

MINUTES OF
Budget and
Control Board
Meeting

August 1, 1978

MINUTES OF BUDGET AND CONTROL BOARD MEETING

AUGUST 1, 1978 10:00 A. M.

The Budget and Control Board met at 10:00 a.m. on August 1, 1978 in the Governor's Conference Room with the following members in attendance:

Governor James B. Edwards
Mr. Grady L. Patterson, Jr.
Mr. Earle E. Morris, Jr.
Senator Rembert C. Dennis
Representative Tom G. Mangum

Also attending were Board Secretary State Auditor William T. Putnam; A. E. Reiser of the Governor's staff; J. A. Crossscope, George F. Oliver, John A. McPherson, Donna K. Clark and William A. McInnis of the Finance Division staff.

The following items of business were considered:

MINUTES OF PREVIOUS MEETINGS - Members previously had been furnished with draft versions of the minutes of a poll completed on June 16, 1978 and of meetings held on July 18 and July 25, 1978.

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

POLL AGENDA - Mr. Putnam requested that conditional approval be given to Poll Item 6, relating to a Georgetown County Petition to issue Industrial Revenue Bonds, pending completion of the required reviews by the Attorney General's Office and the State Auditor's Office. Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Budget and Control Board approved the Georgetown County Petition to issue \$500,000 Industrial Revenue Bonds on behalf of Oneita Knitting Mills, subject to the completion of the required reviews.

Mr. Putnam also advised the Board, in response to Governor Edwards' query on Poll Item 7 relating to a situation involving the Department of

Vocational Rehabilitation and the charges being made for copies of patient records, that this item points up the variations in fees paid for medical and related services. He also noted that VR in the past had been able to work out more favorable fee schedules than most other State agencies but that VR now is getting complaints because their rates are less than those of other State agencies.

Following a brief discussion, and after noting the possibility of a uniform State schedule for these services, Governor Edwards expressed the view that the Budget and Control Board should address itself to this problem and named a subcommittee comprised of Messrs. Patterson, Morris, Pettiss and Putnam to examine this situation and report back to the Board at a future time.

Poll items are identified as such in these minutes.

CLEMSON UNIVERSITY - POSITION ABOVE NUMBER AUTHORIZED (POLL ITEM 1) -

Clemson University has proposed to "trade" one Personnel Technician III, Grade 25, position for one Clerk-Typist II, Grade 9, position and one Laboratory Technician II, Grade 13, position. The minimum salary for the Grade 25 position is \$13,018 while the minimums for the Grade 9 and Grade 13 positions are \$6,072 and \$6,945, respectively, for a combined total of the two of \$13,017. Thus, funds are available to cover the two new positions, one of which has resulted from a desire to classify what heretofore has been a temporary position.

The Budget and Control Board without objection authorized Clemson University to establish one position above the number authorized.

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

HEALTH AND ENVIRONMENTAL CONTROL - CONSULTANT SERVICES CONTRACT (POLL ITEM 2) - The Budget and Control Board without objection approved a consultant services contract between DHEC and Abrams J. Richards, Jr., M.D., involving the payment of a maximum of \$11,500, 100% Federal, during the 7/1/78 through 6/30/79 period for the purpose of acting in the capacity of Statewide Medical Director

for Emergency Medical Services.

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

DIVISION OF GENERAL SERVICES - PRINTING EQUIPMENT ACQUISITIONS (POLL ITEM 3) - Upon the recommendation of the Division of General Services, the Budget and Control Board without objection approved the following printing equipment acquisitions:

(1) Educational Television Commission: Electronic typesetting equipment at an estimated cost of \$43,000, on the condition that further study and implementation of EDP processing on this equipment be made available to as many agencies as possible through the General Services computer and that the IBM magnetic tape system be retained and made available to State agencies requiring this kind of service.

(2) Department of Highways and Public Transportation: One 50-bin collator with a dual head stitcher at a price of \$16,647.

(3) University of South Carolina: One 3-knife trimmer at a cost of \$6,188.

(4) Criminal Justice Academy: One 30-bin collator and stitcher at a combined cost of approximately \$12,500.

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

GENERAL SERVICES/PRT - PERPETUAL EASEMENT WITHIN JONES GAP PARK (POLL ITEM 4) - The Division of General Services advised the Board that PRT has requested Board approval of a perpetual restrictive covenant covering 300 feet of land on each side of the Middle Saluda River and Cold Spring Branch within Jones Gap State Park for the purpose of maintaining these lands immediately adjacent to the river in their natural state, as provided under Section 51-5-70 of the South Carolina Scenic Rivers Act. The Division also advised that the Water Resources Commission has recommended approval of the

PRT request.

The Budget and Control Board without objection approved the referenced request and Governor Edwards executed the necessary documents on behalf of the Board.

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

DIVISION OF GENERAL SERVICES - SCE&G RIGHT-OF-WAY REQUEST (POLL ITEM 5) - The Division of General Services advised the Board that SCE&G has requested a right-of-way for relocating existing lines along Parklane Road in Richland County which the Division estimates is worth about \$30,000. In lieu of receiving payment from SCE&G for the right-of-way requested, the Division of General Services requested Board authorization to negotiate with SCE&G for internal street improvements in the Mental Health-North Complex Area which the Board granted without objection.

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

INDUSTRIAL REVENUE BONDS - GEORGETOWN COUNTY (POLL ITEM 6) - The Budget and Control Board was presented with a Petition from Georgetown County for the issuance of \$500,000 Industrial Revenue Bonds on behalf of Oneita Knitting Mills. The project involved consists of the acquisition of land and the construction of and equipment for a manufacturing facility which, when completed, will provide immediate additional employment for about 50 persons and employment for some 200 persons ultimately.

After being advised by State Auditor Putnam that the required reviews had not yet been completed, the Budget and Control Board, upon a motion by Mr. Morris, seconded by Mr. Patterson, adopted a Resolution approving the Georgetown County proposal to issue \$500,000 Industrial Revenue Bonds on behalf of Oneita Knitting Mills, pursuant to 1976 Code Sections 4-29-10 et seq., on the condition that the required reviews be completed satisfactorily.

(SECRETARY'S NOTE: Subsequent to the meeting, the required reviews were completed satisfactorily.)

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

VOCATIONAL REHABILITATION - CHARGES BY DOCTORS AND HOSPITALS (POLL ITEM 7) - VR Commissioner Joe S. Dusenbury, in an item included for information purposes only, advised the Board of a situation in which a doctor has advised his agency that his standard charge for a Xerox copy of a patient's records is \$15 (\$25 if an opinion on those records is needed) but that Vocational Rehabilitation has established a \$5 payment fee for copies of such records.

As noted above, Governor Edwards named a subcommittee comprised of Messrs. Patterson, Morris, Pettis and Putnam to study the whole issue of fees paid for medical and related services by State agencies and to report back to the Board at some future time.

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

(SECRETARY'S NOTE: Mr. Earle E. Morris, Jr., joined the meeting as the following item was being introduced.)

UNIVERSITY OF SOUTH CAROLINA - LEASE OF WADE HAMPTON HOTEL - USC
President James B. Holderman, accompanied by System Vice President for Finance and Administration B. A. Daetwyler, appeared before the Budget and Control Board to request Board approval of the lease of the Wade Hampton Hotel by the University of South Carolina from August 1, 1978 to May 15, 1979 at a maximum cost of \$270,000 to provide housing for some 531 graduate and upper class male and female students. In making his request, President Holderman indicated that:
(1) if leased, the Wade Hampton Hotel would generate revenues totaling \$512,000, \$492,000 of which are projected from student room rentals and \$20,000 of which are projected from the rental of public rooms (located on the mezzanine level) for Continuing Education programs; (2) in July of 1975, the University

had 57 empty spaces in its dormitories but that a year later some 552 persons were on a waiting list which increased to 1,052 and to 1,572 in June of 1977 and June of 1978, respectively, with no substantial increase in enrollment on the Columbia campus; (3) the Columbia campus currently has a headcount enrollment of some 22,000, with 18,000 full-time equivalents as compared with housing space for about 7,000; and (4) that a renewed desire to be involved in the campus community largely accounts for the strengthened interest in on-campus housing.

In response to questions from Board members, President Holderman also indicated that no housing is to be provided for part-time students and that, although he understands that a private group is interested in developing the hotel property into a convention center, the proposed lease is with the banks which presently own the property.

(Senator Dennis joined the meeting at this point.)

President Holderman emphasized that, although the University has made application to the Department of Housing and Urban Development for a low-interest loan to purchase the hotel on a short-term basis, the present request is for authority to lease the hotel from August 1, 1978 to May 15, 1979.

Following this discussion, upon a motion by Mr. Morris, seconded by Representative Mangum, the Budget and Control Board authorized the University of South Carolina to lease the Wade Hampton Hotel for the period requested.

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

DEPARTMENT OF MENTAL HEALTH - PURCHASE OF PALMER COLLEGE PROPERTY -

Mental Health Commissioner William S. Hall has requested Budget and Control Board authorization to purchase Palmer College property consisting of 4.59 acres of land, two principal buildings (Lever Hall and Caughman Hall) and all furnishings located on the premises at 1125 and 1135 Carter Street in Columbia at a price of \$752,175 using funds from the Department's Patient Fee Account.

Additional funds in the amount of \$2,825 for a survey and appraisal of the property are required which brings the total amount involved to \$755,000.

