

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

August 28, 1986

State of South Carolina
State Budget and Control Board



RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

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REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

August 28, 1986

MEMORANDUM

TO: Budget and Control Board Division Directors
FROM: William A. McInnis, Deputy Executive Director *WAM*
SUBJECT: Summary of Board Actions at August 28, 1986 Meeting

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

1. Approved the minutes of the August 13, 1986, meeting;
2. Granted the following easements:
 - (a) From Clemson University to Duke Power Company to provide temporary electrical service for the University's stadium scoreboard;
 - (b) From Clemson University to Ms. Beverly Shuler to provide ingress and egress to virtually landlocked property;
 - (c) From the State to Central Electric Power Cooperative, Inc., to install, operate and maintain a 69KV aerial transmission line across the Little Pee Dee River in Dillon County; and
 - (d) From the State to St. Johns Fire Department to construct, operate, and maintain a subaqueous water intake pipe in Bohicket Creek, Charleston County;
3. Received as information a Family Farm Development Authority report that the John F. Long project, approved by the Budget and Control Board at its meeting on June 24, 1986, has been changed as follows: (a) the principal amount of the bond has been reduced from \$205,000 to \$190,000; (b) the interest rate has been reduced from 8.0% to 7.5%; and (c) the bond shall be payable in ten annual installments of \$27,681 each with the first payment to be 15 months from the date of closing;
4. Received as information a report by Charleston Mayor Riley on the S.C. Marine Science Museum proposed for construction in Charleston;
5. Approved the State Election Commission's plans for the electronic voting system pilot project; approved the release of \$984,810 of 1986 bond funds for the Commission's "Uniform Electronic Voting System Pilot Project;" and approved the establishment of the project;

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6. Carried over consideration of a proposed policy which would limit Board approval of lease and lease-purchase agreements relating to the construction of facilities for State agencies and institutions and a proposal authorizing staff to work with the Reorganization Commission on the preparation and issuance of a conditional RFP on the replacement of the Central Correctional Institution;
7. Designated J. Craig Bower, J. Michael Ey, and William A. McInnis as the Board's representatives on a committee to study and prepare a report jointly with the Joint Bond Review Committee on lease-purchase and other private funding mechanisms for capital improvements in response to a proviso in Section 16 of the Appropriations Act; and authorized general staff assistance to the effort;
8. Encumbered \$75,046 from the Civil Contingent Fund for the CETA Division to pay a civil claim arising out of disallowed expenditures during 1975-76; and directed staff to examine funds available in the Governor's Office of Executive Policy and Programs which could be applied to this debt with the understanding that Civil Contingent Funds are to be used for this purpose only after a formal determination has been made by the Budget Division that no other funds which could be used for this purpose are available;
9. Unencumbered \$200,000 of the Civil Contingent Fund allocated previously to the Governor's Office for a revolving fund for the purchase of hay;
10. Encumbered \$125,000 of the Civil Contingent Fund for the Catawba Indian Suit in accord with a proviso in Section 16 of the Appropriations Act;
11. Carried over a \$49,000 rural improvement funds grant request for Anderson County;
12. Adopted resolutions approving the following proposals to issue revenue bonds, on the condition that the required reviews are completed with satisfactory results; and allocated a portion of the state ceiling to each project except (c):
 - (a) Local Government: Greenville County
Amount of Issue: \$3,000,000 Industrial Development Revenue Bond
Name of Project: Span-America, Series 1986
Employment Impact: 50
Project Description: Manufacture/sell/distribute medical products
 - (b) Local Government: Greenville County
Amount of Issue: \$25,000,000 Industrial Revenue Bonds
Name of Project: Merscot-Greenville
Employment Impact: 7
Project Description: Wastewater disposal and treatment facility

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(c) Local Government: Richland County
Amount of Issue: \$30,000,000 Hospital Facilities Revenue Bonds
Name of Project: Providence Hospital (REFUNDING)
Employment Impact: n/a
Project Description: Refinancing Series 1980 Bonds; equipment

13. Received as information the status report on the state ceiling as of August 18, 1986, (year elapsed 63%) which showed:

	<u>CY 1986 Ceiling</u>	<u>Allocated</u>	<u>(%)</u>	<u>Not Allocated</u>	<u>(%)</u>
State Pool	\$200,820,000	\$ 27,588,000	(14%)	\$173,232,000	(86%)
Local Pool	301,230,000	80,502,670	(27%)	220,727,330	(73%)
Total	\$502,050,000	\$108,090,670	(22%)	\$393,959,330	(78%)

14. Allocated \$2,700,000 of the State Ceiling to the Town of Winnsboro for the issuance of Natural Gas System Revenue Bonds for the expansion of a natural gas distribution system to serve the Mack Truck manufacturing plant and other anticipated growth and development;
15. Approved a revision in the Family Farm Development Authority Agricultural Development Revenue Bonds for the Frank M. Senn, Sr., Sandra K. Senn and Barbara Ann Senn projects to allow an increase in the interest rates from 7% to not to exceed 12% and directed Authority Executive Director Livingston not to allow these transactions to be consummated if the interest rates exceed 8½%;
16. Approved an allocation of \$35,422 from the bond contingency revolving fund to finance emergency roof and structural repairs to the Old Exchange Commission Building and approved the establishment of the project, subject to favorable review by the Bond Committee;
17. Approved the State Board for Technical and Comprehensive Education proposal to exchange property of essentially equal value to establish the current location of Gills Creek as the legal boundary of the Midlands Technical College - Beltline Campus as agreed upon by the College and the private landowner, contingent upon approval by the Joint Bond Review Committee;
18. Authorized the Department of Mental Retardation to sell the community residence on Timberlane Drive to the Richland/Lexington County Mental Retardation Board for \$85,000 plus \$9,000 for furniture and other items of value for a total of \$94,000, with the proceeds from the sale to be returned to the Department, in accord with a proviso in Section 43 of the Appropriations Act;
19. Granted procurement certification to the Department of Highways and Public Transportation in accordance with Section 11-35-1210 within the parameters described in the audit report for the following limits (total potential purchase commitment to the State whether single- or multi-term contracts

are used) for a period of three years: Goods and services exclusive of printing equipment, \$30,000 per purchase commitment; information technology provided the procurement is within the scope of the approved IT Plan, \$30,000 per purchase commitment; consultant services, \$30,000 per purchase commitment; construction services, \$30,000 per purchase commitment; construction materials testing contracts established by the Research and Materials Lab, \$1,250,000 per purchase commitment;

20. In accordance with Code Section 8-11-135, authorized the Department of Mental Health to pay not more than \$5,000 as a reimbursement to Neil Meisler, M.S.W., Rochester, Illinois, for the costs incurred in moving personal and household effects;
21. Approved the travel of Winthrop College staff member Dr. Glenn Thomas to Europe during the October 29 - November 20, 1986, period at an estimated cost of \$4,500 to be paid from State-appropriated funds;
22. Approved the travel of PRT staff members Robert G. Liming, Martha E. Beckman, and Donna Reynolds to London, England during the November 22 - December 4, 1986, period to represent South Carolina at the World Travel Market at an estimated cost of \$6,500 to be paid from regular funds appropriated for tourism development and promotion;
23. Agreed to hold a regular meeting at 10 a.m. on Tuesday, September 9, 1986, in the Governor's conference room in the State House;
24. Reappointed Mr. James Drake and Mr. Arden Lemon to the Motor Vehicle Management Advisory Council for four-year terms with Mr. Drake's term expiring in October 1988 and Mr. Lemon's term expiring in October 1989; appointed Mr. Wilson J. Davis to that Council for a four-year term expiring in October 1990;
25. (a) Agreed to place on loan to the Board of Economic Advisors, under the administrative control of that Board's Chairman, for fiscal year 1986-87 Chief Economist Feinn, Secretary Krell and Revenue Specialist Dibiase from the Division of Research and Statistical Services; (b) allocated not to exceed \$10,000 from the Civil Contingent Fund to the Board of Economic Advisors to be used for contractual services; (c) agreed that all equipment, space and operating budget currently allocated for support for the loaned positions would remain available; (d) agreed that the Board of Economic Advisors and the staff placed on loan to it would have access to all economic models and contracts; and (e) agreed, as a matter of policy, that official economic and revenue estimates and forecasts are to be issued only by the Budget and Control Board upon advice of the Chairman of the Board of Economic Advisors; and
26. Ratified actions taken during executive session.

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

AUGUST 28, 1986

10 A. M.

The Budget and Control Board met at 10 A. M. on Thursday, August 28, 1986, in the Governor's conference room in the State House with the following members in attendance:

Governor Richard W. Riley, Chairman;
Mr. Grady L. Patterson, Jr., State Treasurer;
Mr. Earle E. Morris, Jr., Comptroller General;
Senator Rembert C. Dennis, Chairman, Senate Finance Committee;
Representative Tom G. Mangum, Chairman, House Ways and Means Committee.

Also attending were:

Jesse A. Coles, Jr., Ph.D.	Executive Director
William A. McInnis	Secretary
E. A. Laurent, Ph.D.	Deputy Executive Director
J. Samuel Griswold, Ph.D.	Deputy Executive Director
Katherine M. Hepfer	Governor's Executive Assistant
Joseph A. Wilson, II	Chief Deputy Attorney General
Charles H. Smith	Special Projects Administrator
Donna K. Williams	Assistant to Board Secretary
Other Board staff	

Minutes of Previous Meeting (Regular #1)

Board members previously had been furnished a draft version of the minutes of the August 13, 1986, meeting.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the referenced minutes as written.

Blue Agenda

Dr. Coles reviewed the items included on the Blue Agenda.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved all items on the blue agenda.

Blue agenda items are identified as such in these minutes.

General Services: Easements (Blue Agenda #1)

The Division of General Services recommended approval of the following easements:

- (a) From Clemson University to Duke Power Company to provide temporary electrical service for the University's stadium scoreboard;
- (b) From Clemson University to Ms. Beverly Shuler to provide ingress and egress to virtually landlocked property;

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- (c) From the State to Central Electric Power Cooperative, Inc., to install, operate and maintain a 69KV aerial transmission line across the Little Pee Dee River in Dillon County (\$82.20 paid for the 0.41 acre);
- (d) From the State to St. Johns Fire Department to construct, operate, and maintain a subaqueous water intake pipe in Bohicket Creek, Charleston County.

[The Division advised in the agenda materials that this easement was prepared originally in 1984 and that the project involving it was put on hold because of construction crew problems. The Division advised further that the grantee proceeded with the project in April of 1985 and that the easement must be executed now in order to comply with the Code. The Attorney General's Office has approved the easement.]

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board granted the following easements:

- (a) From Clemson University to Duke Power Company to provide temporary electrical service for the University's stadium scoreboard;
- (b) From Clemson University to Ms. Beverly Shuler to provide ingress and egress to virtually landlocked property;
- (c) From the State to Central Electric Power Cooperative, Inc., to install, operate and maintain a 69KV aerial transmission line across the Little Pee Dee River in Dillon County; and
- (d) From the State to St. Johns Fire Department to construct, operate, and maintain a subaqueous water intake pipe in Bohicket Creek, Charleston County.

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

Family Farm Development Authority: John F. Long Project (Blue #2)

The Family Farm Development Authority advised that certain of the financing details in the John F. Long project, approved by the Board at its meeting on June 24, 1986, had been changed as follows:

- (a) The principal amount of the bond was reduced from \$205,000 to \$190,000;
- (b) The interest rate was reduced from 8.0% to 7.5%; and
- (c) The bond is to be payable in ten annual installments of \$27,681 each with the first payment to be 15 months from the date of closing (instead of twenty semiannual payments).

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The Board received as information a Family Farm Development Authority report that certain financing details in the John F. Long project, approved by the Budget and Control Board at its meeting on June 24, 1986, had been changed as follows: (a) the principal amount of the bond was reduced from \$205,000 to \$190,000; (b) the interest rate was reduced from 8.0% to 7.5%; and (c) the bond is to be payable in ten annual installments of \$27,681 each (instead of twenty semiannual payments) with the first payment to be 15 months from the date of closing.

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

City of Charleston: Briefing on SC Marine Science Museum (Regular #2)

Charleston Mayor Joseph Riley, accompanied by Mr. W. O. (Sam) Grayson, Co-chairman of the S. C. Marine Science Museum State Advisory Board, appeared before the Board to make a presentation on the S. C. Marine Science Museum proposed for construction in Charleston within a couple of years.

Governor Riley noted that Mayor Riley had been invited to make a presentation to make the State aware of the proposed marine science museum. He expressed appreciation to Mayor Riley, who serves as Chairman of the U. S. Conference of Mayors, for his participation in the meeting of the National Governors Association held earlier in the week on Hilton Head Island and observed that all of the governors at that meeting appreciated Mayor Riley's remarks.

Mayor Riley prefaced the taped presentation by expressing the view that the proposed museum could become a great asset from environmental, educational and economic standpoints. He described the proposed museum as a powerful education tool and noted that museum advocates are working with the State Department of Education on specific curriculum ties with local schools. He said that, with the harbor tour boat facility at the museum site, children would have an opportunity for the all-time, quintessential field trip combining science at the museum and history through the harbor tour including Fort Sumter. Mayor Riley stated that the proposed museum would have tremendous impact on environmental education by stressing, for example, the value of the State's marsh areas. He said that the museum is estimated to

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have an economic impact of \$16 million to \$25 million annually and that it would, directly and indirectly, generate between 600 and 900 jobs.

Mayor Riley reported that two project feasibility studies had been done and that the estimated cost of the museum facility is some \$12 million to \$13 million. He said that the Charleston City Council has made \$1 million available for getting the project underway. He indicated an intention to ask the State for \$8 million to \$9 million in bond funds in 1988. He also emphasized his expectation, based on the studies done, that the proposed facility would operate in the black from the beginning. He said the studies indicate that, with only 200,000 attendees, representing about 6% of the visitors to Charleston annually, the museum would operate in the black.

A national competition on the facility's design is being conducted, Mayor Riley reported. He said that the group has worked closely with the Coastal Council, the Wildlife and Marine Resources Department and the Department of Education. He pointed out the proposed museum could be touted to industrial prospects and that it would provide unique educational opportunities.

Mr. Grayson said that the biggest thing the proposed museum could do would be to teach the children about protecting the environment.

Governor Riley observed that the proposed museum is a very impressive project which would call for one-time funding from the State. He noted that the State during the last year received a message on the great importance of its water resources.

Mr. Patterson thanked Mayor Riley for his having allowed the City of Charleston's historic chambers to be used for a hearing relating to the suit brought against the United States by South Carolina on the registration of bonds. Mr. Patterson noted that the matter is now in the hands of a professional referee and that a decision is expected at the end of the year.

Mr. Morris indicated that some Pickens County trout streams were in the presentation. He acknowledged that facilities like the proposed museum cost money though the amount is small in comparison with what is being spent for prisons. He expressed the view that it is the State's obligation to provide facilities like the one proposed.

Senator Dennis observed that the proposed museum and the Santee Canal State Park will work well together as complementary facilities which will aid in understanding better our natural history.

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Mayor Riley stated that the museum would be a positive addition to the State's economy. He pointed out that the five-acre site at the end of Calhoun Street is not controversial in Charleston. In response to Mr. Patterson, he stated that the proposed museum could be owned by whomever the Budget and Control wants.

The Board received as information the report by Charleston Mayor Joesph Riley on the S.C. Marine Science Museum proposed for construction in Charleston.

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

Election Commission: Pilot Voting System Project (Regular #3)

Election Commission Chairman C. Tyrone Gilmore and Executive Director James B. Ellisor appeared before the Board on this matter.

The State Election Commission asked the Board to recommend the release of the \$984,810 of capital improvement bonds authorized this year for the "Uniform Electronic Voting System Pilot Project." The Commission also asked for approval of the establishment of this permanent improvement project.

The Board was advised in the agenda materials that a proviso in Act 538 which authorized the bonds requires that the Commission's plans for this project be approved by the Board and the Bond Committee.

The Board also was advised that the pilot project includes the purchase and installation of 347 new electronic voting machines and peripheral computer equipment in seven counties (Abbeville, Chesterfield, Dorchester, Florence, Greenwood, Lancaster and Colleton) which in 1984 represented 12.5% of the State's registered voters.

The Election Commission indicated that the total pilot project cost for these seven counties is \$1,390,800 with the State's share being 70% of that.

The Board was advised that the Bond Committee is to consider the release of the \$984,810 of bond funds at its August 28 or September 9 meetings.

Dr. Coles noted that this request to the Board for the release of the 1986 bond funds is a bit out of sequence in that these matters normally are dealt with first by the Bond Committee.

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Mr. Ellisor introduced Chairman Gilmore and expressed his excitement about the pilot project. He said that paper ballots are a number one problem and that the counties using them do not have the funds by themselves to be able to automate the voting process. He expressed his gratitude to the General Assembly for having authorized funds for the pilot project. He asked the Board to release these funds and to approve the project so that it might be put into place before the November general election.

In response to Governor Riley, Mr. Ellisor stated that the pilot system is not a punch card system but is instead an electronic one which records votes in response to touch. He said that the impulses are recorded on cartridges which are transmitted to the State Election Commission. Mr. Ellisor stated that he intends to ask for funding in the future to convert all paper ballot counties first and then to convert all other systems in the State. He expressed the view that the system to be installed is the very best one available and he said that punch card and optical scan systems are too expensive. Mr. Ellisor also stated that the system proposed will save money and that it can be used in all sorts of elections. He also said that the system could handle constitutional amendments, split precincts and a variety of special situations. He urged the Board to make a sound business judgment by releasing the bond funds for the project.

In response to Mr. Patterson who asked if the proposed system is failure proof, Mr. Ellisor said that it was more so than other now available but he agreed that man is capable of deceiving most any arrangement. On the question of losing data, Mr. Ellisor doubted that it could happen, noting that the information is burned into machines at five different places. He said that the devices have their own independent auxiliary power source.

Mr. Ellisor advised Mr. Mangum that if one of the seven counties listed in the pilot project did not have the necessary local funds this year he would go to another county which did have the funds. He said that the county passed over would have priority. He also told Mr. Mangum that if the project is approved at this meeting by the Board it is possible to have it in place for the November election.

Following this discussion, upon a motion by Mr. Morris, seconded by Senator Dennis, the Board approved the State Election Commission's plans for

the electronic voting system pilot project; approved the release of \$984,810 of 1986 bond funds for the Commission's "Uniform Electronic Voting System Pilot Project;" and approved the establishment of the project.

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

Executive Director: New Construction Lease/Lease-purchase Policy (Reg #4)

The Board was reminded in the agenda materials that, at its August 13 meeting, it had directed staff to develop for its consideration a recommended policy for its handling of lease and lease-purchase agreements which relate to the construction of new facilities for use by State agencies and institutions. The Board also directed that the policy include provisions which would limit its approval of these sorts of agreements if they have not been approved and funded specifically by the General Assembly since it was the Board's feeling that it should not make significant, long-term financial commitments of this sort without clear legislative sanction.

In response, Dr. Coles recommended that the Board adopt a policy which would limit its approval of lease and lease-purchase agreements relating to the construction of facilities for State agencies and institutions to:

- (a) agreements approved specifically by the General Assembly and for which specific financing has been provided by the General Assembly in the regular appropriations/bond authorization processes; and
- (b) agreements not approved specifically by the General Assembly and for which specific financing has not been provided by the General Assembly in the regular appropriations/bond authorization processes in any instance in which the overall, long-term financial obligation of the State government would be \$1,000,000 or less.

Dr. Coles also asked the Board to authorize staff to work with the Reorganization Commission on the preparation and issuance of an appropriate conditional request for proposals (RFP) on the replacement of the Central Correctional Institution. Staff proposed that any RFP issued on this project require responses to it to be good until at least July 1, 1987, to allow time for the General Assembly to act on the question of specific funding for the project.

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Dr. Coles advised the Board that Representative Toal, Chairman of the Reorganization Commission's Central Correctional Institution (CCI) Relocation Committee, had contacted him and had asked that the Board delay action on the policy under consideration. He stated that he and Rep. Toal had reviewed the proposed policy and the proposal for staff to work with the Reorganization Commission on an appropriate RFP. He expressed the view that even if the Board were to adopt the policy Rep. Toal's concerns would be covered. He indicated that she wants an opportunity to present facts on the CCI relocation effort to the Board.

Governor Riley reported that he had met with Rep. Toal on the question of a moratorium and general policy on major lease and lease-purchase agreements. He said that she pointed out that the General Assembly did deal with the CCI issue and he expressed the view that it would not be fair to close out the discussion without hearing from the Reorganization Commission. He asked that the Board hold up acting on the proposed policy. He also noted that you could argue that the General Assembly's action (in Section 1-11-400) covers the situation and responds to the Board's proposed policy.

Mr. Mangum then asked about the authority to issue RFPs and if that could be done if funding for the project was not yet approved. Staff advised Mr. Mangum that no implementation of a project is supposed to occur until after the project has been established by the Board (Section 2-47-50).

Dr. Coles noted that he had reviewed Section 1-11-400 which authorizes the Board to enter lease purchase agreements to provide a method for replacing CCI. He also reported that the Reorganization Commission has asked for an inventory of State lands within 75 miles of Columbia as potential sites for the CCI replacement. He noted that the Commission has looked at optional uses of the 27 acres now occupied by CCI and that it is doing an extensive job of studying the situation. Dr. Coles also noted that Rep. Toal asked that the Board not act on the proposed policy. He also noted that Section 1-11-400 does not give specific funding for the replacement project.

Governor Riley observed that the proposed policy and Section 1-11-400 are not in conflict which makes it fair to take them up together. Board members agreed that nothing is being done by the Board which in any way is intended to slow down the replacement of CCI.

Following this discussion, the Board carried over consideration of the proposed policy which would limit Board approval of lease and lease-purchase agreements relating to the construction of facilities for State agencies and institutions and a proposal which would have authorized staff to work with the Reorganization Commission on the preparation and issuance of a conditional RFP on the replacement of the Central Correctional Institution.

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

Exec Director: Lease-purchase and Other Funding Mechanisms Study (Reg #5)

The Board was advised in the agenda materials that a proviso in Part I, Section 16, of the 1986-87 Appropriations Act (Page 195) requires it and the Bond Committee to conduct a study regarding lease-purchase and other private funding mechanisms for capital improvements. A report on the study is to be submitted to the General Assembly by January 1, 1987.

Dr. Coles noted that the Bond Committee is being asked to designate its members. He recommended that the Board authorize general staff assistance to the effort and that it designate the following persons to represent it in the performance of the required study and preparation of the report to the General Assembly:

J. Craig Bower, Attorney (Adams, Quackenbush, et al.)
J. Michael Ey, Deputy State Treasurer
William A. McInnis, Deputy Executive Director

Mr. Patterson requested that Ms. Sandy Gee of his staff be authorized to represent Mr. Ey at some of the committee meetings. Governor Riley noted that it would appropriate to name Mr. Ey as the committee person with it being understood that Ms. Gee would participate from time to time in the committee's work.

Upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board designated J. Craig Bower, J. Michael Ey, and William A. McInnis as the Board's representatives on a committee to study and prepare a report jointly with the Joint Bond Review Committee on lease-purchase and other private funding mechanisms for capital improvements in response to a proviso in Section 16 of the Appropriations Act and authorized general staff assistance to the effort.

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

Governor's Office: Civil Contingent Fund Allocation (CETA) (Regular #6)

The Board was advised that what was the CETA Division of the Governor's Office (now transferred to TEC) has received a "Demand Letter" from the U.S. Department of Labor advising that a debt of \$75,046 has become a civil claim of the U.S. The amount owed arises out of disallowed expenditures during 1975-76 by South Carolina Resources Development Corporation, Inc., which was then under contract with the CETA Division to administer the migrant and seasonal farmworkers program in parts of the State.

The Board also was advised that the disallowance had been reduced to the \$75,046 figure from an initial disallowance of \$201,991 (out of a budget of \$407,800). The matter was appealed to the Department of Labor's Administrative Law Judge whose decision then was appealed to the Fourth Circuit Court of Appeals which affirmed Labor's action.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board encumbered \$75,046 from the Civil Contingent Fund for the CETA Division to pay a civil claim arising out of disallowed expenditures during 1975-76 and directed staff to examine funds available in the Governor's Office of Executive Policy and Programs which could be applied to this debt with the understanding that Civil Contingent Funds are to be used for this purpose only after a formal determination has been made by the Budget Division that no other funds which could be used for this purpose are available.

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

Dr. Coles called the Board's attention to a need for it to take two technical actions relating to the Civil Contingent Fund, one to unencumber \$200,000 set aside for the hay revolving fund (now not needed in view of the Board's subsequent action authorizing the Department of Agriculture to deal with that problem temporarily) and the second to encumber the \$125,000 earmarked for the Catawba Indian Suit by the General Assembly.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Mangum, the Board unencumbered \$200,000 of the Civil Contingent Fund allocated

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previously to the Governor's Office for a revolving fund for the purchase of hay and encumbered \$125,000 of the Civil Contingent Fund for the Catawba Indian Suit in accord with a proviso in Section 16 of the Appropriations Act.

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

Local Government: Rural Improvement Funds (Anderson County) (Regular #7)

The Division of Local Government advised in the agenda materials that Anderson County had requested \$49,000 in rural improvement funds for an engineering study to determine the best method of providing sanitary sewer service to the northeastern section of Anderson County (Powdersville).

The Division advised that the source of funds will be one-half Senate and one-half House.

At the request of Local Government Division Director Mike Gullledge, the Board carried over the \$49,000 rural improvement funds grant request for Anderson County.

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

Executive Director: Private Activity Bonds; Allocations (Regular #8)

Staff reported that the Spartanburg County Hayssen project, agenda item (a), the Greenville County Mount Vernon Mills project, agenda item (e) and the Spartanburg County Riegel Textile project, agenda item (f), had been withdrawn.

The Board was advised that the required reviews on the following local government proposals to issue revenue bonds had not yet been completed and was asked to give them conditional approval. The Board also was advised that each of the projects requires approval under State law and that an allocation of a portion of the Ceiling is requested for all projects except the Richland County Providence Hospital refunding.

Upon a motion by Mr. Morris, seconded by Senator Dennis, the Board adopted resolutions approving the following proposals to issue revenue bonds, on the condition that the required reviews are completed with satisfactory results and allocated a portion of the state ceiling to each project except (c):

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- (a) Local Government: Greenville County
Amount of Issue: \$3,000,000 Industrial Development Revenue Bond
Name of Project: Span-America, Series 1986
Employment Impact: 50
Project Description: Manufacture/sell/distribute medical products
(Exhibit 9)
- (b) Local Government: Greenville County
Amount of Issue: \$25,000,000 Industrial Revenue Bonds
Name of Project: Merscot-Greenville
Employment Impact: 7
Project Description: Wastewater disposal and treatment facility
(Exhibit 10)
- (c) Local Government: Richland County
Amount of Issue: \$30,000,000 Hospital Facilities Revenue Bonds
Name of Project: Providence Hospital (REFUNDING)
Employment Impact: n/a
Project Description: Refinancing Series 1980 Bonds; equipment
(Exhibit 11)

[Secretary's Note: A Spartanburg County W J Partnership project involving a \$5,000,000 industrial development revenue note and a corresponding ceiling allocation (Exhibit 12) was processed completely. It was left off the agenda item cover sheet in error, but it was considered by staff to have been approved conditionally. The item was included in the agenda materials for the September 9 meeting for the purpose of seeking Board ratification of this approval.]

Information relating to this matter has been retained in these files and is identified as Exhibits 9 through 12, respectively.

The Board received as information the status report on the state ceiling as of August 18, 1986, (year elapsed 63%) which showed:

	<u>CY 1986 Ceiling</u>	<u>Allocated</u>	<u>(%)</u>	<u>Not Allocated</u>	<u>(%)</u>
State Pool	\$200,820,000	\$ 27,588,000	(14%)	\$173,232,000	(86%)
Local Pool	<u>301,230,000</u>	<u>80,502,670</u>	(27%)	<u>220,727,330</u>	(73%)
Total	\$502,050,000	\$108,090,670	(22%)	\$393,959,330	(78%)

A general discussion of the likely impacts on bonds of the tax reform efforts in Washington ensued. Messrs. Patterson and Morris expressed concern with the likely effects and Governor Riley said that the feeling among the governors at the Hilton Head meeting was that the door to any change of the legislation is pretty well closed. Mr. Patterson reported, as one example of the impact of the pending action, that interest rates on lease purchases

already have jumped from about 6% and 6.5% to about 11% or 11.5% which suggests that interest costs on this type of financing will about double on future contracts. He noted that the State has about \$30 million out on lease purchase agreements now. Mr. Patterson also said the reform legislation limits severely what can be retained from earnings from the investment of bond proceeds. Mr. Morris noted that the politicians in Washington are disclaiming knowledge of what is included in the reform legislation and Mr. Patterson observed that nothing much has yet been written except concepts.

Governor Riley noted that the volume cap on private activity bonds is to drop from \$150 per capita to \$75 immediately and to \$50 in 1988. He noted that the total of the various bonds involved approved in South Carolina over the past four years has averaged about \$600 million as contrasted with the ceiling of \$251 million at the \$75 per capita level and \$165 million at the \$50 level.

Information relating to this matter has been retained in these files and is identified as Exhibit 13.

Town of Winnsboro: Ceiling Allocation Request (Regular #9)

The Town of Winnsboro requested a \$2,700,000 allocation of a portion of the State Ceiling for the issuance of Natural Gas System Revenue Bonds for the expansion of a natural gas distribution system to serve the Mack Truck Manufacturing Plant and other anticipated growth and development.

Dr. Coles noted that this allocation request was separated from the preceding item because it is a different type of bonds which is tracked differently by staff.

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board allocated \$2,700,000 of the State Ceiling to the Town of Winnsboro for the issuance of Natural Gas System Revenue Bonds for the expansion of a natural gas distribution system to serve the Mack Truck manufacturing plant and other anticipated growth and development.

Information relating to this matter has been retained in these files and is identified as Exhibit 14.

Family Farm Development: Agricultural Development Revenue Bonds (Reg #10)

At its meeting on July 15, 1986, the Board approved the Family Farm Development Authority proposals to issue the following Agricultural Development Revenue Bonds, with 7% interest rates:

Frank M. Senn, Sr.,	\$240,000
Sandra K. Senn	250,000
Barbara Ann Senn	250,000

Bond counsel advised that the banks purchasing these bonds have asked that a provision be included which would allow for an increase in the rate of interest if the maximum corporate tax rate should be reduced.

The Board was advised that the maximum corporate tax rate is presently 46% and that, under the proposed Tax Reform Act, it will be 34%. For the banks to realize the equivalent yield on these obligations, the Board was advised that the interest rate on the bonds involved would have to be increased if the maximum corporate tax rate is reduced.

Dr. Coles pointed that the proposal is to increase the interest rate on the Senn bonds from 7% to not to exceed 12%.

Family Farm Authority Executive Director Clyde Livingston appeared before the Board on this matter. He advised that the immediate effect of the request would mean an interest rate of 8% to 8.25%. He also advised Mr. Patterson that the loans have not been executed with the banks.

Mr. Patterson then moved that the Board approve a fixed rate of 8.25 on these bonds.

Mr. Livingston noted that the 8.25% is subject to change depending on what comes out of the tax reform effort. Mr. Patterson then moved that the matter be carried over until that is known. Mr. Livingston stated that the farmer wants to go ahead and close on the deal. Mr. Mangum said that the farmer should know what interest rate he is paying before he enters the deal.

Mr. Livingston advised Governor Riley that it would not be in the farmer's interest from a negotiating standpoint for the Board to postpone action on the request.

Governor Riley suggested approving a rate not to exceed 12% with the bank to receive an effective yield of 7%. Mr. Patterson disagreed, saying that the Board's decision should not be based on the bank yield. Mr. Livingston stated

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that the Senns are very sophisticated borrowers. Mr. Livingston again advised Governor Riley that the farmer wants to close on the deal and urged that the Board not carry the item over.

Following this discussion, upon a motion by Mr. Patterson, seconded by Mr. Mangum, the Board approved a revision in the Family Farm Development Authority Agricultural Development Revenue Bonds for the Frank M. Senn, Sr., Sandra K. Senn and Barbara Ann Senn projects to allow an increase in the interest rates from 7% to not to exceed 12% and directed Authority Executive Director Livingston not to allow these transactions to be consummated if the interest rates exceed 8½%.

Information relating to this matter has been retained in these files and is identified as Exhibit 15.

Old Exchange Building Comm.: Bond Contingency Revolving Fund (Reg #11)

The Old Exchange Building Commission, by letter, asked for Board approval of an allocation of \$35,422 of capital improvement bond funds from the Bond Contingency Revolving Fund to finance roofing and structural repairs to the Old Exchange Building. The repairs are considered essential by the Commission which also asked that the request be viewed as an emergency one. Commission Chairman Joyce Ellis said that continued deterioration of the building will cause a loss of rental revenue (which now is about half of the Commission's revenue income) because of unsafe spaces and unsightly appearance. She also cited possible liability for damage to artifacts and the actual return of loaned items because of the building's poor condition. She reported that a pastel portrait valued at \$75,000 had been damaged severely by moisture.

The Commission reported that it has had the building examined by several architects and engineers who have recommended that the emergency repairs be made. It also reported that it has tried without success for several years to get the architectural firm and the contractor involved in the previous renovation work to accept responsibility for the present problems.

The Board was advised that this request is being presented to the Bond Committee which, under Act 179 of 1981, must also approve the use of these funds.

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Regular Session -- August 28, 1986 -- Page 16

Several representatives of the Old Exchange Building Commission attended the meeting.

Dr. Coles noted that the Attorney General's Office had pointed out that it is incumbent upon a building owner in a situation like this to take action to prevent further damage to the facility while differences are being resolved. He recommended that the Board approve the request with the understanding that the Bond Committee also has to act on it.

Following this discussion, upon a motion by Senator Dennis, seconded by Mr. Morris, the Board approved an allocation of \$35,422 from the bond contingency revolving fund to finance emergency roof and structural repairs to the Old Exchange Building Commission and approved the establishment of the project, subject to favorable review by the Bond Committee.

Information relating to this matter has been retained in these files and is identified as Exhibit 16.

Technical Education: Land Acquisition/Exchange (Midlands) (Reg #12)

The Board was reminded in the agenda materials that a proviso in Section 29 of the 1986-87 Appropriations Act requires prior approval of land acquisitions by the Budget and Control Board and the Joint Bond Review Committee.

The Board was advised that the proposal involves an exchange of equal value property between Midlands Technical College and an adjoining property owner which would establish the current location of Gills Creek as the legal boundary between them.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the State Board for Technical and Comprehensive Education proposal to exchange property of essentially equal value to establish the current location of Gills Creek as the legal boundary of the Midlands Technical College - Beltline Campus as agreed upon by the College and the private landowner, contingent upon approval by the Joint Bond Review Committee.

Information relating to this matter has been retained in these files and is identified as Exhibit 17.

General Services: Sale of DMR Residence on Timberlane Drive (Reg #13)

The Division of General Services advised that the Department of Mental Retardation, acting in accord with a proviso in Section 43 of the 1986-87 appropriations act, is seeking Board approval of the sale of the community residence located at 4246 Timberlane Drive, Columbia, to the Richland/Lexington County Mental Retardation Board.

The Department of Mental Retardation advised that the direct sale to the County Board, a subordinate governmental entity, will ensure continued operation of the residence for mentally-retarded individuals and will support the County Board's activities.

The Division advised that the sale price of the property is to be \$85,000 which is the appraised value plus \$9,000 for furniture, fire alarm system and emergency lights, for a total of \$94,000.

It was noted that proceeds from the sale are to be returned to the Department for use in the financing of other community residences, as authorized by the proviso on the subject in Section 43 of the 1986-87 Appropriations Act.

Following a brief discussion, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the Department of Mental Retardation to sell the community residence located at 4246 Timberlane Drive in Columbia to the Richland/Lexington County Mental Retardation Board for \$85,000 plus \$9,000 for furniture and other items of value for a total of \$94,000, with the proceeds from the sale to be returned to the Department, in accord with a proviso in Section 43 of the Appropriations Act.

Information relating to this matter has been retained in these files and is identified as Exhibit 18.

General Services: Procurement Certification, Highway Department (Reg #14)

The Division of General Services advised in the agenda materials that it has audited the Department of Highways and Public Transportation and the Division recommended certification of that Department in accord with Code Section 11-35-1210 within the parameters described in the audit report for the following limits (total potential purchase commitment to the State whether single- or multi-term contracts are used) for a period of three years:

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Regular Session — August 28, 1986 — Page 18

- | | |
|---|-------------------------------------|
| I. Goods and services exclusive of printing equipment | \$30,000 per purchase commitment |
| II. Information technology provided the procurement is within the scope of the approved IT Plan | \$30,000 per purchase commitment |
| III. Consultant Services | \$30,000 per purchase commitment |
| IV. Construction Services | \$30,000 per purchase commitment |
| V. Construction materials testing contracts established by the Research and Materials Lab | \$1,250,000 per purchase commitment |

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board granted procurement certification to the Department of Highways and Public Transportation in accord with Code Section 11-35-1210 within the parameters described in the audit report for the following limits (total potential purchase commitment to the State whether single- or multi-term contracts are used) for a period of three years: Goods and services exclusive of printing equipment, \$30,000 per purchase commitment; information technology provided the procurement is within the scope of the approved IT Plan, \$30,000 per purchase commitment; consultant services, \$30,000 per purchase commitment; construction services, \$30,000 per purchase commitment; construction materials testing contracts established by the Research and Materials Lab, \$1,250,000 per purchase commitment.

Information relating to this matter has been retained in these files and is identified as Exhibit 19.

Mental Health: Moving Expense Reimbursement (Regular #15)

In accord with Code Section 8-11-135, the Department of Mental Health requested approval of the payment of not more than \$5,000 as a reimbursement to Neil Meisler, M.S.W., Rochester, Illinois, for the costs incurred in moving personal and household effects to Columbia.

The Department advised that Mr. Meisler is accepting a position as Executive Deputy Commissioner.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board, in accord with Code Section 8-11-135, authorized the Department of Mental Health

to pay not more than \$5,000 as a reimbursement to Neil Meisler, M.S.W., Rochester, Illinois, for the costs incurred in moving personal and household effects to Columbia.

Information relating to this matter has been retained in these files and is identified as Exhibit 20.

Winthrop College: Foreign Travel (Regular #16)

Winthrop College requested approval of the travel of Dr. Glenn Thomas to Europe during the October 29 - November 20, 1986, period to visit students and institutions, work with Winthrop students who are attending colleges in Europe, and continue negotiations for linkages with institutions abroad. The estimated cost of this travel is \$4,500 and will be paid from State-appropriated funds.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the travel of Winthrop College staff member Dr. Glenn Thomas to Europe during the October 29 - November 20, 1986, period at an estimated cost of \$4,500 to be paid from State-appropriated funds.

Information relating to this matter has been retained in these files and is identified as Exhibit 21.

Parks, Recreation and Tourism: Foreign Travel (Regular #17)

The Department of Parks, Recreation and Tourism requested approval of the travel of Robert G. Liming, Martha E. Beckman, and Donna Reynolds to London, England during the November 22 - December 4, 1986, period to represent South Carolina at the World Travel Market. The estimated cost of the travel, including transportation, housing, meals and related expenses, is \$6,500 and will be paid from regular funds appropriated for tourism development and promotion.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the travel of PRT staff members Robert G. Liming, Martha E. Beckman, and Donna Reynolds to London, England during the November 22 - December 4, 1986, period to represent South Carolina at the World Travel Market at an estimated cost of \$6,500 to be paid from regular funds appropriated for tourism development and promotion.

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Regular Session -- August 28, 1986 -- Page 20

Information relating to this matter has been retained in these files and is identified as Exhibit 22.

Budget and Control Board: Future Meeting (Regular #18)

The Board agreed to hold a regular meeting at 10 a.m. on Tuesday, September 9, 1986, in the Governor's conference room in the State House.

Executive Session

The Board was advised that two personnel items had been proposed for consideration during executive session.

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

Ratification of Executive Session Actions

Following consideration of executive session actions, the meeting was opened and, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board ratified the following actions which were taken during executive session:

- (1) Reappointed Mr. James Drake and Mr. Arden Lemon to the Motor Vehicle Management Advisory Council for four-year terms with Mr. Drake's term expiring in October 1988 and Mr. Lemon's term expiring in October 1989; appointed Mr. Wilson J. Davis to that Council for a four-year term expiring in October 1990;
- (2) (a) Agreed to place on loan to the Board of Economic Advisors, under the administrative control of that Board's Chairman, for fiscal year 1986-87, Chief Economist Feinn, Secretary Krell and Revenue Specialist Dibiase from the Division of Research and Statistical Services;
- (b) Allocated not to exceed \$10,000 from the Civil Contingent Fund to the Board of Economic Advisors to be used for contractual services;
- (c) Agreed that all equipment, space and operating budget currently allocated for support for the loaned positions would remain available;
- (d) Agreed that the Board of Economic Advisors and the staff placed on loan to it would have access to all economic models and contracts; and

Minutes of State Budget and Control Board Meeting
Regular Session -- August 28, 1986 -- Page 21

- (e) Agreed, as a matter of policy, that official economic and revenue estimates and forecasts are to be issued only by the Budget and Control Board upon advice of the Chairman of the Board of Economic Advisors.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the meeting was adjourned at 1:05 p.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 3:30 p.m. on Friday, August 22, 1986.]

MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

AUGUST 28, 1986

EXECUTIVE SESSION

Motor Vehicle Management: Appointment of Council Members (Executive #1)

Motor Vehicle Management Division Director Allan Spence appeared before the Board on this matter.

The Board was advised that, in accordance with Section 1-11-230, a Motor Vehicle Management Advisory Council of three members with terms of four years is appointed by the Board with the advice and consent of the Senate. The Advisory Council currently consists of Mr. James H. Drake, Ware Shoals (term expired October 1984); Mr. Arden Lemon, Charleston (term expired October 1985); and Mr. E. Graves Jones, Spartanburg (term expires October 1986).

The Division requested that, as their terms have already expired and they have continued in service, both Mr. Drake and Mr. Lemon be reappointed. The Division recommended that the terms of reappointment include the time already served, with Mr. Drake's term to expire in October 1988 and Mr. Lemon's in October 1989.

The Division advised that Mr. Wilson J. Davis of Columbia has been highly recommended as a replacement member when Mr. Jones' term expires in October. The Division notes that Mr. Davis is a career civil servant who is vitally interested in accountability in State government and that he is an active and committed member of the community who is willing to lend his time, ability and expertise in service to the State.

In the discussion, Mr. Morris asked if there were any limitation on the terms a Council member may serve and, if there were none, why not reappoint Mr. Jones. Mr. Mangum also asked why Mr. Jones should not be reappointed to a third term.

Governor Riley noted that the same three members have served on the Council for virtually its entire existence. He said that it had been reported to him that Mr. Jones had a sniping attitude toward the Division.

Mr. Spence said that Mr. Jones had contributed to the work of the Council which he felt to be advisory but he observed that meetings often deteriorate into a directive situation. He also said that Mr. Jones tended to concentrate his attention on the detailed workings of the Division.

Governor Riley noted that the Council has had no black representation and that Mr. Davis had been recommended for the post. Mr. Spence stated that Mr.

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Executive Session -- August 28, 1986 -- Page 23**

Davis, who had been recommended by Mr. Milton Kimpson, is a fine individual who is fully qualified to serve on the Council.

Deputy Executive Director Laurent reported that he had attended a Council meeting and that he was amazed at the antagonism displayed toward the Division by Mr. Jones.

Governor Riley observed that the situation can't become preoccupied with personalities because that thwarts the whole effort. He commented that having a black on the Council would give it good balance. Mr. Spence said that he had been trying to find a qualified female to serve on the Council.

Mr. Spence was excused from the meeting.

In the ensuing discussion, Senator Dennis expressed the view that a couple of additional members should be provided for the Council.

Following further discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board reappointed Mr. James Drake and Mr. Arden Lemon to the Motor Vehicle Management Advisory Council for four-year terms with Mr. Drake's term expiring in October 1988 and Mr. Lemon's term expiring in October 1989; appointed Mr. Wilson J. Davis to that Council for a four-year term expiring in October 1990.

Information relating to this matter has been retained in these files and is identified as Exhibit 23.

Executive Director: Economic Advisors Personnel Matters (Exec #2)

Board of Economic Advisors Chairman James Morris appeared before the Board on this matter.

Dr. Coles distributed to the members a copy of the law on the Board of Economic Advisors and a chart depicting his understanding of Dr. Morris' minimum request. He asked Dr. Morris to correct any errors in his presentation.

The chart distributed by Dr. Coles showed the Board of Economic Advisors in the same organizational relationship to the Budget and Control Board as exists for the State Auditor's Office, the Executive Director's Office and the Retirement Systems Division.

The proposal showed, as staff attached directly to the Board of Economic Advisors (BEA), four positions identified as (1) executive secretary and chief

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economist; (2) secretary; (3) economist; and (4) revenue specialist. Three of these positions which now exist (executive secretary and chief economist; secretary; and revenue specialist) would be on loan to the BEA during the current fiscal year. Dr. Coles pointed out that the economist position which is vacant and is not funded would require approximately \$35,000 plus \$6,425 for fringe benefit costs.

The proposal also indicated that all equipment, space and operating budget associated with the loan positions would continue to be available. It called for BEA control of all economic models and contracts; restrictions on the release of economic and revenue data; and for the submission of a formal budget request to the General Assembly to fund this BEA unit in 1987-88.

Dr. Coles indicated that he would ask for certain modifications if the proposal by Dr. Morris is to be approved. He noted that he and Dr. Morris had met on this question numerous times. He said if the Board were to ask him specifically for his recommendation on the proposal that he would recommend that the proposal not be approved. Dr. Coles expressed the view that an outside perspective is needed in the economic and revenue forecasting areas. He said that he felt South Carolina's arrangement is one of the strongest in the country which he and Dr. Morris jointly want to protect. He expressed the opinion that pulling the economic and revenue unit out of the Division of Research and Statistical Services (DRSS) and setting it up as a separate staff will bring on a debate about the function in the General Assembly. He urged that such a debate be undertaken more deliberately.

Dr. Coles then proposed that the Board leave the structure as it is for this year while the General Assembly debates the subject and that it put on loan to the BEA to assist it on a full-time basis Dr. Feinn and Mrs. Krell. He recommended that the title of Chief Economist remain in the DRSS and that it be left vacant. Dr. Coles recommended that \$10,000 or \$15,000 be allocated from the Civil Contingent Fund for the purchase of services for the BEA in the event the existing resources cannot provide what the BEA chairman wants. He concluded his comments by expressing the view that the proposal by Dr. Morris for the Budget and Control Board and for South Carolina is very bad and self-destructive.

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Executive Session -- August 28, 1986 -- Page 25

Dr. Morris observed that the problem at issue is not the personalities involved but rather is a system problem. He stated that there is a concerted effort underway to remove control of the system from those charged with it by law. He said that the staff involved was hired and trained by Dr. Feinn and that the model used was developed by her. He stated that up until mid-April the BEA chairman had ready access to this staff but that is no longer the case. He said that the system now is not workable but that it had worked before when it was understood that the staff in the DRSS was under the BEA chairman. He expressed concern about the flow of data and the confidential nature of some of it. He noted that the BEA reports directly to the Governor and the Budget and Control Board.

Dr. Morris observed that Dr. Coles' earlier suggestion to move Dr. Feinn and a secretary to his Office would serve no purpose in that it would move Dr. Feinn out of the mainstream and not provide her with staff support. In response to Mr. Patterson's question about the total staff involved in revenue forecasting, Dr. Morris named staff members Feinn, Gillespie, Shealy, Rainwater, Dibiasse and a secretary. He said all of these were needed in order for the BEA to be effective.

Dr. Morris said there are two sets of problems, one of which he described as staffs wanting to get into the forecasting business fighting among themselves. He then referred to a need for system modifications.

Mr. Morris stated that he had voted for the organizational change relating to Dr. Feinn in April but he said that the Board's understanding was that whenever information was needed it would be forthcoming immediately. He asked what the situation on that is now.

In response, Dr. Morris said that an effort has been made but he cited examples of exceptions including an instance in which a letter addressed to him from Dr. Holmes with a copy to DRSS Director Bowers was answered by Mr. Bowers. Dr. Morris expressed the view that, in effect, two BEAs now exist, one of which is formal, the other informal, and that the formal structure has been captured in a way that is not consistent with the law.

Dr. Morris was then excused from the meeting. Shortly thereafter all staff other than Dr. Coles also were excused from the meeting.

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Executive Session — August 28, 1986 -- Page 26

Following further discussion, the Board (a) agreed to place on loan to the BEA, under the administrative control of that Board's Chairman, for fiscal year 1986-87, Chief Economist Feinn, Secretary Krell and Revenue Specialist Dibiase from the DRSS; (b) allocated not to exceed \$10,000 from the Civil Contingent Fund to the Board of Economic Advisors to be used for contractual services; (c) agreed that all equipment, space and operating budget currently allocated for support for the loaned positions would remain available; (d) agreed that the BEA and the staff placed on loan to it would have access to all economic models and contracts; and (e) agreed, as a matter of policy, that official economic and revenue estimates and forecasts are to be issued only by the Budget and Control Board upon advice of the Chairman of the BEA.

Information relating to this matter has been retained in these files and is identified as Exhibit 24.

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EXHIBIT

AUG 28 1986

NO. 1

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

BLUE AGENDA
ITEM NUMBER

1

AGENCY: General Services

SUBJECT: Easements

The Division of General Services recommends approval of the following easements:

- (a) From Clemson University to Duke Power Company to provide temporary electrical service for the University's stadium scoreboard;
- (b) From Clemson University to Ms. Beverly Shuler to provide ingress and egress to virtually landlocked property;
- (c) From the State to Central Electric Power Cooperative, Inc., to install, operate and maintain a 69KV aerial transmission line across the Little Pee Dee River in Dillon County (\$82.20 has been paid for the 0.41 acre);
- (d) From the State to St. Johns Fire Department to construct, operate, and maintain a subaqueous water intake pipe in Bohicket Creek, Charleston County.

[This easement was prepared originally in 1984, but the project was put on hold because of construction crew problems. The grantee proceeded with the project in April 1985, and the easement must be executed now in order to comply with the code. The Attorney General's Office has approved the easement.]

BOARD ACTION REQUESTED:

Authorize the Clemson University Board of Trustees to grant the following easements: (a) From Clemson University to Duke Power Company to provide temporary electrical service for the University's stadium scoreboard; (b) from Clemson University to Ms. Beverly Shuler to provide ingress and egress to virtually landlocked property. (c) from the State to Central Electric Power Cooperative, Inc., to install, operate and maintain a 69KV aerial transmission line across the Little Pee Dee River in Dillon County; and (d) From the State to St. Johns Fire Department to construct, operate, and maintain a subaqueous water intake pipe in Bohicket Creek, Charleston County.

ATTACHMENTS:

Agenda item worksheets and attachments

C1984

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

August 28, 1986

☒ Blue Agenda
☐ Regular Session Agenda
☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly, Director *Rich Kelly*

2. Subject: Utility Easement to Duke Power Company

3. Summary Background Information:

This is a utility easement from Clemson University to Duke Power Company to provide temporary electrical service for Clemson University's stadium scoreboard.

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Review and approve the proposed easement.

5. What is recommendation of the Board Division involved?

It is recommended that the Board of Trustees for Clemson University be authorized to proceed with execution of this easement.

6. Recommendation of other office (as required)?

(a) Office Name _____ Authorized
(b) Signature _____

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

1. Original Easement (2 Pages)

(a)

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EXHIBIT

AUG 28 1986

NOL 1

STATE OF SOUTH CAROLINA)
COUNTY OF PICKENS)

UTILITY EASEMENT STATE BUDGET & CONTROL BOARD

KNOWN ALL MEN BY THESE PRESENTS, That Clemson University, a corporation, in consideration of the sum of One Dollar (\$1.00) to it in hand paid by DUKE POWER COMPANY, the receipt whereof is hereby acknowledged, does hereby grant unto said DUKE POWER COMPANY, its successors and assigns, the right, privilege and easement to go in and upon that certain tract or lot of land situated in said County and State, and described as follows:

Beginning at Point A, this point being on Clemson University property line South 88 Degrees 56 Minutes East, 329.15 feet from Clemson University Monument no. 3, thence South 03 Degrees 19 Minutes West for 6.66 feet to Pole B, thence South 76 Degrees 01 Minutes East for 314.25 feet to Pole C, thence South 03 Degrees 12 Minutes East for 185.20 feet to Pole D, thence South 07 Degrees 51 Minutes East for 205.0 feet to Pole E, thence South 15 Degrees 23 Minutes East for 173.75 feet to Pole F, thence South 18 Degrees 32 Minutes East for 20.0 feet to Pole G, thence South 19 Degrees 14 Minutes East for 172.20 feet to Pole H. Also included, from Pole C, South 76 Degrees 01 Minutes East for 84.6 feet to Point I at guy line termination.

And to construct, maintain and operate in, upon and through said premises, in a proper manner with poles, wires, guys, conduits, cables, transformers, and other necessary apparatus and appliances, overhead or underground lines for transmitting and distributing power by electricity, and for communication purposes, together with the right at all times to enter said premises for the purpose of inspecting said lines and making necessary repairs and alterations thereon and additions thereto; together with the right at all times to cut away, or by other means to keep clear of said lines, all trees, brush, structures and other obstruc-

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tions that may, in any way, endanger the proper maintenance and operation of the same; also including the right to relocate said lines over said premises to conform to any future highway or street relocation, widening or improvement.

IN WITNESS WHEREOF, the said Clemson University has caused this instrument to be executed by its proper officials and its corporate seal to be hereunto affixed, this _____ day of _____, 1986.

Signed, Sealed and Delivered
in the Presence of:

CLEMSON UNIVERSITY

BY: _____
Chairman, Board of Trustees

EXHIBIT

STATE OF SOUTH CAROLINA)
COUNTY OF PICKENS)

PROBATE

AUG 28 1986 NO. 1
STATE BUDGET & CONTROL BOARD

PERSONALLY appeared before me, _____
and made oath that he/she saw the within named Clemson University, by Louis P. Batson, Chairman of its Board of Trustees, sign, seal and as his act and deed, deliver the within written easement; and that he/she, with _____, witnessed the execution thereof.

SWORN to before me this _____
day of _____, 1986.

(L.S.)
Notary Public for South Carolina

My Commission expires: _____

Approved by Budget & Control Board
August 28, 1986

Jesse A. Coles, Jr.
Jesse A. Coles, Jr., Ph.D.
Executive Director

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

August 28, 1986

☒ Blue Agenda

☐ Regular Session Agenda

☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly, Director

2. Subject: Access Easement

3. Summary Background Information:

This is an easement from Clemson University to Ms. Beverly Shuler. Ms. Shuler's property is virtually landlocked with no access to any public road therefore, the University is granting her this easement for purposes of ingress and egress only. The Clemson University Administration and the Clemson Board of Trustees have already approved this action.

EXHIBIT

AUG 28 1986

NO. 1

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Review and approve the proposed easement.

5. What is recommendation of the Board Division involved?

It is recommended that the Clemson Board of Trustees be authorized to proceed with execution of this easement.

6. Recommendation of other office (as required)?

(a) Office Name

Authorized

(b) Signature

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

1. Original Easement (2 Pages)

2. Copy of drawing dated 04/29/86

01988

(b)

EXHIBIT

AUG 28 1986

NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)

RIGHT-OF-WAY EASEMENT

COUNTY OF PICKENS)

KNOW ALL MEN BY THESE PRESENTS, that CLEMSON UNIVERSITY, an educational institution located in Clemson, South Carolina, hereinafter referred to as "Grantor," in consideration of the sum of one dollar (\$1.00), in hand paid by Trust A under the Will of Augustus Hoke Sloan, Beverly S. Shuler, Trustee, hereinafter referred to as "Grantee," (the receipt of which is hereby acknowledged) does hereby grant unto the said Grantee, its successors and assigns, a permanent right-of-way easement in, to, upon, and over all that certain portion of Grantor's land described as follows:

All that certain piece, parcel or tract of land lying and situate in Pickens County on the campus of Clemson University adjacent to Martin Street containing approximately 0.13 acre and described as follows: Beginning at a point, this point being Monument CU 14, thence S 87-36-36 E for 29.00 feet, to a nail in cap in the center of Martin Street, thence S 18-41-18 E for 60.08 feet to a nail in cap, thence S 25-11-10 E for 59.56 feet to a nail in cap, thence N 81-33 W for 32.80 feet to an iron pin, thence N 81-33 W for 56.45 feet to an iron pin, thence N 08-27 E for 100.00 to the beginning point as shown on a plat prepared by Eugene M. Adams, Registered Land Surveyor, dated March 21, 1986 with a revision dated of April 29, 1986.

This is a portion of a tract of land deeded to Clemson College by Florida Lee, said deed being recorded in the Pickens County Courthouse in Deed Book M at pages 328, 329 and 330.

Said right-of-way easement is given for the sole purpose of ingress and egress over said parcel for the benefit of the property of the Grantee. This is a permanent right-of-way easement and runs with the property for the benefit of the Grantee, its successors and assigns forever.

01989

TO HAVE AND TO HOLD said right-of-way easement unto
the said Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Grantor has caused this instrument
to be signed in its name by its duly authorized officer,
and its corporate seal to be hereunto affixed, this ____
day of _____, 1986.

Signed, sealed, and
delivered in the presence of: CLEMSON UNIVERSITY

By: _____
Chairman, Board of Trustees

EXHIBIT

STATE OF SOUTH CAROLINA)

AUG 28 1986 NO. 1

COUNTY OF PICKENS)

STATE BUDGET & CONTROL BOARD

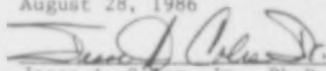
PERSONALLY appeared before me, _____
and made oath that he saw the within named Clemson University,
by Louis P. Batson, Jr., Chairman of its Board of Trustees,
Sign, Seal and as his Act and Deed deliver the within written
Deed; and that he with _____ witnessed
the execution thereof.

Sworn to before me this

____ day of _____.

A.D., 1986

Approved by Budget & Control Board
August 28, 1986


Jesse A. Coles, Jr., Ph.D.
Executive Director

____ (L.S.)

(Notary Public for South Carolina)

My Commission expires _____.

01990



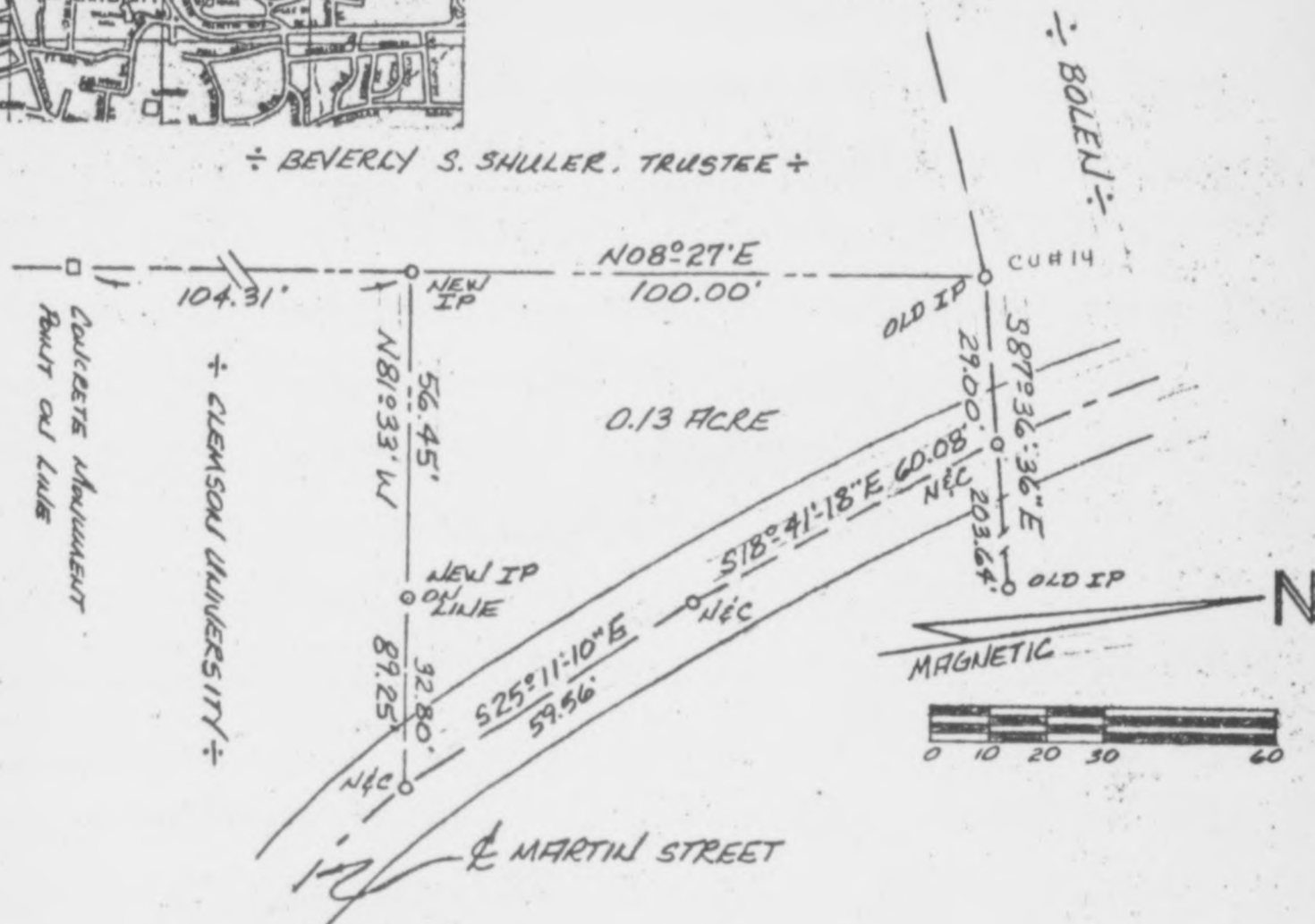
EXHIBIT

AUG 28 1986

NO. 1

STATE BUDGET & CONTROL BOARD

÷ BEVERLY S. SHULER, TRUSTEE ÷



PICKENS COUNTY
SOUTH CAROLINA

DATE: 3-21-86

SCALE: 1"=30'

PLAT SHOWING PARCEL OF LAND SURVEYED
AT THE REQUEST OF CLEMSON UNIVERSITY.
LOCATED AS SHOWN IN THE TOWN OF
CLEMSON.

NOTE: REVISED 4-29-86
TO SHOW CHANGE IN
NORTHERN MOST
BOUNDARY.

I HEREBY CERTIFY THAT THE RATIO
OF PRECISION OF THE FIELD SURVEY
IS ONE IN 16894 AS SHOWN HEREON
AND THE AREA WAS DETERMINED BY
COORDINATE METHOD OF AREA CALCULATION.

TEXIDYNE INC.
CONSULTING ENGINEERS
P.O. BOX 1646
CLEMSON, S.C. 29633

Eugene M. Adams
EUGENE M. ADAMS
S.C. REG. LAND SURVEYOR #7397

01991

257

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-2140

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



RICHARD W. KELLY
DIVISION DIRECTOR

September 2, 1986

Mr. Max Lennon
President
Clemson University
Post Office Box 992
Clemson, South Carolina 29633-0992

RE: Right-of-Way Easement

Dear Mr. Lennon:

Enclosed is the original easement from Clemson University which allows Ms. Beverly Shuler access to Martin Street from her property. This easement was approved by the Budget and Control Board at its meeting held August 28, 1986.

If we may be of further assistance, please do not hesitate to let us know.

Very truly yours,

Delphine Bigony
Delphine Bigony
Administrative Assistant

/db

Enclosure - Original Easement

cc: Dr. Jesse A. Coles, Jr.

RECEIVED

SEP 3 1986

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

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

*Prog. 6-028
Complete*

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

01992

10 Rich
ally

Project No. 6-028

CLEMSON
UNIVERSITY

PRESIDENT

RECEIVED
AUG 4 1986
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

August 1, 1986

Dr. Jesse A. Coles, Jr.
Executive Director
South Carolina Budget and Control Board
P.O. Box 12444
Columbia, SC 29211

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

Dear Dr. Coles:

Pursuant to South Carolina Code Section 1-11-65, Clemson University requests Budget and Control Board approval of the attached Right-Of-Way Easement.

The Right-of-Way Easement is for the purpose of allowing Ms. Beverly Shuler access to Martin Street (a public paved street) from her property. Without this right-of-way, Ms. Shuler's property is virtually landlocked with no access to any public road. The total University land involved is 0.13 acre.

The Clemson University Administration and the Clemson University Board of Trustees have already approved this action.

If any additional information is needed, please let me know. Thank you very much for your assistance in this matter.

Sincerely,



Max Lennon

ML/1a

cc: Wade Green

Attachment

8/12/86 - Delphine to
advise when concluded.
77

Board approved (?)
8/28/86

01993

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)

RIGHT-OF-WAY EASEMENT

COUNTY OF PICKENS)

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

KNOW ALL MEN BY THESE PRESENTS, that CLEMSON UNIVERSITY, an educational institution located in Clemson, South Carolina, hereinafter referred to as "Grantor," in consideration of the sum of one dollar (\$1.00), in hand paid by Trust A under the Will of Augustus Hoke Sloan, Beverly S. Shuler, Trustee, hereinafter referred to as "Grantee," (the receipt of which is hereby acknowledged) does hereby grant unto the said Grantee, its successors and assigns, a permanent right-of-way easement in, to, upon, and over all that certain portion of Grantor's land described as follows:

All that certain piece, parcel or tract of land lying and situate in Pickens County on the campus of Clemson University adjacent to Martin Street containing approximately 0.13 acre and described as follows: Beginning at a point, this point being Monument CU 14, thence S 87-36-36 E for 29.00 feet, to a nail in cap in the center of Martin Street, thence S 18-41-18 E for 60.08 feet to a nail in cap, thence S 25-11-10 E for 59.56 feet to a nail in cap, thence N 81-33 W for 32.80 feet to an iron pin, thence N 81-33 W for 56.45 feet to an iron pin, thence N 08-27 E for 100.00 to the beginning point as shown on a plat prepared by Eugene M. Adams, Registered Land Surveyor, dated March 21, 1986 with a revision dated of April 29, 1986.

This is a portion of a tract of land deeded to Clemson College by Florida Lee, said deed being recorded in the Pickens County Courthouse in Deed Book M at pages 328, 329 and 330.

Said right-of-way easement is given for the sole purpose of ingress and egress over said parcel for the benefit of the property of the Grantee. This is a permanent right-of-way easement and runs with the property for the benefit of the Grantee, its successors and assigns forever.

01994

TO HAVE AND TO HOLD said right-of-way easement unto
the said Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, Grantor has caused this instrument
to be signed in its name by its duly authorized officer,
and its corporate seal to be hereunto affixed, this ____
day of _____, 1986.

Signed, sealed, and

delivered in the presence of: CLEMSON UNIVERSITY

By: _____
Chairman, Board of Trustees

STATE OF SOUTH CAROLINA)

COUNTY OF PICKENS)

PERSONALLY appeared before me, _____
and made oath that he saw the within named Clemson University,
by Louis P. Batson, Jr., Chairman of its Board of Trustees,
Sign, Seal and as his Act and Deed deliver the within written
Deed; and that he with _____ witnessed
the execution thereof.

Sworn to before me this

____ day of _____.

A.D., 1986

01995

____ (L.S.)

(Notary Public for South Carolina)

My Commission expires _____.

