMEND SECTION 50-101, CODE OF LAWS OF SOUTH CAROLINA, 1962, RELATING TO NEPOTISM, SO AS TO FURTHER PROVIDE THEREFOR.

Be it enacted by the General Assembly of the State of South Carolina:

Section 50-101, Code of Laws of South Carolina, 1962, as amended, is further amended to read as follows:

Section 1. Members of an immediate family, as hereinafter defined, may not be employed concurrently within any one agency of State government if such employment will result in an employee supervising a member of his or her immediate family, or where one member occupies a position which has influence over another's employment, promotion, salary administration and other related management or personnel considerations.

Section 2. Employment of close relatives may be permitted in strictly emergency situations for temporary periods of time, normally not to exceed thirty calendar days, or for some longer period with the approval of the State Director of Personnel in cases where other qualified applicants are not available for an essential task.

Section 3. Exceptions to Section I of this Act may be made only by the State Budget and Control Board.

Section 4. Immediate family shall include wife, husband, mother, father, sister, brother, son, daughter, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandmother, grandfather, granddaughter, grandson, step-mother, step-father, step-son, step-daughter, aunt, uncle, niece and nephew.

Section 5. All agencies, authorities, boards, bureaus, commissions, committees, councils, departments, divisions, offices and educational institutions of State government shall operate hereunder.

Section 6. All employment situations in effect prior to July 1, 1976, shall not be affected by this Act.

Section 7. Section 50-101 of the Code of Laws is repealed.

Section 8. This act shall take effect July 1, 1976.

A BILL

TO AMEND ACT IIII OF 1974, RELATING TO SICK LEAVE FOR STATE EMPLOYEES, SO THAT THE ACT SHALL ALLOW ACCUMULATION OF SICK LEAVE BEYOND 90 DAYS AND TO PROVIDE FOR CARRY OVER OF 90 DAYS FROM ONE CALENDAR YEAR TO THE NEXT, AND TO PROVIDE THAT PERSONNEL RECORDS COMING UNDER THE PROVISIONS OF THIS ACT SHALL BE SUBJECT TO AUDIT BY THE STATE PERSONNEL DIVISION.

Be in enacted by the General Assembly of the State of South Carolina:

SECTION 1. The provisions of this act shall apply to all State agencies, departments and institutions and shall be administered by each such agency, department and institution pursuant to regulations adopted by the State Budget and Control Board. The sick leave records of all agencies, departments and institutions coming under the provisions of this act shall be subject to audit by the State Personnel Division.

SECTION 2. All permanent full-time State employees shall be entitled to fifteen days sick leave per year with pay. Sick leave may be accumulated, but not more than ninety days can be carried over from one calendar year to the next. The department or agency head is authorized to advance up to fifteen days of additional sick leave in extenuating circumstances upon approval of the State Budget and Control Board. All permanent part-time and hourly employees shall be entitled to sick leave prorated on the basis of fifteen days per year subject to the maximum accumulation specified herein. In the event an employee transfers from one State agency to another,

the sick leave balance shall also be transferred. All employees who were employed prior to January 1, 1969, shall be entitled to retroactive sick leave not exceeding ninety days; provided, they have the requisite prior service as provided by this section and such leave has not been consumed pursuant to the then existing policy of any agency; provided, further, that any employee who has accumulated unused sick leave in excess of ninety days pursuant to the then existing policy of any agency shall not lose such excess but may not accumulate sick leave in excess of the provisions of this act after January 1, 1969. The State Budget and Control Board, through the Division of Personnel, shall promulgate such rules and regulations in accordance with law as may be necessary to administer the provisions hereof, including the power to define the use of sick leave.

SECTION 3. This act shall take effect July 1, 1976.

EXHIBIT IV
JAN 6, 1975

STATE OF SOUTH CAROLINA
COUNTY OF SPARTANBURG.

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of the Board of County Commissioners of Spartanburg County (the County Board) pursuant to Act No. 156 of the Acts of the General Assembly of the State of South Carolina for the year 1971, as amended (the Act) and in particular Section 14 thereof, respectfully shows:

1. The County Board is the governing body of Spartanburg County, and as such is the "Governing Board" of Spartanburg County referred to in the Act.

2. The Act authorizes the County Board, subject to obtaining the approval and finding from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, required by Sections 14 and 7 of the Act, respectively, to enter into agreements with any industry to construct pollution control facilities, to enter into loan agreements with such industry prescribing the terms and conditions of the payments to be made by the industry to the County or its assignee to meet the payments that shall become due on bonds issued pursuant to the Act; and to issue bonds for the purpose of defraying the cost of acquiring pollution control facilities.

3. The County Board has heretofore agreed with Spartan Mills, a South Carolina corporation (the Industry) which operates several textile plants in Spartanburg County, South Carolina, that the County Board will undertake to finance the acquisition and construction of water pollution control facilities to be installed at the Spartan Mills, Beaumont

and Startex plants of the Industry for the purpose of providing waste water treatment, with the result that the pollution resulting from the operation of the said plants will be reduced or measured in compliance with the applicable statutes, rules and regulations.

4. The County Board is advised by the Industry that the cost of acquiring, installing and constructing the said water pollution control facilities (the Pollution Control Facilities), including the cost of issuing the bond hereinafter described, will be \$1,700,000, and that it will therefore be necessary that the County Board issue its \$1,700,000 Spartanburg County Pollution Control Revenue Bond (Spartan Mills Project) (the Bond) the proceeds of which shall be loaned to the Industry and used to defray the cost of acquiring, installing and constructing the Pollution Control Facilities.

5. The Industry has made application to the South Carolina Department of Health and Environmental Control for the finding required by Section 7 of the Act, and in that connection there is attached hereto as Exhibit A said finding by the Department of Health and Environmental Control relating to the Pollution Control Facilities.

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

A. The Pollution Control Facilities will result in the elimination, mitigation and prevention of water pollution from the operation of the Industry's aforesaid plants in Spartanburg County, South Carolina, and the financing of the Pollution Control Facilities will serve the purposes of the Act.

B. By reason of the financing of the Pollution Control Facilities no pecuniary liability will result to the County nor will there be any charge against the County's general credit or taxing power.

C. The Loan Agreement to be entered into between the County and the Industry will contain a covenant obligating the Industry to effect the completion of the Pollution Control Facilities if the proceeds of the Bond prove insufficient, and further obligating

the Industry (a) to pay the principal of and interest on the Bond; and (b) to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured. In view of the well established credit of the Industry, there is no need to establish and maintain any reserves in connection with the issuance of the Bond.

D. The Loan Agreement will further provide, as permitted by the Act, that the Pollution Control Facilities will be owned by the Industry upon the acquisition thereof, and the County shall have no interest therein.

E. The principal and interest on the Bond shall be secured by a pledge of the revenues payable to the County pursuant to the Loan Agreement, and the Bond shall not constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation, nor ever constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

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

A. The Pollution Control Facilities to be financed out of the proceeds of the Bond consist of facilities designed for the elimination, mitigation, prevention and measurement of water pollution at the Industry's plants above described.

B. Pursuant to the request of the Industry, the Department of Health and Environmental Control has issued permits for the Pollution Control Facilities.

C. The cost of the Pollution Control Facilities is \$1,700,000, including acquisition, installation and construction costs, financing costs, and all other expenses to be incurred in connection therewith and in connection with the issuance of the Bond.

D. The proposed Loan Agreement will provide in general:

(a) To finance the cost of the acquisition, installation and construction of the Pollution Control Facilities, the County will issue a \$1,700,000 Bond which will be secured by a pledge of the payments to be made by the Industry pursuant to a Loan Agreement, and will be issued pursuant to a Resolution of the County Board.

(b) Proceeds derived from the sale of the Bond will be deposited with a depository Bank and will be applied solely for the payment of the costs incident to the acquisition, installation and construction of the Pollution Control Facilities (including the repayment to the Industry of any loans incurred or advances made for such purpose) and the issuance of the Bond.

(c) Under the terms of the Loan Agreement, the Industry will obligate itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Bond prove insufficient, to pay the amount necessary to meet the payments of principal and interest on the Bond as the same become due, and to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured.

(d) As permitted by the Act, the Loan Agreement will provide that the Pollution Control Facilities shall become the property of the Industry upon the acquisition thereof, and the County shall have no interest therein.

(e) The Loan Agreement will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

8. It is the intent of the County Board that the Loan Agreement shall be finally executed and delivered in substantially the form of that document forwarded to the Budget and Control Board, and, although changes may be made in the form, it is not expected that there will be any changes which will substantially affect the undertaking of the County as now outlined herein.

Upon the basis of the foregoing, the County Board respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents enclosed herewith above described, and that the State Board, as soon as practical, make such investigation as it deems advisable, and that if it find that the Pollution Control Facilities are intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Bond pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of

the County, and give published notice of its approval
in the manner set forth in Section 14 of the Act.

Dec 10, 1975

Respectfully submitted,

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By

John H. Hovey

Chairman of the Board of County
Commissioners of Spartanburg
County

Attest:

C. H. Hendrix

Secretary of the County Board of
Commissioners of Spartanburg
County

CERTIFICATE

WHEREAS, SPARTAN MILLS (the Industry), has applied to the South Carolina Department of Health and Environmental Control (the Department) for approval of certain water pollution control facilities more fully described on the attached Exhibit "A", to be constructed and installed at the Industry's Spartan Mills, Startex and Beaumont plants located in Spartanburg County, South Carolina, to be financed through the issuance of not exceeding \$1,700,000 Spartanburg County, South Carolina, Pollution Control Facilities Revenue Bonds, Series 1975 (Spartan Mills), pursuant to the authorization of Act No. 156 of 1971, as amended, and, in that connection, there must be obtained, in accordance with Section 7 of said Act, a finding from the Department (as successor to the Pollution Control Authority of South Carolina) that the proposed water pollution control facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of water pollution; and

WHEREAS, the Commissioner of the Department has been duly authorized by the Department to determine whether or not the findings required by Section 7 of said Act No. 156 of 1971, as amended, can be made in the instance of any proposed pollution control facilities revenue bonds, and the Commissioner has made a determination in this instance that such findings can be made and is further empowered by the Department to issue its Certificate to that effect;

NOW THEREFORE, THIS IS TO CERTIFY on behalf of the South Carolina Department of Health and Environmental Control that the said water pollution control facilities on the attached Exhibit "A" described (i) are necessary, and (ii) that the design thereof will result in the elimination, mitigation and prevention of water pollution. It is to be clearly understood that this

certification is for bonding purposes only, and shall not be construed as a certification for the establishment of any property tax exemptions whatsoever.

DONE at Columbia, South Carolina, this 31st day of October, A.D., 1975.

SOUTH CAROLINA DEPARTMENT OF HEALTH
AND ENVIRONMENTAL CONTROL

By E. Kenneth Ayers
Commissioner

EXHIBIT A

SPARTAN MILLS WASTE WATER POLLUTION CONTROL FACILITIES

STARTEX PLANT

Water pollution control facilities at the Startex plant will consist of a complete 0.60 MGD tertiary waste treatment plant, including detritus screen, pumps, aeration basin, clarifier, chlorine contact tank, sludge holding tank, filters, plant, piping, pump building, instrumentation, electrical and incidental related work, to replace the existing Imhoff system.

SPARTAN AND BEAUMONT PLANTS

At the present time there are numerous discharge points carrying both process and non-process waste water into a creek. The waste water pollution control facilities at the Spartan and Beaumont plants will consist of a system of collection pipelines that will separate the process waste water from the non-process waste water. The system will be designed to bring the process waste water to a common discharge point in order that effluent may be measured by recording equipment and sampled by composite samplers for testing.

1616-A



SPARTAN MILLS

December 8, 1975

Mr. William T. Putman
State Budget Control Board
Post Office Box 11333
Columbia SC 29211

Re: \$1,700,000 Spartanburg, South Carolina Pollution
Control Revenue Bond (Spartan Mills Project)

Dear Mr. Putman:

Pursuant to Mr. Tom Hutcheson's request, I am pleased to enclose Spartan Mills and Subsidiaries consolidated balance statements for the year ending November 10, 1974. Our statements for the current year will not be available until February.

Sincerely yours,

Robert E. Gregory, Jr.
Vice President & General Counsel

REG:eac

Encl.

1617

SPARTAN MILLS AND SUBSIDIARIES

REPORT ON

CONSOLIDATED FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 1974

AND FOR THE YEAR (52 WEEKS) THEN ENDED

S. D. LEIDESDORF & CO.
CERTIFIED PUBLIC ACCOUNTANTS

S. D. LEIDESDORF & CO.

CERTIFIED PUBLIC ACCOUNTANTS

318 MONTGOMERY BUILDING

SPARTANBURG, S. C. 29301

TELEPHONE 803-585-8116

SPARTAN MILLS AND SUBSIDIARIES

REPORT ON

CONSOLIDATED FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 1974

AND FOR THE YEAR (52 WEEKS) THEN ENDED

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SPARTANBURG, S. C. 29301

TELEPHONE 803-585-8116

ACCOUNTANTS' REPORT

To the Board of Directors
Spartan Mills
Spartanburg, South Carolina

We have examined the consolidated balance sheet of Spartan Mills and subsidiaries as at November 30, 1974, and the related consolidated statements of earnings and retained earnings and of changes in financial position for the year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements mentioned above present fairly the consolidated financial position of Spartan Mills and subsidiaries at November 30, 1974, and the consolidated results of their operations and the changes in their consolidated financial position for the year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. Leidesdorf & Co.

Spartanburg, S. C.
January 27, 1975

SPARTAN MILLS

CONSOLIDATED

AS AT NOVEM

ASSETS

Current Assets:

Cash		\$ 2,981,121
Current portion of long-term notes receivable		187,174
Accounts receivable:		
Trade	\$ 14,771,653	
Other	<u>150,394</u>	
	14,922,047	
Less: Allowance for doubtful accounts	<u>695,979</u>	14,226,068
Refundable income taxes		72,536
Inventories - Note A(2):		
Finished goods	15,292,918	
Work in process	10,246,474	
Raw materials	5,587,611	
Supplies	<u>2,927,724</u>	34,054,727
Prepaid expenses		<u>586,834</u>
Total Current Assets		52,108,460

Other Assets:

Notes receivable, less current portion	703,945	
Cash surrender value of life insurance	99,053	
Sundry	<u>22,497</u>	825,495

Property, Plant and Equipment - Notes A(3), B and E:

Cost	106,307,972	
Less: Accumulated depreciation	<u>66,822,935</u>	39,485,037

Investments:

Investments in and advances to nonconsolidated subsidiaries and minority-owned company - Note A(1)	5,524,553	
Marketable securities, at cost (approximate market \$360,000)	<u>239,854</u>	5,764,407

\$98,183,399

The accompanying notes are an

AND SUBSIDIARIES

BALANCE SHEET

BER 30, 1974

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Notes payable:

Final installment of long-term note to bank	\$ 600,000	
Current portion of installment note - Note E	266,669	
Other	<u>527,945</u>	\$ 1,394,614
Accounts payable		5,138,161

Accrued and sundry liabilities:

Payroll and other compensation	1,860,883	
Taxes, other than income taxes	845,080	
Amounts withheld from salaries and wages	233,217	
Interest	7,220	
Pension plan contributions - Notes A(4) and C	1,022,963	
Other	<u>251,283</u>	4,220,646
Federal and state income taxes - Notes A(5) and D		<u>7,688,567</u>

Total Current Liabilities

18,441,988

Long-Term Notes Payable:

Installment note - Note E	1,274,477	
Other	<u>56,000</u>	1,330,477

Deferred Compensation 127,491

Deferred Income Taxes - Note A(5) 262,115

Total Liabilities

20,162,071

Deferred Gain on Installment Sales of Village

Properties (before Federal and state income taxes) 175,656

Other Comment - Note F

Stockholders' Equity:

Common Stock, par value \$10 a share - authorized		
500,000 shares, issued 462,792 shares	4,627,920	
Capital in Excess of Par Value	1,865,669	
Retained Earnings - Exhibit B	<u>71,362,333</u>	
	77,855,922	
Less: Common Stock in treasury, 237 shares,		
at cost	<u>10,250</u>	<u>77,845,672</u>
		<u>\$98,183,399</u>

integral part of this statement.

