~~Indicates Matter Stricken~~

Indicates New Matter

CONFERENCE COMMITTEE REPORT ADOPTED -- NOT PRINTED

May 21, 2009

**S. 351**

Introduced by Senators Grooms, McConnell and Ford

S. Printed 5/20/09--S.

Read the first time February 19, 2009.

**A** **BILL**

TO AMEND ARTICLE 1, CHAPTER 3, TITLE 54, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE CREATION AND ORGANIZATION OF THE SOUTH CAROLINA STATE PORTS AUTHORITY, SO AS TO FURTHER PROVIDE FOR ITS ESTABLISHMENT AND ORGANIZATION INCLUDING PROVISIONS TO CLARIFY THAT THE POWERS AND DUTIES OF THE AUTHORITY ARE EXERCISED BY A BOARD OF DIRECTORS, TO PROVIDE THAT CANDIDATES FOR APPOINTMENT MUST POSSESS CERTAIN QUALIFICATIONS, TO PROVIDE THAT CANDIDATES MUST BE SCREENED TO DETERMINE WHETHER THEY POSSESS THE REQUIRED QUALIFICATIONS BEFORE THEY MAY SERVE ON THE BOARD, TO PROVIDE THAT MEMBERS OF THE BOARD MAY BE REMOVED FROM OFFICE ONLY FOR CERTAIN REASONS, TO PROVIDE THAT THE BOARD MUST PERFORM AN ANNUAL PERFORMANCE REVIEW OF THE EXECUTIVE DIRECTOR, TO ESTABLISH THAT DIRECTORS HAVE A DUTY OF GOOD FAITH AND ORDINARY CARE WHEN DISCHARGING THEIR DUTIES AS A DIRECTOR, AND TO PROHIBIT CONFLICT OF INTEREST TRANSACTIONS; TO AMEND CHAPTER 3, TITLE 54, BY ADDING ARTICLE 2 SO AS TO PROVIDE THAT THE BOARD OF DIRECTORS MUST EMPLOY AN EXECUTIVE DIRECTOR OF PORT OPERATIONS AND TO ESTABLISH THE DIRECTOR’S DUTY TO OPERATE THE PORTS IN A MANNER CONSISTENT WITH THE MISSION, POLICIES, AND DIRECTION OF THE BOARD; TO AMEND SECTION 54‑3‑140, RELATING TO POWERS OF THE PORTS AUTHORITY, SO AS TO PROVIDE THAT THE BOARD OF DIRECTORS MUST ADOPT AN ORGANIZATIONAL STRUCTURE FOR AUTHORITY OPERATIONS, TO REQUIRE A LONG‑RANGE PORT DEVELOPMENT AND CAPITAL FINANCING PLAN, TO PROVIDE THAT THE AUTHORITY MUST CONSIDER PUBLIC‑PRIVATE PARTNERSHIPS FOR CURRENT AND FUTURE OPERATIONS, AND TO PROVIDE THAT THE AUTHORITY SHALL TAKE REASONABLE STEPS TO ESTABLISH RAIL ACCESS TO PORT FACILITIES; TO AMEND SECTION 54‑3‑1040, RELATING TO THE ANNUAL FINANCIAL STATEMENT, SO AS TO PROVIDE FOR THE FURNISHING OF THE STATEMENT TO CERTAIN OFFICIALS AND ENTITIES AND ITS POSTING ON THE AUTHORITY’S WEBSITE; TO AMEND ARTICLE 11, CHAPTER 3, TITLE 54, RELATING TO FINANCIAL MATTERS, BY ADDING SECTION 54‑3‑1060 SO AS TO PROVIDE THAT THE AUTHORITY MUST MAINTAIN A TRANSACTION REGISTER OF ALL FUNDS EXPENDED OVER ONE HUNDRED DOLLARS AND FOR OTHER REQUIREMENTS IN REGARD TO THE REGISTER; AND TO AMEND CHAPTER 3, TITLE 54, BY ADDING ARTICLE 13 SO AS TO ESTABLISH A REVIEW AND OVERSIGHT COMMISSION ON THE STATE PORTS AUTHORITY AND PROVIDE FOR ITS MEMBERSHIP, DUTIES, AND POWERS; BY ADDING SECTION 54‑3‑155 SO AS TO PROVIDE THAT WITHOUT PRIOR APPROVAL FROM THE STATE BUDGET AND CONTROL BOARD, THE AUTHORITY