

MINUTES OF
Budget and
Control Board
Meeting
October 20, 1981

MEMORANDUM FOR RECORD

SUBJECT: Joint Bond Review Committee Meeting, October 20, 1981, at The Internationale, North Myrtle Beach

All members of the Budget and Control Board convened at The Internationale in North Myrtle Beach in response to an invitation from the Joint Bond Review Committee for a joint meeting to discuss various matters relating to the state's permanent improvement program.

Also attending were Governor's Executive Assistants Katherine M. Clarke and Steve Hooks; Executive Director William T. Putnam, William A. McInnis and Michael Windham; T. M. Copeland, John McPherson, John Lafitte; and William Jordan.

At a breakfast meeting prior to meeting with the Joint Bond Review Committee, Executive Director Putnam suggested that the Board consider several overall policies including: (a) approving no more architectural and engineering studies, site work or other parts of any project if funding provisions are not made for the entire project to be implemented fully if started; (b) not allowing agencies or institutions to invite bids on any projects until funding for the whole project to a useable condition can be demonstrated; and (c) not allow bid invitations to contain any alternates or exclusions which would anticipate further state bond funds or other state funds.

Mr. Putnam also suggested that the Board consider not allowing agencies to go out for bids without a statement perhaps from the project architect and/or the State Engineer that there is every reasonable expectation that the funds available will be sufficient to finance the implementation of the project to be bid.

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At about 9:30 a.m., the Budget and Control Board joined the Joint Bond Review Committee for a combined session. A general discussion of the overall financial situation relating to permanent improvements ensued during which attention was focused on the capital improvement bond anticipation notes now outstanding. Governor Riley urged that these notes be treated like bonds in that not only would the interest on them be paid but that the principal would be systematically reduced as well.

Senator Dennis expressed some concern about the nomenclature given to the categories of projects listed by Board staff for special consideration. He suggested that the "life safety" category be changed to read "improved safety" or perhaps to just "safety."

With regard to priority setting, Joint Bond Review Committee Chairman Hodges indicated that the House does not desire to get into a position of assigning specific priorities to all authorized projects and Senator Waddell observed that it is a "floating" situation.

Governor Riley expressed concern about the Department of Corrections and proposed that the groups carefully consider assigning the Dorchester prison a top priority.

Governor Riley then outlined the three policies presented by Mr. Putnam which the Board had reviewed at its breakfast meeting, i.e., (1) no more A&E site work, etc., without approval of the entire project; (2) requiring agencies and institutions to demonstrate that available funds to complete the project to a useable condition are available prior to asking for bids on any project; and (3) requiring that bid requests not contain alternates, exclusions, etc.

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Following a brief discussion, Senator Dennis moved that the listing of capital improvement bond projects presented by the Board's staff for special consideration plus funding for Capitol Complex projects be presented to the Committee as items for priority consideration by the Joint Bond Review Committee and that this listing be considered as Budget and Control Board consultation relating to priority bond authorizations on the condition that the staffs of the Board and the Committee work out the funding schedule for these projects for further action by the Board and the Committee.

Governor Riley noted that the Budget and Control Board was not in formal session and called a meeting of the Budget and Control Board to order at about 11:50 a.m.

Upon a motion by Senator Dennis, seconded by Mr. Morris, the Board recommended that the Joint Bond Review Committee consider the list of capital improvement bond projects assembled by the Board's staff for special consideration plus a SLED headquarters renovation project, the Gressette and Dennis Buildings projects in the Capitol Complex and a reduction of the PRT project by \$385,000 as the Board's consultation on bond authorizations requiring special consideration on the condition that the funding schedule for these projects be worked out by the staffs of the Board and the Committee for further consideration by the two groups.

Following a further discussion in which Governor Riley recommended that the Joint Bond Review Committee adopt the three policy proposals discussed by the Board, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board formally recommended the three referenced policies to the Joint Bond Review Committee.

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Governor Riley expressed concern about projects financed from sources of funds other than capital improvement bonds and asked for a staff review of that situation. He also expressed interest in the financings being undertaken by the State Ports Authority and the Santee Cooper Public Service Authority.

Governor Riley also urged that efforts be made to pay cash for some priority items and that efforts be made to develop a policy limiting the dollars for bonded debt with any other funds going to pay cash for permanent improvements.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board approved the concept of paying cash for permanent improvement projects where feasible and agreed that consideration be given to settling on a level of \$75-80 million of debt service payments with any balance of funds available to be used to directly finance permanent improvements.

Following that action, upon a motion by Mr. Patterson, seconded by Senator Dennis, the meeting of the Budget and Control Board was adjourned.

[Secretary's Note: Senator Dennis excused himself from the meeting at about 12:00 noon.]

Later the meeting reconvened and Mr. Putnam observed that several technical problems relating to the items released in the poll conducted by the Committee on October 1 and the phone meeting held by the Budget and Control Board on October 2 needed to be cleared. He suggested that the record on the four items (Vocational Rehabilitation Palmetto Center project; the Wildlife and Marine Resources Forty-Acre Rock project; the Adjutant General's Cheraw Armory project; and the overrun funds for the Buford Vocational School project)

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be clear and that it include authorization to draw funds to finance these projects during the current fiscal year. Mr. Putnam noted that at the time the releases were being given to these projects no one mentioned that those actions carried with them the authorization to draw funds for these purposes from the State Treasurer.

Following a discussion of this matter, upon a motion by Mr. Patterson, seconded by Mr. Morris, the Budget and Control Board took the position that the action releasing the referenced four projects carried with it the authorization to draw funds to finance them from the State Treasurer during this fiscal year as may be required.

Following this action by the Budget and Control Board, it appeared that the Joint Bond Review Committee concurred in that position.

The Joint Bond Review Committee then continued its review of the listing of projects presented by the Budget and Control Board for special consideration and added the cadet services building project of The Citadel; the business administration addition project, the computer equipment project and the Coastal Campus development project of the University of South Carolina; the Little River Inlet project of PRT; the turbine airplane and Owens Field projects of the Aeronautics Commission; the mariculture facilities project of Wildlife and Marine Resources; the Clarendon #2, Lexington #5, and Richland #2 projects of the Department of Education, Vocational Education; and the handicapped access project of the College of Charleston.

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THE END

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