

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JUNE 1, 1977 9:00 A. M.

The Budget and Control Board met at 9:00 a. m. on June 1, 1977
in the Governor's Conference Room with the following members in attendance:

Governor James B. Edwards
Mr. Earle E. Morris, Jr.
Representative Tom G. Mangum

Also attending was W. T. Putnam.

The following items of business were considered:

RESOLUTION AUTHORIZING ISSUANCE OF \$3,000,000 BOND ANTICIPATION

NOTES - MEDICAL UNIVERSITY - A Resolution authorizing the issuance of
\$3,000,000 of Bond Anticipation Notes in anticipation of the issuance of
State Institution Bonds for the Medical University in order to refund a
like amount of such notes maturing on June 7, 1977 was presented.

Following a brief discussion, upon a motion by Representative
Mangum, seconded by Mr. Morris, the Budget and Control Board adopted the
referenced Resolution.

The original of the Resolution adopted has been retained in
these files and is identified as Exhibit I.

RESOLUTION AUTHORIZING ISSUANCE OF \$1,500,000 BOND ANTICIPATION

NOTES - CLEMSON UNIVERSITY - A Resolution authorizing the issuance of
\$1,500,000 of Bond Anticipation Notes in anticipation of the issuance of
State Institution Bonds for Clemson University in order to refund a like
amount of such notes maturing on June 7, 1977 was presented.

Following a brief discussion, upon a motion by Representative
Mangum, seconded by Mr. Morris, the Budget and Control Board adopted the
referenced Resolution.

The original Resolution adopted by the Board has been retained
in these files and is identified as Exhibit II.

EXHIBIT I
6/1/77

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A RESOLUTION
AUTHORIZING THE ISSUANCE OF \$3,000,000 BOND ANTICIPATION
NOTES OF THE STATE OF SOUTH CAROLINA IN ANTICIPATION OF THE
ISSUANCE OF STATE INSTITUTION BONDS OF THE STATE OF SOUTH
CAROLINA FOR THE MEDICAL UNIVERSITY OF SOUTH CAROLINA IN
ORDER TO REFUND A LIKE AMOUNT OF SUCH NOTES MATURING JUNE 7,
1977.

BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF
THE STATE OF SOUTH CAROLINA:

SECTION 1.

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As an incident to the adoption of this Resolution and
the issuance of the Bond Anticipation Notes herein authorized,
the State Budget and Control Board of the State of South
Carolina (the State Board) finds:

1. By the provisions of Chapter 2, Title 22, Code of
Laws of South Carolina, 1962, as amended, (Chapter 2), the
Governor and the State Treasurer of South Carolina, when
requested by the State Board, are duly authorized and empowered
to issue State Institution Bonds of the State of South Carolina
for the purposes set forth in Chapter 2.

For the payment of the principal of and interest on the
Bonds issued pursuant to Chapter 2, there are to be pledged
the full faith, credit and taxing power of the State of South
Carolina, and in addition thereto and subject to the limitations
in Chapter 2, all of the tuition fees deposited with the State

Treasurer by the State Institution for which State Institution Bonds are issued.

SECTION 2.

The constitutionality of Chapter 2 was upheld by an opinion of the Supreme Court of the State of South Carolina in a declaratory judgment suit entitled "Arthur v. Byrnes, 224 SC 51, 71 SE2d 311".

SECTION 3.

Application was heretofore made by The Medical University of South Carolina (the Medical University) for the issuance of \$3,850,000 of State Institution Bonds for the Medical University. Such application contemplated that the proceeds of the bonds sought to be issued will be applied to portions of the costs of:

- (a) Business Services Building;
- (b) Additions to Allied Health Sciences Building;
- (c) Additions to Clinical Sciences Building;
- (d) High Tension Electrical Expansion System; and
- (e) Acquisition of properties known as Castle Pinckney Inn.

Accompanying the application are Exhibits which establish the right of the State Board to issue State Institution Bonds for the Medical University to the extent of \$3,850,000.

SECTION 4.

On the basis of the original application, the State Board

authorized and empowered the Governor and State Treasurer to issue Bond Anticipation Notes in the principal amount of \$2,000,000. Such Notes were afterwards issued on September 29, 1976 and were expressed to mature on January 31, 1977. On January 31, 1977, \$3,000,000 Bond Anticipation Notes were issued and were expressed to mature on June 7, 1977, which Notes were used to refund the Notes dated September 29, 1976 and to raise an additional \$1,000,000 to pay for construction work in progress on the projects enumerated in Section 3 above.