SPARTAN MILLS AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
 FOR THE YEAR (52 WEEKS) ENDED NOVEMBER 30, 1974

Net sales		\$164,650,859
Costs and expenses:		
Cost of goods sold (exclusive of depreciation and amortization)	\$124,861,310	
Depreciation and amortization - Note A(3)	5,459,473	
Selling, general and administrative expenses	9,183,284	
Other charges, less other income	<u>32,468</u>	<u>139,536,535</u>
Earnings before items shown below		25,114,324
Provision for Federal and state income taxes - Notes A(5) and D:		
Current	11,387,000	
Deferred	<u>730,000</u>	<u>12,117,000</u>
		12,997,324
Net equity in losses and earnings of nonconsolidated subsidiaries and a minority-owned company, net of \$386,000 amortization of excess of equity acquired in a minority-owned company over cost - Note A(1)		<u>(647,317)</u>
Net earnings - \$26.70 a share		12,350,007
Retained Earnings at December 1, 1973		<u>59,752,414</u>
		72,102,421
Cash dividends - \$1.60 a share		<u>740,088</u>
Retained Earnings at November 30, 1974 - Exhibit A		<u>\$ 71,362,333</u>

The accompanying notes are an integral part of this statement.

SPARTAN MILLS AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
 FOR THE YEAR (52 WEEKS) ENDED NOVEMBER 30, 1974

Financial Resources Provided From:	
Net earnings - Exhibit B	\$12,350,007
Items not requiring outlay of or (providing) working capital during the year:	
Depreciation	5,459,473
Net equity in losses and earnings of nonconsolidated subsidiaries and a minority-owned company, net of \$386,000 amortization of excess of equity acquired in a minority-owned company over cost	647,317
Deferred income taxes	730,000
Deferred compensation	127,491
Loss on disposal of stock of a nonconsolidated subsidiary	42,312
Realization of deferred gain on installment sales	(44,157)
Working capital provided from operations	19,312,443
Proceeds of installment note	1,562,203
Proceeds from sale of stock of nonconsolidated subsidiary	20,040
Current maturities of notes receivable	204,938
Total resources provided	<u>21,099,624</u>
Financial Resources Used For:	
Acquisitions of fixed assets	9,177,180
Payments and current installments of long-term debt	935,726
Advances to nonconsolidated subsidiaries	147,787
Investment in a minority-owned company	1,751,672
Cash dividends	740,088
Other	1,137
Total resources used	<u>12,753,590</u>
Increase in Working Capital	<u>\$ 8,346,034</u>
Changes in Working Capital by Components:	
Increase (decrease) in current assets:	
Cash	\$ (120,937)
Notes receivable	(203,059)
Accounts receivable	(1,712,479)
Estimated refundable income taxes	(1,010,781)
Inventories	10,708,834
Prepaid expenses	227,123
	<u>7,888,701</u>
(Increase) decrease in current liabilities:	
Notes payable	8,133,995
Accounts payable	(1,660,108)
Accrued and sundry liabilities	101,575
Federal and state income taxes	(6,118,129)
	<u>457,333</u>
Increase in Working Capital	<u>\$ 8,346,034</u>

The accompanying notes are an integral part of this statement.

SPARTAN MILLS AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT NOVEMBER 30, 1974

NOTE A - SIGNIFICANT ACCOUNTING POLICIES:

- (1) Principles of Consolidation - The consolidated financial statements include the accounts of the Company and all its wholly-owned domestic subsidiaries. Investments in a nonconsolidated subsidiary (Negociacion Textil "La Concordia", S. A.) and a 50%-owned company (Catawba Chemicals, Inc.) are carried at underlying book equity. The investment in approximately 20% of the outstanding common stock of The Bibb Company ("Bibb") is carried at cost plus the Company's equity in Bibb's earnings since dates of acquisition and the amortization of the amount by which the underlying equity of Bibb exceeds cost (approximately \$7,500,000), which is being amortized over ten years. All significant intercompany items and transactions have been eliminated in consolidation.
- (2) Inventories - Inventories are stated at the lower of cost or market. Cost is determined by the last-in, first-out method (\$21,654,061) and first-in, first-out or average cost method. Market is based on current replacement cost. If cost for all inventories had been determined by the first-in, first-out or average cost method, inventories at the beginning and end of the year would be greater by approximately \$10,500,000 and \$9,000,000, respectively.
- (3) Depreciation - Depreciation is provided principally by the declining balance method based on estimated useful lives.
- (4) Pension Plan - The Company's policy is to fund net pension cost accrued annually. Prior service costs are amortized over a period of ten years.
- (5) Income Taxes - Deferred income taxes result substantially from depreciation, vacation pay and bad debt expense timing differences. Investment tax credits, approximately \$462,000 in the current year, are accounted for by the flow-through method.

NOTE B - PROPERTY, PLANT AND EQUIPMENT:

	Cost
Land and land improvements	\$ 2,337,949
Buildings	24,756,165
Machinery, equipment and fixtures	78,436,761
Machinery deposits	307,634
Construction in progress	469,463
	<u>\$106,307,972</u>

SPARTAN MILLS AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT NOVEMBER 30, 1974

NOTE C - PENSION PLANS:

The Company has pension plans covering substantially all of its employees. Total pension expense for the year was \$1,022,963 which includes \$383,794 for prior service costs.

NOTE D - INCOME TAXES:

Earnings before income taxes include approximately \$283,000 of undistributed net income of a subsidiary organized as a Domestic International Sales Corporation. Under provisions of the Internal Revenue Code one-half of the undistributed income is eligible for permanent tax deferral, and no Federal income taxes have been provided thereon.

NOTE E - INSTALLMENT NOTE PAYABLE:

A note payable in monthly installments of \$31,467, including interest at 8%, to October 1, 1979, is collateralized by data processing equipment with a net book amount of \$1,339,031.

NOTE F - OTHER COMMENT:

The Company is contingently liable in the approximate amount of \$2,000,000, as guarantor of notes payable to banks by its Mexican subsidiary.

The State of South Carolina



Office of the Attorney General

KAREN LeCRAFT HENDERSON
ASSISTANT ATTORNEY GENERAL

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

DANIEL R. McLEOD
ATTORNEY GENERAL
JOSEPH C. COLEMAN
C. T. GOOLSBY, JR.
VICTOR S. EVANS
DEPUTY ATTORNEYS GENERAL

January 5, 1976

Honorable P. C. Smith
State Auditor
Wade Hampton Office Building
Columbia, South Carolina

Re: \$1,700,000 Spartanburg, South Carolina Pollution
Control Facilities Revenue Bond (Spartan Mills Project)

Dear Mr. Smith:

Regarding the above-referenced bonds, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Act No. 156 of 1971 [57 STAT. 134 (1971)] and the same appear, in our opinion, to be in order.

With kind regards,

Karen LeCraft Henderson
Karen LeCraft Henderson
Assistant Attorney General

KLH:bbb

SINKLER GIBBS SIMONS & GUÉRARD

PROFESSIONAL ASSOCIATION

ATTORNEYS & COUNSELLORS AT LAW

2 PRIOLEAU STREET

CHARLESTON, S. C. 29402

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

December 11, 1975

William T. Putnam, Esq.
Special Assistant to the
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Bill:

Re: \$1,700,000 Spartanburg, South Carolina Pollution
Control Revenue Bond (Spartan Mills Project)

We are enclosing the Resolution, Petition (with Department of Health and Environmental Control Certificate attached) and a draft of the Loan Agreement relating to the above bonds. Rob Gregory, Counsel for Spartan Mills, is forwarding to you financial information relating to the Company. We would appreciate your placing this on the agenda for consideration of the Budget and Control Board at its meeting scheduled for December 23. Should you require any further information, please do not hesitate to call.

Yours very truly,

TAH:wjh

Enclosures

cc: Robert E. Gregory, Jr., Esq.
Mr. R. L. Alexander, Jr.
Mr. Richard B. Grimbail

A RESOLUTION
APPROVING THE FINANCING OF THE ACQUISITION, CONSTRUCTION
AND INSTALLATION OF WATER POLLUTION CONTROL FACILITIES
IN SPARTANBURG COUNTY BY SPARTAN MILLS THROUGH THE ISSUANCE
OF A ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$1,700,000)
SPARTANBURG COUNTY, SOUTH CAROLINA POLLUTION CONTROL REVENUE
BOND (SPARTAN MILLS PROJECT): AND AUTHORIZING THE PETITION
TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA
FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ACT NO.
156 OF THE 1971 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

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

1. Spartan Mills, a South Carolina corporation (the Industry), and the County Board have heretofore agreed that the County Board would undertake to finance the acquisition, construction and installation of water pollution control facilities (the Facilities) to be owned by the Industry at the Industry's Spartan Mills, Beaumont and Startex plants in Spartanburg County, at an estimated cost of \$1,700,000 through the issuance of a Spartanburg County Pollution Control Revenue Bond pursuant to the authorization of Act No. 156 of the 1971 Acts of the South Carolina General Assembly, as amended (the Act). The Industry has now advised the County Board that the cost of the Facilities will be \$1,700,000, including the costs incident to the issuance of the Bond hereinafter described. The County Board adopts this Resolution to evidence its approval of the issuance of \$1,700,000 Spartanburg County Pollution Control Revenue Bond (Spartan Mills Project) (the Bond) to finance the Facilities and to authorize a petition to the State Budget and Control Board (the State Board) setting forth the facts required by Section 14 of the Act.

2. The County Board has determined that the Facilities are necessary and that the issuance of the Bond to finance the Facilities will not give rise to any pecuniary liability of Spartanburg County or a charge against its general credit or taxing power; and that the Bond shall be payable by the County solely out of the moneys to be derived by the County pursuant to the Loan Agreement hereinafter described.

3. The amount necessary to finance the Facilities is One Million Seven Hundred Thousand Dollars (\$1,700,000).

4. The proceeds derived from the sale of the Bond will be loaned by the County to the Industry, and the Industry has submitted to the County Board an outline of the proposed Loan Agreement, under which the Industry will agree to repay such loan by making payments in the amount necessary to provide the annual payments of principal and interest on the Bond as the same become due.

5. In the Loan Agreement the Industry will agree to effect the completion of the Facilities if the proceeds of the Bond prove insufficient and the Industry will further obligate itself to make payments which shall be sufficient to pay the principal of and interest on the Bond as they become due and payable, the cost of maintaining the Facilities in good repair, and the cost of keeping the Facilities properly insured. The Loan Agreement, as permitted by the Act, will provide that the Facilities shall be the property of the Industry upon the acquisition thereof, and the County shall have no interest therein.

6. The Bond will be issued pursuant to a Resolution (the Resolution) to be adopted by the County Board prescribing the terms and conditions of the Bond and the security therefor. The Bond will be dated the date of delivery thereof and will bear interest at the rate of six per centum (6%) per annum.

The Bond will mature in sixteen consecutive semi-annual principal installments of \$106,250, payable on January 1 and July 1 of each year, beginning January 1, 1978.

7. The Industry has made application to the South Carolina Department of Health and Environmental Control for a finding that the Facilities are in furtherance of the purpose of abating or controlling water pollution. Such a finding has been made by the South Carolina Department of Health and Environmental Control.

8. In view of the well-established credit of the Industry, it is unnecessary to establish reserve funds for the payment of principal and interest on the Bond.

9. The Industry has advised the County Board that the Industry has arranged for the sale of the Bond with The Citizens & Southern National Bank of South Carolina and First National Bank of South Carolina.

10. The Bond will be issued as a tax exempt Bond pursuant to the provisions of Section 103(c)(f)(F) of the Internal Revenue Code of 1954, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SPARTANBURG COUNTY, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts set forth above are in all respects true and correct and on such basis has determined to finance the Facilities above described, and to authorize the sale of the Bond by Spartanburg County as aforesaid.

BE IT FURTHER RESOLVED:

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

the Secretary of the Board of County Commissioners of
Spartanburg County.

13/ Robert L. Powell
Chairman

13/ W. C. Bailey

13/ J. F. Watson

13/ Elizabeth J. Patterson

13/ M. Landon Workman

(SEAL)

Constituting the members of the
Board of County Commissioners of
Spartanburg County

Attest:

13/ C. H. Hendrix
Secretary, Board of County Commis-
sioners of Spartanburg County.

STATE OF SOUTH CAROLINA
COUNTY OF SPARTANBURG.

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of the Board of County Commissioners of Spartanburg County (the County Board) pursuant to Act No. 156 of the Acts of the General Assembly of the State of South Carolina for the year 1971, as amended (the Act) and in particular Section 14 thereof, respectfully shows:

1. The County Board is the governing body of Spartanburg County, and as such is the "Governing Board" of Spartanburg County referred to in the Act.

2. The Act authorizes the County Board, subject to obtaining the approval and finding from the State Budget and Control Board and the South Carolina Department of Health and Environmental Control, required by Sections 14 and 7 of the Act, respectively, to enter into agreements with any industry to construct pollution control facilities, to enter into loan agreements with such industry prescribing the terms and conditions of the payments to be made by the industry to the County or its assignee to meet the payments that shall become due on bonds issued pursuant to the Act; and to issue bonds for the purpose of defraying the cost of acquiring pollution control facilities.

3. The County Board has heretofore agreed with Spartan Mills, a South Carolina corporation (the Industry) which operates several textile plants in Spartanburg County, South Carolina, that the County Board will undertake to finance the acquisition and construction of water pollution control facilities to be installed at the Spartan Mills, Beaumont

and Startex plants of the Industry for the purpose of providing waste water treatment, with the result that the pollution resulting from the operation of the said plants will be reduced or measured in compliance with the applicable statutes, rules and regulations.

4. The County Board is advised by the Industry that the cost of acquiring, installing and constructing the said water pollution control facilities (the Pollution Control Facilities), including the cost of issuing the bond hereinafter described, will be \$1,700,000, and that it will therefore be necessary that the County Board issue its \$1,700,000 Spartanburg County Pollution Control Revenue Bond (Spartan Mills Project) (the Bond) the proceeds of which shall be loaned to the Industry and used to defray the cost of acquiring, installing and constructing the Pollution Control Facilities.

5. The Industry has made application to the South Carolina Department of Health and Environmental Control for the finding required by Section 7 of the Act, and in that connection there is attached hereto as Exhibit A said finding by the Department of Health and Environmental Control relating to the Pollution Control Facilities.

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

A. The Pollution Control Facilities will result in the elimination, mitigation and prevention of water pollution from the operation of the Industry's aforesaid plants in Spartanburg County, South Carolina, and the financing of the Pollution Control Facilities will serve the purposes of the Act.

B. By reason of the financing of the Pollution Control Facilities no pecuniary liability will result to the County nor will there be any charge against the County's general credit or taxing power.