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

August 28, 1986

X Blue Agenda
Regular Session Agenda
Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly, Director

2. Subject: Right-of-way Easement

3. Summary Background Information:

This is an easement from the State to Central Electric Power Cooperative, Inc., for the purpose of installing, operating, and maintaining a 69KV aerial transmission line across the Little Pee Dee River in Dillon County, South Carolina.

This easement has been reviewed and approved by the Attorney General's Office and executed by P. T. Allen, Executive Vice President and General Manager for Central Electric.

A consideration in the amount of Eighty-two and 20/100 (\$82.20) Dollars has been paid for the 0.41 acre of State land to be used in the project.

4. What is Board asked to do?

Review and approve the proposed easement.

EXHIBIT

AUG 28 1986

NO. 1

STATE BUDGET & CONTROL BOARD

5. What is recommendation of the Board Division involved?

That the proposed easement be executed by the Board.

6. Recommendation of other office (as required)?

(a) Office Name

Authorized

(b) Signature

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

1. Original Easement (6 Pages)
2. Plat dated June 12, 1986

01996

(c)

EXHIBIT

STATE OF SOUTH CAROLINA)
COUNTY OF DILLON)

EASEMENT

AUG 28 1986 NO. 1
STATE BUDGET & CONTROL BOARD

THIS EASEMENT, made and entered into this 8th day of August, 1986, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and Central Electric Power Cooperative, Inc., as Grantee (hereinafter "COOPERATIVE").

WITNESSETH

WHEREAS, COOPERATIVE is a generation and transmission cooperative supplying wholesale bulk power to fifteen (15) distribution cooperatives in South Carolina. COOPERATIVE's mailing address is Post Office Box 1455, 121 Greystone Boulevard, Columbia, South Carolina 29202; and

WHEREAS, COOPERATIVE proposes to install, operate and maintain a 69KV aerial transmission line across the Little Pee Dee River northeast of the intersection of S.C. Highway 57 and Secondary Road 292 in Dillon County, South Carolina. This line will deliver power to a new distribution substation being added to the system of Pee Dee Electric Cooperative. The aerial transmission line and easement area are more particularly shown and delineated on a plat entitled "A PLAT SHOWING A POWER LINE EASEMENT CROSSING THE LITTLE PEE DEE RIVER, DILLON TAP 69KV, DILLON COUNTY, S.C.," by Charles F. Renew, P.E., R.L.S., dated June 12, 1986, which is attached hereto and incorporated herein by reference as Exhibit A.

01997

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

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

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

This Easement of right-of-way shall be used solely for the purposes incidental with the installation, operation and maintenance of said 69KV aerial transmission line. The easement area is more particularly described as follows:

A right of way one hundred seventy-nine (179') feet in length and one hundred (100') feet wide across the Little Pee Dee River beginning at a point on the ordinary high water line on the west bank of the Little Pee Dee River, said point of beginning being 1,496.37 feet on a bearing of North 65 Degrees 54 Minutes 59 Seconds East of the intersection of Highway 292 centerline and Seaboard Coastline Railway main track centerline, thence proceeding 179' on a bearing of South 84 Degrees 55 Minutes 00 Seconds East to a point on the ordinary high water line on the east bank of the Little Pee Dee River. The easement is bounded on the west by property of

Dillon County and on the east by property of Canal Industries, Inc.

The 69KV aerial transmission line and easement area are more particularly shown and delineated on a plat entitled "A PLAT SHOWING A POWER LINE EASEMENT CROSSING THE LITTLE PEE DEE RIVER, DILLON TAP 69KV, DILLON COUNTY, S.C.," by Charles F. Renew, P.E., R.L.S., dated June 12, 1986, which is attached hereto and incorporated herein by reference as Exhibit A.

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

The vertical clearance of all electrical wire, conductors, cables and live parts of equipment across all navigable waters and/or waters of the State of South Carolina shall be constructed in accordance with National Electrical Safety Code (ANSI - C2 - 1981) Part 2, Section 23, as amended.

COOPERATIVE hereby agrees and covenants with the STATE that COOPERATIVE, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. COOPERATIVE shall use the easement area solely for the purposes incidental with the construction, operation, and maintenance of said 69KV aerial transmission line and shall maintain such easement area and transmission line in good condition.

COOPERATIVE further agrees and covenants that COOPERATIVE shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including, but not limited to, reasonable costs and attorney fees

resulting in personal injury or death to any person or persons or damage to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

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

COOPERATIVE WILL COMPLY WITH AND BE BOUND BY ANY AND ALL APPLICABLE STATE STATUTES, REGULATIONS, AND TERMS AND CONDITIONS OF ANY PERMITS OR AGREEMENTS CONCERNING THIS PROJECT AND ANY AND ALL LANDS AND WATERS INVOLVED THEREWITH.

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if COOPERATIVE, its successors and assigns: (1) quits and abandons all use of such 69KV aerial transmission line, in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein.

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

IN WITNESS WHEREOF, this instrument is being executed in
accordance with the action of the South Carolina Budget and
Control Board at its meeting held on the 28 day of
August, 1986.

WITNESSES:

Kathleen M. Herd
William A. McFinnis

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY: Richard W. Riley
Governor Richard W. Riley

Archie H. Wylie
Donna J. Spigner

CENTRAL ELECTRIC POWER
COOPERATIVE, INC.

BY: R. Miller
TITLE: Exec. Vice President & Gen'l. Mgr.

ATTORNEY GENERAL'S OFFICE

Approved: Kenneth B. Woodington

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me William A. McInnis
and made oath that he/~~she~~ saw the within named State of South
Carolina, Budget and Control Board, by its Chairman, Governor
Richard W. Riley, sign, seal, and as its act and deed deliver the
within written Easement, and that he/~~she~~, along with
Katherine M. Hepter, witnessed the execution thereof.

William A. McInnis

SWORN to before me this 15th
day of September, 1986.

Donald S. Williams (L.S.)
Notary Public for South Carolina

My Commission Expires: 5/3/89

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me Leslie H. Wylie
and made oath that he/she saw the within named Central Electric
Power Cooperative, Inc., by P.T. Allen, its
Exec. Vice Pres. & General Mgr., sign, seal, and as its act and deed
deliver the within written Easement, and that he/she, along with
Bennie J. Spigner, witnessed the execution thereof.

Leslie H. Wylie

SWORN to before me this 8th
day of August, 1986.

George T. Howell (L.S.)
Notary Public for South Carolina

My Commission Expires: 9/21/91

02002

EXHIBIT

AUG 28 1986

NO. 1

STATE BUDGET & CONTROL BOARD

PROPERTY OF
DILLON COUNTY

PROPERTY OF
CANAL INDUSTRIES, INC.

N 84° 55' - 00" E W
179'

50'

50'

S 84° 55' - 00" E
179'

PROPERTY OF
DILLON COUNTY

PROPERTY OF
CANAL INDUSTRIES, INC.

MHW

MLW

MHW

MLW

50' 0 50'
SCALE 1" = 50'

A UTILITY EASEMENT 100 FEET WIDE RUNNING
FROM THE MEAN HIGH WATER LINE ON THE WEST
BANK TO THE MEAN HIGH WATER LINE ON THE
EAST BANK OF THE

DATUM: MEAN SEA LEVEL



Charles F. Renew

P.E., R.L.S.



VICINITY MAP

0 1 2 Miles



Central Electric Power Cooperative, Inc.
P.O. Box 1455-121 Greenville Boulevard/Columbia, S.C. 29602-0012/779-4875

A PLAT SHOWING A
POWER LINE EASEMENT
CROSSING THE
LITTLE PEE DEE RIVER
DILLON TAP - 69KV
DILLON COUNTY S.C.

SCALE SHOWN

DRAWN *J.R.*

CHECKED

SUBMITTED

SHEET 1 OF 1

DATE 6/12/86

APPROVED

02003

EXHIBIT

AUG 28 1986

NO. 1

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for STATE BUDGET & CONTROL BOARD

August 28, 1986

☒ Blue Agenda
☐ Regular Session Agenda
☐ Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly, Director

2. Subject: Right-of-way Easement

3. Summary Background Information:

This is an easement from the State to St. Johns Fire Department for the construction, operation and maintenance of a subaqueous water intake pipe in Bohicket Creek, Charleston County. This easement was initially prepared in 1984 for this project, however the grantee after experiencing problems with the construction crew, put the project on hold. This Office has since found out that the grantee proceeded with the project in April of 1985. They were advised that they would have to execute the easement in order to be in compliance with the code, thus their copy of the easement was executed and returned to the Division.

The Attorney General's Office has again reviewed and approved the easement.

4. What is Board asked to do?

Review and approve the proposed easement.

5. What is recommendation of the Board Division involved?

That the proposed easement be executed.

6. Recommendation of other office (as required)?

(a) Office Name _____ (b) Signature _____

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

1. Copy of Easement with original signatures (5 pages)
2. Copy of plat dated May 30, 1984.

02004

(d)

EXHIBIT

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

AUG 28 1986
RIGHT-OF-WAY EASEMENT

NO. 1

STATE BUDGET & CONTROL BOARD

THIS EASEMENT, made and entered into this 1st day of August, 1984, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and St. Johns Fire Department, as Grantee (hereinafter "ST. JOHNS").

WITNESSETH

WHEREAS, ST. JOHNS is created and existing under Act #369 of the 1959 Acts and Joint Resolutions for the purpose of providing fire protection for the St. Johns District. Said ST. JOHNS' mailing address is Post Office Box 56, Johns Island, South Carolina 29455; and

WHEREAS, ST. JOHNS proposes to construct, operate, and maintain a subaqueous water intake pipe in Bohicket Creek located at the terminus of S.C. Highway #700 in Rockville, Charleston County, South Carolina. Said subaqueous intake pipe and easement area are more particularly shown and delineated on a Drawing entitled "PLAT OF A 20' PIPELINE EASEMENT TO BE USED BY THE ST. JOHNS FIRE DEPARTMENT LOCATED IN THE TOWN OF ROCKVILLE, CHARLESTON COUNTY, SOUTH CAROLINA," by Matthew W. Crawford, R.L.S., dated May 30, 1984, which is attached hereto and incorporated herein by reference as Exhibit A; and

WHEREAS, the STATE is the prima facie owner, in trust, of the beds of navigable streams in the State as well as marshlands lying below the mean high water line; and

02005

WHEREAS, pursuant to Section 1-11-90 of the Code of Laws of the State of South Carolina, 1976, as amended, the STATE is empowered to grant certain rights-of-way or easements through and over riverbeds and marshlands for construction, operation, and maintenance of water intake structures over, on, or under such land or marshland as are owned by the STATE; and

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

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

This Easement of right-of-way shall be used solely for the purposes incidental with the construction, operation and maintenance of said subaqueous water intake pipeline. Said pipeline and easement area are more particularly described as follows:

The easement area commences at a point at the terminus of S.C. Highway #700 (Maybank Hwy), which is also at a point 553' from the centerline of Yacht Club Road, and extends into Bohicket Creek on a bearing of S 07°00'00" E for a distance of 95' and measures 20' in width (10' on each side of the centerline). The easement area is bounded by property of Mr. Theodore Guerrard and Ms. Helen B. Jenkins.

A 6" pipe extends 2' above the water line and 12' below the water in a vertical direc-

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

C2006

tion and is connected to a 10" pipe that extends along the river bottom in a horizontal direction for a distance of 95'.

Said pipeline and easement area are more particularly shown and delineated on a Drawing entitled "PLAT OF A 20' PIPELINE EASEMENT TO BE USED BY THE ST. JOHNS FIRE DEPARTMENT LOCATED IN THE TOWN OF ROCKVILLE, CHARLESTON COUNTY, SOUTH CAROLINA," by Matthew W. Crawford, R.L.S., dated May 30, 1984, which is attached hereto and incorporated herein by reference as Exhibit A.

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

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

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

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

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

This Easement may be terminated by the STATE, in its discretion and such interests as the STATE may have shall revert to the STATE if ST. JOHNS, its successors and assigns: (1) quits and abandons all use of such water intake pipeline, in which case this Easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach of any of the terms and conditions herein, provided further, it is understood and agreed that this Easement is not to be construed as an easement granted to the exclusion of the STATE, or to others later granted a similar right.

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 28 day of August, 1986.

WITNESSES:

Karen M. Hyslop
William A. McInnes

Keith A. Walder
Stewart H. English

EXHIBIT

AUG 28 1986

NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD

BY: Richard W. Riley
Governor Richard W. Riley

ST. JOHNS FIRE DEPARTMENT

BY: Russell L. Christie
~~Captain John Binkley~~
District Chief Russell L. Christie

ATTORNEY GENERAL'S OFFICE

Approved: Kenneth B. Wadley

02008 Kenneth B. Wadley

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me William A. McInnis
and made oath that he/~~she~~ saw the within-named State of South
Carolina, Budget and Control Board, by Governor Richard W. Riley,
sign, seal, and as its act and deed deliver the within-written
Easement, and that he/~~she~~, along with Catherine M. Hepfer,
witnessed the execution thereof.

William A. McInnis

SWORN to before me this 15th
day of September, 1986
Thomas K. Williams (L.S.)
Notary Public for South Carolina

My Commission Expires: 5/3/89

EXHIBIT

AUG 28 1986 NO. 1

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Keith A. Walker
and made oath that he/she saw the within-named St. Johns Fire
Department, by its Captain, John Bihlear, sign, seal, and as its
act and deed deliver the within-written Easement, and that he/she,
along with Stewart H. Zupark, witnessed the execution
thereof.

Keith A. Walker
District Chief Russell L. Christie

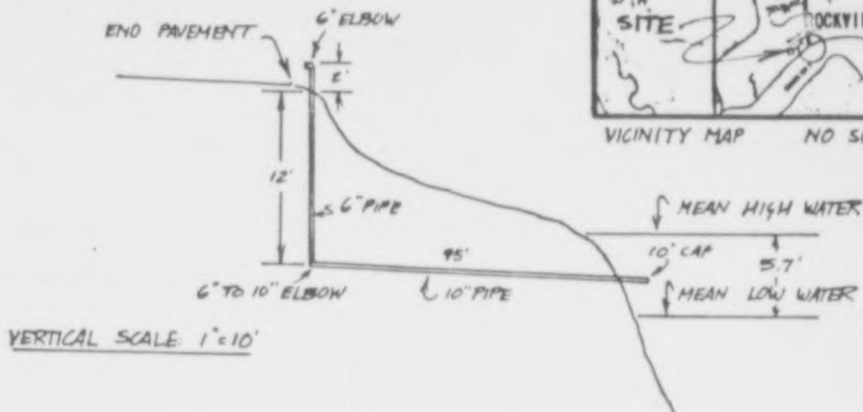
SWORN to before me this 15th
day of August, ~~1984~~ 1986,
Keith A. Walker (L.S.)
Notary Public for South Carolina

My Commission Expires: MY COMMISSION EXPIRES
OCTOBER 18, 1992

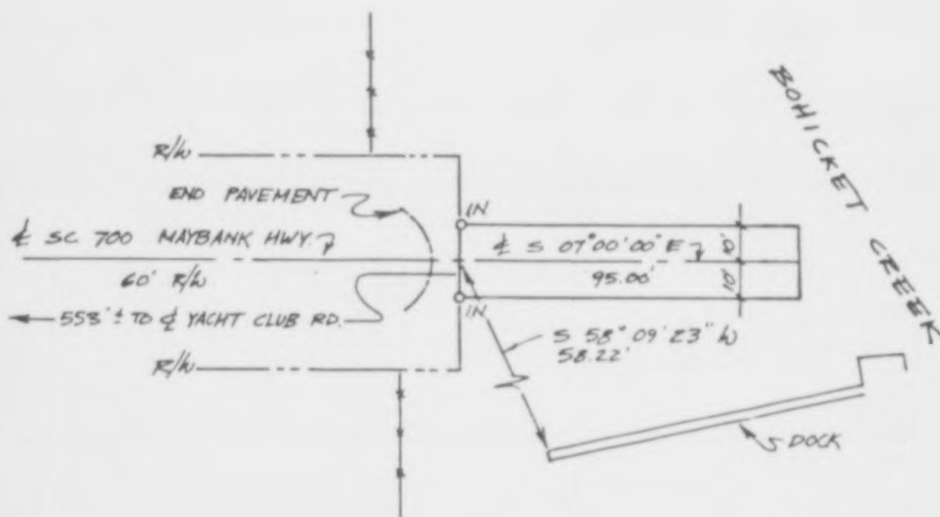
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Exhibit A



VERTICAL SCALE: 1"=10'

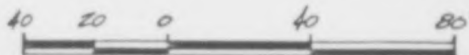


LEGEND:

- +—+— EXISTING FENCE
- IN. NEW IRON PIPE



PLAT OF A 20' PIPELINE EASEMENT
TO BE USED BY THE
ST. JOHNS FIRE DEPARTMENT
LOCATED IN THE TOWN OF
ROCKVILLE
CHARLESTON COUNTY
SOUTH CAROLINA



SCALE 1"=40'

gnw Gifford, Nielson and Williams

A-3 Wappoo Creek Executive Park / 2 Wappoo Creek Drive
 Charleston, SC 29412 / Telephone: 803-795-0920

DATE: MAY 30, 1984

SCALE: 1"=40'



02C10

I, MATTHEW M. CRAWFORD, A REGISTERED SURVEYOR OF THE STATE OF SOUTH CAROLINA, DO HEREBY CERTIFY THAT I HAVE SURVEYED THE PROPERTY SHOWN HEREON AND THAT THIS PLAT SHOWS THE TRUE DIMENSIONS OF THE PROPERTY AND THAT ALL NECESSARY MARKERS HAVE BEEN INSTALLED AND THERE ARE NO ENCROACHMENTS OTHER THAN AS SHOWN HEREON AND THE PRECISION IS 1/10,000

MATTHEW M. CRAWFORD
 S.C. REG. L.S. NO. 9756

EXHIBIT

AUG 28 1986

NO. 2

STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD

BLUE AGENDA

MEETING OF August 28, 1986

ITEM NUMBER

2

AGENCY: Family Farm Development Authority

SUBJECT: John F. Long Project

The Family Farm Development Authority advises that the John F. Long project, approved by the Budget and Control Board at its meeting on June 24, 1986, has been changed as follows:

- (a) The principal amount of the bond has been reduced from \$205,000 to \$190,000;
- (b) The interest rate has been reduced from 8.0% to 7.5%; and
- (c) The bond shall be payable in ten annual installments of \$27,681 each with the first payment to be 15 months from the date of closing.

BOARD ACTION REQUESTED:

Receive as information a Family Farm Development Authority report that the John F. Long project, approved by the Budget and Control Board at its meeting on June 24, 1986, has been changed as follows: (a) the principal amount of the bond has been reduced from \$205,000 to \$190,000; (b) the interest rate has been reduced from 8.0% to 7.5%; and (c) the bond shall be payable in ten annual installments of \$27,681 each with the first payment to be 15 months from the date of closing.

ATTACHMENTS:

McLeod August 6 letter to McInnis

02011

AUG - 8 1986

EXHIBIT

AUG 28 1986

NO. 2

STATE BUDGET & CONTROL BOARD

McNAIR LAW FIRM, P. A.

ATTORNEYS AND COUNSELORS AT LAW

NCNB TOWER

POST OFFICE BOX 11390

COLUMBIA, SOUTH CAROLINA 29211

803-799-9800

ROBERT E. McNAIR
TERRELL L. QUINN
JAMES S. KONDURO
O. WAYNE CORLEY
E. McLEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY H. SNEEDEN
EDWARD H. FORGOTSON*
STEPHEN KOPLAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
DENNIS C. THELEN*
JOHN H. LUMPKIN, JR.
JOHN W. CURRIE
SCOTT Y. BARNES
M. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DANIEL R. McLEOD, JR.
WILLIAM S. ROSE, JR.
BERNARD J. WUNDER, JR.

HUEL D. ADAMS, JR.
JAMES R. FIELDS, JR.
M. CRAIG GARNER, JR.
LAWRENCE R. HIGGINS*
BRENTON D. JEFFCOAT
ROBERT T. BOCKMAN
EDWIN W. JOHNSON II
PETER L. MURPHY
C. ALAN RUNYAN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILMOT B. IRVIN
APRIL C. LUCAS
ROBERT E. STEPP
KATHLEEN CRUM MCKINNEY
E. RUSSELL JETER, JR.
M. WILLIAM YOUNGBLOOD
CARL B. CARRUTH
JOHN W. HUNTER*
RICHARD J. MORGAN
J. SIMON FRASER
CHRISTOPHER M. HOLMES

DEBORAH K. OWEN*
SARA S. ROGERS
PAUL E. SULLIVAN*
DOROTHY M. HELMS
NANCY PAGE
SANDRA L. RANDLEMAN
JANE W. TRINKLEY
J. LYLES GLENN IV
CELESTE TILLER JONES
KATHERINE ELIZABETH MIMS
JOSEPH D. WALKER
NANCY R. JEFFERS
ALISON RENEE LEE
MARTHA R. McMILLIN
GREGORY D. McLOACH
WILLIAM ASHLEY JORDAN, JR.
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT F. McMAHAN, JR.
MARY DONNE PETERS

THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. KITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

GREENVILLE OFFICE
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, S.C. 29601
803-271-4940

HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29928
803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

*NOT ADMITTED IN SOUTH CAROLINA

August 6, 1986

Mr. William A. McInnis
Deputy Executive Director
South Carolina State Budget
and Control Board
618 Wade Hampton Office Building
Columbia, South Carolina 29211

RE: South Carolina State Family Farm Development
Authority, Agricultural Development Bond,
1986, \$190,000 (John F. Long Project)
File No. 5464/3081

Dear Mr. McInnis:

We have been advised by the South Carolina State Family Farm Development Authority that the amount of the above referenced bond, the interest rate and payment schedule have been changed, as follows:

1. The principal amount of the bond has been changed from \$200,000 to \$190,000;
2. The rate of interest has been changed from 8.0% to 7.5%; and
3. The bond shall be payable in 10 annual installments of \$27,681 each with the first payment to be 15 months from the date of closing.

I understand no further action regarding the changes will need to be taken by the Budget and Control Board. If you should need any further information or have any questions concerning this issue, please

02012

• William A. McInnis
August 6, 1986
• Page Two

EXHIBIT

AUG 28 1986 NO. 2

STATE BUDGET & CONTROL BOARD

do not hesitate to contact me.

With kind regards, I am

Yours very truly,

McNAIR LAW FIRM, P.A.

Daniel R. McLeod

By: Daniel R. McLeod, Jr.

DRM/tsg

cc: Clyde B. Livingston
Charlie Crews

02013

EXHIBIT

AUG 28 1986

NO. 3

STATE BUDGET & CONTROL BOARD

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF August 28, 1986

ITEM NUMBER

2

AGENCY: City of Charleston

SUBJECT: Briefing on SC Marine Science Museum

Mayor Riley and others will make a slide presentation on the S. C. Marine Science Museum proposed for construction in Charleston within a couple of years.

BOARD ACTION REQUESTED:

Receive as information a report by Charleston Mayor Riley on the S.C. Marine Science Museum proposed for construction in Charleston.

ATTACHMENTS:

Copy of brochure on proposed museum

02014

EXHIBIT

NOV 28 1950 VOL. 3

WATER RESOURCES & CONTROL BOARD



SOUTH CAROLINA MARINE SCIENCE MUSEUM

02015

EXHIBIT

AUG 28 1986

NO. 3

STATE BUDGET & CONTROL BOARD



- *Estuaries and marshlands provide nurseries for many of the sea's residents. From microscopic organisms to full-sized fish, three-quarters of our Atlantic Coast's fish, shellfish and crustaceans spend at least part of their lives here.*
- *As a state-of-the-art educational facility, the Museum will include a major central tank with sharks and colorful Gulf Stream fish. Living freshwater, shoreline and marsh exhibits will introduce visitors to the animals and plants of our State's ecosystems. The hands-on laboratory will have touch tanks, interactive programs and research tools.*
- *The coastline will always know change from the tides, the weather and the seasons, but nothing threatens our coastal environment like man's lack of understanding.*



An Opportunity To Understand The World Around Us

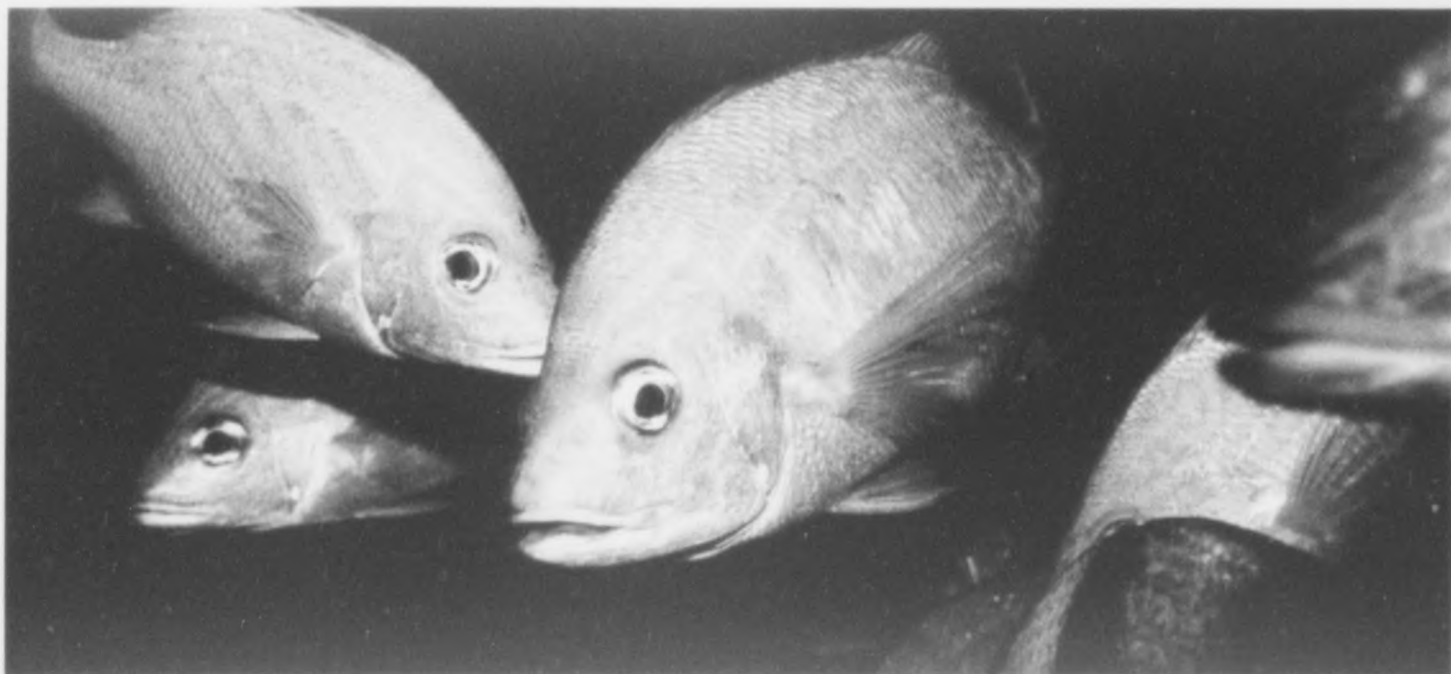
The pursuit of excellence in education continues to be a top priority for our State. The Marine Science Museum will provide a unique science education opportunity for all South Carolinians.

Educators are advising on the development of programs and exhibits to ensure that the Aquarium will enrich the science curriculum of every school district in the State. Textbook information will come to life, with much greater meaning, as students participate with hands-on, practical learning, closely correlated to their science

courses. The proximity of the South Carolina Marine Science Museum to the Fort Sumter Boat Tours offers an extraordinary combination of learning experiences.

South Carolina has some of the finest marine research scientists and centers in the country. Biologists and ecologists from universities, state and federal agencies, are working with the Aquarium staff to develop exhibits, workshops and programs that will reflect marine research in South Carolina and make environmental education resources within the State available to everyone.

From hands-on experiments for students to sophisticated research opportunities,



P

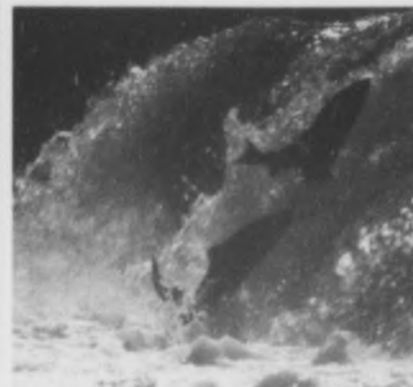
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0217

- South Carolina has 178 miles of ocean shores, more than 3,000 miles of labyrinthine tidal shores, half-a-million acres of coastal marshes and 8,000 miles of freshwater rivers and streams. To sustain and protect these vital resources, we must educate the people of our State.



- The Marine Science Museum will become a major tourist attraction for South Carolina. Two feasibility studies conclude that the facility will be self-sufficient. First-year attendance is conservatively predicted to be 200,000 which is also the facility's economic breakeven level.

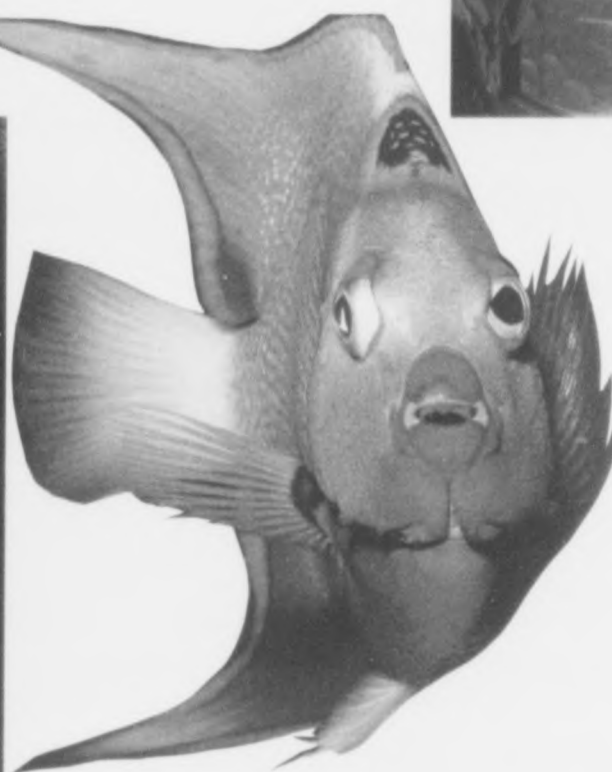
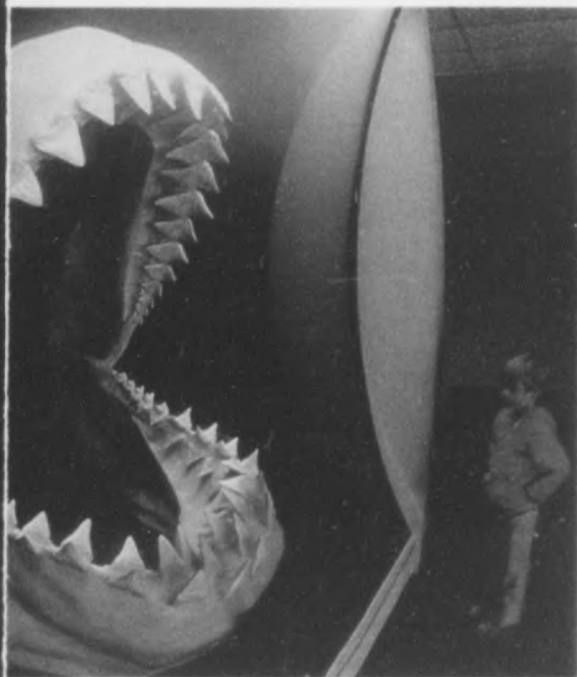


South Carolina Marine Science Museum State Advisory Board

- | | | | |
|--|---|--|---|
| Mrs. Ruth Ackermann
Duncan | Mr. David C. Dudley
Lexington | Mr. John A. McAllister
Greenwood | Mr. Walter Schrader
Rock Hill |
| Mr. Hamp Alford
Eastover | Mr. E. B. Earle, Sr.
McBee | Mrs. Marlene M. McClerkin
Columbia | Cmdr. Ralph C. Scott, USN (Ret.)
Clarks Hill |
| Lt. Col. Montie Atkins
Myrtle Beach | Mr. Robert J. Feller
Columbia | Mr. Joe McGowan
Laurens | Mrs. Nanette P. Shelley
Charleston |
| Mr. Thomas A. Babb
Laurens | Mr. Henry J. Fickling, III
Ridgeland | Ms. Sheila D. McMillan
Columbia | Mr. M. Duane Shuler
Kingstree |
| Mr. Robert H. Barrineau
Andrews | Mr. John Flinton
St. Matthews | Mr. David McNamara
Columbia | Mrs. Elizabeth M. Smith
Pamplico |
| Mr. Robert D. Bell
Summerville | Mr. Richard S. Fox
Greenwood | Mrs. Gail R. McTeer
Columbia | Mrs. Rene Smith
Woodruff |
| Mr. Nicholas L. Belmont
Spartanburg | Mr. Floyd Gordon
Columbia | Mr. Joseph Mix
Beaufort | Mrs. Joan M. Sooy
Charleston |
| Dr. J. Thomas Berry, Sr.
Gaffney | Mr. W. O. (Sam) Grayson
Georgetown | Mr. Bill Monckton
Myrtle Beach | Mrs. Dorothy J. Smith
Edisto Island |
| Mrs. Wilma Bjontegard
Columbia | Mr. Phil Greer
Pickens | Mr. Joseph A. Moore
Charleston | Ms. Harriet Stephens
Chester |
| Mr. Frederick (Rick) Blackwell
Marietta | Mr. Isaac Harper
Greenville | Dr. Lawrence E. Moore
Spartanburg | Mr. James E. Stratton, Jr.
Hartsville |
| Mr. Mike Blanding
Sumter | Mr. Leon Harrelson
Dillon | Mrs. Audrey W. Morgan
Gaffney | Mr. Richard Thompson
Starr |
| Mr. B. Frank Boyd
Loris | Mayor Ralph Hendricks
Simpsonville | Mr. Kiffin Nanney
Landrum | Dr. James A. Timmerman, Jr.
Columbia |
| Mr. Gerald S. Bradshaw
Manning | Dr. Ben Hodges
Goose Creek | Mr. B. E. Nicholson
Edgefield | Dr. John Vernberg
Columbia |
| Mrs. Cynthia M. Brown
Eastover | Mr. James C. Holcombe
Irmo | Mrs. Gayle T. O'Dell
Ware Shoals | Mrs. Pat Wardlaw
Charleston |
| Mr. Wallace Brown
Columbia | Ms. Catherine Horne
St. George | Mrs. Marguerite Palmer
Charleston | Mr. David L. Weekes
Greenville |
| Mayor Carmen Bunch
Isle of Palms | Mrs. Betty L. Hudson
Duncan | Mrs. Rodney Peeples
Barnwell | Mr. Edward J. Wernitz
Walterboro |
| Ms. Rosemary H. Byerly
Inman | Mr. A. J. Hurt
Easley | Mr. Robert Pickering
Charleston | Mr. Lewis Wessinger
North Augusta |
| Mr. James Carew
Charleston | Dr. Jacqueline H. Jacobs
Columbia | Mr. Andrew Polakoff
Spartanburg | Mr. D. Reece Williams
Columbia |
| Mr. Allen Cauthen
Lancaster | Mrs. Gloria M. James
Holly Hill | Ms. Sharon Porter
Spartanburg | Mr. Tilmund Williams
Conway |
| Mrs. Julia S. Cliff
Mt. Pleasant | Mr. Charles Jennings
Gaffney | Mr. Ronald L. Poston
Lake City | Mr. Bradford Wheeler Wyche
Greenville |
| Mr. John Cocker
Clover | Mr. Leon Johnson
Society Hill | Mr. Philip W. Prescott
Columbia | Mr. Roland C. Young
Columbia |
| Mr. Lloyd Crumley
Greenville | Mr. Dan E. Jones
Columbia | Dr. Theodore D. Ravenel, Jr.
Columbia | Mr. Karl H. Zerbst
North Charleston |
| Mr. Joe B. Davenport
Anderson | Mr. Guy T. Jones, II
Columbia | Mr. Leonard D. Reynolds
Darlington | Mrs. Sharon Zion
Bamberg |
| Mr. J. Randall Davis
Lexington | Dr. Rex E. Kerstetter
Greenville | Dr. LeGrand D. Rodgers
Greenwood | |
| Pastor Thomas A. DeVenny
Piedmont | Mr. Gary LeCroy
Moncks Corner | Mrs. Page S. Rountree
Landrum | |
| Mr. Collins Doughtie
Hilton Head Island | Mr. Raymond P. Mallon
Summerton | Dr. Judith Salley
Orangeburg | |
| | Mr. Jeff Mann
Rock Hill | Dr. Paul A. Sandifer
Charleston | |

Co-Chairmen of the Friends of The South Carolina Marine Science Museum

- Mr. Melvin Solomon
Charleston
Dr. Alan Nussbaum
Charleston



EXHIBIT

AUG 28 1986 NO. 3

STATE BUDGET & CONTROL BOARD

A Self-Supporting Museum That Enriches Us All

Two separate feasibility studies confirm that the Aquarium will be self-supporting and will increase tourism revenues for the State. Conservative estimates predict first-year visitation at 200,000, which is also the economic breakeven level. Attendance in successive years is estimated at substantially higher levels.

The first-year attendance projection is based on only 15 percent of the resident population and only 6 percent of the annual Charleston tourist population, percentages which are well

below average for facilities of this kind.

Other similar facilities have easily exceeded early visitation estimates. For example, the Monterey Bay Aquarium in California, which opened in 1984, exceeded first-year projections by more than one million visitors.

The South Carolina Marine Science Museum is an affordable, viable project. It will not only be self-supporting, it will also be beneficial to the State on educational, cultural and economic levels. The Aquarium will become a vital, living institution for present and future generations.

- From hands-on experiments for students to sophisticated research projects, the Aquarium will provide extraordinary learning opportunities at all levels.
- Understanding the system of barrier islands and tidal waterways that form the coastal boundary of South Carolina and protect the mainland from the blows of ocean-borne storms is vital to man's peaceful coexistence with the sea.
- With sharks and crustaceans, copepods and cormorants, the living freshwater, shoreline and marsh ecosystem exhibits will enhance our understanding of the life systems we depend on.

Project Manager:
Charles E. Jones, President
and Executive Director, SCSM
Trustees:
John C. Latham
Ruth A. W. Smith
James H. Smith
K. L. Smith, Jr., President, SCSM
The Museum
Charleston, South Carolina 29405



02019

What South Carolinian has not stood barefoot in the soft sands bordering the Atlantic Ocean and pondered the majesty of the pounding surf? Yet the coastal grandeur that has continuously stirred the longings of poets, artists, balladeers — all of us — wields influence far greater than creative inspiration.

It was upon these waters that the 17th century settlers found their way here, and beside these waters that we thrive today. Within the surrounding estuaries and waterways, and beneath the surface of the ocean itself, lie the keys to the quality of life for future generations.

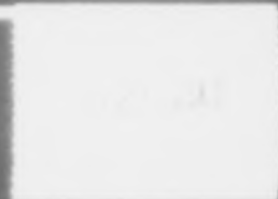


South Carolina's 178 miles of coastline make up one-third of the State's boundaries and over 20 percent of the existing salt marshes on the Atlantic coast. Combined with our 18 major lakes and more than 8,000 miles of rivers and streams, these waters are our greatest resource,

affecting the lives of every South Carolinian. Everyday, more than 33 billion gallons of water flow from South Carolina waterways into the sea. The State's industry, economy, energy, transportation, recreation, even the food we eat, depend upon our waterways and the life in them.

The understanding we all need to tap the abundant resources at hand while preserving and protecting them for the future must be a paramount concern for all South Carolinians. The South Carolina Marine Science Museum will be instrumental in providing that understanding.

Located in Charleston, the Aquarium will become one of South Carolina's major tourist attractions, contributing substantially to our State's economy. It represents a vital educational, environmental and economic resource for the benefit of all South Carolinians



EXHIBIT

AUG 28 1986

NO. 4

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER

3

AGENCY: State Election Commission

SUBJECT: Release of 1986 Bond Funds for Voting System Project

The State Election Commission is asking the Board to recommend the release the \$984,810 of capital improvement bonds authorized this year for the "Uniform Electronic Voting System Pilot Project." The Commission also is asking for approval of the establishment of this permanent improvement project.

A proviso in Act 538 which authorized the bonds requires that the Commission's plans for this project be approved by the Board and the Bond Committee.

The pilot project includes the purchase and installation of 347 new electronic voting machines and peripheral computer equipment in seven counties (Abbeville, Chesterfield, Dorchester, Florence, Greenwood, Lancaster and Colleton). These counties in 1984 represented 12.5% of the State's registered voters.

The total pilot project cost is \$1,390,800. The State's share is 70%.

Election Commission Executive Director James Ellisor will attend the meeting to present a statement on his Commission's plans and to respond to questions.

The Bond Committee is to consider the release of the \$984,810 of bond funds at its August 28 or September 9 meetings.

BOARD ACTION REQUESTED:

- (a) Approve the Election Commission's plans for the voting system project;
- (b) Approve the release of \$984,810 of 1986 bond funds for the State Election Commission "Uniform Electronic Voting System Pilot Project;" and
- (c) Approve the establishment of the project.

ATTACHMENTS:

A-13 form on Voting System project plus attachments

02021

EXHIBIT

AUG 28 1986

NO. 4

STATE BUDGET & CONTROL BOARD

ACT 538 OF 1986

**30) State Election Commission

1. Uniform Electronic Voting

Systems Pilot Project \$ 984,810

TOTAL, State Election Commission \$ 984,810

Provided, that the plans for the Uniform Electronic Voting Systems Pilot Project authorized above must be approved by the Budget and Control Board and the Joint Bond Review Committee prior to the issuance of any bonds for this project.

02022

PROJECT PROPOSAL AND JUSTIFICATION STATEMENT

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR 87

1. PROJECT IDENTIFIERS:

A. Agency: Number E28 Name State Election Commission
B. Contact Person James B. Ellisor, Executive Director Phone: 734-9061
C. Project Name: Uniform Electronic Voting System Pilot Project
D. Facility Affected: Name Voting System in South Carolina counties Number 7

2. PROJECT DESCRIPTION (What does it consist of? Attach supporting documentation): SEE ATTACHMENT #1

Purchase and installation of 347 new electronic voting machines and peripheral computer equipment in seven counties in South Carolina prior to the 1986 general election. The State will provide 70% of the funds and each county will provide 30% of the funds for this project.

Site Description: (Attach a map showing project location) - SEE ATTACHMENT #2

Location: _____
county code city site

3. PROJECT JUSTIFICATION (What does it consist of? Attach supporting documentation): SEE ATTACHMENT #2

The use of paper ballots in elections in South Carolina causes the most serious problems we experience in elections in our state. Also, the proliferations of different types of voting systems presently used in South Carolina complicates the voting process. This project, approved overwhelmingly by the General Assembly, would install the most modern and efficient new electronic system of voting used in the United States initially in 7 counties that still use paper ballots in elections. The same system will be used in all 7 counties creating a uniform system of voting. Ultimately, all 46 counties will be converted to the same uniform system.

4. ALTERNATIVES CONSIDERED AS A MEANS OF MEETING NEEDS SPECIFIED IN #3:

All voting systems available on the market today were compared and the proposed system was selected as the best choice for South Carolina presently and in the future.

5. PRIORITY: This project is priority number 1 of 1 projects proposed in this program.

6. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs?

Yes X No _____ If yes, complete and attach addendum A-49.

SEE ATTACHMENT #4

7. ESTIMATES OF PROPOSED PROJECT COSTS: \$1,390,800 (Total County and State)*

A. Total estimated cost of project \$ 984,810 (Total State) *\$405,990 plus freight

and tax on equipment

B. Total estimated cost of project includes the following (1. through 10.= 7A above) to be paid by county

- | | | |
|------|-------------------|---|
| (1) | \$ _____ | Planning/design services |
| (2) | _____ | Site work (including utilities) |
| (3) | _____ | Central energy systems repair/replacement |
| (4) | _____ | Mechanical systems repair/replacement |
| (5) | _____ | General renovation/repair of floor space (Gross sq. ft.: _____) |
| (6) | _____ | Roof repair/replacement |
| (7) | _____ | Construction of additional floor space: (Gross sq. ft.: _____) |
| (8) | <u>984,810</u> | Equipment/supplies |
| (9) | _____ | Purchase of facilities: (Floor space, gross sq. ft.: _____) |
| | | (Land, acres: _____) |
| (10) | _____ | Other (Specify) _____ |
| | \$ <u>984,810</u> | Total (Same as 7 A) |

02023

EXHIBIT

4
NO.
AUG 28 1986

STATE BUDGET & CONTROL BOARD

7. C. Total estimated cost of project by broad purpose: Total cost: \$ 1,390,800 (Covered in Items equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ _____	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ _____	8. Other _____	\$ _____

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: _____ \$ 984,810
(Expenditure purposes (use 7B categories): _____)

B. Estimated expenditures after this FY: \$ _____

C. Total (Same as 7A, 7B and 7C): \$ 984,810

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer I D Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds	\$ 984,810	8115	028-088	3043	9001	0700
(1) Dept Capital Imp Bonds						
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service						
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
TOTAL (Same as 7A)	\$ 984,810					

EXHIBIT

AUG 28 1986

NO. 4

STATE BUDGET & CONTROL BOARD

10. Submitted By:

Authorized Official:

James B. Ellisor

Typed Name and Title and Signature
James B. Ellisor, Executive Director

Date Submitted 7/31/86

FY Submitted _____

11. APPROVED (For Board Use Only):

Typed Name and Title and Signature

Date

02024

PROJECT NUMBER _____

PROJECT NAME: _____

PROPOSED PILOT PROGRAM-UNIFORM ELECTRONIC SYSTEM OF VOTING-SOUTH CAROLINA

NUMBER OF COUNTIES: 7
 REGISTERED VOTERS: 169,132*
 PER CENT OF STATE TOTAL: 12.5%
 NUMBER OF VOTING STATIONS: 347

EXHIBIT

AUG 28 1986 NO. 4

STATE BUDGET & CONTROL BOARD

COST OF IMPLEMENTING PILOT PROGRAM:

347 ELECTRONIC VOTING STATIONS: \$ 1,353,300
 STATE ELECTRONIC ELECTION CENTRAL: 37,500
 \$ 1,390,800

PROPOSED IMPLEMENTING COST SHARING:

STATE 70% COUNTIES 30%

COUNTIES 30% ELECTRONIC VOTING STATIONS: \$ 405,990
 STATE 70% ELECTRONIC VOTING STATIONS: 947,310
 STATE ELECTRONIC ELECTION CENTRAL: 37,500
 \$ 1,390,800

ANALYSIS OF COST SHARING:

<u>COUNTIES:</u>	<u>ELECTRONIC VOTING STATIONS</u>		<u>STATE ELECTRONIC ELECTION CENTRAL</u>
	<u>COUNTY 30%</u>	<u>STATE 70%</u>	
ABBEVILLE	\$ 25,740.00	\$ 60,060.00	
CHESTERFIELD	36,270.00	84,630.00	
DORCHESTER	70,200.00	163,800.00	
FLORENCE	120,510.00	281,190.00	
GREENWOOD	57,330.00	133,770.00	
LANCASTER	49,140.00	114,660.00	
COLLETON	46,800.00	109,200.00	37,500.00
TOTALS:	\$ 405,990.00	\$ 947,310.00	
STATE ELECTION CENTRAL:		37,500.00	
TOTAL STATE FUNDING:		\$ 984,810.00	

*1984 registration figures

02025

ATTACHMENT #2

<u>County</u>	<u>County Code</u>	<u>City</u>	<u>Site (Precincts)*</u>
Abbeville	1001	Abbeville, SC	25
Chesterfield	1013	Chesterfield, SC	31
Colleton	1015	Walterboro, SC	33
Dorchester	1018	St. George, SC	33
Florence	1021	Florence, SC	60
Greenwood	1024	Greenwood, SC	32
Lancaster	1029	Lancaster, SC	42

* An adequate number of voting machines will be placed in each precinct within the county.

EXHIBIT

AUG 28 1986 NO. 4

STATE BUDGET & CONTROL BOARD

02026

ADDENDUM TO FORM A-1, A-13, A-23

Form-Addendum A-49

ADDITIONAL ANNUAL OPERATING COSTS RELATED TO PERMANENT IMPROVEMENT PROJECT

(Copy this form as needed; submit completed, typed original as attachment to original A-1, or A-13, or A-23.)

AGENCY NUMBER: E28 AGENCY NAME: State Election Commission

NAME OF PROJECT: Uniform Electronic Voting System Priority 1 of 1.

Complete the left side (below) for all additional annual operating costs attributable to the project. The dollar number entered for each year should be the amount of increase in operating costs over the year prior to the completion of this project. (Example: Assume that operating costs the year prior to the project completion were \$100; after project completion, the operating cost will be \$115; the FY 1 line then will show a \$15 increase in the total column and by financing source. Assume FY 2 costs will be \$120; line 2 then will show a \$20 increase in the total column and by financing source.)

Complete the right side (below) for additional annual personal service costs and number of positions attributable to the project. The dollar number and the position number entered for each year should be the amount of increase in number of positions and personal service costs over the year prior to the completion of the project. (For example, see paragraph above.) Note that the additional costs for personal services are included in the total additional operating costs entered in the left side of the form.

ADDITIONAL ANNUAL OPERATING COSTS RELATED TO PROJECT

FISCAL YEAR (Start with FY project is to be completed.)	TOTAL ADDITIONAL OPERATING COSTS Projected Financing Sources				PERSONAL SERVICE COSTS ONLY# Projected Financing Sources				
	Gen. Funds	Federal	Other*	Total	Gen. Funds	Federal	Other*	Total	
								Amount	Positions
(1)	20,000			20,000	\$ ()	\$ ()	\$ ()	\$	STATE BUDGET & CONTROL BOARD
(2)					\$ ()	\$ ()	\$ ()	\$	
(3)					\$ ()	\$ ()	\$ ()	\$	
(4)					\$ ()	\$ ()	\$ ()	\$	
(5)					\$ ()	\$ ()	\$ ()	\$	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

*Specify what "Other" sources are.

Show additional positions in parenthesis where appropriate.

EXHIBIT

MO 28 1986 NO 4

02027

ATTACHMENT #4

An estimated reduction of \$40,000 will be realized by the State and the seven counties involved for each general election due to the decrease in printing of ballots.

A substantial reduction in the printing of ballots will be realized by the State and counties in every election that is held in these counties thereafter.

EXHIBIT

AUG 28 1986 NO. 4

STATE BUDGET & CONTROL BOARD

02028

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF INFORMATION RESOURCE MANAGEMENT

1203 GERVAIS STREET
COLUMBIA, S.C. 29201
(803) 734-1480



TED. L. LIGHTLE
DIVISION DIRECTOR

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN
HOUSE OF WAYS AND MEANS COMMITTEE

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

RECEIVED

AUG 21 1986

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

August 18, 1986

EXHIBIT

AUG 28 1986 NO. 4

STATE BUDGET & CONTROL BOARD

Dr. Jesse A. Coles, Jr.
Executive Director
Budget and Control Board
618 Wade Hampton Building
Columbia, South Carolina

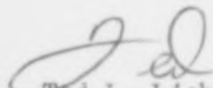
Dear Dr. Coles:

As you requested, we have reviewed the Election Commission's plans for implementing an electronic voting system on a pilot basis in South Carolina. As currently planned, the system will have no direct interconnection now or in the future with the DIRM Computer Center. The electronic voting machines will function autonomously and will produce output on magnetic cartridges which will subsequently be read into microcomputers owned by the Commission. At no time will the new machines communicate directly with the DIRM host.

From a planning standpoint, the Election Commission seems to have all their bases covered. They have planned for installation, implementation, programming, data storage, training, communications, interfacing and emergency backup. If all goes according to plan, we see no reason why this should not be operational in time for the November election.

If we can provide you with additional information, please let me know.

Yours very truly,


Ted L. Lightle
Director

DBS/kg

cc: William McInnis
Dr. E. A. Laurent
Bob Pietropaola

State Election Commission Plan for a Uniform Statewide Electronic

Voting System - To be Initiated Through a Pilot Project Funded

Through the Capital Improvement Bond Act of 1986.

EXHIBIT

AUG 28 1986

NO. 4

STATE BUDGET & CONTROL BOARD

The South Carolina State Election Commission (SEC) has found the number one problem in the State of South Carolina in elections to be the use of paper ballots. Presently, 27 counties in the State do not have an automated system of voting and still use paper ballots. The SEC, after extensive investigation of voting systems used in the United States, has concluded that the best system of voting available on the market is the electronic system of voting. This system of voting uses the latest technologies available and will be the voting system of the future throughout the United States. The SEC plans to convert the 27 paper ballot counties to the new electronic voting system first and, thereafter, to convert the remaining 19 counties that use other automated voting systems to the electronic voting system. The SEC intends to do this through the use of matching funds with the State providing the major portion of the funding and the counties providing a lesser portion of the funding for this system.

The statewide system will be initiated through a pilot project in the November 4, 1986 general election in seven counties that currently use paper ballots. The SEC will request that the General Assembly of South Carolina provide State funding for the remainder of the counties in the State in succeeding years in such amounts as can be made available for this project.

02030

EXHIBIT

AUG 28 1986 NO. 4

STATE BUDGET & CONTROL BOARD

The electronic voting machines purchased for this project will be housed and maintained by the counties. The voting machines will be jointly owned by the State of South Carolina and the counties. An integral part of the statewide system will be provided by SEC personnel who will program every election held in the counties through the use of computer equipment in the SEC office, and all ballots that appear on the face of the voting machines in every election used in the counties will be printed and provided to the counties by the SEC at a cost of only .15c per machine.

Once this system is purchased there will be a considerable reduction thereafter in the cost of elections to the State of South Carolina, the counties, the municipalities, political parties and all other jurisdictions conducting elections. This system will be used in all elections that are held in the counties at nominal expense whereas current automated systems used in the State are only used in one election every two years because of the high cost of printing and computer programming that must be done outside of South Carolina.

02031

EXHIBIT

AUG 28 1986

NO. 4A

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION
ITEM NUMBER

4

AGENCY: Executive Director

SUBJECT: Lease and Lease-purchase Policy on New Construction

At its August 13 meeting, the Board directed staff to develop for its consideration a recommended policy for the Board's handling of lease and lease-purchase agreements which relate to the construction of new facilities. The Board also directed that the policy include provisions which would limit Board approval of these sorts of agreements if they have not been approved and funded specifically by the General Assembly. It was the Board's feeling that it should not make significant, long-term financial commitments of this sort without clear legislative sanction.

In response, staff recommends that the Board's policy be to limit its approval of lease and lease-purchase agreements relating to the construction of facilities for State agencies and institutions to:

- (a) agreements approved specifically by the General Assembly and for which specific financing has been provided by the General Assembly in the regular appropriations/bond authorization processes; and
- (b) agreements not approved specifically by the General Assembly and for which specific financing has not been provided by the General Assembly in the regular appropriations/bond authorization processes in any instance in which the overall, long-term financial obligation of the State government would be \$1,000,000 or less.

The Board also is asked to authorize staff to work with the Reorganization Commission on the preparation and issuance of an appropriate conditional request for proposals (RFP) on the replacement of the Central Correctional Institution. Staff proposes that any RFP issued on this project require responses to it to be good until at least July 1, 1987, to allow time for the General Assembly to act on the question of specific funding for the project.

BOARD ACTION REQUESTED:

- (a) Adopt a policy limiting approval of lease and lease-purchase agreements relating to the construction of facilities for State agencies and institutions; and
- (b) Authorize staff to work with the Reorganization Commission on the preparation and issuance of a conditional RFP on the replacement of the Central Correctional Institution.

ATTACHMENTS:

Act 547 of 1986; Part II, Section 28, Act 201 of 1985

02032

ACT 547 OF 1986

AUG 28 1986

NO. 44

(R560, H3279)

STATE BUDGET & CONTROL BOARD

AN ACT TO AMEND ACT 1377 OF 1968, AS AMENDED, RELATING TO THE ISSUANCE OF STATE CAPITAL IMPROVEMENT BONDS, SO AS TO AUTHORIZE FUNDS FOR PRISON CONSTRUCTION AND RENOVATIONS REQUIRED BY THE NELSON SETTLEMENT; TO PROVIDE THAT THE FUNDS MUST BE ONLY ONE OR MORE OF THE FOLLOWING: CAPITAL FUND MONIES, GENERAL OBLIGATION BONDS, OR LEASE PURCHASE AGREEMENTS, AND MUST NOT EXCEED THE AUTHORIZED AMOUNT; AND TO REQUIRE THE FUNDS TO BE RELEASED PURSUANT TO THE NELSON SETTLEMENT DEADLINES; AND TO PROVIDE THAT NO PROJECT AUTHORIZED IN WHOLE OR IN PART FOR CAPITAL IMPROVEMENT BOND FUNDING MAY BE IMPLEMENTED UNTIL FUNDS CAN BE MADE AVAILABLE AND UNTIL THE JOINT BOND REVIEW COMMITTEE, IN CONSULTATION WITH THE BUDGET AND CONTROL BOARD, ESTABLISHES PRIORITIES FOR PROJECT FUNDING AND TO REQUIRE THE COMMITTEE TO REPORT ITS PRIORITIES TO THE GENERAL ASSEMBLY WITHIN THIRTY DAYS OF THE ESTABLISHMENT OF THE FUNDING PRIORITIES.

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

Findings

SECTION 1. (A) The General Assembly will be considering a 1986 bond bill of over one hundred million dollars. The normal capital improvement program is required to address the maintenance, repair, renovation, and remodeling of six thousand buildings and facilities, and the need for new buildings and facilities of fifty agencies, institutions, colleges, and universities. The regular statewide capital improvement program spends sixty to seventy million dollars annually. The Nelson prison overcrowding settlement will cost about one hundred sixty million dollars for prison construction over the next five years, requiring an additional average of thirty-five million dollars a year until fiscal year 1990-91. The

EXHIBIT

AUG 28 1986

NO. 4A

STATE BUDGET & CONTROL BOARD

(F) It is further recommended that funds be made available through the issuance of lease-purchase agreements which would permit the lease back of prison facilities between public or quasi-public entities. The additional proceeds, provided by a lease-purchase arrangement offering shall compliment the cash and general obligation bond proceeds to insure that the State is afforded every opportunity to meet the requirement of the Nelson settlement.

Bonds authorized

SECTION 2. Item (f) of Section 3 of Act 1377 of 1968, as last amended by Section 1 of Part V of Act 201 of 1985, is further amended by adding:

"Department of Corrections

Prison Construction
and Renovations/
Nelson Settlement

\$96,000,000

TOTAL, Department of
Corrections

\$96,000,000

The funds authorized above for prison construction and renovations required by the Nelson prison overcrowding settlement must be only one or more of the following: capital fund monies, general obligation bonds, or lease-purchase agreements as determined by the Joint Bond Review Committee and the Budget and Control Board, but the total of all methods must not exceed the amount authorized hereinabove.

Provided, Further, That the funds must be scheduled for release in a manner that ensures compliance with the deadlines of the Nelson settlement."

Conditions of authorization

SECTION 3. No project authorized in whole or in part for capital improvement bond funding under the provisions of Act 1377 of 1968, as amended,

may be implemented until funds can be made available and until the Joint Bond Review Committee, in consultation with the Budget and Control Board, establishes priorities for the funding of the projects. The Joint Bond Review Committee shall report its priorities to the members of the General Assembly within thirty days of the establishment of the funding priorities.

Time effective

SECTION 4. This act shall take effect upon approval by the Governor.

In the Senate House the 4th day of June
In the Year of Our Lord One Thousand Nine
Hundred and Eighty-Six.

Michael R. Daniel,
President of the Senate

Ramon Schwartz, Jr.,
*Speaker of the House of
Representatives*

Approved the 9th day of June, 1986.

Richard W. Riley,
Governor

-----XX-----

Printer's Date -- 6/12/86 -- S.

DCSO

D2D34-A

EXHIBIT

AUG 28 1986

NO. 4A

STATE BUDGET & CONTROL BOARD

No. 201]

OF SOUTH CAROLINA

1689

General and Permanent Laws--1985

SECTION 28

TO PROVIDE THAT THE BUDGET AND CONTROL BOARD, UNDER CERTAIN CONDITIONS, IS AUTHORIZED TO ENTER INTO LEASE PURCHASE AGREEMENTS WHICH WOULD PROVIDE THE STATE WITH AN ECONOMICALLY FEASIBLE METHOD OF REPLACING THE CENTRAL CORRECTIONAL INSTITUTION.

In furtherance of the State's interest in complying with the terms of Nelson v. Leeke, and in minimizing potential legal liability in the future, and in furtherance of achieving a cost effective and timely solution to this problem through innovative means available in the private sector, after consultation with the Joint Bond Review Committee and the State Reorganization Commission, the State Budget and Control Board is authorized to enter into lease purchase agreements consistent with the Consolidated Procurement Code of the State of South Carolina which would provide the State an economically feasible method of replacing the Central Correctional Institution (CCI), so long as these agreements (1) can be demonstrated to be comparably cost effective to traditional financing methods, (2) can result in long-term operational cost savings, (3) are in compliance with the standards enunciated in Nelson v. Leeke, (4) can result in the provision of a new facility of sufficient bed, program, and support space more expeditiously than traditional methods, (5) that will minimize the wasteful expenditure of funds for further capital improvements to CCI, and (6) will be subject to the year-to-year appropriation process of the General Assembly.

SECTION 29

02035

EXHIBIT

AUG 28 1986

NO. 5

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

ITEM NUMBER

5

AGENCY: Executive Director

SUBJECT: Study of Lease-purchase and Other Funding Mechanisms

A proviso in Part I, Section 16, of the 1986-87 Appropriations Act (Page 195) requires the Board and the Bond Committee to conduct a study regarding lease-purchase and other private funding mechanisms for capital improvements. A report is to be submitted to the General Assembly by January 1, 1987.

Staff recommends that the Board authorize general staff assistance to the effort and designate the following persons to represent it in the performance of the required study and preparation of the report to the General Assembly:

J. Craig Bower, Attorney (Adams, Quackenbush, et al.)
J. Michael Ey, Deputy State Treasurer
William A. McInnis, Deputy Executive Director

It is hoped that the Bond Committee will designate its participants at its August 28 meeting.

BOARD ACTION REQUESTED:

Designate J. Craig Bower, J. Michael Ey, and William A. McInnis as the Board's representatives to study and prepare a report on lease-purchase and other private funding mechanisms for capital improvements and authorize general staff assistance to the effort.

ATTACHMENTS:

Referenced proviso (Page 195)

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EXHIBIT

AUG 28 1986

NO. 5

STATE BUDGET & CONTROL BOARD

SECTION 16 BUDGET AND CONTROL BOARD

enterprise for the purposes of securing and utilizing local and long distance telecommunications equipment and services. *Provided, Further, in fulfillment hereof, the South Carolina Budget and Control Board is hereby authorized to secure all such equipment and services for state government use under, and pursuant to, such terms and conditions it deems suitable, in its sole discretion, and to coordinate the supply of such equipment and services for state government use. Provided, Further, That no entity of state government shall enter into any agreement or renew any existing agreement for such services except as approved by the Board.*

Provided, Further, That if the Board of Economic Advisors revenue forecast to the Budget and Control Board at any time during Fiscal Year 1986-87 projects that revenues at the end of Fiscal Year 1986-87 will be less than appropriated expenditures for this year, the Budget and Control Board in mandating necessary cuts during Fiscal Year 1986-87 to eliminate the projected deficit must first reduce to the extent necessary the appropriation herein contained to the Capital Expenditure Fund, prior to mandating any cuts in operating appropriations.

Provided, Further, That the Budget and Control Board and the Joint Bond Review Committee shall together conduct a thorough study and submit to the General Assembly by January 1, 1987, a report regarding lease purchase and other private funding mechanisms for capital improvements.

Provided, Further, That if any funds accumulated by the Budget and Control Board Division of Research and Statistical Services, under contract for the provision of goods and services not covered by the Division's appropriated funds, are not expended during the preceding fiscal years, such funds may be

EXHIBIT

AUG 28 1986

NO. 6

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION

ITEM NUMBER

6

AGENCY: Governor's Office

SUBJECT: Civil Contingent Fund Allocation (CETA)

What was the CETA Division of the Governor's Office (now transferred to TEC) has received a "Demand Letter" from the U.S. Department of Labor advising that a debt of \$75,046 has become a civil claim of the U.S. The amount owed arises out of disallowed expenditures during 1985-86 by South Carolina Resources Development Corporation, Inc., which was under contract with the CETA Division to administer the migrant and seasonal farmworkers program in parts of the State.

1975-76 up to

The \$75,046 has been reduced from an initial disallowance of \$201,991 (out of a budget of \$407,800). The matter was appealed to the Department of Labor's Administrative Law Judge whose decision was appealed to the Fourth Circuit Court of Appeals which affirmed Labor's action.

BOARD ACTION REQUESTED:

Encumber \$75,046 from the Civil Contingent Fund for the CETA Division to pay a civil claim; and direct staff to examine funds available in the Governor's Office of Executive Policy and Programs which could be applied to this debt with the understanding that Civil Contingent Funds are to be used for this purpose only after a formal determination has been made by the Budget Division that no other funds which could be used for this purpose are available.

ATTACHMENTS:

U.S. Department of Labor 8/4/86 Demand Letter to William Whitney; TEC
Executive Director Morris 7/31/86 letter to Governor Riley

62038

U.S. Department of Labor

Employment and Training Administration
601 D Street, N.W.
Washington, D.C. 20213



REFERENCE:

CASE NO.: 82-CTA-56
AUDIT NO.: 11-8-069-C-059
GRANT NO.: 99-5-403-31-78

DEMAND LETTER
APPEAL OUTCOME DEBT

EXHIBIT

AUG 28 1986

NO. 6

STATE BUDGET & CONTROL BOARD

DUE DATE: 8-5-86
DEBT PRINCIPAL: \$75,046.00
APPEAL OUTCOME DATE: 07-15-86
DELINQUENCY DATE: 9-4-86
INTEREST RATE APPLICABLE
ON DUE DATE: 8.00%
APPROXIMATE DAILY INTEREST: \$16.45

04 AUG 1986

Mr. William Whitney
Director, CETA Division
Office of the Governor
1800 St. Julian Place
Columbia, South Carolina 29204

Dear Mr. Whitney:

This letter notifies you that the debt amount affirmed by the the July 15, 1986 Decision by the U.S. Court of Appeals for the Fourth Circuit relating to the case referenced above, has become a civil claim of the United States. The amount due is \$75,046.00.

You are hereby requested to pay this amount by sending a cashier's check, drawn on non-Federal funds and payable to the "U.S. Department of Labor", to:

U. S. Department of Labor
Office of Program and Fiscal Integrity
Employment and Training Administration
601 D Street, N.W., Room 8400
Washington, D.C. 20213
ATTN: Don Beale

To ensure proper credit please indicate the appropriate audit report number and grant number(s) on the check.

This debt will become delinquent if not paid by the delinquency date referenced above. If this debt becomes delinquent, interest accruing from the due date will be charged on the outstanding debt principal at the U.S. Treasury rate referenced above, and administrative costs incurred by the Department for debt collection

02039

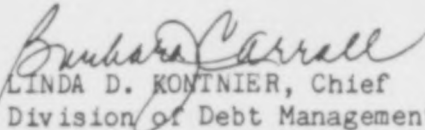
activities will be assessed. If the debt is paid before it becomes delinquent, interest shall be waived and no administrative costs will be assessed.