State Auditor Putnam reminded the Board that this item had been considered previously by the Board but that it had been referred to the House-Senate Bond Review Committee chaired by Senator Frank L. Roddey. Mr. Putnam noted that the consensus of that Committee is that the proposal is a satisfactory arrangement which should be approved. He also reported that the State Engineer's Office has inspected the property and is of the opinion that, at the proposed purchase price, it represents a good buy. Mr. Putnam concluded by recommending that the Board authorize the Department of Mental Health to proceed with this acquisition using funds from the Department's Patient Fee Account. State Engineer John McPherson also appeared before the Board on this matter.

Mr. Patterson moved that the request of the Department of Mental Health be approved.

In the ensuing discussion, State Engineer McPherson pointed out that the facilities to be acquired are for patients who are not restrained and who are in transition from institutional care back to the community and that they are more like out-patients. He also noted that the studies authorized by the General Assembly in the 1978 Capital Improvement Bond Act are for in-patient facilities.

Mr. Putnam noted that the Budget and Control Board legally can authorize the Department of Mental Health to use excess patient fees for purposes such as the proposal under consideration at the present meeting but Governor Edwards questioned whether it is good business practice not to put those fees back into the General Fund and let the General Assembly appropriate them. Mr. Morris pointed out that this procedure began back in 1960 and that the fees collected are basically for debt service purposes. Mr. Putnam noted that the Patient Fee Account of the Department of Mental Health now has several

millions of dollars in it and urged the press to secure the exact amount in that account from the Comptroller General's Office if they intend to cite figures.

Mr. Putnam then noted that the General Assembly has authorized planning studies for Villages B and C but that the General Assembly postponed any funding for the construction of Village B pending the completion of the two studies referred to by Mr. McPherson.

Mr. Putnam expressed the view that, even though the institution-type bonding procedure has resulted in extra diligence in the collection of fees, perhaps the time has come for re-evaluating that approach.

Senator Dennis expressed the view that the patient fees under discussion are trust funds which should be used for institutional purposes at the institutions at which they are collected.

Following this discussion, Senator Dennis seconded Mr. Patterson's motion to authorize the Department of Mental Health to use \$755,000 of Patient Fee Account funds to finance the acquisition of the referenced Palmer College property located in Columbia and the motion was adopted.

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

JUDICIAL DEPARTMENT - JUDICIAL COMMITMENT PROGRAM - Following State Auditor Putnam's suggestion that this item is complex enough to warrant its referral to a special subcommittee of the Board, the Board agreed with Senator Dennis' suggestion that such a subcommittee, comprised of Governor Edwards or his designee, Mr. Patterson, Mr. Morris and Mr. Putnam, report on this item at a future Board meeting.

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

COMMISSION ON HIGHER EDUCATION - NEW PROGRAMS APPROVAL REQUEST - The Budget and Control Board agreed to refer to the new Commission on Higher Education the eight programs submitted previously for Board approval, after

being advised by CHE Assistant Director Frank E. Kinard that, although most of these programs were due to start this month, starting them this semester would be difficult in any event and the "skies won't fall" if they are not started until second semester.

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

PERSONNEL DIVISION - TEC ALLOCATION OF SPECIAL APPROPRIATIONS FOR FACULTY SALARIES - State Personnel Division Director Jack Mullins, accompanied by Division Deputy Director Joe Mack, advised the Board that the State Board for Technical and Comprehensive Education has requested Board approval of special adjustments for faculty salaries averaging 3%, with no individual special increase exceeding 8% of the base salary of any faculty member, using special appropriations received for 1978-79. Dr. Mullins indicated that the proposed special increases would be in addition to the 4% base pay increases to be effective in July of 1978 and January of 1979 and the average 5% merit increment. He also indicated that the amount involved is some \$437,000 from funds especially appropriated for the purpose of upgrading faculty salaries.

Governor Edwards called these average increases, totaling 16%, to the attention of State Employees Association Executive Director Larry Ellis and Dr. Mullins estimated that a 14% pay-out could be expected.

In response to Governor Edwards' question on the Legislature's intent in this regard, Senator Dennis recounted the events relating to the \$12.6 million appropriation included in Section 121-A of the 1978-79 Appropriations Act by noting that the House Ways and Means Committee found itself unable to balance the budget bill without a cut and, as a result, devised a 3% reduction in personal service appropriations. Senator Dennis noted that the House of Representatives did not agree with the Committee's 3% cut and, by a tremendous vote, reinstated that reduction by diverting funds from the existing surplus or reserve fund. Senator Dennis continued by pointing out that the Senate

Finance Committee took the same view as the Governor in opposing any diversion of funds from the surplus and that, because revised revenue estimates for the current and next fiscal year increased sufficiently to maintain the reinstated funds as well as to fully fund the reserve account, this was a position supported virtually unanimously by the Senate Finance Committee. Senator Dennis then noted that Governor Edwards' veto of Section 121-A as a result faced overwhelming legislative opposition. Senator Dennis also expressed the view that the Budget and Control Board had done pretty well in adding new positions in its budget recommendations to the General Assembly for 1978-79. Senator Dennis also expressed the view that the General Assembly was not afraid or weak and that it was not stampeded by lobbyists. He concluded by expressing the view that the Legislature's intent with regard to the special appropriation to TEC for faculty salary adjustments was that these funds be used for the purpose now being requested by TEC.

In response to Governor Edwards' question if it was the General Assembly's intent to give TEC faculty an average 16% salary increase, Representative Mangum expressed the view that if other State employees are given an average 13% increase he could not see giving TEC or any other agency more.

Dr. Mullins recommended that the Board approve the TEC proposal and that TEC then allocate the funds tentatively subject to final Budget and Control Board approval.

Governor Edwards suggested that this matter along with regular session item 8 (relating to the State employee merit increment program) and item 9 (relating to an amendment of the Personnel Manual on longevity increases) be referred to the Board's Personnel Subcommittee for a recommendation.

Following this discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the TEC allocation of special appropriations for faculty salaries item was referred to the Board's Personnel Subcommittee (comprised of Messrs. Patterson, Morris, Pettiss and Putnam) to make a decision on behalf of

the full Board.

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

STATE PERSONNEL DIVISION - STATE EMPLOYEE MERIT INCREMENT PROGRAM -

During the discussion of the preceding item, Dr. Mullins noted that a degree of urgency exists with regard to the draft memorandum outlining Board intentions relating to Section 134 of the 1978-79 Appropriations Act and noted that the Personnel Subcommittee had reviewed the final version of that memorandum.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Budget and Control Board approved the referenced memorandum.

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

STATE PERSONNEL DIVISION - PERSONNEL MANUAL AMENDMENT (LONGEVITY

INCREASES) - An amendment to the Personnel Manual relating to longevity salary policy proposed by the State Personnel Division was discussed briefly along with the two preceding items and, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Budget and Control Board referred this matter to the Personnel Subcommittee to make a final decision on behalf of the full Board.

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

DIVISION OF GENERAL SERVICES - PROPOSED COURIER SERVICE - Division

Director Furman E. McEachern, accompanied by Assistant Director Rudy Counts, appeared before the Board to propose that a courier service (postage and parcel delivery) on a route covering Columbia, Orangeburg, Charleston and return be established on a test basis. Mr. McEachern estimated that this service could be operated for a cost of about \$450 per week and that a vehicle suitable for this purpose is now available. He also requested authorization to employ one temporary employee for this program.

In response to Governor Edwards' query, Mr. Counts indicated that the existing interagency mail service has saved about \$35,000 through March of 1978 and he projected weekly savings of at least \$150 would result from the proposed courier service to Charleston and return. Both Messrs. McEachern and Counts indicated that this proposed service is simply an extension of the interagency mail service and that it is confined strictly to the State's business and therefore would not conflict with any postal regulations.

Following a brief discussion, upon a motion by Mr. Patterson, the Budget and Control Board authorized the Division of General Services to institute for a 90-day test period the Columbia-Orangeburg-Charleston and return courier service as proposed and also authorized the employment of one additional temporary position above the number authorized to be classified by the State Personnel Division.

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

GRANTS AND CONTRACTS REVIEW UNIT - 1978-79 GRANTS AND CONTRACTS REVIEW MANUAL - The Budget and Control Board without objection agreed to refer this Manual to a subcommittee comprised of Messrs. Patterson, Morris, Pettiss and Putnam for its review and for a review with the Joint Appropriations Review Committee chaired by Senator Waddell.

Senator Dennis requested that the subcommittee consider whether or not the Public Service Authority, the State Ports Authority and the Public Railways Commission should be included in this review process.

A copy of the referenced manual has been retained in these files and is identified as Exhibit XVI.

GRANTS AND CONTRACTS REVIEW SUBCOMMITTEE - GRANT AND CONTRACT REQUESTS - Mr. Putnam presented a list of 83 projects involving the following funds: \$17,883,025 federal; \$1,652,667 State; and \$899,544 other; for a total of \$20,435,236. Mr. Putnam also reported that he and other staff had been in consultation with

Senator Waddell on the question of coordinating Board actions on these requests with the Joint Appropriations Review Committee of the General Assembly.

Senator Dennis noted that the final version of the act on this subject provides that when the General Assembly is in session the Board and the General Assembly will act collaterally and when the General Assembly is not in session the Board is to act on these matters unilaterally after giving the Joint Appropriations Review Committee 14 days advance notice of the requests.