MAY NOT SELL ANY REAL PROPERTY OR ANY BUILDINGS, TERMINALS, OR OTHER PERMANENT STRUCTURES, EXCLUDING EQUIPMENT, APPURTENANT TO REAL PROPERTY THAT ARE OR MAY BE USED TO CARRY OUT THE PURPOSES OF THE AUTHORITY; TO AMEND SECTION 54‑3‑110, RELATING TO STATE HARBORS AND SEAPORTS OPERATED BY THE AUTHORITY, SO AS TO DELETE A REFERENCE TO PORT ROYAL AND ADD A REFERENCE TO JASPER; TO AMEND SECTION 54‑3‑130, RELATING TO THE PURPOSES OF THE AUTHORITY, SO AS TO REVISE REFERENCES TO THE PORTS IT IS REQUIRED TO DEVELOP; BY ADDING SECTION 54‑3‑115 SO AS TO DIRECT THE AUTHORITY TO TAKE ALL ACTION NECESSARY TO EXPEDITIOUSLY DEVELOP A PORT IN JASPER COUNTY IN A SPECIFIED MANNER; BY ADDING SECTION 54‑3‑117 SO AS TO PROVIDE THAT THE AUTHORITY SHALL TAKE ALL ACTION NECESSARY TO EXPEDITIOUSLY COMPLETE CONSTRUCTION OF A CONTAINER TERMINAL IN NORTH CHARLESTON; BY ADDING SECTION 54‑3‑118 SO AS TO PROVIDE THAT IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE STATE PORTS AUTHORITY BOARD CONSIDER PUBLIC‑PRIVATE PARTNERSHIPS WITH PRIVATE INVESTORS THAT INCREASE CAPITAL INVESTMENTS IN PORT FACILITIES AND IN THE STATE OF SOUTH CAROLINA; BY ADDING SECTION 13‑1‑1355 SO AS TO PROVIDE THAT ALL RAILROAD TRACKS, SPURS, EQUIPMENT, AND OTHER SPECIFIED PROPERTY WHICH ARE NECESSARY FOR THE OPERATION OF ANY RAILROAD LOCATED ON ANY ‘APPLICABLE FEDERAL MILITARY INSTALLATION’ OR ‘APPLICABLE FEDERAL FACILITY’ AS DEFINED IN SECTION 12‑6‑3450 MAY NOT BE TRANSFERRED WITHOUT THE PRIOR APPROVAL OF THE BUDGET AND CONTROL BOARD; TO AMEND SECTION 1‑3‑240, RELATING TO THE REMOVAL OF OFFICERS BY THE GOVERNOR, SO AS TO ADD THE STATE PORTS AUTHORITY TO THE LIST OF ENTITIES THE GOVERNING BOARD OF WHICH MAY BE REMOVED BY THE GOVERNOR ONLY FOR CERTAIN REASONS CONSTITUTING CAUSE; TO AMEND SECTION 54‑3‑700, RELATING TO CESSATION OF MARINE TERMINAL OPERATIONS AT PORT ROYAL, SO AS TO FURTHER PROVIDE FOR ITS CESSATION AND THE MANNER IN WHICH THE REAL PROPERTY THEREAT SHALL BE SOLD; BY ADDING SECTION 54‑3‑119 SO AS TO PROVIDE THAT THE STATE PORTS AUTHORITY BOARD IS DIRECTED TO SELL UNDER THOSE TERMS AND CONDITIONS IT CONSIDERS MOST ADVANTAGEOUS TO THE AUTHORITY AND THE STATE OF SOUTH CAROLINA ALL REAL PROPERTY IT OWNS ON DANIEL ISLAND AND THOMAS (ST. THOMAS) ISLAND, TO PROVIDE FOR THE MANNER OF SUCH SALE AND DISPOSITION, AND TO PROVIDE EXCEPTIONS; AND TO PROVIDE THAT THE GENERAL ASSEMBLY ENCOURAGES DISCUSSIONS BETWEEN INTERESTED PARTIES AND THE TOWN OF PORT ROYAL CONCERNING THE BUILDING OF A BOAT LANDING NORTH OF THE BROAD RIVER IN BEAUFORT COUNTY, AND TO PROVIDE THAT FUNDS NEGOTIATED BETWEEN THE TOWN OF PORT ROYAL AND THE SOUTH CAROLINA STATE PORTS AUTHORITY PURSUANT TO SECTION 54‑3‑700 SHOULD BE USED TO BUILD THE BOAT LANDING.