If the debt remains delinquent for more than 90 days a penalty, accruing at six (6) percent per annum, will be assessed from the day the debt becomes delinquent. The debt will also be reported to a credit reporting agency. If feasible, collection by offset will be initiated. Other actions which may be taken include the imposition of conditions on future funding, termination of grantee designation, referring the debt to a private collection agency, and/or pursuing enforced collection through litigation.

Debt collection proceedings can be avoided by prompt payment of this debt. If payment has already been made, please disregard this notice.

If you have questions regarding this matter, you may call: Don Beale on 202-376-6517.

Sincerely,


LINDA D. KONTNIER, Chief
Division of Debt Management

EXHIBIT

AUG 28 1986 NO. 6

STATE BUDGET & CONTROL BOARD

02040

7348924



STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

111 Executive Center Drive, Columbia, South Carolina 29210 Tel. 737-9320

25000

EXHIBIT

AUG 28 1986 NO. 6

STATE BUDGET & CONTROL BOARD

July 31, 1986

JAMES R. MORRIS, JR.
EXECUTIVE DIRECTOR

THE STATE BOARD

OFFICERS

P. HENDERSON BARNETTE
CHAIRMAN

MEMBERS

HEBERT J. SCHOLZ, JR.
Charleston, S.C.
First Congressional District

RODNEY R. HULL
Columbia, S.C.
Second Congressional District

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

BENNETT L. HELMS
Spartanburg, S.C.
Fourth Congressional District

CLARENCE H. HORNSBY, JR.
Rock Hill, S.C.
Fifth Congressional District

J. BANKS SCARBOROUGH
Timmonsville, S.C.
Sixth Congressional District

H. CARL GOODING
Allendale, S.C.
At-Large

OSCAR E. PRIOLEAU
Greenville, S.C.
At-Large

CHARLIE G. WILLIAMS
Columbia, S.C.
Superintendent of Education
Ex-Officio

J. MAC HOLLADAY
Columbia, S.C.
State Development Board
Ex-Officio

The Honorable Richard W. Riley
Governor, State of South Carolina
State House
Columbia, South Carolina 29211

Dear Governor Riley:

In 1975, the State of South Carolina was awarded a CETA Title III, Migrant and Seasonal Farmworkers Grant by the United States Department of Labor in the amount of \$407,800 for the period of April 1, 1975 through June 5, 1976.

The State, through the CETA Division, wrote a contract with the South Carolina Resources Development Corporation, Inc. in the amount of \$407,800 to administer the migrant and seasonal farmworkers program in designated areas within the State.

The Department of Labor in 1977 contracted with O'Neal, Metcalf and Saul, Certified Public Accountants, to audit the State of South Carolina's migrant program and as a result thereof, questioned \$201,991 of the \$407,800 budget. The State, through the submission of various kinds of documentation including an appeal to the Administrative Law Judge of the Department of Labor, was able to reduce the amount questioned to \$75,046. The Department of Labor disallowed this amount and demanded in a letter dated June 10, 1985 that the State repay from non-CETA funds \$75,046.

The State appealed this decision to the Fourth Circuit Court of Appeals which in its decision, affirmed the action of the Department of Labor (see attachment). The State has not received a demand letter from the Department of Labor, however, we believe that one will be forthcoming soon regarding the repayment of the \$75,046.

I am, therefore, requesting your assistance in facilitating the transfer of funds to the Department of Labor.

Sincerely,

James R. Morris, Jr.

James R. Morris, Jr. *W74*
Executive Director

JRM:SRD:sjw

Enclosure

02041

Budget & Control Board, Office of Executive Director
CIVIL CONTINGENT FUND - 86-87

Fund Status Report at August 28, 1986

Appropriations:		
General	\$	\$494,624.00

<u>Transfers:</u>		\$0.00
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<u>Direct Expenditures:</u>		
Budget and Control Board Meeting	810.60	
Board of Economic Advisors	<u>390.00</u>	
		\$1,200.60

<u>Encumbrances:</u>		
Water Resources Commission	83,900.00	
Budget and Control Board (BCB) Meetings	3,189.40	
Board of Economic Advisors	3,110.00	
BCB, OED, Morris' Salary	8,000.00	
BCB, OED, Microfilming, Binding Board Minutes	2,000.00	
Retirement/Preretirement Advisory Council	350.00	
Construction Advisory Council	600.00	
Governor's Youth Advisory Council Meetings	4,000.00	
Study Committee/Hunger and Nutrition	2,501.00	
NASBO Regional Meeting, SC Host	9,611.00	
Governor's Office/Hay Purchase	200,000.00	
Clemson University/Fire Ant Research	<u>30,000.00</u>	
		<u>\$347,261.40</u>

Total Transfers, Expenditures and Encumbrances:		\$348,462.00
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Year-to-date Disbursement:	\$1,200.60
Balance (Cash available at 08/28/86):	\$493,423.40
Balance Unencumbered (Total Available):	\$146,162.00

EXHIBIT
AUG 28 1986 **NO. 6**
STATE BUDGET & CONTROL BOARD

02042

SECTION 16
BUDGET AND CONTROL BOARD

Governor's Division of Energy Resources and the Joint Legislative Committee on Energy.

Provided, Further, That before any governmental body, with the exception of the South Carolina Museum Commission, as defined under the South Carolina Consolidated Procurement Code procures any art objects such as paintings, antiques, sculptures, or similar objects above \$500, the head of the Purchasing Agency shall prepare a written determination specifying the need for such objects and benefits to the State. The South Carolina Arts Commission shall review such determination for approval prior to any acquisition.

Provided, Further, That of the amount appropriated for the Civil Contingent Fund, \$125,000 shall be available to the counties and municipalities involved in the Catawba Indian suit for legal fees, conditioned upon a 50% local match.

Provided, Further, That the Budget and Control Board is authorized to expend funds from revenue for Indebtedness for 1986-87 to apply to Special Projects for enhancement to telecommunication, office productivity, and reducing personal service costs through the use of advanced technologies.

Provided, Further, That any unexpended balance on June 30, 1986, for renovation or permanent improvements to State House, other State-owned buildings, permanent improvements to Lace House and Boyleston House, and improvements to Mansion may be carried forward to 1986-87 and utilized for the same purposes.

Provided, Further, That the Budget and Control Board is hereby authorized to extend its suggestion awards program, which grants cash awards to employees based on the merit of suggestions made, to all agencies and institutions of state government desiring participation.

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EXHIBIT

AUG 28 1986 NO. 7

STATE BUDGET & CONTROL BOARD

EXHIBIT

AUG 28 1986 NO. 7

STATE BUDGET & CONTROL BOARD

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EXHIBIT

Budget & Control Board, Office of Executive Director
CIVIL CONTINGENT FUND - 86-87

AUG 28 1986

NO. 7

Fund Status Report at August 28, 1986

STATE BUDGET & CONTROL BOARD

Appropriations:		
General	\$	\$494,624.00

<u>Transfers:</u>		\$0.00
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Direct Expenditures:

Budget and Control Board Meeting	810.60	
Board of Economic Advisors	<u>390.00</u>	
		\$1,200.60

Encumbrances:

Water Resources Commission	83,900.00	
Budget and Control Board (BCB) Meetings	3,189.40	
Board of Economic Advisors	3,110.00	
BCB, OED, Morris' Salary	8,000.00	
BCB, OED, Microfilming, Binding Board Minutes	2,000.00	
Retirement/Preretirement Advisory Council	350.00	
Construction Advisory Council	600.00	
Governor's Youth Advisory Council Meetings	4,000.00	
Study Committee/Hunger and Nutrition	2,501.00	
NASBO Regional Meeting, SC Host	9,611.00	
Governor's Office/Hay Purchase	200,000.00	
Clemson University/Fire Ant Research	30,000.00	
Catawba Indian Suit/Legal Fees	<u>125,000.00</u>	
		<u>\$472,261.40</u>

Total Transfers, Expenditures and Encumbrances:		\$473,462.00
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Year-to-date Disbursement:	\$1,200.60
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Balance (Cash available at 08/28/86):	\$493,423.40
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Balance Unencumbered (Total Available):	\$21,162.00
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EXHIBIT

AUG 28 1986

NO. 8

STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD

REGULAR SESSION

MEETING OF August 28, 1986

ITEM NUMBER

7

AGENCY: Local Government

SUBJECT: Rural Improvement Funds Grant Request (Anderson County)

The Division of Local Government advises that Anderson County has requested \$49,000 in rural improvement funds for an engineering study to determine the best method of providing sanitary sewer service to the northeastern section of Anderson County (Powdersville). At present, all businesses, residences and industry in the area rely on septic tanks and growth in the region has been restricted as a result.

The Division advises that the source of funds will be one-half Senate and one-half House.

BOARD ACTION REQUESTED:

Approve a \$49,000 rural improvement funds grant request for Anderson County.

ATTACHMENTS:

Agenda item worksheet and attachments

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

August 28, 1986

Blue Agenda
☒ Regular Session Agenda
☐ Executive Session Agenda

1. Submitted By: B&C--Local Government

(a) Agency:

(b) Authorized Official Signature:

Nancy P. White

2. Subject: Request by Anderson County

3. Summary Background Information:

Anderson County is requesting \$49,000 in Rural Improvement Funds for an engineering study. This study will assist in determining the best method of providing sanitary sewer service to the northeastern section of Anderson County known as the Powdersville. At present, all businesses, residences and industry in the area rely on septic tanks. As a result, growth in the region has been restricted.

EXHIBIT

(1/2 Senate funds, 1/2 House funds)

AUG 28 1986

NO. 8

STATE BUDGET & CONTROL BOARD

4. What is Board asked to do?

Approve request

5. What is recommendation of the Board Division involved?

6. Recommendation of other office (as required)?

(a) Office Name

Authorized

(b) Signature

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

Attached application

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EXHIBIT

BUDGET AND CONTROL BOARD
DIVISION OF LOCAL GOVERNMENTS

AUG 28 1986

NO. 8

STATE BUDGET & CONTROL BOARD

APPLICATION FOR RURAL IMPROVEMENT FUNDS

NAME OF APPLICANT ANDERSON COUNTY
STREET ADDRESS Post Office Box 4046
CITY OR TOWN Anderson STATE S. C. ZIP 29622

Application must be completed in full. Submit original and one copy.

Description of Project:

The project will be an engineering study to determine the best method of providing sanitary sewer service to the Northeastern section of Anderson County. Funds remaining will be used as "seed" money for actual placement of lines.

Anticipated Results of Projects:

This study will be the first step in providing sanitary sewer service for over eighty businesses in the rapidly growing Powdersville area of the County. At present, all businesses, residences and industry in the area rely on septic tanks. Growth is severely restricted because of this. With the influx of people moving into the area, it is imperative that steps be taken to insure orderly and planned growth in the area. This study will be the first concrete step to provide sewer in Northeastern Anderson County.

Source of Funding (Federal, State, Local, Private donations, etc...)

\$49,000.00 - Rural Improvement Funds

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EXHIBIT

AUG 28 1986

NO. 8

Anticipated Expenditures (IN DETAIL)

STATE BUDGET & CONTROL BOARD

All funds will be used for the engineering study.

If approved, when will you need the funds? Date: July 1, 1986 \$ 49,000.00

House Funds \$ 49,000.00

Senate Funds \$ _____

TOTAL \$ 49,000.00

General Information

A. Unencumbered General Fund Balance _____

B. How often is the applicant audited? Annually

C. What period was covered by the last audit? Fiscal Year 1984-85

D. What audit procedures will apply to Rural Improvement funds? _____
Standard County Audit Procedures

E. Name and Title of individual responsible for administration of Grant:
W. Russell Burns Title Assistant Administrator

Approved by:

(Legislative Approval)

M. J. Cooper
Clara D. McClellan

Organization COUNTY OF ANDERSON

Authorized Signature J. David Watson Title COUNTY ADMINISTRATOR
J. DAVID WATSON

Phone 261-4031 Date June 13, 1986

ALL FUNDS ARE SUBJECT TO RANDOM AUDIT

* The Anderson County Planning and Development Board will provide all necessary technical assistance for this project.

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AUG 28 1986

The State of South Carolina



Office of the Attorney General

EXHIBIT

AUG 28 1986

NO. 9

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-734-3680

August 26, 1986

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: \$3,000,000.00 Greenville County, South Carolina,
Industrial Development Revenue Bond
(Span-America Project (Series 1986))

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Section 4-29-140, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "D. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/shb

Enclosures

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STATE OF SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD
Standard Form Investment Letter

APPROVED

EDGAR A. VAUGHN, JR., State Auditor
Date 9-16-86

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

Sale by Greenville County, South Carolina (the "Issuer")

Of its \$3,000,000 Industrial Revenue Bond (the "Bonds")

On behalf of Span-America (the "Company")

manufacture, storage and distribution of (the "Project")

medical products

To NCNB South Carolina (the "Purchaser")

EXHIBIT

AUG 28 1986 NO. 9

STATE BUDGET & CONTROL BOARD

DATE: August 1, 1986

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

SWORN to and subscribed
before me this 1 day
of August, 1986.

Nancy Page
Notary Public

My Commission Expires:

4-12-93

PURCHASER:

Name: NCNB South Carolina

Address: P. O. Box 608
Greenville, SC 29602

By: William A. Bridges
Signature of Authorized Official

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EXHIBIT

AUG 28 1986 NO. 9

STATE OF SOUTH CAROLINA)

Span-America Project

STATE BUDGET & CONTROL BOARD

COUNTY OF RICHLAND)

I, WILLIAM A. MCINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

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

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

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10 a.m., on Tuesday, August 28, 1986, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

August 29, 1986

William A. McInnis

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EXHIBIT

AUG 28 1986 NO. 9

RESOLUTION
OF
THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

APPROVING AN UNDERTAKING BY GREENVILLE COUNTY, SOUTH CAROLINA, PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED, TO ASSIST IN FINANCING A FACILITY FOR THE MANUFACTURE, STORAGE, SALE AND DISTRIBUTION OF FOAM AND RELATED PRODUCTS FOR INDUSTRIAL, CONSUMER AND MEDICAL PURPOSES THROUGH THE ISSUANCE OF A \$3,000,000.00 GREENVILLE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BOND (SPAN-AMERICA PROJECT) SERIES 1986.

WHEREAS, the County Council of Greenville County, South Carolina (the "County Council"), pursuant to Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board"), seeking approval from the State Board of a financial undertaking proposed by Greenville County, South Carolina (the "County"); and

WHEREAS, the undertaking provides for the issuance and sale to NCNB South Carolina ("the Bank") of a Three Million Dollar (\$3,000,000) Greenville County, South Carolina Industrial Revenue Bond (Span-America Project) Series 1986, pursuant to the Act, the proceeds to be used to expand and improve its facility in Greenville County for the manufacture, sale and distribution of foam and related products for industrial, consumer and medical purposes and acquire additional equipment for the facility (the "Project"); and

WHEREAS, the Bank has agreed to purchase the Bond, and

WHEREAS, the proceeds of the Bond will be loaned by the County to Span-America Medical Systems, Inc., a South Carolina corporation (the "Company"), in exchange for its \$3,000,000 note

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(the "Company Note") providing for payments to the County sufficient to meet the payment schedule on the Bond; and

WHEREAS, on September 19, 1983 the County issued its \$1,000,000 industrial development revenue bond to provide funds for a portion of the Project and, on April 19, 1984, issued its \$1,000,000 industrial revenue bond to provide additional funds for the project, and now is requested to finance the remainder of the Project as expanded and improved through the issuance of an additional \$3,000,000 maximum principal amount industrial development revenue bond.

WHEREAS, the Company will own and operate the Project and will secure payments under the Company Note by granting to the County a mortgage on and security interest in the Project; and

WHEREAS, the County will secure payment of the Bond by granting to the Bank a security interest in the Company Note and in the mortgage and security interest granted by the Company and will conditionally assign to the Bank the Company Note and this mortgage and security interest; and

WHEREAS, the State Board has made such independent investigation as it has deemed advisable.

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

1. That it has been found and determined by the State Board as follows:

(a) The statement of facts set forth in the recitals of this Resolution and in the Petition are in all respects true and correct.

(b) The County Council has filed with the State Board pursuant to the Act a proper petition reciting facts which are in all respects true and correct.

(c) The Project is reasonably estimated to cost approximately Five Million Six Hundred Thousand Dollars (\$5,600,000).

(d) The Project will create the capacity for approximately 50 additional jobs in the future and will be of benefit to the State of South Carolina, and to the County and adjacent areas in particular.

(e) The Project is intended to promote the purposes of the Act and is reasonably anticipated to effect this result.

2. That on the basis of the foregoing findings the proposed undertaking of the County to finance the Project through the issuance of the Bond pursuant to the Act (including changes in any details of the financing as finally consummated which do not materially affect the undertaking) is hereby approved, and \$3,000,000 of the private activity bond allotment for the State of South Carolina under Section 103 of the Internal Revenue Code of 1954, as amended, is hereby allocated to the Project and Bond.

3. That notice of this action taken by the State Board in giving its approval to the undertaking of the County, shall be published in The Greenville News, which is a newspaper published in Greenville, South Carolina, and having general circulation in the County.

4. That approval of this undertaking is granted on the condition that a copy of Internal Revenue Service Form 8038

relating to any bond issued pursuant to this approval shall be filed with the State Board's secretary at the same time such form is submitted to the Internal Revenue Service.

5. That notice to be published shall be in form substantially as set forth as Exhibit "A" of this Resolution.

NOTICE OF APPROVAL OF PROJECT

BY

THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the financing by Greenville County, South Carolina (the "County") of the acquisition, construction and/or installation of land, buildings and equipment comprising a facility for the manufacture, storage, sale and distribution of foam and related products for industrial, consumer and medical purposes (the "Project") through the issuance of an Industrial Revenue Bond (Span-America Project) Series 1986, in the principal amount of Three Million Dollars (\$3,000,000) (the "Bond"), pursuant to the provisions of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended. On September 19, 1983 the County issued its Industrial Revenue Bond (Span-America Project) Series 1983 in the principal amount of \$1,000,000 to finance a portion of the Project and on April 19, 1984 the County issued its Industrial Revenue Bond (Span-America Project) Series 1984 in the principal amount of \$1,000,000 to finance a portion of the project, and the proposed Bond would be in addition to those prior Bonds.

The proceeds of the Bond will be loaned by the County to Span-America Medical Systems, Inc., a South Carolina corporation (the "Company"), in exchange for its \$3,000,000 note (the "Company Note") providing for payments to the County sufficient

to meet the payment schedules on the Bond. The Company will own and operate the Project and will secure payments to be made under the Company Note by granting to the County a mortgage on and security interest in the Project, which will constitute a fore-closable lien upon the Project.

The Bond will be payable by the County solely from payments received by the County under the Company Note. Neither the Project or Bond, nor any charges in connection with the Project or Bond, shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

When completed, the Project is reasonably estimated to create the capacity for approximately 50 additional jobs in the future.

Notice is 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 the action of the State Board in approving this undertaking of the County by action de novo instituted in the Court of Common Pleas in the County.

STATE BUDGET AND CONTROL BOARD OF
SOUTH CAROLINA

By: s/William A. McInnis
Secretary

EXHIBIT

State of South Carolina

AUG 28 1986

NO. 9

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444

Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

August 28, 1986

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS TENTATIVE ALLOCATION, CALENDAR YEAR 1986

TO: Greenville County
\$3,000,000
Industrial Development Revenue Bond
(Span-America, Series 1986, Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Deficit Reduction Act of 1984 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1986 only. It will expire ninety (90) calendar days from August 28, 1986 (the date the allocation was approved by the Board), if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Board Regulation \$19-103.06 and \$19-103.07 require that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority before the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.

I certify that, to the best of my knowledge, this allocation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Grady L. Patterson, Jr.

Attest:

William A. McInnis, Secretary

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EXHIBIT

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

AUG 28 1986 NO. 9

STATE BUDGET & CONTROL BOARD

PETITION

TO: THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

The County Council of Greenville County (the "County Council") would respectfully report unto the State Budget and Control Board of South Carolina the following findings:

1. The County Council is the governing body of Greenville County, South Carolina (the "County") as established by law, and as such, is the "governing board" described in Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended, (the "Act").

2. The Act authorizes and empowers the County, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist industrial enterprises in the financing of land, buildings, equipment, machinery and other improvements deemed necessary, suitable or useful for the manufacture, processing, warehousing or distribution of agricultural or manufactured products and, for that purpose, to issue industrial development revenue bonds.

3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of three industrial development revenue bonds pursuant to

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the Act, to assist in the financing of the purchase of land and the construction and equipping of a building and plantsite improvements in the County for the manufacture, storage, sale and distribution of foam and related products for medical, industrial and consumer purposes (the "Project"). In this connection, the County, acting through the County Council, on or about September 19, 1983, issued and sold a Greenville County, South Carolina Industrial Revenue Bond (Span-America Project) Series 1983 in the amount of One Million Dollars and, on or about April 19, 1984, issued and sold a Greenville County, South Carolina Industrial Revenue Bond (Span-America Project) Series 1984 in the amount of One Million Dollars and has agreed to issue and sell a Greenville County, South Carolina Industrial Revenue Bond (Span-America Project) Series 1986 (the "Bond") in the amount of Three Million Dollars, pursuant to the Act in order to finance the Project. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended. The Bond shall be repaid over a period of approximately ten years and four months.

4. The total cost of the Project is approximately Five Million Six Hundred Thousand Dollars (\$5,600,000) according to the reasonable estimates of the Company. In order to finance the cost of the Project, it is necessary for the County to issue three industrial revenue bonds aggregating \$5,000,000 in principal.

5. When completed the Project will create the capacity for approximately 50 additional jobs in the future.

6. The Project will subserve the purposes of the Act, and the Project will have a beneficial effect upon the economy of South Carolina, and the County and adjacent areas in particular, by promoting the development of industrial enterprise.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. NCNB South Carolina has agreed to purchase the Bond at par value without discount.

9. The proposed loan documents will provide, among other things, the following:

(a) To finance the cost of the Project, the County will issue its Bond in the principal amount of Three Million Dollars. The County promptly will use the payments of the purchase price for the Bond to purchase from the Company a note providing for payments sufficient to pay when due all amounts payable under the Bond. Payment of the note will be secured by the granting to the County of a mortgage on and security interest in the Project (including fixtures). Payment of the Bond will be secured by the granting to the Bank of a security interest in the note and the aforementioned mortgage and security agreement. Also, in order to secure further payment of

the Bond, the County will conditionally assign to the Bank the note and the aforementioned mortgage and security agreement;

(b) The mortgage and security agreement to be granted by the Company to the County will be conventional in form and will constitute foreclosable liens. Included in the granting clause of the mortgage will be all real property and fixtures acquired for the Project. Included in the granting clause of the security agreement will be all fixtures and certain equipment acquired for the Project;

(c) The proceeds derived from the issuance and sale of the Bond will be loaned by the County to the Company and used solely to pay the costs incident to financing the acquisition, construction and installation of the Project;

(d) The issuance and sale of the Bond by the County shall impose upon the County no pecuniary liability; nor shall this create a charge upon its general credit or taxing power;

(e) The payments to be made by the Company to the County under its note will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Bond;

(f) The loan documents will require that the Company pay for all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(g) No reserves for payment of the Bond or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company;

(h) The proposed documents will be substantially in the form submitted with this Petition and commonly used in connection with the issuance of industrial revenue bonds.

Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it make a prompt and independent investigation of the Project; that it find that the proposed Project will promote the purposes of the Act and that the proposed Project is reasonably anticipated to effect this result; that it approve the Project and the issuance and sale of the Bond, including changes in any details of the proposed financing as finally consummated which do not materially affect this undertaking; that it allocate \$3,000,000 of the State of South Carolina's allotment for private activity bonds under the Code to this proposed Project and Bond; and that it give published notice of its approval in the manner set forth in the Act.

EXHIBIT

AUG 28 1986 NO. 9

STATE BUDGET & CONTROL BOARD

Respectfully submitted,

COUNTY COUNCIL OF GREENVILLE COUNTY

(SEAL)

By:

Paul Greer
Chairman of County Council

Attest:

Mary Z. Turner
Clerk of County Council

By:

John L. Marshall
County Administrator

August 5, 1986

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CERTIFICATE OF NO CONSIDERATION FOR ALLOCATION

Pursuant to Section 102(n)(12)(A) of the Internal Revenue Code of 1954, as amended, I certify under penalty of perjury that to the best of my knowledge, the allocation of \$3,000,000 of the State of South Carolina's ceiling for private activity bonds requested for Greenville County, South Carolina Industrial Development Revenue Bond (Span-America Project) Series 1986 in the accompanying petition to the State Budget and Control Board of South Carolina was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

COUNTY COUNCIL OF GREENVILLE COUNTY

By: Paul Green
Chairman, County Council

Attest:

Mary J. Turner
Clerk of County Council

By: Paul L. Washburn
County Administrator

August 5, 1986

SWORN TO before me this
14th day of August, 1986.

Betty J. Derrick (SEAL)
Notary Public for South Carolina
My commission expires: 12/14/91

02064

EXHIBIT

AUG 28 1986 NO. 9

A RESOLUTION

STATE BUDGET & CONTROL BOARD

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF A GREENVILLE COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE BOND (SPAN-AMERICA PROJECT) SERIES 1986 IN THE PRINCIPAL AMOUNT OF THREE MILLION DOLLARS PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED; AND TO PROVIDE FOR OTHER MATTERS RELATING TO THIS UNDERTAKING.

BE IT RESOLVED BY THE COUNTY COUNCIL OF GREENVILLE COUNTY, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

As an incident to the adoption of this Resolution, the County Council of Greenville County, South Carolina (the "County Council") has made the following findings:

1. Span-America Medical Systems, Inc., a South Carolina corporation (the "Company") has proposed that Greenville County, South Carolina (the "County") assist in expansion and improvement of its facility in the County which is owned and operated by the Company for the manufacture, storage, sale and distribution of foam and related products for medical, industrial and consumer purposes and the acquisition of additional equipment for that facility (the "Project"). The Project will be financed in part by the issuance and sale by the County of this additional Industrial Revenue Bond (the "Bond"), in a total principal amount of Three Million Dollars, pursuant to the authorization of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act"). The County on September 19, 1983 issued a prior \$1,000,000 industrial revenue bond for the Project, and

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also on April 19, 1984 issued another \$1,000,000 industrial revenue bond for the Project.

2. The Project will be aided by the assistance which the County might render pursuant to the Act. The County, acting through the County Council, has agreed to assist in financing the Project by issuing and selling the Bond. The proceeds of the Bond will be loaned by the County to the Company to finance the Project. The Company in exchange for the Bond shall deliver to the County, at the time that the Bond is issued and sold, its note in the amount of the proceeds. Also, the Company will grant to the County a mortgage on and security interest in the Project (including fixtures).

3. The Project will subserve the purposes of the Act. The Project, when completed, will create the capacity for approximately 50 additional jobs.

4. Neither the Project nor the Bond will give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

5. The amount necessary to finance the Project is approximately Three Million Five Hundred Thousand Dollars. The amount of the Bond shall be Three Million Dollars, and the Bond shall be issued and sold for this amount at no discount. The Bond shall be repaid over a period of approximately 10 years and 4 months. Interest on the Bond shall be payable monthly at the rate of 6.75% per annum to be computed on a 360 day basis. Only interest shall be due and payable during the calendar year 1986. Principal shall be repaid on a monthly basis of \$22,500.00 per month

for the years 1987 through 1990, inclusive, and \$25,000.00 per month for the years 1991 and 1992, and \$27,500.00 for the years 1993 through 1996, inclusive. If for any reason the interest on the Note is determined to be taxable, the interest rate on the Note will be adjusted to a taxable rate of North Carolina National Bank of South Carolina Prime plus one percent (1%), to change the same day as Prime rate changes. Payments to the County by the Company shall be sufficient to allow the County to meet the repayment schedule on the Bond.

6. No reserve fund shall be established in connection with the Bond or in connection with the maintenance of the Project.

7. The Company shall pay all costs required to keep the Project in good repair and to keep the Project properly insured.

8. The proposed loan documents obligate the Company unconditionally to pay to the County the amounts necessary to pay all principal, interest and premium, if any, when and as they become due on the Bond and similarly to pay all other costs in connection with those instruments.

9. The Bond will be issued as a tax-exempt instrument by virtue of the provisions of the Act and Section 103 of the Internal Revenue Code of 1954, as amended.

10. The Company has arranged for the issuance and sale of the Bond to NCNB South Carolina.

EXHIBIT

AUG 28 1986

NO. 9

ARTICLE II

STATE BUDGET & CONTROL BOARD

PETITION TO THE STATE BUDGET AND CONTROL BOARD

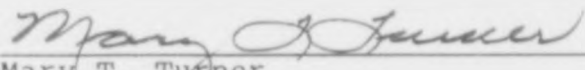
The County is hereby authorized and committed to submit a petition to the State Budget and Control Board of South Carolina to seek the approval required by the Act. This Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

ARTICLE III

EXECUTION

The Chairman of County Council (or in his absence, the Vice Chairman of County Council) and the County Administrator of the County (or anyone authorized to act in his stead) are hereby authorized and empowered to execute all documents required to effectuate the intent of this Resolution, and the Clerk of County Council is hereby authorized and empowered to attest to these signatures.

The foregoing constitutes a true copy of a Resolution duly adopted by the County Council of Greenville County, South Carolina on August 5, 1986, relating to the issuance of the Greenville County, South Carolina Industrial Revenue Bond (Span-America Project) Series 1986 in a total principal amount of Three Million Dollars.


Mary T. Turner
Clerk of County Council
Greenville County, South Carolina

August 5, 1986

EXHIBIT

AUG 28 1986

NO. 9

RESOLUTION OF THE COUNTY COUNCIL OF GREENVILLE COUNTY, SOUTH CAROLINA

STATE BUDGET & CONTROL BOARD

The following Resolution of the Greenville County Council was unanimously adopted at its regular meeting March 18, 1986.

BE IT RESOLVED BY THE COUNTY COUNCIL OF GREENVILLE COUNTY, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

As an incident to the adoption of this Resolution, the County Council of Greenville County, South Carolina (the "County Council") has made the following findings:

1. Span-America Medical Systems, Inc., a South Carolina corporation (the "Company"), has under consideration the expansion in Greenville County, South Carolina of its existing facility for the manufacture, storage and distribution of medical products (the "Project").

2. The Project, when completed, will employ approximately 50 persons.

3. The availability of industrial development revenue bond financing in Greenville County, South Carolina for the Project is a major factor under consideration by the Company in determining the feasibility of the Project and its location in Greenville County, South Carolina.

4. The willingness of Greenville County, South Carolina to issue its Industrial Development Revenue Bond (the "Bond") (and any note or notes in anticipation of the Bond) to assist in financing the Project will promote industrial and commercial

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development in South Carolina and in particular in Greenville County, South Carolina. The Project will subserve the purpose of Chapter 29, Section 4-29-10, et seq., of the Code of Laws of South Carolina (the "Act").

5. The amount necessary for the Project and any necessary expenses related to the Project is estimated at this time to be approximately THREE MILLION DOLLARS, and Greenville County, South Carolina is authorized and directed to loan to the Company this amount for these purposes or such lesser amount as the Company shall request.

6. In order to acquire the funds for this loan, Greenville County, South Carolina is authorized and directed to issue the Bond in the amount of this loan.

7. Payments to Greenville County, South Carolina by the Company shall be sufficient to allow the County to meet the payment schedule on the Bond. No reserve fund shall be established in connection with the Bond (or any note or notes in anticipation of the Bond) or in connection with maintenance of the Project.

8. Neither the Project nor the Bond shall give rise to any pecuniary liability of Greenville County, South Carolina or a charge against its general credit or its taxing powers.

ARTICLE II

COMMITMENT TO ASSISTANCE AGREEMENT

Based on the foregoing findings of fact and in order to induce the Company to undertake the Project in Greenville County,

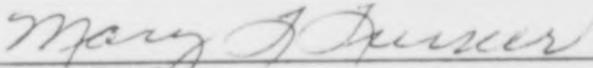
South Carolina and in order to carry out the purposes of the Act, the County of Greenville, South Carolina is authorized and directed to enter into an Assistance Agreement upon the terms of the document attached as Exhibit "A" to this Resolution.

ARTICLE III

EXECUTION

All documents required in connection with issuance of the Bond (or any note in anticipation of the Bond) shall be executed by the Chairman of County Council or, in his absence, the Vice Chairman of County Council and the County Administrator and attested by the Clerk of County Council.

The foregoing constitutes a true copy of a Resolution duly adopted by the County Council of Greenville County, South Carolina on March 18, 1986.


Mary T. Turner
Clerk of County Council
Greenville County, South Carolina

March 18, 1986

EXHIBIT

AUG 28 1986 NO. 9

STATE BUDGET & CONTROL BOARD

EXHIBIT A

ASSISTANCE AGREEMENT

WHEREAS, Span-America Medical Systems, Inc. (the "Company") has proposed to expand its existing facility in Greenville County, South Carolina (the "County") for the manufacture, storage and distribution of medical products; and

WHEREAS, the undertaking of this enterprise depends in part upon the willingness of the County to issue its Industrial Development Revenue Bond (the "Bond") to finance this facility (including but not limited to a building and equipment) (the "Project"); and

WHEREAS, the County Council of Greenville County, South Carolina, by Inducement Resolution unanimously adopted on March 18, 1986 has determined that this assistance should be extended by the County to the Company,

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OTHER VALUE,

1. The County, upon request by the Company, will issue its Bond in the approximate amount of \$3,000,000 (or such lesser amount as may be requested by the Company) for the purpose of financing the Project and any necessary related expenses. In anticipation of the Bond, upon the request of the Company, and after the receipt of adequate security, the County shall issue a note or notes in a total amount not to exceed \$3,000,000 for interim financing of the Project.

2. The terms of the Bond (date, maturity schedule, interest rate, denominations, redemption provision) will be determined by

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a bond purchase contract to be entered into among the County, the Company and the purchaser of the Bond).

3. Simultaneously with delivery of the Bond (and any note in anticipation of the Bond), the County will provide to the Company funds to acquire title to the Project in the name of the Company, and the Company will deliver to the County its note and adequate security for repayment of the funds so advanced. The terms and provisions of the documentation shall be substantially in a form commonly utilized in connection with such financial undertakings and shall be agreed upon by the County and the Company.

4. The County hereby permits the Project to commence prior to the issuance, sale and delivery of the Bond. Contracts for the Project may be executed by the Company in its own discretion. The Company is authorized by the County on its behalf to advance any interim funds required in connection with the Project and shall be reimbursed from Bond proceeds.

5. The County will assist in the prompt preparation of all documents required in connection with the issuance of the Bond and will proceed with seeking approval of the Bond from the South Carolina State Budget and Control Board.

6. If for any reason the Bond is not delivered by December 31, 1986, the provisions of this proposal and the agreement resulting from its acceptance by the Company, at the option of either party hereto evidenced in writing, may be cancelled, and

neither party shall have any rights against the other and no third parties shall have any rights against either party except:

- (a) The County will convey to the Company the Project to the extent of its ownership therein, if any;
- (b) The Company will pay the County for all expenses which are authorized by the Company and incurred by the County in connection with the issuance of the Bond or any notes in anticipation of the Bond; and
- (c) The Company will assume and be responsible for all contracts entered into by the County at the request of the Company in connection with the Project, if any.

7. Nothing herein shall prevent the County and the Company from entering into any other mode of financing.

8. The Company, in accepting this proposal, agrees to indemnify, defend and hold the County harmless against any loss or damage to property or any injury or death of any person or persons occurring in connection with the Project and occurring in the course of the County's performance of its obligations hereunder, except that this indemnity shall not apply to any loss or damage to property or any injury or death of any person which was the result of negligence or fault of the County.

9. Neither the Project nor any charges in connection with the Project or the Bond, including the payment of principal of, premium, if any, or interest on the Bond (or any note in anticipation of the Bond), shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

10. This Agreement shall be effective this the 18th day of March, 1986.

SPAN-AMERICA MEDICAL SYSTEMS,
INC.

GREENVILLE COUNTY,
SOUTH CAROLINA

By: _____
Vice-President

By: Paul Green
Chairman of County Council
Greenville County

Attest: _____
Secretary

(SEAL)

By: John H. Markle
County Administrator
Greenville County

(SEAL)

By: Mary J. Turner
Clerk, County Council
Greenville County

EXHIBIT

AUG 28 1986

NO. 9

STATE BUDGET & CONTROL BOARD

TRANSMITTAL FORM, REVENUE BONDS

Date: August 19, 1986

Submitted for BCB Meeting on:
August 28, 1986TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

Wyche, Burgess, Freeman & Parham, P.A.

Name of Law Firm

Greenville, South Carolina 29603

City, State, Zip Code

44 Camperdown Way

Street Address/Box Number

803/242-3131

Telephone Area Code and Number

RE: \$3,000,000

Amount of Issue

Greenville County

Issuing Authority Name

Industrial Development Revenue Bond

Type of Bonds or Notes

September 30, 1986

Projected Issue Date

Project Name: Span-America Project (Series 1986)

Project Description:

Expansion and improvement of a facility for the manufacture, storage,
sale and distribution of medical products.

Employment as result of project: 50

CEILING ALLOCATION REQUIRED

☒ Yes (\$ 3,000,000) No
Amount

REFUNDING INVOLVED

☐ Yes (\$) ☒ No
Amount

PROJECT APPROVED PREVIOUSLY

☒ Yes (April 3, 1984) No
Date

DOCUMENTS ENCLOSED:

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. ☒ Petition (executed original and two copies)
 B. ☒ Resolution or ordinance (executed copy)
 C. ☒ Inducement Resolution or comparable preliminary approval (executed copy)
 D. ☒ Standard Form Investment Letter from bonds purchaser (executed original)
 (Purchaser:)

OR ☐ Audited financial statements for three most recent yearsE. ☐ N/A Department of Health and Environmental Control certificate IF REQUIREDF. ☒ Budget and Control Board Resolution and Public Notice (original)
[Plus 2 copies for certification and return to counsel]G. ☐ 1 Processing fee

Amount \$ 3,000

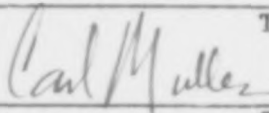
Check No. 15721

Payor Span-America

Bond Counsel: Carl F. Muller

Typed Name

By:



Signature

EXHIBIT

AUG 28 1986 NO. 9

STATE BUDGET & CONTROL BOARD

EXHIBIT

REVENUE BOND CHECKLIST

AUG 28 1986

NO. 9

STATE BUDGET & CONTROL BOARD

BCB Agenda: 8/28/86
 Issuer: Greenville County
 Project: Spa - America
 Amount: 3,000,000
 Type Bonds: Industrial

- | | Yes | No |
|---|-------------------------------------|--------------------------|
| 1. <u>Petition:</u> | | |
| a. Executed original and two copies | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Request for specific amount or not exceeding amount | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Ceiling allocation requested | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d. If allocation requested, for specific amount | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| e. No consideration statement included | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. <u>Issuing Authority Resolution:</u> (executed copy) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. <u>Inducement Resolution/Comparable Preliminary Approval:</u>
(executed copy) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. <u>Standard Form Investment Letter:</u> (executed original) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. <u>Audited Financial Statements:</u> (in lieu of investment ltr) | <u>n/a</u> | <input type="checkbox"/> |
| 6. <u>DHEC Certificate of Need</u> (if required) | <u>n/a</u> | <input type="checkbox"/> |
| 7. <u>Budget and Control Board Resolution:</u> | | |
| a. Original and <u>2</u> copies for certification and return | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Specific amount requested for State law approval | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. If state ceiling allocation requested: | | |
| (1) Reference to ceiling allocation (should NOT) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) Reference to IRS 8038 form submission (should NOT) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d. If state ceiling allocation is NOT requested: | | |
| (1) Reference to IRS 8038 form submission (should) | <u>n/a</u> | <input type="checkbox"/> |
| 8. <u>Processing Fee</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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EXHIBIT

INDUSTRIAL REVENUE BOND PROJECT

AUG 28 1986

NO. 9

STATE BUDGET & CONTROL BOARD

Span-America Project (Series 1986)

GOVERNING BOARD

County Council of Greenville County

BOND COUNSEL

Wyche, Burgess, Freeman & Parham, P.A.
Greenville, SC 29603

FINDINGS BY GOVERNING BOARD (§ 4-29-60)

The Governing Board shall find:

✓ (1) The project will subserve the purposes of Chapter 29, Title 4;

✓ (2) The project is anticipated to benefit the general public welfare of the locality by providing services, employment, recreation, or other public benefits not otherwise provided locally;

✓ (3) The project will give rise to no pecuniary liability of county or incorporated municipality or a charge against its general credit or taxing power;

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\$ 3,000,000 (4) The amount of bonds required to finance the project;

✓ (5) The amount necessary in each year to pay the principal of and the interest on the bonds proposed to be issued to finance the project;

Not Required (6) The amount necessary to be paid each year into any reserve funds which the governing board may deem advisable to establish in connection with the retirement of the proposed bonds and the maintenance of the project;

✓ (7) Unless the terms of the financing agreement with respect to the project provide that the industry shall maintain the project and carry all proper insurance with respect thereto, the cost of maintaining the project in good repair and keeping it properly insured;

✓ (8) The determinations and findings of the governing board required to be made above shall be set forth in the proceedings under which the proposed bonds are to be issued.

FINANCING AGREEMENT (§ 4-29-60)

Every financing agreement with respect to a project shall contain an agreement:

✓ obligating the industry to effect the completion of the project if the proceeds of the bonds prove insufficient, and

obligating the industry to pay an amount under the terms of a financing agreement, which, upon the basis of the determinations theretofore made, will be sufficient:

- ✓ (a) to pay the principal of and interest on the bonds issued to finance the project;
- ✓ (b) to build up and maintain any reserves deemed by the governing board to be advisable in connection therewith, and
- ✓ (c) unless the financing agreement obligates the industry to pay for the maintenance and insurance of the project, to pay the costs of maintaining the project in good repair and keeping it properly insured.

 Every financing agreement in the form of a lease shall contain a provision requiring the industry to make payments to the county or counties, municipality or municipalities, school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county or counties, municipality or municipalities, school district or school districts, and other political unit

or units, if the project were owned by the industry, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the industry if it were the owner of the project.

REFUNDING BONDS (§ 4-29-110)

_____ may not exceed an amount sufficient to refund the principal of the bonds to be refunded, together with any unpaid interest thereon and any premiums, expenses, and commissions necessary to be paid in connection therewith.

PETITION (§ 4-29-140)

Must set forth

☒ (a)(1) a brief description of the project proposed to be undertaken, and

☒ (a)(2) its anticipated effect upon the economy of the county or incorporated municipality in which the project is to be located and of the areas adjacent thereto;

☒ (b) a reasonable estimate of the cost of the project;

☒ (c)(1) a general summary of the terms and conditions of the financing agreement and security agreement to be made,

_____ (c)(2) a statement establishing the basis for the payment of sums in lieu of taxes as required by § 4-29-60.

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FINDINGS BY BUDGET AND CONTROL BOARD

✓ the project is intended to promote the
purposes of Chapter 29, Title 4, (Public Purpose)

✓ the project is reasonably anticipated to
effect such result.

QUESTIONS CONSIDERED

TRANSMITTAL FORM, REVENUE BONDS

Date: August 19, 1986

Submitted for BCB Meeting on:
August 28, 1986

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

Wyché, Burgess, Freeman & Parham, P.A.
Name of Law Firm
Greenville, South Carolina 29603
City, State, Zip Code

44 Camperdown Way
Street Address/Box Number
803/242-3131
Telephone Area Code and Number

RE: \$3,000,000

Amount of Issue	Greenville County
Issuing Authority Name	

Industrial Development Revenue Bond
Type of Bonds or Notes
September 30, 1986
Projected Issue Date

Project Name: Span-America Project (Series 1986)

Project Description:

Expansion and improvement of a facility for the manufacture, storage, sale and distribution of medical products.

Employment as result of project: 50

CEILING ALLOCATION REQUIRED

X Yes (\$ 3,000,000) No
Amount

REFUNDING INVOLVED

 Yes (\$) X No
 Amount

PROJECT APPROVED PREVIOUSLY

X Yes (April 3, 1984) No
Date

DOCUMENTS ENCLOSED:

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition (executed original and two copies)
B. X Resolution or ordinance (executed copy)
C. X Inducement Resolution or comparable preliminary approval (executed copy)
D. X Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)

OR Audited financial statements for three most recent years

- E. N/A Department of Health and Environmental Control certificate IF REQUIRED
- F. X Budget and Control Board Resolution and Public Notice (original)
[Plus 2 copies for certification and return to counsel]
- G. 1 Processing fee
- Amount \$ 3,000 Check No. 15721
- Payer Span-America

Bond Counsel: Carl F. Muller

Typed Name

By:

Signature _____

State of South Carolina
State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 23, 1986

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
FINAL ALLOCATION, CALENDAR YEAR 1986

TO: Greenville County
c/o Mr. Carl F. Muller
Wyche Law Office
Box 10207
Greenville, SC 29603

RE: Issue of \$3,000,000 Greenville County, South Carolina
Industrial Revenue Bonds
(Span-America, Series 1986, Project)
Issue Date Certified By Issuing Authority: September 25, 1986
Issue Amount Certificate Received by Board Secretary: September 23, 1986

Based upon my receipt of the issue amount certificate required of the issuing authority by Board Regulation §19-103.06 and §19-103.07 not more than ten (10) business days prior to the date of issue which, as certified by the issuing authority, is within the time period for the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1986 will not exceed the 1986 State Ceiling on the issuance of private activity bonds for the State of South Carolina.

William A. McInnis

William A. McInnis, Secretary

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Form **8038**
(Rev. December 1984)

Information Return for Private Activity Bond Issues

OMB No. 1545-0720
Expires 12/31/87

Part I	Reporting Authority
---------------	----------------------------

Check box if Amended Return ►

Greenville County, State of South Carolina

2 Issuer's employer identification number
57-6000356

3 Number and street
Greenville County Courthouse

4 H. S. Lee et al.

§ City or town, State and ZIP code
Greenville, South Carolina 29601

6. Date of issue
September 25, 1986

Part II Type of Issue (Check box(es) that apply)

Bonds other than Industrial Development Bonds (IDBs):

Face Amount

- 7 ☐ Student loan bond
- 8 ☐ Qualified mortgage bond. (attach copy of State certification) Check box if you elect to rebate
arbitrage profits to the U.S. ☐
- 9 ☐ Qualified veterans' mortgage bond
- 10 ☐ Private exempt entity bond

Industrial Development Bonds:

- 11 ☐ Industrial park bond
12 ☒ Small issue IDB: Check box if \$10 million small issue election ☒
13 Exempt Activity Bond (check type(s) below)

3,000,000

Ms. Williams:

This is a reminder that we need final certification of sufficient funds. Thank you

Karen Law

Secretary to Carl F. Muller

103(DK4YA)

355

(4)(C)). Check box if exempt from volume limitations ☐

X4XD1): Check box if exempt from volume limitations ☐

lectio: 103(b)(4)(E))

33(b)(4)(F))

03(0X4XG)

Section 103(b)(4)(H))

 $0.3(5 \times 4 \times 1)$

ties (section 103(b)(4)(J))

electric energy or gas (section 103(b)(4)(E))

[illegible]

15	Weighted average maturity of the issue	see attachment	year
----	--	----------------	------

16 If issue is an advance refunding, enter the earliest call date

Part IV: Proceeds of Issue

17	Total purchase price (regs. section 1.103-13(d)(2))	3,000,000
18	Proceeds used for bond issuance costs	
19	Proceeds allocated to reasonably required reserve or replacement fund	
20	Proceeds used to refund prior issues	
21	Non-refunding proceeds of the issue (subtract lines 18, 19, and 20 from line 17)	

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Figures 8038 (Rsp. 12-84)

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Part V Description of Property Financed by Non-refunding Proceeds
(Do not complete for student loan bonds or mortgage bonds)

22 Type of Property Financed (or portion thereof financed by non-refunding proceeds)	
a 3-yr. ACRS property	1,500,000
b 5-yr. ACRS property	
c 10-yr. ACRS property	
d 15-yr. ACRS property	1,500,000
e 18-yr. ACRS property	
f Cost of land	
g Cost of other property (see instructions)	
23 Other use of non-refunding proceeds (subtract lines 22a-g from Part IV, line 21 (see instructions))	
24 Standard industrial classification (SIC) of non-refunding proceeds for the financed project	
SIC Code	Non-refunding proceeds \$
a	d
b	e
c	f
25 Average weighted economic life of the project (complete only for IDBs)	

Part VI Description of Initial Principal Users
(Do not complete for student loan bonds or mortgage bonds)

26 Initial Principal Users			
(A) User	(B) Name	(C) Address	(D) Employer identification number
(i)	Span-America Medical Systems, Inc.	Box 5231 Greenville, S.C. 29606	57-0525804
(ii)			
(iii)			
(iv)			
(v)			
27 Common parents (if any) of initial principal users listed above			
(A) User (from above)	(B) Name	(C) Address	(D) Employer identification number

Part VII Approval of Issue (Complete only for IDBs)

- 28 Name of Governmental units approving issue: County Council, Greenville County, South Carolina; and State Budget and Control Board of South Carolina
- 29 Names and positions of applicable elected representatives or date of referendum approving issue: See attached

Part VIII Volume Limitations for Qualified Mortgage or Veterans' Bonds

- 1 Issuer's volume limitation
- 2 Amount of volume limitation surrendered to other issues (e.g., under section 103A(c)(3)(B) or 25(c)(2)(A)(ii))
- 3 Amount of bonds previously issued
- 4 Unused volume limitation (subtract lines 2 and 3 from line 1)

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
	Signature of preparer <i>Paul Green</i> Chairman, County Council	Date 9/22/86 Clerk to Council
Paid Preparer's Use Only	Preparer's signature <i>Carl Miller</i> Form name (or yours, if self-employed) and address Wyck, Burgess, Freeman & Parkman P.A. 44 East Cooper Drive W33 Greenville, S.C.	Check if self-employed Preparer's social security no. 250-96-3369 57-0514-278 ZIP code 29607

02086

THIS REGISTERED BOND IS A LIMITED OBLIGATION AND IS NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS

STATE OF SOUTH CAROLINA
GREENVILLE COUNTY
INDUSTRIAL REVENUE BOND (SPAN AMERICA PROJECT)
SERIES 1986

\$3,000,000.00

KNOW ALL MEN BY THESE PRESENTS that Greenville County, a body politic and corporate, and a political subdivision of the State of South Carolina (the "County"), for value received, does promise to pay, but only from the source and upon the terms hereinafter provided, to the order of NCNB South Carolina (hereinafter, together with its successors and assigns and any lawful subsequent registered holder of this Bond, termed ("Holder"), the principal sum of THREE MILLION DOLLARS (\$3,000,000), plus interest on the outstanding principal amount from day to day hereof at the rate of interest per annum equal to six and three quarters per cent (6.75%) (the "Tax Exempt Rate") until maturity computed on the basis of a 360 day year and for the actual number of days elapsed (the "Continuing Interest").

The "Prime Rate" means the rate of interest announced by NCNB South Carolina at its principal office in Columbia, South Carolina as its prime rate determined at the close of business on each business day, including all changes in such rate.

The "Adjusted Rate" means the rate of interest per annum equal to the Prime Rate plus 1% per annum.

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The Tax-Exempt Rate shall be adjusted as hereinafter provided upon the occurrence of any of the following events (the "Adjustment Events"):

(1) a change in the Federal Tax Rate (as defined below) as it applies to this obligation; or

(2) a change (whether becoming effective before or after the date hereof) in the Disallowance Rate (as defined below) as it applies to this obligation.

The term "Federal Tax Rate" shall mean the maximum incremental rate of income tax applicable to NCNB South Carolina under federal law (such rate shall be based on the assumption that its taxable income is subject to the highest corporate income tax rates under such law). The term "Disallowance Rate" shall mean the percentage of NCNB South Carolina's interest expense allowable to this obligation which is not allowed (or, if NCNB has transferred the Bond and its disallowance rate is more favorable than that of the transferee, would not be allowed if it had retained the Bond) as a federal income tax deduction by it under the Internal Revenue Code, whether under Section 291, any successor provision therefor, or any other provision.

Upon the occurrence of any of the Adjustment Events, the Tax-Exempt Rate shall be adjusted by the following formula and Continuing Interest on this obligation shall thereafter accrue and be payable at the new Adjusted Tax-Exempt Rate:

$$\text{Adjusted Tax-Exempt Rate} = (R_o - (D_o \times F_o \times T)) \frac{(1 - F_n)}{(1 - F_o)} + \frac{(D_n \times F_n \times T)}{1 - (ST(1 - F_n))}$$

The symbols used in the formula shall have the following meanings:

"Ro" means the Tax-Exempt Rate, expressed as a decimal, in effect at the time of adjustment, which Tax-Exempt Rate shall not include adjustments in the beginning rate of interest due to changes in the statutory tax rate or the Disallowance Rate.

"Fo" means the Federal Tax Rate, expressed as a decimal (.46), in effect on the date hereof.

"Fn" means the Federal Tax Rate, expressed as a decimal, in effect at the time of adjustment.

"ST" means the maximum incremental rate of income tax, expressed as a decimal, in effect at the time of the adjustment applicable to NCNB South Carolina under South Carolina law (such tax shall be based on the assumption that NCNB South Carolina's taxable income is subject to the highest income tax under such law).

"Do" means the Disallowance Rate, expressed as a decimal (.20), in effect on the date hereof.

"Dn" means the Disallowance Rate, expressed as a decimal, in effect at the time of adjustment.

"T" means the Treasury Note Rate, expressed as a decimal, which shall equal 55% of the monthly average rate announced by the Federal Reserve for U.S. Treasury Notes with ten-year maturities for the second month preceding the date of any Adjustment Event.

Adjustments hereunder shall be made from time to time as often as any of the Adjustment Events occur.

So long as any portion of the principal amount of this obligation or interest thereon remains unpaid, (i) if any law, rule, regulation or executive order is enacted or promulgated by any public body or governmental agency which changes the basis of taxation of payment or causes a reduction in yield [other than by reason of a change described above or by reason of an Event of Taxability as defined in the Second Amended and Restated Loan Agreement among Span-America Medical Systems, Inc., a South Carolina corporation (the "Company"), the County and the Holder, dated as of September 15, 1983 and amended as of April 19, 1984 and September 1, 1986 (the "Loan Agreement")] to the Holder with respect to the principal or interest payable pursuant to this obligation, including without limitation the imposition of any excise tax or surcharge thereon, or (ii) if as a result of action by any public body or governmental agency, any payment is required to be made by, or any federal, state or local income tax deduction is denied to the Holder (other than by reason of a change described above or by reason of an Event of Taxability) by reason of the ownership of, borrowing money to invest in, or receiving principal or interest from this obligation, the County agrees to reimburse the Holder within five (5) days after receipt by the County of written demand for such payment and does hereby agree to indemnify the Holder against any loss, cost, charge or expense with respect to any such change; provided, however, the reimbursement and indemnity allowed hereunder if the Holder is not NCNB South Carolina shall be limited to such amounts as would have been payable to NCNB South Carolina if it had been the Holder.

In the event there shall occur a "Determination of Taxability" as defined in the Loan Agreement, the Holder shall have the option (to be exercised within 30 days of learning of the Determination of Taxability) to declare that the entire outstanding principal of and accrued interest under this Bond shall become due and payable within 30 days after notice to the County of such declaration. If the Holder makes such declaration, the redemption price shall be equal to the outstanding principal amount hereof plus accrued interest to the date of redemption. At all times after the Determination of Taxability this Bond shall bear interest at the Adjusted Rate and the County shall pay to the Holder within 30 days after demand an amount equal to (i) any penalties or interest on overdue taxes which are payable by the Holder as a result of the failure of the Holder to include in its gross income the interest received on this Bond for the period from the date of the "Event of Taxability" and continuing through the Determination of Taxability and (ii) the difference between interest on the outstanding principal amount from day to day hereof computed at the Adjusted Rate and the interest actually paid or accrued on this Bond for the period from the date of the Event of Taxability to and through the date of the Determination of Taxability; provided that if there is or has been more than one Holder of this Bond between the time of the Event of Taxability and the time of the Determination of Taxability, then payments described in (ii) shall be prorated according to the length of time that each Holder has held this Bond between the time of the Event of Taxability and the Determination of Tax-

ability and shall be payable to each Holder on that basis and provided, further, that no adjustment shall be made for a period during which interest cannot be included within the income of the Holder for income tax purposes as a result of statutes of limitation or otherwise. The obligations of the County described in this paragraph shall survive full payment or prepayment of this Bond.

Overdue installments of principal and, to the extent permitted by law, interest shall bear interest at the rate of interest per annum equal to the Adjusted Rate.

Continuing Interest on this Bond shall be payable on the first day of each month, commencing November 1, 1986, until payment in full of the principal hereof.

Principal installments shall be due on the first day of each month commencing January 1, 1987 and continuing until December 1, 1996. Principal shall be repaid in one hundred twenty installments as follows:

<u>Year</u>	<u>Monthly Principal Payment</u>
January 1, 1987 through December 1, 1987	\$22,500.00
January 1, 1988 through December 1, 1988	22,500.00
January 1, 1989 through December 1, 1989	22,500.00
January 1, 1990 through December 1, 1990	22,500.00
January 1, 1991 through December 1, 1991	25,000.00
January 1, 1992 through December 1, 1992	25,000.00
January 1, 1993 through December 1, 1993	27,500.00
January 1, 1994 through December 1, 1994	27,500.00
January 1, 1995 through December 1, 1995	27,500.00
January 1, 1996 through December 1, 1996	27,500.00

Any allowable collection costs or expenses shall be due upon demand.

In the event that any payment of principal or interest hereon shall be due on a Sunday or a holiday, then payment shall be made on the prior business day. The failure to make appropriate payment of interest or principal at the times specified after appropriate notice shall give rise to an "Event of Default" as defined in the Loan Agreement.

Each installment paid shall be credited first to allowable collection expenses, second to any federal tax penalties or fines, third to all interest due on this Bond and fourth to the principal amount of this Bond from time to time remaining unpaid.

All the payments made on this Bond shall be payable in legal tender of the United States of America and in immediately available funds. Payments of principal and interest hereon shall be mailed to the registered owner hereof at the address shown on the registration books kept by the Company as bond registrar, or at such other place as the Holder may from time to time designate; provided, however, that payment of the final installment of principal and interest hereon shall be made only upon surrender of this Bond to the Company.

This Bond is issued pursuant to the Loan Agreement for the purpose of providing funds for the County to loan the Company, which will in turn use these funds pursuant to the Loan Agreement to pay for an addition to the Company's industrial facility in the County for the manufacture, sale and distribution of foam and related products for medical, industrial and consumer purposes and the acquisition of additional equipment for use therein (such facility and equipment being hereinafter termed the "Project").

INCUMBENCY CERTIFICATE

CLERK OF COURT FOR GREENVILLE COUNTY

I, the undersigned Caroline Mattos, Clerk of Court of Greenville County, South Carolina, hereby certify that:

(1) The following is a true, accurate and complete listing of all the members of the County Council of Greenville County, South Carolina from January 1, 1986 through this date and the titles set forth below their names reflect their authorized positions:

Paul Greer
Chairman

E. D. Dixon

Ennis Fant
Vice Chairman

George Bomar

W. Mann Batson

Gale Crawford

Richard Herdklotz

James Arrowood

Sally Crumley

W. B. Bennett

Paul Wickensimer

Robert W. Leach

(2) Mary T. Turner from January 1, 1986 to this date has been duly authorized Clerk and Secretary of that County Council.

(3) Joel R. Mashburn is the duly authorized Administrator of Greenville County, South Carolina.

(4) The true signatures of Paul Greer, Mary T. Turner and Joel R. Mashburn are set forth below.

02094

State of South Carolina
State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

August 28, 1986

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
TENTATIVE ALLOCATION, CALENDAR YEAR 1986

TO: Greenville County
\$3,000,000
Industrial Development Revenue Bond
(Span-America, Series 1986, Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Deficit Reduction Act of 1984 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1986 only. It will expire ninety (90) calendar days from August 28, 1986 (the date the allocation was approved by the Board), if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Board Regulation §19-103.06 and §19-103.07 require that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority before the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.

I certify that, to the best of my knowledge, this allocation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Grady L. Patterson, Jr.

Attest:

William A. McInnis, Secretary

02095

State of South Carolina
State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 30, 1986

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
FINAL ALLOCATION, CALENDAR YEAR 1986

TO: Greenville County
c/o Mr. Carl F. Muller
Wyche Law Office
Box 10207
Greenville, SC 29603

RE: Issue of \$3,000,000 Greenville County, South Carolina
Industrial Revenue Bonds
(Span-America, Series 1986, Project)
Issue Date Certified By Issuing Authority: September 30, 1986
Issue Amount Certificate Received by Board Secretary: September 30, 1986

Based upon my receipt of the issue amount certificate required of the issuing authority by Board Regulation \$19-103.06 and \$19-103.07 not more than ten (10) business days prior to the date of issue which, as certified by the issuing authority, is within the time period for the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1986 will not exceed the 1986 State Ceiling on the issuance of private activity bonds for the State of South Carolina.

William A. McInnis

William A. McInnis, Secretary

02096

To: William I. McInnis

From: Carl F. Muller

Re: \$3,000,000.00 Greenville County, South Carolina
Industrial Revenue Bond (Span America Project) Series 1986

Date: September 30, 1986

Please be advised that the closing of the above bond issue will occur today due to illness of the Clerk of the Greenville County Council. Accordingly, I request that the final allocation be updated to reflect this delay. You may telecopy the revised final allocation to 271-4015 - *McNair*
Greenville
collect.

Thank You.

02037

NOV - 6 1986

STATE OF SOUTH CAROLINA

OFFICE OF STATE TREASURER

GRADY L. PATTERSON, JR.
TREASURER



P. O. DRAWER 11778

COLUMBIA
29211

October 29, 1986

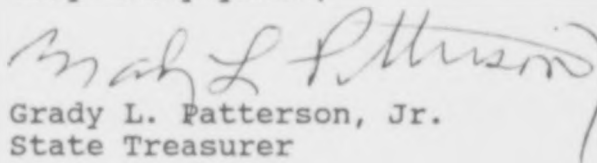
Honorable William A. McInnis
Deputy Executive Director
State Budget and Control Board
618 Wade Hampton Building
Columbia, South Carolina 29201

Dear Bill:

In reference to a request concerning an interest rate on Western Carolina Service Contract relating to the \$16,470,000 Greenville County Industrial Revenue Bonds, Series 1986A, (Merscot-Greenville Wastewater Treatment Project,) with final payment in 2008, this is to confirm our approval on October 28, 1986, of a true interest cost of 8.30%.

With kindest regards, I am

Very truly yours,


Grady L. Patterson, Jr.
State Treasurer

GLPJr:maj

CC: Honorable Tom Hutcheson
Sinkler, Gibbs and Simons

02098

NOV 10 1986
9:17 A.M. - XX

19

November 6, 1986

Mr. William A. McInnis, Secretary
South Carolina State Budget and
Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Re: \$19,340,000 Greenville County, South Carolina,
Industrial Revenue Bonds, Series 1986 (Merscot-
Greenville Wastewater Treatment Project)

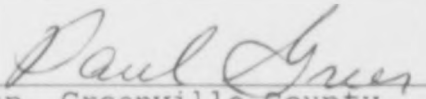
Dear Mr. McInnis:

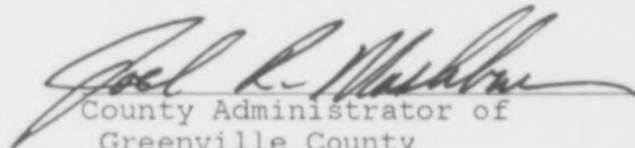
In connection with the above-captioned Bonds, enclosed
herewith please find the following:

(1) Copy of Form 8038 filed with the United
States Treasury, Internal Revenue Service; and

(2) Publisher's affidavit with newspaper clipping
attached evidencing publication of notice of South
Carolina State Budget and Control Board approval.