Following a brief discussion, upon a motion by Senator Dennis, seconded by Mr. Patterson, the Budget and Control Board approved the recommendations of the Grants and Contracts Review Subcommittee unless objections are received from the Joint Appropriations Review Committee by August 7. Any requests on which objections are received would be returned to the Board for further consideration.

Governor Edwards asked that the standard understanding relating to CETA employees be included in all Board approvals.

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

FINANCE DIVISION - 1979-80 BUDGET HEARING SCHEDULE - After a brief discussion, the Budget and Control Board agreed to schedule 1979-80 budget hearings for Monday, Tuesday and Wednesday in each of the first three weeks of October (October 2, 3 and 4; 9, 10 and 11; 16, 17 and 18).

The Board also agreed with Governor Edwards' suggestion that the three candidates for Governor or their representatives be invited to attend and participate in these hearings.

Mr. Putnam called the Board's attention to the problems created by the numerous requests received last year from outside interest groups for permission to appear and he suggested that some alternative method of dealing with these groups is needed. Mr. Putnam also noted the difficulties posed by the late submission of the higher education budget by the Higher Education

Commission and requested Board authorization to request the CHE chairman and staff to submit these budgets on the last day of the last week of the hearings.

Observing that the key to shorter legislative sessions is the General Appropriations Bill, Senator Dennis indicated that he will urge Senate Finance Committee members to attend the Budget and Control Board budget hearings and encouraged Representative Mangum to do the same with Ways and Means Committee members. Senator Dennis expressed the view that there is absolutely no reason for the agencies to come to the Ways and Means Committee and to the Senate Finance Committee to repeat themselves and further suggested that these committees do away with subcommittees because they often become advocates for the agencies. Representative Mangum agreed with Senator Dennis' idea of doing away with subcommittees.

Following this discussion, the Board agreed with the schedule for the first three weeks of October and also agreed to restrict appearances by outside entities since these hearings are not public hearings on the budget. Mr. Putnam indicated that the staff would have some recommendations on this latter question at a later time.

DEPARTMENT OF EDUCATION - 1978-79 STATE SCHOOL BONDS - Superintendent of Education Cyril B. Busbee requested that the Board commit to issue up to \$7,000,000 of State School Bonds for 1978-79 in order that allocations of School Building Aid funds might be made to the local school districts. Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Budget and Control Board agreed to issue not in excess of \$7,000,000 of State School Bonds for 1978-79, as authorized in Part II, Section 17 of the 1978-79 General Appropriation Act.

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

FUTURE MEETING - The Budget and Control Board agreed to hold a special meeting on 1979-80 budget matters at 9:30 a.m. on Thursday, August 10, 1978.

The Board also agreed to hold its next regular meeting at 10:00 a.m., Wednesday, August 16, 1978.

(SECRETARY'S NOTE: The next regular meeting date and time subsequently were changed to Thursday, August 17, 1978 at 3:00 p.m.)

EXECUTIVE SESSION - State Auditor Putnam announced that five personnel matters, one matter relating to a possible court suit and the replacement of a committee member had been proposed for consideration in Executive Session. Following a brief discussion, the Budget and Control Board agreed to consider these matters whereupon Governor Edwards declared the meeting to be in Executive Session.

DIVISION OF RESEARCH AND STATISTICAL SERVICES - POSITIONS ABOVE NUMBER AUTHORIZED - Before going into Executive Session, at the request of Mr. Putnam, the Budget and Control Board agreed to consider a request by the Division of Research and Statistical Services to establish three full-time classified positions above the number authorized in the 1978-79 Appropriations Act. Funding for these positions is included in Act R808 (Supplemental Appropriation) in the amount of \$119,000 for "Statewide Mapping Service" but these positions are not enumerated specifically in that Act. Mr. Mike Copeland of Senator Waddell's staff appeared briefly before the Board on this matter.

Following a brief discussion, upon a motion by Mr. Morris, seconded by Representative Mangum, the Budget and Control Board approved three additional full-time classified positions above the number authorized for the Division of Research and Statistical Services in 1978-79, subject to their classification by the State Personnel Division.

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

RATIFICATION OF EXECUTIVE SESSION ACTIONS - Following the Board's consideration of Executive Session items, the meeting was opened and the following actions taken by the Board in Executive Session were ratified without

objection:

(1) Authorized the Retirement System to grant retirement benefits to Mr. Alan McC. Johnstone based on the inclusion of 90 days of termination pay in the determination of average final compensation retroactive to his date of retirement;

(2) Approved a settlement proposed by the University of South Carolina involving the payment of \$20,177.17 or less to Professor Manuel Herrera-Mier in a matter relating to his termination by the University;

(3) Approved unclassified pay plans for the State Board for Technical and Comprehensive Education, the Department of Mental Health, Wildlife and Marine Resources Department, Department of Youth Services, Opportunity School, Criminal Justice Academy and the Department of Corrections;

(4) Authorized the waiver of the \$500 differential between the salaries of the heads of the Department of Corrections, the Department of Mental Retardation and the Vocational Rehabilitation Department and physicians and dentists employed by these agencies;

(5) Accepted the recommendations of the Board subcommittee on the implementation of the Hay study of certain unclassified positions at colleges and universities limiting increases to a maximum of 16% and authorized the State Personnel Division to have Hay Associates conduct a further review of contested positions;

(6) Authorized the payment from State funds of general base pay increases to CETA employees provided that, when the present federal limitation on salaries is raised, federal funds shall be used to fund such increases; and authorized the State Personnel Division to reprimand any agency violating the prior policy on this subject; and

(7) Appointed Dr. Charles H. Randall to a three-year term on the State Employee Grievance Committee.

The meeting was adjourned at 12:50 p.m.

STATE BUDGET AND CONTROL BOARD

POLL OF August 1, 1978

POLL ITEM NUMBER 1

EXHIBIT I
8/1/78

Agency: Clemson University

Subject: Position Above Number Authorized

Proposal is to "trade" one Personnel Technician III, Grade 25, position for one Clerk Typist II, Grade 9, position and one Laboratory Technician II, Grade 13, position.

The minimum salary for the Grade 25 position is \$13,018. The minimum for Grade 9 is \$6,072 and for Grade 13 is \$6,945 for a combined total of \$13,017. Thus, funds are available to cover the two new positions, one of which results from a desire to classify what heretofore has been a temporary position.

Board Action Requested:

Authorize Clemson University to establish one position above the number now authorized.

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

 I approve of the above action.

 I disapprove of the above action.

 Hold for regular meeting.

Attachments:

Price 7/25/78 letter to Cooper plus attachments



BUSINESS AND FINANCE
Personnel Division

July 25, 1978

Mr. John Cooper
State Budget Analyst
Office of the State Auditor
P.O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Cooper:

In reference to our conversation of July 20, 1978, I am submitting the attached Personnel Technician III, grade 26, PAIS Form (2204-0001) as a "trade-off" for the Clerk Typist II position which is being requested by the College of Engineering and was outlined in my May 10, 1978 letter to Mr. Hutto (see attached).

You'll recall from that conversation that this Personnel Technician III position is the only classified position that we currently have available for trade, and as a result, will create a tremendous disparity to us when one compares the money and degree of responsibility assigned to each position.

In view of these differences, and to correct this inequity we would like to further request that we be authorized to have a Laboratory Technician II, grade 13, position created in the Department of Zoology. This position will be needed for preparation of laboratory materials, maintenance of glassware, equipment, and laboratory areas used by the freshman Biology Program.

Should you have any questions regarding these requests please don't hesitate to call me.

Sincerely,

Bernard J. Price
Classification & Compensation Mgr.

BJP/nb

Attachments

1/29/78

Mr. McInnis:

I checked with Mr. Price at Clemson.

According to him the Personnel Technician III position is actually at grade 25 (\$13,018). It has been reallocated from grade 24 (How does this happen??).

At grade 25 this position would appear to have enough funds to cover the two new positions..

Clerk Typist II -	\$ 6,072	Grade 9
Lab. Tech II -	6,945	Grade 13
Total.	<u>\$13,017</u>	

If you need additional information I'll be glad to track it down.

J. Cooper



CLEMSON
UNIVERSITY

BUSINESS AND FINANCE
Personnel Division

May 10, 1978

Mr. Dick Hutto
State Auditor's Office
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Hutto:

As mentioned to you in my letter of April 28, 1978, Clemson is in the process of reviewing all of its temporary positions to determine the appropriateness of their assigned status. That review has produced another temporary position, which is located in the College of Engineering, that we feel warrants classification.

As indicated by the attached memorandum, the position has been in existence for three years in a full time temporary capacity and is supported through Engineer Research Appropriations.

I have reviewed the attached Position Questionnaire, and feel that the position should be classified as a Clerk-Typist II, grade 9. If authorization is given by your office to have this position classified, we intend to transfer monies from the Department's Personnel Services Account to the appropriate classified employees account.

Thank you for your assistance in this matter.