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

SECTION 1. Article 1, Chapter 3, Title 54 of the 1976 Code is amended to read:

“Article 1

Creation and Organization

Section 54‑3‑10. (A) ~~The~~ There is created the South Carolina State Ports Authority. ~~is hereby created consisting of a~~ The governing body of the authority is a board of directors consisting of ~~nine~~ eleven members, ~~hereafter referred to as the Authority~~ nine voting members appointed by the Governor as provided in Section 54-3-20 and the Secretary of Transportation, or his designee, and the Secretary of Commerce, or his designee. The voting members shall be responsible for setting policies and direction for the authority so that the authority may achieve its mission. The powers and duties of the authority shall be exercised by the board. The board may delegate to one or more officers, agents, or employees such powers and duties as it determines are necessary and proper for the effective, efficient operation of the port.

(B) The Secretary of Transportation and the Secretary of Commerce:

(1) shall serve on the board, ex officio, as nonvoting members;

(2) are ineligible for election as chairman, vice chairman, secretary, treasurer, or any other office elected by the board; and

(3) may only attend meetings or portions of meetings open to the public. They are not permitted to attend executive session meetings.

Section 54‑3‑20. (A) The members of the board, except for the Secretary of Transportation and the Secretary of Commerce, shall be appointed by the Governor, with the advice and consent of the Senate, for terms of ~~seven~~ five years each and until their successors shall have been appointed, screened, and have qualified. In the event of a vacancy, however caused, a successor shall be appointed in the manner of original appointment for the unexpired term.

(B) A candidate for appointment to the board may not be confirmed by the Senate or serve on the board, even in an interim capacity, until he is found qualified by possessing the abilities, the experience, and the minimum qualifications contained in Section 54‑3‑60.

Section 54‑3‑30. ~~They~~ The board shall elect one of ~~their number~~ its members to serve as chairman ~~and~~ who shall serve for a term of two years in this capacity and may not serve more than three consecutive full two‑year terms as chairman. The board also shall elect one member to serve as vice chairman, and ~~shall also elect a~~ one member to serve as secretary. The board shall meet upon the call of its chairman and a majority of its voting members shall constitute a quorum for the transaction of its business.

Section 54‑3‑40. The ~~Authority~~ board shall select one of its members to serve as ~~its~~ treasurer. The ~~Authority~~ treasurer shall ~~require~~ give a surety bond ~~of such appointee~~ in ~~such~~ an amount ~~as the Authority may fix~~ fixed by the board and the premium ~~thereon~~ on the bond shall be paid by the authority as a necessary expense ~~of the Authority~~.

Section 54‑3‑50. Members of the board of directors may be removed by the Governor pursuant to Section 1‑3‑240(C)(1), for a breach of duty required by Section 54‑3‑80, or for entering into a conflict of interest transaction prohibited by Section 54‑3‑90.

Section 54‑3‑60. (A) Each member of the board, except for the Secretary of Transportation and the Secretary of Commerce, or their designees, must possess a four‑year baccalaureate or more advanced degree from:

(1) a recognized institution of higher learning requiring face‑to‑face contact between its students and instructors prior to completion of the academic program;

(2) an institution of high learning that has been accredited by a regional or national accrediting body; or

(3) an institution of higher learning in this State chartered prior to 1962.

(B) In addition to the requirements in subsection (A), each board member must possess a background of at least five years in any one or any combination of the following fields of expertise:

(a) maritime shipping;

(b) labor related to maritime shipping;

(c) overland shipping by truck or rail, or both;

(d) international commerce;

(e) finance, economics, or statistics;

(f) accounting;

(g) engineering;

(h) law; or

(i) business management gained from serving as a chief executive officer, president, or managing director of a business or any upper level management position with a business that is equivalent in duties and responsibilities to the positions listed in this item.

(C) When making appointments to the board, the Governor shall ensure that that the diverse interests represented by the port are represented. To the greatest extent possible, the Governor shall ensure that the membership of the board includes a certified public accountant, a member representing port users such as manufacturers, shippers, and importers, a member representing the state’s economic development interests, and a member who has served as a corporate chief executive officer. Consideration of these factors in making an appointment in no way creates a cause of action or basis for an employee grievance for a person appointed or for a person who fails to be appointed.

Section 54‑3‑70. The board shall conduct an annual performance review of the executive director and submit a written report of its findings to the Governor and the General Assembly. A draft of the performance review must be submitted to the executive director, and the executive director must be provided an opportunity to be heard by the board of directors before the board submits the final draft to the Governor and the General Assembly.

Section 54‑3‑80. (A) A member of the board of directors shall discharge his duties as a director, including his duties as a member of a committee:

(1) in good faith;

(2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(3) in a manner he reasonably believes to be in the best interests of the authority. As used in this chapter, best interests means a balancing of the following:

(a) achieving the purposes of the authority as provided in Section 54‑3‑130;

(b) preservation of the financial integrity of the State Ports Authority and its ongoing operations;

(c) economic development and job attraction and retention;

(d) consideration given to diminish or mitigate any negative effect port operations or expansion may have upon the environment, transportation infrastructure, and quality of life of residents in communities located near existing or proposed port facilities; and

(e) exercise of the powers of the authority in accordance with good business practices and the requirements of applicable licenses, laws, and regulations.

(B) In discharging his duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(1) one or more officers or employees of the State whom the director reasonably believes to be reliable and competent in the matters presented;

(2) legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person’s professional or expert competence; or

(3) a committee of the board of directors of which he is not a member if the director reasonably believes the committee merits confidence.