C. The Loan Agreement to be entered into between the County and the Industry will contain a covenant obligating the Industry to effect the completion of the Pollution Control Facilities if the proceeds of the Bond prove insufficient, and further obligating

the Industry (a) to pay the principal of and interest on the Bond; and (b) to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured. In view of the well established credit of the Industry, there is no need to establish and maintain any reserves in connection with the issuance of the Bond.

D. The Loan Agreement will further provide, as permitted by the Act, that the Pollution Control Facilities will be owned by the Industry upon the acquisition thereof, and the County shall have no interest therein.

E. The principal and interest on the Bond shall be secured by a pledge of the revenues payable to the County pursuant to the Loan Agreement, and the Bond shall not constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation, nor ever constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

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

A. The Pollution Control Facilities to be financed out of the proceeds of the Bond consist of facilities designed for the elimination, mitigation, prevention and measurement of water pollution at the Industry's plants above described.

B. Pursuant to the request of the Industry, the Department of Health and Environmental Control has issued permits for the Pollution Control Facilities.

C. The cost of the Pollution Control Facilities is \$1,700,000, including acquisition, installation and construction costs, financing costs, and all other expenses to be incurred in connection therewith and in connection with the issuance of the Bond.

D. The proposed Loan Agreement will provide in general:

(a) To finance the cost of the acquisition, installation and construction of the Pollution Control Facilities, the County will issue a \$1,700,000 Bond which will be secured by a pledge of the payments to be made by the Industry pursuant to a Loan Agreement, and will be issued pursuant to a Resolution of the County Board.

(b) Proceeds derived from the sale of the Bond will be deposited with a depository Bank and will be applied solely for the payment of the costs incident to the acquisition, installation and construction of the Pollution Control Facilities (including the repayment to the Industry of any loans incurred or advances made for such purpose) and the issuance of the Bond.

(c) Under the terms of the Loan Agreement, the Industry will obligate itself to effect the completion of the Pollution Control Facilities if the proceeds derived from the sale of the Bond prove insufficient, to pay the amount necessary to meet the payments of principal and interest on the Bond as the same become due, and to pay the cost of maintaining the Pollution Control Facilities in good repair and the cost of keeping them properly insured.

(d) As permitted by the Act, the Loan Agreement will provide that the Pollution Control Facilities shall become the property of the Industry upon the acquisition thereof, and the County shall have no interest therein.

(e) The Loan Agreement will contain no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

8. It is the intent of the County Board that the Loan Agreement shall be finally executed and delivered in substantially the form of that document forwarded to the Budget and Control Board, and, although changes may be made in the form, it is not expected that there will be any changes which will substantially affect the undertaking of the County as now outlined herein.

Upon the basis of the foregoing, the County Board respectfully prays that the State Budget and Control Board accept the filing of this Petition and the documents enclosed herewith above described, and that the State Board, as soon as practical, make such investigation as it deems advisable, and that if it find that the Pollution Control Facilities are intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Pollution Control Facilities and the proposed financing thereof by the County through the issuance of the Bond pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of

the County, and give published notice of its approval
in the manner set forth in Section 14 of the Act.

_____, 1975

Respectfully submitted,

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By

12/ Robert L. Powell

Chairman of the Board of County
Commissioners of Spartanburg
County

Attest:

13/ C. H. Hendrix

Secretary of the County Board of
Commissioners of Spartanburg
County

STATE OF SOUTH CAROLINA,
COUNTY OF SPARTANBURG

I, the undersigned, Secretary of the Board of County Commissioners of Spartanburg County, South Carolina, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution unanimously adopted by the Board of County Commissioners of Spartanburg County at a duly called and regularly held meeting at which all members attended and remained throughout on Dec 10, 1975.

That the said Resolution was proposed by M. L. WORKMAN and seconded by V. C. Bailey Jr., and the same is now in full force and effect and has not been modified, amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of the said Board of County Commissioners this 10th day of DECEMBER, A. D., 1975.

(SEAL)

B. H. Hendry
Secretary, Board of County
Commissioners of Spartanburg
County

A RESOLUTION

APPROVING THE UNDERTAKING OF SPARTANBURG COUNTY TO ISSUE \$1,700,000 SPARTANBURG COUNTY, SOUTH CAROLINA POLLUTION CONTROL REVENUE BOND (SPARTAN MILLS PROJECT) PURSUANT TO ACT NO. 156 OF 1971 AND APPROVING THE POLLUTION CONTROL FACILITIES TO BE FINANCED THEREBY.

WHEREAS, the Board of County Commissioners of Spartanburg County (the County Board) pursuant to Act No. 156 of the Acts of the General Assembly of the State of South Carolina for the year 1971, as amended (the Act) has petitioned the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act, and to the pollution control facilities to be financed thereby; and

WHEREAS, the proposed undertaking consists of the issuance of \$1,700,000 Spartanburg County, South Carolina, Pollution Control Revenue Bond (Spartan Mills Project) (the Bond) by the County Board pursuant to the Act, the proceeds of which will be loaned to Spartan Mills, a corporation organized and existing under the laws of the State of South Carolina (the Industry), and used in order to defray the cost of acquiring, constructing and installing water pollution control facilities (the Facilities), at three of the Industry's textile plants located in Spartanburg County, South Carolina; and

WHEREAS, the County and the Industry propose to enter into a Loan Agreement pursuant to which the Industry will agree to make payments sufficient to provide for the payment of the Bond above described; and

WHEREAS, the form of the Loan Agreement has been considered by this Board;

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

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

A. That the Statement of facts set forth in
the recitals of this Resolution are in all respects
true and correct.

B. That the County Board has filed a proper
petition to the State Board in accordance with the
provisions of Section 14 of the Act, setting forth
a brief description of the Facilities, the action
taken by the South Carolina Department of Health and
Environmental Control (successor through merger to
the South Carolina Pollution Control Authority) in
connection therewith, an estimate of the cost of the
Facilities which are now to be financed, and a general
summary of the terms and conditions of the Loan Agreement.

C. The financing of the Facilities by the County
Board through the issuance of the Bond will promote
the purposes of the Act, and the Facilities may be
reasonably anticipated to eliminate, mitigate, prevent
or meter water pollution at the Industry's plants
aforesaid.

D. The South Carolina Department of Health and
Environmental Control has certified that the Facilities
are necessary and that the design thereof will result
in the elimination, mitigation and prevention of water
pollution.

2. On the basis of the foregoing findings, the proposed
undertaking of the County Board (i) to loan the proceeds of
the Bond to the Industry for the purpose of defraying the cost
of acquiring, constructing and installing the Facilities (which
will be owned by the Industry and in which the County will
have no interest) and (ii) to enter into a Loan Agreement
with the Industry, providing for the payment of the Bond,
which shall be payable by the County solely from the revenues
to be derived by the County under the Loan Agreement, all
pursuant to the Act (including changes in any details of the
said undertaking as finally consummated which do not materially
affect the said undertaking), be and the same is hereby
approved, and the County Board may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of Spartanburg County shall be published in the Spartanburg, South Carolina, THE SPARTANBURG HERALD, which is a newspaper having general circulation in Spartanburg County.

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

NOTICE PURSUANT TO ACT NO. 156 OF THE
ACTS OF THE GENERAL ASSEMBLY OF THE
STATE OF SOUTH CAROLINA FOR THE YEAR
1971

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the Board of County Commissioners of Spartanburg County (County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking), viz:

The issuance by the County Board of a \$1,700,000 Pollution Control Revenue Bond (Spartan Mills Project) (the Bond), pursuant to Act No. 156 of the Acts of the General Assembly of South Carolina for the year 1971, as amended (the Act), the proceeds of which shall be loaned by Spartanburg County to Spartan Mills, a South Carolina corporation (the Industry), and used to provide the cost of the water pollution control facilities (the Facilities) at three of the Industry's textile plants located in Spartanburg County; the execution and delivery of a Loan Agreement between Spartanburg County and the Industry, pursuant to which the Industry will unconditionally agree to make payments sufficient to repay the principal and interest on the Bond when due; and the execution and delivery of an Assignment from Spartanburg County to The Citizens and Southern National Bank of South Carolina, pledging to the payment of the Bond the loan repayments to be made pursuant to the Loan Agreement.

The Facilities to be financed with the proceeds derived from the sale of the Bonds will be owned by the Industry and the County will have no interest therein.

The South Carolina Department of Health and Environmental Control has certified that the Facilities are necessary and that the design thereof will result in the elimination, mitigation and prevention of water pollution.

NOTICE IS FURTHER GIVEN that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of (i) the action of the South Carolina Department of Health and Environmental Control as to the necessity for and adequacy of the Facilities, and (ii) the action of the State Board in approving the Facilities and the said undertaking of the County Board, by action de novo instituted in the Court of Common Pleas for Spartanburg County.

THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: P. C. SMITH, Secretary

PUBLICATION DATE:

_____, 1975.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

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

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

His Excellency, James B. Edwards, Governor of South
Carolina and Chairman of the Board;

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

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

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

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

That due notice of meeting of said Board, called to be
held at the office of the State Auditor, in the Hampton
Office Building, at Columbia, South Carolina, at _____.M.,
_____, 1975, was given to all members in writing at
least four (4) days prior to said meeting; and that all mem-
bers of said Board were present at said meeting, with the
exception of:

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

FOR MOTION

AGAINST MOTION

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

Secretary

_____, 1975

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

Secretary

_____, 1975

LOAN AGREEMENT

between

SPARTANBURG COUNTY, SOUTH CAROLINA

and

SPARTAN MILLS

Dated as of December 1, 1975

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of December 1, 1975, between SPARTANBURG COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Board of County Commissioners of Spartanburg County, party of the first part, and SPARTAN MILLS, a corporation organized and existing under the laws of the State of South Carolina, party of the second part,

WITNESSETH:

IN CONSIDERATION of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreement of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or against its taxing powers but shall be payable solely out of the proceeds derived from this Loan Agreement and the sale of the Bonds).

ARTICLE I

DEFINITIONS

Section 1.1. Certain terms used in this Loan Agreement are defined in Section 1.2 hereof. When used herein, such terms shall have the meanings given to them by the language employed in Section 1.2 defining such terms, unless the context clearly indicates otherwise.

Section 1.2. The following terms are defined under this Loan Agreement:

"Act" means Act No. 156 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1971, as amended.

"Agreement" or "Loan Agreement" means the within Loan Agreement between the County and the Industry, as the same may be amended from time to time in accordance with the provisions hereof.

"Assignment" means the Assignment dated as of the date hereof referred to in Section 7.2 hereof.

"Authorized Industry Representative" means the person at the time designated to act on behalf of the Industry by written certificate furnished to the County and the Depository containing the specimen signature of such person and signed on behalf of the Industry by its President or any Vice President. Such certificate may designate an alternate or alternates.

"Bond" means the \$1,700,000 Spartanburg County Pollution Control Revenue Bond (Spartan Mills Project) dated the date of delivery thereof issued pursuant to the Resolution.

"Completion Date" means the date of completion of the construction of the Pollution Control Facilities as that date shall be certified as provided in Section 3.6 hereof.

"Construction Fund" means the Construction Fund created pursuant to Section 3.3 of this Loan Agreement.

"County" means Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"County Board" means the Board of County Commissioners of Spartanburg County, as the governing body of the County, and any successor body.

"Depository" means The Citizens and Southern National Bank of South Carolina.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and not a full-time employee of the County, the Industry, or the Purchaser.

"Industry" means (i) the party of the second part hereto and its successors and assigns, and (ii) any surviving, resulting or transferee corporation as provided in Section 6.2 hereof.

"Penalty Rate" means interest at the rate of 8% per annum, but in no case in excess of the rate permitted by statute.

"Plant" means, collectively, the Industry's Spartan Mills, Startex and Beaumont plants located in the County. The term "Plant" shall include the Pollution Control Facilities.

"Pollution Control Facilities" means the facilities described in Exhibit "A" attached hereto, heretofore acquired, constructed or installed or hereafter to be acquired, constructed and installed at the Plant, or any modification thereof, to be used in whole or in part to abate or control water pollution or contamination by removing, altering, disposing or storing pollutants, contaminants and wastes, or for the disposal of solid waste, including the other necessary equipment and their appurtenances, and which, as set out in Section 2.2 hereof, are to be operated and maintained by the Industry.

"Purchaser" or "Purchaser of the Bond" means The Citizens and Southern National Bank of South Carolina.

"Resolution" means the Resolution of the County dated _____, 1975, providing for the terms and provisions under which the Bond will be issued, including any resolution supplemental thereto and any amendment thereof.

"Revenues" means all payments, revenues and receipts which the County has a right to receive pursuant to this Agreement, other than payment of indemnification and attorneys' fees and expenses pursuant to Sections 6.4 and 8.4 hereof, respectively.

Section 1.3. The words "hereof", "herein", "hereunder" and other words of similar import refer to this Loan Agreement as a whole.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

Section 2.1. Representations by the County. The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement, the Resolution, the Assignment and the Bond. By proper action by the County Board, the State Budget and Control Board of South Carolina, and the South Carolina Department of Health and Environmental Control, the County has been duly authorized to execute and deliver this Agreement, the Resolution and the Assignment, and to issue the Bond.

(b) Heretofore, the County and the Industry did agree that the County would finance the costs of acquisition, installation and construction of the Pollution Control Facilities by the Industry. The Industry has determined that such cost, together with the costs incurred and to be incurred by the Industry in connection with the issuance of the Bond, will amount to approximately \$1,700,000 and on that basis the County now proposes to issue the Bond in the aggregate principal amount of \$1,700,000 dated as of the date of delivery thereof, which will mature and bear interest

as set forth in Exhibit B attached hereto and which will be subject to prepayment on the occasions and on the conditions set forth therein, and loan the proceeds to the Industry to pay the costs of acquiring, installing and constructing the Pollution Control Facilities and the costs incurred and to be incurred by the Industry in connection with the issuance of the Bond, all as set forth in Article III hereof.

Section 2.2. Representations by the Industry. The Industry makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Industry is a corporation duly incorporated and existing under the laws of the State of South Carolina, is in good standing under its charter and the laws of South Carolina, has the power to enter into this Agreement and by proper corporate action has been duly authorized to execute and deliver this Agreement and to consummate the transactions contemplated hereby.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Industry is now a party or by which it is bound, or constitute a default under any of the foregoing, or

result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Industry under the terms of any instrument or agreement to which the Industry is now a party or by which it is bound.

(c) The process to be carried out at the Plant will result in the discharge of pollutants into the South Carolina river system. The Pollution Control Facilities are necessary and the design of the Pollution Control Facilities will result in the elimination, mitigation or prevention of water pollution, and the South Carolina Department of Health and Environmental Control has made a finding to that effect; the Pollution Control Facilities are of a character subject to the allowance for depreciation provided in Section 167 of the Internal Revenue Code of 1954, as amended, or land; are to be used to abate or control water pollution or contamination by removing, altering, disposing of or storing pollutants, contaminants and wastes; and either (i) are designed for no significant purpose other than the control of pollution; and without limiting the generality of the foregoing, will not result in any increase in production or capacity, or in a material extension of the useful life, of a manufacturing or production facility or a part thereof, or (ii) in the case of any Pollution Control Facilities to be placed in service for a significant purpose other than controlling pollution, only the excess of the total cost of such Pollution Control

Facilities over that portion of its cost expended for a purpose other than the control of pollution will be paid out of the proceeds of the Bond.

