

MINUTES OF BUDGET AND CONTROL BOARD MEETINGS

OCTOBER 6, 1965 TO OCTOBER 25, 1965

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The State Budget and Control Board met in the Conference Room of the State Auditor's Office, according to the following schedule, for the purpose of hearing Budget Requests for 1966-67 discussed by representatives of each of the departments listed. All members of the Board were present throughout the hearings except as follows:

Governor McNair was absent because of illness on October 20.

Senator Brown was absent due to illness on October 20, 21 and 25.

Mr. Bates was absent because of illness on October 21 and 25.

WEDNESDAY, OCTOBER 6

10:30 A. M.	-	Attorney General
11:00	-	Adjutant General
11:15	-	Library Board
11:45	-	State Service Bureau
12:15	-	Civil Defense
3:00 P. M.	-	Archaeological Research
3:15	-	Development Board
3:45	-	Employees' Association
4:00	-	Forestry Commission

THURSDAY, OCTOBER 7

10:00 A. M.	-	Board of Health
11:00	-	Water Pollution
11:30	-	Dairy Commission
12:00	-	Department of Agriculture
3:00 P. M.	-	Insurance Department
3:30	-	State College

TUESDAY, OCTOBER 12

11:15 A. M.	-	Soil Conservation Committee
11:30	-	Industrial Commission
12:00	-	Public Service Commission
12:15	-	Aeronautics Commission
3:00 P. M.	-	Mental Health Commission

WEDNESDAY, OCTOBER 13

10:00 A. M.	-	Tax Commission
10:45	-	Vocational Rehabilitation
11:15	-	S. C. Sanatorium
11:45	-	Wildlife Department
3:00 P. M.	-	Whitten Village
4:00	-	Retarded Children's Habilitation Center

THURSDAY, OCTOBER 14

10:00 A. M.	-	Alcoholic Center
10:30	-	Children's Bureau
11:00	-	Department of Corrections
12:00	-	Probation, Parole & Pardon Board
3:00 P. M.	-	Industrial Schools' Board
3:15	-	S. C. School for Boys
3:30	-	S. C. School for Girls
3:45	-	John G. Richards School
4:00	-	Riverside School for Girls

TUESDAY, OCTOBER 19

10:30 A. M.	-	Department of Education
11:30	-	Technical Education
12:15	-	Educational Television Commission
3:00 P. M.	-	Educational Finance Commission
3:30	-	School Book Commission
4:00	-	Opportunity School
4:30	-	Archives Department

WEDNESDAY, OCTOBER 20

10:00 A. M.	-	School Board Assn. and S. C. Education Association
10:30	-	John de la Howe School
11:00	-	School for the Deaf and Blind
11:30	-	Department of Public Welfare

THURSDAY, OCTOBER 21

10:00 A. M.	-	University of South Carolina
11:00	-	The Citadel
3:00 P. M.	-	Winthrop College
4:00	-	Medical College

MONDAY, OCTOBER 25

10:30 A. M.	-	Clemson University
12:45	-	Senator Legare of Charleston RE: Beach Erosion

In addition to Budget Hearings the following business was transacted by the Board on the dates indicated.

OCTOBER 6

UNIVERSITY OF SOUTH CAROLINA

Construction of Dormitory for Graduate Students - \$3,370,000.00

President Thomas F. Jones and Dean of Administration Hal Brunton appeared before the Board requesting its approval of the construction of a 14-story dormitory, to accommodate 600 graduate students, on property now owned by the University at 902 - 914 Barnwell Street. In addition to dormitory facilities the proposed building will include accommodations for conferences and other general University activities.

The project as proposed would be financed by the issuance of \$3,200,000.00 of University Dormitory Revenue Bonds, the issuance of which the University now has Legislative authorization. A part of the required movable equipment would be financed from current dormitory revenue.

Dr. Jones and Mr. Brunton explained the growth of the University's graduate program and the consequent need of housing facilities for graduate students.

The Board gave its approval to the proposal.