(C) A director is not acting in good faith if he has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (B) unwarranted.

(D) Nothing in this article gives rise to a cause of action against a member of the board of directors or any decision of the board of directors regarding duties of the individual director or the board of directors concerning port operations or development. Willful failure of the board or any individual member of the board to discharge his duties as required by this article may be considered by the Governor in determining whether to reappoint a board member or in the confirmation proceedings of that board member.

Section 54‑3‑90. (A) A conflict of interest transaction is a transaction with the State Ports Authority in which a director has a direct or indirect interest. A conflict of interest transaction is not voidable by the authority solely because of the director’s interest in the transaction if any one of the following is true:

(1) the material facts of the transaction and the director’s interest were disclosed or known to the board or a committee of the board, and the board or a committee of the board authorized, approved, or ratified the transaction; or

(2) the transaction was fair to the authority and its customers.

If item (1) has been accomplished, the burden of proving unfairness of any transaction covered by this section is on the party claiming unfairness. If item (1) has not been accomplished, the party seeking to uphold the transaction has the burden of proving fairness.

(B) For purposes of this section, a director has an indirect interest in a transaction if:

(1) another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction;

(2) another entity of which he is a director, officer, member, or trustee is a party to the transaction and the transaction is or should be considered by the board; or

(3) another entity of which an immediate family member has a material financial interest or in which an immediate family member is a general partner, director, officer, member, or trustee is a party to the transaction and the transaction is or should be considered by the board.

(C) For purposes of subsection (A)(1), a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the board of directors, or on the committee, who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by a single director. If a majority of the directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection (A)(1) if the transaction is otherwise authorized, approved, or ratified as provided in that subsection.”

SECTION 2. Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Article 2

Ports Authority Management

Section 54‑3‑101. The board of directors shall employ an Executive Director of Port Operations who shall serve at the pleasure of the board. A person employed to this position shall possess practical and successful business and executive ability and must be knowledgeable in the field of port operations.

Section 54‑3‑102. (A) The executive director is charged with the affirmative duty to carry out the mission, policies, and direction of the authority as established by the board of directors. He must represent the authority in its dealings with other state agencies, local governments, special districts, and the federal government.

(B) The executive director shall appoint a director for each division contained in the organizational structure established by the board of directors, who shall serve at the pleasure of the executive director.

(C) For each division established by the organizational structure created by the board, the executive director must employ personnel and prescribe their duties, powers, and functions as he considers necessary and as may be authorized or directed by the board of directors.

Section 54‑3‑103. Compensation for the executive director and division directors shall be approved by the board of directors in a public vote. For the purpose of this section, compensation includes, but is not limited to, annual salary, bonuses, severance, and vehicle allowances.

Section 54‑3‑104. The Executive Director of the Port Operations also shall employ a director of port operations for the port of Georgetown. A person employed to this position shall possess practical and successful business and executive ability and must be knowledgeable in the field of port operations.

Section 54‑3‑105. The director of port operations for the port of Georgetown is charged with the affirmative duty to carry out the mission, policies, and direction of the authority for the port of Georgetown as established by the board of directors.”

SECTION 3. Section 54‑3‑140(5) of the 1976 Code is amended to read:

“(5) ~~Shall appoint and employ and dismiss at pleasure such employees as may be selected by the board of the Authority and fix and pay the compensation thereof~~ Shall adopt an organizational structure for authority operations implemented by the executive director;”

SECTION 4. Section 54‑3‑140 of the 1976 Code is amended by adding appropriately numbered new items to read:

“( ) shall develop a long‑range port development and capital financing plan, with a minimum twenty‑year forecast period at the time of adoption that provides for the promotion, development, construction, equipping, maintaining, and operation of the state’s harbors and seaports to maximize their economic benefit to the State, including, but not limited to, Charleston and Georgetown. The plan must be revised at least every five years, to reflect and account for changing conditions. The long‑range plan must be submitted to the General Assembly;

( ) shall review port operations and proposals for future operations and construction to determine whether utilizing a public‑private partnership to achieve the current or proposed operational goals and development is the most advantageous method to the State and would result in the most timely, economical, efficient, and successful fulfillment of the operational goals or completion of the development project;

( ) shall take all necessary steps it finds reasonable to establish rail access to port facilities in Charleston County by any Class I railway operating in Charleston County on the effective date of this item. The authority shall report annually to the General Assembly and the Governor on the status of efforts to establish rail access.”

SECTION 5. Section 54‑3‑1040 of the 1976 Code is amended to read:

“Section 54‑3‑1040. At least once ~~in~~ each year the authority shall ~~publish once in some newspaper published in Charleston County~~ furnish the Governor, the Chairmen of the Senate Transportation Committee, and the House of Representatives Ways and Means Committee, and conspicuously post on the authority’s Internet website**,** a complete detailed statement of all ~~moneys~~ monies received and disbursed by the ~~Authority~~ authority during the preceding year. Such statement shall also show the several sources from which such funds were received and the balance on hand at the time of publishing the statement and shall show the complete financial condition of the ~~Authority~~ authority.”