Yours very truly,


Chairman, Greenville County
Council


County Administrator of
Greenville County

02099

SCHEDULE "A"

(A) Stated Maturity	(B) Face Amount	(C) Stated Interest Rate	(D) Term (in years)
02/01/1988	\$2,870,000.00	4.75%	1.25
02/01/1989	\$ 545,000.00	6.00%	2.25
02/01/1990	\$ 575,000.00	6.25%	3.25
02/01/1991	\$ 610,000.00	6.50%	4.25
02/01/1992	\$ 650,000.00	7.20%	5.25
02/01/1993	\$ 695,000.00	8.00%	6.25
02/01/1994	\$ 745,000.00	8.00%	7.25
02/01/1995	\$ 795,000.00	8.00%	8.25
02/01/1996	\$ 855,000.00	8.00%	9.25
02/01/1997	\$ 370,000.00	8.00%	10.25
02/01/1998	\$ 650,000.00	8.00%	11.25
02/01/1999	\$ 715,000.00	8.00%	12.25
02/01/2000	\$ 720,000.00	8.00%	13.25
02/01/2001	\$ 760,000.00	8.00%	14.25
02/01/2002	\$1,020,000.00	8.00%	15.25
02/01/2003	\$1,255,000.00	8.00%	16.25
02/01/2004	\$1,350,000.00	8.00%	17.25
02/01/2005	\$1,465,000.00	8.00%	18.25
02/01/2006	\$ 995,000.00	8.00%	19.25
02/01/2007	\$ 50,000.00	8.00%	20.25
02/01/2008	\$1,650,000.00	8.00%	21.25

02102

CORRECTION

CORRECTION

CORRECTION

CORRECTION

CORRECTION

CORRECTION

Part I Reporting Authority

Check box if Amended Return ►

- | | | | |
|------------------------------------|-----------------------------------|---|------------------|
| 1 Issuer's name | Greenville County, South Carolina | 2 Issuer's employer identification number | 57-6000356 |
| 3 Number and street | Room 111, Courthouse Annex | 4 Issue number | |
| 5 City or town, State and ZIP code | Greenville, South Carolina 29601 | 6 Date of issue | November 6, 1986 |

Part II Type of Issue (Check box(es) that apply)

Bonds other than Industrial Development Bonds (IDBs):

- 7 ☐ Student loan bond
- 8 ☐ Qualified mortgage bond; (attach copy of State certification) Check box if you elect to rebate
arbitrage profits to the U.S. ☐
- 9 ☐ Qualified veterans' mortgage bond
- 10 ☐ Private exempt entity bond

Industrial Development Bonds:

- | | | |
|----|--|--|
| 11 | <input type="checkbox"/> Industrial park bond . | |
| 12 | <input type="checkbox"/> Small issue IDB; Check box if \$10 million small issue election ▶ <input type="checkbox"/> | |
| 13 | Exempt Activity Bond (check type(s) below): | |
| a | <input type="checkbox"/> Residential rental projects (section 103(b)(4)(A)) | |
| b | <input type="checkbox"/> Sports facilities (section 103(b)(4)(B)) | |
| c | <input type="checkbox"/> Convention facilities (section 103(b)(4)(C)); Check box if exempt from volume limitations ▶ <input type="checkbox"/> | |
| d | <input type="checkbox"/> Airports, docks, etc., (section 103(b)(4)(D)); Check box if exempt from volume limitations ▶ <input type="checkbox"/> | |
| e | <input checked="" type="checkbox"/> Sewage or waste disposal facilities (sectic : 103(b)(4)(E)) | |
| f | <input type="checkbox"/> Pollution control facilities (section 103(b)(4)(F)) | |
| g | <input type="checkbox"/> Water furnishing facilities (section 103(b)(4)(G)) | |
| h | <input type="checkbox"/> Hydroelectric generating facilities (section 103(b)(4)(H)) | |
| i | <input type="checkbox"/> Mass commuting vehicles (section 103(b)(4)(I)) | |
| j | <input type="checkbox"/> Local district heating or cooling facilities (section 103(b)(4)(J)) | |
| k | <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (section 103(b)(4)(E)) | |

Face Amount

\$19,340,000

Part III Description of Obligations

- | 14 | (A)
Maturity date | (B)
Face amount | (C)
Stated interest rate | (D)
Term (in years) |
|----|--|--------------------|-----------------------------|------------------------|
| | | | | |
| | | | | |
| | See Attached | | | |
| | Schedule "A" | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 15 | Weighted average maturity of the issue | | | 11.29 years |
| 16 | If issue is an advance refunding, enter the earliest call date | | | NA |

Part IV Proceeds of Issue

- | | | |
|----|--|-----------------|
| 17 | Total purchase price (regs. section 1.103-13(d)(2)) | \$19,118,130.00 |
| 18 | Proceeds used for bond issuance costs (1) | \$ 382,362.60 |
| 19 | Proceeds allocated to reasonably required reserve or replacement fund | \$ 1,647,000.00 |
| 20 | Proceeds used to refund prior issues | -0- |
| 21 | Non-refunding proceeds of the issue (subtract lines 18, 19, and 20 from line 17) (2) | \$17,088,767.40 |

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form 8038 (Rev. 12-84)

- (1) Issuance costs (Code Section 149(e)(2)(B))...: \$1,319,634.57
(2) Net Proceeds (Code Section 149(e)(2)(B))...: \$17,471,130.00

02160

Part V Description of Property Financed by Non-refunding Proceeds
(Do not complete for student loan bonds or mortgage bonds)

22 Type of Property Financed (or portion thereof financed by non-refunding proceeds) (1)		
a	3-yr. ACRS property	313,500.00
b	5-yr. ACRS property	15,643,667.40
c	10-yr. ACRS property	-0-
d	15-yr. ACRS property	-0-
e	18-yr. ACRS property	1,131,600.00
f	Cost of land	-0-
g	Cost of other property (see instructions)	-0-
23 Other use of non-refunding proceeds (subtract lines 22a-g from Part IV, line 21)(see instructions)		-0-
24 Standard industrial classification (SIC) of non-refunding proceeds for the financed project.		
	SIC Code	Non-refunding proceeds \$
a	4990	17,088,767.40
b		
c		
d		
e		
f		
25 Average weighted economic life of the project (complete only for IDBs)		33 years

Part VI Description of Initial Principal Users
(Do not complete for student loan bonds or mortgage bonds)

26 Initial Principal Users:			
(A) User	(B) Name	(C) Address	(D) Employer identification number
(i)	Merscot-Greenville Partnership	P.O. Box 4043 Woburn, MA 01888	04-2924352
(ii)			
(iii)			
(iv)			
(v)			
27 Common parents (if any) of initial principal users listed above:			
(A) User (from above)	(B) Name	(C) Address	(D) Employer identification number
	Research-Cottrell, Inc.	Route 202/206 North Bedminster, NJ 07921	22-1554930

Part VII Approval of Issue (Complete only for IDBs)

28 Name of Governmental units approving issue ► Greenville County Council, State Budget and Control Board of South Carolina

29 Names and positions of applicable elected representatives or date of referenda approving issue ► Paul Greer, Chairman, Greenville County Council

Part VIII Volume Limitations for Qualified Mortgage or Veterans' Bonds

1 Issuer's volume limitation	
2 Amount of volume limitation surrendered to other issues (e.g., under section 103A(g)(3)(B) or 25(c)(2)(A)(ii))	
3 Amount of bonds previously issued	
4 Unused volume limitation (subtract lines 2 and 3 from line 1)	

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature of officer	Date	Title
Paid Preparer's Use Only	Preparer's signature	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours, if self-employed) and address	E.I. No.	ZIP code
	Sinkler Gibbs & Simons P.O. Box 340, Charleston, SC	57-0295522	29402

U.S. Government Printing Office: 1985-461-485/10095

(1) Classification of property for ACRS purposes are only projections as of the date of issue of the Bonds.

page 749,934 2/85

02101

SCHEDULE "A"

(A) Stated Maturity	(B) Face Amount	(C) Stated Interest Rate	(D) Term (in years)
02/01/1988	\$2,870,000.00	4.75%	1.25
02/01/1989	\$ 545,000.00	6.00%	2.25
02/01/1990	\$ 575,000.00	6.25%	3.25
02/01/1991	\$ 610,000.00	6.50%	4.25
02/01/1992	\$ 650,000.00	7.20%	5.25
02/01/1993	\$ 695,000.00	8.00%	6.25
02/01/1994	\$ 745,000.00	8.00%	7.25
02/01/1995	\$ 795,000.00	8.00%	8.25
02/01/1996	\$ 855,000.00	8.00%	9.25
02/01/1997	\$ 370,000.00	8.00%	10.25
02/01/1998	\$ 650,000.00	8.00%	11.25
02/01/1999	\$ 715,000.00	8.00%	12.25
02/01/2000	\$ 720,000.00	8.00%	13.25
02/01/2001	\$ 760,000.00	8.00%	14.25
02/01/2002	\$1,020,000.00	8.00%	15.25
02/01/2003	\$1,255,000.00	8.00%	16.25
02/01/2004	\$1,350,000.00	8.00%	17.25
02/01/2005	\$1,465,000.00	8.00%	18.25
02/01/2006	\$ 995,000.00	8.00%	19.25
02/01/2007	\$ 50,000.00	8.00%	20.25
02/01/2008	\$1,650,000.00	8.00%	21.25

02102

THE GREENVILLE NEWS—PIEDMONT COMPANY

POST OFFICE BOX 1688

GREENVILLE, SOUTH CAROLINA 29602

AFFIDAVIT

Allen Dedwyler, being duly sworn, says that he is the legal ad-

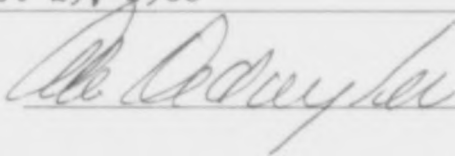
vertising representative of { THE GREENVILLE NEWS
GREENVILLE, SOUTH CAROLINA

newspaper printed and published in the City of Greenville, in

the State of South Carolina. That the attached advertisement

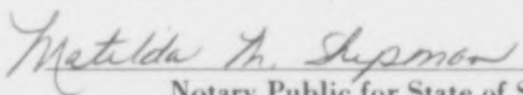
appearing in 11 3/4 inches in the issue

of August 29, 1986



Sworn to and subscribed before me

this 29th day of August 19 86 .



Notary Public for State of S. C.

Total Due \$

GNP-81016-8-12/77

02103

NOTICE PURSUANT TO
TITLE 4, CHAPTER 26, CODE
OF LAWS OF SOUTH CARO-
LINA 1976, AS AMENDED.

Notice is hereby given that fol-
lowing the filing of a Petition by
Greenville County Council (the
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 (the UN-
DER TAKING) (including
changes in any details of the said
financing as finally consum-
mated which do not materially
affect the said undertaking),
viz.: the financing of the acquisi-
tion, construction and installation
of certain land (including any in-
terests in land), buildings, fix-
tures, machinery and equipment
(the PROJECT) to constitute
wastewater disposal and treat-
ment facilities of Mersco-Green-
ville (the COMPANY), a general
partnership organized and exist-
ing under the laws of the State of
South Carolina, and to be located
on State Road 143 east of Mauldin
River and Glider Creek in Green-
ville County, South Carolina (the
COUNTY).

To finance the acquisition, con-
struction and installation of the
Project, the County will issue the
not exceeding \$25,000,000 Green-
ville County, South Carolina, in-
dustrial revenue bonds, Series
1986 (Mersco-Greenville Proj-
ect) (the BONDS) pursuant to
Title 4, Chapter 26, Code of Laws
of South Carolina 1976, as amend-
ed. The Bonds will be payable by
the County solely from the
amounts to be paid to the County
by the Company pursuant to a
Loan Agreement (the LOAN
AGREEMENT) between the
County and the Company.

The Company will irrevocably
convenient and agree to pay when
due all sums required to pay the
principal of and interest on the
Bonds, and the Bonds will be se-
cured (i) by a Trust Indenture
(the INDENTURE) under which
the County will pledge to The Cit-
zens and Southern National
Bank, as Trustee (the TRUS-
TEE) substantially all of its
rights under the Loan Agree-
ment, (ii) by a Guaranty Agree-
ment (the PAYMENT GUARAN-
TEE) between Research-Cot-
trell, Inc. (RESEARCH-COT-
TRELL), a New Jersey corporation of

NOTICE PURSUANT TO
TITLE 4, CHAPTER 29, CODE
OF LAWS OF SOUTH CARO-
LINA 1976, AS AMENDED

Notice is hereby given that fol-
lowing the filing of a Petition by
Greenville County Council (the
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 (the UN-
DERTAKING) (including
changes in any details of the said
financing as finally consum-
mated which do not materially
affect the said undertaking),
viz.: the financing of the acqui-
sition, construction and installation
of certain land (including any in-
terests in land), buildings, fix-
tures, machinery and equipment
(the PROJECT) to constitute
wastewater disposal and treat-
ment facilities of Merscot-Green-
ville (the COMPANY), a general
partnership organized and exist-
ing under the laws of the State of
South Carolina, and to be located
on State Road 143 east of Moultrie
at the confluence of the Enoree
River and Gilder Creek in Green-
ville County, South Carolina (the
COUNTY).

To finance the acquisition, con-
struction and installation of the
Project, the County will issue the
not exceeding \$25,000,000 Green-
ville County, South Carolina, In-
dustrial Revenue Bonds, Series
1984 (Merscot-Greenville Pro-
ject) (the BONDS) pursuant to
Title 4, Chapter 29, Code of Laws
of South Carolina 1976, as amend-
ed. The Bonds will be payable by
the County solely from the
amounts to be paid to the County
by the Company pursuant to a
Loan Agreement (the LOAN
AGREEMENT) between the
County and the Company.

The Company will irrevocably
covenant and agree to pay when
due all sums required to pay the
principal of and interest on the
Bonds, and the Bonds will be se-
cured (i) by a Trust Indenture
(the INDENTURE) under which
the County will pledge to The Cit-
izens and Southern National
Bank, as Trustee (the TRUS-
TEE) substantially all of its
rights under the Loan Agree-
ment, (ii) by a Guaranty Agree-
ment (the PAYMENT GUARAN-
TEE) between Research-Cot-
trell, Inc. (RESEARCH-COT-
TRELL), a New Jersey corporation
and the parent corporation of
Metcalf & Eddy, Inc., which to-
gether with its subsidiaries, is re-
sponsible for the design, con-
struction management, operation
and maintenance of the Project
and the Trustee pursuant to
which Payment Guarantee Re-
search-Cottrell will agree, upon
the occurrence or non-occu-
rence of certain events, to make
available to the Trustee sufficient
funds to redeem the Bonds or to
provide for all payments of prin-
cipal of and interest on the Bonds
as the same shall become due
and (iii) by an Assignment pursu-
ant to which the Company will as-
sign to the County all of its right,
title and interest in and to (1) that
part of the service charge paid by
the Authority (hereinafter de-
fined) to the Company allocable
to debt service on the Bonds and
(2) the agreements (the DE-
SIGN, CONSTRUCTION and
OPERATION AGREEMENTS)
pursuant to which certain subsid-
iaries (the SUBSIDIARIES) of
Research-Cottrell are required to
design, manage the construction
of and operate and maintain the
Project and Western Carolina
Regional Sewer Authority (the
AUTHORITY), a special pur-
chase district created by the Gen-
eral Assembly of the State of
South Carolina, will assign to the
County all of its right, title and in-
terest in and to the Guaranty
Agreement by Research-Cottrell
to the Authority, pursuant to
which Research-Cottrell will
guarantee the performance of the
Subsidiaries under the Design,
Construction and Operation
Agreements, the Bonds will be
issued pursuant to the Act, to an
ordinance (the BOND ORDI-
NANCE) to be adopted by the
County Board and to the Inden-
ture.

The Project will provide waste-
water treatment services to the
Gilder Creek basin and will pro-
vide employment for approxi-
mately seven (7) persons.

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 the action of the State
Board in approving the undertak-
ing of the County Board by action
de novo instituted in the Court of
Common Pleas for Greenville
County.

THE STATE BUDGET AND
CONTROL BOARD OF SOUTH
CAROLINA
By: William A. McInnis,
1707364.

of August 29, 1986

Sworn to and subscribed before me

this 29th day of August 19 86

Metcalf & Eddy, Inc.
Notary Public for State of S.C.

Total Due \$

ONE 810164 12/77

02103

Exhibit
8/28/84

State of South Carolina
State Budget and Control Board



RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

October 31, 1986

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
(UNDER TAX REFORM ACT OF 1986)
FINAL ALLOCATION, CALENDAR YEAR 1986

TO: County of Greenville
c/o Mr. Thomas A. Hutcheson
Sinkler Gibbs & Simons
Box 340
Charleston, SC 29402

RE: Issue of \$19,340,000 Greenville County, South Carolina
Industrial Revenue Bonds
(Merscot-Greenville Project)
Issue Date Projected By Issuing Authority: November 6, 1986
Allocation Expiration Date: November 26, 1986
Issue Amount Certificate Date: October 31, 1986

Based upon my receipt of the issue amount certificate required of the issuing authority by Section 7(b) of the Governor's Executive Order #86-20, issued October 22, 1986, which certificate is dated not more than ten (10) business days prior to the projected date of issue which, as certified by the issuing authority, is within the time period during which the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project is valid, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1986 will not exceed the 1986 State Ceiling on the issuance of private activity bonds for the State of South Carolina.

William A. McInnis

William A. McInnis, Secretary

02104

OCT 31 1986



County of Greenville

October 29, 1986

South Carolina State Budget
and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Attention: Mr. William A. McInnis, Secretary

Dear Mr. McInnis:

Re: \$19,340,000 Greenville County, South Carolina,
Industrial Revenue Bonds, Series 1986 (Merscot-
Greenville Wastewater Treatment Project)

This letter is for the purpose of certifying to the State Budget and Control Board the principal amount of obligations being issued pursuant to the approval granted by the State Budget and Control Board by resolution adopted August 28, 1986, in connection with the above Bonds. I hereby certify that the exact amount of obligations being issued pursuant to the aforesaid approval is \$19,340,000 and that the date of delivery of the above Bonds is November 6, 1986.

Please address certification of final Cap Allocation to bond counsel for this issue at the following address:

Sinkler, Gibbs & Simons
Attention: Thomas A. Hutcheson, Esq.
Post Office Box 340
Charleston, South Carolina 29402

Sincerely,

Paul Greer, Chairman
Greenville County Council

PG/bd

cc: Thomas A. Hutcheson, Esq.

02105

AUG 28 1986

The State of South Carolina



Office of the Attorney General

EXHIBIT

AUG 28 1986

NO. 10

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803.734.3680

STATE BUDGET & CONTROL BOARD

August 26, 1986

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: Not Exceeding \$25,000,000.00 Greenville County,
South Carolina, Industrial Development Revenue Bond
(Merscot-Greenville Project)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Section 4-29-140, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "David C. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/shb

Enclosures

02106

OCT 24 1986

State of South Carolina



EXHIBIT

AUG 28 1986 NO. 10

STATE BUDGET & CONTROL BOARD

State Budget and Control Board

OFFICE OF THE STATE AUDITOR

P.O. BOX 11333
COLUMBIA, S.C.
29211
(803) 734-1727

EDGAR A. VAUGHN, JR., CPA
STATE AUDITOR

MARGARET C. STILWELL, CPA
DEPUTY STATE AUDITOR

October 22, 1986

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

RE: Industrial Revenue Bond Issue - Greenville County - Not to Exceed
\$25,000,000 (Merscot - Greenville Wastewater Disposal and Treatment
Facility Project)

- I. We have reviewed the Preliminary Official Statement (POS) proof dated
August 22, 1986, for the proposed issue of Series A and Series B bonds:

Series A	\$16,250,000
Series B	<u>2,710,000</u>
Total	<u>\$18,960,000</u>

As outlined in the POS, Merscot-Greenville Partnership (a South Carolina general partnership formed on December 1, 1985), the "Company" and the borrower, was organized for the purposes of this transaction to finance the cost of acquiring and constructing the Project. The managing general partner of the Company is Merscot IV, Inc., a wholly-owned subsidiary of Research - Cottrell, Inc. Research - Cottrell is also the parent corporation of Metcalf & Eddy, Inc. which, together with its subsidiary Metcalf & Eddy Services, Inc., is responsible for the design, construction management, operation, and maintenance of the Project.

02107

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER

STATE BUDGET & CONTROL BOARD
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL
REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE
JESSE A. COLES, JR.
EXECUTIVE DIRECTOR

- A. With respect to the Series A Bonds, pursuant to a Service Contract dated as of December 23, 1985, as amended, by and among Western Carolina Regional Sewer Authority, Research - Cottrell, and the Company, the Authority will be obligated upon operation of the Project to make payments of a Service Charge to the Company. The Service Charge will include payment for a Treatment Charge and the Facility Base Charge, which is at least equal to the debt service on the Series A Bonds. The Facility Base Charge is assigned to the Bond Trustee.

The Authority's obligation under the Service Contract for the principal and interest on the Series A Bonds is payable from and secured by a lien on and pledge of the net revenue of the Authority in an amount sufficient to meet payments of the Service Charge. The Authority will covenant in the Service Contract that the rates it charges its customers for wastewater treatment services shall at all times be sufficient to cover the Service Charge. The Series A Bonds are additionally secured by the Debt Service Reserve Fund. Research - Cottrell will deliver a guaranty agreement to the Authority securing the performance of M&E Services under the Operation and Maintenance Agreement and of the Company under the Service Contract. Further, under a separate guaranty agreement, Research - Cottrell will guarantee to the Trustee for the benefit of the bondholders to make Series A debt payments if the system isn't in operation by February 26, 1988, due to inexcusable delays or to replenish the Debt Service Reserve Fund if the deficiency therein is attributable to the Company.

- B. The Series B Bonds are being issued to provide a portion of the Company's equity contribution for the Project. The obligation of the Company to make payments of debt service of the Series B Bonds will be secured by a direct-pay, irrevocable letter of credit to be issued in favor of the Trustee by the New York branch of National Westminster Bank PLC. Additionally, the obligation of the Company to make payments under the Loan Agreement with respect to the Series B Bonds will be guaranteed by Research - Cottrell to the Trustee.

- II. A. We reviewed the audited financial statements of the Western Carolina Regional Sewer Authority for the year ended June 30, 1986. The statements were examined by Elliott, Davis & Company, Greenville, South Carolina. The independent auditors qualified their opinion on the financial statements because the basis of accounting used by the Authority does not conform with generally accepted accounting principles.

Mr. William A. McInnis

Page Three

October 22, 1986

- B. We also reviewed the Authority's financial forecast for the Project prepared by Arthur Young & Company, Charlotte, North Carolina, dated October 7, 1986. The independent auditors examined the forecasted financial statements for each of the five years in the period ending June 30, 1991, to evaluate both the assumptions used by management and the preparation and presentation of the forecast.

Arthur Young stated in its report that "the Authority's forecasted financial statements are presented using accounting principles which are not in conformity with generally accepted accounting principles, but which are consistent with the Authority's historical financial statements." The auditors concluded that "...the forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for management's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material."

Some significant assumptions used in preparing the forecast are as follows:

- a. Neither major expansions nor contractions in geographic service areas are anticipated but demand for sewer services is projected to increase for the next five years.
- b. Operating revenues consist of sewer user charges which the Board of Commissioners has full authority to establish and which are not subject to review by state agencies. The Authority anticipates increasing user charges in each of the next five years.
- c. It is anticipated that the Authority will continue its policy of increasing sewer rates to fund all operations, including the outstanding bonded indebtedness.
- d. For the fiscal years 1989 through 1991 increased capital improvement needs and operations and maintenance expenses indicate required annual rate increases.
- e. Capital improvement costs will be funded by federal assistance, the various subdistricts the Authority serves as well as developers, and by the issuance of bonds.

02109

Mr. William A. McInnis
Page Four
October 22, 1986

- f. In fiscal year 1988, it is estimated that General Obligation bonds in the amount of \$20,000,000 with an interest rate of 9 percent for a term of 20 years will be sold by the Authority. It is also estimated that the Authority will sell revenue bonds in fiscal year 1991 in the amount of \$13,000,000 with an interest rate of 10 percent and a term of 20 years.
- g. The Authority is obligated to pay the entire Service Charge, including Facility Base Charge, as long as the Project is accepting, treating, and disposing of wastewater.
- h. The Authority would increase its sewer user charges for any significant increase in the Facility Base Charge.
- i. The Project Service Charge will be effective as of February 1, 1988, and the annual Facility Base Charge is estimated to be \$1,820,000.
- j. Total debt service includes the Facility Base Charge, currently outstanding obligations, and the issuance of 1988 general obligation bonds and 1991 revenue bonds.
- k. The projected debt service coverage is as follows:

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
GROSS REVENUES	<u>\$13,527</u>	<u>\$17,615</u>	<u>\$20,430</u>	<u>\$22,089</u>	<u>\$24,381</u>
TOTAL EXPENSES	<u>8,005</u>	<u>8,836</u>	<u>11,534</u>	<u>12,351</u>	<u>13,246</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	\$ 5,522	\$ 8,779	\$ 8,896	\$ 9,738	\$11,135
Total Debt Service	\$ 4,623	\$ 7,716	\$ 8,609	\$ 8,532	\$10,072
Coverage Ratio Based on Total Debt Service	<u>1.19</u>	<u>1.14</u>	<u>1.03</u>	<u>1.14</u>	<u>1.11</u>
Series A Industrial Revenue Bond Debt Service		\$ 910	\$ 1,820	\$ 1,820	\$ 1,820
Coverage Ratio Based on Series A Industrial Revenue Bond Debt Service	<u>N/A</u>	<u>9.65</u>	<u>4.89</u>	<u>5.35</u>	<u>6.12</u>

02110

Mr. William A. McInnis
Page Five
October 22, 1986

1. The projected average residential bills for a customer using 27,000 gallons of water quarterly are:

<u>Year</u>	<u>Quarterly Bill</u>	<u>% Increase</u>
1986	\$28.57	- %
1987	35.05	23
1988	43.15	23
1989	49.86	16
1990	54.20	9
1991	58.55	8

III. Although we have some concern as to whether the Authority will encounter user resistance in increasing sewer rates to fund all operations, including the Project Service Charge and bonded indebtedness, we recognize that the Board of Commissioners has full authority to establish user charges. Although the Authority is highly leveraged to finance capital expansion and improvements, our review of the financial forecast produced no indications that would cause us to dispute any of the assumptions, estimates, or forecasted data contained therein.

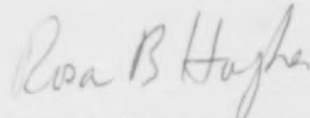
IV. A. We reviewed the audited consolidated financial statements of Research - Cottrell, Inc. and subsidiaries for the years ended October 31, 1985, 1984, and 1983. The statements for each of the years were examined by Coopers & Lybrand, Newark, New Jersey. All years received unqualified opinions from the independent auditors.

B. As disclosed in Research - Cottrell's 1985 Annual Report, the company neither includes the capital facilities under privatization projects (e.g. the proposed Merscot - Greenville Project) which are being financed with revenue bonds and a commitment of funds from Research - Cottrell nor the associated debt on its balance sheet because it feels future revenues from the projects are both sufficient for and legally assigned to repayment of the debt. Consequently, an estimate of Research - Cottrell's contingent liability for contracts similar to the Project is not available for current projects or anticipated projects.

Mr. William A. McInnis
Page Six
October 22, 1986

- C. Research - Cottrell appears to be highly leveraged to finance rapid expansion and, as noted in its 1985 Annual Report, the company is actively pursuing projects and taking a leadership role in the privatization movement to meet the need for sewerage facilities through this vehicle.
- D. Research - Cottrell, Inc. is a publicly owned corporation whose capital stock is traded on the New York Stock Exchange and which files annual information reports (Form 10K) with the Securities and Exchange Commission.

Except for our reservations as outlined above concerning (a) the Authority's rate increases, (b) Research - Cottrell's contingent liabilities under privatization contracts, and (c) the amounts of indebtedness borne by both the Authority and Research - Cottrell, and relying on the lien on an pledge of Authority revenues and the guarantees of Research - Cottrell, we see no reason to disapprove the proposed bond issues.



Rosa B. Hughes, CPA
Audit Manager
Office of the State Auditor

RBH/dc

EXHIBIT
AUG 28 1986 NO. 10
STATE BUDGET & CONTROL BOARD

02112

EXHIBIT

AUG 28 1986

NO. 10

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)

Merscot-Greenville Project

COUNTY OF RICHLAND)

I, WILLIAM A. MCINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

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

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

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10 A. M., on Thursday, August 28, 1986, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

October 28, 1986

William A. McInnis

02113

EXHIBIT

AUG 28 1986

NO. 10

ORIGINAL

E

STATE BUDGET & CONTROL BOARD

A RESOLUTION

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore Greenville County Council (the "County Board") did, pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act"), petition the State Budget and Control Board of South Carolina (the "State Board") seeking the approval of the State Board for an undertaking by the County Board pursuant to the Act; and

WHEREAS, the proposed undertaking (the "Undertaking") consists of the financing of the acquisition, construction and installation of certain land (including any interests in land), buildings, fixtures, machinery and equipment (the "Project") to constitute wastewater disposal and treatment facilities of Merscot-Greenville Partnership (the "Company") in Greenville County, South Carolina (the "County") by the issuance and delivery of not exceeding \$25,000,000 Greenville County, South Carolina, Industrial Revenue Bonds, Series 1986 (Merscot-Greenville Project) (the "Bonds") pursuant to the Act, to an ordinance (the "Bond Ordinance") to be adopted by the County Board and to a Trust Indenture (the "Indenture") between the County and The Citizens and Southern National Bank, as Trustee (the "Trustee"); and

WHEREAS, the Company will agree in a Loan Agreement (the "Loan Agreement") between the County and the Company to pay to the County amounts sufficient to provide for the payment of the Bonds and the costs and expenses resulting from the issuance thereof; and

WHEREAS, in order to finance the acquisition and installation of the Project, the County Board proposes to provide for the issuance and delivery of the Bonds pursuant to the Act, to the Bond Ordinance and to the Indenture, payable by the County from the amounts derived from the Loan Agreement and secured (i) by the Indenture, (ii) by a Guaranty Agreement (the "Payment Guarantee") between Research-Cottrell, Inc. ("Research-Cottrell"), a New Jersey corporation and the parent corporation of Metcalf & Eddy, Inc., which together with its subsidiaries, is responsible for the design, construction management, operation and maintenance of the Project and the Trustee pursuant to which Payment Guarantee, Research-Cottrell will agree, upon the occurrence or non-occurrence of certain events, to make available to the Trustee sufficient funds to redeem the Bonds or to provide for all payments of principal of and interest on the Bonds as the same shall become due and (iii) by an Assignment (the "Assignment") pursuant to which the

02114

Company will assign to the County all of its right, title and interest in and to (1) the Facility Base Charge (hereinafter defined) and (2) the Design, Construction and Operation Agreements (hereinafter defined) and Western Carolina Regional Sewer Authority (the "Authority"), a special purchase district created by the General Assembly of the State of South Carolina, will assign to the County all of its right, title and interest in and to the Performance Guarantee (hereinafter defined); and

WHEREAS, the County will sell the Bonds to Salomon Brothers Inc (the "Underwriter") pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") among the County, the Authority, Research-Cottrell and the Underwriter; and

WHEREAS, pursuant to a Service Contract (the "Service Contract") by and among the Authority, as customer, Research-Cottrell, as guarantor, and the Company, as service provider, the Authority will be obligated, except under certain circumstances, to make payments of a service charge to the Company, a portion of which payments shall be allocable to debt service on the Bonds. That part of the service charge allocable to debt service on the Bonds (the "Facility Base Charge") will be assigned to the County pursuant to the Assignment and pledged by the County to the Trustee pursuant to the Indenture; and

WHEREAS, pursuant to a Guaranty Agreement (the "Performance Guarantee") by Research-Cottrell to the Authority, Research-Cottrell will guarantee the performance of its subsidiaries under agreements (the "Design, Construction and Operation Agreements") pursuant to which such subsidiaries are required to design, manage the construction of and operate and maintain the Project,

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA 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 to this Resolution are in all respects true and correct;

(b) That the County Board has filed a proper petition with the State Board establishing a reasonable estimate of the cost of the Project and containing a general summary of the terms and conditions of the Loan Agreement, the Indenture, the Payment Guarantee, the Assignment, the Bond Purchase Agreement, the Service Contract, the Performance Guarantee, the Bond Ordinance and the Bonds and a brief description of the Project;

(c) That the Project will provide wastewater treatment services to the Gilder Creek basin and is expected to provide employment for approximately seven (7) persons and, therefore, is expected to have a beneficial effect upon the general public welfare of the County; and

(d) That the Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such purposes.

2. On the basis of the foregoing findings, the proposed undertaking of the County Board to finance the cost of the acquisition, construction and installation of the Project through the issuance of not exceeding \$25,000,000 Greenville County, South Carolina, Industrial Revenue Bonds, Series 1986 (Merscot-Greenville Project) pursuant to the Bond Ordinance to be payable from the revenues to be derived by the County from the Loan Agreement and to be secured by the Indenture, the Payment Guarantee and the Assignment all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking) be and the same is hereby approved.

3. Notice of the action taken by the State Board in giving approval to the Undertaking shall be published in THE GREENVILLE NEWS, a newspaper having general circulation in the County.

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

5. Approval of this undertaking is granted on the condition that a copy of Internal Revenue Service Form 8038 relating to any bonds issued pursuant to this approval be filed with the Board's Secretary at the same time such Form is submitted to the Internal Revenue Service.

NOTICE PURSUANT TO TITLE 4, CHAPTER 29,
CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given that following the filing of a Petition by Greenville County Council (the "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 (the "Undertaking") (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz.: the financing of the acquisition, construction and installation of certain land (including any interests in land), buildings, fixtures, machinery and equipment (the "Project") to constitute wastewater disposal and treatment facilities of Merscot-Greenville (the "Company"), a general partnership organized and existing under the laws of the State of South Carolina, and to be located on State Road 143 east of Mauldin at the confluence of the Enoree River and Gilder Creek in Greenville County, South Carolina (the "County").

To finance the acquisition, construction and installation of the Project, the County will issue the not exceeding \$25,000,000 Greenville County, South Carolina, Industrial Revenue Bonds, Series 1986 (Merscot-Greenville Project) (the "Bonds") pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended. The Bonds will be payable by the County solely from the amounts to be paid to the County by the Company pursuant to a Loan Agreement (the "Loan Agreement") between the County and the Company.

The Company will irrevocably covenant and agree to pay when due all sums required to pay the principal of and interest on the Bonds, and the Bonds will be secured (i) by a Trust Indenture (the "Indenture") under which the County will pledge to The Citizens and Southern National Bank, as Trustee (the "Trustee") substantially all of its rights under the Loan Agreement, (ii) by a Guaranty Agreement (the "Payment Guarantee") between Research-Cottrell, Inc. ("Research-Cottrell"), a New Jersey corporation and the parent corporation of Metcalf & Eddy, Inc., which together with its subsidiaries, is responsible for the design, construction management, operation and maintenance of the Project and the Trustee pursuant to which Payment Guarantee Research-Cottrell will agree, upon the occurrence or non-occurrence of certain events, to make available to the Trustee sufficient funds to redeem the Bonds or to provide for all payments of principal of and interest on the Bonds as the same shall become due and (iii) by an Assignment pursuant to which the Company will assign to the County all of its right, title and interest in and to (1) that part of

the service charge paid by the Authority (hereinafter defined) to the Company allocable to debt service on the Bonds and (2) the agreements (the "Design, Construction and Operation Agreements") pursuant to which certain subsidiaries (the "Subsidiaries") of Research-Cottrell are required to design, manage the construction of and operate and maintain the Project and Western Carolina Regional Sewer Authority (the "Authority"), a special purchase district created by the General Assembly of the State of South Carolina, will assign to the County all of its right, title and interest in and to the Guaranty Agreement by Research-Cottrell to the Authority, pursuant to which Research-Cottrell will guarantee the performance of the Subsidiaries under the Design, Construction and Operation Agreements. The Bonds will be issued pursuant to the Act, to an ordinance (the "Bond Ordinance") to be adopted by the County Board and to the Indenture.

The Project will provide wastewater treatment services to the Gilder Creek basin and will provide employment for approximately seven (7) persons.

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 the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Greenville County.

THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: William A. McInnis

PUBLICATION DATE:
August 29, 1986

EXHIBIT

AUG 28 1986 NO. 10

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

EXHIBIT

AUG 28 1986

NO. 10

STATE BUDGET & CONTROL BOARD

P E T I T I O N

The Petition of Greenville County Council ("County Council") respectfully shows:

1. County Council is the governing body of Greenville County, South Carolina (the "County") as established by law, and, as such, is the Governing Board referred to in Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act").

2. The Act authorizes and empowers the County, if it shall comply with the provisions set forth in the Act, to acquire or cause to be acquired land, buildings, equipment, machinery and other improvements deemed necessary, suitable and useful by any industrial enterprise and to finance the acquisition and installation of the same through the issuance of bonds or notes payable from and secured by a pledge of the revenues to be derived from a financing agreement relating to such land, buildings, equipment and machinery and other improvements.

3. County Council has agreed with Merscot-Greenville Partnership (the "Company"), a general partnership organized and existing under the laws of the State of South Carolina, that the County will undertake to finance the acquisition, construction and installation of land (including any interests in land), buildings, fixtures, machinery and equipment (the "Project") to constitute wastewater disposal and treatment facilities in the County through the issuance and delivery of Industrial Revenue Bonds pursuant to the Act. In this connection, County Council has agreed to issue not exceeding Twenty-Five Million Dollars (\$25,000,000) Greenville County, South Carolina, Industrial Revenue Bonds, Series 1986 (Merscot-Greenville Project) comprising not exceeding \$18,000,000 Series A Bonds (the "Series A Bonds") and not exceeding \$7,000,000 Series B Bonds (the "Series B Bonds") (collectively, the "Bonds") pursuant to the Act, to a Trust Indenture (the "Indenture") between the County and The Citizens and Southern National Bank, as Trustee (the "Trustee") and to an ordinance (the "Bond Ordinance") to be adopted by County Council.

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4. County Council is advised by the Company that the cost of the Project will not exceed Twenty-Five Million Dollars (\$25,000,000) and that, therefore, in order to finance the acquisition, construction and installation of the Project (the "Undertaking"), including the costs and charges incident to the issuance and delivery of the Bonds, it is necessary that County Council issue and deliver the Bonds in that amount.

5. When completed, the Project will provide wastewater treatment services to the Gilder Creek basin and provide employment for approximately seven (7) persons.

6. For the reasons above set forth and hereinafter disclosed, County Council has found that:

(a) the Undertaking will subserve the purposes of the Act;

(b) the Undertaking will have a beneficial effect upon the general public welfare of the County and the areas adjacent thereto by providing employment not otherwise provided in the County;

(c) by reason of the Undertaking, no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing powers;

(d) the amount required to finance the acquisition, construction and installation of the Project is not exceeding \$25,000,000;

(e) the proposed Loan Agreement (the "Loan Agreement") between the County and the Company unconditionally obligates the Company to pay an amount adequate to provide for the payments of the principal of and interest on the Bonds which will be dated and will mature in the amounts and bear interest at the rates set forth in Article II of the Indenture;

(f) a debt service reserve fund will be established pursuant to the Indenture as a reserve for the payment of the principal of and interest on the Series A Bonds;

(g) the terms of the Loan Agreement require the Company to maintain the Project in good repair and to carry all proper insurance with respect thereto.

7. The Loan Agreement will provide, among other things, the following:

(a) to finance the cost of the acquisition, construction and installation of the Project the County

will issue and deliver the Bonds. The Bonds will be secured by a pledge of substantially all of the amounts to be paid to the County by the Company, as authorized by the Act;

(b) the proceeds derived from the issuance and delivery of the Bonds will be used to pay the costs incident to the acquisition, construction and installation of the Project and the issuance of the Bonds;

(c) the Loan Agreement obligates the Company to complete the acquisition, construction and installation of the Project and to pay such costs thereof as are in excess of the Bond proceeds; and

(d) the Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

8. Pursuant to a proposed Bond Purchase Agreement (the "Bond Purchase Agreement") among the County, Western Carolina Regional Sewer Authority (the "Authority"), a special purchase district created by the General Assembly of the State of South Carolina, Research-Cottrell, Inc. ("Research-Cottrell"), a New Jersey corporation and the parent corporation of Metcalf & Eddy, Inc., which together with its subsidiaries, is responsible for the design, construction management, operation and maintenance of the Project, and Salomon Brothers Inc (the "Underwriter"), the County will agree to sell the Bonds to the Underwriter.

9. Pursuant to a Service Contract (the "Service Contract") by and among the Authority, as customer, Research-Cottrell, as guarantor, and the Company, as service provider, the Authority will be obligated, except under certain circumstances, to make payments of a service charge to the Company, a portion of which payments shall be allocable to debt service on the Series A Bonds. That part of the service charge allocable to debt service on the Series A Bonds (the "Facility Base Charge") will be assigned to the County pursuant to the Assignment (hereinafter defined) and pledged by the County to the Trustee pursuant to the Indenture.

10. Pursuant to a proposed Guaranty Agreement (the "Payment Guarantee") by Research-Cottrell to the Trustee, Research-Cottrell will agree, upon the occurrence or non-occurrence of certain events, to make available to the Trustee sufficient funds to redeem the Bonds or to provide for all payments of principal of and interest on the Bonds as the same shall become due.

11. Pursuant to a proposed Guaranty Agreement (the "Performance Guarantee") by Research-Cottrell to the Authority, Research-Cottrell will guarantee the performance of its subsidiaries under agreements (the "Design, Construction and Operation Agreements") pursuant to which such subsidiaries are required to design, manage the construction of and operate and maintain the Project.

12. Pursuant to a proposed Assignment (the "Assignment"), the Company will assign to the County all of its right, title and interest in and to the Design, Construction and Operation Agreements and the Authority will assign to the County all of its right, title and interest in and to the Performance Guarantee, as security for the payment of the principal of and interest on the Bonds. As additional security for the payment of the Series A Bonds, the County will pledge its right, title and interest in and to the Facility Base Charge. As additional security for the Series B Bonds, the Company will provide a bank letter of credit.

13. The Bonds will be issued by the County pursuant to the proposed ordinance (the "Bond Ordinance") which provides for the payment of the Bonds. The Bond Ordinance imposes upon the Company the obligation to pay, in addition to the moneys required for the payment of the principal of and interest on the Bonds, all other costs and expenses resulting from the Bond Ordinance and the issuance of the Bonds pursuant thereto and the transactions contemplated to take place in connection therewith.

14. The Loan Agreement, the Bond Purchase Agreement, the Service Contract, the Payment Guarantee, the Performance Guarantee, the Assignment, the Bond Ordinance and the Bonds will be substantially in the form submitted to the County. While changes may be made in the forms thereof, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

15. The undersigned certify, under penalty of perjury, that the County's petition to the State Board for an allocation of the State Ceiling was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Upon the basis of the foregoing, County Council respectfully prays:

That the State Board accept the filing of the Petition presented herewith; and that, thereafter and as soon as practicable, it make such independent investigation of the Undertaking and the terms and provisions of the Loan Agreement, the Bond Purchase Agreement, the Service Contract, the Payment Guarantee, the Performance Guarantee,

the Assignment, the Bond Ordinance and the Bonds as it deems advisable; that it find that the proposed Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such result; and on the basis of such finding, that it approve the Undertaking, including changes in any details of the said financing as finally consummated which do not materially affect the Undertaking and give published notice of its approval in the manner set forth in the Act.

August 5, 1986.

Respectfully Submitted,

By Paul Greer
Chairman, Greenville County
Council

and By Paul H. Marshall
County Administrator,
Greenville County, South
Carolina

Attest:

By Mary A. Turner
Clerk, Greenville County
Council

EXHIBIT

AUG 28 1986 NO. 10

STATE BUDGET & CONTROL BOARD

EXHIBIT

AUG 28 1986

NO. 10

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of Greenville County, South Carolina (the "County") respectfully shows:

1. The County is an "issuing authority" as such term is used in the Regulations on Allocation of State Ceiling on Issuance of Private Activity Bonds (the "Regulations") promulgated by the State Budget and Control Board of South Carolina (the "State Board").

2. The County has agreed with Merscot IV, Inc. (the "Company"), a corporation organized and existing under the laws of the State of Delaware, that the County will undertake to finance the acquisition and installation of buildings, machinery and equipment (the "Project") to constitute a wastewater treatment facility in the County through the issuance and delivery of Industrial Revenue Bonds or Notes pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act"). In this connection, the County has agreed to issue not exceeding \$25,000,000 Greenville County, South Carolina, Industrial Revenue Bonds or Notes (the "Bonds") pursuant to the Act.

3. The County is advised by the Company that the Project will provide employment for approximately seven (7) persons.

4. The Regulations authorize the County to submit its request to the State Board that a portion of the State Ceiling established by Section 103(n) of the Internal Revenue Code of 1954, as amended (the "Code") be allocated to the Bonds.

5. This Petition constitutes an "Authorized Request" within the meaning of the Regulations and, as required by the Regulations, is accompanied by a copy of the Inducement Contract executed by the County and the Company.

6. Pursuant to the Regulations, County Council hereby represents that it has not been requested to issue, nor is it considering the issuance of, any private activity bonds for the Project, or any other facilities located at or used as part of the Project, other than the Bonds.

7. In compliance with the provisions of Section 103(n)(12) of the Code, the undersigned hereby certifies, under penalty of perjury, that this Petition of the County to the State Board for an allocation of the South Carolina private activity bond ceiling was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Upon the basis of the foregoing, the County respectfully prays that the State Board accept the filing of this Petition and that \$25,000,000 of the State Ceiling be allocated to the Bonds.

April 15, 1986.

Respectfully Submitted,

By Paul Greer
Chairman, Greenville County
Council

and By Joel H. Mashburn
County Administrator,
Greenville County, South
Carolina

Attest:

By Mary J. James
Clerk, Greenville County
Council

EXHIBIT

AUG 28 1986 NO. 10

STATE BUDGET & CONTROL BOARD

EXHIBIT

AUG 28 1986

NO. 10

STATE BUDGET & CONTROL BOARD

D

A RESOLUTION

APPROVING THE FINANCING OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF LAND (INCLUDING ANY INTERESTS IN LAND), BUILDINGS, FIXTURES, MACHINERY AND EQUIPMENT AT INDUSTRIAL FACILITIES IN GREENVILLE COUNTY, SOUTH CAROLINA, TO BE OWNED BY MERSCOT-GREENVILLE PARTNERSHIP THROUGH THE ISSUANCE AND DELIVERY OF NOT EXCEEDING \$25,000,000 GREENVILLE COUNTY, SOUTH CAROLINA, INDUSTRIAL REVENUE BONDS, SERIES 1986 (MERSCOT-GREENVILLE PROJECT) (THE "BONDS"); AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO TITLE 4, CHAPTER 29, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY GREENVILLE COUNTY COUNCIL IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01

Incident to the adoption of this Resolution, Greenville County Council ("County Council"), the governing body of Greenville County, South Carolina (the "County"), has made the following findings:

1. Merscot-Greenville Partnership (the "Company"), a general partnership organized and existing under the laws of the State of South Carolina, has proposed that the County assist in financing the acquisition, construction and installation of certain land (including any interests in land), buildings, fixtures, machinery and equipment (the "Project") to constitute wastewater disposal and treatment facilities in the County at an estimated cost of not exceeding \$25,000,000 through the issuance and delivery of Industrial Revenue Bonds pursuant to the authorization of Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act").

2. The Company has advised County Council that its proposed industrial project would be aided by the assistance which the County might render through the issuance and delivery of Industrial Revenue Bonds in the principal amount of not exceeding \$25,000,000 comprising not exceeding \$18,000,000 Series A Bonds (the "Series A Bonds") and not exceeding \$7,000,000 Series B Bonds (the "Series B Bonds") (collectively, the "Bonds") pursuant to the Act, to a proposed Trust Indenture (the "Indenture") between the

02126

County and The Citizens and Southern National Bank, as Trustee (the "Trustee") and to a proposed ordinance (the "Bond Ordinance") to be adopted by County Council.

3. County Council has agreed to finance the acquisition, construction and installation of the Project and adopts this Resolution to evidence its approval of the issuance and delivery of the Bonds as aforesaid and to authorize a Petition to the State Budget and Control Board of South Carolina (the "State Board") setting forth the facts required by the Act.

4. County Council has determined that the financing of the acquisition, construction and installation of the Project (the "Undertaking") will subserve the purposes of the Act and that neither the Undertaking nor the Bonds will give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

5. When completed, the Project will provide wastewater treatment services to the Gilder Creek basin and provide employment for approximately seven (7) persons. It is therefore believed that the Undertaking will have a beneficial effect upon the economy of the County and areas adjacent thereto by providing employment not otherwise provided in the County.

6. The amount necessary to finance the acquisition, construction and installation of the Project is estimated not to exceed Twenty-Five Million Dollars (\$25,000,000).

7. The Company has submitted to County Council a draft of a proposed Loan Agreement (the "Loan Agreement") pursuant to which the County will lend not exceeding Twenty-Five Million Dollars (\$25,000,000) to the Company and under which the Company will unconditionally agree:

(a) to complete the acquisition, construction and installation of the Project and to pay such costs thereof as are in excess of the Bond proceeds,

(b) to pay the amounts necessary to provide the payments of principal of and interest on the Bonds which will be dated and will mature in the amounts and bear interest at the rates set forth in Article II of the Indenture,

(c) to maintain the Project in good repair, and

(d) to carry all proper insurance with respect to the Project.

8. The Company has also submitted to County Council a draft of a proposed Bond Purchase Agreement (the "Bond

Purchase Agreement") among the County, Western Carolina Regional Sewer Authority (the "Authority"), a special purchase district created by the General Assembly of the State of South Carolina, Research-Cottrell, Inc. ("Research-Cottrell"), a New Jersey corporation and the parent corporation of Metcalf & Eddy, Inc., which together with its subsidiaries, is responsible for the design, construction management, operation and maintenance of the Project, and Salomon Brothers Inc (the "Underwriter") pursuant to which the County will agree to sell the Bonds to the Underwriter.

9. The Company has also submitted to County Council a Service Contract (the "Service Contract") by and among the Authority, as customer, Research-Cottrell, as guarantor, and the Company, as service provider, pursuant to which the Authority will be obligated, except under certain circumstances, to make payments of a service charge to the Company, a portion of which payments shall be allocable to debt service on the Series A Bonds. That part of the service charge allocable to debt service on the Series A Bonds (the "Facility Base Charge") will be assigned to the County pursuant to the Assignment (hereinafter defined) and pledged by the County to the Trustee pursuant to the Indenture.

10. The Company has also submitted to County Council a draft of a proposed Guaranty Agreement (the "Payment Guarantee") by Research-Cottrell to the Trustee pursuant to which Research-Cottrell will agree, upon the occurrence or non-occurrence of certain events, to make available to the Trustee sufficient funds to redeem the Bonds or to provide for all payments of principal of and interest on the Bonds as the same shall become due.

11. The Company has also submitted to County Council a draft of a proposed Guaranty Agreement (the "Performance Guarantee") by Research-Cottrell to the Authority pursuant to which Research-Cottrell will guarantee the performance of its subsidiaries under agreements (the "Design, Construction and Operation Agreements") pursuant to which such subsidiaries are required to design, manage the construction of and operate and maintain the Project.

12. The Company has also submitted to County Council a draft of a proposed Assignment (the "Assignment") pursuant to which the Company will assign to the County all of its right, title and interest in and to (i) the Facility Base Charge and (ii) the Design, Construction and Operation Agreements and the Authority will assign to the County all of its right, title and interest in and to the Performance Guarantee, as security for the payment of the principal of and interest on the Bonds.

13. The Indenture, a draft of which the Company has also submitted to County Council, will prescribe the terms and conditions of the Bonds and the security therefor and will be in substantially the same form as presented at this meeting. Under the Indenture, the County will pledge to the Trustee, as security for the payment of the principal of and interest on the Bonds, all of its right, title and interest in and to (i) the Loan Agreement (except certain indemnification payments), (ii) the Design, Construction and Operation Agreements, and (iii) the Performance Guarantee. As additional security for the payment of the Series A Bonds, the County will pledge its right, title and interest in and to the Facility Base Charge. As additional security for the Series B Bonds, the Company will provide a bank letter of credit.

14. The Company has arranged for the issuance and delivery of the Bonds to the Underwriter.

15. A debt service reserve fund will be established pursuant to the Indenture as a reserve for the payment of the principal of and interest on the Series A Bonds.

ARTICLE II

SUBMISSION OF PETITION

Section 2.01

The Petition in form substantially as attached hereto as Exhibit "A" shall be presented to the State Board to seek the approval required by the Act; said Petition shall be duly executed by the Chairman of County Council and the County Administrator and the same shall be attested by the Clerk of County Council.

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

P E T I T I O N

The Petition of Greenville County Council ("County Council") respectfully shows:

1. County Council is the governing body of Greenville County, South Carolina (the "County") as established by law, and, as such, is the Governing Board referred to in Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act").

2. The Act authorizes and empowers the County, if it shall comply with the provisions set forth in the Act, to acquire or cause to be acquired land, buildings, equipment, machinery and other improvements deemed necessary, suitable and useful by any industrial enterprise and to finance the acquisition and installation of the same through the issuance of bonds or notes payable from and secured by a pledge of the revenues to be derived from a financing agreement relating to such land, buildings, equipment and machinery and other improvements.

3. County Council has agreed with Merscot-Greenville Partnership (the "Company"), a general partnership organized and existing under the laws of the State of South Carolina, that the County will undertake to finance the acquisition, construction and installation of land (including any interests in land), buildings, fixtures, machinery and equipment (the "Project") to constitute wastewater disposal and treatment facilities in the County through the issuance and delivery of Industrial Revenue Bonds pursuant to the Act. In this connection, County Council has agreed to issue not exceeding Twenty-Five Million Dollars (\$25,000,000) Greenville County, South Carolina, Industrial Revenue Bonds, Series 1986 (Merscot-Greenville Project) comprising not exceeding \$18,000,000 Series A Bonds (the "Series A Bonds") and not exceeding \$7,000,000 Series B Bonds (the "Series B Bonds") (collectively, the "Bonds") pursuant to the Act, to a Trust Indenture (the "Indenture") between the County and The Citizens and Southern National Bank, as Trustee (the "Trustee") and to an ordinance (the "Bond Ordinance") to be adopted by County Council.

4. County Council is advised by the Company that the cost of the Project will not exceed Twenty-Five Million Dollars (\$25,000,000) and that, therefore, in order to finance the acquisition, construction and installation of the Project (the "Undertaking"), including the costs and charges incident to the issuance and delivery of the Bonds, it is necessary that County Council issue and deliver the Bonds in that amount.

5. When completed, the Project will provide wastewater treatment services to the Gilder Creek basin and provide employment for approximately seven (7) persons.

6. For the reasons above set forth and hereinafter disclosed, County Council has found that:

(a) the Undertaking will subserve the purposes of the Act;

(b) the Undertaking will have a beneficial effect upon the general public welfare of the County and the areas adjacent thereto by providing employment not otherwise provided in the County;

(c) by reason of the Undertaking, no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing powers;

(d) the amount required to finance the acquisition, construction and installation of the Project is not exceeding \$25,000,000;

(e) the proposed Loan Agreement (the "Loan Agreement") between the County and the Company unconditionally obligates the Company to pay an amount adequate to provide for the payments of the principal of and interest on the Bonds which will be dated and will mature in the amounts and bear interest at the rates set forth in Article II of the Indenture;

(f) a debt service reserve fund will be established pursuant to the Indenture as a reserve for the payment of the principal of and interest on the Series A Bonds;

(g) the terms of the Loan Agreement require the Company to maintain the Project in good repair and to carry all proper insurance with respect thereto.

7. The Loan Agreement will provide, among other things, the following:

(a) to finance the cost of the acquisition, construction and installation of the Project the County

will issue and deliver the Bonds. The Bonds will be secured by a pledge of substantially all of the amounts to be paid to the County by the Company, as authorized by the Act;

(b) the proceeds derived from the issuance and delivery of the Bonds will be used to pay the costs incident to the acquisition, construction and installation of the Project and the issuance of the Bonds;

(c) the Loan Agreement obligates the Company to complete the acquisition, construction and installation of the Project and to pay such costs thereof as are in excess of the Bond proceeds; and

(d) the Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

8. Pursuant to a proposed Bond Purchase Agreement (the "Bond Purchase Agreement") among the County, Western Carolina Regional Sewer Authority (the "Authority"), a special purchase district created by the General Assembly of the State of South Carolina, Research-Cottrell, Inc. ("Research-Cottrell"), a New Jersey corporation and the parent corporation of Metcalf & Eddy, Inc., which together with its subsidiaries, is responsible for the design, construction management, operation and maintenance of the Project, and Salomon Brothers Inc (the "Underwriter"), the County will agree to sell the Bonds to the Underwriter.

9. Pursuant to a Service Contract (the "Service Contract") by and among the Authority, as customer, Research-Cottrell, as guarantor, and the Company, as service provider, the Authority will be obligated, except under certain circumstances, to make payments of a service charge to the Company, a portion of which payments shall be allocable to debt service on the Series A Bonds. That part of the service charge allocable to debt service on the Series A Bonds (the "Facility Base Charge") will be assigned to the County pursuant to the Assignment (hereinafter defined) and pledged by the County to the Trustee pursuant to the Indenture.

10. Pursuant to a proposed Guaranty Agreement (the "Payment Guarantee") by Research-Cottrell to the Trustee, Research-Cottrell will agree, upon the occurrence or non-occurrence of certain events, to make available to the Trustee sufficient funds to redeem the Bonds or to provide for all payments of principal of and interest on the Bonds as the same shall become due.

11. Pursuant to a proposed Guaranty Agreement (the "Performance Guarantee") by Research-Cottrell to the Authority, Research-Cottrell will guarantee the performance of its subsidiaries under agreements (the "Design, Construction and Operation Agreements") pursuant to which such subsidiaries are required to design, manage the construction of and operate and maintain the Project.

12. Pursuant to a proposed Assignment (the "Assignment"), the Company will assign to the County all of its right, title and interest in and to the Design, Construction and Operation Agreements and the Authority will assign to the County all of its right, title and interest in and to the Performance Guarantee, as security for the payment of the principal of and interest on the Bonds. As additional security for the payment of the Series A Bonds, the County will pledge its right, title and interest in and to the Facility Base Charge. As additional security for the Series B Bonds, the Company will provide a bank letter of credit.

13. The Bonds will be issued by the County pursuant to the proposed ordinance (the "Bond Ordinance") which provides for the payment of the Bonds. The Bond Ordinance imposes upon the Company the obligation to pay, in addition to the moneys required for the payment of the principal of and interest on the Bonds, all other costs and expenses resulting from the Bond Ordinance and the issuance of the Bonds pursuant thereto and the transactions contemplated to take place in connection therewith.

14. The Loan Agreement, the Bond Purchase Agreement, the Service Contract, the Payment Guarantee, the Performance Guarantee, the Assignment, the Bond Ordinance and the Bonds will be substantially in the form submitted to the County. While changes may be made in the forms thereof, it is not expected that there will be any changes which will substantially affect the undertaking as now outlined therein.

15. The undersigned certify, under penalty of perjury, that the County's petition to the State Board for an allocation of the State Ceiling was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Upon the basis of the foregoing, County Council respectfully prays:

That the State Board accept the filing of the Petition presented herewith; and that, thereafter and as soon as practicable, it make such independent investigation of the Undertaking and the terms and provisions of the Loan Agreement, the Bond Purchase Agreement, the Service Contract, the Payment Guarantee, the Performance Guarantee,

the Assignment, the Bond Ordinance and the Bonds as it deems advisable; that it find that the proposed Undertaking is intended to promote the purposes of the Act and is reasonably anticipated to effect such result; and on the basis of such finding, that it approve the Undertaking, including changes in any details of the said financing as finally consummated which do not materially affect the Undertaking and give published notice of its approval in the manner set forth in the Act.

August 5, 1986.

Respectfully Submitted,

By /s/ Paul Greer
Chairman, Greenville County
Council

and By /s/ Joel R. Mashburn
County Administrator,
Greenville County, South
Carolina

Attest:

By /s/ Mary T. Turner
Clerk, Greenville County
Council

PUBLIC NOTICE

Notice is hereby given by Greenville County Council (the "County Board") that a public hearing relating to the proposed issuance and delivery by Greenville County, South Carolina (the "County") of the not exceeding \$25,000,000 Greenville County, South Carolina, Industrial Revenue Bonds, Series 1986 (Merscot-Greenville Project) (the "Bonds") pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended which Bonds are to be issued to finance the acquisition, construction and installation of certain land (including any interests in land), buildings, fixtures, machinery and equipment (the "Project") to constitute wastewater disposal and treatment facilities to be owned by Merscot-Greenville Partnership and to be located on State Road 143 east of Mauldin at the confluence of the Enoree River and Gilder Creek.

The hearing will be held in Courtroom Number 1, Greenville County Courthouse, Greenville, South Carolina, at 6:30 P.M., on May 6, 1986.

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

I, the undersigned Clerk of Greenville County Council, do hereby certify that the foregoing is a true, correct and verbatim copy of a Resolution duly adopted by Greenville County Council having been read at a duly called meeting of County Council on August 5, 1986.

WITNESS MY HAND, this 5th day of August, 1986.

Mary J. Turner
Clerk, Greenville County
Council

EXHIBIT

AUG 28 1986 NO. 10

STATE BUDGET & CONTROL BOARD

C2136

EXHIBIT

AUG 28 1986 NO. 10

STATE BUDGET & CONTROL BOARD A RESOLUTION

C

AUTHORIZING AN INDUCEMENT CONTRACT BETWEEN GREENVILLE COUNTY, SOUTH CAROLINA (THE "COUNTY") AND MERSCOT IV, INC. RELATING TO THE ISSUANCE AND DELIVERY BY THE COUNTY OF INDUSTRIAL REVENUE BONDS OR NOTES (THE "BONDS") PURSUANT TO TITLE 4, CHAPTER 29, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED; AND AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA REQUESTING THAT A PORTION OF THE STATE CEILING ESTABLISHED BY SECTION 103(n) OF THE INTERNAL REVENUE CODE OF 1954 BE ALLOCATED TO THE BONDS.

WHEREAS, Merscot IV, Inc. (the "Company"), a corporation organized and existing under the laws of the State of Delaware, has requested that Greenville County Council ("County Council") exercise the powers vested in it by Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act") and make provision for the issuance and delivery of Greenville County, South Carolina, Industrial Revenue Bonds or Notes (the "Bonds") the proceeds of which would be made available to the Company, or to a partnership including the Company, for the payment of costs and expenses relating to the acquisition, construction and installation of buildings, machinery and equipment (the "Project") to constitute a wastewater treatment facility in Greenville County, South Carolina (the "County") including the filing of a Petition with the State Budget and Control Board of South Carolina (the "State Board") requesting that a portion of the State Ceiling (the "State Ceiling") established by Section 103(n) of the Internal Revenue Code of 1954, as amended, be allocated to the Bonds; and

WHEREAS, County Council is informed by the Company that upon completion the Project will provide employment for approximately seven (7) persons; and

WHEREAS, after due consideration, County Council has determined to grant such assistance and to that end has agreed to enter into a contract with the Company making provision for the issuance and delivery of bonds or notes pursuant to the Act and to petition the State Board for allocation of a portion of the State Ceiling.

NOW, THEREFORE, BE IT RESOLVED by Greenville County Council in meeting duly assembled:

1. That the County shall issue the Bonds in the amount not exceeding Twenty-Five Million Dollars (\$25,000,000) to finance the cost of the proposed undertaking of the Company.

02137

2. That an agreement to implement the action to be taken pursuant to paragraph 1 above in substantially the form presented to this meeting and attached hereto (but with such changes, if any, as the officers herein authorized to execute the same shall approve, their approval to be evidenced by the execution thereof) shall be executed on behalf of the County by the Chairman of County Council and the County Administrator of the County and the same shall be attested by the Clerk of County Council.

3. That a Petition in form substantially as attached hereto as Exhibit "A" shall be presented to the State Board to request that a portion of the State Ceiling be allocated to the Bonds.

4. County Council and its duly elected officers, shall take any and all further action as may become necessary to effectuate the action herewith taken and the agreement herein authorized.

5. This Resolution shall take effect immediately.

INDUCEMENT CONTRACT

THIS CONTRACT made and entered into between GREENVILLE COUNTY, SOUTH CAROLINA (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina (the "State"), and MERSCOT IV, INC. (the "Company"), a corporation organized and existing under the laws of the State of Delaware,

WITNESSETH:

ARTICLE I

RECITATION OF FACTS

Section 1.01

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Contract, the following statements of fact are herewith recited:

1. The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the provisions of Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act") to acquire, enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in the State and by encouraging industries now located in the State to expand their investments and thus utilize and employ manpower and other resources of the State.

2. The Company proposes to acquire, construct and install buildings, fixtures, machinery and equipment (the "Project") to constitute a wastewater treatment facility in the County. The cost of this undertaking is estimated to be approximately Twenty-Five Million Dollars (\$25,000,000). Upon completion, the Project will provide employment for approximately seven (7) persons.

3. The Company has advised the County that its contemplated program would be aided by the availability of the assistance which the County might render through the sale of Greenville County, South Carolina, Industrial Revenue Bonds or Notes (the "Bonds") pursuant to the Act whereby the County would finance the acquisition and installation of the Project.

4. The County has given due consideration to all of the proposals and requests of the Company and has agreed to endeavor to effect the issuance and delivery pursuant to the

Act of the Bonds at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01

That it will authorize the issuance of the Bonds in an amount not exceeding Twenty-Five Million Dollars (\$25,000,000) at such time as the Company may request the County to do so.

Section 2.02

That it will enter into a financing agreement (the "Agreement") with the Company upon such terms and conditions as shall be mutually agreed upon between the County and the Company pursuant to which the proceeds of the Bonds will be made available to the Company to be applied to the cost of acquiring and installing the Project and to the expenses incident thereto including the costs of the financing.

Section 2.03

That it will permit the Company to arrange for the sale of the Bonds and if successful marketing arrangements can be made, it will adopt such proceedings as are necessary for the making of the Agreement and the issuance and delivery of the Bonds.

Section 2.04

That if the Bonds shall be sold, the Agreement will provide that the proceeds thereof shall be applied to the payment of the costs theretofore and thereafter to be incurred in connection with the issuance and delivery of the Bonds and the acquisition and installation of the Project including the repayment of any funds advanced or loans incurred by the Company or any related entity for such purposes.

Section 2.05

That if requested by the Company prior to the issuance and delivery of the Bonds, it will enter into a trust indenture (the "Indenture") with a trustee bank to be selected by the Company pursuant to which the Bonds will be issued. The Indenture, if entered into, will be substantially in the form used in connection with the issuance of Industrial Revenue Bonds or Notes in the State

and may constitute a lien on the Project to secure the payment of the Bonds.

Section 2.06

That it will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE COMPANY

The Company agrees as follows:

Section 3.01

That the County will have no obligation to find a purchaser of the Bonds, and the Company will endeavor to market the Bonds on behalf of the County to the extent required to finance the cost of issuing and delivering the Bonds and the cost of the acquisition and installation of the Project.

Section 3.02

If the plan proceeds as contemplated, the Company further agrees as follows:

(a) to enter into the Agreement with the County, under the terms of which it will obligate itself to pay to the County sums sufficient to pay the principal of, prepayment penalty or premium, if any, and interest on the Bonds, as and when the same become due and payable, the Agreement to be in form and to contain such provisions as shall be satisfactory to the County and to the Company;

(b) to obligate itself to make the additional payments required by the Act including, but not limited to, payments in lieu of taxes;

(c) to hold the County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Contract and in the implementation of its terms and provisions; and

(d) to perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing.

ARTICLE IV
GENERAL PROVISIONS

Section 4.01

All commitments of the County under Article II hereof are subject to all of the provisions of the Act and the condition that nothing contained in this Contract shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Section 4.02

The parties agree that the Company may proceed with the acquisition and installation of the Project prior to the issuance and delivery of the Bonds.

Section 4.03

All commitments of the County and the Company hereunder are subject to the condition that the County and the Company do agree on mutually acceptable terms and conditions of all documents whose execution and delivery are contemplated by the provisions hereof.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Contract as of the 2/ day of January, 1986.

GREENVILLE COUNTY, SOUTH CAROLINA

By

Paul Greer
Chairman, Greenville County
Council

and

Paul R. Marshall
County Administrator of
Greenville County

Attest:

By

Mary Turner
Clerk, Greenville County
Council

02142

MERSCOT IV, INC.

By *[Signature]*
Its Vice President

Attest:

By *[Signature]*
Its Secretary

02143

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

I, the undersigned, Clerk of Greenville County Council
DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of a resolution adopted by Greenville County Council at a duly called and regularly held meeting on January 21, 1986, at which all/~~a majority~~ of the members of said County Council were present, and voted unanimously in favor of the adoption of said resolution.

That the original of said resolution is duly entered in the permanent records of minutes of meetings of County Council in my custody as Clerk.

IN WITNESS WHEREOF, I have hereunto set my Hand this 22nd
day of January, 1986.


Clerk, Greenville County
Council

02144

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

The Petition of Greenville County, South Carolina (the "County") respectfully shows:

1. The County is an "issuing authority" as such term is used in the Regulations on Allocation of State Ceiling on Issuance of Private Activity Bonds (the "Regulations") promulgated by the State Budget and Control Board of South Carolina (the "State Board").

2. The County has agreed with Merscot IV, Inc. (the "Company"), a corporation organized and existing under the laws of the State of Delaware, that the County will undertake to finance the acquisition and installation of buildings, machinery and equipment (the "Project") to constitute a wastewater treatment facility in the County through the issuance and delivery of Industrial Revenue Bonds or Notes pursuant to Title 4, Chapter 29, Code of Laws of South Carolina 1976, as amended (the "Act"). In this connection, the County has agreed to issue not exceeding \$25,000,000 Greenville County, South Carolina, Industrial Revenue Bonds or Notes (the "Bonds") pursuant to the Act.

3. The County is advised by the Company that the Project will provide employment for approximately seven (7) persons.

4. The Regulations authorize the County to submit its request to the State Board that a portion of the State Ceiling established by Section 103(n) of the Internal Revenue Code of 1954, as amended (the "Code") be allocated to the Bonds.

5. This Petition constitutes an "Authorized Request" within the meaning of the Regulations and, as required by the Regulations, is accompanied by a copy of the Inducement Contract executed by the County and the Company.

