

MINUTES OF
Budget and
Control Board
Meeting

July 10, 1980

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

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

July 10, 1980

MEMORANDUM

TO: Budget and Control Board Division Directors
FROM: William A. McInnis, Secretary *WAM*
SUBJECT: Summary of Budget and Control Board Actions Taken At July 8, 1980 Meeting

At the referenced meeting, the Budget and Control Board took the following actions:

- (1) Governor Riley asked Executive Director Putnam to communicate the Board's wishes for a speedy recovery to Administrative Assistant Donna Williams who underwent surgery recently;
- (2) Approved the minutes of a poll conducted on June 25, 1980;
- (3) Ratified the actions in a poll dated June 25, 1980;
- (4) Received as information responses to Governor Riley's May 16 memorandum on Energy Conservation from nine agencies;
- (5) Approved consulting services contracts between (a) Office of the Governor and Jimmy E. Gilbert, Jr.; (b) Division of Research and Statistical Services and the S. C. Medical Association; (c) Wildlife and Marine Resources Department and the North Carolina State Institute of Statistics;
- (6) Adopted a resolution approving the Charleston County proposal to issue \$3,000,000 Industrial Revenue Note for the Perseverance Textiles, Inc., N. V. Project;
- (7) Approved a Georgetown County Proposal to issue \$8,650,000 Hospital Facilities Revenue Bonds on the condition that the required review by the State Auditor's Office be completed with satisfactory results;

(8) Received as information a report by the Local Government Division on Rural Improvement Projects funded, in the amount of \$189,347.93 during the June 3 - 30, 1980 period;

(9) Added to the agenda and approved a \$200,000 grant to a Lexington County water and sewer project involving funds totaling \$1,150,650;

(10) Authorized, subject to the concurrence of the Joint Appropriations Review Committee, the receipt and expenditure by the Medical University of \$3.1 million anticipated from Charleston County pursuant to a management agreement between MUSC and the Charleston County Council and directed the Medical University to consult with State Auditor Vaughn on its desire to deposit payments to be received from Charleston County on an outstanding debt of \$1.3 million into the plant improvement bond sinking fund account;

(11) Approved the selection of J. E. Sirrine Company to provide the architectural and engineering services on The Citadel's Varsity Athletic Building project estimated to cost \$1,500,000, to be financed from donated funds, subject to the review of the Joint Bond Review Committee, after concluding that, since no bonds of the State or its institutions will be involved in financing this project, the intent of the General Assembly was not to prevent the establishment or implementation of a project to be financed entirely from private sources;

(12) Approved the acquisition by Trident Technical College of approximately 7.2 acres of land at a cost of \$70,000 and of 1/3 of an acre of land at at cost of \$10,000, to be financed entirely from local funds;

(13) Authorized the approval of a request by Lt. Governor Stevenson for permission to transfer a total of \$2,824 within the budget of her office so as to increase the annual salary rate of four staff positions in fiscal year 1980-81;

(14) Authorized the Supreme Court to establish three Judicial Research Aides I and two Legal Secretary II positions above the number authorized, subject to the review and comment of the Joint Legislative Committee on Personal Service Financing and Budgeting, and requested that Committee to negotiate the possibility of establishing the referenced positions on a temporary basis pending final action on the Appeals Court; and allocated \$87,912 from the Civil Contingent Fund to pay the salary and fringe benefit costs of these five positions and to provide related equipment and supplies for them;

(15) Adopted a resolution approving the issuance by the S. C. State Housing Authority of Construction Loan Notes, 1980 Series A, in the amount of \$4,120,000;

(16) Adopted revised travel regulations for fiscal year 1980-81;

(17) Agreed to proceed with the recommendations stated in the Motor Vehicle Management Review Committee report received by the General Assembly on January 23, 1980 and authorized the Division of Motor Vehicle Management to notify formally the several State Government agencies and institutions of the Board's intentions in this regard;

(18) Reviewed and reconfirmed actions taken previously approving the establishment of positions above the number in the Appropriation Act in the interest of establishing a baseline for fiscal year 1980-81;

(19) After an extended discussion, carried over to the next meeting requests by the University of South Carolina- Columbia Campus, University of South Carolina - Aiken Campus and Lander College for Board approval of the selection of architectural and engineering and consulting firms to provide services required on proposed fine arts facilities;