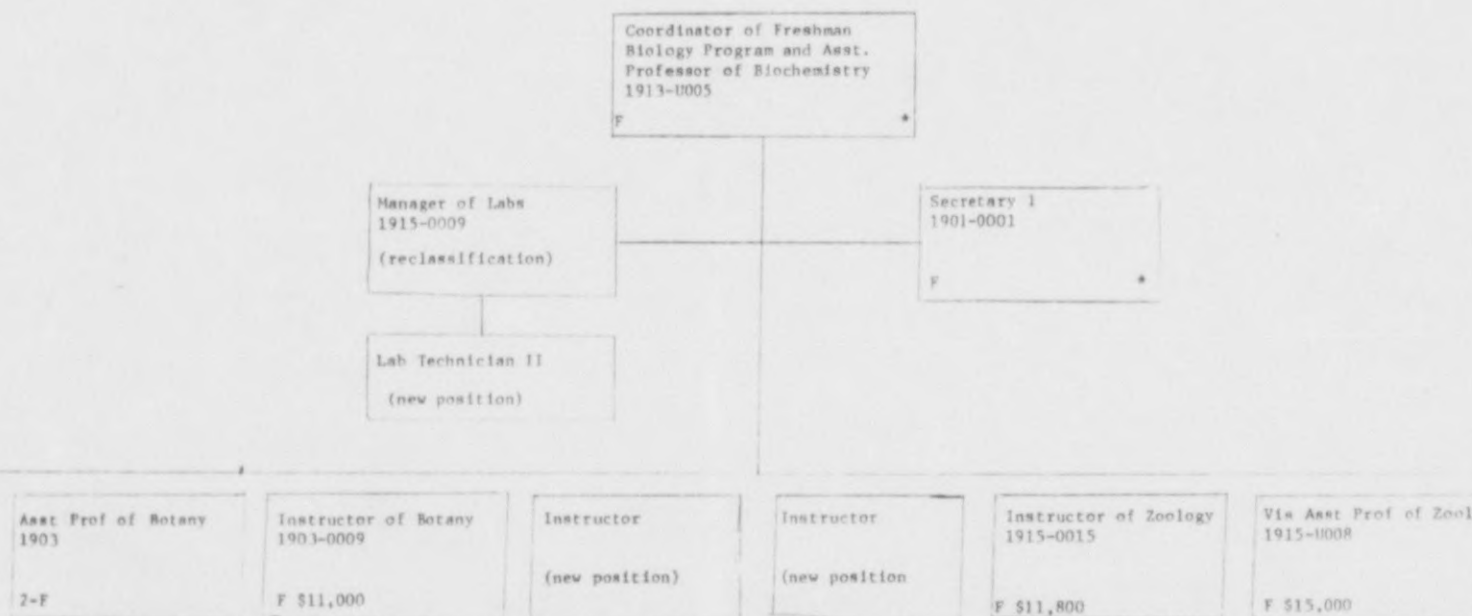
Sincerely,

Bernard J. Price
Classification and Compensation Manager

BJP:nmb

1961-62
Freshman Biology Program

*revised
(per request for
new position)*

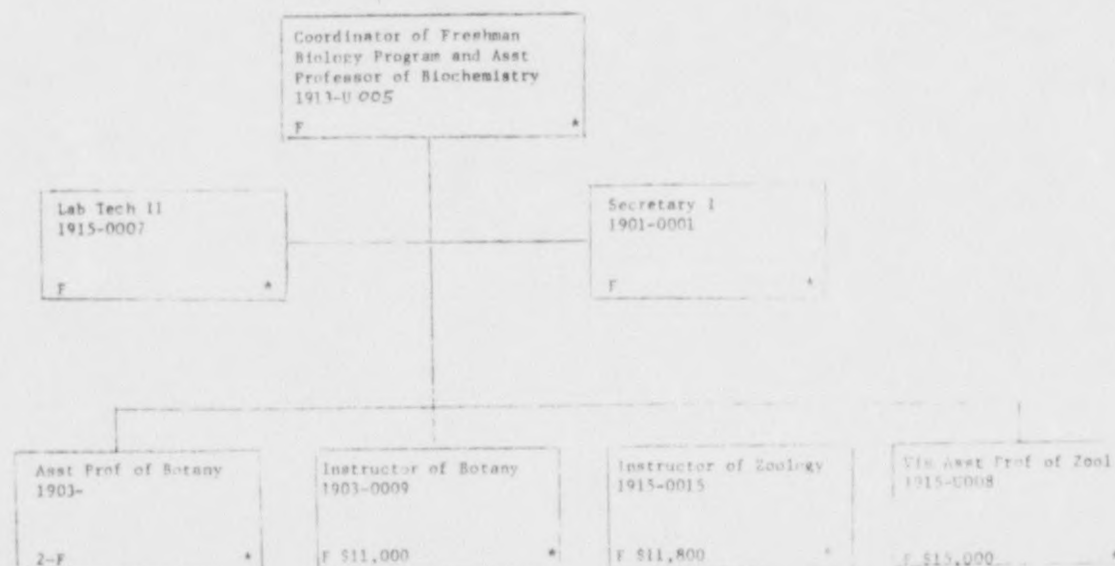


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 CHART NO. 1901-02
 UNIT NAME Freshman Biology Program
 PAGE 1 OF 1 PAGES