SECTION 5.

On the occasion that the State Board last took action with respect to the Bond Anticipation Notes on behalf of The Medical University, it was expected that an issue of State Institution Bonds for several State institutions would be issued prior to June 7, 1977. Pending litigation (State ex. rel. McLeod, Attorney General v. Edwards, et. al.) renders it undesirable to attempt to market such bonds prior to the maturity date of the Notes, and, accordingly, it is deemed desirable to refund the outstanding Notes.

SECTION 6.

The outstanding Bond Anticipation Notes are held by each of First National Bank of South Carolina, The Citizens and Southern National Bank of South Carolina, The South Carolina National Bank and Bankers Trust of South Carolina. Following informal negotiations by the State Treasurer, it has been

agreed that, subject to approval by the State Board, each of these banking institutions will purchase 25% of the \$3,000,000 of Bond Anticipation Notes herein authorized and thus provide the required funds.

SECTION 7.

The State Board is authorized by Act No. 116 of the Acts of the General Assembly of the State of South Carolina for the year 1965, as amended (Act 116), to issue Bond Anticipation Notes in anticipation of receiving the proceeds of the State Institution Bonds to be issued, and if deemed appropriate, to refund the same.

SECTION 8.

The State Board has made the reviews required by Chapter 2, and has for itself, ascertained the need for the improvements to be acquired with the proceeds of the bonds hereafter to be issued, and has found that a satisfactory and proper schedule of tuition fees is in effect and that the aggregate of tuition fees meets the earnings test prescribed by Chapter 2.

SECTION 9.

Accordingly, it is the purpose of this Resolution to:

(a) Reapprove the application heretofore filed and to authorize the Governor and the State Treasurer to issue

State Institution Bonds of the State of South Carolina for the Medical University in the aggregate principal amount of not exceeding \$3,850,000 and to make immediate provision for the issuance of \$3,000,000 of Bond Anticipation Notes whose proceeds will be used to effect payment of the outstanding Bond Anticipation Notes maturing June 7, 1977;

(b) Re-establish the obligation of the State of South Carolina to effect the issuance of such State Institution Bonds to the extent of not exceeding \$3,850,000 for the Medical University;

(c) Authorize the Governor and State Treasurer to effect the issuance of \$3,000,000 Bond Anticipation Notes with which to effect the payment of the outstanding Bond Anticipation Notes; and

(d) Direct the State Treasurer to effect payment of the interest due on the outstanding Bond Anticipation Notes from accumulations of revenues available to retire State Institution Bonds of the Medical University.

SECTION 10.

The authorization previously granted to the Governor and State Treasurer to effect the issuance of Three Million Eight Hundred Fifty Thousand Dollars (\$3,850,000) State Institution Bonds of the Medical University is reaffirmed.

SECTION 11.

That there shall be issued by the State of South Carolina Bond Anticipation Notes of the State of South Carolina, in the aggregate principal amount of \$3,000,000, which shall bear date June 7, 1977 and shall mature on September 7, 1977.

SECTION 12.

The said Notes shall be numbered from 1 to 4, inclusive, shall be in the denomination of \$750,000 each, shall bear interest at a rate agreed to by the State Treasurer and to be determined on such occasion as shall be selected by the State Treasurer, and shall be payable both as to principal and interest at the office of the State Treasurer in the City of Columbia, South Carolina.

SECTION 13.

The said Notes shall be executed on behalf of the State of South Carolina by the manual signature of the Governor and by the manual signature of the State Treasurer, and the Great Seal of the State of South Carolina shall be impressed thereon, and the same shall be attested by the manual signature of the Secretary of State.

SECTION 14.

The said Notes shall be substantially in the form attached hereto as "EXHIBIT A".

SECTION 15.

For the payment of the principal of and interest on the said Notes, as the same shall fall due, the full faith, credit and taxing power of the State of South Carolina shall be pledged, and in addition thereto, so much of the principal proceeds of the State Institution Bonds authorized by Section 9, infra, as are necessary therefor, are hereby pledged, and the State Treasurer, upon receipt of the proceeds of said State Institution Bonds be, and he is hereby authorized to apply such proceeds to such payment.

SECTION 16.

This Board covenants on behalf of the State of South Carolina that State Institution Bonds of the State of South Carolina shall be issued in an aggregate principal amount sufficient to provide for the retirement of all Bond Anticipation Notes herein authorized to be issued.