CLEMSON UNIVERSITY

Construction of two Men's Dormitories - \$1,315,000.00

Dr. Robert C. Edwards, President of Clemson University, and Mr. M. A. Wilson, Comptroller, appeared before the Board requesting approval of the construction of two additional men's dormitories to accommodate 148 students.

The proposed project would be financed by the issuance of \$1,200,000.00 of Dormitory Revenue Bonds now authorized by Legislation, and \$115,000.00 brought over from previous bond issues.

Dr. Edwards explained the growth of Clemson University and the consequent need of additional dormitory facilities to accommodate students already enrolled but unable to be provided with housing at the present time.

The Board approved the request.

WHITTEN VILLAGE

a) Central Dining Room	-	\$ 176,065.00
b) Administration Building Addition and Renovation	-	141,925.00
c) Renovation to Existing Facilities	-	130,946.00

The Board had before it formal requests from the authorities of Whitten Village for the construction of a new Central Dining Room facility to replace the existing facility which has become obsolete; Renovation and Addition to the Administration Building, needed because of growth of the institution in recent years; and a continuation of the program of general renovation begun at the institution about four years ago.

It was noted that each of these projects had been reviewed and recommended for approval by the engineering personnel of the Board.

Each of the above proposals was approved by the Board.

WINTHROP COLLEGE

Additional Allocation for New Dormitory	-	\$ 240,000.00
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Winthrop College authorities reported to the Board that bids had recently been received on the new dormitory (previously approved by the Board) and that the low bid indicates that an additional \$240,000.00 will be required for this project, above the \$1,360,000.00 approved by the Board, and for which bonds were authorized by the Legislature.

The Board was requested to approve the issuance of \$240,000.00 of State Institution Bonds for Winthrop in order to provide the additional funds needed for this project, with the proposal that the 1966 General Assembly be requested to increase the authorization for Dormitory Bonds by this amount. The State Institution Bonds will not be issued if such legislation can be secured.

The Board noted that Winthrop College has the required tuition revenue coverage for \$240,000.00 of State Institution Bonds.

The Board approved the issuance of State Institution Bonds in the amount of \$240,000.00 for this project.

The Board approved the request.

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ALLOCATION FROM CIVIL CONTINGENT FUND - For Printing of Brief

The Board approved the payment of \$968.20 from the Civil Contingent Fund for printing the brief and transcript in the case of State of South Carolina vs. United States Government, concerning the constitutionality of the Voting Rights Act of 1965.

LOAN TO DILLON COUNTY - Rejected

The Board declined to approve a request of Dillon County authorities for a loan from Sinking Funds of \$140,000.00.

OCTOBER 7

PORTS AUTHORITY - Contract with Farm Bureau

Captain Capers Barr, General Manager of the State Ports Authority, appeared before the Board advising that he had concluded negotiations for the execution of a contract by the Authority and the State Farm Bureau, for operation of the proposed addition to the Authority's grain elevator facilities in Charleston. He indicated that the contract as now agreed upon was the same as that discussed with the Board September 9 except for minor changes of no particular significance. The projected fee schedule for use of the grain facilities was unchanged from the schedule given the Board earlier.

Captain Barr also stated that the contract had been approved in its final form by Messrs. Robert McC. Figg, attorney for the Authority, and Huger Sinkler, the Board's bond attorney.

The above was received by the Board as information, and the Authority was authorized to proceed with construction of the proposed new elevator.

TAX COMMISSION - Legal Fees of Mr. J. M. Windham

The Board was informed by authorities of the Tax Commission that Mr. J. M. Windham, formerly Assistant Attorney General assigned to the Tax Commission, had resigned to enter private practice. The Commission agreed with Mr. Windham that he continue, however, as counsel for the Commission in connection with litigation pending at the time of his resignation. Mr. Windham continued in this capacity

under this arrangement and has submitted a bill for his services thus far amounting to \$6,220.41.

The Tax Commission advised that it has no funds available for the payment of this bill and accordingly requested an allocation of this amount from the Civil Contingent Fund.

The Board, in reviewing the details of Mr. Windham's bill, raised questions as to the amount charged and the propriety of the State's paying for services in this manner.

The Board took no action at this time and referred the matter to the Attorney General for his opinion.