ORGANIZATION CHART
 CLEVELAND STATE UNIVERSITY

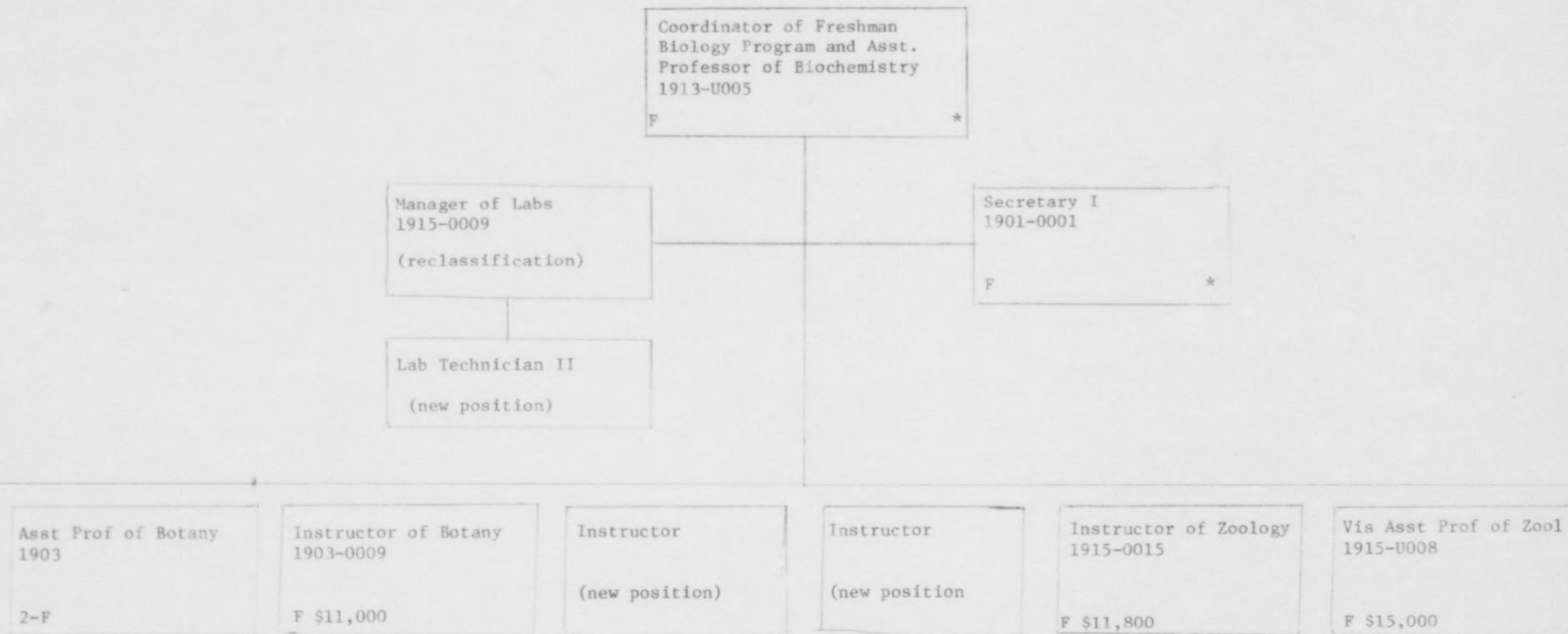
APPROVED BY *[Signature]* DATE 9-30-77



*all positions on this chart are counted elsewhere

1961-02
Freshman Biology Program

*revised
(per request for
new position)*



205 A

CHART NO. 1901-02

UNIT NAME: Freshman Biology Program

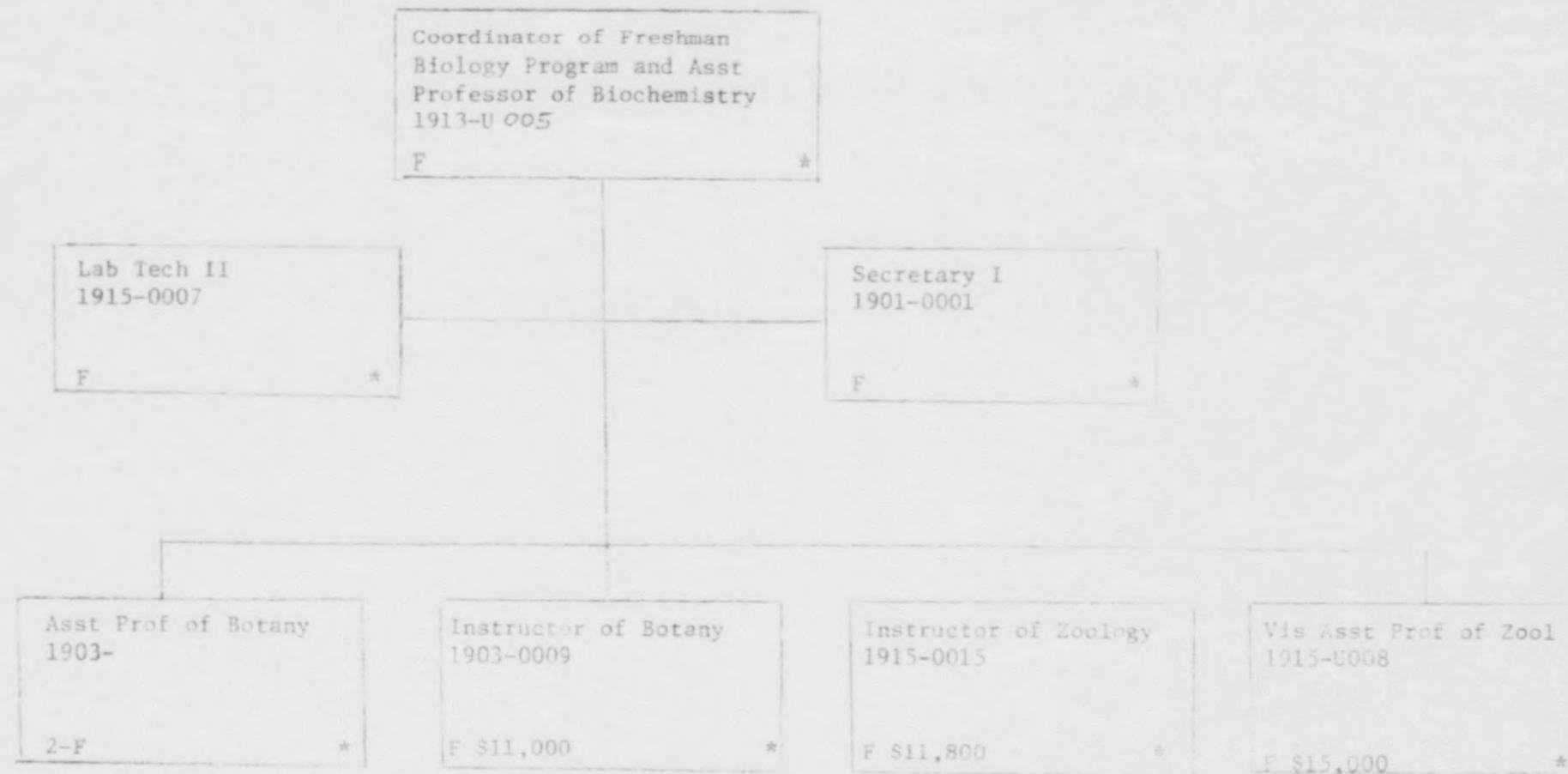
PAGE 1 OF 1 PAGES



ORGANIZATION CHART

CLEMSON
UNIVERSITY

APPROVED BY *[Signature]* DATE 9-30-77



*all positions on this chart are counted elsewhere

GLEASON UNIVERSITY
PERIODICALS DIVISION
JUN 16 10 57 AM '78

STATE OF SOUTH CAROLINA

PERSONNEL ADVISE AND INFORMATION SHEET

LATEST ACTION
NEW FORM

ACTION DATE
06/23/78

POSITION INFORMATION

AGENCY NAME CLEMSON UNIVERSITY										AGENCY CODE 140		CLASSIFICATION TITLE PERSONNEL TECH III										CLASS CODE 2204		SLOT 0001		REAS 00		PERF 24		MINIMUM 12,331		MAXIMUM 17,150		DATE CREATED 01/03/74	
STA	SS	MSS	COUNTY	FLSA	F	P	HRS. WK	RATE	HRS	OPEN DATE	STATE FUNDS PERCENT 532		FEDERAL FUNDS PERCENT 533		OTHER FUNDS PERCENT 534		PAY RATE		ANNUAL EQUIVALENT		ADD'L BENEFITS 810		DATE LAST SALARY CHANGE		REVIEW DATE 657										
V	2		32	1	F		4000	2080		07/01/77	10000												11/12/76												

EMPLOYEE INFORMATION

NAME 990 LAST FIRST INIT										S. S. NUMBER 980		SEX 105	RACE 107	M S 106	EDUC. 213	DATE OF BIRTH 653		RETIREMENT NO 770		JOB DATE 655		AGN HIRE DATE 654		STATE SER DATE 656		MERIT SYS DATE 658	
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EMPLOYEE WORK HISTORY

EFFECTIVE DATE	REAS	AGENCY	CLASS CODE	GRADE	FLSA	ANNUAL EQUIVALENT	PERF	F	P	MSS	EFFECTIVE DATE	REAS	AGENCY	CLASS CODE	GRADE	FLSA	ANNUAL EQUIVALENT	PERF	F	P	MSS	TRANSACTION
901											906											<input type="checkbox"/> SAL CHANGE
902											907											<input type="checkbox"/> FILL VACANCY
903											908											<input type="checkbox"/> REPLACEMENT
904											909											<input type="checkbox"/> CORRECTION
905											910											<input type="checkbox"/> MSS CHANGE
																						<input type="checkbox"/> DELETE
																						<input type="checkbox"/> TERMINATE

AGENCY USE

REPORT SEQ 992	EMPLOYEE NBR 771	DISTRICT 317	BUDGET AREA 401	M 1 104	MISC. 2 811	MISC. 3 812	MISC. 4 813	MISC. 5 814	AGENCY IDENTIFIER 999	POSITION NUMBER	ACCESSION SOURCE	CODE 214
5364-0011	631-012			A	12-100	G100			H1200000000	007511		

AGENCY REMARKS

TERMINATION REASON		CODE 215	TERMINATE DATE 652
MSYS STA 111	PERFORMANCE	CODE 218	EFFECTIVE DATE 652
REASONS FOR SALARY CHANGE		CODE 210	AMOUNT 539
		217	540

APPROVAL OF THIS REQUEST BY THE STATE BUDGET AND CONTROL BOARD IS CONDITIONED ON THE PRESENT AVAILABILITY OF FUNDS TO COVER THE ADDITIONAL COST THEREOF

RICHARDSON

06/23/78

SIGNATURE OF DESIGNATED OFFICIAL _____ DATE _____ PAYROLL AUTHORIZATION SIGNATURE _____ DATE _____

SIGNATURE FOR THE BOARD _____

DATE _____

1915-0697+
6/14/78 6/9/78

STATE PERSONNEL DIVISION

POSITION QUESTIONNAIRE PART I (Con't.)

8. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each. 25% of total time spent on equipment
 microscopes (5) centrifuges (2) environmental chamber (1)
 balances (3) spectrophotometer (1) glassware washer & dryer (8)
 pH meters (1) distilling apparatus (2)
 autoclave (1) incubators (1)

9. Working Conditions; Indicate Number of Hours in Work Week Plus any other Factors which Describe the Conditions Under Which You Work.

7.5 hours/day, 5 days/week = 37.5 hours/week. Laboratory with desk and locker room with shower available.

10. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor.

Directly responsible to the Manager of Laboratories, who is under the supervision of the director of the introductory Biology Program, and to the Head, Department of Zoology, for performance of duties.

11. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised.

Title	Freq. of Contact	Title	Freq. of Contact
Introd. Biology Program faculty	daily	Faculty, departments of Zoology, Botany, Biochemistry, and Microbiology	daily
Greenhouse supervisor	daily		
Animal Room supervisor	daily		
Lab techs in Zool, Bot, Micro, Biochem	daily		

12. Supervisory Responsibilities; List the Number, Titles and Organization of Employees Supervised.

A. Organization Unit	No. of Emp. Supervised	B. Job Titles of Three Highest Level Subordinates	No. of Emp.
Biology Program		1. Work-Study students	3
		2. Graduate Assistants	19
		3.	
Total No. of Emp. Supervised	22		

PART II TO BE COMPLETED BY IMMEDIATE SUPERVISOR

13. Qualifications

A. Minimum General Education

B.S. in Biology or related science or high school graduation and equivalent experience.

B. Specialized Education or Training

Experience in use of and maintenance of laboratory equipment. Knowledge of plant propagation procedures and animal maintenance and breeding techniques.

C. Minimum Work Experience

Three years of related study or work including previous laboratory experience and work with living materials.

D. Special Skills or Attributes Required Dependability, reliability, ability to follow instructions, organizational ability, self-reliance and responsibility, eagerness to learn new techniques, ability to work with and direct others, and a keen interest in scientific experimentation and teaching.

14. Supervisor's Comments on Description of Employee Duties

Correct as Stated.

Employee's Signature	Date	Supervisor's Signature	Date	Agency Head	Date
		<i>W. R. Helms</i>	2 Jan 1978	UH	

W. R. Helms

6/9/78
6-12-78 *S. W. W.*

1915-8089

AGENCY APPROVED COPY

POSITION QUESTIONNAIRE PART I (Con't.)

8. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each. **25% of total time spent on equipment**
 microscopes (5) centrifuges (2) environmental chamber (1)
 balances (3) spectrophotometer (1) glassware washer & dryer (8)
 pH meters (1) distilling apparatus (2)
 autoclave (1) incubators (1)

9. Working Conditions; Indicate Number of Hours in Work Week Plus any other Factors which Describe the Conditions Under Which You Work.