SECTION 6. Article 11, Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Section 54‑3‑1060. (A) For the purposes of this section, ‘detailed description of the expenditure’ means a description of an expenditure that distinguishes that expenditure from other expenditures and is particular enough in its account of the expenditure to discern the purpose of the expenditure.

(B) The authority shall maintain a transaction register that includes a complete record of all appropriated funds expended over one hundred dollars, from whatever source for whatever purpose. The register must be prominently posted on the authority’s Internet website and made available for public viewing and downloading.

(C)(1) The register must include for each expenditure:

(a) the transaction amount;

(b) the name of the payee; and

(c) a statement providing a detailed description of the expenditure.

(2) The register must not include an entry for salary, wages, or other compensation paid to individual employees.

(3) The register must not include any information that can be used to identify an individual employee.

(4) The register must be accompanied by a complete explanation of any codes or acronyms used to identify a payee or an expenditure.

(D) The register must be searchable and updated at least once a month. Each monthly register must be maintained on the internet website for at least five years.”

SECTION 7. Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Article 13

The Review and Oversight Commission on the South Carolina State Ports Authority

Section 54‑3‑1300. (A) There is hereby established a commission to be known as the Review and Oversight Commission on the South Carolina State Ports Authority, hereinafter referred to as the commission, which must exercise the powers and fulfill the duties described in this article.

(B) The commission is composed of the following ten members.

(1) From the Senate:

(a) the Chairman of the Finance Committee or his designee;

(b) the Chairman of the Judiciary Committee or his designee;

(c) the Chairman of the Transportation Committee or his designee; and

(d) two members appointed by the President Pro Tempore, one member upon the recommendation of the Senate Majority Leader and one member upon the recommendation of the Senate Minority Leader.

(2) From the House of Representatives:

(a) the Chairman of the Ways and Means Committee or his designee;

(b) the Chairman of the Judiciary Committee or his designee;

(c) the Chairman of the Labor, Commerce and Industry Committee, or his designee;

(d) two members of the House of Representatives appointed by the Speaker of the House of Representatives.

(C) In making appointments to the commission, race, gender, and other demographic factors, such as residence in rural or urban areas, must be considered to assure nondiscrimination, inclusion, and representation to the greatest extent possible of all segments of the population of the State.

(D) The commission must meet as soon as practicable after appointment and organize itself by electing one of its members as chairman and such other officers as the commission may consider necessary. Thereafter, the commission must meet as necessary to screen candidates for appointment to and at the call of the chairman or by a majority of the members. A quorum consists of six members.

Section 54-3-1310. The commission has the following powers and duties:

(A) to screen each person appointed to serve on the board:

(1) in screening candidates and making its findings, the commission must give due consideration to:

(a) ability, area of expertise, dedication, compassion, common sense, and integrity of each candidate; and

(b) the impact that each candidate would have on the racial and gender composition of the commission, and each candidate’s impact on other demographic factors represented on the commission, such as residence in rural or urban areas, to assure nondiscrimination to the greatest extent possible of all segments of the population of the State;

(2) to determine if each candidate is qualified and meets the requirements provided by law to serve as a member of the board of directors of the State Ports Authority, make findings concerning whether each candidate is qualified, and deliver its findings to the Clerk of the Senate, the Clerk of the House of Representatives, and the Senate Transportation Committee for confirmation.

(B) To conduct an oversight review of the authority and its operations at least once every two years:

(1) the oversight reviews must consider whether the authority is promoting, developing, constructing, equipping, maintaining, and operating the harbors and seaports of this State in an efficient, effective manner in accordance with all applicable laws and regulations. The oversight reviews must also include an analysis of the performance of the executive director. In performing this analysis the commission must consider the report required pursuant to Section 54-3-70 in addition to other information collected concerning the executive director’s performance;

(a) a draft of a board member’s and executive director’s performance review and the evaluations of the actions of the board, must be submitted to the appropriate party, and that party must be allowed an opportunity to be heard before the commission conducting the oversight review by the performance review or evaluation, as the case may be, is final;

(b) the final performance review of a board member must be made a part of the member’s record for consideration if the member seeks reappointment to the board;

(2) a written report of the findings from each oversight review must be published in the journals of both houses and made available on the General Assembly’s Internet website and transmitted to the Governor and the board.

(C) To review and evaluate the complete list of the properties on Daniel and Thomas (St. Thomas) Islands transmitted to the commission. The commission must recommend to the Budget and Control Board whether to approve the sale or sell, as appropriate, any or all of the all real property the authority owns on Daniel Island and Thomas (St. Thomas) Island pursuant to Section 54-3-119.