6. Pursuant to the Regulations, County Council hereby represents that it has not been requested to issue, nor is it considering the issuance of, any private activity bonds for the Project, or any other facilities located at or used as part of the Project, other than the Bonds.

7. In compliance with the provisions of Section 103(n)(12) of the Code, the undersigned hereby certifies, under penalty of perjury, that this Petition of the County to the State Board for an allocation of the South Carolina private activity bond ceiling was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Upon the basis of the foregoing, the County respectfully prays that the State Board accept the filing of this Petition and that \$25,000,000 of the State Ceiling be allocated to the Bonds.

January 21, 1986.

Respectfully Submitted,

By Paul Greer
Chairman, Greenville County
Council

and Joel R. Mashburn
County Administrator of
Greenville County

Attest:

By Mary S. Turner
Clerk, Greenville County
Council

EXHIBIT

AUG 28 1986 NO. 10

STATE BUDGET & CONTROL BOARD

State of South Carolina
State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

August 28, 1986

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
TENTATIVE ALLOCATION, CALENDAR YEAR 1986

EXHIBIT

TO: Greenville County
\$25,000,000
Industrial Revenue Bonds
(Merscot-Greenville Project)

AUG 28 1986 NO. 1 0

STATE BUDGET & CONTROL BOARD

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Deficit Reduction Act of 1984 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1986 only. It will expire ninety (90) calendar days from August 28, 1986 (the date the allocation was approved by the Board), if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Board Regulation §19-103.06 and §19-103.07 require that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.

I certify that, to the best of my knowledge, this allocation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Grady L. Patterson, Jr.

Attest:

William A. McInnis, Secretary

02147

TRANSMITTAL FORM, REVENUE BONDS

Date: August 18, 1986

Submitted for BCB Meeting on:
August 28, 1986

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

Sinkler Gibbs & Simons
Name of Law Firm
Charleston, South Carolina 29401
City, State, Zip Code

160 East Bay Street
Street Address/Box Number
(803) 722-3366
Telephone Area Code and Number

RE: not exceeding \$25,000,000

Amount of Issue	Greenville County, SC
Issuing Authority Name	

Industrial Revenue Bonds
Type of Bonds or Notes
October 8, 1986
Projected Issue Date

Project Name: Merscot-Greenville Project

Project Description:
a wastewater disposal and treatment facility

~~EXHIBIT~~

AUG 28 1986 NO. 10

Employment as result of project: seven (7)

~~STATE BUDGET & CONTROL BOARD~~

CEILING ALLOCATION REQUIRED

x Yes (\$25,000,000) No
Amount

REFUNDING INVOLVED

Yes (\$) No
Amount

PROJECT APPROVED PREVIOUSLY

____ Yes (____) ____ No
Date _____

DOCUMENTS ENCLOSED:

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition (executed original and two copies)
B. X Resolution or ordinance (executed copy)
C. X Inducement Resolution or comparable preliminary approval (executed copy)
D. Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)

OR X Audited financial statements for three most recent years

- E. Department of Health and Environmental Control certificate IF REQUIRED
- F. X Budget and Control Board Resolution and Public Notice (original)
[Plus ten (10) copies for certification and return to counsel]
- G. X Processing fee

Amount \$ 3,000.00

Check No. 038019

Payor Metcalf & Eddy, Inc.

Bond Counsel: Thomas A. Hutcheson, Esq., Sinkler Gibbs & Simons

Typed Name

By:

Signature _____

REVENUE BOND CHECKLIST

BCB Agenda: 8/28
 Issuer: Greenville County
 Project: Inerscot - Greenville
 Amount: 25,000,000
 Type Bonds: Industrial

- | | <u>Yes</u> | <u>No</u> |
|---|-------------------------------------|-------------------------------------|
| 1. <u>Petition:</u> | | |
| a. Executed original and two copies | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Request for specific amount or not exceeding amount | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Ceiling allocation requested | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d. If allocation requested, for specific amount | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| e. No consideration statement included | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. <u>Issuing Authority Resolution:</u> (executed copy) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. <u>Inducement Resolution/Comparable Preliminary Approval:</u>
(executed copy) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. <u>Standard Form Investment Letter:</u> (executed original) | <u>n/a</u> | <input type="checkbox"/> |
| 5. <u>Audited Financial Statements:</u> (in lieu of investment ltr) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. <u>DHEC Certificate of Need</u> (if required) | <u>n/a</u> | <input type="checkbox"/> |
| 7. <u>Budget and Control Board Resolution:</u> | | |
| a. Original and <u>10</u> copies for certification and return | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Specific amount requested for State law approval | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. If state ceiling allocation requested: | | |
| (1) Reference to ceiling allocation (should NOT) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| → (2) Reference to IRS 8038 form submission (should NOT) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d. If state ceiling allocation is NOT requested: | | |
| (1) Reference to IRS 8038 form submission (should) | <u>n/a</u> | <input type="checkbox"/> |
| 8. <u>Processing Fee</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

EXHIBIT

AUG 28 1996 NO. 10

STATE BUDGET & CONTROL BOARD

02149

AUG 28 1986

The State of South Carolina



Office of the Attorney General

EXHIBIT

AUG 28 1986

NO. 11

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803-734-3680

August 26, 1986

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: Not Exceeding \$30,000,000.00 Richland County,
South Carolina, Hospital Facilities Revenue
Bonds (Providence Hospital)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Section 44-7-1590, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "D. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/shb

Enclosures

02150

EXHIBIT

AUG 28 1986

NO. 1 1

STATE BUDGET & CONTROL BOARD

PETITION

TO

THE STATE BUDGET AND CONTROL BOARD

OF

SOUTH CAROLINA

PURSUANT TO SECTION 44-7-1590 OF THE
CODE OF LAWS OF SOUTH CAROLINA (1976)

RE: RICHLAND COUNTY, SOUTH CAROLINA
HOSPITAL FACILITIES REVENUE BONDS,
SERIES 1986 (PROVIDENCE HOSPITAL)
NOT EXCEEDING \$30,000,000.

EX PARTE:

COUNTY COUNCIL OF RICHLAND COUNTY,
SOUTH CAROLINA

02151

TO: The Honorable Richard W. Riley, Governor
 The Honorable Grady L. Patterson, Jr.
 State Treasurer
 The Honorable Earle E. Morris, Jr.
 Comptroller General
 The Honorable Rembert C. Dennis, Chairman
 Senate Finance Committee
 The Honorable Tom E. Mangum, Chairman
 House Ways and Means Committee

Your Petitioner, the County Council of Richland County, South Carolina (the "County Council"), pursuant to Title 44, Chapter 7, Article 11 of the Code of Laws of South Carolina (1976) (the "Act"), and specifically, Section 44-7-1590 thereof, respectfully shows that:

1. The County Council is the governing body of Richland County, South Carolina, (the "County") and, as such, constitutes a "County Board", as defined in the Act, with respect to hospital facilities to be located within the County.

2. The Act, among other things, empowers the County, functioning through its County Council as the "County Board," subject to obtaining approval from the State Budget and Control Board of South Carolina (the "State Board"), to issue bonds for the purpose of defraying the cost of providing hospital facilities within the County, including reimbursement to a hospital agency for funds advanced or indebtedness incurred for that purpose, and to refinance or refund outstanding obligations, mortgages, or bonds, made or given by a hospital agency for the cost of hospital facilities; to secure the payment of such bonds; to make the proceeds of any bonds available by way of a loan to a hospital agency pursuant to a loan agreement; to enter into agreements with any hospital agency necessary or incidental to the issuance of bonds; and to enter into loan agreements with any hospital agency, prescribing the payments to be made by the hospital agency to the County or its assignee to meet the payments that shall become due on the bonds, including terms and conditions relative to the acquisition and use of hospital facilities and the issuance of bonds.

3. The County Council, pursuant to the Act, and at the request of Providence Hospital, a not-for-profit corporation organized and existing under the laws of the State of South Carolina (the "Hospital"), proposes to issue its Richland County, South Carolina Hospital Facilities Revenue Bonds, Series 1986 (Providence Hospital) not exceeding \$30,000,000 (the "1986 Bonds"), and, pursuant to the terms of a proposed loan agreement between the County and the Hospital (the "Loan Agreement"), to loan the proceeds thereof to the Hospital to assist in financing

the acquisition, construction, and installation of certain hospital facilities, including equipment, in the County (the "Project") and to refund or refinance the Richland County, South Carolina Hospital Facilities Revenue Bonds, Series 1980 (Providence Hospital) (the "1980 Bonds").

4. In its resolution authorizing this Petition, the County Council has found, determined, and declared that:

(a) The County Council constitutes a "County Board," as defined in the Act.

(b) The Project to acquired, constructed, and installed with the proceeds of the 1986 Bonds and the facilities provided by the proceeds of the 1980 Bonds constitute "hospital facilities," as defined in the Act.

(c) The financing of the Project in the County and the refinancing of the 1980 Bonds will help to meet the needs of the people of the County for modern and efficient hospital facilities, lower the cost of providing medical care, and will otherwise promote the public health and welfare and subserve the purposes of the Act.

(d) The Hospital is a corporation financially responsible and capable of fulfilling its obligations under the Loan Agreement, including, without limitation, the obligations to make the payments required thereunder and to operate, repair, maintain, and insure, at its own expense, the Project.

(e) The Loan Agreement constitutes a "loan agreement," as defined in the Act, and obligates the Hospital to pay the costs of issuing the 1986 Bonds, acquiring, constructing, and installing the Project, and refinancing the 1980 Bonds to the extent the proceeds of the 1986 Bonds are insufficient therefor.

(f) Adequate provision shall be made for the payment of the principal of, and interest on, the 1986 Bonds and any necessary reserves therefor, and for the operation, repair, maintenance, and insuring of the Project at the expense of the Hospital.

(g) The public facilities, including utilities, and public services necessary for the Project will be made available.

(h) The issuance of the 1986 Bonds will subserve the purposes, and in all respects conform to the provisions and requirements, of the Act.

(i) Neither the Project, the 1986 Bonds, nor any documents or agreements entered into by the County in connection therewith, will constitute an indebtedness of the County within

the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

(j) The issuance of the 1986 Bonds will be required in order to defray the costs of refinancing the 1980 Bonds, acquiring, constructing, and installing the Project, and reimbursing the Hospital for funds advanced or indebtedness incurred for the purposes of acquiring, constructing, and installing the Project.

5. The County Council proposes to issue the 1986 Bonds in accordance with the terms and conditions of a bond ordinance substantially in the form accompanying this Petition.

6. Pursuant to Section 44-7-1590 of the Act, the County Council sets forth the following information:

(a) The Project to be acquired, constructed, and installed consists of certain buildings, renovations, fixtures, furnishings, equipment and related property to be used in hospital operations.

(b) The South Carolina Department of Health and Environmental Control ("DHEC") has advised the Hospital that the establishment and operation of the Project does not require the issuance of a certificate of need or other approval by DHEC.

(c) The cost of issuing the 1986 Bonds and providing the Hospital the necessary assistance in acquiring, constructing, and installing the Project and refunding or refinancing the 1980 Bonds will not exceed Thirty Million and no/100 Dollars (\$30,000,000.00), including financing costs and all other expenses to be incurred in connection therewith.

(d) In general, the terms and conditions of the proposed Loan Agreement, a draft copy of which accompanies this Petition, provide that:

(i) To help finance the cost of the Project, the County will, at the request of the Hospital, issue the 1986 Bonds and make available the proceeds thereof to the Hospital.

(ii) The Loan Agreement contains no provisions imposing an indebtedness on the County within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

(iii) The Loan Agreement contains provisions whereby the Hospital covenants to effect the completion of the

acquisition, construction, and installation of the Project if the proceeds of the 1986 Bonds prove insufficient, and obligates itself to make payments which shall be sufficient (A) to pay the principal of and interest on the 1986 Bonds; (B) to build up and maintain any reserves deemed by the County Board to be advisable in connection therewith; and (C) to pay the costs of maintaining the Project in good repair and keeping the Project properly insured.

(iv) The Loan Agreement contemplates that the Hospital shall, to evidence its obligation to repay the loan thereunder, make and deliver to the County its promissory note in the principal amount of the 1986 Bonds substantially in the form accompanying this Petition (the "Note"); that the obligations of the Hospital under the Note and Loan Agreement shall be secured by a master trust indenture (a draft copy of which accompanies this Petition) between the Hospital a Master Trustee to be named (the "Master Trust Indenture"); and that the obligations of the County under the 1986 Bonds (a draft copy of the form of which accompanies this Petition) shall be secured by an assignment of the County's rights in the Loan Agreement, Note, and Master Trust Indenture and the revenues, receipts and other payments due thereunder, pursuant to a trust agreement (a draft copy of which accompanies this Petition) between the County and a Trustee to be named (the "Trust Agreement").

(e) Pursuant to Section 44-7-1560 of the Act, the County Council intends to enter into an escrow deposit agreement (in substantially the form accompanying this Petition) with the Hospital and an escrow agent to be named (the "Escrow Deposit Agreement") pursuant to which there shall be deposited and held monies sufficient to provide for the payment of the principal of and redemption premium, if any, and interest on, the 1980 Bonds in accordance with their terms in order to discharge the obligations of the County with respect thereto.

Upon the basis of the foregoing, the County Council respectfully prays:

That the State Budget and Control Board (i) accept the filing of this Petition, (ii) as soon as practicable, make such independent investigation as it deems advisable, (iii) thereafter, make a finding that the proposed refinancing of the 1980 Bonds, and the acquisition, construction, and installation of the Project are intended to promote the purposes of the Act and that it is reasonably anticipated that such refinancing acquisition, construction, and installation will effect such result, (iv) make a finding, on the basis of such information as it deems appropriate, that the proposed financing is economically feasible, (v) on the basis of such findings, approve the issuance of the 1986 Bonds and the loan of the proceeds thereof to the Hospital for the purposes described

herein, all in accordance with the proposed forms of Loan Agreement, Note, Master Trust Indenture, 1986 Bonds, Trust Agreement, and Escrow Deposit Agreement, including any changes in any details of such documents or the financing as finally consummated which do not materially affect the undertaking of the County with respect thereto, and (vi) give published notice of its approval in the manner set forth in Section 44-7-1590 of the Act.

Respectfully submitted,

RICHLAND COUNTY, SOUTH CAROLINA

By:

Lillie E. Hernandez
Chairman, County Council of
Richland County, South
Carolina

ATTEST:

(SEAL)

Brenda Fuller
Clerk, County Council of
Richland County, South Carolina

Dated: July 1, 1986

EXHIBIT

AUG **26** 1986 NO. 11

STATE BUDGET & CONTROL BOARD

EXHIBIT

AUG 28 1986

NO. 1 1

STATE OF SOUTH CAROLINA)

Providence Hospital

COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. MCINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

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

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

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10 a.m., on Tuesday, August 28, 1986, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

September 19, 1986

William A. McInnis

02157

EXHIBIT

AUG 28 1986 NO. 1 1

A RESOLUTION

STATE BUDGET & CONTROL BOARD

APPROVING THE ISSUANCE BY RICHLAND COUNTY, SOUTH CAROLINA, OF ONE OR MORE SERIES OF HOSPITAL FACILITIES REVENUE BONDS, SERIES 1986 (PROVIDENCE HOSPITAL) NOT EXCEEDING \$30,000,000 (THE "1986 BONDS"), PURSUANT TO THE PROVISIONS OF TITLE 44, CHAPTER 7, ARTICLE 11, OF THE CODE OF LAWS OF SOUTH CAROLINA (1976).

WHEREAS, the County Council of Richland County, South Carolina (the "County Council") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Title 44, Chapter 7, Article 11, of the Code of Laws of South Carolina (1976), as amended, (the "Act"), requested the approval by the State Budget and Control Board of South Carolina of the issuance by Richland County, South Carolina, (the "County"), pursuant to the Act, of its Hospital Facilities Revenue Bonds, Series 1986 (Providence Hospital) not exceeding \$30,000,000 (the "1986 Bonds"); and

WHEREAS, Providence Hospital, a not-for-profit corporation organized and existing under the laws of the State of South Carolina (the "Hospital"), is a hospital agency as defined in the Act; and

WHEREAS, the County proposes to refinance the Richland County, South Carolina Hospital Facilities Revenue Bonds, Series 1980 (Providence Hospital) (the "1980 Bonds") and to finance the acquisition, construction, and installation of certain hospital facilities, including equipment, in the County (the "Project") through the issuance of the 1986 Bonds, the proceeds of which will be made available to the Hospital pursuant to a Loan Agreement between the County and the Hospital to be dated as of the date of the first series of the 1986 Bonds (the "Loan Agreement"); and

WHEREAS, the Hospital has agreed to execute and deliver its Promissory Note to be dated as of the date of the Loan Agreement in the original principal amount of the first series of the 1986 Bonds (the "Note") pursuant to which the Hospital will be required to make payments sufficient in amount to pay the principal of, interest on, and all other amounts due under, if any, the first series of the 1986 Bonds as the same become due and payable; and

WHEREAS, the obligations of the Hospital under the Note and Loan Agreement shall be secured by a master trust indenture between the Hospital and a master trustee to be named (the "Master Trust Indenture"), and the obligations of the County under the 1986 Bonds shall be secured by an assignment of the County's interest in the Loan Agreement, Note, Master Trust Indenture, and a trust agreement between the County and a trustee to be named (the "Trust Agreement"); and

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WHEREAS, the County Council intends to enter into an escrow deposit agreement with the Hospital and an escrow agent to be named (the "Escrow Deposit Agreement") pursuant to which there shall be deposited and held monies sufficient to provide for the payment of the principal of and redemption premium, if any, and interest on, the 1980 Bonds in accordance with their terms in order to discharge the obligations of the County with respect thereto; and

WHEREAS, the 1986 Bonds will be purchased by The Robinson - Humphrey Company, Inc. pursuant to a bond purchase agreement (the "Bond Purchase Agreement") and offered to the public pursuant to an official statement (the "Official Statement"); and

WHEREAS, the County Council has submitted in conjunction with its Petition the required executed originals and copies of the following: (a) County Council Resolution approving the Petition; (b) audited financial statements of the Hospital for its last three fiscal years; (c) Letter from the Department of Health and Environmental Control; (d) proposed Resolution of the State Budget and Control Board; (e) proposed Public Notice; and (f) the required processing fee, all in connection with the issuance of the 1986 Bonds for review by the State Budget and Control Board, and this Board has reviewed and considered each of said documents in its consideration of the Petition; and

WHEREAS, the Board is informed that the refinancing of the 1980 Bonds and the acquisition, construction, and installation of the Project does not require the issuance of a Certificate of Need or other approval from the South Carolina Department of Health and Environmental Control.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA, as follows:

SECTION 1. The Board has made such independent investigation of the matters set forth in the Petition as it deemed necessary and advisable and, on the basis of such investigation, it is hereby found, determined, and declared:

(a) the facts set forth in the Petition and in the preamble hereto are, in all respects, true and correct;

(b) the Petition filed by the County Council contains all matters required by law and the rules of this Board to be set forth therein and that, in consequence thereof, the jurisdiction of this Board has been properly invoked under and pursuant to the Act;

(c) the refinancing of the 1980 Bonds and the acquisition, construction, and installation of the Project, which are the subject of the Petition of the County Council, are

intended to promote the purposes of the Act and are reasonably anticipated to effect such result; and

(d) the proposed financing is economically feasible.

SECTION 2. On the basis of such findings, the proposal of the County to refinance the 1980 Bonds and to finance the acquisition, construction, and installation of the Project shall be, and the same hereby is, in all respects, approved.

SECTION 3. Notice of the action taken by this Board in approving the above-described undertaking of the County (substantially in the form set forth in Exhibit A hereto) shall be published in The State, a daily newspaper having general circulation in Richland County.

SECTION 4. This Resolution shall take effect immediately.

EXHIBIT

NOTICE OF APPROVAL OF PROJECT
BY
THE STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

AUG 28 1986

NO. 11

STATE BUDGET & CONTROL BOARD

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the refinancing by Richland County, South Carolina (the "County") of the County's Hospital Facilities Revenue Bonds, Series 1980 (Providence Hospital) (the "1980 Bonds") and the financing of the acquisition, construction, and installation of certain hospital facilities in the County (the "Project") through the issuance of one or more series of Richland County, South Carolina, Hospital Facilities Revenue Bonds, Series 1986 (Providence Hospital) not exceeding \$30,000,000 (the "1986 Bonds"), pursuant to the provisions of Title 44, Chapter 7, Article 11, of the Code of Laws of South Carolina (1976), as amended.

The proceeds of the 1986 Bonds will be loaned by the County to Providence Hospital, a South Carolina eleemosynary corporation (the "Hospital"), pursuant to a loan agreement between the County and the Hospital (the "Loan Agreement"). The obligation of the Hospital to repay such loan shall be evidenced by its Promissory Note of even date and principal amount with the first series of the 1986 Bonds (the "Note") providing for payments to the County sufficient to pay when due all principal and interest owing at any time under the first series of the 1986 Bonds. The Hospital's obligations under the Note shall be secured by a master trust indenture

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between the Hospital and a master trustee to be named (the "Master Trust Indenture"), and the obligations of the County under the 1986 Bonds shall be secured by an assignment of the County's interest in the Loan Agreement, Note, Master Trust Indenture, and a trust agreement between the County and a trustee to be named (the "Trust Agreement"). The County intends to enter into an escrow deposit agreement with the Hospital and an escrow agent to be named (the "Escrow Deposit Agreement") pursuant to which there shall be deposited and held monies sufficient to provide for the payment of the principal of and redemption premium, if any, and interest on, the 1980 Bonds in accordance with their terms in order to discharge the obligations of the County with respect thereto. The 1986 Bonds are expected to be sold to one or more underwriters and offered to the public pursuant to an official statement (the "Official Statement"). The 1986 Bonds shall be payable by the County solely from payments received by the County under the Loan Agreement and the Note. Neither the 1986 Bonds nor any other undertaking of the County in connection with the refinancing of the 1980 Bonds and the financing of the Project shall constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation or constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of the 1986 Bonds. Other obligations of the Hospital with respect to its indebtedness to the County shall be set

EXHIBIT

AUG 28 1986 NO. 11

STATE BUDGET & CONTROL BOARD

forth in the Loan Agreement.

Notice is 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 the action of the State Board approving this undertaking of the County by action de novo instituted in the Circuit Court in the County.

STATE BUDGET AND CONTROL BOARD
OF SOUTH CAROLINA

By: William A. McInnis
Its: Secretary

EXHIBIT

AUG **28** 1986 NO. 11

STATE BUDGET & CONTROL BOARD

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SEP 19 1986

State of South Carolina



EXHIBIT

AUG 28 1986

NO. 11

STATE BUDGET & CONTROL BOARD

State Budget and Control Board

OFFICE OF THE STATE AUDITOR

P.O. BOX 11333
COLUMBIA, S.C.
29211
(803) 734-1727

EDGAR A. VAUGHN, JR., CPA
STATE AUDITOR

MARGARET C. STILWELL, CPA
DEPUTY STATE AUDITOR

September 17, 1986

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

RE: Hospital Facilities Revenue Bond Issue
Richland County
Not to Exceed \$30,000,000
(Providence Hospital)

1. We reviewed audited financial statements of Providence Hospital for the fiscal years ended in September 1985, 1984 and 1983. The statements for each of the years were examined by J. W. Hunt & Company, Columbia, South Carolina. All years received unqualified opinions from the independent auditors.
2. The proposed bond issue is to provide funds to permit refinancing of \$17,820,000, principal amount, Series 1980 Richland County Hospital Facilities Revenue Bonds and for construction and renovation projects and equipment purchases. Hospital equity in the amount of \$10,000,000 is assumed to assist the financing project. We have therefore also reviewed a financial feasibility study as prepared by Ernst & Whinney, Columbia, South Carolina for the purpose of determining the hospital's ability to meet debt service requirements and contemplated operating and working capital requirements during the six years ending September 15, 1991.

02164

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER

STATE BUDGET & CONTROL BOARD
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL
REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE
JESSE A. COLE, JR.
EXECUTIVE DIRECTOR

EXHIBIT

AUG 28 1986 NO. 1 1

Mr. William A. McInnis
Page Two
September 17, 1986

STATE BUDGET & CONTROL BOARD

3. Ernst & Whinney concluded per their financial analysis dated May 14, 1986 that:

"The financial statement projections were developed in accordance with the accounting policies that management contemplates using during the period of these projections and are in accordance with standards established by the American Institute of Certified Public Accountants.

The preliminary projections are based on assumptions of future events, which in turn are based on present circumstances and information currently available. These projections may be affected favorably or unfavorably by many factors such as changes in revenue, cost, staffing, physician support, taxes, governmental controls including the new prospective payments system, and general economic conditions, among other; and accordingly, there is no assurance that these projections will be achieved.

The information included in the projections is the representation of management. The scope of our work did not include a complete evaluation of the support for the assumptions underlying the projections. We have not examined the projections and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. However, based upon our evaluation, we agree that the assumptions used in the projections are appropriate and results similar to those in the projection are not improbable. There will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material."

4. Some key assumptions utilized in the feasibility study are as follows:

- A. The projections are preliminary in nature and are based upon assumptions developed by Hospital management as to the future utilization and results from operations. Certain underlying assumptions used in the projections include:

Revenue from services to patients are projected to increase sufficiently from 1986 through 1991 to provide excess of revenue over expenses sufficient to cover the increased costs of operations and to preserve the financial position of the institution.

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EXHIBIT

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Mr. William A. McInnis
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STATE BUDGET & CONTROL BOARD

Projected average inpatient charges (routine and ancillary) per patient day are indicated below:

<u>Projected</u>	<u>Inpatient Charges Per Patient Day</u>	
	<u>Inpatient Charge</u>	<u>Percent Change</u>
1986	\$658.10	
1987	715.23	8.6%
1988	777.24	8.6
1989	844.52	8.6
1890	917.47	8.6
1991	996.58	8.6

B. PROJECTED STATISTICS:	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Available beds	213	213	213	213	213	213
Discharges	9,000	9,000	9,000	9,000	9,000	9,000
Patient days of care	62,000	62,000	62,000	62,000	62,000	62,000
Average occupancy	79.7%	79.7%	79.7%	79.7%	79.7%	79.7%

C. The debt service assumptions on the proposed 1986 bonds are predicated on the following loan details:

Principal amount of issue	\$27,590,000
Average interest rate	7.2%

- In connection with our review of the financial analysis prepared by Ernst & Whinney, we also obtained and reviewed the Hospital's unaudited financial statements for the current fiscal year through August 12, 1986.
- Our review of the feasibility study produced no indications that would cause us to dispute any of the assumptions, estimates, or forecast information contained therein.

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EXHIBIT

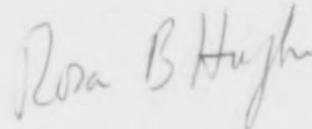
AUG 28 1986

NO. 1 1

Mr. William A. McInnis
Page Four
September 17, 1986

STATE BUDGET & CONTROL BOARD

7. Relying upon the assumptions, estimates, and forecasts utilized in the feasibility study, Ernst & Whinney's conclusion that Providence Hospital's "assumptions used in the projections are appropriate and results similar to those in the projection are not improbable" is reasonable. It must be borne in mind, however, that this conclusion is heavily reliant upon certain assumptions and estimates and therefore there is no assurance that actual revenues will, in fact, equal the forecast levels or that actual expenses will not exceed forecast amounts, as projected by the feasibility study. A key factor in generating projected revenues will be timely action by the hospital governing board to authorize the projected rate increases that will be required to achieve the objective. Even though the increases should be implemented as projected, the possibility will exist that patient utilization of the hospital will decrease because of the increased rates. A decrease in patient utilization would, of course, have an unfavorable effect on projected revenues.



Rosa B. Hughes, CPA
Audit Manager
Office of the State Auditor

RBH/dc

02167

EXHIBIT

AUG 28 1986 NO. 1 1

A RESOLUTION

STATE BUDGET & CONTROL BOARD

MAKING CERTAIN DETERMINATIONS AND FINDINGS IN CONNECTION WITH, AND APPROVING, THE ISSUANCE BY RICHLAND COUNTY OF ONE OR MORE SERIES OF HOSPITAL FACILITIES REVENUE BONDS, NOT EXCEEDING \$30,000,000 (THE "1986 BONDS") TO REFINANCE THE COUNTY'S HOSPITAL FACILITIES REVENUE BONDS, SERIES 1980 (PROVIDENCE HOSPITAL) (THE "1980 BONDS") AND TO FINANCE THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF CERTAIN HOSPITAL FACILITIES, INCLUDING EQUIPMENT, AND AUTHORIZING THE FILING OF A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA AND SEEKING ITS APPROVAL FOR THE ISSUANCE OF THE 1986 BONDS.

WHEREAS, Richland County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered, under and pursuant to the provisions of Title 44, Chapter 7, Article 11, of the Code of Laws of South Carolina (1976), as amended, (the "Act"), to promote the public health and welfare by issuing revenue bonds to assist in the financing of hospital facilities; and

WHEREAS, Providence Hospital, a not-for-profit corporation organized and existing under the laws of the State of South Carolina (the "Hospital"), proposes to refund or refinance the Richland County, South Carolina Hospital Facilities Revenue Bonds, Series 1980 (Providence Hospital Project) (the "1980 Bonds") and to acquire, construct, and install in the County certain facilities, including equipment, constituting "hospital facilities" within the meaning of the Act (the "Project"); and

WHEREAS, the Hospital has requested that the County, pursuant to the Act, issue one or more series of Hospital Facilities Revenue Bonds, not exceeding \$30,000,000 (the "1986 Bonds"), and loan the proceeds from the sale thereof to the Hospital to refinance the 1980 Bonds and to assist in financing the acquisition, construction, and installation of the Project; and

WHEREAS, the County Council has determined that the refinancing of the 1980 Bonds and the financing of the Project by the County would help to meet the needs of the people of the County for modern and efficient hospital facilities, lower the cost of providing medical care, and otherwise promote the public health and welfare and subserve the purposes of the Act; and

WHEREAS, the Hospital has submitted to the County Council a proposed form of loan agreement between the Hospital and the County (the "Loan Agreement") setting forth the terms and conditions under which the loan of the 1986 Bond proceeds would be made by the County to the Hospital; and

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WHEREAS, the County Council proposes to provide the Hospital with the requested assistance in refinancing the 1980 Bonds and financing the Project and, pursuant to Section 44-7-1590 of the Act, to petition the State Budget and Control Board of South Carolina (the "State Board") for approval by the State Board of the issuance of the 1986 Bonds, the refunding or refinancing of the 1980 Bonds, and the financing of the acquisition, construction, and installation of the Project as aforesaid.

NOW, THEREFORE, BE IT RESOLVED by the County Council as follows:

SECTION 1. The County Council finds, determines and declares as follows:

(a) The County Council constitutes a "County Board," as defined in the Act.

(b) The Project to be acquired, constructed, and installed with the proceeds of the 1986 Bonds and the facilities provided with the proceeds of the 1980 Bonds constitute "hospital facilities" as defined in the Act.

(c) The refinancing of the 1980 Bonds and the financing of the Project by the County will help to meet the needs of the people of the County for modern and efficient hospital facilities, lower the cost of providing medical care, and will otherwise promote the public health and welfare and subserve the purposes of the Act.

(d) The Hospital is a corporation financially responsible and capable of fulfilling its obligations under the Loan Agreement, including, without limitation, the obligations to make the repayments required thereunder and to operate, repair, maintain, and insure, at its own expense, the Project.

(e) The Loan Agreement constitutes a "loan agreement," as defined in the Act and obligates the Hospital to pay the costs of issuing the 1986 Bonds, refunding or refinancing the 1980 Bonds, and acquiring, constructing, and installing the Project to the extent the proceeds of the 1986 Bonds are insufficient therefor.

(f) Adequate provision shall be made for the payment of the principal of, and interest on, the 1986 Bonds, and any necessary reserves therefor, and for the operation, repair, maintenance, and insuring of the Project at the expense of the Hospital.

(g) The public facilities, including utilities, and the public services necessary for the Project will be made available.

(h) The issuance of the 1986 Bonds will subserve the purposes, and in all respects conform to the provisions and requirements, of the Act.

(i) Neither the 1986 Bonds nor any other documents or agreements entered into by the County in connection therewith will constitute an indebtedness of the County within the meaning of any State constitutional provisions or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers, and such fact shall be plainly stated on the face of the 1986 Bonds.

(j) The issuance of the 1986 Bonds will be required in order to refund or refinance the 1980 Bonds, defray the cost of the acquisition, construction, and installation of the Project, and to reimburse the Hospital for funds advanced or indebtedness incurred for the purposes of acquiring, constructing, and installing the Project.

SECTION 2. The undertaking to assist in the refinancing of the 1980 Bonds and the financing of the Project by the issuance of the 1986 Bonds as described above is hereby authorized and approved, subject to due compliance with the requirements of the Act and all other applicable law.

SECTION 3. There is hereby authorized and directed to be submitted to the State Board, on behalf of the County and pursuant to the provisions of Section 44-7-1590 of the Act, the Petition of this County Council requesting the State Board's approval of the proposed refinancing of the 1980 Bonds and the financing of the Project, the text of said Petition to be substantially in the form attached hereto as Exhibit A.

SECTION 4. The Chairman (or, in his absence, the Vice Chairman) of the County Council is hereby authorized and directed to execute the Petition in the name and on behalf of the County, with such changes, insertions, and omissions as he may approve, said execution being conclusive evidence of such approval and the Clerk of the County Council (or, in her absence, the Acting Clerk) is hereby authorized and directed to affix the Seal of the said County Council to said Petition and to attest the same and thereafter submit an executed copy of this Resolution, along with the Petition, to the State Board.

SECTION 6. All orders and resolutions and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Resolution shall take effect and be in full force from and after its passage and approval.

STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

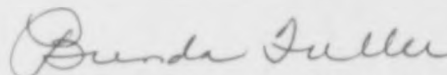
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THIS IS TO CERTIFY that the foregoing is an exact, verbatim copy of a Resolution unanimously adopted at a duly called and held regular meeting of the County Council of Richland County, South Carolina, held in Council Chambers in the Richland County Judicial Center in Columbia, South Carolina, on July 1, 1986, at which meeting a quorum was present and remained throughout.

The said Resolution has been recorded in the County Council's records of proceedings and remains in my custody as Clerk, and the said Resolution remains in full force and effect and has not been amended, modified, or repealed.

WITNESS my Hand and the Seal of Richland County, South Carolina, this 7th day of July, A.D. 1986.

(SEAL)



Brenda Fuller
Clerk, County Council of Richland
County, South Carolina

NEXSEN PRUET JACOBS & POLLARD

ATTORNEYS AND COUNSELORS AT LAW

1401 MAIN STREET, TWELFTH FLOOR

POST OFFICE DRAWER 2426

COLUMBIA, SOUTH CAROLINA 29202

JULIAN J. NEXSEN
GENE V. PRUET
HAROLD W. JACOBS
THOMAS B. POLLARD, JR.
WILBURN BREWER, JR.
T. EUGENE ALLEN III
EDWARD G. MENZIE
SAMUEL F. PAINTER
ROBERT M. EARLE
JOHN C. B. SMITH, JR.
WILLIAM A. POLLARD
GLENN BOWERS
MARK L. BENDER
JAMES W. ORR
RICHARD C. HANDEL
SUSAN BATTEN LIPSCOMB

PAUL A. DOMINICK
G. MARCUS KNIGHT
JOHN A. SOWARDS
JAMES L. WERNER
SUSAN R. McWILLIAMS
PAUL R. CLEMENTS
GORDON S. VINCENT
R. KENT PORTH
VALENTINE H. STIEGLITZ
CALVIN C. HARMON
CALHOUN THOMAS III
RUSSELL T. INFINGER
W. DIXON ROBERTSON III
ROBERT C. BYRD
RUSSELL T. BURKE
ELIZABETH CORR SMEDLEY

PAUL A. COOPER
1985-1986

FRANK B. GARY
1980-1981

C. ALVIN BROWN
1940-1978

TELEPHONE 771-8900

AREA CODE 803

TELECOPIER 799-6748

August 20, 1986

EXHIBIT

AUG 28 1986

NO. 11

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Richland County, South Carolina Hospital Facilities Revenue
Bonds, Series 1986 (Providence Hospital)

Dear Mr. McInnis:

I have enclosed our Transmittal Form and all of the required documents in connection with the tax-free bond financing transaction referred to above. As we discussed, we have designated the amount of these bonds as "not exceeding \$30,000,000.00." The exact amount and interest rate will depend on market conditions at the time the bonds are issued.

There has been some speculation that the new tax reform legislation will include 501(c)(3) organizations under an allocation system similar to that in effect for IRBs. You forwarded me a copy of Governor Riley's letter on the subject, which authorizes the State Board to establish a standby allocation procedure for bond issues by 501(c)(3) organizations. Therefore, please consider this to be our written request to have this bond financing transaction by Providence Hospital included in the standby allocation program you have established.

If you have any questions or comments about the documents I have enclosed with this letter, please feel free to contact me at your convenience.

With best regards,

Sincerely yours,

Gordon Vincent

Gordon S. Vincent

GSV/fhc

Enclosures

cc: Robert Dean Pope, Esquire
B. Darrell Smelcer, Esquire
Mr. Peter G. Reibold

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TRANSMITTAL FORM, REVENUE BONDS

EXHIBIT

AUG 11 1986
NO 11
STATE BUDGET & CONTROL BOARD

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

Date: August 20, 1986

Nexsen Pruet Jacobs & Pollard
Name of Law Firm
1401 Main Street, 12th Floor, P.O. Drawer 2426
Street
Columbia, S.C. 29202
City, State, Zip Code

Telephone Area Code 803
Number: 771-8900

Submitted for BCB Meeting of:
August 28, 1986

Not exceeding \$30,000,000-Richland
Amount of Issue, Local Government Issuer Cty. X YES NO
Hospital Facilities Revenue Bonds
Type of Bonds/Notes
Providence Hospital
Name of Project

Private Activity Bonds:
 YES NO

Projected Issue Date:
September 26, 1986

Project Description:

Refinancing of Richland County Hospital Facilities Revenue Bonds,
Series 1980 (Providence Hospital); purchase of equipment

Number of persons to be employed: N/A (Refinancing)

Documents Enclosed:

(All required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. N/A Inducement Resolution or comparable preliminary approval (executed copy)
- D. Standard Form Investment Letter from purchaser of bonds (executed original)
 OR
 X Audited financial statements for three most recent years
- E. X Department of Health and Environmental Control certificate
 Required X Not Required (Letter Attached)
- F. X Budget and Control Board Resolution and Public Notice
 Original (and 9 copies for certification and return)
- G. — Processing fee
 Amount \$ 4,000 Check No. 71678
 Payor Providence Hospital

Bond Counsel: Nexsen Pruet Jacobs &
Pollard Typed Name

By: Gordon S. Vincent
Signature

02173

REVENUE BOND CHECKLIST

BCB Agenda: 8/28/86
 Issuer: Ridgeland County
 Project: Providence Hospital
 Amount: 30,000,000
 Type Bonds: Hospital

50K(c)(3)

EXHIBIT

AUG 28 1986

NO. 11

STATE BUDGET & CONTROL BOARD

1. Petition:
 - a. Executed original and two copies ✓
 - b. Request for specific amount or not exceeding amount ✓
 - c. Ceiling allocation requested in letter, not petition
 - d. If allocation requested, for specific amount ✓
 - e. No consideration statement included ✓
2. Issuing Authority Resolution: (executed copy) ✓
3. Inducement Resolution/Comparable Preliminary Approval:
 (executed copy) ✓
4. Standard Form Investment Letter: (executed original) n/a
5. Audited Financial Statements: (in lieu of investment ltr) ✓
6. DHEC Certificate of Need (if required) not required ✓(letter)
7. Budget and Control Board Resolution:
 - a. Original and 9 copies for certification and return ✓
 - b. Specific amount requested for State law approval ✓
 - c. If state ceiling allocation requested:
 - (1) Reference to ceiling allocation (should NOT) ✓
 - (2) Reference to IRS 8038 form submission (should NOT) ✓
 - d. If state ceiling allocation is NOT requested:
 - (1) Reference to IRS 8038 form submission (should) n/a
8. Processing Fee ✓

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EXHIBIT

AUG 28 1986 NO. 11

STATE BUDGET CONTROL BOARD

TRANSMITTAL FORM, REVENUE BONDS

William A. McInnis, Secretary
 State Budget and Control Board
 600 Wade Hampton Office Building
 Columbia, SC 29201
 OR P. O. Box 12444, Columbia, SC 29211

Date: August 20, 1986

FROM: Nexsen Pruet Jacobs & Pollard
Name of Law Firm
1401 Main Street, 12th Floor, P.O. Drawer 2426
Street
Columbia, S.C. 29202
City, State, Zip Code

Telephone Area Code 803
Number: 771-8900

Submitted for BCB Meeting of:
August 28, 1986

RE: Not exceeding \$30,000,000-Richland
Amount of Issue, Local Government Issuer Cty. X YES NO
Hospital Facilities Revenue Bonds
Type of Bonds/Notes
Providence Hospital
Name of Project

Private Activity Bonds:
X YES NO

Projected Issue Date:
September 26, 1986

Project Description:

Refinancing of Richland County Hospital Facilities Revenue Bonds,
Series 1980 (Providence Hospital); purchase of equipment

Number of persons to be employed: N/A (Refinancing)

Documents Enclosed:

(All required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. N/A Inducement Resolution or comparable preliminary approval (executed copy)
- D. OR
X Standard Form Investment Letter from purchaser of bonds (executed original)
Audited financial statements for three most recent years
- E. X Department of Health and Environmental Control certificate
Required X Not Required (Letter Attached)
- F. X Budget and Control Board Resolution and Public Notice
 Original (and 9 copies for certification and return)
- G. 1 Processing fee
 Amount \$ 4,000 Check No. 71678
 Payor Providence Hospital

Bond Counsel: Nexsen Pruet Jacobs &
Pollard Typed Name

By: Gordon S. Vincent
 Signature

02175

South Carolina Department of Health and Environmental Control

2600 Bull Street
Columbia, S.C. 29201

Commissioner
Robert S. Jackson, M.D.



July 11, 1986

Board

Moses H. Clarkson, Jr., Chairman
Gerald A. Kaynard, Vice-Chairman
Oren L. Brady, Jr., Secretary
Barbara P. Nuessle
James A. Spruill, Jr.
William H. Hester, M.D.
Euta M. Colvin, M.D.

EXHIBIT

AUG 28 1986 NO. 11

STATE BUDGET & CONTROL BOARD

Re: Refunding of financing for Project
No. SC-F-302; financing of Projects
No. SC-F-758; SC-86-20, and SC-86-69;
financing of miscellaneous capital
expenditures of Providence Hospital
Columbia, South Carolina

Mr. Peter G. Reibold
Executive Vice President
Providence Hospital
2435 Forest Drive
Columbia, SC 29204

Dear Mr. Reibold:

Based on the information you provided the Department in your correspondence of July 2, 1986, and correspondence from the Three Rivers Health Systems Agency, Inc. dated July 7, 1986, this is to advise that the above referenced project does not fall under the purview of the State Hospital Construction and Franchising Act. This decision was reached for the following reasons:

1. This project should not expand or reduce the type or scope of institutional health services rendered; and
2. The cost of this project does not exceed the \$600,000 threshold and, therefore, is not considered to be a "New Institutional Health Service" as defined in Section 103.13 of Regulation No. 61-15, Certification of Need for Health Facilities and Services.

Please be advised that should the above referenced project involve any construction or renovation, appropriate architectural plans must be submitted to this Department's Division of Health Facilities Construction for review and approval to comply with applicable codes and state regulations as required by Minimum Licensing Standards.

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Mr. Peter G. Reibold

Page 2

July 11, 1986

If we can be of further assistance to you, please contact us.

Sincerely,

Albert N. Whiteside
JCB

Albert N. Whiteside, Director
Division of Planning and Certificate of Need

Leon B. Frishman

Leon B. Frishman, Director
Bureau of Health Facilities and Services Development

Richard Coney

J. Richard Coney, Deputy Commissioner
Health Facilities and Services Regulations

JRC:CKT:dbw

cc: Mr. Gary R. Thibault

02177



PROVIDENCE HOSPITAL

2435 FOREST DRIVE • COLUMBIA, SOUTH CAROLINA 29204 • TELEPHONE 803/256-5310

July 2, 1986

Mr. Leon B. Frishman, Director
Bureau of Health Facilities and Services Development
S.C. Department of Health and Environmental Control
2600 Bull St.
Columbia, SC 29201

Mr. Gary R. Thibault
Executive Director
Three Rivers Health Systems Agency, Inc.
3700 Forest Dr.
Columbia, SC 29204

RE: REFUNDING OF FINANCING FOR PROJECT NO. SC-F-302;

FINANCING OF PROJECTS NO. SC-F-758, SC-86-20 AND
SC-86-69

FINANCING OF MISCELLANEOUS CAPITAL EXPENDITURES OF
PROVIDENCE HOSPITAL

Gentlemen:

The purpose of this letter is to request that you confirm our opinion that none of the proposed activities in connection with the financings described below will require Providence Hospital to apply for additional Certificates of Need. The Hospital is making this request to provide bond counsel in the financing of its projects with assurances that the provisions of Section 44-7-1490 of the Code of Laws of South Carolina (1976) have been met. In connection with our request we provide you with the following information.

Providence Hospital is planning to undertake a restructuring of its finances in the near future. Foremost among the Hospital's plans is the refunding of the \$18,300,000 Richland County, South Carolina Hospital Facilities Revenue Bonds, Series 1980 (Providence Hospital) through the issuance of new tax-exempt bonds bearing interest rates lower than the rates on the bonds issued in 1980. The bonds issued in 1980 financed major expansions, renovations and

improvements of the facilities of Providence Hospital pursuant to Certificate of Need Project No. SC-F-302.

Since the marginal cost of undertaking additional financing at the same time the Hospital refunds the 1980 bonds is quite low, Providence Hospital proposes to finance certain current and future capital expenditures with additional tax-exempt borrowing. The additional financing is in the best interest of the Hospital since, with the low marginal transaction costs, the cost of tax-exempt funds is expected to be much less than the cost of taxable borrowings for capital projects.

No new major capital facilities are being proposed. The refunding of the 1980 bonds will simply lower annual debt service costs with regard to the financing of Certificate of Need Project No. SC-F-302, thereby lowering the total cost of such project.

Additionally, Providence Hospital proposes to finance, through the tax-exempt borrowing, previously approved Certificates of Need Projects No. SC-F-758, SC-86-20 and SC-86-69. In the applications for such Certificate of Need, Providence Hospital stated that it planned to fund such projects with internally generated funds. However, extremely attractive tax-exempt rates are currently available. Since changes in the tax law are likely to limit the attractiveness of tax-exempt financing in the future, Providence Hospital believes sound management policies dictate such financing be used now instead of costlier alternatives of taxable borrowing or internally generated funds in the future. In this way the Hospital will preserve internally generated funds for future projects. For instance, Providence has submitted its application for a Certificate of Need for an estimated \$18,800,000 expansion of its facilities used in providing cardiac care, general surgery and outpatient services.

Finally, approximately \$4,000,000 of budgeted capital expenditures for fiscal years ending 1986, 1987 and 1988, not individually requiring any Certificate of Need, would be financed with this borrowing.

The financing of such miscellaneous and individual capital projects does not, in our opinion, constitute a capital expenditure requiring a Certificate of Need.

Enclosed is a letter from Ernst & Whinney expressing that in their opinion the refinancing of debt and acquiring funds for future capital through debt financing should not require a Certificate of Need.

Providence Hospital desires to undertake this financing as soon as possible, since major changes in the laws with

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respect to tax-exempt borrowings are proposed and such changes could significantly increase the cost of borrowing for the Hospital. Therefore, we would appreciate your response as soon as possible with regard to our proposal.

Sincerely,

Peter G. Reibold
Executive Vice President

sbg/7011M

enclosure

02180

Ernst & Whinney

1600 Daniel Building
P.O. Box 10647
Greenville, South Carolina 29603

803/242-5740

June 24, 1986

Mr. Peter G. Reibold
Executive Vice President
Providence Hospital
2345 Forest Drive
Columbia, South Carolina 29204

Dear Mr. Reibold:

The purpose of this letter is to address the potential application of South Carolina Certificate of Need requirements to your proposed tax-exempt financing. Specifically, we will address (a) the portion of the proposed financing for refinancing the 1980 Bond Issue, and (b) the portion of the proposed financing for future budgeted equipment.

Generally accepted accounting principles applicable to refinancing existing long-term debt are based primarily, but not exclusively, on the following documents:

- o Accounting Principles Board Opinion No. 26—"Early Extinguishment of Debt" (October 1972).
- o AICPA Statement of Position 78-5—"Accounting for Advance Refundings of Tax-Exempt Debt" (June 1978).
- o Statement of Financial Accounting Standards No. 4—"Reporting Gains and Losses from Extinguishment of Debt" (March 1975).
- o Statement of Financial Accounting Standards No. 76—"Extinguishment of Debt" (November 1983).

Generally accepted accounting principles require recognition of the loss or gain from extinguishment of debt in the period of extinguishment. Defeasance or in-substance defeasance of tax-exempt debt is an extinguishment of debt. The loss or gain is the difference in the net carrying amount of the refunding (new) debt and the net carrying amount of the refunded (old) debt. It is our understanding that your proposed refinancing will result in an irrevocable

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Mr. Peter G. Reibold

June 24, 1986

trust to be used solely to satisfy the payment schedule of the refunded debt and that the trust will meet the requirements of paragraphs 3(c) and 4 of FAS No. 76. Accordingly, the refinancing will be accounted for as an in-substance defeasance.

We believe that the designated planning agency should waive review of the proposed refinancing transaction because:

- o Application of generally accepted accounting principles results in no direct charge nor change in account balances for property, plant and equipment. Consequently, there is no "... acquisition, improvement, expansion, or replacement of the plant and equipment ..." as referenced in 42 CFR Section 100.103(a)(2)(i).
- o PRRB Case No. 77-D10 addressed the issue of using funded depreciation to liquidate part of a mortgage debt on existing facilities. Upon review, the Decision of the Administrator of Health Care Financing Administration on April 6, 1977, stated, in part: "... the Hospital did not acquire any capital assets. The buildings on which the mortgage was held had been the provider's existing facilities for many years. The withdrawal from the funded depreciation account was not used for the acquisition of additional capital assets or the mortgage on these assets, but was used for what must be considered general operating purposes." Similarly, when a hospital refinances debt incurred on facilities in use for several years, there are no capital assets acquired and the Medicare policy is to view the transaction as having general operating purposes.
- o The designated planning agencies in several states, including South Carolina, have elected to not review similar refinancing transactions.
- o The purpose of the refinancing is to realize a cost savings in interest of approximately \$1,500,000. The Medicare program will share in the cost savings. Therefore, it appears contrary and inappropriate to require review since the purpose of Section 1122 and CON review is to prevent Medicare participation in unnecessary capital expenditures.

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Mr. Peter G. Reibold

June 24, 1986

- o Even if the refunding transaction were to be classified as a "capital expenditure" by the designated planning agency:
 - oo Application of generally accepted accounting principles results in an increase in "Unamortized Issue Cost" of \$1,070,000 and a decrease in "Unamortized Discount" of \$685,000. Aggregated, the net increase is less than the \$600,000 regulatory threshold for certain capital expenditures.
 - oo 42 CFR Section 100.103(a)(2)(v) states, "Any change in a proposed capital expenditure which itself meets the criteria set forth in this paragraph, shall, for purposes of this subpart, be deemed a capital expenditure; Provided, That an increase or decrease in the cost of a proposed capital expenditure which increase or decrease is not related to a change in bed capacity or a substantial change in services may, at the option of the designated planning agency, be exempt from review under this subpart." The proposed refinancing does not change bed capacity nor services.

Section 103 of South Carolina Regulation 61-15 defined a "project" in part as "...any expenditure by or on behalf of a health care facility in excess of \$600,000 which, under generally accepted accounting principles consistently applied, is considered a capital expenditure...". We do not believe such definition is applicable to the proposed financing of future budgeted equipment, because:

- o the issuance of debt whereby the proceeds are invested in securities (an asset whose use is limited but not committed) does not constitute an expenditure of funds. The incurrence of a debt obligation in exchange for cash is not a capital expenditure.
- o each capital expenditure for the acquisition of capital equipment will occur independently at various points in time through 1988. The determination, under generally accepted accounting principles, of when each capital expenditure occurs will be determined by future events. When the Hospital incurs a commitment to a vendor in exchange for a piece of equipment, a capital expenditure will have been incurred.

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Mr. Peter G. Reibold

June 24, 1986

- o When each capital expenditure occurs, it will be subject to the \$600,000 threshold of the C.O.N. requirements. Multiple pieces of equipment that are directly and jointly related functionally will be aggregated for comparison to the threshold. We understand that the Hospital's existing budgeted equipment needs through 1988 include \$4,000,000 of items which will individually be under the threshold. There is no assurance that the existing budgeted equipment needs will be incurred as to the amount or the description. Consequently, the generally accepted accounting treatment (e.g., capital expenditure) of each individual equipment need cannot be determined until the Hospital is committed to a vendor for the equipment.
- o Management decisions for cash management do not alter consistency of application of generally accepted accounting principles. Historically, the Hospital has had budgeted equipment needs. There has been no requirement to submit such budget as an aggregated "project." When each item was acquired, whether by use of Hospital funds or incurrence of debt, each item was independently accounted for as a capital expenditure. Also, each capital expenditure was thereby subject to comparison to the threshold requirement. Issuance of bonds for future budgeted equipment needs does not change the accounting treatment as to when a capital expenditure occurs.
- o Although not directly related to accounting principles, the cash management technique of using bond proceeds for future acquisition of equipment results in savings to users of health care services.

Section 102 of South Carolina Regulation No. 61-15 states, "When any question exists, a potential applicant shall forward a letter requesting a formal determination by the Department as to the applicability of the certificate of need requirements to a particular project." We believe that the designated planning agency should exempt the bond issue transaction and consider each individual equipment acquisition in accordance with the regulations.

Amounts stated herein were obtained from discussions with you and represent your estimates. Should circumstances be different at the date of the proposed bond issue the amounts may differ.

We understand that this letter will be forwarded to the Three Rivers Health Systems Agency, Inc. and the South Carolina Department of Health and Environmental Control for their consideration.

If we can be of further assistance, please advise.

Very truly yours,

Ernst & Whinney

02184



Three Rivers Health Systems Agency, Inc.

3700 Forest Drive, Suite 204
Columbia, South Carolina 29204
(803) 782-4787

July 7, 1986

Mr. Leon B. Frishman, Director
Bureau of Health Facilities and
Services Development
South Carolina Department of Health
and Environmental Control
2600 Bull Street
Columbia, SC 29201

RECEIVED

JUL 16 1986

NEXSEN PRUET
JACOBS & POLLARD

RE: Refunding of financing for Project
No. SC-F-302; refinancing of Projects
No. SC-F-758, SC-86-20, and SC-86-69;
financing of miscellaneous capital
expenditures of Providence Hospital, Columbia.

Dear Mr. Frishman:

This letter is in response to your request for comments concerning the applicability of Certification of Need to the above referenced project. Based on information contained in correspondence from Mr. Peter G. Reibold, Three Rivers Health Systems Agency recommends that the project be exempted from CON review.

The proposed refinancing is not specifically addressed in Section 104 of Regulation No. 61-15 (Exemptions). However, it is the opinion of this Agency that the proposal represents a prudent financial action on the part of the hospital. There will be no change in the type or scope of services offered as a result of this proposal; nor will there be a change in the bed capacity. Therefore, there appears to be no reason to subject this proposal to CON review.

If you have any questions concerning this recommendation, please contact Mr. Les Shelton, Director of Planning.

Sincerely,

Gary R. Thibault
Executive Director

GRT:ls

cc: Mr. Peter G. Reibold

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EXHIBIT

HOSPITAL REVENUE BOND PROJECT

AUG 28 1986

NO. 11

STATE BUDGET & CONTROL BOARD

Providence Hospital

GOVERNING BOARD

County Council of Richland County

BOND COUNSEL

Nexsen, Pruet, Jacobs & Pollard
Columbia, SC 29202

FINDINGS BY THE COUNTY COUNCIL (§ 44-7-1480)

The County Council has made the following findings:

☒ (a) There is a need for the hospital facilities in the area in which the hospital facilities are to be located.

☒ (b) No hospital facilities shall be provided for any hospital agency or public agency which is not financially responsible and capable of fulfilling its obligations under the loan agreement, including:

☒ the obligations to make the payments required thereunder;

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✓ to operate, repair and maintain at its own expense the hospital facilities; and

✓ to discharge such other responsibilities as may be imposed under the loan agreement.

(c) Adequate provision shall be made for:

✓ the payment of the principal of and the interest on the bonds and any necessary reserves therefor; and

✓ for the operation, repair and maintenance of the hospital facilities at the expense of the hospital agency or public agency.

✓ (d) The public facilities, including utilities, and public services necessary for the hospital facilities will be made available.

APPROVAL BY DHEC (§ 44-7-1490)

✓ Approval from DHEC shall be obtained if required

PROVISIONS IN LOAN AGREEMENT (§ 44-7-1520)

✓ (a) The loan agreement shall contain a covenant obligating the hospital agency or public agency to effect the completion of the hospital facilities if the proceeds of the bonds prove insufficient, and

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✓ (b) Each loan agreement shall obligate the hospital agency or public agency to make payments which shall be sufficient:

✓ (a) to pay the principal of and interest on the bonds issues for such hospital facilities,

✓ (b) to build up and maintain any reserves deemed by the county council to be advisable in connection therewith, and

✓ (c) to pay the costs of maintaining the hospital facilities in good repair and the cost of keeping it properly insured.

PAYMENT IN LIEU OF TAXES (§ 44-7-1530)

_____ If title to the hospital facility is in a public agency and if the public agency has a loan agreement with a for profit corporation, the loan agreement shall contain a provision requiring the hospital agency (i.e., the corporation) to make payments to the county or counties, school district(s) and other political units wherein the hospital facilities shall be located, in lieu of taxes, in such amounts as would result from taxes levied on the hospital facilities by such political units.

REFUNDING OF BONDS (§ 44-7-1560)

✓ Refunding bonds shall comply with § 44-7-1560.

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PETITION TO BUDGET AND CONTROL BOARD (§ 44-7-1590)

The Petition shall set forth:

- ☒ (a) A brief description of the hospital facilities proposed to be undertaken and the refinancing or refunding so proposed;
- ☒ (b) A statement setting forth the action taken by DHEC in connection with the hospital facilities;
- ☒ (c) A reasonable estimate of the cost of the hospital facilities; and
- ☒ (d) A general summary of the terms and conditions of the proposed loan agreement.

FINDINGS BY BUDGET AND CONTROL BOARD (§ 44-7-1590)

- ☒ The proposed hospital facilities are intended to promote the purposes of this article (the Act), and
- ☒ May be reasonably anticipated to effect such result, and
- ☒ The proposed financing is economically feasible.

UNUSUAL QUESTIONS CONSIDERED:

AUG 28 1986

The State of South Carolina

EXHIBIT



AUG 28 1986

NO. 12

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE 803 734-3680

August 26, 1986

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
Columbia, South Carolina 29201

Re: \$5,000,000.00 Spartanburg County, South Carolina,
Industrial Development Revenue Note
(W J Partnership)

Dear Mr. McInnis:

Regarding the above-referenced bond, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Section 4-29-140, et seq., Code of Laws of South Carolina, 1976, as amended, and the same appear, in our opinion, to be in order.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "D. Eckstrom".

David C. Eckstrom
Assistant Attorney General

DCE/shb

Enclosures

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EXHIBIT

AUG 28 1986

NO. 12

STATE OF SOUTH CAROLINA
STATE BUDGET AND CONTROL BOARD
Standard Form Investment Letter

STATE BUDGET & CONTROL BOARD

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

RE: Sale by Spartanburg County, South Carolina (the "Issuer")
Of its \$5,000,000 Industrial Development Revenue Notes (the "Bonds")
On behalf of W J Partnership (the "Company")
W J Partnership (the "Project")
To The South Carolina National Bank (the "Purchaser")

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

SWORN to and subscribed
before me this 25 day
of July, 1986

Virginia B Smith
Notary Public

My Commission expires

2/7/95

PURCHASER:

Name: The South Carolina National Bank
Address: Post Office Box 5707
Spartanburg, South Carolina 29304

BY:

M. Terrell Smith Vice President
Signature of Authorized Official
M. Terrell Smith, Vice President

Date:

7/25/86

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EXHIBIT

AUG 28 1986

NO. 12

STATE OF SOUTH CAROLINA)

W J Partnership

COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. MCINNIS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

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

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

The Honorable Tom G. Mangum, Chairman of the House Ways and Means Committee.

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina, at 10 a.m., on Tuesday, August 28, 1986, was given to all members in writing, and at least four (4) days prior to the meeting; that all members of the Board were present at the meeting.

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

FOR MOTION

5

AGAINST MOTION

0

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

August 29, 1986

William A. McInnis

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EXHIBIT

AUG 28 1986

NO. 12

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY SPARTANBURG COUNTY, SOUTH CAROLINA, OF A NOT EXCEEDING \$5,000,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (WJ PARTNERSHIP PROJECT) 1986, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Spartanburg County, South Carolina (the "Governing Board"), has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Spartanburg County (the "County") pursuant to the Act of its Industrial Development Revenue Note (WJ Partnership Project) in the aggregate principal amount of not exceeding \$5,000,000 (the "Note"); and

WHEREAS, the County proposes to issue the Note for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for manufacturing, industrial, distribution and warehouse facilities and related offices; and

WHEREAS, the Project is to be made available to WJ Partnership (the "Obligor") upon terms which require the Obligor to make payments to or for the account of the County in amounts sufficient to pay the principal, premium, if any, and interest on the Note and which secure the obligation of the Obligor by a mortgage and security interest in the Project; and

WHEREAS, the Note will be payable from and secured by an assignment of the obligations of the Obligor and the mortgage and security interest in the Project; and

WHEREAS, the County has submitted with the Petition (i) drafts of the documents to be entered into by the County in connection with the issuance of the Note, for review by the State Budget and Control Board, and (ii) a copy of a resolution and petition adopted by the County on August 13, 1986, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

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NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 4-29-140 of the Act; and

(c) The Project subject of the Petition of the Governing Board is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Obligor, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Note, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Mortgage and Financing Agreement, and a mortgage and security interest in the Project, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Obligor, and do not make inaccurate, except as to dates and amounts, the summaries of the Mortgage and Financing Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Spartanburg Herald-Journal, which is a newspaper having general circulation in Spartanburg County.

Section 4. The Notice, required in Section 3 above to be published, shall be in substantially the form set forth in Exhibit "A" of this Resolution.

Section 5. This Resolution shall take effect immediately.

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 4, CHAPTER 29
(1976), AS AMENDED

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Spartanburg County, South Carolina, has given its approval to the following undertaking by Spartanburg County, South Carolina:

The issuance by Spartanburg County of its Industrial Development Revenue Note (WJ Partnership Project) in the original principal amount of not exceeding \$5,000,000 (the "Note"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings by WJ Partnership to be used for manufacturing, industrial, distribution and warehouse facilities and related offices (the "Project") to be located in Spartanburg County. The Project will be made available to WJ Partnership which will unconditionally covenant to make payments sufficient to pay the principal, premium, if any, and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by WJ Partnership for the use of the Project, and is to be additionally secured by a mortgage and security interest in the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Note by Spartanburg County to finance the same, by action de novo instituted in the Circuit Court for Spartanburg County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: August 26, 1986.

EXHIBIT

AUG 28 1986 NO. 1 2

STATE BUDGET & CONTROL BOARD

02195

EXHIBIT

AUG 28 1986

NO. 12

State of South Carolina

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

September 10, 1986

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

FINAL ALLOCATION, CALENDAR YEAR 1986

TO: Spartanburg County
c/o Ms. Kathleen C. McKinney
McNair Law Firm
1201 Bankers Trust Plaza
Greenville, SC 29601

RE: Issue of \$5,000,000, Spartanburg County, South Carolina
Industrial Development Revenue Note
(W J Partnership Project)
Issue Date Certified By Issuing Authority: September 11, 1986
Issue Amount Certificate Received by Board Secretary: September 9, 1986

Based upon my receipt of the issue amount certificate required of the issuing authority by Board Regulation §19-103.06 and §19-103.07 not more than ten (10) business days prior to the date of issue which, as certified by the issuing authority, is within the time period for the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1986 will not exceed the 1986 State Ceiling on the issuance of private activity bonds for the State of South Carolina.

William A. McInnis

William A. McInnis, Secretary

02196

SEP - 0 1986

EXHIBIT

AUG 28 1986

NO. 12

STATE BUDGET & CONTROL BOARD

McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601
803-271-4940

ROBERT E. MCNAIR
TERRELL S. GLENN
JAMES S. KNOX
D. WAYNE CORLEY
E. WILSON SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY M. SNEEDEN
EDWARD H. FORGOTTSON*
STEPHEN KORLAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
DENNIS C. THELEN*
JOHN H. LAMMUN, JR.
JOHN W. CURRIE
SCOTT E. BARNES
H. ELIZABETH CRUM
THEODORE J. WORKINS, JR.
DANIEL R. MUEGG, JR.
WILLIAM S. ROSE, JR.
BERNARD J. WUNDER, JR.

HUEL D. ADAMS, JR.
JAMES R. FIELDS, JR.
M. CRAIG GARNER, JR.
LAWRENCE R. HODGINS*
BRENTON D. JEFFCOCK*
ROBERT T. BOCKMAN
EDWIN W. JOHNSON
PETER L. MURPHY
C. ALAN RUYAN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILFOT B. IRVIN
ARLY C. LUGAS
ROBERT E. STERR
KATHLEEN CRUM MCKINNEY
E. RUSSELL JETER, JR.
M. WILLIAM YOUNGBLOOD
CARL B. CARRUTH
JOHN W. HUNTER*
RICHARD J. MORGAN
J. SMON FRASER
CHRISTOPHER M.S. HOLMES

DEBORAH K. OMEN*
SARA S. ROGERS
PAUL E. SULLIVAN*
DOROTHY M. HELMS
NANCY PAGE
SANDRA L. RANDLEMAN
JANE W. TRANKLEY
J. LYLES GLENN IV
CELESTE TULLER JONES
KATHERINE ELIZABETH MMS
JOSEPH D. WALKER
NANCY R. JEFFERS
AUSON RENEE LEE
NAPTHA R. MAMULIN
GREGORY D. DUDACH
WILLIAM ASHLEY JORDAN, JR.
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT E. WIMAHAN, JR.
MARY DORNE PETERS

*NOT ADMITTED IN SOUTH CAROLINA

THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. KITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL

COLUMBIA OFFICE
NCNB TOWER
POST OFFICE BOX 11390
COLUMBIA, S.C. 29211
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HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
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803-785-5169

WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

September 9, 1986

VIA ANDERSON ARMORED CAR

Mr. William A. McInnis
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: \$5,000,000 Spartanburg County, South Carolina, Industrial
Development Revenue Note (W J Partnership Project) 1986

Dear Mr. McInnis:

In accordance with the regulations of the State Budget and Control Board, I am submitting on behalf of Spartanburg County and W J Partnership IRS Form 8038. Please confirm the allocation of \$5,000,000 of the State volume to the above-captioned issue. This issue is scheduled to close September 11, 1986.

Sincerely,

McNAIR LAW FIRM, P.A.