7.5 hours/day, 5 days/week = 37.5 hours/week. Laboratory with desk and locker room with shower available.

10. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor.

Directly responsible to the Manager of Laboratories, who is under the supervision of the director of the introductory Biology Program, and to the Head, Department of Zoology, for performance of duties.

11. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised.

Title	Freq. of Contact	Title	Freq. of Contact
Introd. Biology Program faculty	daily	Faculty, departments of Zoology, Botany, Biochemistry, and Microbiology	daily
Greenhouse supervisor	daily		
Animal Room supervisor	daily		
Lab techs in Zool, Bot, Micro, Biochem	daily		

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B. Specialized Education or Training

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C. Minimum Work Experience

Three years of related study or work including previous laboratory experience and work with living materials.

D. Special Skills or Attributes Required Dependability, reliability, ability to follow instructions, organizational ability, self-reliance and responsibility, eagerness to learn new techniques, ability to work with and direct others, and a keen interest in scientific experimentation and teaching.

14. Supervisor's Comments on Description of Employee Duties

Correct as stated.

Employee's Signature	Date	Supervisor's Signature	Date	Agency Head	Date
		<i>[Signature]</i>	2 Dec 1978	UH	

W. H. Hoge

6/9/78
6-12-78 *[Signature]*

STATE BUDGET AND CONTROL BOARD

POLL OF August 1, 1978

POLL ITEM NUMBER

EXHIBIT II
8/1/78
2

Agency: Health and Environmental Control

Subject: Consultant Services Contract

Consultant: Abrams J. Richards, Jr., M.D.

Maximum Dollars: \$11,500 (\$40 per day) (100% Federal)

Period: 7/1/78 to 6/30/79

hour, per Lucy Deaton 8/2

Purpose: Act in capacity of Statewide Medical Director for
Emergency Medical Services

Board Action Requested:

Approve

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

_____ I approve of the above action.

_____ I disapprove of the above action.

_____ Hold for regular meeting.

Attachments:

Report on Consultants

REPORT ON CONSULTANTS

APPROVED
AUG 1 1978

JUL 28 1978



BOARD

William M. Wilson, Chairman
William C. Moore, Jr., D.M.D., Vice-Chairman
I. DeQuincey Newman, Secretary
Leonard W. Douglas, M.D.
George G. Graham, D.D.S.
J. Lorin Mason, Jr., M.D.
C. Maurice Patterson

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

Albert G. Randall, M.D., M.P.H.
Commissioner

Sims-Aycock Buildings
2600 Bull Street, Columbia, SC 29201

July 27, 1978

MEMORANDUM

TO: Mr. William McInnis
State Auditor's Office

FROM: Janie M. Kuemmerer, Dr. P.H., Director *Janie M. Kuemmerer*
Office of Program Management

RE: Consultant Contract: Abrams J. Richards, Jr., M.D.

Attached for review and approval is a "Report on Consultants" for the referenced proposed contract.

JMK/LD/mm

STATE BUDGET AND CONTROL BOARD

POLL OF August 1, 1978

POLL ITEM NUMBER

EXHIBIT III
8/1/78
3

Agency: General Services

Subject: Printing Equipment Acquisitions
(Please see attachment for details.)

Board Action Requested:

Approve recommendations of Division of General Services.

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

_____ I approve of the above action.
_____ I disapprove of the above action.
_____ Hold for regular meeting.

Attachments:

McEachern agenda notes

STATE BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
AGENDA

August 1, 1978

IV. Printing Equipment

1. ETV--Electronic Typesetting

ETV has proposed to purchase electronic typesetting equipment at a cost of \$43,000. The Committee appointed by this Board reviewed the request and finds that the equipment can be made compatible with late generation EDP equipment, and thus provide services for more than one agency. It is recommended that the Board approve ETV purchase of the requested equipment with the specific provision that further study and implementation of EDP processing on this equipment be made available to as many agencies as possible through the General Services computer. It is further recommended that the IBM magnetic tape system be retained and made available to state agencies requiring this kind of service.

2. Collator--Highway Department

The Division of General Services has reviewed a requisition from the Highway Department for purchase of a 50 bin collator with a dual head stitcher. The department is presently collating about 250,000 sheets per month and returning them to be hand stapled in the using department.

It is recommended that the Board approve purchase of this equipment at a price of \$16,647.00.

3. Binding Equipment--University of South Carolina

The University of South Carolina has requisitioned an automatic stitcher with two feed stations and a 3-knife trimmer for use in production of about 5,000 books per month. The present trimming operation requires 25% of the production time. Our review indicates that the stitcher now in use is adequate, but it is recommended that the Board approve purchase of a 3-knife trimmer at a cost of \$6,188.00.

4. Collator & Stitcher--Criminal Justice Academy

This agency has requisitioned a 30 bin collator and a stitcher at a combined cost of approximately \$12,500. General Services Division review of this request indicates that the print shop produces about 90,000 impressions per month for short run, educational material for classroom use. Present printing equipment meets their needs, but this Division concurs in their recommendation for the purchase of a collator and stitcher. It is, therefore, recommended that the Board approve this action.

Do not
copy!

STATE BUDGET AND CONTROL BOARD

FINANCE DIVISION

AFFIRMATIVE ACTION PLAN
Fiscal Year 1976-77

I. EQUAL EMPLOYMENT OPPORTUNITY PRACTICE

It is the practice of this Agency to recruit, hire, train and promote employees without discrimination because of race, religion, color, political affiliation, physical disability, national origin, sex or age, except where sex or age is a bonafide occupational qualification. It also is this Agency's practice to take affirmative action to remove any disparate effects of past discrimination because of race, religion, color, national origin, sex or age, except where sex or age is a bonafide occupational qualification. This practice applies to all levels and phases of personnel administration within the Agency. All employees of this Agency as well as other agencies with which the Agency deals on personnel matters will be informed of this practice statement.

This Agency submits this plan as evidence of its commitment to a program which provides an equal employment opportunity to all persons on the basis of individual merit.

STATE BUDGET AND CONTROL BOARD

POLL OF August 1, 1978

POLL ITEM NUMBER

EXHIBIT IV
8/1/78
4

Agency: General Services/PRT

Subject: Perpetual Easement Within Jones Gap State Park

General Services advises that PRT has requested Board approval of a perpetual restrictive covenant covering 300' on each side of the Middle Saluda River and Cold Spring Branch within Jones Gap State Park. The purpose of the covenant is to maintain lands immediately adjacent to the river in their natural state, as provided under Section 51-5-70 of the S. C. Scenic Rivers Act.

Board Action Requested:

General Services advises that the Water Resources Commission recommends approval of the PRT request to establish the referenced perpetual restrictive covenant.

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

_____ I approve of the above action.
_____ I disapprove of the above action.
_____ Hold for regular meeting.

Attachments:

McEachern agenda notes

STATE BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
AGENDA

August 1, 1978

I. Courier Service--Charleston

The Division of General Services has collected tentative information which indicates that a savings or cost avoidance can be effected in postage and parcel delivery if a courier service is instituted in a route to cover Columbia, Orangeburg, Charleston and return. There are approximately twenty-five major agencies on this route and the route can be operated for about \$90.00 per day.

It is recommended that the Board authorize the Division of General Services to institute a delivery program to determine the cost effectiveness of such courier service, and it is further recommended that the Board authorize the Division of General Services to hire a temporary employee for this purpose; a vehicle is now available.

II. Right-of-way--Parklane Road, Richland County

SCE&G Company requests right-of-way along Parklane Road for relocation of existing lines as a result of highway construction. The value of this property is approximately \$30,000. At the same time considerable congestion and ineffective use of the street system adjacent to the Mental Health--North Complex has developed. It is recommended that the Division of General Services be authorized to negotiate with SCE&G for internal street improvements in the North area in lieu of payment for the right-of-way on Parklane Road.

III. Perpetual Easement--Parks, Recreation and Tourism

The Department of Parks, Recreation and Tourism requests the Board to approve on behalf of the State of South Carolina a perpetual restrictive covenant on lands in Greenville County within Jones Gap State Park. The restrictive covenant will apply to 300 feet on each side of the Middle Saluda River and Cold Spring Branch as provided under Section 51-5-70 of the South Carolina Scenic Rivers Act. The purpose of the covenant is to maintain lands immediately adjacent to the river in its natural state.

This action is recommended by the Water Resources Commission and William Moser of that agency is available to explain the matter and answer questions.

IV. Printing Equipment

1. ETV--Electronic Typesetting

ETV has proposed to purchase electronic typesetting equipment at a cost of \$43,000. The Committee appointed by this Board reviewed the request and finds that the equipment can be made compatible with late generation EDP equipment, and thus provide services for more than one agency. It is recommended that the Board approve ETV purchase of the requested equipment with the specific provision that further study and implementation of EDP processing on this equipment be made available to as many agencies as possible through the General Services computer. It is further recommended that the IBM magnetic tape system be retained and made available to state agencies requiring this kind of service.

WHEREAS, the South Carolina Department of Parks, Recreation and Tourism is desirous of setting aside and restricting portions of the aforesaid tract, now and in the future, so as to preserve such area in its most wild and natural state as provided under the South Carolina Scenic Rivers Act and corresponding plans and regulations.