(D) Undertake any additional reviews, studies, or evaluations as it considers necessary.

Section 54-3-1320. The commission by a two‑thirds vote of its membership, may waive the requirements of Section 54‑3‑60(A) and (B) for a candidate for the board of directors for the State Ports Authority.

Section 54-3-1330. State agencies must fully cooperate with requests from the commission for assistance in carrying out its responsibilities and duties as established in this article.

Section 54‑3‑1340. (A) The oversight report required by this article must at least contain:

(1) a performance review of each member of the board during the previous two years;

(2) a performance review of the State Ports Authority executive director; and

(3) an evaluation of the actions of the board, sufficient to allow the members of the General Assembly to better judge whether these actions serve the best interests of the citizens of South Carolina, both individual and corporate.

(B) To assist the commission in performing the performance reviews and evaluations required by this article, the commission may develop and distribute, as appropriate, an anonymous and confidential survey evaluating the board members and the executive director. At a minimum, the survey must include the following:

(1) knowledge and application of substantive port issues;

(2) the ability to perceive relevant issues;

(3) absence of influence by political considerations;

(4) absence of influence by identities of labor unions;

(5) courtesy to all persons appearing before the board;

(6) temperament and demeanor in general, preparation for hearings, and attentiveness during hearings; and

(7) any other issue the commission deems appropriate.

Section 54-3-1350. In order to discharge their oversight responsibilities in regard to State Ports Authority operations and management, the commission may request and shall be provided within fifteen days after the request with any documents related to the sale or disposition or contemplated sale or disposition of any real property owned by the authority. The provisions of this section supercede any conflicting provisions contained in the Freedom of Information Act and these documents may be shared only with members of the commission, staff assigned to the commission, members of the General Assembly with whom the commission chooses to consult concerning the matter, or legal counsel employed by the Senate or the House of Representatives. These documents and the information contained in them must be kept confidential, and are not subject to public disclosure, or any other disclosure not permitted by the provisions of this section.

Section 54-3-1360. (A) Commission members are entitled to such mileage, subsistence, and per diem as authorized by law for members of boards, committees, and commissions while in the performance of the duties for which appointed. These expenses shall be paid by the State Ports Authority.

(B) The State Ports Authority must pay for all reasonable expenses associated with the commission’s duties to screen appointees to the authority’s board and conduct oversight as required by this article.

Section 54-3-1370. The commission must use clerical and professional employees of the General Assembly for its staff, who must be made available to the commission. The commission may employ or retain other professional staff, upon the determination of the necessity for other staff by the commission and as may be funded in the legislative appropriation of the annual general appropriations act. The State Ports Authority must pay for all reasonable staff related expenses associated with the commission’s activities.

SECTION 8. Article 3, Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Section 54‑3‑155. Without prior approval from the State Budget and Control Board, the authority may not sell any real property or any buildings, terminals, or other permanent structures, excluding equipment, appurtenant to real property that are or may be used to carry out the purposes of the authority as provided in Section 54‑3‑130.”

SECTION 9. Section 54‑3‑110 of the 1976 Code is amended to read:

“Section 54‑3‑110. Through the authority the State may engage in promoting, developing, constructing, equipping, maintaining, and operating the harbors or seaports within the State, namely Charleston, Georgetown, and ~~Port Royal~~ Jasper, and works of internal improvement incident thereto, including the acquisition or construction, maintenance and operation at such seaports of harbor watercraft and terminal railroads, as well as other kinds of terminal facilities, and belt line roads or highways and bridges thereon and other bridges and causeways necessary or useful in connection therewith.”

SECTION 10. Section 54‑3‑130(1) of the 1976 Code is amended to read:

“(1) To develop and improve the harbors or seaports of Charleston, Georgetown, and ~~Port Royal~~ Jasper for the handling of water‑borne commerce from and to any part of the State and other states and foreign countries;”

SECTION 11. Section 54‑3‑130(8) of the 1976 Code is amended to read:

“(8) To promote, develop, construct, equip, maintain, and operate a harbor or harbors within this State on the Savannah River, and in furtherance thereof have all of the powers, purposes, and authority given by law to the authority in reference to the harbors and seaports of Charleston, Georgetown, and ~~Port Royal~~ Jasper; and”