(d) The Industry agrees to use its best efforts to operate and maintain the Pollution Control Facilities in accordance with all applicable State and Federal statutes, and all rules and regulations promulgated by any State or Federal agency pursuant thereto, in effect on the date of this Agreement and applicable to the operation of the Pollution Control Facilities as it is then operated.

(e) Substantially all of the proceeds of the Bond will be used to provide pollution control facilities within the meaning of Section 103(c)(4)(F) of the Internal Revenue Code of 1954, as amended, and regulations issued thereunder and that it will not commit or suffer to be committed, any act of the Industry which will adversely affect the tax exempt status of the interest on the Bond.

ARTICLE III

ISSUANCE OF BOND; COMPLETION OF POLLUTION CONTROL FACILITIES; CONSTRUCTION FUND

Section 3.1. Agreement to Complete Pollution Control Facilities. Acting in reliance upon the County's agreement to effect the issuance of the Bond, the Industry agrees that it will exercise due diligence to complete the acquisition, construction and installation of the Pollution Control Facilities as promptly as practicable and, in any event, within three years from the date of the issuance of the Bond.

Section 3.2. Agreement to Issue Bond; Application of Bond Proceeds. In order to provide the Pollution Control Facilities and the costs incurred and to be incurred by the Industry in connection with the issuance of the Bond, the County agrees that it will sell and cause to be delivered to the Purchaser the Bond in the aggregate principal amount of \$1,700,000 and will thereupon deposit in the Construction Fund the proceeds received from the sale of said Bond.

Section 3.3. Disbursements from the Construction Fund. Not later than the occasion of the delivery of the Bond, the County shall establish the Construction Fund with the Depository. The moneys in the Construction Fund shall be used only for the following purposes:

(a) Payment of the fees for filing financing statements and curative documents that either the Purchaser, the County

or Independent Counsel may deem desirable to file in order to perfect the pledge of revenues effected by the Assignment and the Resolution as aforesaid.

(b) Payment to the Industry of such amounts as shall be necessary to reimburse the Industry in full for all expenses incurred directly or indirectly in connection with the acquisition, installation and construction of the Pollution Control Facilities and the preparation of plans and specifications therefor, including, but not limited to, the cost of any preliminary study or planning of the Pollution Control Facilities or any aspect thereof and the cost of any architectural, engineering and supervisory services, labor, services, materials, acquisition and installation with respect to any of the foregoing.

(c) Payment or reimbursement of the Industry for payment of the cost of legal, financing, accounting and printing fees, expenses and disbursements incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of this Agreement, the Resolution, the Assignment and all other documents in connection therewith and in connection with the acquisition, construction and installation of the Pollution Control Facilities.

(d) Payment or reimbursement of the Industry for payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Pollution

Control Facilities.

(e) Premiums attributable to all insurance required to be taken out and maintained during the acquisition, construction and installation of the Pollution Control Facilities and the premium on each surety bond, if any, required with respect to the work on the Pollution Control Facilities.

(f) Payment or reimbursement of all taxes, assessments and other charges referred to in Section 5.2 hereof that may become payable during the acquisition, construction and installation of the Pollution Control Facilities.

(g) Payment or reimbursement of the Industry for payment of any other costs and expenses relating to the Pollution Control Facilities, including but not limited to the payment of interest on the Bonds to the extent permitted by Section 10 of the Act.

Provided, however, that no payment shall be made from the Construction Fund in respect of any item or amounts which will result in less than substantially all of the proceeds of the Bonds being used to provide water pollution control facilities within the meaning of Section 103(c)(4)(F) of the Internal Revenue Code of 1954, as amended, and regulations thereunder.

Any payment made pursuant to the preceding subsections (a) to (e), inclusive, of this Section shall be made only upon receipt by the Depository of a written order by the Authorized Industry Representative which shall certify with

respect to each such payment: (i) that none of the items for which such payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund; (ii) that each item for which such payment is proposed to be made was incurred in connection with the Pollution Control Facilities as specified in the preceding subsections (a) to (e), inclusive, of this Section, and (iii) that such order does not include any item or amount which will result in less than substantially all of the proceeds of the Bonds being used to provide water pollution control facilities within the meaning of Section 103(c)(4)(F) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder.

All moneys, if any, remaining in the Construction Fund after payment in full of the costs of acquiring, installing and constructing the Pollution Control Facilities, and after payment of all other items (or after making provision for the payment thereof) provided for in the preceding subsections (a) to (g), inclusive, of this Section, shall be used by the Industry to pay principal and interest on the Bond.

Section 3.4. Depository May Rely on Orders and Certifications.

In making any such payment from the Construction Fund, the Depository may rely on any such orders and certifications delivered to it pursuant to Section 3.3, and the Depository shall be relieved of all liability with respect to making such payments in accordance with such orders and certifications.

Section 3.5. Industry Required to Pay Costs in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the costs of the Pollution Control Facilities shall not be sufficient to pay the costs thereof in full, the Industry agrees to pay all that portion of the costs of the Pollution Control Facilities as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the cost of the Pollution Control Facilities, will be sufficient to pay all the costs which have been or will be incurred in that connection. The Industry agrees that if, notwithstanding the exhaustion of the moneys in the Construction Fund, the Industry shall not be fully reimbursed for the costs of the Pollution Control Facilities, it shall not be entitled to any reimbursement therefor from the County or from the Purchaser, nor shall it be entitled to any abatement or diminution of the payments required by Section 4.3 hereof.

Section 3.6. Establishment of Completion Date. Completion of the Pollution Control Facilities shall be evidenced to the Depository and the Purchaser by a certificate signed by the Authorized Industry Representative stating that the Pollution Control Facilities have been constructed or installed

to the Industry's satisfaction and, except for amounts retained by the Depository for payment of amounts not then due and payable as provided in Section 3.3, that all costs of the Pollution Control Facilities have been paid or provided for. Such certificate shall evidence the completion of the construction or installation of the Project, and the date of such certificate shall be the Completion Date as used in this Agreement. Such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Industry to cause the certificate contemplated by this Section 3.6 to be furnished as soon as such Pollution Control Facilities shall have been completed.

Section 3.7. Authorized Industry Representative and Successors. The Industry shall designate, in the manner prescribed in Section 1.2, the Authorized Industry Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided for or required in this Agreement, a successor shall be appointed in the same manner.

Section 3.8. Investment of Construction Fund Moneys Permitted. Any moneys held as a part of the Construction Fund shall, at the direction of the Authorized Industry

Representative, be invested and reinvested by the Depository in:

- (i) obligations of the United States and agencies thereof;
- (ii) general obligations of the State of South Carolina or any of its political units;
- (iii) Savings and Loan Associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation;
- (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; or
- (v) certificates of deposit of banks or trust companies, including the Depository, organized under the laws of the United States of America or any state thereof, which have a combined capital and surplus of at least \$25,000,000.

The Industry covenants:

(a) That it will not direct the Depository pursuant to the foregoing paragraphs (i) through (v) to make investments which would cause the Bond to be an "arbitrage bond" within the meaning of Section 103(d) of the Internal Revenue Code of 1954, as amended, and the applicable regulations issued thereunder as then in effect.

(b) That it will furnish to the County accurate information necessary to enable the appropriate County officers and Bond Counsel to make all necessary certifications required by the said regulations relating to arbitrage.

ARTICLE IV

EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF AGREEMENT;
REPAYMENT PROVISIONS; AND UNCONDITIONAL OBLIGATIONS
OF INDUSTRY

Section 4.1. Effective Date of this Agreement; Duration of Agreement. This Agreement shall become effective upon its execution and delivery, and shall continue in full force and effect until the principal of and interest on the Bond have been fully paid together with all sums to which the County is entitled hereunder.

Section 4.2. Possession and Ownership of Pollution Control Facilities. The Pollution Control Facilities shall be the sole property of the Industry, and the Industry shall have sole and exclusive possession of the Pollution Control Facilities.

Section 4.3. Repayment of Loan. The County hereby loans to the Industry the proceeds derived from the sale of the Bond, and the Industry shall repay such loan and the interest on the Bond in accordance with provisions of this Section 4.3:

On or before _____ 1, 19__, and on or before the last day of each _____ and _____ thereafter until the principal of and interest on the Bond shall have been fully paid, the Industry shall pay to the Purchaser an amount sufficient to pay the principal amount due on the Bond on each such semi-annual payment date. On or before

ARTICLE IV

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Section 4.3. Repayment of Loan. The County hereby loans to the Industry the proceeds derived from the sale of the Bond, and the Industry shall repay such loan and the interest on the Bond in accordance with provisions of this Section 4.3:

On or before _____ 1, 19__, and on or before the last day of each _____ and _____ thereafter until the principal of and interest on the Bond shall have been fully paid, the Industry shall pay to the Purchaser an amount sufficient to pay the principal amount due on the Bond on each such semi-annual payment date. On or before

_____, 19___, and on or before the last day of _____
and _____ in each year thereafter, and upon payment
in full of the Bond, the Industry shall also pay to the
Purchaser an amount equal to interest, at the rate provided
in the Bond, on each installment of unpaid principal, or the
unpaid balance thereof, from the date of the Bond until said
installment shall be paid in full.

In any event each payment under this Section shall be
sufficient to pay the amount of interest or interest and
principal (whether at maturity or by redemption or acceleration)
payable on the next succeeding interest payment date.

Section 4.4. Place of Payments. The payments provided
for in Section 4.3(a) hereof shall be paid directly to the
Purchaser.

Section 4.5. Obligations of Industry Hereunder Uncondi-
tional. The obligations of the Industry to make the payments
required in Section 4.3 hereof and to perform and observe
the other agreements on its part contained in this Agreement
shall be absolute and unconditional, irrespective of any
defense or any rights of set-off, recoupment or counterclaim
and the Industry shall pay absolutely net during the term of
this Agreement the payments as prescribed in Section 4.3 and
all of the payments required hereunder free of any deductions
and without abatement, postponement, diminution or set-off
other than those herein expressly provided; and until such
time as the principal of, premium, if any, and interest on

the Bond shall have been fully paid the Industry: (i) will not suspend or discontinue any payments required by Section 4.3 hereof; (ii) will perform and observe all of its other agreements contained in this Agreement; and (iii) except as provided in Article IX hereof will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Pollution Control Facilities to function at their intended level, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Pollution Control Facilities, commercial frustration of purpose, any change in the tax laws of the United States of America or of South Carolina or any political subdivision of either of these, or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, or failure of the Pollution Control Facilities to comply with any statute, rule or regulation now or hereafter made applicable thereto.

ARTICLE V

OPERATION AND MAINTENANCE, TAXES AND INSURANCE

Section 5.1. Operation and Maintenance of Pollution Control Facilities. The Industry agrees that it will operate and maintain the Pollution Control Facilities at all times at its own expense so that the Pollution Control Facilities and all other facilities necessary or incidental thereto relating to the control of water pollution shall be kept in good repair and in good operating condition.

Section 5.2. Taxes, Other Governmental Charges and Liens. The County and the Industry acknowledge (i) that as of the date hereof, treatment facilities or equipment of manufacturing plants which control water pollution are exempt from all property taxation in South Carolina, (ii) that under present law the income of the County from the Loan Agreement is not subject to either Federal or South Carolina taxation and (iii) that these factors, among others, have induced the Industry to enter into this Agreement.

However, the Industry will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Pollution Control Facilities or any machinery, equipment or other property installed or brought by the Industry therein or thereon (including, without limiting the generality of the foregoing, any taxes levied

upon or with respect to the income, revenues or receipts of the County from this Agreement, or which will constitute a charge on the income, revenues and receipts from this Agreement). In addition, the Industry will pay all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Pollution Control Facilities and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Pollution Control Facilities; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Industry shall be obligated to pay only such installments as are required to be paid during the term of this Agreement.

The Industry may, at its expense and in its own name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest and any appeal therefrom, unless the Purchaser shall notify the Industry that, in the opinion of Independent Counsel, by nonpayment of any such items the Pollution Control Facilities or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. In the event that the Industry shall fail to pay any of the foregoing items required by this Section to be paid by the Industry, the County or the Purchaser may (but

shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Purchaser shall become an additional obligation of the Industry to the one making the advancement, which amounts, together with interest thereon at the Penalty Rate from the date thereof, until paid, the Industry agrees to pay.

Section 5.3. Insurance. The Industry shall at its own expense keep the Pollution Control Facilities properly insured against loss or damage in accordance with the customary insurance practice of the Industry.

ARTICLE VI

SPECIAL COVENANTS

Section 6.1. No Warranty of Condition or Suitability by the County. The County makes no warranty, either express or implied, as to the condition of the Pollution Control Facilities, or that they are or will be suitable for the Industry's purposes or needs.

Section 6.2. Industry to Maintain Its Corporate Existence; Conditions Under Which Exceptions Permitted. The Industry agrees that during the term of this Agreement it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and (unless the surviving corporation following any consolidation or merger is the Industry) will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Industry may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, is a corporation organized under the laws of the United States of America, or any state, district or

territory thereof, assumes in writing all of the obligations of the Industry under this Agreement, is duly qualified to do business in the State of South Carolina and has a net worth no less than 90% of the net worth of the Industry immediately preceeding such consolidation or merger.

Section 6.3. Good Standing. The Industry warrants that it is, and will throughout the term of this Agreement maintain its status as a corporation qualified to do business in South Carolina.

Section 6.4. Indemnification Covenants. The Act prescribes and the parties intend that the County shall not incur any pecuniary liability by reason of making this Agreement, by reason of the issuance of the Bonds, by reason of the adoption of the Resolution, by reason of the performance of any act required of it by this Agreement, or by reason of the performance of any act requested of it by the Industry. Nevertheless, if the County shall incur any such pecuniary liability, then in such event the Industry shall indemnify and hold the County harmless by reason thereof.

Section 6.5. Financial Statements of Industry. The Industry agrees to have an annual audit made by its regular independent certified public accountants and to furnish the Purchaser and to list First National Bank of South Carolina, Spartanburg, South Carolina (within 60 days after receipt by the Industry) with a balance sheet and statements of income, retained earnings and changes in financial position showing the financial condition of the Industry and its consolidated subsidiaries, if any, at the close of each fiscal year, and the results of operations of the Industry and its consolidated subsidiaries, if any, for each fiscal year, accompanied

by a certification or opinion of said accountants. The Industry further agrees to furnish to the Purchaser and to First National Bank of South Carolina all financial statements which it sends to its shareholders.

ARTICLE VII

LEASING AND SELLING; REDEMPTION; PREPAYMENT
AND MODIFICATION OF FACILITIES

Section 7.1. Leasing and Sale. The Pollution Control Facilities may be leased, sold or otherwise disposed of, as a whole or in part, by the Industry without the necessity of obtaining the consent of either the County or the Purchaser, provided that no leasing, sale or other disposition (other than pursuant to Section 6.2 hereof) shall relieve the Industry from primary liability for any of its obligations hereunder, and in the event of any such lease, sale or other disposition, the Industry shall continue to remain primarily liable for the payments specified in Section 4.3 hereof and for the payment, performance and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

Section 7.2. Assignment of this Agreement by the County. The County will assign its interest in this Agreement and all Revenues receivable by it under this Agreement to the Purchaser for payment of the principal of, premium, if any, and interest on the Bond.

Section 7.3. Prepayment of Bond. The County, at the request at any time and from time to time of the Industry shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Bond to effect prepayment of the then outstanding Bond, on any prepayment

date on which such prepayment may be made under such applicable provisions.