OCTOBER 12

INDUSTRIAL COMMISSION - Employment of Additional Clerk

The Board approved a request of the Industrial Commission for the employment of an additional clerk, at a salary of \$3,600.00 to \$4,000.00, because of increased volume of claims. It was understood that the Commission would submit an appropriation transfer request to provide the funds for this position, and that funds of this amount would be made available from the Civil Contingent Fund if this transfer results in the need of an allocation later in the year.

OCTOBER 14

The following items were approved by the Board upon recommendation of Mr. Furman McEachern, Director of General Services.

1. Approved the granting of rights-of-way over State marshlands by letter of the Director of Division of General Services rather than by issuance of formal documents, with approval of Attorney General's office.
2. Authorized the awarding of a contract with Gregory Electric Company, of Columbia, in the amount of \$7,900.00 for replacing lighting fixtures on the Dome of the State House.
3. Authorized the purchasing of an additional automobile by Winthrop College, for use in the Student Teacher Training Program.

4. Authorized the Educational Finance Commission to purchase eight additional Station Wagons for use by District Supervisors of Transportation and for the Driver Training Program.

OCTOBER 21

PHOSPHATE LEASES - Beaufort and Jasper Counties

Senators James M. Waddell, Jr., of Beaufort, and Henry Walker, of Jasper County, appeared before the Board for further discussions of the proposed phosphate leases in these two counties now pending before the Board.

Senator Waddell stated that Pine Hall-Pomona Corporation, proposed lessors, were now proposing certain modifications in their original lease plans in order to obtain the Board's approval. He stated that the Company is now agreeable to a 12-year lease (in lieu of the original 25-year proposal) and that a clause may be included providing for cancellation of the lease in the event of damage to adjoining property. It was stated that the Company is willing to make whatever arrangements that may be considered satisfactory for the protection of fishing interests in the area.

It was indicated that exploration is continuing under the terms of the present lease with the hope that some arrangement may be made with the Board to develop the proposed operation as originally planned.

Senator Walker stated that general opposition to the original proposal was considerably lessened by the agreement of the company to confine its operation to the particular 30,000-acre tract agreed upon.

At the conclusion of the above comments by Senators Waddell and Walker, the Board declined to take action at this time.

WINTHROP COLLEGE - Additional Allocation for Student Union
Building - \$80,000.00

Winthrop College authorities advised the Board that they had recently received construction bids on the new Student Union Building (previously approved by the Board), the low bid indicating that an additional \$80,000.00 will be

required for this project. The Board was accordingly requested to increase its authorization for the issuance of State Institution Bonds for this project from \$800,000.00 to \$880,000.00.

It was noted that Winthrop College has the required tuition coverage to support this additional amount.

The Board gave its approval to the request.

OCTOBER 25

REVENUE REPORT

Following the conclusion of Budget Hearings, members of the Board were guests of Governor McNair for luncheon at the Palmetto Club. Also attending were Dean James A. Morris, of the School of Business Administration at the University of South Carolina, Otis W. Livingston, Chairman of the Tax Commission, J. M. Smith and P. C. Smith.

During the summer of 1965, at the request of Governor McNair, Dean Morris was requested to make a study of the trend of the State's General Fund revenue and to make a projection of estimated income for the current year 1965-66 and for 1966-67.

Following luncheon the Board received this report from Dean Morris, a copy of which is attached hereto as a part of the minutes. The report was presented in detail by Dean Morris and discussed at length by the Board and others present.

The report was received as information.

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
OCTOBER 6, 1965 TO OCTOBER 25, 1965

Per C. P. M.

Action during
Hearings

Oct. 6, 1965

1) Univ. of D.C.

Dormitory

2, 270, 000

Approved

(Amended bond plan)

James
Brampton

2) Colman

Dormitory (2)

1, 315, 000

Approved

Edwards
Wilson

3) Wittler Village

Central Dining Room

176, 000

Adm. Bldg. - Add. & Ren.

151, 925

Renovations

130, 956

Approved

4) Waltham

Dormitory (additional)

240, 000

Institution Bonds

Approved

5) State vs. U.S. Govt

Printing Brief

968.20

Approved CCF

6) Dillon Co. Loan
Rejected.