SECTION 12. Article 3, Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Section 54‑3‑115. The authority shall take all action necessary to expeditiously develop a port in Jasper County in accordance with the Intergovernmental Agreement for Development of a Jasper Ocean Terminal on the Savannah River within the State of South Carolina that was entered into between the South Carolina State Ports Authority, the Georgia Ports Authority, and the Georgia Department of Transportation dated on January 27, 2008. In determining whether the development of a Jasper Port is proceeding in an expeditious manner, the board must consider whether timelines or benchmarks included in either the Intergovernmental Agreement or amendments to it or other agreement with a partner to develop the port have been or will be met in a timely manner. A determination that a delay in the planning or construction of the port is reasonable must be based on an objective analysis of all available empirical data and expert opinion, as well as a comparison of the construction timelines of ports of similar size and expected capacity. If it is determined that a partner to an agreement to develop the port is not meeting its obligations that will result in the port not being developed in an expeditious manner, then the authority must take all available and necessary action to compel the partner to meet its obligations and, if necessary, terminate the agreement and transfer to Jasper County the assets and right to develop the port. The authority also shall take all action necessary and as may be requested from time to time by the committees in the House of Representatives and the Senate in connection with the State of South Carolina and the State of Georgia to enter into an Interstate Compact to operate a Jasper Port on or before December 31, 2010, as such compact is generally outlined in the Intergovernmental Agreement. In connection with the development of a port in Jasper County, the authority shall make specific inquiries regarding the merits of using private capital to finance the construction of that port to a greater extent than historically has been used by the South Carolina State Ports Authority in connection with their existing port operations.”

SECTION 13. Article 3, Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Section 54‑3‑117. The authority shall take all action necessary to expeditiously complete construction of a container terminal in North Charleston.”

SECTION 14. Article 3, Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Section 54‑3‑118. It is the intent of the General Assembly that the State Ports Authority board consider public‑private partnerships with private investors that increase capital investments in port facilities and in the State of South Carolina. However, the board retains all authority associated with entering a public‑private partnership on behalf of the port.”

SECTION 15. Chapter 1, Title 13 of the 1976 Code is amended by adding:

“Section 13‑1‑1355. All tracks, spurs, switches, terminal, terminal facilities, road beds, rights‑of‑way, bridges, stations, railroad cars, locomotives, or other vehicles constructed for operation over railroad tracks, crossing signs, lights, signals, storage, and all associated structures and equipment which are necessary for the operation of any railroad located on any ‘applicable federal military installation’ or ‘applicable federal facility’ as defined in Section 12‑6‑3450 may not be transferred without the prior approval of the Budget and Control Board.”

SECTION 16. Section 1-3-240(C)(1) of the 1976 Code, as last amended by Act 114 of 2007, is further amended by adding a new subitem at the end to read:

“(n) State Ports Authority.”

SECTION 17. Section 54-3-700 of the 1976 Code, as added by Act 313 of 2004, is amended to read:

“Section 54-3-700. (A) Upon the effective date of this section:

(1) the State Ports Authority has no statutory responsibility to operate a marine terminal at Port Royal; and

(2) marine operations at Port Royal shall cease as soon as practicable.

(B) The State Ports Authority is hereby directed to sell all its real and personal property at Port Royal upon the effective date of this section, but in a manner that is financially responsible and advantageous to the State Ports Authority.

(C)(1) The State Ports Authority ~~shall~~, in its discretion, shall determine the manner of the sale, but in no event shall terms of the sale extend beyond December 31, ~~2006~~ 2009, except for parcels ~~which may be~~ under long‑term contract, in which case the South Carolina Ports Authority is directed to terminate ~~such~~ these leases as soon as possible through ‘lease purchases’, ‘buy outs’, or ~~any~~ other lawful means.

(2) The property must be transferred to the Budget and Control Board for sale if the authority is unable to complete the sale by December 31, 2009. The Budget and Control Board is vested with all of the board’s fiduciary duties to the authority and the authority’s bondholders if the property is transferred to the Budget and Control Board for sale. The acceptance of any sales price by the Budget and Control Board must be exercised with due regard to the fiduciary duty owed to the authority and for the protection of the interests of the authority’s bondholders as set forth in its bond covenants, and otherwise according to law, including the conversion of a nonperforming asset into revenues in the most expeditious manner. The Budget and Control Board may deduct from the proceeds of the sale an amount equal to the actual costs incurred in conjunction with the sale of the property. The balance of the proceeds must be transmitted to the authority.

(D) Any real or personal property at Port Royal which is to be sold must be first appraised and then sold at fair market value. The real property appraiser must be a State Certified General Real Estate Appraiser, a member of the Appraisal Institute (MAI), and must be knowledgeable in appraisal and in appraising marine terminal facilities. The appraisal of the real property should include its future development opportunities and those of the surrounding properties. The State Ports Authority Board of Directors shall exercise its lawful discretion in the acceptance of any sales price with due regard to its fiduciary duties to the authority and for the protection of the interests of the authority’s bondholders as for forth in its bond covenants, and otherwise according to law, including conversion of a nonperforming asset into revenue in the most expeditious manner. The sale of the real property shall comply with all state procedures, must be approved by the State Budget and Control Board, and must be on an open‑bid basis, and no bid may be accepted which is less than the property’s fair market value as shown by the appraisal. All proceeds from the sale of real and personal property at Port Royal must be retained by the State Ports Authority; ~~provided, however,~~ except that the Town of Port Royal ~~shall have the right to~~ may petition the State Budget and Control Board for a portion of the net proceeds from ~~any~~ a sale and may be allocated a portion of these net proceeds in an amount not to exceed five percent of the net proceeds upon showing the allocation is necessary to pay for infrastructure needs directly associated with and necessitated by the closing of the port as Port Royal. These funds must be expended at the direction of the Town Council of Port Royal with the approval of the State Budget and Control Board, solely for ~~the~~ infrastructure, and shall have priority over all other expenditures except usual and necessary closing costs attributable to ~~any~~ a sales ~~contracts~~ contract.”