Section 7.4. Prepayments. There is expressly reserved to the Industry the right and the Industry is authorized and permitted at any time it may choose to prepay all of the amounts payable under Section 4.3 hereof, and to have such prepayments applied to the prepayment of the Bond as provided in Section 7.3 hereof.

Section 7.5. Modification of Pollution Control Facilities. The Industry may from time to time in its sole discretion and at its own expense modify, improve or enlarge the Pollution Control Facilities in any way permitted by the then applicable statutes, rules and regulations for the purpose of meeting the Industry's needs, provided that it will not, in so doing, commit, or suffer to be committed, any change which will adversely affect the tax exempt status of the interest payable on the Bond.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following shall be "events of default" under this Agreement, and the terms "events of default" under this Agreement, and the terms "events of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Industry to pay the amounts required to be paid under Section 4.3 of this Agreement at the times specified herein or at the place specified in Section 4.4 hereof or failure to comply with the provisions of Section 4.5 hereof.

(b) Failure by the Industry to observe and perform its covenants, conditions or agreements set forth in Sections 2.2(d), 2.2(e), 3.1, 3.3, 3.5, 3.6, 3.7, 3.8, 5.1, 5.2, 5.3, 6.2, 6.3, 6.4, 7.1, 7.5 and 8.4 of this Agreement on the part of the Industry to be observed or performed for a period of forty-five days after receipt by the Industry of written notice, specifying such failure and requesting that it be remedied, given to the Industry by the County or the Purchaser, unless the County and the Purchaser shall agree in writing to an extension of such time prior to its expiration, or in the case of any such failure (other than a default under Section 3.8, 5.3, 5.3, 6.4 or 8.4) which

cannot with due diligence be cured within such 45-day period, if the Industry shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with such a default not susceptible of being cured with due diligence within 45 days that the time within which the Industry may cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due dilligence.

(c) The dissolution or liquidation of the Industry other than as prescribed in Section 6.3 of this Agreement, or the lease or sale of the Plant other than as provided in Section 7.1 of this Agreement, or the filing by the Industry of a voluntary petition in bankruptcy, or the commission by the Industry of any act of bankruptcy, or adjudication of the Industry as a bankrupt, or assignment by the Industry for the benefit of its creditors, or the entry by the Industry into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Industry in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any domestic or foreign jurisdiction which may now be in effect or hereafter enacted.

The provisions of subsection (b) of this Section are subject to the following limitations: If by any reason of

force majeure the Industry is unable in whole or in part to carry out the agreements of the Industry on its part herein contained, other than the obligations on the part of the Industry contained in Article IV and Sections 3.8, 5.2, 6.2, 6.4, and 8.4 hereof, the Industry shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: Acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; hurricanes; storms; floods; washouts; droughts; tornadoes; arrests; restraint of government and people; civil or military disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Industry, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Industry, and the Industry shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Industry, unfavorable to the Industry.

Section 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 hereof shall have happened and be subsisting, the County or the Purchaser may take any one or more of the following remedial steps:

(a) The County (but only with the consent of the Purchaser) or the Purchaser may, at its option, declare all payments payable under Section 4.3 hereof to be immediately due and payable, whereupon the same shall become immediately due and payable, and which amounts the Industry hereby agrees to pay.

(b) The County and the Purchaser may have access to and inspect, examine and make copies of the books and records of the Industry relevant to this Agreement.

(c) The County or the Purchaser may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the Industry under this Agreement. Any amounts collected pursuant to action taken under this Section shall be paid to the person entitled thereto. Except to the extent of such collection, no action taken pursuant to this Section shall relieve the Industry from the Industry's obligations pursuant to Section 4.3 and Section 8.2(a) hereof, all of which shall survive any such action.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the County or the Purchaser is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County or the Purchaser to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Purchaser, and the Purchaser shall be deemed a third party beneficiary of all covenants and agreements herein contained.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Industry should default under any of the provisions of this Agreement and the County or the Purchaser should employ attorneys or reasonably incur other expenses for the enforcement of performance of observance of any obligation or agreement on the part of the Industry herein contained, the Industry agrees that it will on demand therefor

pay to the County or the Purchaser the reasonable fee of such attorneys and such other expenses so incurred by the County or the Purchaser.

Section 8.5. No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Agreement should be breached by the Industry and thereafter waived by the County or the Purchaser, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE IX

OPTIONS IN FAVOR OF THE INDUSTRY

Section 9.1. Option to Terminate. The Industry shall have, and is hereby granted, the following option to terminate this Agreement:

At any time prior to full payment of the Bond the Industry may terminate this Agreement by (a) causing the Bond to be prepaid in full in accordance with the provisions thereof, and (b) by paying to the County any and all sums then due to the County under this Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: If to the County, to the Board of County Commissioners of Spartanburg County, Spartanburg County Courthouse, Spartanburg, South Carolina; if to the Industry to _____, Attention of its _____; if to the Purchaser to _____, Attention _____. The County, the Industry and the Purchaser may, by notice given to all parties to this Agreement, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2. Filing. The pledge of revenues effected by the Assignment shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code - Secured Transactions, in the Office of the Secretary of State in the City of Columbia, State of South Carolina.

Section 10.3. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the County, the Industry and their respective successors and assigns, subject to the limitations contained in Sections 4.1 and 6.2 hereof.

Section 10.4. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.5. Amendments, Changes and Modifications. This Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Purchaser.

Section 10.6. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Law Governing Construction of Agreement. This Agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, SPARTANBURG COUNTY, SOUTH CAROLINA,
has executed this Agreement by causing its name to be hereunto
subscribed by the Chairman of the Board of County Commissioners
of Spartanburg County, its official seal to be impressed
hereon, and attested by the Secretary of the Board of County
Commissioners of Spartanburg County; and SPARTAN MILLS has
executed this Agreement by causing its corporate name to be
hereunto subscribed by its President, its corporate seal to
be impressed hereon, and attested by its Secretary or
Assistant Secretary, all being done as of the day and year
first above written.

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, Board of County Commis-
sioners of Spartanburg County

Attest:

Secretary, Board of County Commis-
sioners of Spartanburg County

Signed, Sealed and Delivered in
the Presence of:

SPARTAN MILLS

(SEAL)

By _____
President

Attest:

Secretary

Signed, Sealed and Delivered
in the Presence of:

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

PERSONALLY appeared before me _____
who, being duly sworn, says that (s)he saw the corporate
seal of Spartanburg County, South Carolina, affixed to the
foregoing Loan Agreement, and that (s)he also saw _____
_____, as Chairman of the Board of County Commissioners
of Spartanburg County, and _____, as Secretary
of the Board of County Commissioners of Spartanburg County,
sign and attest the same and that (s)he with _____
witnessed the execution and delivery thereof as the act and
deed of the said Spartanburg County, South Carolina.

SWORN to before me this

____ day of _____, 1975.

_____(L.S.)
Notary Public for South Carolina

My Commission Expires: _____.

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

Personally appeared before me _____
who, being duly sworn, says that (s)he saw the corporate seal of
SPARTAN MILLS, a South Carolina corporation, affixed to the
foregoing Agreement, and that (s)he also saw _____, as
its President and _____ as Secretary of said
Corporation sign and attest the same, and that (s)he with
_____ witnessed the execution and delivery
thereof as the act and deed of the said SPARTAN MILLS.

SWORN to before me this

_____ day of _____, A. D. 1975.

_____(L.S.)
Notary Public for the State of
South Carolina

My Commission Expires _____.

EXHIBIT "A"

DESCRIPTION OF POLLUTION CONTROL FACILITIES

(Attached to the Loan Agreement between Spartanburg County,
South Carolina, and Spartan Mills, dated as of December 1,
1975.)

EXHIBIT "A"

DESCRIPTION OF POLLUTION CONTROL FACILITIES

(Attached to the Loan Agreement between Spartanburg County,
South Carolina, and Spartan Mills, dated as of December 1,
1975.)

Dated:

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
SPARTANBURG COUNTY
POLLUTION CONTROL REVENUE BOND
(SPARTAN MILLS PROJECT)

Spartanburg County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County") acknowledges itself indebted and for value received hereby promises to pay, from the source and as hereinafter provided, to the order of The Citizens & Southern National Bank of South Carolina (hereinafter called the "Bank"), the principal sum of \$1,700,000 in sixteen consecutive semi-annual installments of \$106,250 each, payable on January 1 and July 1 of each year commencing January 1, 1978, and to pay interest at the rate of six per centum (6%) per annum on each installment of unpaid principal, or the unpaid balance thereof, from the date of this Bond until said installment shall be paid in full, on July 1, 1976, and on the first day of January and July in each year thereafter, and upon such payment in full. Payment of the principal of and interest on this Bond shall be made at the principal office of the Bank in Columbia, South Carolina, or at such other place as may be agreed upon in advance by the County and the registered owner of this Bond. The principal of and interest on this Bond

shall be payable in lawful money of the United States of America and in immediately available funds.

This Bond is issued pursuant to a Resolution of the County adopted _____, 1975 (hereinafter referred to as the "Resolution"), for the purpose of financing the acquisition, construction and equipping by Spartan Mills, a South Carolina corporation (hereinafter referred to as the "Company") of certain pollution control facilities under and pursuant to a Loan Agreement dated as of December 1, 1975 by and between the County and the Company (hereinafter called the "Loan Agreement"), and of paying necessary expenses incidental thereto.

This Bond is a special obligation of the County and is payable solely out of the revenues or other moneys derived from the Loan Agreement and as otherwise provided in the Resolution, the Loan Agreement and the Assignment referred to therein. Reference is hereby made to each of these documents and to all amendments and supplements thereto for a description of the rights, duties, and obligations of the County and the holder of this Bond. By acceptance of this Bond the holder hereof assents to all the provisions of such documents. Neither this Bond of the County nor any of its agreements or obligations shall be construed to be considered an indebtedness of the County or any other municipality or county within the meaning of any constitutional or statutory provision of the State of South Carolina whatsoever.

All payments made by or on behalf of the Company to the Bank, or to its successors or assigns, or upon its or their order, pursuant to the Loan Agreement or the Assignment shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the County upon this Bond.

Upon the occurrence of an event of default, as defined in the Loan Agreement the principal hereof and accrued interest hereon may be declared to be forthwith due and payable in the manner, upon the conditions and with the effect provided in the Loan Agreement.

The County may at its option pay all, but not part, of the principal of this Bond before maturity, without penalty, upon five days written notice of such prepayment to the Bank.

It is certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Bond together with all other obligations of the County, does not exceed or violate any constitutional or statutory debt limitations.

Presentment, notice and protest hereunder are hereby waived. The Bank may assign this Bond to any reputable financial institution and in the event of such assignment the assignee shall have the same rights and remedies hereunder and under the Loan Agreement and Assignment as if originally named therein in place of the Bank.

IN WITNESS WHEREOF, the County has caused this Bond to be executed in its name by the manual signature of the Chairma of the Board of County Commissioners of Spartanburg County and its corporate seal to be impressed hereon, and attested by the signature of the Secretary of said Board of County Commissioners, and this Bond to be dated _____, 1975.

SPARTANBURG COUNTY, SOUTH CAROLINA

By _____
Chairman, Board of County Commis-
sioners of Spartanburg County

(SEAL)

Attest:

Secretary, Board of County Commis-
sioners of Spartanburg County

Schedule of Payments and Prepayments of Principal

<u>Date</u>	<u>Amount of Principal Paid</u>	<u>Unpaid Principal Balance of Bond</u>	<u>Name of Person Making Notation</u>
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State Auditor's Office
January 6, 1976

GENERAL FUND
1975-76
(In Thousands)

1695

I. Current Operating Budget

	Original Budget	Change	Revised Budget	B&C Board Reduction	Adjusted Budget
Forward from 1974-75:					
Unencumbered Surplus	41,456	-20,348	21,108		21,108
For Continued Appropriations	25,737		25,737		25,737
	67,193	-20,348	46,845		46,845
<u>Revenue</u>					
General Tax Sources	960,656	-20,000	940,656		940,656
Revenue Sharing (Federal)	29,585		29,585		29,585
Debt Service Transfers	19,423		19,423		19,423
Loan Repayments	900		900		900
Total Revenue	1,010,564	-20,000	990,564		990,564
 Total Available	 1,077,757	 -40,348	 1,037,409		 1,037,409
<u>Appropriations</u>					
Forward from 1974-75	25,737		25,737		25,737
Current Appropriations	1,063,770	6,563*	1,070,333	39,957	1,030,376
Less: Allowance for Employee Vacancies	-11,750				
Net Appropriations	1,077,757	6,563	1,096,070	39,957	1,056,113
 Balance	 0	 -46,911	 -58,661	 39,957	 -18,704

II. Non-recurring Funds

	Unexpended Appropriation		
Revenue Sharing ("Windfall")	20,885	11,056	11,056
General Fund Surplus	8,298	49	49
Housing Bond Reserve Fund	10,000	10,000	10,000
Other General Fund Appropriations	1,662	82	82
	40,845	21,187	21,187
 Total Reduction		-58,661	2,483

*Additional appropriation for increase in college enrollment \$6,403,461
Estimated additional required for base pay increases \$ 159,382

SCHEDULE OF REDUCTION OF 1975-76 APPROPRIATION FOR REVISED ESTIMATES

Employee Benefits

S. C. Retirement System - Employer Contribution:

Public School Employees
State Employees

\$116,800
773,667

\$890,467

Social Security - Employer Contribution:

Public School Employees
State Employees

85,635
583,211

668,846

\$1,559,313

Debt Service

School Book Notes (Adjusted estimates to actual)

85,966

Aid to Subdivisions (Adjusted 1975-76 Appropriation)

Estimates to actual expenditures for 1974-75 as provided
by Appropriation Act)

1,822,333

TOTAL

\$3,467,612

State Auditor's Office

Budget Development

1-6-76

1698

SCHEDULE OF REDUCTIONS OF APPROPRIATIONS
CAPITAL OUTLAY AND NON-RECURRING

1697

I. Federal Revenue Sharing ("Windfall")

University of South Carolina		
Construction & Equipment - new auditorium	\$5,084,718	
Clemson University		
Construction & Equipment - education center	<u>5,971,573</u>	\$11,056,291

II. General Fund Surplus Appropriations (1973)

Governor's Office - State Law Enforcement Division		
Armory supplies	25,117	
Parks, Recreation & Tourism		
Operation & Equipment - Piedmont Park	<u>23,778</u>	48,895

III. General Appropriation Acts (Various)

Parks, Recreation & Tourism		
Cheraw State Park - facilities renovations	615	
Aeronautics Commission		
Airport Development - Various	49,719	
Repairs to Airports - Various	<u>31,801</u>	82,135

IV. Housing Bond Fund Reserve

10,000,000

TOTAL

\$21,187,321

GENERAL FUND1971-72/1976-77

<u>Year</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Year's Gain (Loss)</u>	<u>(Net) Surplus Appropriations</u>	<u>Surplus</u>
Surplus - July 1, 1971					5,245,456.09
1971-72	581,481,921.88	550,807,285.37	30,674,636.51		35,920,092.60
1972-73	705,566,523.44	655,910,205.07	49,656,318.37		85,576,410.97
1973-74	812,801,999.12	769,750,178.65	43,051,820.47	(33,345,942.01)	95,282,289.43
1974-75	881,686,248.84	947,400,559.15	(65,714,310.31)	(8,459,738.00)	21,108,241.12
*1975-76	990,564,000.00	1,030,376,163.00	(39,812,163.00)	21,187,321.09	2,483,399.21
*1976-77	1,096,422,121.00	1,096,207,561.00	214,560.00		2,697,959.21