(20) Authorized the University of South Carolina - Spartanburg Campus to establish a School of Nursing Building project to be financed from county, Appalachian Regional Commission and private funds, pursuant to the authorization included in the 1980 Bond Act, subject to review by the Joint Bond Committee;

(21) Authorized the University of South Carolina - Lancaster Campus to temporarily use private funds now on hand to finance the purchase of land for the development of the Lancaster campus in an amount not to exceed to \$350,000, as authorized in the 1980 Bond Act, on the condition that the private funds advanced would be reimbursed when the 1980 bond funds are made available;

(22) Authorized Clemson University to invite bids on the Pee Dee Research and Education Center Phase I project to be financed from Capital Improvement Bond funds authorized prior to 1980;

(23) Approved a revision in the estimated cost of Medical University project #19-83, Addition to President's House, increasing it from \$150,000 to \$196,919.84 and, to the extent excess Plan Improvement Bond debt service funds are available, authorized the project to be financed from that source;

(24) Authorized the State Board for Technical and Comprehensive Education to use temporarily uncommitted bond funds authorized prior to 1980 to finance a roofing repair project at Horry-Georgetown Technical College pending the release of the \$65,000 authorized in the 1980 Bond Act for this purpose;

(25) Approved the selection of Tectonics Engineering Consultants, Inc. by the Educational Television Commission to provide the services required in connection with project H67-006, with the selection being made under the small projects procedure;

(26) Approved the selection of Wilbur Smith & Associates and Robert Marvin & Associates by the Department of Parks, Recreation and Tourism to provide the A & E services for all phases of the Hunting Island State Park Redevelopment project;

(27) Approved the selection of Thomas W. Salmons, III, Architectural and Planning Services to complete plans and specifications for offices in Greenwood and Union counties and for an office space addition at the Dennis Wildlife Center, using funds authorized prior to 1980;

(28) Approved the selection of B. Tarleton and Associates by Winthrop College to provide the services necessary in re-routing underground electric lines on the college campus;

(29) Approved the Title XX Comprehensive Annual Service Program Plan for fiscal year 1980-81, subject to conditions contained in Governor Riley's June 25 letter to Social Services Board Chairperson Dusenberry;

(30) Approved the recommendations of the Grants and Contracts Subcommittee on a package of 19 projects involving \$3,647,188 dated June 30, 1980, subject to the concurrence of the Joint Appropriations Review Committee;

(31) Approved revisions of the Grants and Contracts Review Manual relating to the method of establishing indirect cost rates by State agencies and recognized James Kirk, a recent addition to the Finance Division staff, who will be working in this area;

(32) Concurred in a request by the Joint Appropriations Review Committee to defer 13 Technical and Comprehensive Education projects and 3 projects of DHEC;

(33) Concurred in an action of the Joint Appropriations Review Committee which recommends authorizing the Public Service Commission to establish two federally-funded positions above the number authorized for project 0-R04-002, subject to the review and comment of the Joint Legislative Committee on Personal Service Financing and Budgeting;

(34) Adopted a resolution approving the use of mortality and service tables recommended by the System Actuary for the Retirement System for Judges and Solicitors and approving using as an assumption a 7% rate of interest per annum compounded annually and an annual rate of salary increase of 6% for that System;

(35) Authorized the Division of General Services or any other Division of the Board to transfer balances from personal service accounts, general base pay increase account or other operating accounts to the legislative printing account as may be available to cover a \$106,000 shortfall for fiscal year 1979-1980;

(36) Carried over to a future meeting a discussion of Board policy and procedure on lease/purchase agreements;

(37) Agreed to hold its next meeting on July 25, 1980 for the purpose of a budget study session at the Public Service Authority's Wamee Facility;

(38) Directed the staff to work with the State Development Board to the extent possible under the law in response to that Board's request for authorization to carry certain funds forward into next fiscal year;

(39) Approved the release of an RFP for the purpose of procuring a computer system for the Department of Education and the State Board for Technical and Comprehensive Education and approved the methodology of the evaluation as recommended by the staff;

(40) Authorized the Medical University to procure on a lease/purchase basis a model 3033N computer from the IBM Corporation, the procurement of which had been approved previously on a lease basis, on the understanding that the IBM Corporation was the low bidder under both bases;

(41) Authorized Francis Marion College to contract with the Pee Dee Regional Education Center to provide the services required to direct the Lee County School District/Francis Marion College Teacher Corps project;

(42) Re-confirmed its previous action adopting a standard equipment agreement form and directed the Division of General Services and the Attorney General's Office to continue its use unless exceptions are approved by the Budget and Control Board;

(43) Authorized the Director of the Division of General Services to investigate the feasibility of selling certain state property after expressing its intention not to extend an existing lease on the property; and

(44) Carried over to a future meeting a personnel/contractual matter involving DHEC.