120,000

Oct. 7, 1965

1) Pauls Authority

Approved
Fagg + Smith

Capt. Paul - Contract signed with Bureau, minor
changes since Sept. 9

- Projected gas schedule unchanged

Paul auth Auth to proceed with const.

2) Tax Comm

Wynndham resigned - private practice

Auth to continue ~~as~~ as counsel for Tax Comm
regarding litigation in process at the time of
resign.

Bill submitted gas answer thru you - 6,220.41

Tax Com has no gas avail. - neg of COT

Paul questioned amt of bill

Referred to atty gen for his opinion.

Oct. 14, 1965

Industrial Commission -

Employment of Adm'n Clerk - 3600-4000

Increased volume of claims.

Transfer authorized

CC 7 later in year if necessary

*

Oct. 14, 1965

1) Rights of Way over ranchlands

Dir of GS authorized to grant by letter rather than formal documents, with approval of Atty Gen's Office.

2) Auth contract with Gregory Elec. Co. at 7,900 for replacing fixtures lighting dome of State House.

3) Additional auto for use in student teacher program - Waukegan.

4) Ed. Finance Com - 8 station wagons for district supervisors & for driver training program.

* Oct. 14, 1965

STATE BUDGET AND CONTROL BOARD

DIVISION OF GENERAL SERVICES

AGENDA

Approved 14
Meeting of October 13, 1965

- 1) Utility companies are frequently requesting rights of way across State-owned marshlands. Present procedure refers these requests to Doctor Lunz and Assistant Attorney General Ed Latimer. Under the law this Board is empowered to execute rights of way and easements for these purposes. However, it is recommended that the Director of General Services be authorized to grant letter permits when acceptable, upon concurrence of the two officials named above, in lieu of a more formal document.
- 2) Three quotations have been received for replacing fixtures lighting the dome of the State House. Gregory Electric Company submitted the low quotation of \$7,900. Although these repairs will be charged to appropriated funds, it is requested that the Board approve this work on the Capitol.

3) State-owned Vehicles - Winthrop College

An additional vehicle is requested for transportation in the student teacher program - 9 passenger station wagon. Additional 4-door sedan, Chevrolet Class, for campus Safety Patrol.

It is recommended that these requests be approved.

4) Use of Funds - Ordinary Sinking Fund

The Ordinary Sinking Fund is pledged against general indebtedness of the State, and a provision of law requires that insurance on the State House be paid from these funds. The current Appropriations Act also provides for payment of \$1,200 for custodian at Fort Moultrie. There is currently a balance of \$105,288.40 and most of it is invested in Treasury Notes.

In the past it has been customary to pay other charges such as land appraisals and maintenance of Fort Moultrie directly from the Fund. It is believed that this was done on the basis that the expenses incurred from the sale of surplus property, etc. should be charged against the account which receives the money. In 1964 the charges were \$915.54, and so far this year are \$516.14, for appraisal of property at the Airport and for cutting grass at Fort Moultrie. We now have on hand a bill for \$635.00 for updated plats of Airport and Camp Styx properties.

The State Auditor has quite properly questioned these procedures, and it is requested that the Board give us guidelines for future action.

5) Request to Purchase State-owned Vehicles - Educational Finance Commission

The Educational Finance Commission requests permission to purchase eight station wagons of the Chevrolet, Ford or Dodge class for assignment to the supervisors of school bus maintenance shops and to bus driver training instructors.

This agency also requests permission to trade a 1963 Chevrolet Bel Air with 91,000 miles for a 1965 Chevrolet Bel Air or Ford Galaxie to be used by the Supervisor of Purchasing for the Transportation Department.

It is recommended that these requests be approved.

INTERIM ACTION

It is recommended that the Board approve the following actions taken since the last meeting:

1. Renovation of office space at 300 Gervais Street for the Office of Economic Opportunity - approximately \$7,500. *12,000*
2. Award of a contract to Turnbull Elevator Company in the amount of \$81,000 for replacement of elevators in the Calhoun Building. The contract exceeds the \$75,000 estimate previously approved. The funds will come from the Sinking Fund loans.
3. Exchange of Vehicle - The Citadel
1961 Jeep with 37,000 miles exchanged for 1965 International Scout to be used by Security Guard Patrol.