NOW THEREFORE, in consideration of the sum of Five Dollars (\$5.00) to it paid, at and before the sealing of these presents by the State Budget and Control Board and for the invaluable benefits inuring to the State of South Carolina, to her citizens and to future generations in the preservation of portions of the Middle Saluda River and its tributaries in a wild and natural state as provided under the South Carolina Scenic Rivers Act, the Department of Parks, Recreation and Tourism covenants and the State Budget and Control Board accepts:

1. That the Department of Parks, Recreation and Tourism is owner in fee simple of the following lands:

All that piece, parcel or tract of land situate, lying and being in Cleveland Township, Greenville County, State of South Carolina, containing 2,071.72 acres, more or less, as shown on a plat made by P.R. Raxter, R.L.S., entitled "Property of S.C. Department of Parks, Recreation and Tourism," dated 1973-1976, containing 2,171.75 acres, less a 50.03 tract as shown on said plat as "Property of E.E. Dargan", said plat being recorded in the RMC Office for Greenville County in Plat Book 5-X at Pages 44 and 45, and having such metes and bounds as shown thereon, reference to said plat being made for a more complete description.

This being the property conveyed by deed recorded in the RMC Office for Greenville County in Deed Book 1047 at Page 949, such deed dated December 16, 1976 between E.E. Dargan, Esther G. Dargan, E.E. Dargan and Son, a partnership, and Henry L. Ware to the South Carolina Department of Parks, Recreation and Tourism.

The mailing address of the covenantee, State Budget and Control Board being 300 Gervais Street, Columbia, South Carolina, 29201; of covenantor, South Carolina Department of Parks, Recreation and Tourism, Suite 113, Edgar Brown Building, 1205 Pendleton Street, Columbia, South Carolina, 29201.

2. That in accordance with the intent and express provisions of the South Carolina Scenic Rivers Act and those affirmative or negative limitations, restrictions and uses as are contained in the document entitled "Scenic Rivers Comprehensive Water and Related Land Use Plan, Class I", such document being formally adopted by the South Carolina Water Resources Commission, dated February, 1978, as required by Section 51-5-100, 1976 S.C. Code of Laws, and is attached hereto, incorporated by reference, and is specifically made part hereof, shall hereby constitute the limitations, restriction and uses of the below described tract and shall constitute perpetual covenants to run with the land and shall be binding on all parties and subsequent purchasers or holders.

3. That it is understood and agreed that these covenants, limitations, restrictions and uses shall apply to and run with the following described land, such lands constituting a portion of those lands described in paragraph 1 above:

All that piece, parcel or tract of land situate, lying and being in Cleveland Township, Greenville County, State of South Carolina consisting of three hundred (300') feet on each side of the center-line of the Middle Saluda River and a tributary named Cold Spring Branch, such six hundred (600') foot strips running adjacent and contiguous to the named waterways bounded on the east, west and south by those boundaries more specifically described in paragraph one (1) above, being a portion of the property deeded to the Department of Parks, Recreation and Tourism found in Deed book 1047 at page 949; such tracts more particularly described as tracts A-B-C on the Middle Saluda River and B-D on Cold Spring Branch, as shown on a plat entitled "Class I Scenic River Area" by P.R. Raxter, R.L.S., dated 1973-1976 and recorded in the RMC Office for Greenville County in Plat Book _____ at Page _____, reference to said plat being made for a more complete description.

4. That the purpose of the restrictions provided herein is to insure that such tracts be used and perpetually maintained as a Class I, Natural River Area, as provided under the Scenic Rivers Act. It is the intent of the parties to bind themselves and any successive future owners, occupants, or successors; and that no reverting or merger of titles be implied in restricting the use of State owned lands; and that such covenants, limitations, restrictions and uses as are herein provided be reflected in any subsequent deed, lease, conveyance or contract touching the land. Any parties, successive future owners, occupants, successors, persons claiming legal interest, or others, have the same right to invoke and enforce these covenants in addition to such enforcement remedies as are expressly provided under the Scenic Rivers Act.

This instrument is being executed in accordance with the action of the South Carolina Commission of Parks, Recreation and Tourism at its meeting held on the 3 day of June, 1978. This instrument is accepted in accordance with the action of the South Carolina State Budget and Control Board at its meeting held on the 1 day of August, 1978.

Wm. R. Jennings
Witness

Harriet C. Burgess
Witness

William A. McInnis
Witness

Donna K. Clark
Witness

D. Gene Rickenbaker
For the South Carolina Department of
Parks, Recreation and Tourism.
By: D. Gene Rickenbaker

J. B. Edwards
Acceptance: South Carolina State
Budget and Control Board

STATE OF SOUTH CAROLINA

)

)

COUNTY OF RICHLAND

)

PERSONALLY appeared before me Wm. R. Young and made oath that he/she saw the within named South Carolina Department of Parks, Recreation and Tourism by Gene D. Rickenbaker, sign, seal and as their act and deed deliver the within written Restrictive Covenant Agreement and that he/she along with Harriet E. Burgess witnessed the execution thereof.

Wm. R. Young

Sworn to before me this 9
day of June, 1978.

Wm. R. Young
Notary Public for South Carolina

My Commission expires: 10/21/84

STATE OF SOUTH CAROLINA)

)

COUNTY OF RICHLAND)

PERSONALLY appeared before me William A. McInnis and made oath that he/~~she~~ saw the within named South Carolina State Budget and Control Board by James B. Edwards, sign, seal and as their act and deed deliver the within written Restrictive Covenant Agreement and that he/~~she~~ along with Donna K. Clark witnessed the execution thereof.

By: William A. McInnis

Sworn to before me this 2
day of August, 1978.

Jarvis P. Husemann
Notary Public for South Carolina

My Commission expires: 9-16-84

SCENIC RIVERS
COMPREHENSIVE WATER AND RELATED LAND USE PLAN
CLASS I
(Natural River Areas)

I. General Provisions

One requirement of the South Carolina Scenic Rivers Act (Section 51-5-10, et. seq. 1976 S.C. Code of Laws) is that "...the South Carolina Water Resources Commission shall formulate comprehensive water and related land use plans for the three classes of scenic rivers." (Section 51-5-100)

This is the comprehensive water and related land use plan for Class I scenic rivers.

The purposes of this management plan are : (1) to protect the scenic, aesthetic, historic and wildlife aspects of the Class I rivers; (2) to provide for consistent management practices in all Class I rivers in conformance with the purposes of the Scenic Rivers Act; and (3) to assure that the management of the Class I rivers would not result in those areas falling into a less restrictive class.

All scenic rivers under the South Carolina program fall into one of three classes; Class I (Natural River Areas) is the most restrictive in terms of present uses of lands adjacent to the river or river segments. Class I scenic rivers are defined as:

Those free-flowing rivers or sections of rivers with shorelines and scenic vistas unchanged, or essentially unchanged, by man, with no extensive paralleling roads closer than one mile (except in river gorges where there must be no extensive paralleling roads within the gorge or within one-quarter mile back from the gorge rim), and with only a limited number of crossing roads or spur roads existing at the time of the designation as a State scenic river (Section 51-5-40).

Rivers, or segments of rivers, which have been found eligible under

the scenic rivers system and classified as Class I must meet the above standards and those minimum implementing criteria published under Section 51-5-50 of the Act.

The Act requires adherence to the following management policies:

Class I, natural river areas, shall be managed in a manner which (1) would best maintain and enhance those conditions which are attributed to wilderness type areas and (the protection of scenic, aesthetic, historic and wildlife aspects), (2) would allow camping and river access only at designated public access areas, and (3) would allow certain public uses only within prescribed public access areas. (51-5-110(a)).

The purpose of the Scenic River Act is to provide protection of selected river areas so that future generations may see and benefit from these areas as has been the privilege of the present generation. Class I scenic rivers are those river areas evidencing the least influence of man. Maintenance of the areas in this condition requires, therefore, the most restrictive provisions under the Scenic Rivers Act. Provisions of the management plan shall apply to all lands that have been donated in fee or easement adjacent to Class I Natural Rivers.

To be entitled to the tax exemptions provided under Section 51-5-70, donations of Class I Natural Rivers Areas must be a minimum of 300 feet and a maximum of 500 feet in width from the mean high stage or mean high tide of the river. Greater or lesser donations may be accepted without the tax exemption, provided they otherwise meet the requirements of the Act. Enforcement of the Act and detailed implementation of this plan shall be provided by the South Carolina Wildlife and Marine Resources Department, which, unless otherwise provided, shall be the management agency.

Scenic easements donated to the State of Class I lands shall generally contain the restrictions and prohibitions contained in this plan.

II. Structures and Facilities:

- A. Boundary Markers: A Class I Natural River Area (NRA) shall be clearly marked by placing survey monuments at corners or strategic locations, by posting boundary markers, and if appropriate, by fencing or other means.
- B. Fences and Barriers: Necessary fences and barriers may be installed. Generally they shall not be in a form that will create a detrimental effect to the movement of wildlife, natural or aesthetic amenities, or cause unnecessary public opposition.
- C. Signs: Signs may be allowed within a NRA only when necessary to provide for the health and safety of visitors and preservation of the natural features of the area. Scientific or trail markers may be permitted. All signs shall be unobtrusive and of natural materials blending with their surroundings.
- D. Roads: Construction of highways, hard-surfaced roads, including bridges, or improved dirt roads shall be prohibited.
- E. Buildings: Buildings of any type shall not be constructed in a NRA.
- F. Docks, Wharves or Bulkheads: Construction of new docks, wharves or bulkheads shall be prohibited within the NRA.
- G. Utilities: Construction of new utilities including gas or oil pipelines, electric transmission lines, sewage lines and water mains shall be prohibited.
- H. Impoundments: Construction of new impoundments is prohibited. Water levels which have been altered by man may be changed if proven necessary for the restoration, safety, management or maintenance of the area.