SECTION 18. Chapter 3, Title 54 of the 1976 Code is amended by adding:

“Section 54‑3‑119. (A) Except as provided in subsection (B), the State Ports Authority Board is directed to sell under those terms and conditions it considers most advantageous to the authority and the State of South Carolina all real property it owns on Daniel Island and Thomas (St. Thomas) Island except for the dredge disposal cells that are needed in connection with the construction of the North Charleston terminal on the Charleston Naval Complex and for harbor deepening and for channel and berth maintenance. The sale shall be timed and concluded on a schedule that prudently considers all market conditions affecting the sale but in any event must be under contract for sale by December 31, 2012, and the sale completed by December 31, 2013. The property must be transferred to the Budget and Control Board for sale if authority is unable to complete the sale by December 31, 2013. To assist in the sale of the property, the board shall have the property appraised by at least two independent qualified commercial appraisers not affiliated with the authority. The real property appraisers must be a State Certified General Real Estate Appraiser, a member of the Appraisal Institute (MAI), and must be knowledgeable in appraisal and in appraising marine terminal facilities. The appraisal of the real property should include its future development opportunities and those of the surrounding properties. The sale price must be equal to or greater than at least one of the independent appraisals. The approval of the State Budget and Control Board is required to effectuate the sale if completed on or before December 31, 2013.

(B) The board shall give the right of first refusal to those former landowners on Thomas (St. Thomas) Island who sold their land located within the transportation corridor to the authority in anticipation of the authority’s exercise of eminent domain. The right of first refusal must provide that the landowner may repurchase his land at the same price for which the authority purchased it from him. Each contract for the sale of a parcel located in the transportation corridor on Thomas Island must contain a covenant creating an easement over the parcel. The easement must permit the authority, and any successor in interest to the authority, reasonable ingress and egress to the real property on Daniel Island owned by the authority as of the effective date of this section. The easement must contain express language that the easement runs with the land.

(C)(1) With regards to the sale of real property pursuant to subsection (A), the Budget and Control Board is vested with all of the board’s fiduciary duties to the authority and the authority’s bondholders if the property is transferred to the Budget and Control Board for sale. The acceptance of any sales price by either the board or the Budget and Control Board must be exercised with due regard to the fiduciary duty owed to the authority and for the protection of the interests of the authority’s bondholders as set forth in its bond covenants, and otherwise according to law, including the conversion of a nonperforming asset into revenues in the most expeditious manner.

(2) The Budget and Control Board may deduct from the proceeds of the sale an amount equal to the actual costs incurred in conjunction with the sale of the property. The balance of the proceeds must be transmitted to the authority.”

SECTION 19. The General Assembly encourages discussions between interested parties and the Town of Port Royal concerning the building of a boat landing north of the Broad River in Beaufort County. Funds negotiated between the Town of Port Royal and the South Carolina State Ports Authority pursuant to Section 54-3-700 should be used to build the boat landing.

SECTION 20. The provisions of this act related to a time limitation for members of the board of directors serving in a holdover capacity do not apply to board members serving in a holdover capacity as of the effective date of this act but apply to any subsequent term.

SECTION 21. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

SECTION 22. The repeal or amendment by this act of any law, whether temporary or permanent or civil or criminal, does not affect pending actions, rights, duties, or liabilities founded thereon, or alter, discharge, release or extinguish any penalty, forfeiture, or liability incurred under the repealed or amended law, unless the repealed or amended provision shall so expressly provide. After the effective date of this act, all laws repealed or amended by this act must be taken and treated as remaining in full force and effect for the purpose of sustaining any pending or vested right, civil action, special proceeding, criminal prosecution, or appeal existing as of the effective date of this act, and for the enforcement of rights, duties, penalties, forfeitures, and liabilities as they stood under the repealed or amended laws.

SECTION 23. This act takes effect upon approval by the Governor.

/s/Sen. Harvey S. Peeler, Jr. /s/Rep. Harry F. Cato

/s/Sen. J. Yancey McGill /s/Rep. James H. Merrill

/s/Sen. Lawrence K. Grooms /s/Rep. Vida O. Miller

On Part of the Senate. On Part of the House.

‑‑‑‑XX‑‑‑‑