Board Action

Oct. 21 - 12:00

Waddell & Walker
Re Phosphate Leases

P. Hall - Alt. Plan if 25 yr not agreed
12 yr lease
Cancellation clause if damages results.
Satisfactory arrangements with Lamy

Recom - 25 yr lease
with protection clause - water & wildlife
Industrial development

Exploration continuing at present

Need of comprehensive study indicated

Walker - Opposition secured by agreeing to $\frac{30}{100000}$

and

Wintthrop

80,000 Student Union Bldg

(OK)

PM, Actin
Oct. 25

(A) → Nov. [↓] - Oulim. budget CR Gov School.

Budget Policies

Normal - 12.50 - 16.00
Add 1070

Parale -

(A) Dr. Davis 20,000 None

~~At the same time 20,000~~

med cat - no spec conv.

Ab - +

Archives (A) 20,000

Apbaric (A)

Pat ch 14th Cr 710

12:25

~~Black Archive - Regal~~

~~250,000~~

~~1 year ago at 700~~

(over)

Lunch - Guests of Gannan (Gra, Rhoder, Prater)
+ Livingston, Smith, Smith, Morris
Morris Report

813-9

The South Carolina Industrial Commission

ADMINISTERING THE WORKMEN'S COMPENSATION ACT

1429 SENATE STREET



Columbia, S. C. 29201

PAUL M. MACMILLAN, JR. 758-3120
CHAIRMAN
LOUISE B. WIDEMAN 758-2390 3
JAMES J. REID 758-3348
T. M. NELSON 758-3498
J. DAWSON ADDIS 758-2134
HOLMES C. DREHER 758-2282

LEONARD E. DRUMMOND
ADMINISTRATIVE ASSISTANT
PHONE 758-3251

October 1, 1965

Dr. J. M. Smith
State Auditor
Wade Hampton Office Bldg.
Columbia, South Carolina

Dear Dr. Jim:

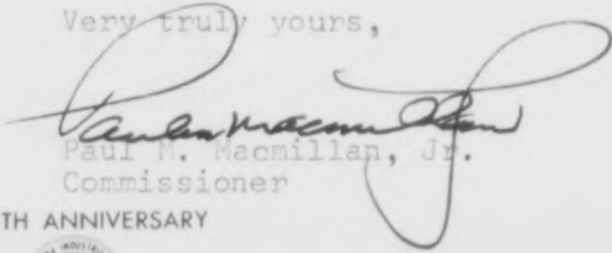
It is with a great deal of reluctance that I write this letter to you as Secretary of the State Budget and Control Board.

In order to facilitate the processing of claims due to a sudden avalanche of an ever-increasing work load, I feel that it is necessary that we at the Industrial Commission be allowed to employ an additional employee. We are in desperate need of an employee who can take shorthand and to type to assist in the Administrative Assistant's office and to send out notices for informal conferences, formal hearings and Full Commission Reviews, and who also can assist in our Claims Department. This is, as I have indicated, a sudden necessity. We would like with the Budget and Control Board's permission to employ someone at a salary of between \$3,600.00 and \$4,000.00 to fill this position.

We will make every attempt to pay this employee from our present budget, but with the understanding that whatever amounts are transferred to pay her salary, that these accounts be reimbursed from the Civil and Contingent Fund or the Deficiency Bill if it is found that we cannot operate until June 30, 1966, without this reimbursement.

We would appreciate an early consideration and approval of this request as this is a most urgent need.

Very truly yours,


Paul M. Macmillan, Jr.
Commissioner

THIRTIETH ANNIVERSARY

PMMJr/rl

1935 30 1965

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September 1, 1965

MEMO TO: Honorable Robert E. McNair
Governor of South Carolina

FROM : Daniel R. McLeod
Attorney General

Mr. Henry Johnson, State Geologist, Mr. Crosby, of the Water Pollution Control Board, and I attended a meeting of the North Carolina Water Resources Board in Raleigh, on August 23, at which time the North Carolina Board held a public hearing on the status of mining operations being conducted in the coastal areas of North Carolina by Texas Gulf Corporation.