Kathy
Kathleen Crum McKinney

KCM/feb
Enclosure

02197

02198

Part V Description of Property Financed by Non-refunding Proceeds
(Do not complete for student loan bonds or mortgage bonds)

22 Type of Property Financed (or portion thereof financed by non-refunding proceeds)		
a	3-yr. ACRS property	
b	5-yr. ACRS property	
c	10-yr. ACRS property	
d	15-yr. ACRS property	50,000
e	18-yr. ACRS property	4,335,000
f	Cost of land	250,000
g	Cost of other property (see instructions)	
23 Other use of non-refunding proceeds (subtract lines 22a-g from Part IV, line 21)(see instructions)		
24 Standard industrial classification (SIC) of non-refunding proceeds for the financed project.		
	SIC Code	Non-refunding proceeds \$
a		d
b		e
c		f
25 Average weighted economic life of the project (complete only for IDBs) See Exhibit B		years.

Part VI Description of Initial Principal Users
(Do not complete for student loan bonds or mortgage bonds)

26 Initial Principal Users:			
(A) User	(B) Name	(C) Address	(D) Employer identification number
(i)	W J Partnership	P. O. Box 5587, Spartanburg, SC	57-0784671
(ii)			
(iii)			
(iv)			
(v)			
27 Common parents (if any) of initial principal users listed above:			
(A) User (from above)	(B) Name	(C) Address	(D) Employer identification number
	None		

Part VII Approval of Issue (Complete only for IDBs)

28	Name of Governmental units approving issue ▶ Spartanburg County Council
29	Names and positions of applicable elected representatives or date of referenda approving issue ▶ See Exhibit C

Part VIII Volume Limitations for Qualified Mortgage or Veterans' Bonds

1	Issuer's volume limitation	
2	Amount of volume limitation surrendered to other issues (e.g., under section 103A(g)(3)(B) or 25(c)(2)(A)(ii)).	
3	Amount of bonds previously issued	
4	Unused volume limitation (subtract lines 2 and 3 from line 1)	

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Signature of officer: <u>Kenneth L. Westmoreland</u> Date: <u>9/3/86</u> Title: <u>County Administrator</u>		
Paid Preparer's Use Only	Preparer's signature: <u>Kathleen P. McKernan</u>	Check if self-employed: <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours, if self-employed) and address: <u>McNair Law Firm, P.A. (See Exhibit D)</u> <u>Suite 1201, NCNB Plaza, Greenville, SC</u>	E.I. No. <u>57-0703244</u>	ZIP code <u>29601</u>

EXHIBIT A

The \$5,000,000 Spartanburg County, South Carolina, Industrial Development Revenue Note (WJ Partnership Project) 1986 (the "Note"), bears interest from the date of its initial delivery until maturity at the rate per annum of sixty-five percent (65%) of the prime rate of The South Carolina National Bank as such prime rate changes. Upon a Determination of Taxability, the interest rate on the Note shall be increased to that taxable rate which results in a yield equal to a tax-exempt rate of sixty-five percent (65%) of the Prime Rate (the "Tax-Exempt Rate"). The interest rate on the Note shall be increased to the rate per annum of the prime rate plus one percent (1%) per annum upon an Event of Default. The interest rate is also subject to adjustment in the event the maximum Federal corporate income tax rate applicable to the registered owner, including the holder of any interest in the Note, whether by participation or otherwise, shall either be increased or reduced on or after the date of the initial delivery of the Note. The interest rate shall be adjusted to equal the product obtained by multiplying such interest rate by a fraction, the numerator of which shall be one minus the new Federal corporate income tax rate (expressed as a decimal) and the denominator of which shall be fifty-four hundredths (the "Adjusted Interest Rate"). The Adjusted Interest Rate shall be rounded to the nearest one-tenth of one percent. In no event shall the Adjusted Interest Rate exceed the Taxable Rate or be applicable with respect to any holder of the Note not subject to corporate income tax.

In the event of any change in law (other than a change in the Bank Tax Rate) which results, in the opinion of counsel to any registered owner of the Note, in the imposition of any tax (including, but not limited to, any preference tax imposed by Sections 55-58 of the Internal Revenue Code of 1954, as amended, an excess profits tax, a minimum tax or any other tax which increases the basis of taxation of the payments of interest on or principal of the Note to the registered owner or owners thereof) or which, in the opinion of counsel to any registered owner thereof, adversely affects the deductibility of any amount attributable, directly or indirectly, to the purchase and carrying of the Note, the interest rate shall be adjusted to that rate which will result in each holder of the Note realizing a net return on the principal amount of the Note outstanding while held by such holder, net of all taxes, charges, or disallowances of deductibility imposed with respect to the interest paid or to be paid on the Note or the principal amount thereof as a result of such change in law equal to a tax-exempt yield to such holder at the rate per annum of the Tax-Exempt Rate or the Adjusted Interest Rate, whichever is applicable.

EXHIBIT B

The average reasonably expected economic life of the buildings, machinery, equipment, apparatus, office furnishings and any other items financed in whole or in part with the proceeds of the Note is not less than 30 years. The economic useful life of each item has been derived in accordance with the administrative guidelines established for the useful lives used for depreciation prior to the ACRS system (i.e., the midpoint lives under the ADR system where applicable and the guidelines under Rev. Proc. 62-21, 1962-2 C.B. 418, in the case of structures).

EXHIBIT C

SPARTANBURG COUNTY COUNCIL

1986

Honorable Lachlan L. Hyatt, Chairman
Post Office Box 2969
Spartanburg, South Carolina 29304
Phone: 585-0477

Honorable Danny E. Allen, Vice Chairman
Post Office Box 1146
Spartanburg, South Carolina 29304
Phone: 582-8766

Honorable David G. Dennis, Member
Post Office Box 3303
Spartanburg, South Carolina 29304
Phone: 583-4080

Honorable Danny R. Smith, Member
Post Office Box 5766
Spartanburg, South Carolina 29304
Phone: 573-9688

Honorable Sallie S. Peake, Member
Post Office Box 215
Wellford, South Carolina 29385
Phone: 439-3205 (H) 576-3440 (O)

Kenneth L. Westmoreland, County Administrator
Post Office Box 5666
Spartanburg, South Carolina 29304

Mrs. Carolyn P. Parris, Clerk to County Council
Post Office Box 5666
Spartanburg, South Carolina 29304
Phone: 596-2526/27

Roy McBee Smith, Esquire, County Attorney
Post Office Box 5306
Spartanburg, South Carolina 29304
Phone: 582-6727

I.D. #57-6000401

0000

EXHIBIT D

Prepared by:

McNair Law Firm, P.A.
Suite 1201, NCNB Plaza
7 North Laurens Street
Greenville, South Carolina 29601
Attention: Kathleen Crum McKinney,
Esquire

With advice of:

A. Foster Chapman, Esquire
Johnson, Smith, Hibbard, Wildman & Dennis
Post Office Box 5587
Spartanburg, South Carolina 29304

EXHIBIT

AUG 28 1986

NO. 12

STATE BUDGET & CONTROL BOARD

02203

EXHIBIT

AUG 28 1986

NO. 12

State of South Carolina

State Budget and Control Board

BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444

Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

August 28, 1986

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS TENTATIVE ALLOCATION, CALENDAR YEAR 1986

TO: Spartanburg County
\$5,000,000
Industrial Development Revenue Note
(W J Partnership Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Deficit Reduction Act of 1984 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1986 only. It will expire ninety (90) calendar days from August 28, 1986 (the date the allocation was approved by the Board), if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Board Regulation §19-103.06 and §19-103.07 require that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority before the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.

I certify that, to the best of my knowledge, this allocation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Grady L. Patterson, Jr.

Attest:

William A. McInnis, Secretary

02204

EXHIBIT

AUG 28 1986

NO. 12

STATE OF SOUTH CAROLINA)
)
SPARTANBURG COUNTY)

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL)
)
BOARD OF SOUTH CAROLINA)
_____)

P E T I T I O N

This Petition of Spartanburg County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Spartanburg County (the "County Council") is the governing body of the County and as such is the "governing board" of the County referred to in the Act.

2. The Act, among other things, empowers the County, subject to obtaining the approval of the State Budget and Control Board, pursuant to Section 4-29-140 of the Act: (i) to acquire, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects (as defined in the Act) which shall be located within the jurisdiction of the County; (ii) to make available to any industry or industries any or all of its projects for such payments and upon such terms and conditions as the governing board may deem advisable and as shall not conflict with the provisions of the Act; and (iii) to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist WJ Partnership, a South Carolina general partnership (the "Obligor"), by issuing its revenue note for the purpose of defraying the cost of acquiring certain facilities located in the County (the "Project") more fully described in Exhibits A and B to the Mortgage and Financing Agreement and Indenture, copies of which are attached hereto.

4. The County has been advised by the Obligor that the estimated cost of the Project will be \$5,000,000 and it has requested the County to execute and deliver its Industrial Development Revenue Note (WJ Partnership Project) (the "Note") in the principal amount of not exceeding \$5,000,000 to defray such costs.

02205

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) it is anticipated that the Project will benefit the general public welfare of the County by providing employment and other public benefits not otherwise provided locally; (iii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iv) the principal amount of the Note required to finance the Project is expected to be not exceeding \$5,000,000; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed Note and the maintenance of the Project; and (vi) the terms under which the Project is to be made available to the Obligor provide that the Obligor shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Council will make the requisite finding as to the amount necessary in each year to pay the principal, premium, if any, and the interest on the Note proposed to be issued to defray the cost of the Project.

6. Pursuant to Section 4-29-140 of the Act, the County sets forth the following information:

(a) The Project, described in detail on Exhibits A and B to the Mortgage and Financing Agreement and the Indenture submitted herewith, consists of land, a building or buildings and other improvements thereon and certain machinery, apparatus, equipment, office facilities and furnishings to be used for manufacturing, industrial, distribution and warehouse facilities and related offices. It is anticipated that, upon completion, the Project will provide directly 50 additional full-time jobs in the County and neighboring areas and that the Project will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be \$5,000,000.

(c) Copies of the Mortgage and Financing Agreement and the Indenture are being submitted herewith. The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves:

(i) The proposed Mortgage and Financing Agreement between the Obligor and the County provides in general:

02206

(A) Proceeds derived from the placement of the Note will be used and applied by the County upon request of the Obligor solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) The Obligor obligates itself: to effect the completion of the Project if the proceeds derived from the placement of the Note prove insufficient therefor without diminution of any payments to the County required by the Mortgage and Financing Agreement; to meet the payments of principal, premium, if any, and interest on the Note as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Mortgage and Financing Agreement.

(C) The County does not incur any pecuniary liability or charge upon its general credit or taxing powers.

(D) The County acquires a mortgage and security interest in the Project as security for the obligations of the Obligor under the Mortgage and Financing Agreement.

(ii) The proposed Indenture between the County and The South Carolina National Bank, as Lender (the "Lender"), provides in general:

(A) An irrevocable pledge and assignment for the benefit of the Lender or its assigns as holder of the Note of the County's right, title and interest in and to the Mortgage and Financing Agreement and all payments, receipts and revenues which the County has a right to receive under the Mortgage and Financing Agreement or with respect to any security afforded thereunder or any other financing agreement with respect to the Project in favor of the County (except payments and rights to indemnification payments and administration expenses), and all the moneys and securities in funds created under the Indenture.

(B) The terms of the Note, the provisions for exchange and transfer of the Note, the prepayment provisions, the means of disbursement and investment of the proceeds

thereof, provisions for issuance of additional parity notes, default provisions and remedies therefor and various other matters relating to the Note.

(C) The execution of the Indenture imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the Note by the County pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), (iv) allocate to the Note such portion of the state ceiling as established by the Deficit Reduction Act of 1984 as is necessary for the issuance of the Note, and (v) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

SPARTANBURG COUNTY, SOUTH CAROLINA

By:

K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

(SEAL)

ATTEST:

C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

EXHIBIT

AUG 28 1986 NO. 12

STATE BUDGET & CONTROL BOARD

Dated: August 13, 1986.

02208

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY SPARTANBURG COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL DEVELOPMENT REVENUE NOTE (WJ PARTNERSHIP PROJECT) 1986, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$5,000,000.

EXHIBIT

111
No. 12

AUG 28 1986

STATE BUDGET & CONTROL BOARD

WHEREAS, Spartanburg County, South Carolina (the "County"), acting by and through its County Council is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), to acquire and cause to be acquired properties that are projects under the Act through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely from revenues and receipts from any financing agreement with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, the County and WJ Partnership (the "Obligor") entered into an Assistance Agreement (the "Assistance Agreement") executed by the Obligor on March 26, 1986, and executed by the County on March 26, 1986, pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Assistance Agreement, the County proposes to issue its Industrial Development Revenue Note (WJ Partnership Project) in the principal amount of not exceeding \$5,000,000 (the "Note") under and pursuant to the Act to defray the costs of acquiring by construction and purchase certain land, a building or buildings and other improvements thereon, and machinery, apparatus, equipment, office facilities and furnishings to be installed therein for manufacturing, industrial, distribution and warehouse facilities and related offices (the "Project") to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Obligor under and pursuant to the terms of

02209

a Mortgage and Financing Agreement (the "Agreement") to be entered into between the County and the Obligor; and

WHEREAS, it is now deemed advisable by the County Council to file with the State Budget and Control Board of South Carolina, in compliance with Section 4-29-140 of the Act, the Petition of the County requesting approval of the proposed financing by the State Budget and Control Board;

NOW, THEREFORE, BE IT RESOLVED by the County Council of Spartanburg County, South Carolina, as follows:

Section 1. It is hereby found, determined and declared as follows:

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the Note in the principal amount of not exceeding \$5,000,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing employment for those engaged in construction of the Project, and by providing additional permanent employment for approximately 50 people from the County and adjacent areas when the Project is placed in full operation with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of industrial operations not otherwise provided locally.

(c) Neither the Project, the Note proposed to be issued by the County to defray the cost of the Project, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

(d) The issuance of the Note by the County in the principal amount of not exceeding \$5,000,000 will be required to defray the cost of the Project.

(e) Inasmuch as the Obligor is a partnership with established credit, the establishment of reserve funds in connection with the retirement of the Note and the maintenance of the Project is deemed unnecessary.

(f) The Project will be made available by the County to the Obligor upon terms which will require the Obligor, at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto.

(g) The Project will consist of the items described in Exhibits A and B to the Agreement and the Indenture to be entered into between the County and The South Carolina National Bank, as lender (the "Lender"), all such documents to be submitted with the Petition.

(h) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$5,000,000.

(i) Neither the approvals granted in connection with the Note nor the request for an allocation granted by the State Budget and Control Board have been made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County, of a Petition requesting the approval of the proposal of the County to issue the Note by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

Section 3. The Administrator of the County be and is hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the Clerk of the County Council be and is hereby authorized and directed to affix the seal of the County to said Petition and to attest the same and thereafter to submit an executed copy of this resolution, to the State Budget and Control Board in Columbia, South Carolina.

Section 4. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved August 13, 1986.

SPARTANBURG COUNTY, SOUTH CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

(SEAL)

ATTEST:

C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

EXHIBIT

AUG 28 1986 NO. 12

STATE BUDGET & CONTROL BOARD

02212

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN ASSISTANCE AGREEMENT BY AND BETWEEN SPARTANBURG COUNTY, SOUTH CAROLINA, AND WJ PARTNERSHIP, WHEREBY, UNDER CERTAIN CONDITIONS, SPARTANBURG COUNTY WILL ISSUE NOT EXCEEDING FIVE MILLION DOLLARS (\$5,000,000) INDUSTRIAL DEVELOPMENT REVENUE BONDS OR NOTES.

EXHIBIT

AUG 28 1986 NO. 12

STATE BUDGET & CONTROL BOARD

WHEREAS, Spartanburg County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to acquire, or cause to be acquired, properties (which such properties constitute "projects" as defined in the Act) and to enter into agreements with any industry to construct, operate, maintain and improve such projects; to enter into financing agreements with respect to such projects; to issue revenue bonds to defray the costs of such projects; and to accept any grants for such projects through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely out of the revenues derived from a financing agreement with respect to such project and may further be secured by a pledge of said revenues, a trust indenture or indenture covering all or any part of such project, and a pledge of any financing agreement with respect to such project; and

WHEREAS, WJ Partnership, a South Carolina general partnership (the "Obligor"), has requested the County to issue not exceeding \$5,000,000 of its Industrial Development Revenue Bonds or Notes (WJ Partnership Project) pursuant to the Act for the purpose of defraying the cost of acquiring by construction and purchase certain land, a building or buildings or other improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein for manufacturing, industrial, distribution and warehouse facilities and related offices, constituting an industrial facility (the "Project"), all as more fully set forth in the Assistance Agreement attached hereto; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Obligor that the

02213

Project would be a "project" as that term is defined in the Act and that the Project would subserve the purposes of the Act.

NOW, THEREFORE, BE IT RESOLVED, by the County Council as follows:

Section 1. Pursuant to the authority of the Act and subject to the approval by the State Budget and Control Board, and for the purpose of defraying a portion of the cost (as defined in the Act) of acquiring the Project there is hereby authorized to be issued revenue bonds or notes of the County in the principal amount of not exceeding Five Million Dollars (\$5,000,000) to be designated "Spartanburg County, South Carolina, Industrial Development Revenue Bonds or Notes (WJ Partnership Project)" (the "Bonds").

Section 2. The provisions, terms and conditions of the financing agreement by and between the County and the Obligor, the provisions, terms and conditions of the trust indenture or indenture by and between the County and the Trustee or Bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds shall be prescribed by subsequent resolution or ordinance of the County Council.

Section 3. The Administrator of the County is hereby authorized and directed to execute the Assistance Agreement attached hereto in the name and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to attest the same; and the Administrator of the County is hereby further authorized and directed to deliver said executed Assistance Agreement to the Obligor.

Section 4. Prior to the issuance of any Bonds, the County Council will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 5. All orders, resolutions, and parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and after its passage by the County Council.

Section 6. It is the intention of the County Council that this resolution shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

G2214

Done in meeting duly assembled this 26th day of
March, 1986.

SPARTANBURG COUNTY, SOUTH CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

(SEAL)

ATTEST:

EXHIBIT

AUG 28 1986 NO. 12

STATE BUDGET & CONTROL BOARD

By: C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

02215

EXHIBIT

AUG 28 1986

NO. 1 2

ASSISTANCE AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS AGREEMENT made and entered into by and between Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and WJ Partnership, a South Carolina general partnership (the "Obligor").

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

Section 1.01. 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 Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended (the "Act"), to acquire, or cause to be acquired, and to enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in South Carolina and by encouraging industries now located in South Carolina to expand their investments and thus utilize and employ manpower and other resources of South Carolina.

Section 1.02. The Obligor desires to acquire certain land located within the jurisdiction of the County, and a building or buildings and other improvements thereon and all machinery, apparatus, equipment, office facilities and furnishings to be used as an industrial facility for manufacturing, industrial, distribution and warehouse facilities and related offices (the "Project"). The Project when completed and in operation will provide additional permanent employment in the County for approximately 50 people.

Section 1.03. The Obligor has requested the County to assist it with its contemplated program through the sale of Industrial Development Revenue Bonds (or Notes) pursuant to the Act, whereby the County would defray a portion of the cost of the Project.

Section 1.04. The County has given due consideration to all the proposals and requests of the Obligor and has agreed to endeavor to effect the

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issuance of the bonds at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01. The County will, subject to the approval by the State Budget and Control Board required by the Act, authorize the issuance of not exceeding Five Million Dollars (\$5,000,000) Spartanburg County, South Carolina, Industrial Development Revenue Bonds (or Notes) (WJ Partnership Project) (the "Bonds"), at such time as the Obligor may request the County to do so.

Section 2.02. The County will permit the Obligor to arrange for the sale of the Bonds to defray the cost of the Project as aforesaid and if successful marketing arrangements can be made, it will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Bonds.

Section 2.03. The proceeds of any sale of the Bonds shall be applied to the payment of the costs of the Project as determined under the Act including, without limitation, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisition by construction and purchase of the Project including land, buildings, necessary machinery and equipment and other items permitted by the Act, and the repayment of any funds advanced or loans incurred by the Obligor for such purposes.

Section 2.04. Prior to issuing any Bonds, the County may enter into a trust indenture with a trustee bank to be selected by the Obligor or an indenture with the purchasers of the Bonds pursuant to which the Bonds will be issued. Such trust indenture or indenture shall be substantially in the form used in connection with the issuance of other South Carolina industrial revenue bonds and may constitute a lien on the Project and the revenues derived from the financing agreement with respect to the Project to secure the payment of the Bonds.

Section 2.05. If requested by the Obligor and in order to provide interim financing pending the issuance of the Bonds, the County will adopt the necessary proceedings and provide for the issuance of bond anticipation notes pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, in anticipation of the issuance of the Bonds.

Section 2.06. The County will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE OBLIGOR

Section 3.01. The Obligor agrees that the County will have no obligation to find a purchaser of the Bonds.

Section 3.02. The Obligor further agrees, if the plan proceeds as contemplated:

(a) to acquire by construction and purchase the land, buildings, equipment and machinery constituting the Project;

(b) to enter into a financing agreement with the County under the terms of which the Obligor will obligate itself to pay to the County sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable, said financing agreement shall be in such form and contain such provisions as shall be satisfactory to the County and to the Obligor;

(c) to obligate itself to make the additional payments required by the Act, including, but not limited to, payments in lieu of taxes if necessary;

(d) to hold the County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement in the implementation of its terms and provisions;

(e) to perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing; and

(f) to covenant and agree in the financing agreement referred to hereinbefore to install in the buildings which are to become a part of the Project all necessary equipment and machinery and thereafter to operate the Project as a facility for manufacturing, industrial, distribution and warehouse facilities and related offices or for such other purposes as may hereafter be deemed appropriate.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01. All commitments of the County under Article II hereof are subject to all of the provisions of the Act and the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

Section 4.02. The parties hereto agree that the Obligor may proceed with the Project including the construction of a building or buildings and acquisition and installation of the equipment and machinery prior to the issuance of the Bonds.

Section 4.03. This Assistance Agreement may be assigned by the Obligor to a corporation which is a wholly owned subsidiary of the Obligor, to a corporation the majority stockholders of which are the general partners of the Obligor, to a partnership comprised of the general partners of the Obligor, or to any or all of the general partners of the Obligor in their individual capacities.

Section 4.04. All commitments of the County and the Obligor hereunder are subject to the condition that the County and the Obligor do agree on acceptable terms and conditions of all documents the execution and delivery of which are contemplated by provisions hereof.

Section 4.05. The parties understand that the Obligor may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.06. It is the intention of the parties hereto that this Agreement shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

IN WITNESS WHEREOF, the parties hereto, each after
due authorization, have executed this Agreement on the
respective dates indicated below.

SPARTANBURG COUNTY, SOUTH CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, Administrator
of Spartanburg County,
South Carolina

ATTEST:

By: C. P. Parris
C. P. Parris, Clerk,
County Council of
Spartanburg County,
South Carolina

Dated: March 26, 1985.

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EXHIBIT

AUG 28 1986

NO. 12

WJ PARTNERSHIP

STATE BUDGET & CONTROL BOARD

By: 

Its: General Partner

ATTEST:

By: 

Its: General Partner

Dated: March 26, 1985.

02221

EXHIBIT

AUG 28 1986

NO. 1 2

TRANSMITTAL FORM, REVENUE BONDS

Date: August 19, 1986

Submitted for BCB Meeting on:

August 28, 1986

TO: William A. McInnis, Secretary & CONTROL BOARD
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair Law Firm, P.A.

Name of Law Firm

Greenville, South Carolina 29601

City, State, Zip Code

Suite 1201, NCNB Plaza

Street Address/Box Number

(803) 271-4940

Telephone Area Code and Number

RE: \$5,000,000

Amount of Issue

Spartanburg County, South Carolina

Issuing Authority Name

Industrial Development Revenue Note

Type of Bonds or Notes

September 16, 1986

Projected Issue Date

Project Name: W J Partnership

Project Description:

An industrial facility for manufacturing, industrial, distribution and

warehouse facilities and related offices

Employment as result of project: 50

CEILING ALLOCATION REQUIRED

X Yes (\$ 5,000,000) No
Amount

REFUNDING INVOLVED

Yes (\$) X No
Amount

PROJECT APPROVED PREVIOUSLY

Yes () X No
Date

DOCUMENTS ENCLOSED:

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. ☒ Petition (executed original and two copies)
- B. ☒ Resolution or ordinance (executed copy)
- C. ☒ Inducement Resolution or comparable preliminary approval (executed copy)
- D. ☒ Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: The South Carolina National Bank)

OR Audited financial statements for three most recent years

E. Department of Health and Environmental Control certificate IF REQUIRED

F. ☒ Budget and Control Board Resolution and Public Notice (original)

[Plus Four copies for certification and return to counsel]

G. ☒ Processing fee

Amount \$ 3,000

Check No. 137

Payor W J Partnership

Bond Counsel: Kathleen Crum McKinney

Typed Name

By:

Kathleen Crum McKinney
Signature

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EXHIBIT

AUG 28 1986

NO. 12

REVENUE BOND CHECKLIST

STATE BUDGET & CONTROL BOARD

BCB Agenda: 8/28/86
 Issuer: Spartanburg County
 Project: W9 Partnership
 Amount: 15,000,000
 Type Bonds: Industrial

- | | <u>Yes</u> | <u>No</u> |
|---|-------------------------------------|-------------------------------------|
| 1. <u>Petition:</u> | | |
| a. Executed original and two copies | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Request for specific amount or not exceeding amount | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. Ceiling allocation requested | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d. If allocation requested, for specific amount | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| e. No consideration statement included | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. <u>Issuing Authority Resolution:</u> (executed copy) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. <u>Inducement Resolution/Comparable Preliminary Approval:</u>
(executed copy) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. <u>Standard Form Investment Letter:</u> (executed original) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. <u>Audited Financial Statements:</u> (in lieu of investment ltr) | <u>n/a</u> | <input type="checkbox"/> |
| 6. <u>DHEC Certificate of Need</u> (if required) | <u>n/a</u> | <input type="checkbox"/> |
| 7. <u>Budget and Control Board Resolution:</u> | | |
| a. Original and <u>4</u> copies for certification and return | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. Specific amount requested for State law approval | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c. If state ceiling allocation requested: | | |
| (1) Reference to ceiling allocation (should NOT) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (2) Reference to IRS 8038 form submission (should NOT) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d. If state ceiling allocation is NOT requested: | | |
| (1) Reference to IRS 8038 form submission (should) | <u>n/a</u> | <input type="checkbox"/> |
| 8. <u>Processing Fee</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

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EXHIBIT

AUG 28 1986

NO. 1 2

INDUSTRIAL REVENUE BOND PROJECT

STATE BUDGET & CONTROL BOARD

WJ Partnership

GOVERNING BOARD

County Council of Spartanburg County

BOND COUNSEL

McNair Law Firm, P.A.

Greenville, SC 29601

FINDINGS BY GOVERNING BOARD (§ 4-29-60)

The Governing Board shall find:

☒ (1) The project will subserve the purposes of Chapter 29, Title 4;

☒ (2) The project is anticipated to benefit the general public welfare of the locality by providing services, employment, recreation, or other public benefits not otherwise provided locally;

☒ (3) The project will give rise to no pecuniary liability of county or incorporated municipality or a charge against its general credit or taxing power;

C2224

\$5,000,000. (4) The amount of bonds required to finance the project;

✓ (5) The amount necessary in each year to pay the principal of and the interest on the bonds proposed to be issued to finance the project;

Not Necessary (6) The amount necessary to be paid each year into any reserve funds which the governing board may deem advisable to establish in connection with the retirement of the proposed bonds and the maintenance of the project;

✓ (7) Unless the terms of the financing agreement with respect to the project provide that the industry shall maintain the project and carry all proper insurance with respect thereto, the cost of maintaining the project in good repair and keeping it properly insured;

✓ (8) The determinations and findings of the governing board required to be made above shall be set forth in the proceedings under which the proposed bonds are to be issued.

FINANCING AGREEMENT (§ 4-29-60)

Every financing agreement with respect to a project shall contain an agreement:

✓ obligating the industry to effect the completion of the project if the proceeds of the bonds prove insufficient, and

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obligating the industry to pay an amount under the terms of a financing agreement, which, upon the basis of the determinations theretofore made, will be sufficient:

- ✓ (a) to pay the principal of and interest on the bonds issued to finance the project;
- ✓ (b) to build up and maintain any reserves deemed by the governing board to be advisable in connection therewith, and
- ✓ (c) unless the financing agreement obligates the industry to pay for the maintenance and insurance of the project, to pay the costs of maintaining the project in good repair and keeping it properly insured.

 Every financing agreement in the form of a lease shall contain a provision requiring the industry to make payments to the county or counties, municipality or municipalities, school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county or counties, municipality or municipalities, school district or school districts, and other political unit

or units, if the project were owned by the industry, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the industry if it were the owner of the project.

REFUNDING BONDS (§ 4-29-110)

_____ may not exceed an amount sufficient to refund the principal of the bonds to be refunded, together with any unpaid interest thereon and any premiums, expenses, and commissions necessary to be paid in connection therewith.

PETITION (§ 4-29-140)

Must set forth

✓ (a)(1) a brief description of the project proposed to be undertaken, and

✓ (a)(2) its anticipated effect upon the economy of the county or incorporated municipality in which the project is to be located and of the areas adjacent thereto;

✓ (b) a reasonable estimate of the cost of the project;

✓ (c)(1) a general summary of the terms and conditions of the financing agreement and security agreement to be made,

_____ (c)(2) a statement establishing the basis for the payment of sums in lieu of taxes as required by § 4-29-60.

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FINDINGS BY BUDGET AND CONTROL BOARD

✓ the project is intended to promote the
purposes of Chapter 29, Title 4, (Public Purpose)

✓ the project is reasonably anticipated to
effect such result,

QUESTIONS CONSIDERED

02228

DE
8/26/86

Same
9m
8/22/86

TRANSMITTAL FORM, REVENUE BONDS

Date: August 19, 1986
Submitted for BCB Meeting on:
August 28, 1986

TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:
McNair Law Firm, P.A.
Name of Law Firm
Greenville, South Carolina 29601
City, State, Zip Code

Suite 1201, NCNB Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: \$5,000,000
Amount of Issue
Spartanburg County, South Carolina
Issuing Authority Name

Industrial Development Revenue Note
Type of Bonds or Notes
September 16, 1986
Projected Issue Date

EXHIBIT
NO. 12
AUG 28 1986
STATE BUDGET & CONTROL BOARD

Project Name: W J Partnership
Project Description:
An industrial facility for manufacturing, industrial, distribution and
warehouse facilities and related offices

Employment as result of project: 50

CEILING ALLOCATION REQUIRED	REFUNDING INVOLVED	PROJECT APPROVED PREVIOUSLY
<u>X</u> Yes (\$ <u>5,000,000</u>) <u> </u> No	<u> </u> Yes (\$ <u> </u>) <u>X</u> No	<u> </u> Yes (<u> </u>) <u>X</u> No
Amount	Amount	Date

DOCUMENTS ENCLOSED:
(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition (executed original and two copies)
- B. X Resolution or ordinance (executed copy)
- C. X Inducement Resolution or comparable preliminary approval (executed copy)
- D. X Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: The South Carolina National Bank)

OR Audited financial statements for three most recent years

E. Department of Health and Environmental Control certificate IF REQUIRED

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

G. X Processing fee
Amount \$ 3,000 Check No. 137
Payor W J Partnership

Bond Counsel: Kathleen Crum McKinney

By: Kathleen Crum McKinney
Signature
Typed Name

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EXHIBIT

AUG 28 1986

NO. 13

STATE BUDGET & CONTROL BOARD

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF August 28, 1986

ITEM NUMBER

AGENCY: Executive Director

SUBJECT: Private Activity Bonds; Allocation of State Ceiling

The required reviews on the following local government proposals to issue revenue bonds have not yet been completed. Staff will advise the Board on the results of these reviews at the meeting. Each of the projects requires approval under State law. An allocation of a portion of the Ceiling is requested for all projects except (d).

- (a) Local Government: Spartanburg County
 Amount of Issue: \$750,000 Industrial Revenue Bond
 Name of Project: Hayssen Manufacturing Company
 Employment Impact: 240
 Project Description: Manufacture of machinery
- (b) Local Government: Greenville County
 Amount of Issue: \$3,000,000 Industrial Development Revenue Bond
 Name of Project: Span-America, Series 1986
 Employment Impact: 50
 Project Description: Manufacture/sell/distribute medical products
- (c) Local Government: Greenville County
 Amount of Issue: \$25,000,000 Industrial Revenue Bonds
 Name of Project: Merscot-Greenville
 Employment Impact: 7
 Project Description: Wastewater disposal and treatment facility
- (d) Local Government: Richland County
 Amount of Issue: \$30,000,000 Hospital Facilities Revenue Bonds
 Name of Project: Providence Hospital (REFUNDING)
 Employment Impact: n/a
 Project Description: Refinancing Series 1980 Bonds; equipment
- (e) Local Government: Greenville County
 Amount of Issue: \$8,000,000 Industrial Revenue Bond
 Name of Project: Mount Vernon Mills, Inc.
 Employment Impact: 24 initially; 42 within 3 years
 Project Description: Textile manufacturing facility
- (f) Local Government: Spartanburg County
 Amount of Issue: \$3,000,000 Industrial Revenue Bond
 Name of Project: Reigel Textile Corporation
 Employment Impact: 15
 Project Description: Manufacturing facilities
 (INCOMPLETE--executed documents to be provided prior to meeting)

The status report on the State Ceiling as of August 18, 1986, (year elapsed 63%) shows:

	CY 1986 Ceiling	Allocated	(%)	Not Allocated	(%)
State Pool	\$200,820,000	\$ 27,588,000	(14%)	\$173,232,000	(86%)
Local Pool	301,230,000	80,502,670	(27%)	220,727,330	(73%)
Total	\$502,050,000	\$108,090,670	(22%)	\$393,959,330	(78%)

BOARD ACTION REQUESTED:

Adopt resolutions approving proposals to issue revenue bonds, on the condition that the required reviews are completed with satisfactory results, and allocate a portion of the State Ceiling to each project except (d); and receive as information the status report on the State Ceiling.

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STATE CEILING AMOUNT AVAILABLE FOR ALLOCATION

Certified State Ceiling (01/14/86): \$502,050,000

A. State Agency and Exempt Facilities Pool (40%) 200,820,000

State Agency & Exempt Facilities Pool (40%) 200,820,000

B. Local Pool (60%) 301,230,000

Local Pool (60%) 301,230,000

EXHIBIT

AUG 28 1986 NO. 13

STATE BUDGET & CONTROL BOARD

02231

1986 STATE CEILING AMOUNT AVAILABLE FOR ALLOCATION

Date of B&C Board Allocation	Governmental Unit	Name of Project	Pool Total	Amount of Pool Allocated	Balance of Pool Available	Amount Certified for Issue
01/02/86	STATE AGENCY AND EXEMPT FACILITIES POOL		\$200,820,000			
01/23/86	Family Farm Dev.	Joseph A. Kesler		-350,000		350,000
01/23/86	Family Farm Dev.	James O. Brown		-220,000		220,000
01/23/86	Family Farm Dev.	W & W Farms		-15,000		15,000
02/11/86	Family Farm Dev.	Walter L. Paradise		-180,000		180,000
02/11/86	Family Farm Dev.	Martin I. Easler		-10,000		10,000
02/27/86	Family Farm Dev.	Joseph Scott Croxton		-200,000		200,000
02/27/86	Family Farm Dev.	Jon Edward Agerton		-130,000		130,000
03/25/86	JEDA	Congaree Vista Associates		-1,000,000		1,000,000
03/25/86	Family Farm Dev.	Walter G. Reese		-185,000		185,000
04/08/86	JEDA	Doty Scientific Incorporated		-500,000		500,000
05/13/86	Family Farm Dev.	Carl Joe Ables		-40,000		40,000
05/27/86	Fairfield County	SCE&G Co.		-1,100,000		1,100,000
05/27/86	Family Farm Dev.	Frank M. Senn		-370,000		
05/27/86	Family Farm Dev.	James Earl Bozard		-190,000		
05/27/86	Family Farm Dev.	Charles D. Senn		-370,000		
05/27/86	Family Farm Dev.	Ralph O. Hartley		-40,000		40,000
05/27/86	Family Farm Dev.	Carol J. Clamp		-100,000		100,000
06/10/86	Greenville, City of	Colosseum Associates		-20,000,000		
06/24/86	Family Farm Dev.	Melissa W. Rochester		-220,000		220,000
06/24/86	Family Farm Dev.	John F. Long		-190,000		
06/24/86	Family Farm Dev.	James A. Raborn		-238,000		
07/15/86	Lexington County	Technographics Decotone US		-1,200,000		1,200,000
07/15/86	Family Farm Dev.	Sandra K. Senn		-250,000		
07/15/86	Family Farm Dev.	Barbara Ann Senn		-250,000		
07/15/86	Family Farm Dev.	Frank M. Senn, Sr.		-240,000		
	Total Allocated			-27,588,000		5,490,000
	Total, State Agency and Exempt Facilities Pool		\$200,820,000	-27,588,000	\$173,232,000	5,490,000

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Date of B&C Board Allocation	Governmental Unit	Name of Project	Pool Total	Amount of Pool Allocated	Balance of Pool Available	Amount Certified for Issue
01/02/86	LOCAL POOL		\$301,230,000			
01/23/86	Spartanburg County	Jimmy I. Gibbs		-1,000,000		1,000,000
02/11/86	Berkeley County	David Maybank, Jr.		-68,848		68,848
02/27/86	Marion County	Beneteau Manufacturing, Inc.		-3,000,000		3,000,000
02/27/86	Cherokee County	Ametex Fabrics, Inc.		-2,700,000		2,700,000
02/27/86	Cherokee County	Y Z Realty Trust		-1,850,000		1,850,000
02/27/86	Berkeley County	Pearlstone Distributors		-1,500,000		1,500,000
03/11/85	Spartanburg County	O'Mara Incorporated		-1,000,000		1,000,000
03/25/86	Horry County	Commercial Realty Ventures		-250,000		250,000
04/08/86	Lexington County	Clay Hyder		-6,100,000		6,100,000
04/08/86	Greenville County	Hart-Greenville Partnership		-3,500,000		3,500,000
04/22/86	Sumter, City of	Redevelopment Loan Program		-13,822		13,822
04/22/86	Greenville County	International Plastics		-500,000		500,000
05/13/86	York County	Meco Metal Finishing USA, Inc.		-1,800,000		1,800,000
05/13/86	Richland County	Dodd Investment		-620,000		620,000
06/10/86	Spartanburg County	J M Smith Corporation		-1,000,000		1,000,000
06/10/86	Richland County	William M. Gregg, II.		-1,500,000		1,500,000
06/10/86	Anderson County	Mount Vernon Mills, Inc.		-3,000,000		3,000,000
06/24/86	Laurens County	Dispoz-o Plastics, Inc.		-1,500,000		1,500,000
06/24/86	Lexington County	Kingston Metal South Corp.		-750,000		750,000
06/24/86	Lexington County	J. B. White & Company		-10,000,000		
07/15/86	Sumter, City of	O. Mack Kolb/J.E. Eldridge Jr.		-50,000		
07/15/86	Florence County	*Bruce Hospital, Inc.		-8,000,000		8,000,000
07/15/86	Lancaster County	Aeroquip Corporation		-2,250,000		
07/15/86	Richland County	Trinity Knoll		-3,500,000		
07/15/86	Fairfield County	Rite Aid of SC, Inc.		-10,000,000		
07/15/86	Spartanburg County	One Price Realty		-1,000,000		
07/15/86	Lancaster County	Continental Mfg. Service		-1,500,000		1,500,000
07/29/86	Spartanburg County	Holmberg Electronics Corp.		-650,000		
07/29/86	Spartanburg County	Structofab, Inc.		-600,000		600,000
07/29/86	Cherokee County	Clarkson Associates		-1,800,000		
07/29/85	N. Chasn Redev Com	*Ben Tillman Homes		-9,500,000		
	Total Allocated			-80,502,670		41,752,670
	Total, Local Pool		\$301,230,000	-80,502,670	\$220,727,330	41,752,670
	Total, State Agency and Exempt Facilities Pool		\$200,820,000	-27,588,000	\$173,232,000	5,490,000
	Total, Local Pool		301,230,000	-80,502,670	220,727,330	41,752,670
	GRAND TOTAL		\$502,050,000	-108,090,670	\$393,959,330	47,242,670

*Tax Reform Act of 1985

8/18/86
BCB/OED/dw

EXHIBIT

AUG 28 1986 NO. 13

STATE BUDGET & CONTROL BOARD

EXHIBIT

AUG 28 1986

NO. 14

STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD

REGULAR SESSION

MEETING OF August 28, 1986

ITEM NUMBER

9

AGENCY: Town of Winnsboro

SUBJECT: Ceiling Allocation Request

The Town of Winnsboro requests a \$2,700,000 allocation of a portion of the State Ceiling for the issuance of Natural Gas System Revenue Bonds for the expansion of a natural gas distribution system to serve the Mack Truck Manufacturing Plant and other anticipated growth and development.

BOARD ACTION REQUESTED:

Allocate \$2,700,000 of the State Ceiling to the Town of Winnsboro for the issuance of Natural Gas System Revenue Bonds for the expansion of a natural gas distribution system to serve the Mack Truck Manufacturing Plant and other anticipated growth and development.

ATTACHMENTS:

Petition

C2234

EXHIBIT

AUG 28 1986 NO. 14

STATE BUDGET & CONTROL BOARD

PETITION
TO
THE STATE BUDGET AND CONTROL BOARD
OF
SOUTH CAROLINA

Ex Parte: Town Council of the Town of Winnsboro, South Carolina

02235

TO: The Honorable Richard W. Riley, Governor
The Honorable Grady L. Patterson, Jr., State Treasurer
The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable Rembert C. Dennis, Chairman
Senate Finance Committee
The Honorable Tom G. Mangum, Chairman
House Ways and Means Committee

Your Petitioner respectfully shows:

That the Town Council of the Town of Winnsboro intends to issue not exceeding \$2,700,000 Town of Winnsboro, South Carolina, Natural Gas System Revenue Bonds pursuant to Chapter 21, Title 6, Code of Laws of South Carolina 1976, as amended, for the purpose of defraying the cost of the expansion of the Town's existing natural gas distribution system by (i) the acquisition and installation of an 8-inch transmission pipe to run along U.S. Highway No. 321 from within Richland County (where it will tie into the existing SCANA transmission pipe) for approximately 17 miles north to the site of the Mack Truck Manufacturing Plant owned by Mack Trucks, Inc. and (ii) the expansion of the Town's existing peak shaving facility (the Project).

WHEREFORE, Petitioner hereby requests an allocation of the state volume ceiling for private activity bonds for not exceeding TWO MILLION SEVEN HUNDRED THOUSAND (\$2,700,000) DOLLARS Town of Winnsboro, South Carolina, Natural Gas System Revenue Bonds to finance the Project. The allocation amount requested constitutes all of the private activity bond financing contemplated at this time for the Project and any other facilities located at or used as a part of an integrated operation

EXHIBIT

AUG 28 1986 NO. 14

STATE BUDGET & CONTROL BOARD

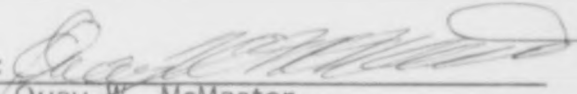
with the Project. Council hereby certifies that this request for allocation is not made in consideration of any bribe, gift, gratuity, or direct or indirect contributions to any political campaign.

Respectfully submitted,

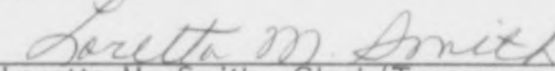
TOWN OF WINNSBORO, SOUTH CAROLINA

(SEAL)

By:


Quay W. McMaster
Mayor, Town of Winnsboro
South Carolina

ATTEST:


Loretta M. Smith, Clerk/Treasurer,
Town of Winnsboro, South Carolina

Dated: August 19, 1986

EXHIBIT

AUG 28 1986 NO. 14

STATE BUDGET & CONTROL BOARD

TRANSMITTAL FORM, REVENUE BONDSDate: August 20, 1986

Submitted for BCB Meeting on:

August 28, 1986TO: William A. McInnis, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211**FROM:**McKay & Guerard, P.A.**Name of Law Firm**Columbia, South Carolina 29202**City, State, Zip Code**1401 Main Street, P. O. Drawer 7157**Street Address/Box Number**(803) 765-2396**Telephone Area Code and Number**RE: \$2,700,000Natural Gas System Revenue Bonds**Amount of Issue****Type of Bonds or Notes**Town of WinnsboroOctober 1, 1986**Issuing Authority Name****Projected Issue Date**Project Name: Series 1986**Project Description:**Expansion of natural gas distribution system to serve Mack Truck Manufacturing Plant
and other anticipated growth and development

Employment as result of project: _____

CEILING ALLOCATION REQUIRED**REFUNDING INVOLVED****PROJECT APPROVED PREVIOUSLY**X Yes (\$ 2,700,000) No
AmountYes (\$ _____) X No
AmountYes (_____) X No
Date**DOCUMENTS ENCLOSED:**

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition (executed original and two copies)
B. _____ Resolution or ordinance (executed copy)
C. X Inducement Resolution or comparable preliminary approval (executed copy)
D. _____ Standard Form Investment Letter from bonds purchaser (executed original)
(Purchaser: _____)

OR _____ Audited financial statements for three most recent years

- E. _____ Department of Health and Environmental Control certificate IF REQUIRED
F. _____ Budget and Control Board Resolution and Public Notice (original)
[Plus _____ copies for certification and return to counsel]
G. _____ Processing fee

Amount \$ _____ Check No. _____

Payor _____

EXHIBITBond Counsel: Samuel W. Howell, IV

Typed Name

AUG 28 1986NO. I 4By: *Samuel W. Howell, IV*

Signature

STATE BUDGET & CONTROL BOARD

02238

EXHIBIT

AUG 28 1986

NO. 14

A RESOLUTION

STATE BUDGET & CONTROL BOARD

AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD REQUESTING AN ALLOCATION OF THE STATE VOLUME CEILING ON PRIVATE ACTIVITY BONDS FOR TOWN OF WINNSBORO NATURAL GAS SYSTEM REVENUE BONDS.

BE IT RESOLVED by the Town Council of the Town of Winnsboro (the Council) in meeting duly assembled:

That, subject to the provisions of Chapter 21, Title 6, Code of Laws of South Carolina 1976, as amended, the Council intends to issue not exceeding \$2,700,000 Town of Winnsboro, South Carolina, Natural Gas System Revenue Bonds (the Bonds), to finance the expansion of the existing natural gas distribution system of the Town, by (i) the acquisition and installation of an 8-inch transmission pipe to run along U. S. Highway No. 321 from within Richland County (where it will tie into the existing SCANA transmission pipe) north for approximately 17 miles to the site of the Mack Truck Manufacturing Plant owned by Mack Trucks, Inc., and (ii) the expansion of the existing peak shaving facility of the Town;

That the Mayor, or in his absence, the Mayor Pro Tempore, be and he hereby is, authorized and directed on behalf of the Council to take all action necessary to obtain an allocation from the State Budget and Control Board of the private activity bond limit for the Bonds, including the filing of an appropriate Petition with the State Budget and Control Board, substantially in the form attached hereto, as Exhibit A,

62239

with such changes as the executing officer and the Town Attorney shall approve;

That Council and its duly elected officers shall take any and all further action required to implement this Resolution; and

That this Resolution shall take effect immediately.

EXHIBIT A

EXHIBIT

AUG 28 1986 NO. 14

STATE BUDGET & CONTROL BOARD

PETITION
TO
THE STATE BUDGET AND CONTROL BOARD
OF
SOUTH CAROLINA

Ex Parte: Town Council of the Town of Winnsboro, South Carolina

02241

TO: The Honorable Richard W. Riley, Governor
The Honorable Grady L. Patterson, Jr., State Treasurer
The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable Rembert C. Dennis, Chairman
Senate Finance Committee
The Honorable Tom G. Mangum, Chairman
House Ways and Means Committee

Your Petitioner respectfully shows:

That the Town Council of the Town of Winnsboro intends to issue not exceeding \$2,700,000 Town of Winnsboro, South Carolina, Natural Gas System Revenue Bonds pursuant to Chapter 21, Title 6, Code of Laws of South Carolina 1976, as amended, for the purpose of defraying the cost of the expansion of the Town's existing natural gas distribution system by (i) the acquisition and installation of an 8-inch transmission pipe to run along U.S. Highway No. 321 from within Richland County (where it will tie into the existing SCANA transmission pipe) for approximately 17 miles north to the site of the Mack Truck Manufacturing Plant owned by Mack Trucks, Inc. and (ii) the expansion of the Town's existing peak shaving facility (the Project).

WHEREFORE, Petitioner hereby requests an allocation of the state volume ceiling for private activity bonds for not exceeding TWO MILLION SEVEN HUNDRED THOUSAND (\$2,700,000) DOLLARS Town of Winnsboro, South Carolina, Natural Gas System Revenue Bonds to finance the Project. The allocation amount requested constitutes all of the private activity bond financing contemplated at this time for the Project and any other facilities located at or used as a part of an integrated operation

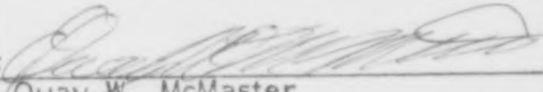
with the Project. Council hereby certifies that this request for allocation is not made in consideration of any bribe, gift, gratuity, or direct or indirect contributions to any political campaign.

Respectfully submitted,

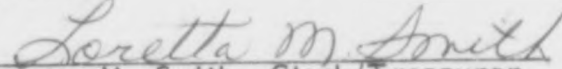
TOWN OF WINNSBORO, SOUTH CAROLINA

(SEAL)

By:


Quay W. McMaster
Mayor, Town of Winnsboro
South Carolina

ATTEST:


Loretta M. Smith, Clerk/Treasurer,
Town of Winnsboro, South Carolina

Dated: August 19, 1986

EXHIBIT

AUG 28 1986

NO. 14

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
)
COUNTY OF FAIRFIELD)

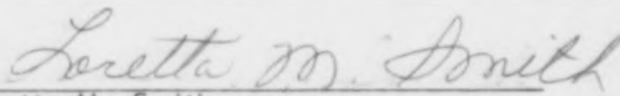
THIS IS TO CERTIFY that the foregoing is an exact, verbatim copy of a Resolution unanimously adopted at a duly called and held regular meeting of the Town Council of the Town of Winnsboro, South Carolina, held in the Council Chambers, Town Hall, Winnsboro, South Carolina, on August 19, 1986, at which meeting a quorum was present and remained throughout and which meeting was open to the public.

Written public notice of all regular meetings for the current calendar year was given at the beginning of this year by posting a copy of the notice, containing the dates, times and places of such meetings, at the principal office of the Town Council. The agenda for the said meeting was posted on a bulletin board at the office of the Town Council at least twenty-four (24) hours prior to said meeting. An effort was made on behalf of the Municipal Council to notify local news media and such other news media as may request official notification of the time, date, place and agenda of said meeting. The efforts were noted in the minutes of such meeting.

That the said Resolution was offered by Councilmember STEELE seconded by Councilmember, MEDLIN and has been recorded in the Town Council's records of proceedings and remains in my custody as Clerk/Treasurer, and that the said Resolution remains in full force and effect and has not been amended, modified, or repealed.

WITNESS my Hand and the Seal of the Town of Winnsboro, South Carolina, this 20 day of August, A.D., 1986.

(SEAL)


Loretta M. Smith
Clerk/Treasurer
Town of Winnsboro, South Carolina

X H I B I T

AUG 28 1986 NO. 14

STATE BUDGET & CONTROL BOARD

02244

EXHIBIT

State of South Carolina

AUG 28 1986

NO. 14

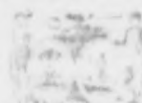
State Budget and Control Board

STATE BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

August 28, 1986

C E R T I F I C A T E

STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS TENTATIVE ALLOCATION, CALENDAR YEAR 1986

TO: Town of Winnsboro
\$2,700,000
Natural Gas System Revenue Bonds
(Natural Gas Distribution System Project)

The State Budget and Control Board has made a tentative allocation of the State Ceiling established in the Deficit Reduction Act of 1984 in the amount indicated to the referenced bonds/notes and project. This allocation is valid for calendar year 1986 only. It will expire ninety (90) calendar days from August 28, 1986 (the date the allocation was approved by the Board), if the bonds/notes for which the allocation has been approved have not been issued prior to that time.

Before this tentative allocation becomes final, Board Regulation \$19-103.06 and \$19-103.07 require that the exact amount of the bonds/notes being issued be certified to the Board Secretary by the issuing authority **before** the issue is made. In response to that issue amount certificate, the Secretary will issue a certificate which makes the ceiling allocation final.

I certify that, to the best of my knowledge, this allocation was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

Grady L. Patterson, Jr.

Attest:

William A. McInnis, Secretary

02245

State of South Carolina
State Budget and Control Board



RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

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

December 1, 1986

Town of Winnsboro
c/o Mr. Samuel W. Howell, IV
McKay & Guerard
Box 7157
Columbia, SC 29202

Dear Mr. Howell:

Re: \$2,700,000 Town of Winnsboro, South Carolina,
Natural Gas System Revenue Bonds
(Natural Gas Distribution System Project)

By means of a certificate dated August 28, 1986, executed by State Treasurer Grady L. Patterson, Jr., and me, you were advised that an allocation of \$2,700,000 of the State Ceiling established in the Deficit Reduction Act of 1984 had been made by the Budget and Control Board for the referenced project.

The 90-day life of this allocation has now elapsed. Therefore, in accord with Regulation 19-103.08, this letter cancels the referenced certificate and its effect is to reduce the \$2,700,000 allocation to zero.

Sincerely,

William A. McInnis

William A. McInnis
Secretary

WAM:dw

02246

EXHIBIT

AUG 28 1986

NO. 15

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION
ITEM NUMBER

10

AGENCY: Family Farm Development Authority

SUBJECT: Interest Rates, Agricultural Development Revenue Bonds

At its meeting on July 15, 1986, the Board approved the Family Farm Development Authority proposals to issue the following Agricultural Development Revenue Bonds, with 7% interest rates:

Frank M. Senn, Sr.	\$240,000
Sandra K. Senn	250,000
Barbara Ann Senn	250,000

Bond counsel advises that the banks purchasing the bonds have requested that a provision be included to allow for an increase in the rate of interest if the maximum corporate tax rate should be reduced.

The maximum corporate tax rate is presently 46%. Under the proposed Tax Reform Act, the maximum corporate tax rate will be 34%. For the banks to have the equivalent yield on these obligations, the interest rate will be increased if the maximum corporate tax rate is reduced.

Bond counsel advises that the interest rate on the Senn bonds will be increased to not to exceed 12%.

BOARD ACTION REQUESTED:

Approve a revision in the Family Farm Development Authority Agricultural Development Revenue Bonds for the Frank M. Senn, Sr., Sandra K. Senn and Barbara Ann Senn projects to allow an increase in the interest rate from 7% to not to exceed 12%.

ATTACHMENTS:

McLeod August 20 letter to McInnis

62247

EXHIBIT

MCNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
NCNB TOWER
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
803-799-9800

AUG 28 1986 NO. 15
STATE BUDGET & CONTROL BOARD

ROBERT E. MCNAIR
TERRELL L. GLENN
JAMES S. KONDOROS
D. WAYNE CORLEY
E. MILEO SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
EMORY H. SNEEDEN
EDWARD H. FORGOTTSON*
STEPHEN KOPLAN*
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
H. JOHN BOWEN, JR.
DENNIS C. THELEN*
JOHN K. LUMPKIN, JR.
JOHN W. CURRIE
SCOTT Y. BARNES
M. ELIZABETH CRUM
THEODORE J. HOPKINS, JR.
DANIEL R. MILEDO, JR.
WILLIAM S. ROSE, JR.
BERNARD J. WUNDER, JR.

HUEL D. ADAMS, JR.
JAMES R. FIELDS, JR.
M. CRAIG GARNER, JR.
LAWRENCE R. HIGGINS*
BRENTON D. JEFFCOAT
ROBERT T. BOCKMAN
EDWIN W. JOHNSON
PETER L. MURPHY
C. ALAN RUNYAN
JOHN W. FOSTER
ELIZABETH VAN DOREN GRAY
WILMOT B. IRVIN
APRIL C. LUCAS
ROBERT E. STERR
KATHLEEN CRUM MCKINNEY
E. RUSSELL JETER, JR.
M. WILLIAM YOUNGBLOOD
CARL B. CARRUTH
JOHN W. HUNTER*
RICHARD J. MORGAN
J. SIMON FRASER
CHRISTOPHER M.G. HOLMES

DEBORAH K. OWEN*
SARA S. ROGERS
PAUL E. SULLIVAN*
DOROTHY M. HELMS
NANCY PAGE
SANDRA L. RANDELMAN
JANE W. TRANKLEY
J. LYLES GLENN IV
CELESTE TILLEY JONES
KATHERINE ELIZABETH MIMS
JOSEPH D. WALKER
NANCY R. JEFFERS
ALISON RENEE LEE
MARTHA R. MUMFORD
GREGORY D. DELDACH
WILLIAM ASHLEY JORDAN, JR.
ELIZABETH BOWE ANDERS
WILLIAM M. MUSSER
SHARON E. CRAWLEY
T. PARKIN HUNTER
ROBERT E. MCMAHAN, JR.
MARY DONNE PETERS

*NOT ADMITTED IN SOUTH CAROLINA

August 20, 1986

THOMAS H. BARKSDALE, JR.*
JAMES E. CARR
RALPH W. KITTLE*
JOHN H. LUMPKIN, SR.
OF COUNSEL
GREENVILLE OFFICE
SUITE 1201
NCNB PLAZA
7 NORTH LAURENS STREET
GREENVILLE, S.C. 29601
803-271-4940
HILTON HEAD ISLAND OFFICE
NCNB BUILDING
POPE AVENUE
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S.C. 29928
803-785-5169
WASHINGTON OFFICE
SUITE 400
MADISON OFFICE BUILDING
1155 15TH STREET, N.W.
WASHINGTON, D.C. 20005
202-659-3900

Mr. William A. McInnis
Deputy Executive Director
South Carolina State Budget and
Control Board
Wade Hampton Building, Room 618
Columbia, South Carolina 29211

DELIVERED BY HAND

RE: South Carolina State Family Farm Development
Authority, Agricultural Development Bond,
1986, \$240,000 (Frank M. Senn, Sr., Project)
File No. 5464/3133

South Carolina State Family Farm Development
Authority, Agricultural Development Bond,
1986, \$250,000 (Sandra K. Senn, Project)
File No. 5464/3134

South Carolina State Family Farm Development
Authority, Agricultural Development Bond
1986, \$250,000 (Barbara Ann Senn, Project)
File No. 5464/3132

Dear Bill:

The Budget and Control Board has previously approved each of the
above referenced bond issues of the South Carolina State Family Farm
Development Authority. The respective rates of interest for each
of the Senn bond issues is 7%.

02248

EXHIBIT

AUG 28 1986 NO. 15

Mr. William A. McInnis
August 20, 1986
Page Two

STATE BUDGET & CONTROL BOARD

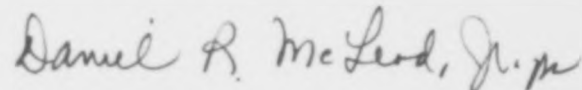
The banks which are purchasing the bonds have recently requested that a provision be included in the bonds to allow for increase in the rate of interest if the maximum corporate tax rate should be reduced. Presently, the maximum corporate tax rate is 46%. Under the proposed Tax Reform Act the maximum corporate tax rate will be 34%. Thus, for the banks to have the equivalent yield on these obligations, the interest rate will be increased if the maximum corporate tax rate is reduced.

The rate of interest on the Senn bonds will be increased to not to exceed 12%. I request that you present this matter to the Board at its meeting on August 28 and request that the interest rates be approved.

If you should need any further information please contact me.
With kind regards, I am

Yours very truly,

McNAIR LAW FIRM, P.A.



By: Daniel R. McLeod, Jr.

DRM/mma

cc: Clyde Livingston, Family Farm Authority
Charlie Crews, Family Farm Authority

62249

EXHIBIT

AUG 28 1986

NO. 16

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION

ITEM NUMBER

11

AGENCY: Old Exchange Building Commission

SUBJECT: Bond Contingency Revolving Fund Allocation Request

The Old Exchange Building Commission asks for Board approval of an allocation of \$35,422 of capital improvement bond funds from the Bond Contingency Revolving Fund to finance roofing and structural repairs. The repairs are considered essential by the Commission which also asks that the request be viewed as an emergency one. Commission Chairman Joyce Ellis says that continued deterioration of the building will cause a loss of rental revenue (which now is about half of the Commission's revenue income) because of unsafe spaces and unsightly appearance. She also cites possible liability for damage to artifacts and the actual return of loaned items because of the building's poor condition. She reports that a pastel portrait valued at \$75,000 has been damaged severely by moisture.

The Commission has had the building examined by several architects and engineers who have recommended that the emergency repairs outlined in the attachments be made.

This request is being presented to the Bond Committee which, under Act 179 of 1981, must also approve the use of these funds.

BOARD ACTION REQUESTED:

Approve an allocation of \$35,422 from the Bond Contingency Revolving Fund to finance emergency roof and structural repairs to the Old Exchange Building Commission.

ATTACHMENTS:

Ellis 8/13/86 letter to McInnis plus attachments

C2250



THE OLD EXCHANGE
and Provost Dungeon

East Bay at Broad Street
Charleston, South Carolina 29401
Telephone: 803/792-5020

EXHIBIT

AUG 28 1986

NO. 16

STATE BUDGET & CONTROL BOARD

August 13, 1986

Marie Colton Pelzer
Executive Director

Mr. William A. McInnis
South Carolina Budget and Control Board
612 Wade Hampton Office Building
P. O. Box 12444
Columbia, South Carolina 29211

Dear Mr. McInnis,

Enclosed is Form A 13, Project Proposal and Request for emergency relief for the Old Exchange Building Commission.

The Commission, a State Agency, was created in 1976 for the express purpose of preservation and restoration of the Building. The building was leased from the Daughters of the American Revolution for state use by lease agreement dated December 16, 1976 for a period of 25 years with 3 additional 25 year options. Paragraph 8 of the lease agreement requires the commission to assume responsibility for the upkeep and security of the building.

The building restoration was funded by state and federal funds administered by the Department of Archives and History and the S. C. Parks, Recreation and Tourism and was substantially completed in October of 1981.

Since that time the Commission has from time to time sought relief of construction defects arising from the restoration. Please refer to the letter dated July 27, 1982 to the project architect and resolution of August 24, 1982. At the time of the August 24th resolution the Commission sought relief from the Architect and Contractor and asked the Attorney General's Office to act as our representative. To this end Dick Kale of his office has an extensive file on the matter. He will be available upon your request to review the legal recourses and liabilities of the State. Since that time no corrective action was taken by the architect or contractor and the leaking conditions have caused the building to further deteriorate.

The deteriorations have reached alarming proportions evidenced by the 3 independent consultants' reports which are made a part of this letter.

Unless immediate corrective action is taken the commission will be in violation of its obligation pursuant to the lease agreement and legislative charge.

02251

"One of the three great public buildings of Colonial America"

Restored and administered by The Old Exchange Building Commission, an agency of the South Carolina state government.

65

EXHIBIT

AUG 28 1986

NO. 16

STATE BUDGET & CONTROL BOARD

Page 2

Mr. William A. McInnis

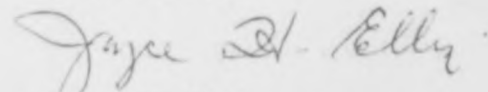
August 13, 1986

Continued deterioration will cause the commission to suffer from 1) loss of rental revenue (now approximately 50% of revenue income) because of unsafe public spaces and unsightly appearance 2) liability for damages to artifacts caused by the resultant moisture content in the building precludes the acquisitions of artifacts, necessary for the museum and has in fact necessitated the return of several loaned items to the protection of their owners. (To date a most valuable pastel portrait of an early S. C. Governor Circa 1720 by America's first woman artist valued at \$75,000.00 has been severely damaged by moisture.) 3) Increased damage as a result of active termites which will continue as long as a source of water is available at the roof line.

Due the above emergency circumstances we request our application be acted on as soon as possible.

Your immediate attention to this matter will be greatly appreciated.

Yours truly,



Joyce H. Ellis,
Chairman, Old Exchange Building
Commission

Enclosures
Bivens Report
Esslinger Report
Clark Report
Lease Agreement
Legislative Act
News Articles
Form A 13

02252

66

For Board Use Only

3-87 (16a)

Packet Number

PROJECT PROPOSAL AND JUSTIFICATION STATEMENT

FOR ANNUAL PERMANENT IMPROVEMENT PROGRAM FOR FISCAL YEAR 87

1. PROJECT IDENTIFIERS:

A. Agency: Number P48 Name Old Exchange Building
B. Contact Person Marie C. Pelzer, Director Phone: 792-5020
C. Project Name: Roof Repair and Renovations # 9094
D. Facility Affected: Name Old Exchange Building Number P48

2. PROJECT DESCRIPTION (What does it consist of? Attach supporting documentation):

The project will correct roofing and structural defects due to problems arising from restoration of the building completed in October, 1981. Several roof leaks causing severe damages to interior plaster walls, structural members, and exterior stucco will be repaired. Also active termite damage will be repaired.

Site Description: (Attach a map showing project location)
Location: Charleston 10 Charleston 122 East Bay St.
county code city site

3. PROJECT JUSTIFICATION (What does it consist of? Attach supporting documentation):

See attached

(What specific needs does this project address?):

This projects fulfills the charge given to the commission by the legislature upon creation of the commission to "have the responsibility of reviewing the problems and opportunities presented in the Preservation and Restoration of the Exchange Building R 798 H3880.

4. ALTERNATIVES CONSIDERED AS A MEANS OF MEETING NEEDS SPECIFIED IN #3:

There are no alternatives other than the repair of the building.

5. PRIORITY: This project is priority number 1 of projects proposed in this program

6. ADDITIONAL OPERATING COSTS: Will this project require additional annual operating costs?

Yes No X If yes, complete and attach addendum A-49.