SECTION 17.

The said Bond Anticipation Notes shall be forthwith prepared, executed in the manner hereinabove set forth, and thereafter delivered to the purchaser thereof, upon receipt of the proceeds thereof. The said Notes shall be exchanged for the outstanding Notes and thereupon the outstanding Notes shall be duly cancelled.

SECTION 18.

Interest on the outstanding Notes due June 7, 1977 computed from January 31, 1977 to June 7, 1977 at the rate of 2.85% per annum shall be paid from the accumulation of tuition fees applicable to the retirement of State Institution Bonds issued on behalf of the Medical University.

SECTION 19.

A certified copy of this Resolution shall be transmitted to each of the Governor and the State Treasurer, as a means of authorizing the issuance of said Notes and apprising them of the action taken by this Board as above set forth.

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
BOND ANTICIPATION NOTE
ISSUED PURSUANT TO ACT NO. 116 OF THE ACTS OF 1965, AS AMENDED
(FOR THE MEDICAL UNIVERSITY OF SOUTH CAROLINA)

No. _____ \$750,000

KNOW ALL MEN BY THESE PRESENTS that the STATE OF SOUTH CAROLINA hereby acknowledges itself indebted, and for value received, promises to pay to the order of

the sum of

SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000),
at the office of the State Treasurer, in the City of Columbia, South Carolina, on the 7th day of September, 1977, and to pay interest on said principal sum from the date hereof, at the rate of _____% per annum, upon the maturity of this Note.

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

THIS NOTE is one of an issue of Bond Anticipation Notes of like date and tenor, in the aggregate principal amount of \$3,000,000, issued by the State of South Carolina, pursuant to the authorizations of Act No. 116 of the Acts of the

General Assembly of the State of South Carolina for the year 1965, as amended, in anticipation of the proceeds to be derived from the sale of State Institution Bonds of the State of South Carolina for The Medical University of South Carolina to be issued pursuant to the authorizations of Chapter 2, Title 22, Code of Laws of South Carolina, 1962, as amended. For the payment of the principal of and interest on this Note, the full faith, credit and taxing power of the State of South Carolina are pledged and, in addition, the proceeds to be derived from the sale of bonds in anticipation of which the Note is issued.

THIS NOTE and the interest hereon are exempt from all State, County, Municipal, School District, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and Laws of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Note, do exist, have happened, and have been performed in regular and due time, form and manner.

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Note to be signed by the Governor of South Carolina and by the State Treasurer of South Carolina, and the Great Seal of the State to be impressed hereon, attested by the Secretary of State of South Carolina, and this Note to be dated the 7th day of June, A. D. 1977.

(SEAL)

BY _____
Governor

BY _____
State Treasurer

Attest:

Secretary of State

SINKLER GIBBS & SIMONS
PROFESSIONAL ASSOCIATION
ATTORNEYS & COUNSELLORS AT LAW
2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

May 31, 1977

Honorable William T. Putnam
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Re: \$1,500,000 Bond Anticipation Notes of the State of
South Carolina (for Clemson University) dated June 7,
1977; and

\$3,000,000 Bond Anticipation Notes of the State of
South Carolina (for The Medical University) dated
June 7, 1977

Dear Bill:

Enclosed you will find a Resolution marked "Original"
for each of the above captioned issues for the State Board
at its meeting to be held on Thursday, June 2, 1977.

I will be sending the Records of Proceedings as soon as
possible so that they may be completed and available for the
closing on June 7th.

With kind regards,

Sincerely,

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HS:dn
Enclosures

EXHIBIT II
6/1/77

A RESOLUTION
AUTHORIZING THE ISSUANCE OF \$1,500,000 BOND ANTICIPATION
NOTES OF THE STATE OF SOUTH CAROLINA IN ANTICIPATION OF THE
ISSUANCE OF STATE INSTITUTION BONDS OF THE STATE OF SOUTH
CAROLINA FOR CLEMSON UNIVERSITY IN ORDER TO REFUND A LIKE
AMOUNT OF SUCH NOTES MATURING JUNE 7, 1977.

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BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF
THE STATE OF SOUTH CAROLINA:

SECTION 1.