The Geologist for Texas Gulf explained the circumstances of mining operations in North Carolina at the present time. Mr. Johnson is able to submit a report with respect to the geological technicalities which the Texas Gulf Geologist related, but it appeared clear from the statements of the latter official that about 100 wells in the vicinity of the mining operations of Texas Gulf have failed and that this was not anticipated by Texas Gulf at the time it commenced operations.

The Texas Gulf Geologist stated that they had spent about \$15,000,000.00 since November, 1964, and expected to spend \$50,000,000.00 by November, 1965. The Company employs about 2,000 employees, or at least its operations affect such employment.

He stated that only deep wells are affected by the mining operations and that the operations had no effect on wells in the overburden.

The matter of salt water intrusion was detailed by him and, apparently, discounted but Mr. Johnson should be requested to analyze his statements in this respect.

Twenty-five to thirty citizens living in the mining area were present. They had a report prepared by hydrologists and other

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September 1, 1965

Honorable Robert E. McNair

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specialists which, in substance and as I understood it, seriously questioned the assurance by Texas Gulf that salt water intrusion would not occur. Whether this report is competently prepared, I am unable to say.

Several citizens testified as to their loss of water and consequent results. One farmer complained that he had 300 to 400 head of cattle in the area, using artesian wells, and that the wells ceased flowing. Texas Gulf drilled new wells and (probably) paid for gasoline pumps, but the cattle farmer was not satisfied because he had to hire help to operate the gasoline pumps and had to pay for the fuel.

One individual told me privately that the Town of Aurora had to issue \$200,000.00 in bonds in order to finance new water supplies. Another individual, living in Aurora, stated that his business, which apparently used considerable quantities of water, would encounter additional expenses because of bond costs and possibly higher water rates.

The individual citizens appear to be substantial people, restrained, but clearly irate because of the situation in which they find themselves as a result of interference with their water supply. (The Texas Gulf people have expended about \$200,000.00 in drilling new wells.)

At the conclusion of the meeting, a Board member moved that Texas Gulf hold up its operations for a period of approximately six months until an "outside" study can be made of the situation.

CONCLUSIONS

It is my impression that Texas Gulf has encountered some serious difficulty in its North Carolina operations; that it carried on a good public relations effort which has its effect on the people in the area; and that, nevertheless, there has been interference with water supplies in the vicinity sufficient to arouse a considerable number of persons.

There is, apparently, some geological difference between the underlying formations in North Carolina and in South Carolina, which may present a different situation in this State. If my information is correct, the probability of injury to water supplies in this State may be lessened.

The people affected do not want assurances from interested geologists or other specialists, such as Texas Gulf, but will require analyses from disinterested experts. This point was made very clear by the spokesman for the citizens.

September 1, 1965.

Honorable Robert E. McNair

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The North Carolina experience clearly shows the necessity for complete analysis by disinterested persons of the effect of mining practices on water supplies and other resources. It shows clearly to me that we should not proceed until a broad study is made of all aspects, including conservation, wildlife, recreation, underground water, geologic formation, mining practices, and other related matters.

The North Carolina authorities, including the officer in charge of executing or supervising leases of public land, were most cooperative in making all information available to us and I assured them of our intention to reciprocate.

A copy of the lease entered into with Texas Gulf was procured and an analysis of it will be submitted to you.

DRM:ml

817

XERO
COPY

XERO
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XERO
COPY

XERO
COPY



DANIEL R. McLEOD
ATTORNEY GENERAL

JULIAN L. JOHNSON
GRADY L. PATTERSON, JR.
J. C. COLEMAN, JR.
BENJAMIN B. DUNLAP
EVERETT N. BRANDON
J. McNARY SPIGNER
VICTOR S. EVANS
C. T. GOOLSBY, JR.
EDWARD B. LATIMER
BEN T. DEBERRY
JAMES B. ELLISOR
ROBERT W. BROWN
ASSISTANT ATTORNEYS GENERAL