7. ESTIMATES OF PROPOSED PROJECT COSTS:

A. Total estimated cost of project \$ 35,422.00

B. Total estimated cost of project includes the following (1. through 10 = 7A above)

- (1) \$ Planning/design services
(2) Site work (including utilities)
(3) Central energy systems repair/replacement
(4) Mechanical systems repair/replacement
(5) General renovation/repair of floor space (Gross sq. ft.)
(6) 9,600.00 Roof repair/replacement
(7) Construction of additional floor space: (Gross sq. ft.)
(8) 2,500.00 Equipment/supplies
(9) Purchase of facilities: (Floor space, gross sq. ft.)
(Land, acres:)
(10) 23,322.00 Other (Specify) See attached estimate of repair

\$ 35,422.00 Total (Same as 7 A)

EXHIBIT

AUG 28 1986

NO. 16

STATE BUDGET & CONTROL BOARD

02253

55

7. C Total estimated cost of project by broad purpose: Total cost: \$ 35,422.00
(equals 1 through 8, below and is same as 7A)

1. Purchase land	\$ _____	5. Restore facility	\$ _____
2. Purchase facility	\$ _____	6. Maintain facility	\$ _____
3. Demolish facility	\$ _____	7. Replace facility	\$ _____
4. Construct additional facility	\$ _____	8. Other: _____	\$ <u>35,422.00</u>

8. PROJECT COMPLETION SCHEDULE AND ESTIMATED EXPENDITURES BY FISCAL YEAR:

A. Estimated expenditures and expenditure purposes, this FY: 87 \$ 35,422.00
(Expenditure purposes (use 7B categories): _____)

B. Estimated expenditures after this FY: \$ -0-

C. Total (Same as 7A, 7B and 7C): \$ 35,422.00

9. PROPOSED SOURCES OF FUNDS: Type	Amount	Revenue Code	Treasurer ID Number	Sub Fund	Mini Code	Object Code
(0) Capital Improvement Bonds <i>and Contingency Revolving Fd</i>	\$ <u>35,422.00</u>	<u>8115</u>	<u>022 01200</u>	<u>3043</u>	<u>9001</u>	<u>0700</u>
(1) Dept Capital Imp Bonds						
(2) Inst (tuition) Bonds						
(3) Revenue Bonds						
(4) Excess Debt Service						
(6) Appropriated State						
(7) Federal						
(8) Athletic						
(9) Other						
TOTAL (Same as 7A)	\$ <u>35,422.00</u>					

EXHIBIT

AUG 28 1986

NO. 16

STATE BUDGET & CONTROL BOARD

10. Submitted By:

Authorized Official: Joyce H. Ellis, Chairman
Joyce H. Ellis
Typed Name and Title and Signature

Date Submitted 8/13/86
FY Submitted _____

11. APPROVED (For Board Use Only):

Typed Name and Title and Signature
PROJECT NUMBER _____
PROJECT NAME _____

Date

02254

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EXHIBIT

AUG 28 1986 NO. 16

STATE BUDGET & CONTROL BOARD

ESTIMATED COST OF EMERGENCY REPAIRS OLD EXCHANGE BUILDING AUGUST 13, 1986

ROOF

Replace 70 slates @ \$20.00 ea.	\$1,400.00
Repair lead valleys and flashing 250 sf @ \$6.00	1,500.00

STUCCO

Clean and repair damaged bands 12 places @ 12 mh ea x \$15/hr	2,160.00
Remove and replace window trim 6 ea @ 12 mh ea x \$15/hr	1,080.00
Rout out and repair cracks 60 lf @ \$5.00	300.00

TOILET TILE

Rout out and patch cracks LS	400.00
------------------------------	--------

CUPOLA

Remove and replace siding 350 sf @ \$.00	1,400.00
Replace caulking 2,000 lf @ \$1.20	2,400.00
Scrape and sand and repaint siding 1,400 sf @ \$1.00	1,400.00
Scaffolding LS	1,000.00

PAINTING EXTERIOR

Scrape sand and repaint trim 1,000 sf @ \$1.50	1,500.00
Prepare and repaint windows 28 @ \$24.00	672.00

REPAIR RIDGE BEAMS 2 @ \$250.	500.00
-------------------------------	--------

STAGING LS	2,500.00
------------	----------

PAINTING AND PLASTER REPAIRS INTERIOR

Plaster repair Hayne Room	
Repaint Hayne Room	
Plaster repair Great Hall	
Repainting Great Hall	
Plaster repairs office	
Repainting office	
Plaster repair projector Room	
Repaint projector room	8,350.00

02255

EXHIBIT

AUG 28 1986 NO. 16

STATE BUDGET & CONTROL BOARD

SUB TOTAL	fm prev page	\$25,302.00
CONTINGENCIES	+15%	3,795.00
O H & P	+25%	6,325.00
		\$ 35,422.00

02256

58

THIS CASE MAY HAVE SOME OR ALL OF THE FOLLOWING DEFECTS WHICH MAY BE QUESTIONABLE WHEN READING. IN SPECIAL PROBLEM AREAS, THIS ROLL NOTE MAY BE REFILMED BEFORE THE DOCUMENT OR DOCUMENTS IN QUESTION.

1. PHOTOCOPY NOT CENTERED PROPERLY CUTTING OFF SOME OF THE INFORMATION.
2. DOCUMENTS ARE OF POOR QUALITY AND MAY NOT PHOTOGRAPH WELL.
3. DOCUMENTS DAMAGED OR TORN BEFORE ARRIVING FOR FILMING.
4. DOCUMENTS CONTAIN A DOUBLE-COPY IMAGE, THE UNDERLYING IMAGE IS IRRELEVANT TO THE READABLE INFORMATION.
5. DOCUMENTS WITH GLUED INSERTS WHICH WERE OR COULD NOT BE REMOVED, INFORMATION MAY OR MAY NOT BE UNDER THE INSERT.
6. OVERSIZED DOCUMENTS THAT COMPRISE TWO OR MORE FRAMES.
7. EXTREMELY DARK COLORED DOCUMENTS THAT LACK CONTRAST BETWEEN WRITING AND BACKGROUND.
8. THE NUMBERED PAGES OF THESE FILES MAY APPEAR TO BE MISSING, OR NUMBERED WRONG.



THE OLD EXCHANGE and Provost Dungeon

East Bay at Broad Streets
Charleston, South Carolina 29401
Telephone 803/792-5020

EXHIBIT

AUG 2-8 1988 No. 16

July 27, 1982

STATE BUDGET & CONTROL BOARD

Mr. Jack Mitchell, Architect
10 N. Atlantic Wharf
Charleston, S.C. 29401

Dear Mr. Mitchell:

The Old Exchange Building Commission will have its next regular meeting at 10:00 a.m. on the 24th day of August in the Exchange Building and would like very much to have you attend.

We have listed below those items which still need to be repaired or corrected and would like to have a report from you on the 24th regarding the status of these items listed and items previously reported.

First Floor

- Rebecca Motte Chapter Room: Water damage in kitchen and main room
- Main Foyer: Doors need to be properly insulated
- State DAR Room: Leaks
Needs to be repainted in places as a result of water damage
Doors are splitting
- Hall: Cover for override switches controlling air conditioning and heating has fallen off
- Stairwell: Leaks under door

Second Floor

- Kitchen: Lock on door needs to be replaced
Tile needs to be replaced due to leaking refrigerator
- Great Hall: Set nails in sections of floor which was replaced.
Additional flooring may need replacing.
- Hayne Room: Leaks
Water damage - needs repainting

"One of the three great public buildings of Colonial America"

Maintained and administered by The Old Exchange Building Commission, an agency of the South Carolina state government.

02257

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EXHIBIT

Staff Room:

Leaks

AUG 28 1986

No. 16

Office:

Leaks

STATE BUDGET & CONTROL BOARD

Dungeon:

Leaks at bottom of Stairwell

Handicapped door needs to be repaired or replaced.

Jack, if you have any questions about the above items, please contact Mrs. McGinnis at the Exchange Building and she will be glad to help you.

We look forward to seeing you next month.

Sincerely,

Mrs. Armine Richardson,
Chairman

Mrs. Joyce Ellis,
Chairman, Operating Committee

cc: Mr. Vic Evans, Attorney General's Office
Jerry Jackson, State Engineer's Office
Mr. John McPherson, State Engineer's Office
File

02258

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R E S O L U T I O N

WHEREAS,

Repeated requests have been directed by this Commission to Charleston Constructors and to the architectural firm of Mitchell, Small, Donahue, and Logan to correct certain structural and/or equipment faults resulting from the recent restoration of the Old Exchange Building and

WHEREAS,

No positive results have been achieved as a result of such requests despite their continued repetition over a considerable period of time, it is therefore

RESOLVED,

That a formal demand be conveyed to Charleston Constructors and to the architectural firm of Mitchell, Small, Donahue, and Logan that all structural and/or equipment defects previously noted be corrected by no later than September 10, 1982, and be it

RESOLVED FURTHER,

That the Commission Administrator be directed to contact the Commissions insurers in an effort to determine whether claims for the damages noted are valid, and be it

RESOLVED FURTHER,

That the Attorney General of South Carolina be requested to take whatever action might be deemed appropriate should the deficiencies not be corrected.

Unanimously Adopted, August 24, 1982,

For the Old Exchange Building Commission

EXHIBIT

AUG 28 1986

NO. 16

STATE BUDGET & CONTROL BOARD

Armine K. Richardson
Chairman

02239

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EXHIBIT

AUG 28 1986

NO. 17

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION
ITEM NUMBER

12

AGENCY: Technical Education

SUBJECT: Land Acquisition/Exchange (Midlands-Beltline Campus)

A proviso in Section 29 of the 1986-87 Appropriations Act requires prior approval of land acquisitions by the Budget and Control Board and the Joint Bond Review Committee.

The proposed Technical Education land acquisition involves an exchange of equal value property and would establish the current location of Gills Creek as the legal boundary as agreed upon by Midlands Technical College and the private landowner.

BOARD ACTION REQUESTED:

Approve the State Board for Technical and Comprehensive Education proposal to exchange/acquire property to establish the current location of Gills Creek as the legal boundary as agreed upon by Midlands Technical College - Beltline Campus and the private landowner, contingent upon approval by the Joint Bond Review Committee.

ATTACHMENTS:

McInnis August 13 letter to Senator Smith plus attachments

02260

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
STATE BUDGET DIVISION
406 WADE HAMPTON STATE OFFICE BUILDING
COLUMBIA, S.C. 29201

EXHIBIT

AUG 28 1986

NO. 17

STATE BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



A. BARON HOLMES, IV, Ph.D.
DIVISION DIRECTOR

August 13, 1986

REMBERT C. DENNIS
CHAIRMAN
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE

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

The Honorable Horace C. Smith, Chairman
Joint Bond Review Committee
410 Gressette Building
Columbia, South Carolina 29201

Subject: Land Acquisition/Exchange for Technical
Education (Midlands-Beltline Campus)

Dear Senator Smith:

A proviso (Attachment A) to Section 29 of the 1986-87 Appropriation Bill for the State Board for Technical and Comprehensive Education requires prior approval of land acquisitions by the Budget and Control Board and the joint Bond Review Committee. This particular land acquisition involves an exchange of essentially equal value property which would establish the current location of Gills Creek as the legal boundary as agreed upon by Midlands Tech and the private landowner.

Copies of the professional appraisal and the Commission on Higher Education approval are attached for the Committee's review. Please let us know if additional information is needed.

Sincerely,

William A. McInnis

William A. McInnis
Deputy Executive Director

WAMcI/ag

Attachments

cc: Croft, Paschal, Sprott, Hooks, Inkley

C2261

EXHIBIT

SECTION 29
ST. BD. FOR TECHNICAL & COMPREHENSIVE ED.

AUG 28 1986

NO. 17

	<u>Total Funds</u>	<u>General Funds</u>
EMPLOYER CONTRIBUTIONS	15,078,829	12,251,250
TOTAL FRINGE BENEFITS	15,078,829	12,251,250
TOTAL STATE EMPLOYER CONTRIBUTIONS	15,078,829	12,251,250
	=====	=====
TOTAL EMPLOYEE BENEFITS	15,090,631	12,263,052
	=====	=====
TOTAL STATE BOARD FOR TECHNICAL & COMPREHENSIVE EDUCATION	\$178,629,192	\$84,935,176
	=====	=====
TOTAL AUTHORIZED FTE POSITIONS	(3446.39)	(2695.40)
	=====	=====

STATE BUDGET & CONTROL BOARD

SECTION 29
ST. BD. FOR TECHNICAL & COMPREHENSIVE ED.

Provided, That before any local technical education area commission may acquire any real property, the approval of the State Board for Technical and Comprehensive Education and the State Budget and Control Board and the Joint Bond Review Committee shall be obtained.

land acquisition
proviso

Provided, Further, That local area commissions may dispose of real property that is surplus to their needs upon prior approval of the State Board for Technical and Comprehensive Education and the Budget and Control Board and the Joint Bond Review Committee. Proceeds from the sale of such property shall be deposited in the capital improvement account of the local institution.

Provided, Further, That notwithstanding the amounts appropriated in this section for "Special Schools", it is the intent of the General Assembly that the State Board for Technical and Comprehensive Education expend whatever available funds as are necessary to

EXHIBIT

AUG 28 1986

NO. 17

STATE BUDGET & CONTROL BOARD

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET

SUITE 650

COLUMBIA, S. C. 29201

HOWARD R. BOOZER
EXECUTIVE DIRECTOR

July 11, 1986

TELEPHONE
803/758-2407

MEMORANDUM

To: Mr. Charles E. Shaw

From: Charles A. Brooks, Jr. *Charles A. Brooks, Jr.*

Please be advised that the Commission on Higher Education on July 10, 1986 approved the following projects:

1. College of Charleston
 - a. Purchase of 9 Liberty Street Building
 - b. Construction of a Dormitory
 - c. Renovation and Expansion of Craig Cafeteria
2. Midlands Technical College Belt-line Campus
 - a. Exchange of Property

Please let us know if additional information is needed.

CAB/jm
Attachment

CC: Dr. James A. Paschal
Mr. John E. Smalls

02263

EXHIBIT

AUG 28 1986

NO. 17

Midlands Technical College

Belt-Line Campus

STATE BUDGET & CONTROL BOARD

Consideration of Exchange of Property

Midlands Technical College requested approval to exchange a piece of property at Beltline Campus for property owned by an individual.

The owner of the private property and staff of Midlands Tech have met in regard to straightening the property line to follow the current location of Gills Creek. This would clearly define the property line and would eliminate the College and the private land owner having property divided by Gills Creek.

The sizes of the 2 parcels are approximately the same (one acre) and the appraised value is the same (\$3,000).

The Commission has approved this request.

02264



STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

111 Executive Center Drive, Columbia, South Carolina 29210 Tel. 758-6915

JUN -2 1986

H. R. BOOZER

G. WILLIAM DUDLEY, JR.
EXECUTIVE DIRECTOR

THE STATE BOARD

OFFICERS

P. HENDERSON BARNETTE
CHAIRMAN

CLIFF B. MORGAN
VICE-CHAIRMAN

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Rock Hill, S.C.
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Timmonsville, S.C.
Sixth Congressional District

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At-Large

OSCAR E. PRIOLEAU
Greenville, S.C.
At-Large

CHARLIE G. WILLIAMS
Columbia, S.C.
Superintendent of Education
Ex-Officio

J. MAC HOLLADAY
Columbia, S.C.
State Development Board
Ex-Officio

May 29, 1986

EXHIBIT

AUG 28 1986

NO. 17

STATE BUDGET & CONTROL BOARD

Dr. Howard R. Boozer
Executive Director
Commission on Higher Education
1429 Senate Street
Columbia, SC 29201

Dear Dr. Boozer:

Attached, please find documentation supporting a request from Midlands Technical College to exchange equal pieces of property at the edge of the Beltline Campus.

The State TEC Board approved the exchange during the meeting of May 23, 1986. Please facilitate approval by the Commission on Higher Education.

If there are any questions, please let me know.

Sincerely,

Donald R. Peterson
Donald R. Peterson
Fiscal Affairs Coordinator

DRP:ck

Enclosures

02265

☐ PRESENTLY MTC PROPERTY

☐ PRESENTLY HAMPTON PROPERTY

MIDLANDS TECHNICAL COLLEGE

EXHIBIT

AUG 28 1986 NO. 17

STATE BUDGET & CONTROL BOARD

APPTS

590.0'

JORDAN (MARTIN)

OLD RUN OF GILLS CREEK

1.05 ACRE

ROVELLO DRIVE EXTENSION

H/F AMELORIE HAMPTON, JR

NORTH

SEWER MAIN

FORCED

PRESIDENT RUN

1.19 ACRE

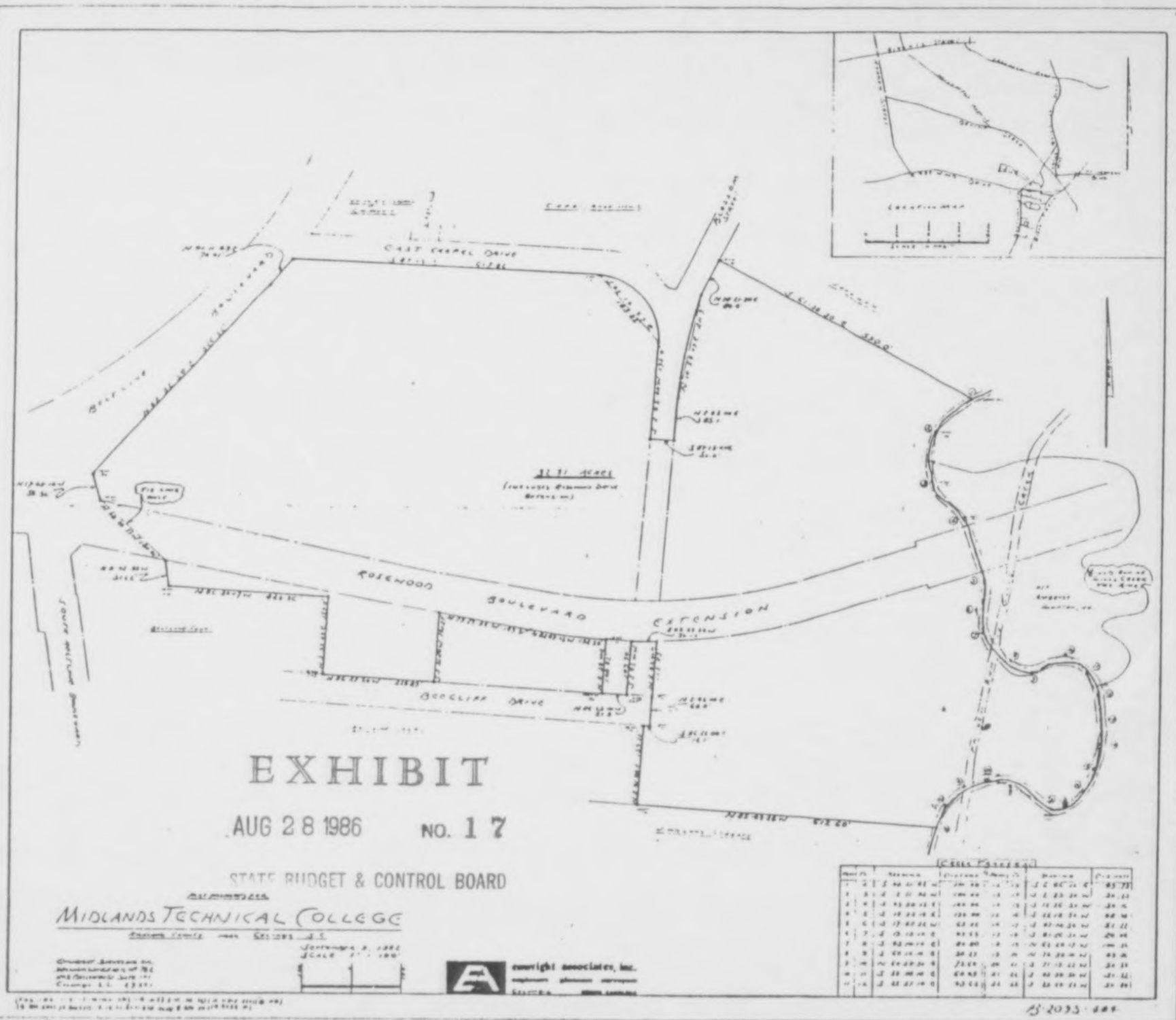
1.26 ACRE

80' R/W
GILLS CREEK
TRAIL

612.60'

02266

02257



Harvey J. Rosen



REAL ESTATE APPRAISER AND CONSULTANT

1716 BULL STREET — PHONE 252-9321
COLUMBIA, SOUTH CAROLINA 29201

December 16, 1985
File 85-534

EXHIBIT

AUG 28 1986 NO. 17

STATE BUDGET & CONTROL BOARD

Mr. Don Morris, Director of Operations
Midlands Technical College
316 Beltline Boulevard
Columbia, SC 29205

Dear Mr. Morris:

At the request of Mr. Hank Ritmeester, agent for Dr. Ambrose Hampton, Jr., we have inspected and evaluated for appraisal the properties owned by Mrs. Henriette D. Hampton located on the north and south sides of Rosewood Drive Extension identified on a plat in the addenda as area "A-1" and area "A-2," Columbia, Richland County, South Carolina. We have also inspected and evaluated for appraisal the property owned by Midlands Technical College located on the west side of Gills Creek Parkway south of Rosewood Drive Extension, near Columbia, Richland County, South Carolina identified on a plat in the addenda as a portion of Area "B".

Our appraisal covers the land as of December 3, 1985.

We hereby certify that Charlene K. Frye has personally examined the property appraised.

We have no present or contemplated future interest in the property appraised, and the compensation received for making this appraisal is not contingent upon the value reported.

To the best of our knowledge and belief all statements and information in this report are true and correct and no important facts have been withheld or overlooked.

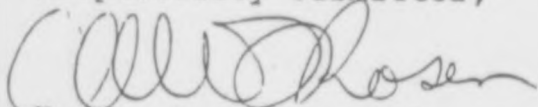
02268

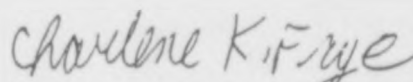
Mr. Don Morris
December 16, 1985
Page 2

Our opinion of the market value of the land as based on current indications of value is as follows:

Henriette D. Hampton Property
1 (plus or minus) acres X \$3,000 per acre = \$3,000
Midlands Technical College Property
1 (plus or minus) acres X \$3,000 per acre = \$3,000

Respectfully submitted,


Harvey J. Rosen, SRA


Charlene K. Frye, Appraiser

This letter of transmittal and appraisal certificate includes a report of 13 pages and 11 exhibits attached hereto and made a part thereof.

HJR/ckf:fwh

EXHIBIT

AUG 28 1986 NO. 17

STATE BUDGET & CONTROL BOARD

02269



MAY 13 1986

EXHIBIT

AUG 28 1986

NO. 17

STATE BUDGET & CONTROL BOARD

TO: Don Peterson
FROM: Don H. Morris *Don*
SUBJECT: Exchange of Property - Beltline Campus
DATE: May 13, 1986

Currently, the eastern property line of the Beltline Campus is "the old run of Gills Creek." Over the years the creek has changed its channel and the exact location of the property line is hard to determine. Also, a portion of the college property is now on the east side of Gills Creek and private property is on the west side of Gills Creek.

We have been approached by Mr. Hank Ritmeester who represents the adjacent property owner, Mr. Ambrose Hampton, Jr., in regard to straightening the property line to the current location of Gills Creek. This would clearly define the property line and would eliminate the college and the Hampton's having property divided by Gills Creek. The appraisal of the property states that the property is approximately equal in size (one plus or minus acre) and also equal in value (\$3,000) (copy of appraisal attached). Also, attached is a plat of the Beltline Campus and a section of the east portion of the plat indicating by color the property to be exchanged.

Please proceed with obtaining approvals as required and if you have any questions or need to discuss, please contact me.

Thank you for your assistance and cooperation in this matter.

Enclosures

CC: Dr. Lester W. Reed, Jr.

02270

EXHIBIT

AUG 28 1986

NO. 18

STATE BUDGET AND CONTROL BOARD

STATE BUDGET & CONTROL BOARD

REGULAR SESSION

MEETING OF August 28, 1986

ITEM NUMBER

13

AGENCY: General Services

SUBJECT: Sale of DMR Residence on Timberlane Drive

The Division of General Services advises that the Department of Mental Retardation is seeking Board approval to sell the community residence on Timberlane Drive to the Richland/Lexington County Mental Retardation Board.

The Division advises that the direct sale to the County Board, a subordinate governmental entity, will ensure continued operation of the residence for mentally retarded individuals and will support the County Board's activities.

The sale price will be \$85,000 plus \$9,000 for furniture and other items of value, for a total of \$94,000.

It is requested that proceeds from the sale be returned to the Department in accord with the proviso on the subject in Section 43 of the 1986-87 Appropriations Act.

BOARD ACTION REQUESTED:

Authorize the Department of Mental Retardation to sell the community residence on Timberlane Drive to the Richland/Lexington County Mental Retardation Board for \$85,000 plus \$9,000 for furniture and other items of value for a total of \$94,000, with the proceeds from the sale to be returned to the Department.

ATTACHMENTS:

Agenda item worksheet and attachments

02271

AUG 20 1986

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

August 28, 1986

☐ Blue Agenda

☐ Regular Session Agenda

☐ Executive Session Agenda

1. Submitted By:

(a) Agency: General Services

(b) Authorized Official Signature: Richard W. Kelly

Richard W. Kelly

2. Subject:

Sale of Mental Retardation Residence on Timberlane Drive

3. Summary Background Information:

The Department of Mental Retardation is seeking Board approval to sell the Community residence on Timberlane Drive to the Richland/Lexington County Mental Retardation Board. The reason for selling directly to the County Mental Retardation Board, which is a subordinate governmental entity, is to ensure continued operation of the residence for mentally retarded individuals, and to support the Board's activities. Mental Retardation has every assurance that the County Board will continue the residence's present status as a home for adult mentally retarded females. The sale price will be \$85,000.00 plus \$9,000.00 in furniture and other items of value, for a total selling price of \$94,000.00. It is also requested that proceeds from the sale be returned to Mental Retardation and not the General Fund.

4. What is Board asked to do?

Approve sale of property.

EXHIBIT

AUG 28 1986

NO. 18

STATE BUDGET & CONTROL BOARD

5. What is recommendation of the Board Division involved?

Approve

6. Recommendation of other office (as required)?

(a) Office Name

Authorized

(b) Signature

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available
from Submitter

Letter of August 4, 1986.

Appraisal of property.

Copy of Proviso.

02272

Charles D. Barnett, Ph.D.
Commissioner

Philip S. Massey, Ph.D.
Deputy Commissioner
Client Services

Lonnie A. Bowman, Jr.
Deputy Commissioner
Support Services

James E. Kirk
Deputy Commissioner
Fiscal Affairs



MENTAL RETARDATION COMMISSION

Mrs. Mary C. Ramsay, Chairman
Clarence H. Buurman, Ph.D., Vice Chairman
Mrs. Doris G. Woods, Secretary
Melvin L. Burton, Jr.
Mrs. Ava M. Hope
William deB. Mebane
Herbert Rudnick

South Carolina Department of Mental Retardation

2712 Middleburg Drive
P. O. Box 4706
Columbia, South Carolina 29240

August 4, 1986



EXHIBIT

Mr. Bruce Taylor
Real Property Management
S.C. Budget and Control Board
300 Gervais Street
Columbia, South Carolina 20201

Re: Timberlane Community Residence AUG 28 1986 NO. 18

Dear Bruce:

STATE BUDGET & CONTROL BOARD

The Department is in a position to sell the Timberlane Community Residence for its appraisal value of \$85,000 plus \$9,000 in furniture and other items of value which go with this property. I am enclosing for your information a copy of our title and plat to the property.

It is the Department's desire to sell this property directly to the Richland/Lexington County Mental Retardation Board for the appraised value. Further, in accordance with a recent proviso, the funds generated from this sale will return to the Department and not the general fund. I do not have a copy of this proviso, only a copy of the FY 86-87 Appropriations Bill; however, I am informed that the bill has passed and is in effect.

The reason for selling directly to the County MR Board, which is a subordinate governmental entity, is to ensure continued operation of the residence for mentally retarded individuals and, of course, to support the Board's activities. We have every assurance that the Board will continue the residence's present status as a home for adult mentally retarded females. In this regard, your assistance is requested in getting any approvals which may be required for this sale.

02273

EXHIBIT

AUG 28 1986

NO. 18

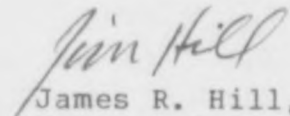
STATE BUDGET & CONTROL BOARD

Mr. Bruce Taylor
August 4, 1986
Page Two

Please let me know your thoughts on this transaction so that we may proceed appropriately.

Best wishes,

Yours truly,


James R. Hill, Jr.
General Counsel

JRHjr/bs

Enclosure: as stated

cc: Dr. Charles D. Barnett
Mr. Lonnie A. Bowman, Jr.
Mr. James E. Kirk

02274



RONALD C. ABBOTT, ED.D.
SUPERINTENDENT
MIDLANDS REGION

STATE OF SOUTH CAROLINA
DEPARTMENT OF MENTAL RETARDATION

MIDLANDS REGION
8301 FARROW ROAD
COLUMBIA, SOUTH CAROLINA 29203

CHARLES D. BARNETT, PH.D.
STATE COMMISSIONER

EXHIBIT

TO: Mr. Lonnie A. Bowman, Jr.
Deputy Commissioner
Support Services

FROM: *John L. Grant*
Mr. John L. Grant
Assistant Regional Superintendent

DATE: July 29, 1986

RE: Appraisal of Timberlane Community Residence

AUG 28 1986 NO. 18

STATE BUDGET & CONTROL BOARD

Attached is the appraisal of the above referenced property per your request. We have initiated action for payment to Mr. Shaw.

Not included on the appraisal is:

\$3,000.00 Fire Alarm System
\$1,000.00 Emergency Lights
\$5,000.00 Furniture, furnishings and Equipment
\$9,000.00 Total

I recommend this \$9,000 be added to the \$85,000 for a total selling price of \$94,000.

Please let me know if you need additional information.

JLG:jlw

Enclosure (Appraisal)



JUL 30 1986

SUPPORT SERVICES

02275

J. ROBERT SHAW & CO.

REAL ESTATE SALES / RENTALS / APPRAISALS
832 LAUREL ST., COLUMBIA, S.C. 29201

MEMBER NATIONAL ASSOCIATION OF REALTORS
Phone 792-9179



July 25, 1986



REALTOR
S. C. Dept of Mental
Retardation
8301 Farrow Road
Columbia, S. C.

Property: 4246 Timberlane Drive
Columbia, S. C.

1. Submitted herewith is an Appraisal Report of the above captioned property. The form attached hereto is used by most governmental agencies and financial institutions in the appraisal of residential properties. The information shown therein provides all the data and factors that are essential to assist in arriving at an opinion of value.
2. I certify that I have made a personal inspection of the subject property, and that to the best of my knowledge and belief, everything contained in the attached Report is correct. I have no past, present, or prospective interest in subject property.
3. No responsibility has been assumed for matters which are legal in nature. The property has been appraised as though free of indebtedness.
4. Based on my inspection, facts, data deemed reliable, and my opinions, it is my final opinion that the total market value of subject property, as of this date, is

Eighty Five Thousand (\$85,000) Dollars
5. Other usual normal appraisal assumptions and limiting conditions are applicable to this Report and valuation. As to the improvements, to specifically include the assumption that all mechanical equipment, wiring, and plumbing is in normal and safe condition; that there is no water, insect, or termite infestation or damages; and that all aspects of construction, not readily apparent, are in good and safe condition and were properly constructed.

Yours truly

J. Robert Shaw

EXHIBIT

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AUG 28 1986

NO. 18

STATE BUDGET & CONTROL BOARD

KIRK

PLEASE NOTE

An asterisk and boldface indicates items vetoed by the Governor on June 18, 1986. Because the General Assembly took no action on the vetoes prior to Sine Die adjournment, the effect is the same as if the vetoes were sustained.

(R624, H3550)

AN ACT TO MAKE APPROPRIATIONS TO MEET THE ORDINARY EXPENSES OF THE STATE GOVERNMENT FOR THE FISCAL YEAR BEGINNING JULY 1, 1986, AND FOR OTHER PURPOSES; TO PROVIDE FURTHER FOR THE OPERATION OF THE STATE GOVERNMENT DURING THE FISCAL YEAR; TO APPROPRIATE FUNDS ALLOTTED TO THE STATE GOVERNMENT UNDER THE PUBLIC WORKS EMPLOYMENT ACT OF 1976 (FEDERAL); TO AMEND SECTION 8-11-300, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO COMPENSATION OF STATE EMPLOYEES AT THE TOP OF THEIR CLASSIFICATION, SO AS TO PROVIDE THAT COMPENSATION INCREASES AS DEFINED IN THIS SECTION AND AWARDED ON OR BEFORE JUNE 30, 1986, SHALL CONTINUE TO BE PAID TO EMPLOYEES WHO REMAIN COVERED UNDER THE STATE CLASSIFICATION AND COMPENSATION PLAN, AND TO PROHIBIT THE AWARDED OF ADDITIONAL COMPENSATION INCREASES AFTER JUNE 30, 1986; TO AMEND SECTION 12-37-450, RELATING TO THE BUSINESS INVENTORY TAX EXEMPTION AND REIMBURSEMENT OF COUNTIES AND MUNICIPALITIES, SO AS TO PROVIDE FOR THE REIMBURSEMENT FOR REVENUE LOSSES FROM THE EXEMPTION TO BE BASED ON THE 1987 TAX YEAR MILLAGE AND 1987 TAX YEAR ASSESSED VALUE OF INVENTORIES; TO DELETE THE REQUIREMENT THAT THE REIMBURSEMENTS MUST BE MADE IN THE SAME MANNER AS FOR REVENUE LOSSES FROM THE HOMESTEAD PROPERTY TAX EXEMPTION; TO CHANGE THE REFERENCES IN CREDITING THE ASSESSED VALUE IN IMPLEMENTING THE EXEMPTION FROM TAX YEARS 1984, 1985, 1986, AND AFTER 1986 TO TAXABLE YEARS 1985, 1986,

EXHIBIT

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SECTION 43
DEPARTMENT OF MENTAL RETARDATION

retarded persons to substantially handicapped epileptic, cerebral palsied, autistic, and other developmentally disabled individuals whose treatment and training needs approximate those of the mentally retarded. Eligibility for services shall be determined by the Department. It is the intent of this provision that the Department not duplicate other State agency programs or develop service modalities which normally would be considered to be the legal and programmatic mandate of another State agency.

"Provided, Further, That a part of the amount appropriated in this section under Program "Community" for "Contractual Services" may be expended for the operation of the work activity and day care centers. On a statewide basis expenses of center operations shall be funded at no more than a 75% State (including Federal) and at least a 25% local matching (excluding Federal) arrangement."

Provided, Further, That all revenues derived from production contracts earned by mentally retarded trainees in Work Activity Programs be retained by the South Carolina Department of Mental Retardation and carried forward as necessary into the following fiscal year to be used for other operating expenses and/or permanent improvements of these Work Activity Programs.

Provided, Further, That any unexpended revenue from Medicaid Reimbursements from FY 1985-86, not to exceed \$1,100,000, may be carried forward into FY 1986-87 for the purpose of funding community services through the contractual services line of the Community Program budget.

Provided, Further, That the Department is authorized to retain revenues associated with the sale of Timberlane Community Residence (Columbia), the Charles Lea Community Residences (Spartanburg), and the James D. Ferguson Community Residences (Spartanburg) and may

SECTION 43
DEPARTMENT OF MENTAL RETARDATION

expend these funds to develop other community residences to serve the mentally retarded. In the construction of new facilities, the Department shall follow all the policies and procedures of the Budget and Control Board and the Joint Bond Review Committee.

Provided, Further, That revenues not to exceed \$248,000 from client fees, credited to the debt service fund and not required to meet the Department's debt service requirement, may be expended only in FY 1986-87 to purchase equipment necessary to promote expanded prenatal diagnosis of mental retardation and related defects by the Greenwood Genetic Center. Equipment so acquired will remain the property of the South Carolina Department of Mental Retardation.

SECTION 44
S. C. COMMISSION ON ALCOHOL & DRUG ABUSE

	Total Funds	General Funds
I. ADMINISTRATION & PROGRAM SUPPORT		
A. ADMINISTRATION		
PERSONAL SERVICE:		
DIRECTOR	\$ 50,202	\$ 50,202
	(1.00)	(1.00)
CLASSIFIED POSITIONS	320,368	320,368
	(14.51)	(14.51)
UNCLASSIFIED POSITIONS	49,197	49,197
	(1.00)	(1.00)
OTHER PERSONAL SERVICE:		
PER DIEM	2,000	2,000
TOTAL PERSONAL SERVICE	421,767	421,767
OTHER OPERATING EXPENSES:		
CONTRACTUAL SERVICES	28,829	28,829
SUPPLIES AND MATERIALS	14,200	14,200
FIXED CHARGES AND CONTRIBUTIONS	125,471	125,471
TRAVEL	17,506	17,506
EQUIPMENT	4,296	4,296

STATE BUDGET & CONTROL BOARD

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EXHIBIT

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appropriated in Part III, the Budget and Control Board shall first fund all supplemental appropriations made for an operating deficiency and shall then reduce remaining supplemental appropriations on a pro rata basis.

End of Part III

All Acts or parts of Acts inconsistent with any of the provisions of Part I or Part III of this Act are hereby suspended for the Fiscal Year 1986-87.

All Acts or parts of Acts inconsistent with any of the provisions of Part II of this Act are hereby repealed.

Except as otherwise specifically provided herein this Act shall take effect immediately upon approval by the Governor.

In the Senate House the 5th day of June
In the Year of Our Lord One Thousand Nine Hundred and Eighty-Six.

Michael R. Daniel,
President of the Senate

Ramon Schwartz, Jr.,
*Speaker of the House of
Representatives*

PLEASE NOTE

Became law without signature of the Governor.

An asterisk and boldface indicate items vetoed by the Governor on June 18, 1986. Because the General Assembly took no action on the vetoes prior to Sine Die adjournment, the effect is the same as if the vetoes were sustained.

Provisions not vetoed by the Governor took effect June 18, 1986.

Printer's Date -- 7/24/86 -- S.

-----XX-----

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STATE BUDGET & CONTROL BOARD

EXHIBIT

AUG 28 1986

NO. 18

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD .

DEED TO REAL ESTATE

WHEREAS, the South Carolina Department of Mental Retardation, an Agency of the State of South Carolina, owns and has title to certain property known as the Timberlane Community Residence which is located in Columbia, South Carolina; and,

WHEREAS, the South Carolina Mental Retardation Commission, at its August 21, 1986 meeting, authorized the sale of the Timberlane Community Residence to the Richland/Lexington County Mental Retardation Board; and,

WHEREAS, the State Budget and Control Board, at its August 28, 1986 meeting, authorized the sale of the Timberlane Community Residence to the Richland/Lexington County Mental Retardation Board; and,

WHEREAS, the South Carolina General Assembly in Section 43 of the 1986-87 Appropriations Act authorized the South Carolina Department of Mental Retardation to sell the Timberlane Community Residence and to retain the revenues associated therewith;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS THAT THE SOUTH CAROLINA DEPARTMENT OF MENTAL RETARDATION in consideration of the sum of Ninety-Four Thousand Dollars (\$94,000.00) to it paid by the RICHLAND/LEXINGTON COUNTY MENTAL RETARDATION BOARD in the State aforesaid, the receipt whereof is hereby acknowledged, has bargained, sold and released, and by these presents does grant, bargain, sell and release unto the said Richland/Lexington Mental Retardation Board and its successors and assigns forever:

All that certain piece, parcel or lot of land with the improvements thereon, situate, lying and being on the Eastern side of Timberlane Drive, near the City of Columbia, in the County of Richland, State of South Carolina, being composed of and embracing the Northern and major portion of Lot 66, Block "A", as shown on plat of suggested subdivision of "The Glenhaven Manor" prepared for C. W. Cheeks by William Wingfield, Registered Surveyor, dated May 25, 1955, revised August 25, 1955, and recorded in the Office of the R.M.C. for Richland County in Plat Book "Q" at page 212. Said

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lot being more particularly shown on a plat prepared for State of S.C., Department of Mental Retardation by Cox and Dinkins, Inc., dated July 26, 1982, to be recorded; and having the following boundaries and measurements as shown on said plat, to wit: On the South by the remaining portion of Lot 66, Block "A", whereon it measures One Hundred Thirty Four and nine-tenths (134.9') feet; on the West by portions of Lots 48 and 49, Block "A", whereon it measures Ninety Nine and Eighty Seven Hundredths (99.87') feet; on the North by Lot 65, Block "A", whereon it measures One Hundred Thirty Nine and Seventy Nine Hundredths (139.79') feet; and on the East by Timberlane Drive, whereon it fronts and measures Seventy Eight and Nineteen Hundredths (78.19') feet; be all measurements a little more or less.

DERIVATION: This being the same property conveyed to Julia H. Adams and Carolyn L. Cook by deed of Leland E. Kirby dated January 30, 1975, and recorded in the Office of the R.M.C. for Richland County in Deed Book D-339 at page 173; and being the same property conveyed to Carolyn L. Cook by deed of Julia H. Adams dated May 1, 1975, and recorded in Deed Book D-345 at page 645.

Together with all and singular, the rights, members, hereditaments and appurtenances to the said premises belonging or in anywise incident or appertaining.

TO HAVE AND TO HOLD all and singular the premises before mentioned, unto the said Richland/Lexington Mental Retardation Board and its successors and assigns forever.

And the Grantor does hereby bind the Grantor and the Grantor's successors and assigns, to warrant and forever defend all and singular said premises unto the Grantee and the Grantee's successors or assigns against itself and no other.

IN WITNESS THEREOF, the Grantor, the South Carolina Department of Mental Retardation, has caused these presents to be executed in its name by Charles D. Barnett, Ph.D., its Commissioner, and its corporate seal to be hereto affixed this 26th day of February in the year of our Lord, one

EXHIBIT

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STATE BUDGET & CONTROL BOARD

thousand nine hundred and eighty-seven, and in the two hundred and tenth year of the sovereignty and independence of the United States of America.

Signed, Sealed and Delivered
in the presence of

Lonnie A. Bournan, Jr.
WITNESS

Charles D. Barnett, Ph.D. (SEAL)
Commissioner, South Carolina
Department of Mental
Retardation

Jackie Terry
WITNESS

EXHIBIT

AUG 28 1986 NO. 18

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

Personally appeared before me Lonnie A. Bournan, Jr.
and made oath that s(he) saw the within named Charles D. Barnett,
Ph.D., as Commissioner of the South Carolina Department of Mental
Retardation, sign, seal and as his act and deed, deliver the
within written Deed for the uses and purposes therein mentioned,
and that s(he), with Jackie Terry witnessed the
execution thereof.

Sworn to before me this 26th
day of February, 1987

Barbara J. Strand
Notary Public of South Carolina
My Commission Expires 1/29/96

Lonnie A. Bournan, Jr.
WITNESS

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

ACKNOWLEDGMENT

Personally appeared before me _____
and made oath that he acknowledges the sale of the Timberlane
Community Residence as aforementioned on behalf of the State
Budget and Control Board.

Sworn to before me this _____
day of _____, 1987

Notary Public of South Carolina
My Commission Expires _____

JAC

Jesse A. Coles, Jr., Ph.D.
Executive Director
State Budget and Control Board

Grantee's Address: Richland/Lexington County
Mental Retardation Board
Post Office Box 190
Lexington, South Carolina 29072

EXHIBIT

AUG 28 1986

NO. 19

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION
ITEM NUMBER

14

AGENCY: General Services

SUBJECT: Procurement Certification, Highway Department

The Division of General Services has audited the Department of Highways and Public Transportation and recommends its certification in accordance with Section 11-35-1210 within the parameters described in the audit report for the following limits (total potential purchase commitment to the State whether single- or multi-term contracts are used) for a period of three years:

- | | |
|---|-------------------------------------|
| I. Goods and services exclusive of printing equipment | \$30,000 per purchase commitment |
| II. Information technology provided the procurement is within the scope of the approved IT Plan | \$30,000 per purchase commitment |
| III. Consultant Services | \$30,000 per purchase commitment |
| IV. Construction Services | \$30,000 per purchase commitment |
| V. Construction materials testing contracts established by the Research and Materials Lab | \$1,250,000 per purchase commitment |

BOARD ACTION REQUESTED:

Grant procurement certification to the Department of Highways and Public Transportation in accordance with Section 11-35-1210 within the parameters described in the audit report for the following limits (total potential purchase commitment to the State whether single- or multi-term contracts are used) for a period of three years: Goods and services exclusive of printing equipment, \$30,000 per purchase commitment; information technology provided the procurement is within the scope of the approved IT Plan, \$30,000 per purchase commitment; consultant services, \$30,000 per purchase commitment; construction services, \$30,000 per purchase commitment; construction materials testing contracts established by the Research and Materials Lab, \$1,250,000 per purchase commitment.

ATTACHMENTS:

Agenda item worksheet; Procurement Audit and Certification

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BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 8/84)

For meeting scheduled for:

August 28, 1986

Blue Agenda

X Regular Session Agenda

Executive Session Agenda

1. Submitted By:

(a) Agency: Division of General Services

(b) Authorized Official Signature: Richard W. Kelly, Division Director

Richard W. Kelly

2. Subject: Procurement Certification for the Department of Highways and Public Transportation

3. Summary Background Information:

The Division of General Services has audited the Department of Highways and Public Transportation and recommends its certification in accordance with Section 11-35-1210 of the Consolidated Procurement Code within the parameters described in the audit report for the following limits for a period of three (3) years:

- | | |
|--|--------------------------------------|
| I. Goods and Services exclusive of printing equipment | \$30,000 *per purchase commitment |
| II. Information Technology provided the procurement is within the scope of the approved Information Technology Plan. | \$30,000 *per purchase commitment |
| III. Consultant Services | \$30,000 *per purchase commitment |
| IV. Construction Services | \$30,000 *per purchase commitment |
| V. Construction materials testing contracts established by the Research and Materials Lab. | \$1,250,000 *per purchase commitment |

* This limit means the total potential purchase commitment to the State whether single year or multi-term contracts are used.

4. What is Board asked to do?

Grant procurement certification to the Department of Highways and Public Transportation.

EXHIBIT

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5. What is recommendation of the Board Division involved?

STATE BUDGET & CONTROL BOARD

Grant certification.

6. Recommendation of other office (as required)?

(a) Office Name

Authorized

(b) Signature

7. Supporting Documents:

List Those Attached

List Those Not Attached But Available from Submitter

- 20 Copies of the Procurement Audit and Certification Report

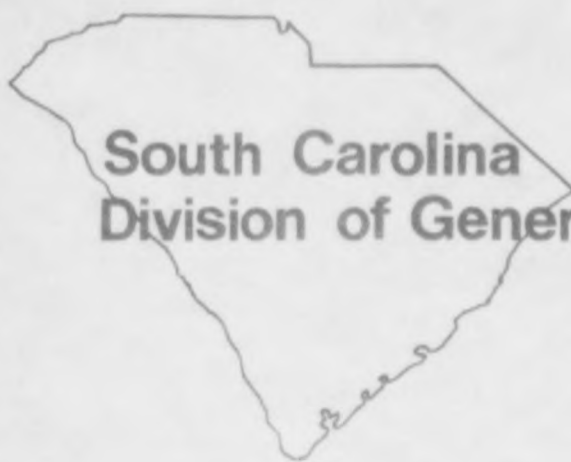
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EXHIBIT

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STATE BUDGET & CONTROL BOARD



South Carolina
Division of General Services

PROCUREMENT AUDIT AND CERTIFICATION

S.C. DEPARTMENT OF HIGHWAYS
AND PUBLIC TRANSPORTATION

AGENCY

AUGUST 8, 1986

DATE

02286

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-2140

RICHARD W. RILEY, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



RICHARD W. KELLY
DIVISION DIRECTOR

REMBERT C. DENNIS
CHAIRMAN,
SENATE FINANCE COMMITTEE

TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

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

EXHIBIT

AUG 28 1986

NO. 19

August 8, 1986

STATE BUDGET & CONTROL BOARD

Mr. Richard W. Kelly
Division Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

Dear Rick:

Attached is the final Department of Highways and Public Transportation audit report and recommendations made by the Office of Audit and Certification. I concur and recommend the Budget and Control Board grant the Highway Department three years certification as outlined in the audit report.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. J. Clement".

William J. Clement
Assistant Division Director

Attachment

02287

DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION
AUDIT REPORT

April 17, 1986

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Certification Recommendations.....	21

April 17, 1986

Richard W. Kelly, Director
Agency Certification and
Engineering Management
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

We have examined the procurement policies and procedures of the South Carolina Department of Highways and Public Transportation for the period February 1, 1983 through December 31, 1985. As part of our examination, we made a study and evaluation of the system of internal control over procurement transactions to the extent we considered necessary.

The purpose of such evaluation was to establish a basis for reliance upon the system of internal control to assure adherence to the Consolidated Procurement Code and State and internal procurement policy. Additionally, the evaluation was used in determining the nature, timing and extent of other auditing procedures that were necessary for developing a recommendation for certification above the \$2,500 limit.

The administration of the Department of Highways and Public Transportation is responsible for establishing and maintaining a system of internal control over procurement transactions. In fulfilling this responsibility, estimates and judgments by man-

agement are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance of the integrity of the procurement process, that affected assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal control over procurement transactions as well as our overall examination of procurement policies and procedures were conducted with due professional care. They would not, however, because of the nature of audit testing, necessarily disclose all weaknesses in the system.

The examination did, however, disclose conditions, enumerated in this report which we believe to be subject to correction or improvement.

Corrective action based on the recommendations described in these findings will in all material respects place the Department of Highways and Public Transportation in compliance with the South Carolina Consolidated Procurement Code and ensuing regulations.

EXHIBIT

AUG 28 1986

NO. 19

STATE BUDGET & CONTROL BOARD

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

INTRODUCTION

The Audit and Certification Section conducted an examination of the internal procurement operating procedures and policies and related manual of the Department of Highways and Public Transportation.

Our on-site review was conducted January 16, 1986 through February 28, 1986 and was made under the authority as described in Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code and Section 19-445.2020 of the accompanying regulations.

The examination was directed principally to determine whether, in all material respects, the procurement system's internal controls were adequate and the procurement procedures, as outlined in the Internal Procurement Operating Procedures Manual, were in compliance with the South Carolina Consolidated Procurement Code and its ensuing regulations.

Additionally, our work was directed toward assisting the agency in promoting the underlying purposes and policies of the Code as outlined in Section 11-35-20, which includes:

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

- (3) to provide safeguards for the maintenance of a procurement system of quality and integrity with clearly defined rules for ethical behavior on the part of all persons engaged in the public procurement process.

BACKGROUND

Section 11-35-1210 of the South Carolina Consolidated Procurement Code states:

The Budget and Control Board may assign differential dollar limits below which individual governmental bodies may make direct procurements not under term contracts. The Materials Management Office shall review the respective governmental body's internal procurement operation, shall verify in writing that it is consistent with the provisions of this code and the ensuing regulations, and recommend to the Board those dollar limits for the respective governmental body's procurement not under term contract.

Section 11-35-1230(1) of the South Carolina Consolidated Procurement Code states in part:

In procurement audits of governmental bodies thereafter, the auditors from the Materials Management Office shall review the adequacy of the system's internal controls in order to ensure compliance with the requirements of this code and the ensuing regulations.

Our audit was performed primarily to determine if recertification is warranted. Additionally, the Department of Highways and Public Transportation requested the increased certification limits listed below:

<u>Category</u>	<u>Requested Limit</u>
1. Goods and Services	\$30,000
2. Consultant Services	\$30,000
3. Construction	\$30,000
4. Information Technology	\$30,000

SCOPE

Our examination encompassed a detailed analysis of the internal procurement operating procedures of the Department of Highways and Public Transportation and the related policies and procedures manual to the extent we deemed necessary to formulate an opinion on the adequacy of the system to properly handle procurement transactions up to the requested certification limits.

The Audit and Certification team of the Division of General Services statistically selected random samples for the period July 1, 1984 through December 31, 1985, of procurement transactions for compliance testing and performed other auditing procedures that we considered necessary in the circumstances to formulate this opinion. As specified in the Consolidated Procurement Code and related regulations, our review of the system included, but was not limited to, the following areas:

- (1) adherence to provisions of the South Carolina Consolidated Procurement Code and accompanying regulations;
- (2) procurement staff and training;
- (3) adequate audit trails and purchase order register;
- (4) evidences of competition;
- (5) small purchase provisions and purchase order confirmations;
- (6) emergency and sole source procurements;
- (7) source selections;
- (8) file documentation of procurements;

- (9) warehousing, inventory and disposition of surplus property;
- (10) economy and efficiency of the procurement process;
and
- (11) approval of Minority Business Enterprise Plan.

SUMMARY OF AUDIT FINDINGS

Our audit of the procurement system of the Department of Highways and Public Transportation (DHPT) produced findings and recommendations in the following areas:

	<u>PAGE</u>
I. <u>COMPLIANCE - SOLE SOURCE AND EMERGENCY PROCUREMENTS</u>	10
A. <u>Emergency Construction Project</u>	10
The Department proceeded with a construction project without approvals from the Joint Bond Review Committee, the Budget and Control Board and the State Engineer.	
B. <u>Improper Sole Sources</u>	12
Procurements of patches and janitorial supplies should have been competitively bid.	
II. <u>COMPLIANCE - GOODS AND SERVICES</u>	13
A. <u>Award Exceeded Procurement Authority</u>	13
The Department exceeded their procurement authority in one instance.	
B. <u>Insurance Procurement</u>	14
Formal sealed bids were not solicited for procurement of commercial insurance.	

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III. <u>COMPLIANCE - CONSULTANT SERVICES</u>	15
A. <u>Administration</u>	15
Procurement authority was exceeded in two instances.	
B. <u>Research and Materials Testing Laboratory</u>	16
Several requirements were omitted in the procurement of testing services.	
IV. <u>COMPLIANCE - INFORMATION TECHNOLOGY</u>	17
Written quotations were not obtained on a procurement of forms.	
V. <u>COMPLIANCE - CONSTRUCTION</u>	18
One procurement of \$2,622.90 was not supported by formal sealed bids.	
VI. <u>MAPS OVERSTOCKED</u>	18
The Department is overstocked in Primary Highway System Maps.	
VII. <u>INTERNAL AUDIT</u>	19
There has been little involvement in the review of the procurement process by the Department's internal audit staff.	

RESULTS OF EXAMINATION

I. Compliance - Sole Source and Emergency Procurements

An interim review of sole source and emergency procurements was performed in March, 1985. This report and the Department's response is attached.

Our current review included all available supporting documents from January 1 through December 31, 1985. It was performed for the purpose of determining the appropriateness of procurement actions taken and the accuracy of the reports submitted to the Division of General Services, as required by Section 11-35-2440 of the Code.

We found the majority of the transactions to be accurate and correctly reported; however, we did encounter the following problems which affect compliance with the Code.

A. Emergency Construction Project

Purchase order 02371, dated April 26, 1985 for \$113,249.00 was awarded after in-house bidding for the "removal of existing (roof) and installing a single ply roof at the Department of Highways and Public Transportation (DHPT) Equipment Depot Buildings." The requisition dated February 7, 1985 noted "building roof leaking excessive due to hard freeze in January."

We noted the following exceptions regarding the contract.

1. The job was never established as a permanent improvement project (SPIRS Form A-1) nor was it approved by the Joint Bond Review Committee (JBRC) and the Budget and Control Board.
2. The following required approvals were not obtained from the State Engineer.
 - a. Request for Emergency Procurement, Form SE-560.
 - b. Request for Authority to Execute a Construction Contract, Form SE-380.

The State Engineer is the sole authority for procurement of construction related services and equipment greater than \$2,500.00.

In accordance with Section 19-445.2015, the Department of Highways and Public Transportation must request ratification of this procurement from the Director of General Services. Furthermore, the Department of Highways and Public Transportation must inform the JBRC and the Budget and Control Board of this project.

AGENCY RESPONSE

This procurement was handled in accordance with the procurement code. The job was advertised in the S. C. Business Opportunities and sealed bids were solicited, pre-bid site conference was held and award made to the low bidder meeting all specifications, etc. Our Supply and Equipment Engineer met with our Building Engineer and they discussed the job with State Engineer McPherson. The Department's procurement division was not aware of the requirements for notifying the State Engineer, Joint Bond Review Committee and Budget and Control Board. All required forms (SPIRS Form A-13, SE-560, SE-610 and SE-380) have been prepared and sent to the proper destinations. Ratification of this procurement will be requested from the Materials Management Officer in accordance with Section 19-445.2015.

B. Improper Sole Sources

We noted two situations where goods and services were sole sourced, when another source selection process should have been used.

First, we reviewed \$13,730 worth of sole source orders for chevrons, emblems and service patches for patrol uniforms. The justification was that this vendor's workmanship best meets the Department's specifications.

A similar situation indicated a brand name preference for ordering restroom cleaning products. Over a year, more than \$6,000.00 was expended on a standing order for these items. Here again the justification indicated the products "work best" for the Department.

These two procurements do not qualify as sole sources. This requires that goods or services meet both criteria of being unique and available from only a single source. Section 19-445.2105, Subsection B, states, "In cases of reasonable doubt, competition should be solicited."

The Department may wish to consider a multi-step bidding procedure for patrol patches and chemicals. Under this procedure, committees would perform blind evaluations of items submitted by interested vendors. Qualified product lists would be developed based on the evaluation results. Once the qualified product lists are developed, bids would be solicited for those items meeting the Department's minimum standards.

AGENCY RESPONSE

1. PATROL EMBLEMS

Over the past 2 or 3 years, we have had service patches made up by A.B. Emblem Company and Swissartex Emblem Company and have requested samples from many other suppliers such as Izumi Embroidery Company. We have sent sample of our embroidered items to them but the quality of work they have sent us is not at all satisfactory.

We now have complete specifications for all embroidered items used by the Highway Patrol and have a current order to Voyager Emblem, Inc. of Sanbron, N.Y.

We will continue to make every effort to locate other suppliers capable of furnishing the quality emblems required for our Highway Patrol uniform which is registered with the Secretary-of-State so that no one can copy.

2. JANITORIAL SUPPLIES

The Department does not have any 'standing orders'. This notation was made on a requisition but did not really mean what it said. The superintendent of buildings and grounds has tried many brands of urinal bouys and bowl cleaners and has found these products to serve our needs better than others. We have taken internal remedies to correct this situation. Approved products will be bid in the future.

II. Compliance - Goods and Services

A. Award Exceeded Procurement Authority

Our examination of sample transactions in the goods and services area revealed an award resulting from a sealed bid solicitation which exceeded the Agency's certification limit of \$20,000.00. The purchasing section incorrectly thought that the certification limit was applicable to a single purchase order, not a total award amount. This resulted in the award amount of \$23,723.01 for aggregate.

The Materials Management Officer reiterated in the October, 1985 edition of "Facts and Figures" that, "When determining the

value of a contract for the purpose of defining certification or purchasing limits and proper source selection, the governmental body must consider the potential or total value of the contract over the entire length of the contract period."

In the future, all solicitations anticipated to result in awards exceeding the Department's procurement certification limit should be forwarded to the Materials Management Office. If the low bid exceeds DHPT's certification limit, the entire package should be forwarded to the Materials Management Office for review and award.

Since the total of the awards resulting from this solicitation exceeded the Department's procurement authority, the contracts must be ratified in accordance with Regulation 19-445.2015.

AGENCY RESPONSE

Aggregate requisitions from 3 counties were combined on 1 sealed bid invitation. The total amount of each purchase order was less than the Department's certified limit. The total amount of the entire package was \$23,723.01. The procurement officer than handled this bid incorrectly thought that as long as each resulting order was less than \$20,000.00, he was handling properly. These orders were issued in May of 1985 and the MMO's recertification did not come out until October 1985. Regardless of this point, when the Director of Procurement was made aware of this incidence of excess of certified limits, the procurement officer was instructed not to exceed certified limit if the potential value of the bid could exceed \$20,000.00

Ratification of these contracts will be made in accordance with Regulation 19-445.2015.

B. Insurance Procurement

The Department procured insurance totalling \$2,796.00 without soliciting formal sealed bids. Section 11-35-1520 of the

Procurement Code indicates "Contracts amounting to two thousand, five hundred dollars or more shall be awarded by competitive sealed bidding" In the future, this section of the Procurement Code must be complied with.

AGENCY RESPONSE

The Department will comply in all aspects of the procurement code for future insurance requirements. Requisitions shall be submitted to the Department's procurement division and bids will be sought accordingly.

III. Compliance - Consultant Services

A. Administration

Our examination of procurements of consultant services revealed that the Personnel Department awarded consultant contracts greater than the Highway Department's \$20,000.00 certification limit.

One contract award of \$50,000.00 was for a supportive services program to increase the level of minority business participation in Federal-aid program contract work. A second contract was awarded totalling \$39,795.00 for on-the-job training to develop, conduct and administer highway construction training, including skill improvement programs. These contracts should have been submitted to the Materials Management Office for processing.

The DHPT Internal Procurement Operating Procedures Manual, in Section K-4 clearly states, "All requests for consultant procurements exceeding the Department's certified limit are submitted to the appropriate Chief Procurement Officer."

These contracts are unauthorized procurements and must be ratified in accordance with Regulation 19-445-2015.

We understand these contracts are now being processed through the Materials Management Office. We recommend all such contracts continue to be handled in this manner if they exceed the DHPT certification limit.

AGENCY RESPONSE

The two contracts for consultant services cited were for supportive services and on-the-job training as they applied to minority business participation in highway construction. These contracts were awarded by the Department's personnel division after being advised by the Department's legal counsel that, in their opinion, they were exempt from procurement regulations on the basis that they directly related to the construction of roads and bridges which is an exemption granted the Department by the code. All subsequent contracts of this nature have been handled by MMO and will continue to be handled by that office.

B. Research and Materials Testing Laboratory

In reviewing the Research and Materials Testing Lab's latest proposal for providing inspection of fabrication of structural steel, castings, bridge machinery sign structures and guard rails, we noted the following exceptions:

1. A formal determination for the use of a competitive sealed proposal was not prepared as required by Section 11-35-1530 of the Code.
2. The responding proposals were not kept in a locked box or safe as required by Regulation 19-455-2045.
3. The request for proposal did not call for the response to be sealed and it did not state that the proposal would be publicly opened at a specific time and date. This is required by Regulation 19-445.2095.
4. Although the proposal request was advertised in three state-wide newspapers, the request should also be included in the "South Carolina Business Opportunities" published by the Division of General Services.

02305

We found no fault with the evaluation and award process of this proposal, only the above exception which should be corrected in future proposals.

AGENCY RESPONSE

Steps have been taken to insure full compliance with the procurement code and regulations on all future proposals handled by the Research and Materials Engineer.

IV. Compliance - Information Technology

Our examination of sixty items in the information technology area revealed the following exception:

<u>PO</u>	<u>Amount</u>	<u>Item</u>
28089	\$2,323.50	Printed Forms

The Department failed to receive written quotations, as required by Regulation 19-445-2100(B), Item 2.

Purchasing must ensure that future procurement between \$1,500.00 and \$2,499.99 are supported by the proper written quotations.

AGENCY RESPONSE

The printed forms on this order were ordered on a semi-emergency basis due to low stock and requirement that complete delivery be made in 21 days ARP proof and the failure to obtain written quotes was due to oversight or negligence as this requirement was clearly stated in code and regulations. To our knowledge, all procurements made prior to this one and all subsequent procurements have been in compliance.

V. Compliance - Construction

A procurement of two HVAC systems totalling \$2,622.90 was supported only by telephone quotations. The procurement exceeded \$2,500.00 so formal sealed bids should have been solicited.

We recommend that more attention be given to the bid requirements as set forth in the Code and regulations. We also remind the Department that state tax is considered part of the total cost of the acquisition.

AGENCY RESPONSE

The procurement of 2 HVAC systems was made by a district mechanical engineer after discussing the need with director of procurement. A written quote was obtained from the low bidder but not from the other bidders. This requirement has been reiterated to our field personnel and every effort will be made to insure compliance with bid requirements on all future procurements. The Department is now aware that sales tax is to be considered part of the total cost.

VI. Maps Overstocked

The Highway Department is overstocked in Primary Highway System road maps. When the average usage of the last three years is applied to the current stock on hand it indicates a quantity sufficient to last seven years.

The last three procurements have been annual buys of 200,000 maps per purchase. Total map inventory on hand January 31, 1986 by our count was 482,000. Annual average usage for the past three years was 67,650, so the overstockage equates to \$40,000.

These maps tend to get dated as we noted at least 7,500 dated 1982-83. Since these maps are not a regular Supply Depot stock item, no perpetual inventory is kept on the maps. The Public Relations Section likewise, does not keep a running inventory on

the maps. Before the annual buy is made Public Relations requests a "count" from the Supply Depot.

Apparently, these "counts" have not been accurately taken, received or evaluated. We recommend the following to curtail the overstockage.

1. An immediate physical inventory be done by the Public Relations Section to determine exactly what year maps are stocked and in what quantities.
2. The annual order requirements be based on an average usage, perhaps for the past three years.

AGENCY RESPONSE

As a result of this audit, an inventory has been made by the Department's public relations office personnel and the matter has been discussed with the director of our supply and equipment division. They have made arrangements to maintain a perpetual inventory of highway maps in the future. No further orders will be issued for maps until the ordering point, to be determined by accurate usage figures, is reached. The underlying reason for this situation is that in the past, the Department issued all maps. Four years ago, PRT became a co-publisher with the Department and began stocking their own maps. This resulted in the Department having an over abundance of highway maps.

VII. Internal Audit

There has been little involvement in the review and audit of the procurement process by the Department's internal audit staff.

A complete internal audit program includes a periodic review of the system of requisitioning, placing purchase orders, receiving, etc., to determine that procurement procedures are sound and being adhered to by user departments. The program should also include a review of the procurement process for compliance with the Code and internal procurement policy.

Historically, due to time limitations, internal audit departments have been forced to concentrate their efforts in the financial area, which precluded compliance and operations programs. This leaves a gap in the administrative control over the procurement function because this area goes without review except by external audit organizations. Except for the work done in the Supply Depot, Equipment Depot and Office Supply Room, we have seen no other involvement in the procurement process.

The Institute of Internal Auditors' publication entitled Standards for the Professional Practice of Internal Auditing states, "The scope of Internal Audit should encompass the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities." We feel this expands the role of Internal Auditors into the areas of compliance, management and operational reviews of all areas and functions of an organization.

We recommend that Internal Audit programs be developed to test the procurement process for adequacy of internal control, compliance with the Consolidated Procurement Code, adherence to Department procedures and overall effectiveness. This program should include but not be limited to periodic review of procurements at all dollar levels.

AGENCY RESPONSE

The Department's audit manager has advised that an audit will be scheduled as soon as possible after several audits now in process are completed. We realize an inordinate amount of time has lapsed since the last audit and we will endeavor to have this situation corrected since you have brought it to our attention.

CONCLUSION

As enumerated in our transmittal letter, corrective action based on the recommendations in the body of this report, we believe, will in all material respects place the South Carolina Department of Highways and Public Transportation in compliance with the State Consolidated Procurement Code and ensuing regulations.

Prior to September 30, 1985 the Office of Audit and Certification will perform a follow-up review in accordance with Section 11-35-1230(1) of the Procurement Code to determine if the proposed corrective action has been taken by the Department. Based on the follow-up review, and subject to this corrective action, we will recommend that the Highway Department be re-certified to make direct agency procurements for a period of three years as follows:

<u>Procurement Area</u>	<u>Recommended Certification</u>	
	<u>Limit</u>	
I. Goods and Services exclusive of printing equipment which must be approved by the Materials Management Office.	\$30,000*	per purchase commitment
II. Information Technology provided the procurement is within the scope of the approved Information Technology Plan.	\$30,000*	per purchase commitment

III. Consultant Services	\$30,000* per purchase commitment
IV. Construction	\$30,000* per purchase commitment
V. Construction materials testing contracts estab- lished by the Research and Materials Lab	\$1,250,000* per purchase commitment

*This limit means the total potential purchase commitment to the State whether single year or multi-term contracts are used.