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As an incident to the adoption of this Resolution and
the issuance of the Bond Anticipation Notes herein authorized,
the State Budget and Control Board of the State of South
Carolina (the State Board) finds:

1. By the provisions of Chapter 2, Title 22, Code of
Laws of South Carolina, 1962, as amended, (Chapter 2), the
Governor and the State Treasurer of South Carolina, when
requested by the State Board, are duly authorized and empowered
to issue State Institution Bonds of the State of South Carolina
for the purposes set forth in Chapter 2.

For the payment of the principal of and interest on the
bonds issued pursuant to Chapter 2, there are to be pledged
the full faith, credit and taxing power of the State of South
Carolina, and in addition thereto and subject to the limitations
in Chapter 2, all of the tuition fees deposited with the State
Treasurer by the State Institution for which State Institution
Bonds are issued.

SECTION 2.

The constitutionality of Chapter 2 was upheld by an opinion of the Supreme Court of the State of South Carolina in a declaratory judgment suit entitled "Arthur v. Byrnes, 224 SC 51, 71 SE2d 311".

SECTION 3.

Application was heretofore made by Clemson University for the issuance of \$3,300,000 of State Institution Bonds for Clemson University. Such application contemplated that the proceeds of the bonds sought to be issued will be applied to:

- (1) The enlargement and improvement of academic, student activity and service facilities;
- (2) The expansion and improvement of utility systems, walks, drives, and parking areas; and
- (3) The acquisition of additional properties.

Accompanying the application are Exhibits which establish the right of the State Board to issue State Institution Bonds to Clemson University to the extent of \$3,300,000.

SECTION 4.

Heretofore, the State Board authorized and empowered the Governor and State Treasurer to issue Bond Anticipation Notes in the principal amount of \$1,500,000. Such Notes have been refunded on three different occasions and the now outstanding Notes mature on June 7, 1977.

SECTION 5.

On the occasion that the State Board last took action with respect to the Bond Anticipation Notes on behalf of Clemson University, it was expected that an issue of State Institution Bonds for several State institutions would be issued prior to June 7, 1977. Pending litigation (State ex. rel. McLeod, Attorney General v. Edwards, et. al.) renders it undesirable to attempt to market such bonds prior to the maturity date of the Notes, and, accordingly, it is deemed desirable to refund the outstanding Notes.

SECTION 6.

The outstanding Bond Anticipation Notes are held by each of First National Bank of South Carolina, The Citizens and Southern National Bank of South Carolina, The South Carolina National Bank and Bankers Trust of South Carolina. Following informal negotiations by the State Treasurer, it has been agreed that, subject to approval by the State Board, each of these banking institutions will accept, in lieu of payment, a refunding Note of like principal amount, to mature on the 7th day of September, 1977.

SECTION 7.

The State Board is authorized by Act No. 116 of the Acts of the General Assembly of the State of South Carolina for the year 1965, as amended (Act 116), to issue Bond

Anticipation Notes in anticipation of receiving the proceeds of the State Institution Bonds hereafter to be issued, and if deemed appropriate, to refund the same.

SECTION 8.

The State Board has made the reviews required by Chapter 2, and has for itself, ascertained the need for the improvements to be acquired with the proceeds of the bonds hereafter to be issued, and has found that a satisfactory and proper schedule of tuition fees is in effect and that the aggregate of tuition fees meets the earnings test prescribed by Chapter 2.

SECTION 9.

Accordingly, it is the purpose of this Resolution to:

(a) Reaffirm the prior approval and to authorize the Governor and the State Treasurer to issue State Institution Bonds of the State of South Carolina for Clemson University in the aggregate principal amount of not exceeding \$3,300,000 and to make immediate provision for the issuance of \$1,500,000 Bond Anticipation Notes to effect payment of the outstanding Bond Anticipation Notes maturing June 7, 1977;

(b) Re-establish the obligation of the State of South Carolina to effect the issuance of such State Institution Bonds to the extent of not exceeding \$3,300,000 for Clemson University;

(c) Authorize the Governor and State Treasurer to effect the issuance of \$1,500,000 Bond Anticipation Notes with which to effect the payment of the outstanding Bond Anticipation Notes; and

(d) Direct the State Treasurer to effect payment of the interest due on the outstanding Bond Anticipation Notes from accumulations of revenues available to retire State Institution Bonds of Clemson University.

SECTION 10.

The authorization previously granted to the Governor and State Treasurer to effect the issuance of Three Million Three Hundred Thousand Dollars (\$3,300,000) State Institution Bonds of Clemson University is reaffirmed.

SECTION 11.