*Estimated

*State Auditor's Office
January 6, 1976

PROPOSED GENERAL FUND BUDGET
1976-77
(In Thousands)

Revenue (Estimated):

General Tax Sources

Projection by Economic Advisors	1,055,000	
Additional Wine Tax Revenue (Proposed Change)	<u>1,000</u>	1,056,000
Revenue Sharing (Federal)		15,000
Debt Service Transfers		24,522
Loan Repayments		<u>900</u>

Total Available Revenue	1,096,422
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Appropriations:

Revised Appropriation 1975-76	1,056,113
Recommended Changes 1976-77 (net)	<u>40,095</u>

Total Recommendations	<u>1,096,208</u>
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Balance	<u><u>214</u></u>
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State Auditor's Office
January 6, 1976

PROPOSED GENERAL FUND BUDGET 1976-77
SUMMARY OF RECOMMENDED CHANGES
(In Thousands)

Recommended Changes - 1976-77

Increases:

Personal Service - continued increments 75-76 and annualization	7,635
Rent Increases	746
Operating Expenses - inflation allowance - 4%	2,962
Employee Benefits - Retirement, Social Security, and Health Insurance	7,650
Debt Service	17,448
Aid to Subdivisions - Homestead reimbursement	600
Legislative:	
Leg. Council - printing code	250
Leg. Audit Council - new agency	108
Leg. Info. System Council - expansion	40
Judicial - judicial reform	398
Governor's Office - DOA implementing fed. prog.	2,076
State Treasurer's Office - student loan exp.	128
State Election Com. - election expenses	80
B&C Bd. - Finance Div. - computer rental	891
Civil Contingent Fund	10
Retirement - postage	7
Motor Vehicle Mgt. Div. - new agency	17
Dept. of Education - state aid salaries & school bus operation	22
Mental Health - Village "A" opening	90
Vocational Rehabilitation - new training center	5,673
Adv. Bd. for Review of Foster Care of Children - new	750
Com. for Blind - match federal funds	150
Department of Corrections - increase in inmates	286
State Workmen's Comp. Fund - operating expenses	8
Insurance Department - funds for statistical dept.	2,000
State Tax Com. - postage and operating expenses	8
Miscellaneous - State Ethics Commission (\$55), etc.	161

Total Increases

49,910

Reductions:

Governor's Office - Division of Administration	
Operating Expenses - reduction in request	-171
Matching LEAA Funds	-1,574
Matching Farm Home Adm. Funds	-382
B&C Bd. - Finance - study accounting system	-182
Winthrop College Aux. Svcs - bond payment supp.	-388
Medical Univ. of S.C. - Family Practice Extension	-2,174
Health & Environ. Control - Health Care Extension	-2,490
Social Services - reduction - Medicaid	-2,000
Children's Bureau - medical payments	-45
PRT - bicentennial promotion	-25
Clark Hill - reduction in request	-31
New Horizons Development Authority	-24
Public Service Commission - motor vehicle reduction	-36
Aeronautics Commission - non-recurring items	-87
Miscellaneous - Bicentennial, etc.	-99
Contributions - Riverbanks Zoo (\$25), Pendleton Hist. (\$85), etc.	-107

Total Reductions

1700

9,815

RECOMMENDED CHANGES - 1976-77 (NET)

40,095

State Auditor's Office
January 6, 1975

REDUCTION SCHEDULE FOR 1975-76 APPROPRIATIONS

1701

Agency	1975-76 Regular Appropriation	Base Pay Allocation	Subtotal	Exclusions	Appropriation Subject To Reduction	8%	Actual Reduction	
							Amount	Percent
Legislative Department:								
Senate	1,304,762		1,304,762	901,054	403,708	32,297	32,297	8.00
House of Representatives	2,066,338	2,228	2,068,566	1,627,003	441,563	35,325	35,325	8.00
Special Svcs. Both Houses	105,607		105,607	17,000	88,607	7,089	7,089	8.00
Codif. of Laws & Legis. Coun.	642,706		642,706	477,928	164,778	13,182	13,182	8.00
Legislative Audit Council	97,726		97,726	13,000	84,726	6,778	6,778	8.00
Legis. Information System	296,502		296,502	68,156	228,346	18,268	18,268	8.00
Total Legislative Dept.	4,513,641	2,228	4,515,869	3,104,141	1,411,728	112,939	112,939	8.00
Judicial Department	2,256,055	28,723	2,284,778	974,361	1,310,417	104,833	59,174	4.52
Governor's Office:								
Exec. Control of State	458,782	12,556	471,338		471,338	37,707	37,707	8.00
Law Enforcement Division	4,582,818	98,462	4,681,280		4,681,280	374,502	234,065	5.00
Div. of Administration	3,036,365	11,064	3,047,429		3,047,429	243,794	205,794	6.75
Mansion and Grounds	135,621	548	136,169		136,169	10,894	10,894	8.00
Health & Social Dev.	323,986	6,152	330,138		330,138	26,411	26,411	8.00
Economic Opportunity	141,892	1,113	143,005		143,005	11,440	11,440	8.00
Total Governor's Office	8,679,464	129,895	8,809,359		8,809,359	704,748	526,311	5.97
Lieutenant Governor	78,129		78,129		78,129	6,250	7,200	9.22
Secretary of State	280,554	6,859	287,413		287,413	22,993	9,522	3.31
Comptroller General	1,546,316	25,632	1,571,948	627,996	943,952	75,516	4,270	.45
State Treasurer	1,180,335	11,648	1,191,983		1,191,983	95,359	95,359	8.00
Attorney General	2,228,798	40,354	2,269,152	331,648	1,937,504	155,000	60,399	3.12
Adjutant General	813,175	10,242	823,417		823,417	65,873	21,737	2.64
State Election Commission	645,674	3,358	649,032		649,032	51,923	18,707	2.88
Budget & Control Board:								
Finance Division	2,193,027	49,042	2,242,069		2,242,069	179,366	179,366	8.00
Research & Statistical	372,827	8,926	381,753		381,753	30,540	30,540	8.00
General Services	4,213,534	63,881	4,277,415		4,277,415	342,193	311,606	7.28
Retirement Division	1,030,430	27,366	1,057,796		1,057,796	84,624	60,500	5.72
Personnel Division	1,270,793	34,753	1,305,546		1,305,546	104,444	71,538	5.47
Employee Benefits	139,873,525	(12,205,407)	127,668,118	127,668,118				
Total B & C Board	148,954,136	(12,021,439)	136,932,697	127,668,118	9,264,579	741,167	653,550	7.05

Agency	1975-76 Regular Appropriation	Base Pay Allocation	Subtotal	Exclusions	Appropriation Subject To Reduction	8%	Actual Reduction	
							Amount	Percent
Com. on Higher Education	1,173,753	7,499	1,181,252		1,181,252	94,500	66,900	5.66
Higher Ed. Tuition Grants	7,341,047	843	7,341,890		7,341,890	587,351	86,417	1.18
University of S. C.	45,642,902	1,210,245	46,853,147		46,853,147	3,748,251	3,748,251	8.00
USC - Aiken Campus	1,077,397	29,299	1,106,696		1,106,696	88,536	88,536	8.00
USC - Coastal Campus	1,421,152	44,839	1,465,991		1,465,991	117,279	117,279	8.00
USC - Spartanburg Campus	1,562,932	39,714	1,602,646		1,602,646	128,211	128,211	8.00
USC - Regional Campuses	2,597,211	84,661	2,681,872		2,681,872	214,550	214,550	8.00
Clemson - Ed. & Gen.	26,197,038	814,679	27,011,717		27,011,717	2,160,937	2,160,937	8.00
The Citadel	6,051,401	198,025	6,249,426		6,249,426	499,954	499,954	8.00
Winthrop College	6,777,844	252,707	7,030,551		7,030,551	562,444	562,444	8.00
Winthrop Auxiliary Svcs.	387,500		387,500	387,500				
S. C. State College	7,639,303	184,715	7,824,018		7,824,018	625,921	625,921	8.00
Francis Marion College	3,748,778	103,383	3,852,161		3,852,161	308,173	308,173	8.00
College of Charleston	7,571,925	189,765	7,761,690		7,761,690	620,935	620,935	8.00
Lander College	2,766,704	72,180	2,838,884		2,838,884	227,111	227,111	8.00
Medical University	40,637,265	1,578,171	42,215,436		42,215,436	3,377,235	3,377,234	8.00
Tech. & Comp. Education	28,315,515	716,560	29,032,075		29,032,075	2,322,566	1,535,446	5.29
Department of Education	309,496,264	325,490	309,821,754	261,614,812	48,206,942	3,856,555	2,896,787	6.01
Educational Television	7,712,461	104,428	7,816,889		7,816,889	625,351	433,351	5.54
Opportunity School	630,716	18,744	649,460		649,460	51,957	51,957	8.00
Sch. for Deaf & Blind	3,529,902	103,333	3,633,235		3,633,235	290,659	290,659	8.00
Archives and History	1,371,675	36,256	1,407,931		1,407,931	112,634	112,634	8.00
Confederate Relic Room	42,397	557	42,954		42,954	3,436	765	1.80
S. C. State Library	1,587,658	15,654	1,603,312	909,514	693,798	55,504	55,504	8.00
S. C. Arts Commission	641,722	8,973	650,695		650,695	52,056	52,056	8.00
S. C. Museum Commission	159,902	1,356	161,258		161,258	12,901	12,901	8.00
Health & Environ. Control	26,280,504	881,815	27,162,319		27,162,319	2,172,986	2,172,986	8.00
Nuclear Advisory Council	47,625		47,625		47,625	3,833	3,833	8.00
Mental Health	44,181,552	1,259,248	45,440,800		45,440,800	3,635,264	3,264,118	7.18
Mental Retardation	28,424,117	775,996	29,200,113		29,200,113	2,336,009	2,336,009	8.00
Alcohol and Drug Abuse	1,118,789	18,557	1,137,346		1,137,346	91,007	91,007	8.00
Social Services	58,431,200	457,032	58,888,232		58,888,232	4,711,059	4,711,059	8.00
Vocational Rehabilitation	5,432,069	95,478	5,527,547		5,527,547	442,204	442,204	8.00
John de la Howe School	698,496	17,431	715,927		715,927	57,274	45,660	6.38
Children's Bureau	466,043	10,123	476,166		476,166	38,093	22,323	4.68
Com. for the Blind	1,320,212	14,440	1,334,652		1,334,652	106,772	66,733	5.00
Com. on Aging	449,873	5,475	455,348		455,348	36,428	17,338	3.81
State Housing Authority	303,627	7,696	311,323		311,323	24,906	24,906	8.00
Human Affairs	349,308	6,382	355,690		355,690	28,455	18,084	5.08
Veterans Affairs	623,759	6,284	630,043		630,043	50,403	6,426	1.02

Agency	1975-76 Regular Appropriation	Base Pay Allocation	Subtotal	Exclusions	Appropriation Subject To Reduction	8%	Actual Reduction	
							Amount	Percent
Dept. of Corrections	18,509,336	478,512	18,987,848		18,987,848	1,519,028	---	--
Probation, Parole & Pardon	2,372,284	79,119	2,451,403		2,451,403	196,112	196,112	8.00
Youth Services	6,418,653	197,633	6,616,286		6,616,286	529,303	424,764	6.42
Juvenile Plcmt. & Aftercare	469,687	11,953	481,640		481,640	38,531	19,423	4.03
Water Resources	663,785	10,244	674,029		674,029	53,922	53,922	8.00
Land Resources	912,905	17,585	930,490		930,490	74,439	33,700	3.62
Forestry Commission	5,762,613	190,052	5,952,665		5,952,665	476,213	437,473	7.35
Dept. of Agriculture	2,484,978	64,191	2,549,169		2,549,169	203,934	111,650	4.38
Clemson Univ. - PSA	12,312,201	345,832	12,658,033		12,658,033	1,012,643	506,322	4.00
Wildlife & Marine Resources	4,577,693	97,970	4,675,663		4,675,663	374,053	374,053	8.00
Parks, Recreation & Tourism	4,497,083	119,263	4,616,346		4,616,346	369,308	369,308	8.00
State Development Board	2,412,552	37,853	2,450,405		2,450,405	196,032	196,032	8.00
Patriot's Point	271,232	3,370	274,602		274,602	21,968	23,568	8.58
Clark Hill Authority	85,233	535	85,768		85,768	6,861	6,861	8.00
New Horizons Dev. Auth.	75,000		75,000		75,000	6,000	6,000	8.00
Public Service Commission	1,927,031		1,927,031	1,927,031				
Industrial Commission	855,882	18,084	873,966		873,966	69,917	18,576	2.12
Workmen's Compensation Fund	228,547	5,267	233,814		233,814	18,705	4,928	2.10
Insurance Department	2,069,186	51,646	2,120,832		2,120,832	169,667	149,266	7.03
Board of Bank Control	580,332	10,937	591,269	591,269				
Consumer Affairs	270,936		270,936	270,936				
Dairy Commission	166,586	3,011	169,597		169,597	13,568	13,568	8.00
Department of Labor	1,303,893	28,596	1,332,489		1,332,489	106,599	106,599	8.00
Contractors Licensing Board	100,472	1,984	102,456		102,456	8,196	2,897	2.83
State Tax Commission	8,897,659	250,605	9,148,264		9,148,264	731,861	179,318	1.96
Alcoholic Beverage Control	773,411	19,105	792,516		792,516	63,401	21,505	2.71
Disaster Preparedness	545,201	10,469	555,670		555,670	44,454	44,454	8.00
Employment Security Com.	64,137	1,081	65,218		65,218	5,217	5,217	8.00
Aeronautics Commission	966,101	9,570	975,671		975,671	78,054	78,054	8.00
Public Railways Commission	268,924		268,924	268,924				
Debt Service	61,519,935		61,519,935	61,519,935				
Miscellaneous:								
Judicial Council	20,000		20,000		20,000	1,600	1,600	8.00
Reorganization Commission	15,000		15,000		15,000	1,200	1,200	8.00
Status of Women Com.	14,000		14,000		14,000	1,120	1,120	8.00
House of Rep. Membership Res.	50,000		50,000		50,000	4,000	4,000	8.00
Pub. & Private Svcs., Prog. for the Aging	10,350		10,350		10,350	828	828	8.00
Agriculture Study Com.	11,426		11,426		11,426	914	914	8.00
Auto Liability Insurance	37,500		37,500		37,500	3,000	---	--