WAM:bs

MINUTES OF BUDGET AND CONTROL BOARD MEETING

JULY 10, 1980

POLL

On this date, State Personnel Division Director, Jack S. Mullins completed a poll of the following Budget and Control Board members on the item of business described below:

Governor Richard W. Riley (through Executive
Assistant Clarke)
Mr. Grady L. Patterson, Jr.
Mr. Earle E. Morris, Jr.
Senator Rembert C. Dennis
Representative Tom G. Mangum

INSURANCE CONSULTANTS CONTRACT RENEWAL - Dr. Mullins advised that the Board approved the renewal of the contract between the State Personnel Division and Martin E. Segal Company for services as the Division's Insurance Consultants for an additional year ending June 30, 1981. The contract approved includes provision for paying the Segal firm at the hourly rate of \$70.00 plus expenses and that no payment will be made for any billing in excess of \$28,000 under this contract unless it has secured the written approval of the Board prior to performing the services involved. Dr. Mullins advised also that this firm was awarded the bid for these services in 1979 with the understanding that renewal of the contract could be negotiated for two additional years. He also advised that the contract had been approved by the Attorney General's Office.

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

State of South Carolina
BUDGET AND CONTROL BOARD
PERSONNEL DIVISION
1205 Pendleton Street
P. O. Box 12547
Columbia, South Carolina 29211

JUL 14 1980
EXHIBIT

JUL 10 1980 NO. 1

STATE BUDGET & CONTROL BOARD

803-758-3334

Jack S. Mullins, Ph.D
Director

MEMORANDUM
=====

TO: Bill McInnis
FROM: Jack S. Mullins *Jack S. Mullins*
DATE: July 11, 1980
SUBJECT: Poll of Board re Renewal of Insurance Consultant Contract

I completed on July 10, 1980, a poll of all Budget and Control Board members, with Miss Clark voting for Governor Riley, concerning the renewal of our contract with Martin E. Segal Company to serve as our insurance consultants. This firm was awarded the bid in 1979, with the understanding that renewal can be negotiated for two additional years. We have successfully negotiated the renewal at the hourly rate of \$70.00, plus expenses. The contract has been approved by the Office of the Attorney General. A copy of the contract is enclosed for your files.

JSM/omc

Enclosure

1219

EXHIBIT

JUL 10 1980 NO. 1

STATE BUDGET & CONTROL BOARD
AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN THE STATE OF SOUTH CAROLINA, BUDGET
AND CONTROL BOARD, PERSONNEL DIVISION
AND MARTIN E. SEGAL COMPANY

This agreement made and entered into as of the 1st day of July 1980 by and between the State of South Carolina, Budget and Control Board (hereinafter the Board) and Martin E. Segal Company (hereinafter the Company). The Board is represented for the purpose of this contract by the State Personnel Director.

WITNESSED

WHEREAS, the Board desires to retain a consulting and actuarial firm to perform services as set forth in its bid specifications dated June 5, 1979, and

WHEREAS, the Company has submitted a proposal dated June 19, 1979 to perform the specified services and is qualified to perform such services.

The Board and the Company mutually agree to enter into a contract with respect to the services and fees as set forth hereafter.

The Company agrees to perform the following services:

1. Complete analysis of all experience data on the group for the policy year.
2. Actuarial determination of the experience in relation to the rates being charged and the existing contractual language.

1220

3. Complete analysis of insurance rates in light of the coverage provided, the age and marital status of the group, and the experience of the group.
4. Preparation of bid specifications letters which will be sent to various insurance companies as determined by the Board to secure competitive bids on the plan of insurance. (This letter will include all the detailed questions which the insurance companies must answer in order to insure a meaningful evaluation of their proposals and bids.)
 - a. In connection with the preparation of bid specifications, the Company will prepare a summary of all experience data and will design forms to gather employee data which is necessary to secure meaningful and reliable insurance company quotations.
5. Prepare a detailed analysis of the bids and proposals submitted by the various insurance companies and formulate recommendations on the most desirable proposals in view of overall financial and administrative factors. This analysis will be presented in the form of a written report which will become a permanent record for the Board and the State. Ten (10) copies of all reports will be submitted to the Board.