There shall be issued by the State of South Carolina Bond Anticipation Notes of the State of South Carolina, in the aggregate principal amount of \$1,500,000, which shall bear date June 7, 1977 and shall mature on September 7, 1977.

SECTION 12.

The said Notes shall be numbered from 1 to 4, inclusive, shall be in the denomination of \$375,000 each, shall bear interest at a rate agreed to by the State Treasurer and to be determined on such occasion as shall be selected by the State

Treasurer, and shall be payable both as to principal and interest at the office of the State Treasurer in the City of Columbia, South Carolina.

SECTION 13.

The said Notes shall be executed on behalf of the State of South Carolina by the manual signature of the Governor and by the manual signature of the State Treasurer, and the Great Seal of the State of South Carolina shall be impressed thereon, and the same shall be attested by the manual signature of the Secretary of State.

SECTION 14.

The said Notes shall be substantially in the form attached hereto as "EXHIBIT A".

SECTION 15.

For the payment of the principal of and interest on the said Notes, as the same shall fall due, the full faith, credit and taxing power of the State of South Carolina shall be pledged, and in addition thereto, so much of the principal proceeds of the State Institution Bonds authorized by Section 9, infra, as are necessary therefor, are hereby pledged, and the State Treasurer, upon receipt of the proceeds of said State Institution Bonds be, and he is hereby authorized to apply such proceeds to such payment.

SECTION 16.

This Board covenants on behalf of the State of South Carolina that State Institution Bonds of the State of South Carolina shall be issued in an aggregate principal amount sufficient to provide for the retirement of all Bond Anticipation Notes herein authorized to be issued.

SECTION 17.

The said Bond Anticipation Notes shall be forthwith prepared, executed in the manner hereinabove set forth, and thereafter delivered to the purchaser thereof, upon receipt of the proceeds thereof. The said Notes shall be exchanged for the outstanding Notes and thereupon the outstanding Notes shall be duly cancelled.

SECTION 18.

Interest on the outstanding Notes due on June 7, 1977 computed from January 31, 1977 to June 7, 1977 at the rate of 2.85% per annum shall be paid from the accumulation of tuition fees applicable to the retirement of State Institution Bonds issued on behalf of Clemson University.

SECTION 19.

A certified copy of this Resolution shall be transmitted to each of the Governor and the State Treasurer, as a means of authorizing the issuance of said Notes and apprising them of the action taken by this Board as above set forth.

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
BOND ANTICIPATION NOTE
ISSUED PURSUANT TO ACT NO. 116 OF THE ACTS OF 1965, AS AMENDED
(FOR CLEMSON UNIVERSITY)

No. _____

\$375,000

KNOW ALL MEN BY THESE PRESENTS that the STATE OF SOUTH CAROLINA hereby acknowledges itself indebted, and for value received, promises to pay to the order of

the sum of

THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$375,000), at the office of the State Treasurer, in the City of Columbia, South Carolina, on the 7th day of September, 1977, and to pay interest on said principal sum from the date hereof, at the rate of _____% per annum, payable upon the maturity of this Note.

Both the principal of and interest on this Note are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

THIS NOTE is one of an issue of Bond Anticipation Notes of like date and tenor, in the aggregate principal amount of \$1,500,000, issued by the State of South Carolina, pursuant to the authorizations of Act No. 116 of the Acts of the

General Assembly of the State of South Carolina for the year 1965, as amended, in anticipation of the proceeds to be derived from the sale of State Institution Bonds of the State of South Carolina for Clemson University to be issued pursuant to the authorizations of Chapter 2, Title 22, Code of Laws of South Carolina, 1962, as amended. For the payment of the principal of and interest on this Note, the full faith, credit and taxing power of the State of South Carolina are pledged and, in addition, the proceeds to be derived from the sale of bonds in anticipation of which the Note is issued.

THIS NOTE and the interest hereon are exempt from all State, County, Municipal, School District, and all other taxes or assessments of the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and Laws of the State of South Carolina to exist, to happen, or to be performed precedent to or in the issuance of this Note, do exist, have happened, and have been performed in regular and due time, form and manner.

IN WITNESS WHEREOF, the STATE OF SOUTH CAROLINA has caused this Note to be signed by the Governor of South

Carolina and by the State Treasurer of South Carolina, and
the Great Seal of the State to be impressed hereon, attested
by the Secretary of State of South Carolina, and this Note
to be dated the 7th day of September, A. D. 1977.

(SEAL)

BY

Governor

BY

State Treasurer

Attest:

Secretary of State

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