Agency	1975-76 Regular	Base Pay Allocation	Subtotal	Exclusions	Appropriation Subject To Reduction	8%	Actual Reduction	
	Appropriation						Amount	Percent
Cable Television	3,750		3,750		3,750	300	300	8.00
Capital Punishment Study	3,750		3,750		3,750	300	300	8.00
Constitutional Revision Steering Committee	1,875		1,875		1,875	150	150	8.00
Uniform Consumer Credit Code	18,750		18,750		18,750	1,500	1,500	8.00
Crime Study Committee	11,250		11,250		11,250	900	900	8.00
Disaster Preparedness	3,750		3,750		3,750	300	300	8.00
Education Study Committee	12,000		12,000		12,000	960	960	8.00
Forest Study Committee	15,000		15,000		15,000	1,200	1,200	8.00
Insurance Law Study Com.	11,250		11,250		11,250	900	900	8.00
Study Judicial System.	17,250		17,250		17,250	1,380	1,380	8.00
Local Government Study Com.	7,500		7,500		7,500	600	600	8.00
Magisterial Study Com.	5,625		5,625		5,625	450	450	8.00
Mental Health Committee	20,250		20,250		20,250	1,620	1,620	8.00
Migrant Workers Study Com.	1,875		1,875		1,875	150	150	8.00
Narcotics & Controlled Substances	18,750		18,750		18,750	1,500	---	--
Nursing Home Study Com.	5,625		5,625		5,625	450	450	8.00
Oil & Gas Drilling & Leasing	18,750		18,750		18,750	1,500	1,500	8.00
Cont. Com. on Retirement	18,750		18,750		18,750	1,500	1,500	8.00
Santee Cooper Basin	18,000		18,000		18,000	1,440	1,440	8.00
St. Empl. Employment Com.	3,750		3,750		3,750	300	300	8.00
Tax Study Committee	29,647		29,647		29,647	2,372	2,372	8.00
Textile Study Committee	18,750		18,750		18,750	1,500	1,500	8.00
Committee on Tourism	15,000		15,000		15,000	1,200	1,200	8.00
Water Resources Study Com.	15,000		15,000		15,000	1,200	1,200	8.00
Workmen's Comp. Study Com.	15,000		15,000		15,000	1,200	1,200	8.00
Interest Rate Study Com.	11,250		11,250		11,250	900	900	8.00
Medical Care Study Com.	18,750		18,750		18,750	1,500	1,500	8.00
Public Trans. Study Com.	13,632		13,632		13,632	1,091	1,091	8.00
Workmen's Comp. Laws Adv. Com.	3,750		3,750		3,750	300	300	8.00
Fuel Allocation & Energy	3,750		3,750		3,750	300	300	8.00
Election Laws Study Com.	15,000		15,000		15,000	1,200	1,200	8.00
Building Code Council	125		125		125	10	10	8.00
Electronic Trans. of Funds	7,500		7,500		7,500	600	600	8.00
Imp. Roads - Catawba Ind. Reserv.	4,800		4,800		4,800	384	384	8.00
Contributions	286,077		286,077	286,077				
Aid to Subdivisions	71,591,000		71,591,000	71,591,000				
Grand Total	1,070,174,090		1,070,174,090	532,073,262	538,100,828	43,048,106	36,489,706	6.80
Gross Approp. Per Act	1,063,770,629						36,489,706	
College Enrollment Adj.	6,403,461						3,467,612	
Total	1,070,174,090						39,957,318	
					Appropriation Reduction		36,489,706	
					Revised Estimates (See detail schedule)		3,467,612	
					Total Reduction - Current Operating		39,957,318	

PROPOSED 1976-77 BUDGET RECOMMENDATIONS

Agency	1975-76 Appropriation After Reduc.	1976-77 Change Requested	1976-77 Change Recommended					1976-77 Total Recommended	Explanation of Change - Other Items
			Continued Increments Annualiz.	Rent Increases	Op. Exp. Inflation Allowance	Other Items	Total Change		
Legislative Department									
Senate	1,272,465	110,470			7,085		7,085	1,279,550	
House of Representatives	2,032,966	110,727			6,578	6,104	12,682	2,045,648	Pos. trans. from Spec. Svcs.
Special Svcs. Both Houses	98,793	985			1,436	-6,104	-4,668	94,125	Pos. trans. to House
Codif. Laws & Legis. Coun.	725,574	301,461			1,517	250,000	251,517	977,091	Printing new code
Legislative Audit Council	90,948	159,052			558	108,494	109,052	200,000	New agency
Legis. Info. System	278,234	184,282			7,203	39,563	46,766	325,000	Increase in service charges from USC
Total Legislative Dept.	4,498,980	866,977			24,377	398,057	422,434	4,921,414	
Judicial Department	2,225,604	2,894,277	19,019	3,177	11,557	2,075,925	2,109,678	4,335,282	Judicial reform
Governor's Office									
Executive Control	533,297	48,464	8,475		5,130		13,605	546,902	
Law Enforcement Div.	4,447,215	446,200	64,391		61,288		125,679	4,572,894	
Div. of Administration	3,977,144	-1,788,688	11,921			-1,998,526	-1,986,605	1,990,539	Reduc. in request for op. exp. Matching funds for LEAA & FHA
Mansion & Grounds	139,185	26,869	7,395		3,068		10,463	149,648	
Health & Soc. Dev.	303,727	114,496	4,270	6,439	5,808		16,517	320,244	
Economic Opportunity	131,565	31,033	196	435	3,743		4,374	135,939	
Total Governor's Office	9,532,133	-1,121,626	96,648	6,374	79,037	-1,998,526	-1,815,967	7,716,166	
Lieutenant Governor	70,929	7,021			690		690	71,619	
Secretary of State	277,891	10,102	861	1,439	2,262		4,562	282,453	
Comptroller General	1,567,678	208,733	23,351	4,627	4,543		32,521	1,600,199	
State Treasurer	1,306,876	42,701	6,493	2,213	8,002	80,000	96,708	1,403,584	\$80,000 student loan program
Attorney General	2,289,501	749,847	79,606	12,359	14,404		106,369	2,395,870	
Adjutant General	801,680	558,598	10,109		15,015		25,124	826,804	
State Election Com.	630,325	940,613	2,851	250	1,833	891,421	896,355	1,526,680	\$891,421 poll mgrs. and printing costs

Agency	1975-76 Appropriation After Reduc.	1976-77 Change Requested	1976-77 Change Recommended					1976-77 Total Recommended	Explanation of Change - Other Items
			Continued Increments Annualiz.	Rent Increases	Op. Exp. Inflation Allowance	Other Items	Total Change		
Budget & Control Board									
Finance Division	2,287,703	188,640	68,937	10,087	6,199	-165,050	-79,827	2,207,876	Acctg. study (\$181,750); Computer rental \$9,575; Civil Contingent \$7,125
Research & Stat. Svcs.	351,213	89,833	5,432		3,330		8,762	359,975	
General Services	4,232,945	603,223	39,537	110,107	35,629		185,273	4,418,218	
Motor Vehicle Mgmt.		106,920				90,000	90,000	90,000	New agency
Retirement Division	1,024,216	201,960	20,359	4,000	4,428	21,502	50,289	1,074,505	Postage
Personnel Division	1,234,008	280,577	38,955	1,370	6,495		46,820	1,280,828	
Employee Benefits	126,268,187	14,649,813				7,649,813	7,649,813	133,918,000	
Total B & C Board	135,398,272	16,120,966	173,220	125,564	56,081	7,596,265	7,951,130	143,349,402	
Com. on Higher Ed.	1,114,352	292,721	-1,500	2,728	4,276		5,504	1,119,856	
H.E. Tuition Grants	7,255,473	2,392,237	-885	1,400	2,132		2,647	7,258,120	
University of S.C.	43,104,896	12,176,104	241,982		162,103		404,085	43,508,981	
USC Aiken Campus	1,018,160	1,007,006	3,277				3,277	1,021,437	
USC Coastal Campus	1,348,712	1,000,075	4,634				4,634	1,353,346	
USC Spartanburg Campus	1,474,435	1,184,266	5,378				5,378	1,479,813	
USC Regional Campus	2,467,322	401,883	7,794				7,794	2,475,116	
Clemson University	24,850,780	7,718,548	238,837		37,927		276,764	25,127,544	
The Citadel	5,749,472	868,889	58,615		18,560		77,175	5,826,647	
Winthrop College	6,468,107	919,192	47,269				47,269	6,515,376	
Winthrop Auxiliary Svcs.	387,500	-387,500				-387,500	-387,500		One-time appropriation
State College	7,193,097	1,523,214	54,565		72,636		127,201	7,325,298	
Francis Marion College	3,543,988	1,158,983	74,686		20,621		95,307	3,639,295	
College of Charleston	7,140,755	3,447,429	281,449		60,605		342,054	7,482,809	
Lander College	2,611,773	563,851	17,675		17,866		35,541	2,647,314	
Medical University	40,838,201	13,835,998	888,547		203,321	-2,173,762	-1,081,894	39,756,307	Reduction one-time Family Practice Program
Tech. & Comp. Ed.	27,758,484	7,590,093	162,205	3,898	133,280		299,383	28,057,867	
Department of Education	307,567,609	59,695,121	102,220	20,035	39,693	5,672,574	5,834,522	313,402,131	Aid Salaries - Certification \$1,568,130; other - \$2,754,444; school bus operations \$1,350,000
Educational Television	7,383,538	2,251,923	59,382	16,558	176,718		252,658	7,636,196	
Opportunity School	597,503	283,956	13,425		1,371		14,796	612,299	
Sch. for Deaf & Blind	3,374,829	646,421	64,715		18,587		83,302	3,458,131	
Archives & History	1,295,297	545,624	24,165	52,303	9,576		86,044	1,381,341	
Confederate Relic Room	42,189	8,557	1,282		427		1,709	43,898	
State Library	1,547,808	298,683	10,024		7,978		18,002	1,565,810	

Agency	1975-76 Appropriation After Reduc.	1976-77 Change Requested	1976-77 Change Recommended					1976-77 Total Recommended	Explanation of Change - Other Items
			Continued Increments Annualiz.	Rent Increases	Op. Exp. Inflation Allowance	Other Items	Total Change		
Arts Commission	598,639	329,365	8,780	2,400	8,481		19,661	618,300	
Museum Commission	153,830	328,754	500	5,624	3,268		9,392	163,222	
Health & Environ. Control	28,347,309	15,022,436	894,875	36,908	238,954	-2,490,388	-1,319,651	27,027,658	\$500,000 F/C to continue admin. waste treatment facility - 24 pos; \$2,990,388 red. of one-time Health Care Extension
Nuclear Advisory Council	43,792	35,979						43,792	
Mental Health	43,990,589	11,497,990	928,319		473,726	750,000	2,152,045	46,142,634	Village A to be opr. last qtr. '77. Req. \$1,112,858 recommended 66% of request
Mental Retardation	27,860,601	11,199,413	970,154		305,706		1,275,860	29,136,461	
Alcohol & Drug Abuse	1,046,339	1,522,893	19,988		4,626		24,614	1,070,953	
Social Services	67,909,498	12,880,599	347,422	5,151	-21,915	-2,000,000	-1,669,342	66,240,156	Reduction recommended in Medical Care Prog. to be funded by carry over earned funds \$2,000,000
Vocational Rehabilitation	5,085,343	2,593,636	47,199	8,866	21,058	150,000	227,123	5,312,466	Equt. & Oper. for new eval- uation & trng. center to open FY 76-77
John de la Howe School	670,267	109,438	8,563		8,438		17,001	687,268	
Foster Care of Children		305,496				286,286	286,286	286,286	New Program
Children's Bureau	498,343	16,743	9,643	190	4,073	-44,500	-30,594	467,749	Carry forward - Med. pmts. for physical
Com. for the Blind	1,267,919	704,175	14,942	242,498	7,413	7,571	272,424	1,540,343	State matching for 4 pos. & Op. exp. for new facilities
Com. on Aging	437,960	342,572	7,630	1,586	1,489		10,705	448,665	
State Housing Authority	286,417	282,218	23,986	10,313	1,850		36,149	322,566	
Human Affairs	337,606	213,077	89,728	2,658	2,354		94,740	432,346	
Veterans Affairs	623,617	76,714	10,614	279	16,358		27,251	650,868	
Department of Corrections	18,994,324	12,766,465	434,372			2,000,000	2,434,372	21,428,696	6,900 est. inmates X \$3,166 per cap. state cost = \$2,851,076 incr. - rec. \$2,434,372
Probation, Parole & Pardon	2,255,291	984,260	72,683	605	9,894		83,182	2,338,473	
Youth Services	6,191,524	2,364,119	123,384		48,468		171,852	6,363,376	
Juvenile Plcmt. & Aftercare	462,217	84,588	9,023	1,511	5,041		15,575	477,792	

Agency	1975-76 Appropriation After Reduc.	1976-77 Change Requested	1976-77 Change Recommended					1976-77 Total Recommended	Explanation of Change - Other Items
			Continued Increments Annualiz.	Rent Increases	Op. Exp. Inflation Allowance	Other Items	Total Change		
Water Resources Commission	624,307	323,985	5,984		7,345		13,329	637,636	
Land Resources	896,816	140,159	13,073	3,891	8,088		25,052	921,868	
Forestry Commission	5,515,192	1,087,127	125,521		24,187		149,708	5,664,900	
Dept. of Agriculture	2,437,519	319,336	66,497	7,663	18,914		93,074	2,530,593	
Clemson University - PSA	12,151,711	2,872,185	119,882		79,863		199,745	12,351,456	
Wildlife & Marine Resources	4,329,611	2,352,112	65,127	58,081	56,626		179,834	4,509,445	
Parks, Recreation & Tourism	4,262,038	1,262,463	53,102	2,247	61,980	-25,000	92,329	4,354,367	3 items 1 yr. only - Bicentennial, Cher. Co. Iron Works, Horseback Trail
State Development Board	2,254,373	775,717	42,088		44,698		86,786	2,341,159	
Patriot's Point	292,403	237,994	21,382		1,747		23,129	315,532	
Clark Hill Authority	110,766	-30,947	188			-31,429	-31,241	79,525	Reduction in requests
New Horizons Development	69,000	5,766				-24,000	-24,000	45,000	Requests reduced by B&C Bd.
Public Service Commission	2,001,180	251,000	38,397	3,200	29,014	-36,267	34,344	2,035,524	Red. - motor veh. equipment
Industrial Commission	855,390	191,335	6,633	36,365	5,262		48,260	903,650	Rent for new facility
Workmen's Compensation	228,886	75,682	3,932	1,198	10,517	8,500	24,147	253,033	Annualiz. of pos. authorized 75-76 plus other op. exp.
Insurance Department	1,971,566	426,281	40,846	22,467	7,566	160,958	231,837	2,203,403	Replacement of funds - Statistical Data Gathering Prog. for auto rates & ratings
Board of Bank Control	591,269	29,631	6,845	1,026	9,074		16,945	608,214	
Consumer Affairs	270,936	57,437	9,730	6,618	1,816		18,164	289,100	Travel for 74-75 was deficient by \$5,000 requiring a trans- fer from Civil Contingent
Dairy Commission	156,029	19,845	1,690	1,326	1,400		4,416	160,445	
Department of Labor	1,225,890	264,594	35,071		17,066		52,137	1,278,027	
Contractors' Licensing Board	99,559	16,724	1,134	50	1,187		2,371	101,930	
Tax Commission	8,968,946	755,220	88,927	37,701	209,238	74,535	410,401	9,379,347	7 new pos. & op. exp. for uniform property assessment program, plus postage incr.
Alcoholic Beverage Control	771,010	87,913	16,217	738	6,066		23,021	794,031	
Disaster Preparedness	511,216	154,101	18,506	-9,013	7,546		17,039	528,255	
Employment Security Com.	60,001	-1,325	2,778		618		3,396	63,397	
Certif. Environ Syst. Op.		52,969							No state funds recommended
Aeronautics Commission	963,758	497,353	2,386		7,500	-87,022	-77,136	886,622	Non recurring items - Air- craft & other op. exp. CAP
Public Service Commission	268,924	63,068	55,284				55,284	324,208	
Debt Service	61,433,969	17,448,044				17,448,044	17,448,044	78,882,013	Increase in principal and interest