- a. In connection with the detailed analysis of bids and proposals, the Company will examine and analyze specimen contracts of each of the bidding companies to make certain the contracts do not contain undue restrictions.
6. Review the existing Master Insurance Policies and Employee Certificates, paying particular attention to limitations or exclusions therein contained. Recommend changes where need for same is found.
7. Obtain from insurance carriers, under contract to the Board, full and complete information with respect to "experience" during the past policy years.
8. Analyze insurance company performance as it pertains to "retention"--compare with the company's original projections if any were furnished at the time the insurance carrier was selected.
9. Confer with insurance company representatives regarding full breakdown of the retentions during the period in which the contracts have been in force.
10. Request from the insurance company "revised retention projections" over a ten-year period, based on the latest program and present composition of the group. These are essential so that they may be compared with actual performance in future years.

11. Analyze the insurance company's projections with respect to the various component parts which comprise their retention--taxes, commissions, claims handling costs, administrative expenses, etc.
12. If experience warrants, request rate reductions.
13. Review present eligibility rules--furnish guidance to the Board in the event eligibility rules require revision.
14. Review termination and reinstatement rules to make certain they accomplish the results desired--suggest liberalization or tightening if required.
15. Provide routine advice and assistance to the Board on all administrative matters.
16. Investigate and prepare studies on alternative methods of health care delivery, i.e., cost-plus arrangements, minimum premium contracts, aggregate stop loss arrangements, HMO's, self-funding of benefits.
17. Review the practical steps and methods to consider for cost containment.
18. Prepare actuarial studies when requested by the Board so that it may have full information on which to base its decision regarding possible revisions in rules, reserve requirements, improvements in the benefit structure, etc.

EXHIBIT

JUL 10 1980

NO. 1

STATE BUDGET & CONTROL BOARD

19. When required, prepare special reports on matters which are of interest to the Board or which require consideration by the Board--such as changes in insurance regulations or legislative or governmental actions, which might affect the reserve funds held by the various insurers under contract to the State.
20. Provide extensive advice and assistance on all administrative matters, such as revising the administrative systems and procedures.
21. When requested by the Board, participate in all meetings and conferences dealing with any aspect of the operations of the Group Benefit Insurance Program.

In general, the Company will act as advisors and consultants to the State of South Carolina, assuming the kind of responsibility referred to in this agreement and such additional responsibility that might be required to operate the program on an efficient and low-cost basis.

All reports, information data, and correspondence shall be kept confidential.

The Board agrees to pay the fees outlined hereafter for the services performed by the Company. The fees shall be based upon a billable rate of \$70.00 per hour plus reasonable expenses associated with travel to attend meetings and conferences. Expenses will be itemized.

Such fees and expenses will be itemized when they are billed. Billing will be rendered quarterly. The Company will notify the Board in writing as soon as it should appear that its total billing under this contract will likely exceed \$28,000. It will then propose steps which it will take both to restrict its billing as well as to perform all those services provided for in this agreement. No payment will be made to the company for any billing in excess of \$28,000 under this contract unless the company has obtained the written approval of the Board before performing the services for which that billing is made.

Under no circumstances will the Company accept any compensation, fee, or commission from any other source other than the fees quoted for the services outlined in this proposal.

This agreement shall terminate on June 30, 1981 or as otherwise provided in this contract. Either party may terminate this agreement at any time during the term of the contract by giving the other party written notice of said intention to terminate at least thirty (30) days before the date of termination. Further, this agreement may be modified or amended, at any time, by written mutual agreement.

The terms of this contract are to be governed by the laws of the State of South Carolina.

EXHIBIT

JUL 10 1980 NO. 1

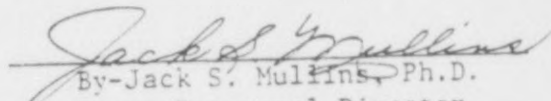
STATE BUDGET & CONTROL BOARD

The Company hereby appoints The Prentice Hall Corporate System, Inc.,
1231 Washington Street, Columbia, South Carolina 29201 as its agent for
service of process in South Carolina.

IN WITNESS THEREOF:

WITNESS

STATE OF SOUTH CAROLINA,
BUDGET AND CONTROL BOARD


By-Jack S. Mullins, Ph.D.
State Personnel Director

MARTIN E. SEGAL COMPANY

By-Terry M. Brennan
Vice President

THE END