James M. Stiles
James M. Stiles, PPB
Audit Supervisor

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

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HOUSE WAYS AND MEANS COMMITTEE

WILLIAM T. PUTMAN
EXECUTIVE DIRECTOR

April 10, 1985

Mr. Walker P. Ragin
Chief Commissioner
S. C. Dept. of Highways and
Public Transportation
955 Park Street
Columbia, South Carolina 29201

SUBJECT: Review of Sole Source and Emergency Procurement
Justifications

Dear Mr. Ragin:

On March 7, 13 and 14, 1985, we examined your agency's quarterly reports of sole source and emergency procurements and all available supporting documents for the period October 1, 1982 through December 31, 1984. This review was conducted for the purpose of determining the appropriateness of the procurement actions taken and the accuracy of the reports submitted to the Division of General Services in accordance with Section 11-35-2440 of the Consolidated Procurement Code. We found the majority of these transactions to be proper and accurately reported, but we did encounter the following problems:

SOLE SOURCE PROCUREMENTS

<u>P.O.#</u>	<u>AMOUNT</u>	<u>EXCEPTION</u>
27455	\$1,713.00	These procurements were for 16mm pre-printed educational films which are exempt and should not have been reported as sole source procurements.
27641	635.00	
02619	640.00	
06638	550.00	
18354	1,200.00	
18355	550.00	
18356	860.00	
18357	554.00	
19721	720.00	
19777	1,320.00	

02312

Mr. Ragin
 April 10, 1985
 Page 2

<u>P.O.#</u>	<u>AMOUNT</u>	<u>EXCEPTION</u>
00048	\$1,860.00	These procurements were from publishing companies and printers for publications, books, technical and educational pamphlets and subscriptions, all of which are exempt and should not be reported as sole source procurements.
09679	765.00	
13382	1,818.00	
19198	1,717.55	
23804	1,369.50	
28164	528.75	
24935	\$ 450.00	The Code designates procurements under \$500.00 as "small purchases." They should not have been reported as sole source procurements as only one fair and reasonable price is required.
26046	407.00	
24164	\$1,046.64	The procurement for the installation of PVC raceways for computer cable had a weak justification which stated "Gregory Electric was the original electrical contractor for the building... (and) could do a faster and better job." One other vendor should have been solicited for this procurement.
20651	\$ 616.00	These procurements were for IBM toner and Xerox developer and fuser oil. The vendors on State contract were not utilized as required by the Code.
23155	915.60	
		We requested that the Materials Management Office review these determinations and findings and respond to the statements made therein. See the attachment for the justifications and the Materials Management Office response.

The following purchase orders and justifications for maintenance contracts were prepared after the start of the contract period. The purchase order numbers, purchase order dates, justification approval dates, and beginning contract dates are as follows:

<u>P.O.#</u>	<u>P.O. DATE</u>	<u>JUSTIFICATION APPROVAL DATE</u>	<u>BEGINNING CONTRACT DATE</u>
25650	09/21/84	09/20/84	07/01/84
26396	10/10/84	10/09/84	07/24/84

02313

Mr. Ragin
April 10, 1985
Page 3

Justifications could not be located for many of the sole source procurements reported to the Division of General Services for the period January 1, 1984 through March 31, 1984. The items purchased appeared to be sole sources, however document retention of justifications was inadequate.

EMERGENCY PROCUREMENTS

<u>P.O.#</u>	<u>AMOUNT</u>	<u>EXCEPTION</u>
21815	\$38,682.00	This procurement for repairs to the South Island ferry was justified by the necessity to complete the task while a ramp was being renovated. P.O. #23333 for further repairs refers to the initial work as the "annual refurbishing." This discrepancy, as well as the probable advance notice of the ramp renovation, creates doubts as to the "emergency" nature of the procurement.
16895	\$20,000.00	The emergency procurement to Blackstone Construction Company was properly handled, however it was reported on both the emergency and sole source quarterly reports. This created an overstatement of \$20,000.00 on the March 31, 1984 sole source quarterly report.
14050	\$28,464.00	The procurement to replace the docking ramp for the South Island ferry was justified as an emergency because it had "deteriorated to the point where ferry service must be curtailed about an hour earlier than normal as low tide approach(ed)." It appears that proper planning would have allowed for the procurement to be handled in the normal manner.

In summary, it can be seen from the above listing that we found several justifications to be weak and non-convincing. As a result, these procurements are improperly justified and not in compliance with the Procurement Code. Furthermore, due to reporting small purchases, exempt items, and contract items and duplicate reporting, the sole source quarterly reports were overstated by at least \$39,189.40.

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Mr. Ragin
April 10, 1985
Page 4

We request that your procurement section review these exceptions and make a more concerted effort to plan for recurring procurements. Further, the procurement staff should become familiar with the exemptions granted in the Code and by the Budget and Control Board. These procurements should not be included in the quarterly reports. Also, all maintenance contract determinations should be approved and purchase orders prepared prior to the beginning of a contract, and determinations should be prepared for all sole source procurements listed on the quarterly reports.

Finally, we request that you review the exceptions noted above and respond in writing to them. If you prefer to discuss these issues the Audit and Certification staff is available at your convenience.

Sincerely,

R. Voight Shealy

R. Voight Shealy
Director, Audit & Certification

RVS:kl
CC: J. G. Freeman

02315

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EXECUTIVE DIRECTOR

RICHARD J. CAMPBELL
ASSISTANT DIVISION DIRECTOR

M E M O R A N D U M

TO: Richard Campbell

FROM: David Warren *David Warren*

DATE: March 21, 1985

SUBJECT: Attached Sole Source Determinations from Hwy. Dept.

A. XEROX TONER AND DEVELOPER CONTRACT: The State Contract for Toner makes the potential contractor give us a guaranteed yield per carton in his bid. If he fails to meet his yield he can be held in default of the contract or compensate the State with additional supplies to make up for the shortage. State Procurement has always used the items on contract - to do otherwise would be a breach of contract.

B. I.B.M. TONER CONTRACT: This is the oldest of the two contracts. In the past when we did have problems, I.B.M. would adjust their equipment which would eliminate the problem. As for yields, bidders have the same condition as outlined in item "A".

The "threat" as indicated by the attached correspondence is a scare tactic which restricts usage to their (I.B.M.) supplies only which I feel is illegal.

We have many I.B.M. copiers both on lease and purchase that are not having any problems and using State Contract supplies.

Ultimately what has been done here by the Highway Department is replace the usage of the State Contract by a means (Sole Source) which is not valid.

MATERIALS MANAGEMENT OFFICE

02316

State Supply & Supply Property Management
Supply Property
Supply Warehousing & Mfg.
Personnel Services
W. Code: S.C. 29168 Code: S.C. 29201
758 2626 758 3216

Training & Housing
200 German Street
James J.
Code: S.C. 29201
758 5051

State Programmes
800 Dutch Sq. Blvd.
Suite 150
Code: S.C. 29210
758 6060

Information Technology Management Office
800 Dutch Sq. Blvd.
Suite 150
Code: S.C. 29210
758 6060

Installation Purchase Program
800 Dutch Sq. Blvd.
Suite 150
Code: S.C. 29210
758 6060



SOUTH CAROLINA

DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION

P.O. BOX 191
COLUMBIA, S.C. 29202

June 21, 1985

RECEIVED
JUN 26 1985
DIVISION OF GENERAL SERVICES
AGENCY CERTIFICATION
& ENGINEERING MANAGEMENT

Mr. R. Voight Shealy
Director, Audit & Certification
Division of General Services
300 Gervais Street
Columbia, SC 29201

SUBJECT: Sole Source and Emergency Procurement Justifications

Dear Mr. Shealy:

We have reviewed the report issued by you of this agency's sole source and emergency procurements for the period October 1, 1982 through December 31, 1984.

Considering the complexity of the Department of Highways and Public Transportation, and that this is the first in-depth audit and review of this nature, we feel that this report indicates the effort of our procurement division, with a few exceptions, in properly justifying and reporting these procurements has been quite satisfactory.

The exceptions pointed out in the report have been called to the attention of all procurement officers and the items previously reported that are exempt, such as educational films, publications, books, pamphlets and subscriptions, will not be reported in the future.

The two (2) procurements under \$500.00 that were included in sole source reports were reported through error and the necessary precautions to prevent a recurrence of this type error have been taken.

The procurement for labor and material to install raceways for computer cable was made from the original contractor that wired this building. They are familiar with all locations and as this cable had to go through the high pressure chase in order to reach the electrical room it was determined by our building superintendent and concurred with by me that this vendor was the only source capable of performing this very critical type work. All air from penthouse air conditioning units goes through this chase to the other floors and these raceways had to be sealed off so as not to allow the cool air to escape from the high pressure chase. Gregory Electric had all drawings and the expertise to perform this work without creating additional problems.

02317

Our duplicating office supervisor is currently studying all aspects of the problems that we have incurred in the past with various toners and developers and fuser oils as substitutes for Xerox products. He is to make another test of the contract items and if the results are not satisfactory, we will contact state purchasing for assistance.

The Motor Vehicle Division utilizes the IBM copier in question and the appropriate supervisor in this division is currently testing the contract toner and will make his report as soon as possible.

The maintenance agreement for Bell & Howell microfilmer reported as a sole source procurement is automatically renewable and we issue a confirming purchase order upon receipt of invoice. In the future, we will ensure that sole source determinations are made prior to the issuance of an order.

The maintenance agreement for the Bell & Howell inserting machine underwent a period of negotiation due to a much higher charge than the previous year. We did not receive a corrected invoice until August 29, 1984 and were not able to issue an order until then. We have noted this problem and will attempt to clarify the pricing prior to expiration of contract and thus correct this problem.

During the period January 1, 1984 through March 31, 1984 while waiting certification for higher purchasing limits, we were interpreting the exemption stated in section 11-35-710 of the procurement code to encompass procurements for maintenance and repair of bridges, highways and roads, as stated, and were not reporting such procurements. Since April 1, 1984, we have reported every sole source and emergency procurement made and will continue to do so.

The wording "annual refurbishing", which was used when writing up the sole source procurement form for P. O. 23333 and the additional work required on the ferry after the work on P. O. 21815 had begun, does not reflect the actual situation. The ferry is not refurbished on an annual basis but is inspected on a regular basis to determine if and when hull and deck maintenance is required. We presently plan no refurbishing in calendar year 1985 because of the present condition of the ferry hull both inside and out.

The primary cause for drydocking the ferry in 1984 was the result of hull leaks along the stiffener plate at the waterline. This plate was welded on the outside of the hull a few years earlier to reinforce it where it came into contact with the docking ramp timbers. The salt water inside the hull influenced our decision to recondition the inside hull after an inspection. The general condition of the ferry did not justify an emergency procurement but the Resident Maintenance Engineer and Assistant Director of Maintenance felt that the leaks along the stiffener plate caused by the welding process on the thin hull metal could and would progress rapidly after it reached the point where the first leaks were detected. Since this was considered an emergency repair, we decided that we should proceed with the sandblasting and repainting of the entire ferry both inside and out to prevent the loss of service again when routine refurbishing became necessary. When the ferry is out of service, it actually simplifies the problem of the Highway Department but it makes it

extremely difficult for the S. C. Wildlife personnel who live on the island since many of their needs must be met by having rapid access to and from the mainland. For this reason the Highway Department tries very hard to provide the service with no more interruptions than are absolutely necessary.

As far as reconstructing the docking ramp on the island side of the waterway as an emergency procurement on P. O. 14050, we had hoped that this would not be absolutely necessary until such time that we felt the ferry refurbishing would be necessary. Georgetown Maintenance had been repairing this ramp with maintenance forces for two or three months and we purchased 40 pieces of 4" x 12" creosote timber which we used to redeck the part of the ramp that was exposed at low tide in hopes of making it last until the ferry required the regular refurbishing based on general condition. Had we known that the hull leaks would require the drydocking in July, we probably could have continued temporary repairs that long but even then an emergency procurement would have been necessary just as with the ferry.

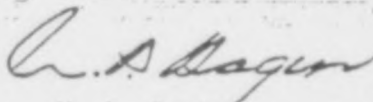
The Highway Department must provide a tangible service to all the citizens of South Carolina as well as many others and must sometimes make decisions accordingly. The procurement code allows for emergency procurements when the facts warrant. We furnished our agency head with the facts as we saw them and he concurred.

The procurement of emergency bridge repairs that we included in both sole source and emergency reports was erroneously listed on the sole source report. We have instructed all procurement officers to be sure this does not occur in the future.

We feel that this audit report is beneficial and will assist our procurement division in operating in strict adherence to the procurement code which is our goal.

If I can be of any assistance or offer any further information regarding this audit, please advise.

Very truly yours,



W. P. Ragin
Chief Commissioner

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TOM G. MANGUM
CHAIRMAN,
HOUSE WAYS AND MEANS COMMITTEE

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

August 8, 1986

Mr. William J. Clement
Assistant Division Director
300 Gervais Street
Columbia, South Carolina 29201

Dear Bill:

We have returned to the South Carolina Department of Highways and Public Transportation (SCDHPT) to determine the progress made toward implementing the recommendations in our audit report covering the period February 1, 1983 through December 31, 1985. During this visit, we followed up on each recommendation made in the audit report through inquiry, observation and limited testing.

We observed that SCDHPT has made substantial progress toward correcting the problem areas found and improving the internal controls over the procurement system. With the changes made, the system's internal controls should be adequate to ensure that procurements are handled in compliance with the Consolidated Procurement Code and ensuing regulations.

We, therefore, recommend that the certification limits as outlined in the audit report, be granted for a period of three (3) years.

Sincerely,

R. Voight Shealy, Manager
Audit and Certification

EXHIBIT

AUG 28 1986 NO. 19

STATE BUDGET & CONTROL BOARD

02320

EXHIBIT

AUG 28 1986

NO. 20

STATE BUDGET & CONTROL BOARD

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION

MEETING OF August 28, 1986

ITEM NUMBER

15

AGENCY: Mental Health

SUBJECT: Moving Expense

In accordance with Code Section 8-11-135, the Department of Mental Health requests approval of the payment of not more than \$5,000 as a reimbursement to Neil Meisler, M.S.W., Rochester, Illinois, for the costs incurred in moving personal and household effects.

The Department advises that Mr. Meisler is accepting a position as Executive Deputy Commissioner.

BOARD ACTION REQUESTED:

In accordance with Code Section 8-11-135, authorize the Department of Mental Health to pay not more than \$5,000 as a reimbursement to Neil Meisler, M.S.W., Rochester, Illinois, for the costs incurred in moving personal and household effects.

ATTACHMENTS:

Bevilacqua August 15 memorandum to McInnis

02321



South Carolina Department of Mental Health

An Equal Opportunity Employer

AUG 19 1986

P.O. Box 485 2414 Bull Street Columbia, South Carolina 29202
Telephone (803) 758-7701

Joseph J. Bevilacqua, Ph.D. / State Commissioner of Mental Health

EXHIBIT

MEMORANDUM

AUG 28 1986

NO. 20

MENTAL HEALTH COMMISSION:

William L. Pope, Chairman
Columbia

Bernard Warshaw, Vice-Chairman
Walterboro

E. A. Hall, Jr.
Columbia

C. Alex Harvin, Jr.
Summerton

Elaine T. Freeman
Spartanburg

Carol W. Garvin
Aiken

Willie G. Boulware
Rock Hill

C. M. Tucker, Jr.
Chairman Emeritus
Pageland

John M. Fewell, M.D.
Member Emeritus
Greenville

G. Werber Bryan
Member Emeritus
Sumter

TO: William A. McInnis, Secretary
Budget and Control Board

FROM: Joseph J. Bevilacqua, Ph.D.
State Commissioner of Mental Health

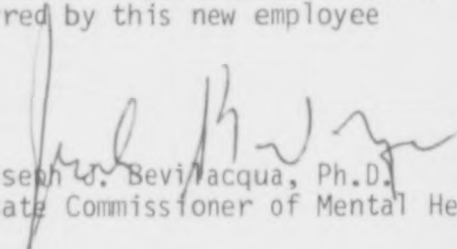
SUBJECT: New Employee Moving Expense Payment Approval
Request

DATE: August 15, 1986

In accordance with Code Section 8-11-135, this is a request for Budget and Control Board approval of the payment by this agency of not more than \$5,000 as a reimbursement to Neil Meisler, M.S.W., Rochester, Illinois, for the costs incurred in moving personal and household effects from Rochester, Illinois, to Columbia, South Carolina.

Mr. Meisler is accepting the position as Executive Deputy Commissioner of the South Carolina Department of Mental Health. The Department has recruited for this position nationwide, and because of the critical need to have this position filled, it is necessary for this agency to pay this reimbursement.

I certify that the amount to be paid by this agency toward the moving cost incurred by this new employee will not exceed \$5,000.


Joseph J. Bevilacqua, Ph.D.
State Commissioner of Mental Health

JJB/lch

02322

EXHIBIT

AUG 28 1986

NO. 21

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION
ITEM NUMBER

16

AGENCY: Winthrop College

SUBJECT: Foreign Travel

Winthrop Colleges requests approval of the travel of Dr. Glenn Thomas to Europe during the October 29 - November 20, 1986, period to visit students and institutions, work with Winthrop students who are attending colleges in Europe, and continue negotiations for linkages with institutions abroad. The estimated cost of this travel is \$4,500 and will be paid from State-appropriated funds.

BOARD ACTION REQUESTED:

Approve the travel of Winthrop College staff member Dr. Glenn Thomas to Europe during the October 29 - November 20, 1986, period at an estimated cost of this travel is \$4,500 to be paid from State-appropriated funds.

ATTACHMENTS:

Piper August 14 letter to Coles

02323



RECEIVED

AUG 21 1986

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Martha Kime Piper
President

EXHIBIT

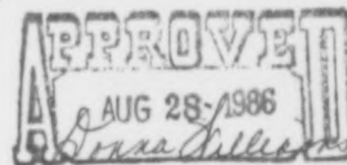
AUG 28 1986

NO. 21

August 14, 1986

STATE BUDGET & CONTROL BOARD

Jesse A. Coles, Jr., Ph.D.
Executive Director
Budget and Control Board
P.O. Box 12444
Columbia, SC 29211



STATE BUDGET AND
CONTROL BOARD

Dear Dr. Coles:

As we continue to develop the international program at Winthrop, we wish to request Budget and Control Board approval for a trip.

Dr. Glenn Thomas seeks approval to visit students and institutions in Europe October 29-November 20. He will be working with Winthrop students who are attending colleges in Europe as well as continuing negotiations for linkages with institutions abroad. We ask approval of this trip which will represent an expenditure of approximately \$4,500 of state-appropriated funds.

You will be interested to know that we are having a substantial increase in the number of students studying abroad this year. Winthrop will have 25 students from France studying in Rock Hill this year.

Please let me know if I can be of assistance.

Best wishes.

Sincerely yours,

Martha Kime Piper

MKP:bp

EXHIBIT

AUG 28 1986 NO. 22

STATE BUDGET AND CONTROL BOARD
MEETING OF August 28, 1986

REGULAR SESSION
ITEM NUMBER

17

AGENCY: Parks, Recreation and Tourism

SUBJECT: Foreign Travel

The Department of Parks, Recreation and Tourism requests approval of the travel of Robert G. Liming, Martha E. Beckman, and Donna Reynolds to London, England during the November 22 - December 4, 1986, period to represent South Carolina at the World Travel Market. The estimated cost of the travel, including transportation, housing, meals and related expenses, is \$6,500 and will be paid from regular funds appropriated for tourism development and promotion.

BOARD ACTION REQUESTED:

Approve the travel of PRT staff members Robert G. Liming, Martha E. Beckman, and Donna Reynolds to London, England during the November 22 - December 4, 1986, period to represent South Carolina at the World Travel Market at an estimated cost of \$6,500 to be paid from regular funds appropriated for tourism development and promotion.

ATTACHMENTS:

Brinkman August 7 letter to Coles

02325



EXHIBIT

AUG 28 1986

NO. 22

RECEIVED

AUG 28 1986

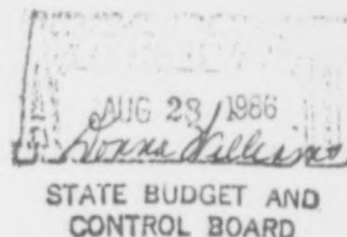
Fred P. Brinkman
Executive Director
(803) 758-2566

STATE BUDGET & CONTROL BOARD

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

August 7, 1986

Dr. Jesse A. Coles, Jr.
Executive Director
State Budget and Control Board
618 Wade Hampton Office Building
Columbia, South Carolina 29211



Dear Jesse:

I am writing to request Budget and Control Board approval for Mr. Robert G. Liming, Director of the South Carolina Department of Parks, Recreation and Tourism's Division of Tourism, Mrs. Martha E. Beckman, Manager of Advertising and Development and Miss Donna Reynolds, Special Projects Coordinator, PRT's Division of Tourism, to represent South Carolina at the World Travel Market in London, England, November 22 - December 4, 1986 (travel dates pending airline schedule).

This show is one of the largest travel trade shows in Western Europe which is oriented to the major travel trade and wholesale operators throughout the United Kingdom. PRT has participated in this highly successful show for the past six years and participation is made possible through the special PRT International Marketing Program which helped attract over 29,000 Western European visitors to South Carolina last year.

We are confident that this show and PRT's direct involvement will continue to strengthen South Carolina's marketing position as a leader in attracting Western European visitors to our state. All transportation, housing, meals and related expenses will be paid out of regular funds appropriated for tourism development and promotion. Estimated expenses are \$6,500.00.

Enclosed is PRT's European Tourism Marketing Program prepared by the Division of Tourism, May 1986. If there is any additional information you or the Board may need, please let me know.

Sincerely,

Fred P. Brinkman
Executive Director

Note

cc: William McInnis, Deputy Executive Director
State Budget and Control Board

Edgar A. Vaughn, Jr., State Auditor

02326

EXHIBIT

AUG 28 1986

NO. 22

STATE BUDGET & CONTROL BOARD

THE EUROPEAN TOURISM MARKETING PROGRAM

of the

South Carolina Department of
Parks, Recreation and Tourism



A Status Update and Outlook
Prepared by the
Division of Tourism

May 1986

02327

THE EUROPEAN TOURISM MARKETING PROGRAM
OF THE
SOUTH CAROLINA DEPARTMENT OF PARKS, RECREATION AND TOURISM:
A STATUS UPDATE AND OUTLOOK



Prepared by the Division of Tourism

May 1986

02328

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PREFACE

This report has been developed to provide the South Carolina Parks, Recreation and Tourism Commission and the Joint Legislative Committee on Tourism and Trade, as well as other interested parties, with a status report on the European Marketing Program of the South Carolina Department of Parks, Recreation and Tourism. Included in this report are several graphs detailing statistical reviews of actual business contacts and specific travel to the State of South Carolina since the inception of the program. Additional material, requests for copies of this document, or other assistance in this area may be obtained from the Division of Tourism, Suite 106, Edgar A. Brown Building, 1205 Pendleton Street, Columbia, South Carolina, 29201, or by telephone at (803) 758-8570.

Following an intensive study of programs operated by other state travel offices in the Southeastern United States and elsewhere, the South Carolina Department of Parks, Recreation and Tourism launched a special effort in 1980 to attract a portion of the lucrative Western European travel market to utilize the attractions and facilities of the travel industry throughout South Carolina.

The Joint Legislative Committee on Tourism and Trade of the South Carolina General Assembly endorsed and unanimously supported the start-up of this project. The members of the South Carolina Parks, Recreation and Tourism Commission subsequently endorsed and gave unanimous support which resulted in the leadership of the legislative committee instrumentally obtaining from the General Assembly a special appropriation of \$100,000 to PRT in the 1980-81 budget to launch a pilot effort to explore the potential of the European Market to expand South Carolina's travel and tourism market. After the initial year, the PRT Commission agreed to continue the program with a \$95,000 budget per fiscal year. No new money has been appropriated for the program since 1980. Funds for the program are obtained from PRT's share of revenue derived from the earmarked state admissions tax allotted for tourism promotion.

In order to develop a plan to properly position the state in the European travel market, the Tourism Division staff of PRT was designated to administer this special effort by utilizing available data and reviewing programs of other states within the region. With the experience gained through the state's participation in a special European marketing program funded by the federal government in the form of a five-state Coastal Plains Regional Commission grant, the PRT staff recommended retaining the expertise of an expert consultant to represent the state in Europe. The inclusion of this office would help avoid the excessive cost of renting office space abroad, hiring new state personnel and the related normal operating costs of maintaining a full-time independent office. Five interested firms submitted proposals and following careful review it was recommended that PRT contract with Hans F. Regh Associates of Frankfurt, West Germany. The PRT Commission unanimously adopted the recommendation on October 7, 1980, with a renewal clause that allowed PRT to continue the agreement through July 1, 1984, based on an annual review by the Commission and the Joint Legislative Committee on Tourism and Trade. In the spring of 1984, PRT, through the policies set forth by the State Procurement Code, requested proposals of international representatives to provide a consulting service to develop a marketing plan to continue the promotion of South Carolina as a destination for Western Europeans. It was the unanimous decision of the PRT Commission to award the contract to Hans F. Regh Associates. This agreement commenced on July 1, 1984, and is to continue for five years with either party having the right to terminate the agreement annually upon serving three months prior notice to the other.

Through the effort to date, major emphasis has been placed on working directly with the major firms and travel agents responsible for moving large numbers of travelers. Special attention also has been given to attracting visitors from higher income brackets to assure more revenue for the state and to serve as a bulwark against the strengthening of the U.S. dollar. Tour development continues to be the top priority of activities to induce potential visitors from Europe to make the State of South Carolina part of their USA travel arrangements.

The State Development Board has continually cooperated with PRT in assisting with the relay of messages by telex. Through staff based in Columbia and in the Brussels, Belgium office, both agencies have on several occasions worked with European interests in pursuing possible acquisition of resort property and industrial development.

Over the years, several private sector promotional organizations and properties have joined in the effort to participate in overseas shows aimed at cultivating this growing market. These groups received some limited financial assistance from PRT and other areas which could not participate in this manner have supported the program with literature and materials.

Providing more literature and information to retail travel agencies has continued as a priority. This has been accomplished through the development of specially designed counter guides for travel agency sales personnel in the German and United Kingdom markets, increased personal visits to agency locations, known availability of information from the PRT European representative and attendance in travel trade shows at Montreux, Switzerland; Brussels, Belgium; London, United Kingdom; and Berlin, West Germany. PRT's European representatives have participated in numerous travel seminars conducted for retail travel agencies in Austria, Switzerland, West Germany, the Benelux countries and the United Kingdom. A travel trade media advertising campaign was developed for West Germany and the United Kingdom giving the state needed exposure as a desirable travel destination.

Overall, there is a continued interest in travel to the USA and particularly to new destinations. Travel costs in other travel destinations -- for example, Southern Europe, East Africa and the Far East -- have risen to much higher levels than those of the United States and the fact that travel costs in the State of South Carolina compare favorably with those of other destinations in the USA is very helpful to the continued growth of European travel to South Carolina.

ANALYSIS OF PRT'S 1981 EUROPEAN MARKETING PROGRAM

An estimated 17,000 Europeans visited South Carolina during 1981. The leading country of origin was West Germany with 8,000 visitors followed by the United Kingdom with some 6,000. Switzerland followed with 1,500 and the remaining nations of Holland, Belgium, France and Spain showed another 1,500. These visitors had expenditures of \$4,335,000 or a return of \$43.35 for every dollar spent in PRT's program to attract this market.

PRT hosted a series of European marketing seminars in Myrtle Beach, Charleston and Hilton Head Island, May 20-22, 1981, which drew sizeable crowds of interested industry representatives and officials. These seminars were aimed towards making South Carolina's travel and tourism industry more aware of the problems in dealing with the European market, including commissionable rates,

vouchers, literature development, reservation services, currency exchange and general promotion.

Frequent mailings to South Carolina properties and businesses were made by PRT throughout the year providing the industry with contact lists of European brokers, agents and wholesalers interested in the state as a destination.

Providing more literature and information to retail travel agencies continued as a priority during 1981. A specially designed counter guide was developed for travel agency sales personnel in the German market.

PRT participated in numerous travel trade shows during the year: the Travel Trade Workshop in Montreux, Switzerland, the Brussels Travel Fair in Brussels, Belgium, the World Travel Market in London, England and the International Tourism Exchange in Berlin, West Germany. PRT's European representative, Hans F. Regh, participated in numerous travel seminars conducted for retail travel agencies in Austria, Switzerland and Germany. A travel trade media advertising campaign was developed during 1981 for West Germany and the United Kingdom giving the state needed exposure as a desirable travel destination.

Several private sector promotional organizations and properties joined in the effort to participate in overseas shows aimed at cultivating this growing market. These groups received some limited financial assistance from PRT, and other areas which could not participate in this manner supported the program with literature and materials.

Direct contact with major international and domestic air carriers continued throughout the year. These carriers assisted in bringing familiarization tours of select travel agents, brokers and travel writers to South Carolina in 1981. A number of businesses and promotional groups supported PRT by arranging receptions, meetings, inspection tours, meals and ground transportation in dealing with the various travel trade missions. This assistance helped PRT to expand its program without increasing its budget.

During 1981, there was a continued interest in travel to the USA and particularly to new destinations. The fact that travel costs in the State of South Carolina compared favorably with those of other destinations in the USA was helpful to the continued growth of European travel to the state.

ANALYSIS OF PRT'S 1982 EUROPEAN MARKETING PROGRAM

In September 1982, the PRT European Marketing Program was selected by the Travel Industry Association of America (TIA), the nation's largest travel trade association, as the most outstanding state travel marketing program in the United States. This recognition gave a major boost and recognition to the program throughout Western Europe. The South Carolina program was also featured during the annual meeting of the Congressional Tourism and Travel Caucus in Washington, D. C., in October 1981.

Visitation grew during 1982 with an estimated 26,000 Western Europeans who spent approximately \$5,437,500 in the state. That is a return of over \$54.37 for each

dollar invested in the program by PRT. The figures showed that West Germany was again at the top with 13,000 visitors, followed by the United Kingdom with 9,000. The number of visitors from Switzerland was 2,000 and France, Belgium, Holland, Austria and Spain produced a total of about 2,000.

South Carolina was featured in 13 tour packages through company catalogs that reached 4,330,000 West German consumers during 1982. A total of 8,925 of these tours were purchased. Several smaller firms in West Germany, as well as companies in Switzerland and the United Kingdom, featured the state as a destination in tour catalogs. One of West Germany's top tour packagers, Deutsches Reisebuero (DER), featured South Carolina for two years to their retail travel agents throughout Germany. They also featured the state in their annual travel academy for 400 retail travel agents in December, 1982.

Three mailings were made to 1,600 travel agents during the year providing them with English, German and French language materials. PRT's European representative also made sales calls on 535 retail travel agents in 1982. In cooperation with the United States Travel and Tourism Administration, the South Carolina program was presented to travel trade workshops and seminars in nine cities in Germany, Switzerland and Holland. PRT made 780 sales contacts with travel trade personnel at a variety of travel trade shows and exhibitions, including the ITB in Berlin, the TIA International POW WOW, the Swiss Travel Workshop, the DRV German Travel Agents Annual Congress, the BTF in Brussels and the WTM in London.

PRT's European Marketing Program was given continued major airline support and assistance in package tour development, destination promotion and inspection tours of South Carolina. Free air transportation for these prospects to visit the Palmetto State was valued at \$73,000 for the actual seats used in connection with visits.

Familiarization tours remained a major facet of the PRT program and nearly 100 agents and writers visited the Palmetto State in 1982. TWA, Deutsches Reisebuero, USTTA and Pan Am were among a few of those in the industry PRT worked closely with to arrange these inspection tours.

Lists of all contacts PRT received through participation in travel trade shows, as well as through its limited travel trade advertising, were provided to the properties in South Carolina throughout the year. A special 12-page, four-color consumer brochure was produced for the French-speaking market providing PRT with its first French material. A special 16-page counter guide including no-cost advertising for South Carolina properties was distributed to over 6,000 travel agents in West Germany and Switzerland. A number of trade publications ran stories on the state and PRT's marketing efforts. These articles helped generate some \$15,000 in free trade news space. Articles in West German consumer magazines and newspapers reached a total circulation of 1,460,000 and produced free space valued at \$26,000 as a result of journalist visits to the state during 1982.

Available material indicated that Charleston again was the major point of interest, especially in the form of bus tours and fly-drive vacations. A strong second was Hilton Head Island with stays generally longer. Myrtle Beach, the coast and a few inland areas were also popular.

ANALYSIS OF PRT'S 1983 EUROPEAN MARKETING PROGRAM

The European market had an excellent year during 1983. This market continued to grow more relaxed with the economical methods of traveling in the United States. It was estimated that South Carolina received 27,500 Western European visitors who spent approximately \$6,202,500 in the state for a return of over \$62.02 for each dollar invested in the program by PRT. West Germany had the lead with 13,500 visitors, followed by the United Kingdom with 10,000, Switzerland with 2,000 and France, Belgium, Holland, Austria and Spain produced a total of about 2,000. The visitation figure increased 5.77% over 1982 and the expenditure number rose 13.89%.

Major support and assistance continued in developing tour packages from ten major transatlantic and domestic air carriers who provided free air transportation to agents and writers on inspection tours which totaled \$100,800.

Familiarization tours remained a major feature of the PRT program and over 100 agents and writers visited the state in 1983. Nova Reisen of Munich, Lufthansa German Airlines, British Caledonian, Eastern Airlines, Pan American, Trans World Airlines, Delta Air Lines, Condor and the United States Travel and Tourism Administration all assisted PRT with various inspection tours to the state. As a result of travel writer tours, articles in German consumer magazines and newspapers reached a circulation of over a million. Free space was valued at \$18,000.

Deutsches Reisebuero (DER) again featured South Carolina as a destination to their top 400 retail travel agents in Meran, Italy. The state received special coverage in an audio-visual presentation. This type of exposure generates valuable awareness of the state as a highly desirable vacation destination for the DER clientele.

Black-and-white ads were placed in several major travel trade publications during the spring and fall of 1983. South Carolina was featured in 14 packages through company catalogs that reached 5,350,000 West German consumers. A total of 10,100 of these tours were purchased. If PRT had bought that space, it would have cost \$46,500. In addition, there were seven smaller firms which also included the state. In the United Kingdom, ten companies featured South Carolina and in Switzerland there were four.

Efforts continued in providing information and educational services to retail travel agents. Three mailings were made to 1,600 travel trade contacts in Europe providing them with German, English and French language materials. Individual inquiries totaled 1,959 during 1983. Seminars and workshops were conducted in cooperation with carriers, wholesalers, tour operators and USTTA in approximately ten cities throughout Germany and Switzerland. Attendees at these workshops totaled about 800 persons. Another 800 sales contacts were made with travel trade personnel at the ITB in Berlin, POW WOW in Orlando, TTW in Montreux, Switzerland, BTF in Brussels and WTM in London.

The coastal area continued to attract the majority of overseas visitors with Charleston being the primary stopover point. Myrtle Beach received more English than German visitors during 1983.

ANALYSIS OF PRT'S 1984 EUROPEAN MARKETING PROGRAM

South Carolina experienced a productive year during 1984 as a travel destination in the Western European market despite the strength of the U. S. dollar against foreign currencies. Figures show that South Carolina received 29,300 Western European visitors during 1984 which was an increase of 6.5% over 1983. Expenditures of these visitors totaled \$6,627,750 which is up 7.1% over the past year. As reflected in previous years, West Germany led the way with 14,500 visitors during 1984 followed by the United Kingdom with 10,500, Switzerland with 2,300 and France, Belgium, Holland, Austria and Spain produced a total of approximately 2,000. The return of the dollar was over \$66.27 for the year.

PRT's European representative, Hans F. Regh Associates of Frankfurt, contracted with Jack Hilton of AMAIR in London to further promote South Carolina as a vacation destination in this fast growing market. Having a visible presence in the United Kingdom increases the awareness of options throughout the state to sellers of USA travel.

The availability of travel literature and factual information remained important factors in the PRT marketing effort. The German language version of the South Carolina tourism brochure was reprinted and a 16-page, four-color counter sales guide was produced in English and German versions for retailers, wholesalers and airline personnel. A new 16mm film and a video presentation were produced for use with international travel agents and wholesale operators.

A total of 22 tour packages featured South Carolina as a destination and this resulted in reaching 6,775,000 West German consumers. Of these, 11,625 tours were actually purchased. This same space, if purchased by PRT, would have cost \$57,750. Other smaller firms which included South Carolina totaled 36. In Germany, 13 companies featured our State and in the United Kingdom there were 16. Switzerland promoted through four companies and Austria through three.

Since most European customers plan their travel in the spring, black-and-white ads were placed in 11 travel trade publications during this season in 1984. Travel trade advertising assures the state of a constant exposure in the market and makes PRT's presence known to the travel trade as a source of reliable and varied information on travel to and within the state.

A number of familiarization tours were arranged for a variety of international travel buyers and groups who deal with the travel trade and media in Europe during the year. Various regions within the state were inspected by some of the top incentive and group travel agencies during 1984. PRT continued marketing efforts with major tour packagers and Visit USA retail travel agents and airline carriers throughout 1984 which helped the state maintain its position in this important marketplace.

During April 1984, the South Carolina State Development Board organized a seminar in England for the London Chamber of Commerce to promote economic development for the state. PRT participated in this seminar in a joint effort

with other state agencies, local chambers of commerce and economic development allies. PRT, assisted by Delta Air Lines, hosted a luncheon for leading British tour operators which was extremely well-received and publicized in the UK travel trade.

Five mailings were made to 1,600 travel agents during the year in Europe. A total of 2,989 individual inquiries were received in 1984. PRT's European representatives made sales calls to 875 carriers, wholesalers, retail travel agents and special interest organizations during the year in Germany, Switzerland and the United Kingdom. Contacts made during seminars and workshops totaled approximately 900. An additional 900 contacts were made with travel trade personnel during the ITB in Berlin, POW WOW in Seattle, TTW in Montreux, Switzerland, Association of British Travel Agents in Toronto, BTF in Brussels and WTM in London.

There has been a marked increase in fly/drive packages throughout South Carolina and the state is considered a favorite among stopover points for tours visiting beaches on the East Coast. Charleston continues to lead as the major stopover point for tours between New York and Miami, and Myrtle Beach again leads in the English market rather than the German. Hilton Head Island remains very strong for up-scale golfing groups and extended-stay visitors and circular tours increased as a result of the use of the Atlanta gateway.

ANALYSIS OF PRT'S 1985 EUROPEAN MARKETING PROGRAM

The State of South Carolina was able to maintain its presence in the European market and remain a strong alternative travel destination to other states such as Florida. Having laid the groundwork in previous years, PRT has been successful in attracting this important clientele to the state by offering new competing destinations to the Western European market.

Throughout 1985, the effect of the strong dollar against foreign currencies had a negative influence on the total number of European visitors to the United States. During the last four months of 1985, there was a drastic decline in the strength of the dollar which aided PRT in bolstering marketing efforts with major European tour operators, wholesalers, major carriers and retail travel agents as they began their plans and packages for 1986.

During these difficult marketing times, PRT targeted a select audience who were already planning to visit the United States. Influencing decisions of European travel sellers to send their clients to South Carolina was accomplished through a variety of efforts. This was achieved by arranging personal meetings with decision-making tour operators and retail travel agencies, participating in travel trade workshops and shows, attending seminars for airlines, wholesalers and special interest tour packagers, organizing familiarization tours and focusing on joint sales calls. Travel trade advertising, direct mail activities and publicity efforts also played a vital role in exposing South Carolina to both the travel trade and consumer throughout Western Europe.

Focusing on continuous cooperative promotional efforts with the many Visit USA partners in both Europe and America enabled South Carolina to strengthen its product as a preferable choice for USA travel yet maintain a separate identity. Ongoing support and assistance with the United States Travel and Tourism Administration (USTTA) through its regional offices abroad as well as the Washington, D.C. headquarters, also helped increase tour development for the state.

PRT worked closely with the marketing and sales personnel of major transatlantic and domestic carriers whose route structure and interests were tourism related. Delta Air Lines, Lufthansa German Airlines, British Caledonian, KLM, Trans World Airlines, Condor, Piedmont Airlines, Eastern Airlines, Pan American Airways, Swissair, Sabena and American Airlines were among the carriers PRT worked with to provide additional leverage and impact on the European travel sellers. Increased tour development was also obtained through educating the travel trade on the many opportunities and attractions available in South Carolina. Carriers, properties and others provided free or reduced rates to travel agents, travel writers and tour operators throughout 1985. South Carolina's European Marketing Program was recognized by David C. Garrett, Jr., Chairman and Chief Executive Officer, and R. W. Allen, President and Chief Operating Officer of Delta Air Lines, Inc. during 1985 as "an integral part of Delta's international marketing structure."

Hans F. Regh, PRT's European representative in Frankfurt, West Germany, has become established as a reliable source of accurate and detailed information on the State of South Carolina since the program's inception in 1980. Over the years, Mr. Regh has been instrumental in laying the groundwork for PRT's European Marketing Program which has experienced considerable growth. As the demand for information on South Carolina expanded in the Western European market, the need for specific services by the travel trade also continued to grow. PRT agreed to assist this need by expanding direct representation into the markets of the United Kingdom and Switzerland. Hans Regh Associates contracted with Jack Hilton of AMAIR in London during 1984 to further promote South Carolina as a vacation destination in this fast growing market. Mr. Hilton has been associated with the United States Travel and Tourism Administration, Trans World Airlines, Greyhound Corporation and previously served as director of sales for Braniff International. During 1985, Switzerland was the only Western European country with an increase in travel to the United States which was due to its stable currency. Marino R. Fontana was contracted through Hans Regh Associates to improve communications with the travel trade in the lucrative Swiss market. Mr. Fontana has owned and operated his own travel agency, Fontana Travel, for six years. Prior to this, he spent six months in the United States focusing on intensive study of travel to American destinations. All three offices will service the needs of the travel trade in their countries by distributing South Carolina literature, maintaining a visible presence and increasing the awareness of the State of South Carolina to sellers of USA travel.

Retail travel agents and consumers in Europe continued to receive PRT information and educational services during 1985. A select list of 1,800 travel trade contacts in West Germany, the United Kingdom, Switzerland, Austria, France and the Benelux countries received information on South Carolina during one of

four individual mailings in 1985. This literature, either German, French or English, was distributed during the spring and fall. During the calendar year, some 3,700 written requests were received from the travel trade and consumers. These requests were serviced by mailing out the specific information needed. The breakdown represented 2,400 from German speaking areas and 1,300 from non-German speaking areas. Approximately 7,400 additional inquiries were handled by telephone, telex and personal correspondence.

During 1985, PRT reprinted 21,500 copies of the German language version of the South Carolina tourism brochure and translated South Carolina's 16mm film "Smiling Faces, Beautiful Places" into German. A counter sales guide was produced by PRT during 1985 to provide the private and public sectors of the United Kingdom with detailed information on the state. This 20-page, four-color guide premiered during the World Travel Market in London and was distributed to 7,000 travel agents throughout Europe. Additional copies are being disbursed through PRT's London office.

A four-page, four-color newsletter was designed and appeared quarterly in Reisebuero Bulletin enabling the travel trade in the German-speaking areas of Europe easy access to updated travel information on the State of South Carolina. This tool is instrumental in maintaining South Carolina's leadership with competing USA destinations.

Despite the strong dollar, the state was again featured in company catalogs of some of the most prominent European tour operators and wholesalers during 1985. Deutsches Reisebuero (DER) included the state in their 1985 program as well as in their audiovisual presentation which was viewed by over 500 of DER's retailers at the DER Travel Academy.

Personal sales calls made by PRT's European representatives continued during the year. Over 700 calls were made in German speaking areas and 300 were made in the United Kingdom, primarily in the London area. Seminars and workshops held in Zurich, Lausanne, Geneva, Brussels, Paris, Hamburg, Munich, Stuttgart and Frankfurt generated over 1,300 additional contacts, and were made possible through cooperation with carriers, wholesalers, local travel agencies and the USTTA regional offices in Paris and Frankfurt. Materials were distributed to local agents and consumers in ten additional cities in Germany and Switzerland: Duesseldorf, Essen, Stuttgart, Cannstatt, Munich, Berlin, Hamburg, Berne, Zurich and Cologne.

Participation in travel trade shows, fairs and exhibitions increased the number of trade contacts by 830. The ITB in Berlin, POW WOW in Los Angeles, the Travel Trade Workshop in Montreux, Switzerland, the Belgium Travel Fair in Brussels and the World Travel Market in London gave PRT representatives the opportunity to meet one-on-one with interested travel agents, tour operators, international media and the public. As a test for direct exposure to potential visitors at consumer shows, PRT participated with Piedmont Airlines in a joint exhibit held in Bielefeld, West Germany, which proved to be fruitful.

PRT participates annually in the USTTA-Deutsches Reisebuero Info Road Show. This consumer-trade show reached over 42,000 consumers and selected travel trade personnel in the West German cities of Kassel, Braunschweig,

Hamburg, Bremen, Duisburg, Dortmund, Duesseldorf, Aachen, Mannheim, Munich, Stuttgart and Frankfurt. Each day consisted of a two-hour informational session for travel agents and a four-hour informational session exclusively for the public. During the evenings, there were three hours of related entertainment from select USA groups. Through USTTA's Frankfurt office, PRT arranged to have the Dick Goodwin Jazz Quintet of Columbia and vocalist Marlena McGhee of Beaufort extoll their musical message of the Palmetto State during the 12 city traveling road show. A total of 1,453 travel agents and 21,800 potential visitors attended this exhibit during the 12 days with an additional 19,360 consumers present at the evening entertainment sessions. Over 14,000 South Carolina brochures were distributed to interested individuals at these shows.

As a result of PRT's continued presence in this market through trade missions and participation in travel trade shows, there has been an increasing demand for tour planning services for visitors to South Carolina. PRT's assistance with itineraries, its role as a liaison with suppliers and its efforts in coordinating future endeavors have continued to expand throughout 1985. During September, 1985, Governor Richard W. Riley led a delegation to five countries in Europe on a trade mission to attract industry and business to South Carolina. PRT's Frankfurt office coordinated with the State Development Board's Brussels office in several aspects of the Governor's visit to Germany. PRT, through its European representative, hosted a dinner and made arrangements for a presentation of the PRT International Marketing Program to the top leaders of the German travel industry. This program was attended by the Governor and PRT Commission Chairman Charles A. Bundy. Approximately 30 key airline personnel and tour packaging managing directors were on hand in Frankfurt to attend this four-hour function which gave state officials an opportunity to discuss the travel trade industry with German representatives.

Four German travel writers participated in a seven-day familiarization trip to the coast of South Carolina during May 1985. These writers, from Diners Club, Golfer, Tennis Revue and Maenner Vogue magazines, visited Charleston, Beaufort and Hilton Head Island. This familiarization trip produced great publicity for South Carolina and an equivalent value in advertising dollars of approximately \$37,500 through two multi-page, four-color articles written by two participants. Articles appearing in Diners Club Magazine and Tennis Revue generated over 500 letters and approximately 700 telephone calls. The majority of these inquiries represented an upscale market of potential German visitors to South Carolina who were less affected by the recent strength of the dollar.

PRT arranged another familiarization tour during September, 1985, for 14 top retail travel agents of Hapag-Lloyd Travel. This tour was made possible through coordination with Deutsches Reisebuero (DER), the largest tour operator in West Germany, and Lufthansa German Airlines. Both companies provided escorts for the group. Mr. Peter Landsberger, General Manager for the North American Division of DER, was on hand to experience the many vacation opportunities throughout South Carolina. Additional familiarization tours were arranged during the year for international travel writers.

PRT's advertising in Western Europe is restricted to the travel trade. Exposure to the consumer market is obtained through tour wholesaler catalogs and

participation in consumer information shows such as the successful USA Info Road Show. The majority of European customers plan their travel during the spring of each year; therefore, PRT once again placed black and white ads in several travel trade publications during this season in 1985. These publications included: Fremdenverkehrswirtschafts(FVW), Reisebuero Bulletin, Destination USA (USTTA Magazine), Deutsches Reisebuero (DER) Catalog, AirtoursInternational Catalog, T.I.D. Kontakt 1985 (German travel agents handbook), Fernreisen Magazine, Travel Trade Gazette in the United Kingdom and Ireland and Travel Trade Gazette European edition.

The trend over the years has remained the same with the coastal region of the state as the major attraction to Western European visitors. The increase in hotel and car voucher programs has produced a larger number of European travelers to other areas of the state. This is evidenced by the inquiries received and discussions with various retail travel agents. Trends of the 1985 European visitor to South Carolina indicate:

- Charleston remains the leader as a stopover point for tours between New York and Miami and is included on the majority of USA tours. This port city is becoming more popular for those circle tours that originate in Atlanta or Miami and include the Southeastern states.
- Resort Islands are becoming increasingly popular for visitors planning an extended stay. Packages offering beach vacations as well as sports related vacations appeal to the European traveler. The length of the stay for a foreign visitor exceeds that of the typical American visitor.
- There is a growing awareness of the Grand Strand as a destination and, as experienced in years past, Myrtle Beach continues to be the leader in the English market rather than the West German market.
- Regions other than the coast, particularly the Upcountry, are finding an increase in interest by the foreign visitors primarily due to the easy availability of fly-drive packages which allow international visitors more flexibility with their itineraries. This type of package is also more affordable by the foreign visitor and is used more widely. Camping tours have also continued to increase throughout 1985.

The strength of the dollar has contributed to making the international visitor very cost conscious. Many tour operators are now allowing the European traveler to purchase various separate components for a trip which enables the traveler to develop the itinerary that best suits his vacation budget. With this situation, it has become more difficult to monitor the exact amount of traffic coming through the state; however, the increase in specific requests clearly indicates that South Carolina is maintaining its portion of those European travelers en route from New York, Chicago, Washington and Miami. The number of visitors from Western Europe to South Carolina remained stable during 1985. It is estimated that 29,000 Western Europeans visited South Carolina. These visitors had expenditures in the state totaling approximately \$6,630,000, which reflects a return of \$66.30 on the dollar. Over the past five years, the West German market has led the way with the number of visitors from abroad. During 1985,

South Carolina hosted 14,000 from West Germany and 10,000 from the United Kingdom. Switzerland followed next with 3,000 and France, Belgium, Holland, Austria and Spain produced a total of approximately 2,000. Although the 1985 figures do not reflect a growth from the previous year, the State of South Carolina was able to maintain its presence in the Western European Market despite the fact that the strength of the U. S. dollar reached its pinnacle just as Europeans were planning their travel arrangements. It was important to PRT to continue its marketing efforts during a most difficult time and the end result was a positive one in that we did not lose but maintained our share of this market during the calendar year 1985.

OUTLOOK FOR 1986

With the decrease in the value of the American dollar now being experienced, European visitors will receive an additional one-third in purchasing power which should work as a tremendous stimulus for 1986. Since the majority of Europeans have postponed their travel to the United States for the past two years, a sizeable increase of visitors to South Carolina during 1986 is expected.

South Carolina's tourism director chairs the International Marketing Committee for the Southeast Tourism Society and is currently coordinating regional efforts with the United States Travel and Tourism Administration to promote the South to the West German market. He also serves on the Charleston County Aviation Authority's International Affairs Committee and is Vice Chairman of Travel South USA. Through these affiliations, the State of South Carolina should fair extremely well with all regional international promotions. PRT anticipates a major regional cooperative tour the latter part of 1986 for key travel agents in the West German market. This tour will be made possible with the assistance of USTTA's Frankfurt office and Travel South USA. The Tourism Division will continue to coordinate the inspection tours to South Carolina.

Continuing expansion of golf and beach promotion is anticipated throughout the year in the United Kingdom market. The Tourism Division and its three field offices will continue to assist the private and public sectors by making direct contacts with European brokers and properties.

The recent terrorist acts in Europe will affect American travel overseas, however, it remains to be seen how strongly this will influence European travel to the United States and to South Carolina.

Despite the strength of the U. S. dollar during 1985 and the aggressive acts towards Americans, PRT will continue its marketing efforts throughout Western Europe in 1986. With the upturn in the European economy, the state's visitation number is anticipated to increase strongly this year.

1985 WESTERN EUROPEAN VISITOR ORIGIN AND SPENDING

Country	Visitors	Length Of Stay	Daily Expenditures	Expenditures
West Germany	14,000	3.0 Days	\$85.00	\$3,570,000
United Kingdom	10,000	2.5 Days	\$75.00	\$1,875,000
Switzerland	3,000	3.0 Days	\$90.00	\$ 810,000
Other European Countries	<u>2,000</u>	<u>2.5 Days</u>	<u>\$75.00</u>	<u>\$ 375,000</u>
TOTALS	29,000	81,000 Days	\$81.25	\$6,630,000

Compared to 1984, there were no changes in the number of visitors or total expenditures.

FREE COST BENEFITS FROM 1985 EUROPEAN TOURISM PROGRAM

Free Airline Transportation for Inspection Tours	\$ 12,600.00
Free Travel Trade News Stories	6,400.00
Value of Consumer News Stories	52,500.00
Value of Tour Catalog Pages	41,300.00
Value of Promotional Spots on West German Radio Stations	8,000.00
TOTAL	\$120,800.00

1985 MAJOR EUROPEAN TOUR CATALOGS AND VALUES

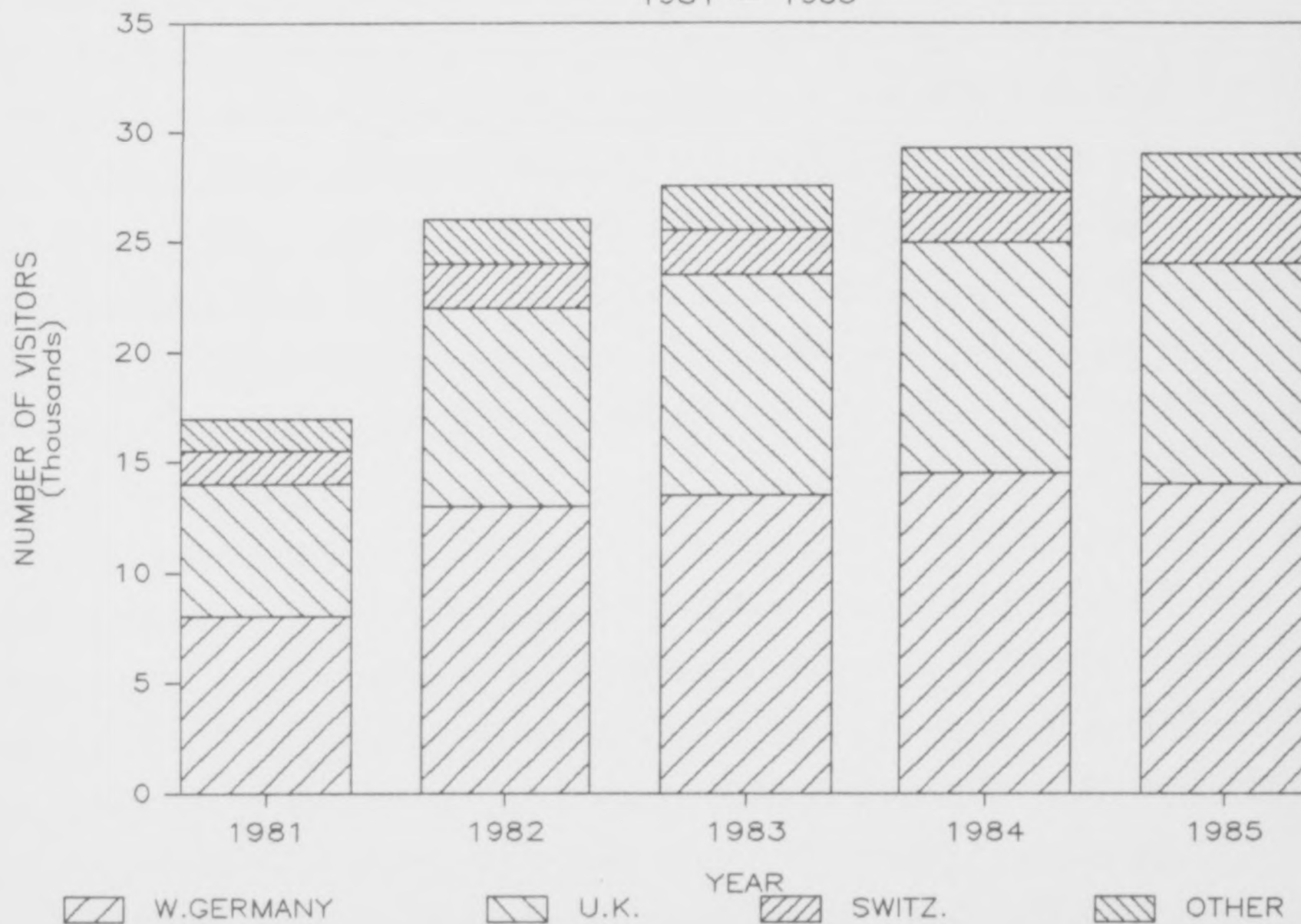
WHOLESALERS	PAGES	COPIES	EXPOSURE VALUE	PURCHASERS
CANAM TOURISTK	1/4	100,000	\$ 500	200
CANADA REISEDIENST	1/8	200,000	\$ 500	150
AIRTOURS INT'L	1	400,000	\$ 4,500	2,000
WOLTERS REISEN	1/2	150,000	\$ 600	200
MCB REISEN	1/8	50,000	\$ 500	100
SCHWABEN INTERNATIONAL	1/2	200,000	\$ 1,000	300
NECKERMANN	1	1,200,000	\$ 8,000	1,500
INTER AIR VOSS REISEN	1/2	200,000	\$ 750	100
FFTFLUG-UND FERNTOURISTIK	1/8	100,000	\$ 400	150
JUNKERS REISEN	1/4	200,000	\$ 600	200
PRIMUS REISEN	1 1/4	100,000	\$ 1,500	150
TRAVAC	1 1/2	250,000	\$ 5,000	800
HAPAG LLOYD	1	100,000	\$ 1,000	200
CA FERNTOURISTIK	1/2	100,000	\$ 750	150
DEUTSCHES REISEBUERO	1 1/2	1,200,000	\$ 9,000	2,500
NOVA-REISEN	1	250,000	\$ 2,500	800
NOVA TOURS	1/8	75,000	\$ 300	200
VOBIS REISEN	1	100,000	\$ 1,000	200
AIR TOUR AUSTRIA	1/4	100,000	\$ 400	100
MEIER'S WELTREISEN	1/2	400,000	\$ 2,500	600
TOTALS	15	5,475,000	\$41,300	10,600

APPENDIX

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WESTERN EUROPEAN VISITOR ORIGIN

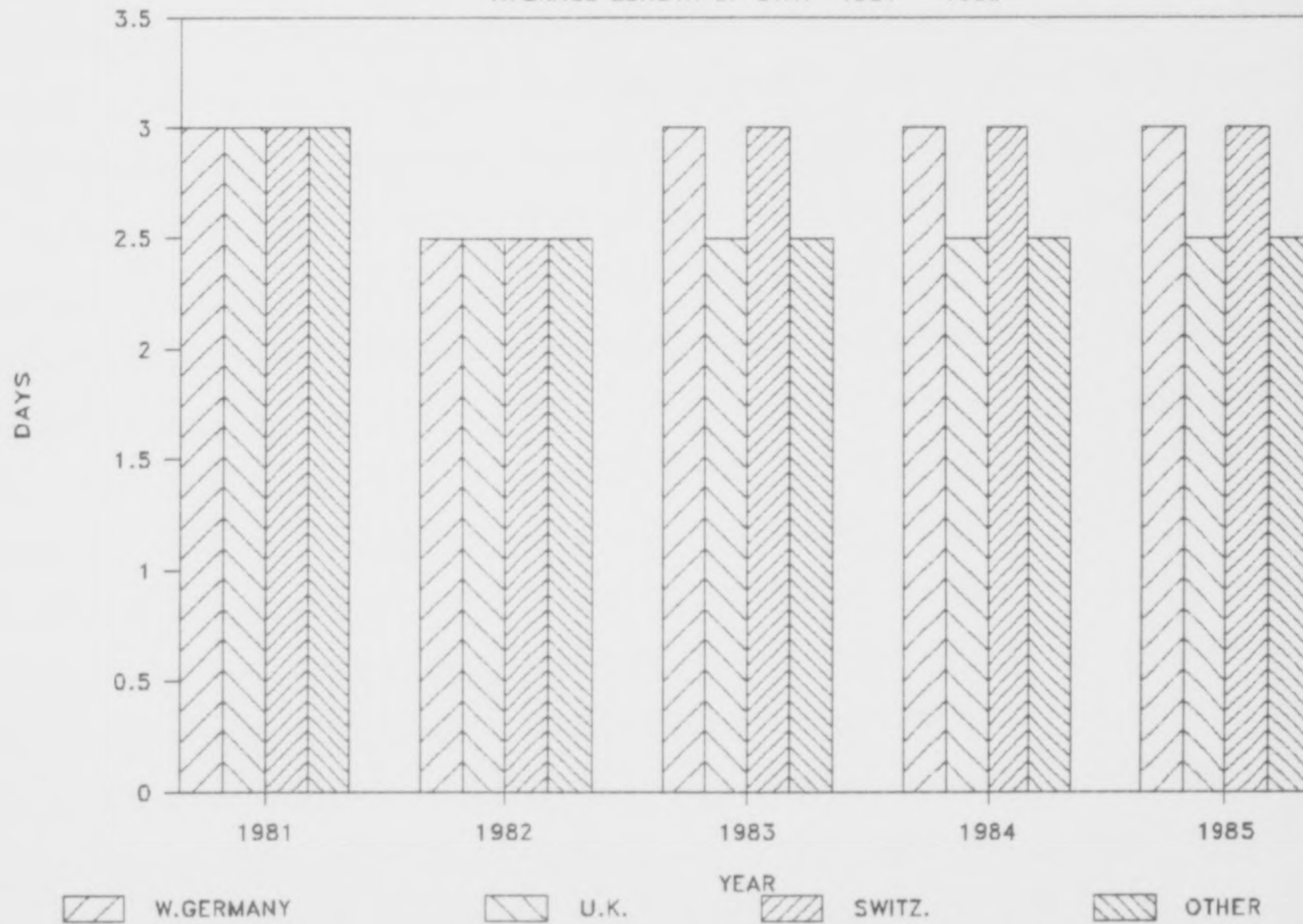
1981 - 1985



02346

WESTERN EUROPEAN VISITORS

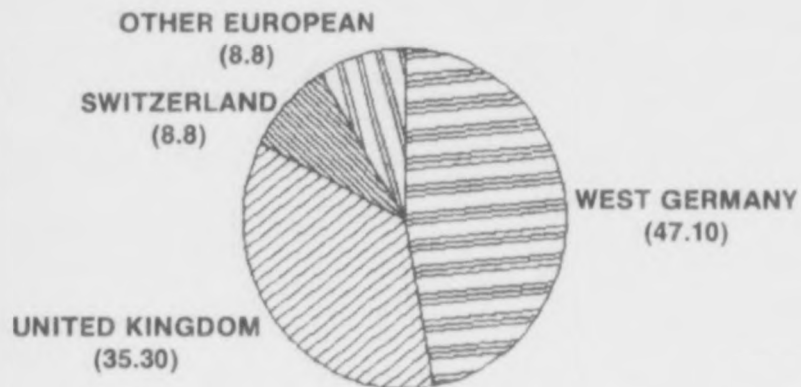
AVERAGE LENGTH OF STAY 1981 - 1985



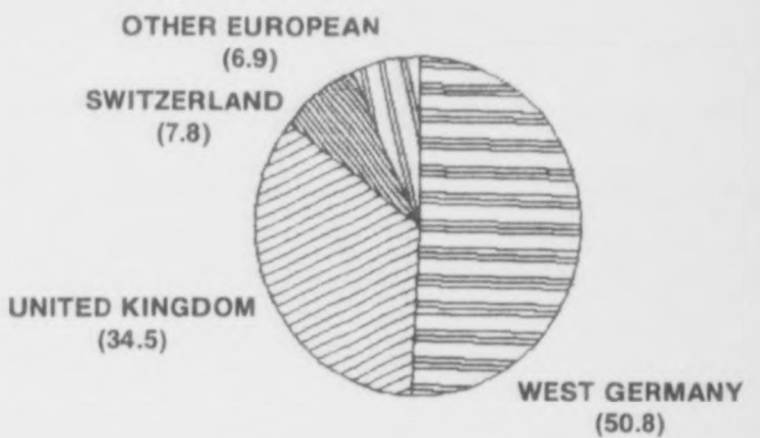
02347

WESTERN EUROPEAN VISITOR EXPENDITURES 1981-1985

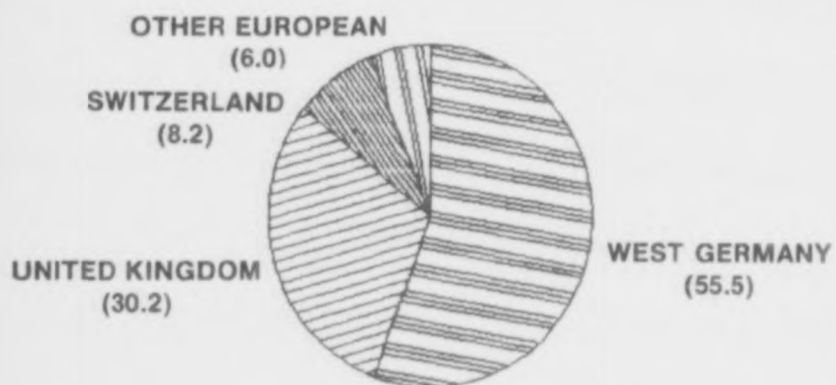
1981



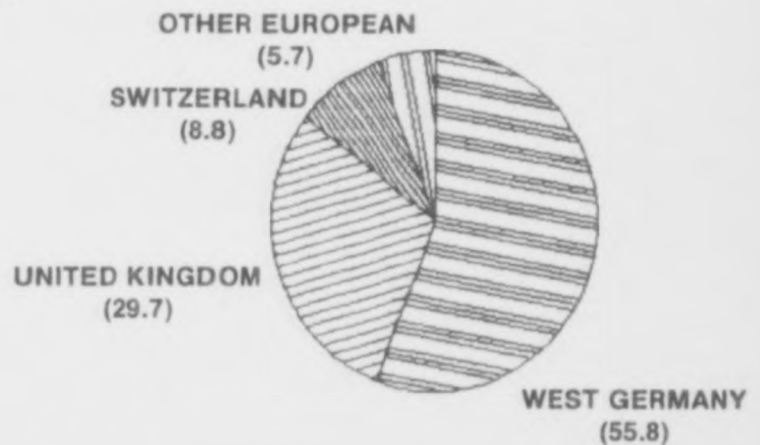
1982



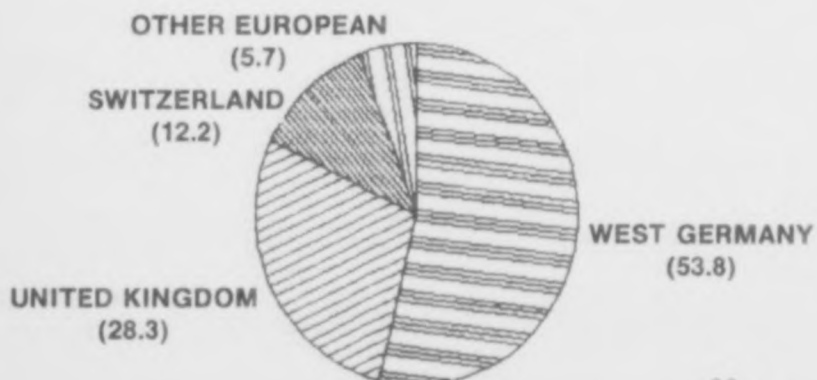
1983



1984



1985



02348