STATE OF SOUTH CAROLINA

OFFICE OF THE ATTORNEY GENERAL
COLUMBIA, S. C. 29202

ASSISTANT ATTORNEYS GENERAL

DAVID AIKEN
INDUSTRIAL COMMISSION

HARRY M. LIGHTSEY, JR.
PUBLIC SERVICE COMMISSION

MRS. SADYE B. DAVIS
SECRETARY - LAW CLERK

October 20, 1965

Honorable Robert E. McNair, Governor
Honorable Jeff B. Bates
Honorable E. C. Rhodes
Honorable Edgar Brown
Honorable R. J. Aycock
Members, State Budget and Control Board

Gentlemen:

The State Budget and Control Board, in prior years, entered into leases of State tidelands in Beaufort and Jasper Counties. The leases provided for the mining of various mineral resources in all of the tidal areas of the two respective Counties.

Subsequently, rights under the leases were assigned by the lessees to other parties.

Pine Hall-Pomona Corporation, assignee, now proposes to enter into a mining lease covering approximately 25,000 acres of tidal area in Beaufort and Jasper Counties, the said lease to be for a period of twenty-five years. The existing lease is for a period of ten years.

You have requested my recommendation as to whether the new lease arrangement should be accepted by the State Budget and Control Board.

I do not recommend the granting of the new twenty-five-year lease for the reasons set forth in the attached Memorandum, dated September 1, 1965. It is my personal view that leases of public lands for private purposes should not be undertaken by the Board until the following procedures have been undertaken:

1. A broad and intensive survey should be made of all State-owned areas in order to establish a long-range planning program for the utilization of the marshlands of this State. This would include:

- (a) Designation of specific areas to be perpetually maintained in their natural state.

October 20, 1965

Honorable Robert E. McNair, Governor,
et al

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(b) A study of the areas involved, with respect to conservation, wildlife (including fisheries and related resources), and recreation.

2. A broad and intensive study of the underground water conditions in the areas involved. This should include a geological study of the entire area, made by competent and disinterested experts. I am informed that the State of Georgia has appropriated the sum of \$250,000.00 for studies of this nature.

3. A study of the method of controlling and regulating mining practices, should it be determined to utilize tidal areas for such purposes.

4. Other related phases of the problem should be thoroughly explored from a technical standpoint.

5. A study of water pollution and other health aspects.

6. A procedure should be established for the guidance of future applicants for lease rights. This would include the establishment of maximum or minimum areas that may be leased and consideration of whether public bidding or public letting should be provided for.

As noted by the enclosed Memorandum, I attended a meeting of the North Carolina Water Resources Board on August 23, at which time it became apparent that mining operations conducted in that State in a manner somewhat similar to that proposed to be conducted in this State, had unforeseen and detrimental effects of a character and degree sufficient to cause the North Carolina authorities a great deal of concern. Operations in North Carolina caused a number of vitally needed wells to go dry, which affected private citizens, as well as water supplies, in at least one small town. There were additional fears expressed in North Carolina that salt water intrusion could possibly take place. There is reason to believe that the geologic structure in this State is different from that in North Carolina and, therefore, some of the results in North Carolina might not be encountered in this State. On the other hand, experts employed by the private corporation having lease interests in North Carolina frankly admitted that some deleterious results had ensued as a consequence of operations in North Carolina, which results had not been foreseen by them.

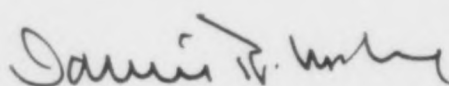
October 20, 1965

Honorable Robert E. McNair, Governor,
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Pine Hall-Pomona Corporation has, in my opinion, acted in good faith and there is no legal obstacle to prevent the execution of the lease arrangement sought by it. My recommendation that the lease not be executed is made in response to your request for my recommendation with regard to whether the State should or should not enter into the lease for a period of twenty-five years. With regard to the latter aspect of the problem, it is my recommendation that no action should be taken until this State is in possession of all facts available and has determined upon a planned course of utilization of tidal areas.

Very truly yours,



Daniel R. McLeod
Attorney General

DRM:ml

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