Agency	1975-76 Appropriation After Reduc.	1976-77 Change Requested	1976-77 Change Recommended					1976-77 Total Recommended	Explanation of Change Other Items
			Continued Increments Annualiz.	Rent Increases	Op. Exp. Inflation Allowance	Other Items	Total Change		
Miscellaneous Approp.	585,061	148,942				-42,777	-42,777	542,284	Bicentennial Com. (60,388); Ethics Com. \$5,000; Hse. Research Com. (21,136); Cap. Punish. (3,450); Riverbanks Zoo (25,000); Pendleton Historic (85,000)
Contributions Division	366,720	-83,465				-107,265	-107,265	259,455	
Aid to Subdivisions	70,038,667	12,476,333				600,000	600,000	70,638,667	Homestead Reimbursement incr.
Total	1,056,113,287	256,639,992	7,634,924	745,572	2,962,078	28,751,700	40,094,274	1,096,207,561	

Agency	1975-76 Appropriation After Reduc.	1976-77 Change Requested	1976-77 Change Recommended					1976-77 Total Recommended	Explanation of Change Other Items
			Continued Increments Annualiz.	Rent Increases	Op. Exp. Inflation Allowance	Other Items	Total Change		
Miscellaneous Approp.	585,061	148,942				-42,777	-42,777	542,284	Bicentennial Com. (60,388); Ethics Com, \$5,000; Hse. Research Com. (21,136); Cap. Punish. (3,450); Riverbanks Zoo (25,000); Pendleton Historic (85,000)
Contributions Division	366,720	-83,465				-107,265	-107,265	259,455	
Aid to Subdivisions	70,038,667	12,476,333				600,000	600,000	70,638,667	Homestead Reimbursement incr.
Total	1,056,113,287	256,639,992	7,634,924	745,572	2,962,078	28,751,700	40,094,274	1,096,207,561	



South Carolina Aeronautics Commission

BOX 1769 • COLUMBIA, SOUTH CAROLINA 29202 • TELEPHONE 803-756-2766

JOHN W. HAMILTON, DIRECTOR
JOHN F. BARRY, DEPUTY DIRECTOR

December 19, 1975

Governor James B. Edwards
State House
P.O. Box 11450
Columbia, SC 29211

Dear Governor Edwards:

The Aeronautics Commission in its November meeting directed me to look into the feasibility of establishing a State Aviation Maintenance Shop. This shop would service the aircraft for the Medical College, The University of South Carolina, Clemson University, The Wildlife Department, The Development Board, SLED, Civil Air Patrol, Disaster Preparedness and The Aeronautics Commission.

This Maintenance Shop would mean savings for the State in a two-fold manner. First the cost would be substantially reduced on parts and labor and repairs. Secondly the down time for our aircraft would be curtailed resulting in more available flying time. Along with this we would be assured of safer aircraft through our own supervision. Needless to say the monies for these repairs are now within each agencies budget.

We realize that 100% service would not be feasible but we do feel that a high percent can be done by a State Maintenance Shop.

This office does not have access for the necessary figures from the aforementioned agencies who own aircraft to put together the justification figures for such an undertaking.

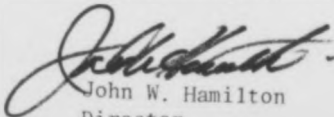
Therefore we are requesting that the Budget and Control Board furnish the following information on all State owned aircraft. Enclosed is a sample form. We would ask that this information be as detailed as possible and broken down into categories.

After analyzing these figures in detail the Aeronautics Commission will make specific recommendations as to the economic feasibility of establishing the Maintenance Shop and request the necessary funds to institute the program.

We do feel that at this time the money saved over the years will far out weigh the initial cost of starting such a program.

The Commission would appreciate your comments on this undertaking.

With kindest regards,


John W. Hamilton
Director

COMMISSIONERS

E. McLEOD SINGLETARY
CHAIRMAN
COLUMBIA

JOE WILDER
VICE-CHAIRMAN
BARNWELL

WILSON BUIE, JR.
KINGSTREE

W. A. COWARD
AIKEN

DAVID S. HARTER
CAMDEN

RALPH SCHMIDT
GREENVILLE

RICHARD J. SCHRIVER
BEAUFORT

1709-A

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance

1972

Parts Labor No. hours Labor Hourly Rate

Avionics Maintenance

1972

Parts Labor No. hours Labor Hourly Rate

1973

Parts Labor No. hours Labor Hourly Rate

1973

Parts Labor No. hours Labor Hourly Rate

1974

Parts Labor No. hours Labor Hourly Rate

1974

Parts Labor No. hours Labor Hourly Rate

1714

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate

Aircraft Maintenance Cost

Engine and Airframe Maintenance					Avionics Maintenance				
1972					1972				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1973					1973				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate
1974					1974				
Parts	Labor	No. hours	Labor	Hourly Rate	Parts	Labor	No. hours	Labor	Hourly Rate



The Supreme Court of South Carolina

J. WOODROW LEWIS
CHIEF JUSTICE

P. O. BOX 53
DARLINGTON, S. C. 29532

December 1, 1975

EXHIBIT VIII
JAN 6, 1976
RECEIVED

DEC 4 1975

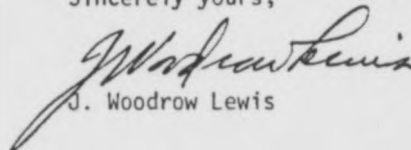
OFFICE OF
STATE TREASURER

The Honorable Grady L. Patterson, Jr.
State Treasurer
P. O. Box 11778
Columbia, South Carolina 29211

Dear Mr. Patterson:

Pursuant to Section 61-257 of the 1962 Code of Laws as amended, this is to certify that the Honorable Joseph R. Moss has been on special assignment as Special Circuit Judge or Acting Associate Justice of the Supreme Court for the months of September, October, November and December. Having met the requirements of the section above, will you please make available \$2,962.00 in order that Justice Moss may be reimbursed for his services during these months.

Sincerely yours,


J. Woodrow Lewis

JWL:wh

EXH-817C-1A
JAN 6, 1975

South Carolina Museum Commission

January 2, 1976

803/758-8197
1023 Woodrow Street
Columbia, South Carolina 29205

Mr. P. C. Smith
Auditor
State of South Carolina
P. O. Box 11333
Columbia, S. C. 29211

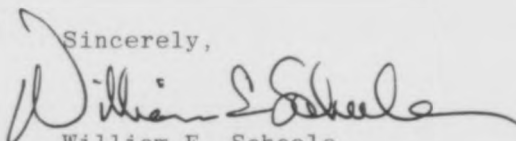
Dear Mr. Smith:

In response to your request, I am enclosing a letter from Mr. Willard E. Johnson, II, President of the Colonial Art Company of Oklahoma City attesting to:

- a. The fact that he is properly the agent for the McClure heirs in connection with the sale of the John C. Calhoun portrait.
- b. The understanding that the State of South Carolina will be allowed 12 months to complete the payment of the second \$10,000.
- c. The fact that he, Mr. Johnson, will deliver the initial payment of \$10,000 to Mrs. William McClure.

Since there is a strong desire to acquire other Calhoun materials for the State later, it is important that the identity of the agent for this sale be held in confidence in order that future materials may be obtained on the most favorable basis.

Sincerely,



William E. Scheele
Director

WES/rh

Enclosure

Guy F. Lipscomb, Columbia, Chairman / Charles W. Coker, Hartsville / Mrs. Ridgeway Hall, Beaufort
Ambrose G. Hampton, Jr., M.D., Columbia / Mrs. Richard M. Jefferies, Jr., Barnwell / Arthur Magill, Mauldin
Marvin D. Trapp, Sumter / Leo F. Twiggs, Ed.D., Orangeburg / William E. Scheele, Columbia, Director

1721

THE COLONIAL ART COMPANY

IMPORTERS •• PUBLISHERS •• MANUFACTURERS
COLOR REPRODUCTIONS OF OLD AND MODERN MASTERS

1336-1338 N. WEST FIRST STREET-OKLAHOMA CITY, OKLA. 73106

December 31, 1975

Mr. William E. Sheele, Director
South Carolina Museum Commission
1023 Woodrow St.
Columbia, South Carolina 29205

Dear Mr. Sheele:

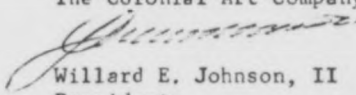
This letter is to verify that I am acting as agent for Mrs. William McClure in the sale of the portrait of John C. Calhoun. As agent I will certainly see that Mrs. McClure is paid for the picture from the check you send me. I understand that the purchase date is effective today and that \$10,000.00 will be paid now and the balance of \$10,000.00 will be paid within 12 months. The total sale price being \$20,000.00.

I have notified Mrs. McClure of all the particulars of the sale and she is thankful that we have been able to affect the sale in 1975.

Thank you for your unstinted cooperation in this matter.

Sincerely

The Colonial Art Company



Willard E. Johnson, II
President

WEJ:11

1722

Office of the President
(803) 792-2211



Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

December 30, 1975

Mr. P. C. Smith, Secretary
State Budget and Control Board
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

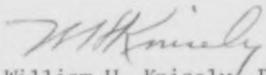
The Board of Trustees of the Medical University of South Carolina at its December 12, 1975, meeting passed the following resolution:

"...be it resolved that effective immediately, Dr. McCord be promoted to President Emeritus with full salary and privileges of that office until the date of his mandatory retirement on June 30, 1977. Be it further resolved that Dr. William Knisely be promoted to President of the Medical University of South Carolina."

The purpose of this letter is to request official authorization from the State Budget and Control Board to implement the Board of Trustees' action, i.e., to establish Dr. McCord as the President Emeritus of the Medical University of South Carolina at a salary equal to that which he was receiving as President, such appointment to be effective until June 30, 1977. It is the intent of the Board of Trustees, as recorded in the minutes of the December 12 meeting, that, in addition to full salary, Dr. McCord would be furnished a house, office, private secretary and a State-owned passenger vehicle.

Your assistance in presenting this request to the Budget and Control Board for its consideration and approval will be greatly appreciated.

Sincerely,


William H. Knisely, Ph.D.
President

WHK/fm

cc: Dr. William C. Draffin
Mr. John E. Wise
Mr. William D. Huff
Dr. W. Curtis Worthington, Jr.

1723

Dear Mr. Smith,

EXHIBIT II 2 Jan 75
JAN 6, 1975
COPY ALL

I am writing you to get permission to trap fur bearing animals in accordance with the game laws of South Carolina. To legally trap waterways and lakes in South Carolina, I have to have your department's written permission. I have marked the areas in red, that I am interested in on sections of county maps. They are as follows: The Santee River from Wilsons Landing on RT 31 down to RT 52. The tidal marsh creeks on Edisto Island called Russell Creek, Sand Creek, Whooping Creek and the Intercoastal Waterway from RT 174 to the South Edisto River.

I have talked to attorney Mr. Latimer in Columbia (phone # 758-6406), who is assigned to the Wild Life Div. by the State Attorney Generals Office; and it is he who told me your office grants this permission. He said for you to call him about the legality of this request, if you need any information.

I would appreciate an expedited answer to my request as I am in the military service and have "30 days leave" the month of January to trap in. If you'll give me permission as soon as possible; it would give me two to three weeks in which to trap these areas. Mr. Latimer has completely explained to me about the "High Water" jurisdiction of your dept. and the limits of my area to trap in under this law.

6406

Very Respectfully Requested
David Miller
1301 NEVADA AVE
CHARLESTON, S.C.
29404
1724



LaNUE FLOYD
SENATOR, WILLIAMSBURG, FLORENCE,
MARION AND Horry COUNTIES
SENATORIAL DISTRICT NO. 11
SENATE OFFICE NO. 3

HOME ADDRESS:
P. O. DRAWER 668
KINGSTREE, S. C. 29556



EXHIBIT XII
JAN 6 1975

COMMITTEES:
AGRICULTURE
BANKING AND INSURANCE
EDUCATION
FINANCE
FISH, GAME AND FORESTRY
HIGHWAYS
INVITATIONS
MEDICAL AFFAIRS
RULES
RURAL ELECTRIFICATION

December 30, 1975

Mr. P. C. Smith
State Auditor
P. O. Box 11333
Columbia, South Carolina 29111

Dear Pat:

This is to request that the State Budget and Control Board release \$48,000.00 of bond money to the State Aeronautics Commission as matching funds for Williamsburg County on a 50-50 basis for the construction of an administration building at the Williamsburg County Airport. The Williamsburg County Aeronautics Commission is ready to let the contract for the construction of said facilities and the only holdup has been the state's portion of said funds.

As you know, we have recently completed a half-million dollar airport primarily with federal funds and we are in desperate need of facilities for incoming passengers.

With personal regards, I remain

Sincerely yours,


LaNue Floyd

LF/jw

cc: Senator Rembert Dennis
Mr. J. P. Gamble

1727

JAMES P. STEVENS
SENATOR, HORRY, FLORENCE, MARION
AND WILLIAMSBURG COUNTIES
SENATORIAL DISTRICT NO. 11
SENATE OFFICE NO. 1

HOME ADDRESS:
3995 WALNUT STREET
LORIS, S. C. 29569



COMMITTEES:
AGRICULTURE, 2nd V.-Chm.
ETHICS
FISH, GAME AND FORESTRY,
2nd V.-Chm.
HIGHWAYS
INTERSTATE COOPERATION
JUDICIARY, 2nd V.-Chm.
MEDICAL AFFAIRS, 2nd V.-Chm.
MILITARY, Chm.
RULES
RURAL ELECTRIFICATION, Chm.
VETERANS AFFAIRS, 1st V.-Chm.

January 5, 1976

Honorable Rembert C. Dennis
Senator, District 14
Moncks Corner, South Carolina 29461

Dear Rembert:

As you know, the new facilities at the Myrtle Beach Air Base have greatly increased our tourist traffic into the Grand Strand area. I have been in the makeshift facilities approximately one-half dozen times and there is considerable criticism of the traveling public of these makeshift facilities, and it is my personal observation that these facilities are hurting us as a tourist attraction. We have advised many agencies that the facilities would be improved, and they have asked that we let them know as soon as the facilities are approved. We have a federal grant of \$500,000.00, and I am asking you now to release \$350,000.00 of the bond money which is the very least we can get by with and which is to be matched by \$350,000.00 local money giving us a grand total of \$1,200,000.00 to improve these facilities.

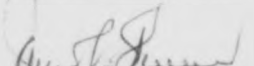
The Parks, Recreation and Tourism Commission estimated that air travel will considerably improve to the Grand Strand area this coming year and their figures show that for every tax dollar spent the State received the sum of \$38.00 which flows into the coffers of the State. Consequently, additional air travel will greatly increase the State's revenue which will be coming from the Grand Strand area.

Our Airport Commission is most anxious to begin this work immediately, and the only holdup is the receipt of this additional money. We would like to be able with the assistance of the South Carolina Aeronautics Commission to have these facilities ready by the Canadian Days or shortly thereafter in order to take care of next season's air traffic. If you could only see the magnitude of the air traffic into this area because of our initial start, I am sure that you would recognize that these facilities must be forthcoming. We, therefore, ask that you impress upon the Budget and Control Board to please release these much needed funds as this is an area which benefits all of South Carolina and the State will be repaid in a short period of time for this outlay. Please advise me as to what the Budget and Control Board does.

Honorable Rembert C. Dennis
Page 2
January 5, 1976

With very kindest personal regards, I am

Respectfully yours,


James P. Stevens

JPS/lg

E N D