- I. Drainage: Excavation of new drainage ditches shall be prohibited. Maintenance of existing drainage ditches shall be permitted.
- J. Lagoons: Construction of waste treatment lagoons, ponds, or other such facilities are prohibited within a NRA.
- K. Maintenance: Maintenance of structures and facilities not otherwise prohibited by this plan, is permitted, provided however, that such maintenance does not increase, extend or cause such structures or facilities to result in prohibited activities.
- L. Firebreaks: Construction of new firebreaks may be permitted within a NRA.
- M. Trails: Trails are defined as footpaths, unsurfaced and generally impassable to vehicular traffic. Construction of new trails shall be permitted to provide for use of the area, to prevent erosion, trampling of vegetation, and other deterioration, but otherwise shall be kept to a minimum. Use of natural materials shall be required for footbridges or elevated walks along trails.

III. Land Management Practices

- A. Mining and Mineral Exploration: Mining shall be prohibited within a NRA. Mineral exploration shall be prohibited except by permit for scientific research unrelated to mining.
- B. Timber Harvesting: Commercial timber harvesting shall be prohibited within a NRA. Selective removal of diseased or insect-infested timber may be permitted to protect the remainder of the area.
- C. Landscape Management: In the event of damage by fire, flood or other destructive action, landscaping designed to prevent severe erosion may be allowed provided that such landscaping is compatible

with the maintenance of scenic vistas from the river (or stream) and its banks.

- D. Safety Hazards: Dead trees, branches or other features that constitute a safety hazard to persons on trails or in other authorized areas may be removed. Control of hazardous plants or animals shall be provided in accordance with rules and regulations of the management agency.
- E. Motor Vehicles: The use of motor vehicles, including motorcycles or motorized trail bikes, shall be prohibited in a NRA. Use of motor vehicles for emergency or management purposes only may be permitted.
- F. Removal or Introduction of Objects: There shall be no removal of any natural material, product or object from a NRA. A collecting permit from the management agency shall be required for collecting in all areas. No natural or man-made object that could endanger or detract from the natural characteristics of a NRA may be introduced into the area.
- G. Fire Control: All wild fires shall be brought under control as quickly as possible. After a wild fire within a NRA, clean-up, fire hazard reduction, or replanting shall be permitted with the approval of the management agency.
- H. Erosion Control: Serious erosion may be controlled provided such control practices do not violate other provisions of this plan.
- I. Dumping: Dumping or placing of soil or other substances or materials such as landfill, and dumping or placing of trash, waste or unsightly or offensive material within a NRA is prohibited.

IV. Water Management Practices

- A. Discharges: Discharges into waters within a NRA shall be prohibited.
- B. Wells: No new wells may be drilled or constructed within a NRA.
- C. Stream Alterations: No damming, dredging, filling or channelization shall be permitted. No in-stream material recovery shall be permitted. Aquatic weed control, stream snagging and flood damage clean-up may be permitted by permit from the management agency.
- D. Water Withdrawal: Water withdrawal may be permitted provided the method of obtaining such water does not otherwise violate the provisions of this plan.

V. Management of Visitors and Use

- A. Private Use: All activities not contrary to the provisions of the Scenic Rivers Act, of this plan, or regulations of the management agency, may be retained by the title holder.
- B. Public Use: Public use shall be allowed and encouraged only to such extent and in such manner as to be compatible with the maintenance of scenic vistas from the river (or stream) and its banks.
 - 1. Access control: Ingress and egress shall be allowed only at such locations and under such conditions which will not impair the natural qualities of the area.
 - 2. Orientation and Guidance of Visitors: There may be interpretive programs within a NRA area for the orientation, education and guidance of visitors. The overall interpretive program should conform with the criteria established in other sections of this plan and in no way interfere with the natural conditions of the area.

3. Special Uses:

- a. Hiking and camping may be permitted within a PRA. There shall be no cutting of living material for campsites or fires.
- b. Campfires may be permitted only within the designated areas.
- C. Hunting: Hunting shall be regulated by the management agency in consultation with the South Carolina Wildlife and Marine Resources Department.
- D. Boating: Boating shall be permitted within the waters of a NRA, subject to safety regulations promulgated by the South Carolina Wildlife and Marine Resources Department.
- E. Fishing: Fishing shall be permitted in the waters of the NRA, subject to regulations promulgated by the South Carolina Wildlife and Marine Resources Department.

VI; Vegetation and Wildlife Management

- A. Management of Rare or Unusual Plant and Animal Species: Control of plant succession and habitat shall be undertaken only if restoration of, or preventative preservation of, a particular vegetative type or an endangered species of native flora or fauna is considered necessary by the management agency.
- B. Control of Exotic Plants and Animals: Control of exotic plants and animals may be undertaken as necessary by the management agency. No introduction of non-indigenous species shall be permitted.
- C. Control of Natural Populations: There shall be no action to increase or reduce populations of native plants or animals or to restrict

movement of wildlife across boundaries of an NRA except as deemed necessary by the management agency for the preservation of the natural character of the area.

STATE BUDGET AND CONTROL BOARD

POLL OF August 1, 1978

POLL ITEM NUMBER 5

EXHIBIT V
8/1/78
5

Agency: General Services

Subject: SCE&G Right-of-way Request

SCE&G has requested a right-of-way for relocating existing lines along Parklane Road in Richland County. General Services estimates that the requested right-of-way is worth about \$30,000.

General Services points out that considerable traffic congestion and ineffective use of the street system adjacent to the Mental Health-North Complex has developed.

Board Action Requested:

The Division of General Services asks for Board authorization to negotiate with SCE&G for internal street improvements in the North Complex area in lieu of receiving payment for the right-of-way requested.

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

 I approve of the above action.
 I disapprove of the above action.
 Hold for regular meeting.

Attachments:

McEachern agenda notes

STATE BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
AGENDA

August 1, 1978

I. Courier Service--Charleston

The Division of General Services has collected tentative information which indicates that a savings or cost avoidance can be effected in postage and parcel delivery if a courier service is instituted in a route to cover Columbia, Orangeburg, Charleston and return. There are approximately twenty-five major agencies on this route and the route can be operated for about \$90.00 per day.

It is recommended that the Board authorize the Division of General Services to institute a delivery program to determine the cost effectiveness of such courier service, and it is further recommended that the Board authorize the Division of General Services to hire a temporary employee for this purpose; a vehicle is now available.

II. Right-of-way--Parklane Road, Richland County

SCE&G Company requests right-of-way along Parklane Road for relocation of existing lines as a result of highway construction. The value of this property is approximately \$30,000. At the same time considerable congestion and ineffective use of the street system adjacent to the Mental Health--North Complex has developed. It is recommended that the Division of General Services be authorized to negotiate with SCE&G for internal street improvements in the North area in lieu of payment for the right-of-way on Parklane Road.

III. Perpetual Easement--Parks, Recreation and Tourism

The Department of Parks, Recreation and Tourism requests the Board to approve on behalf of the State of South Carolina a perpetual restrictive covenant on lands in Greenville County within Jones Gap State Park. The restrictive covenant will apply to 300 feet on each side of the Middle Saluda River and Cold Spring Branch as provided under Section 51-5-70 of the South Carolina Scenic Rivers Act. The purpose of the covenant is to maintain lands immediately adjacent to the river in its natural state.

This action is recommended by the Water Resources Commission and William Moser of that agency is available to explain the matter and answer questions.

IV. Printing Equipment

1. ETV--Electronic Typesetting

ETV has proposed to purchase electronic typesetting equipment at a cost of \$43,000. The Committee appointed by this Board reviewed the request and finds that the equipment can be made compatible with late generation EDP equipment, and thus provide services for more than one agency. It is recommended that the Board approve ETV purchase of the requested equipment with the specific provision that further study and implementation of EDP processing on this equipment be made available to as many agencies as possible through the General Services computer. It is further recommended that the IBM magnetic tape system be retained and made available to state agencies requiring this kind of service.

The State of South Carolina



Office of the Attorney General

KAREN LeCRAFT HENDERSON
ASSISTANT ATTORNEY GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-3970

DANIEL R. McLEOD
ATTORNEY GENERAL

EXHIBIT VI
8/1/78

August 1, 1978

Honorable William T. Putnam
State Auditor
Wade Hampton State Office Building
Columbia, South Carolina 29211

Re: \$500,000 Georgetown County, South
Carolina, First Mortgage Industrial
Revenue Bonds, Series A (Oneita
Knitting Mills - Lessee)

Dear Mr. Putnam:

Regarding the above-referenced bonds, we have reviewed the Petition and other documents submitted to the State Budget and Control Board for its approval pursuant to Sections 4-29-10 et seq., CODE OF LAWS OF SOUTH CAROLINA, 1976, and the same appear, in our opinion, to be in order.

With kind regards,

A handwritten signature in cursive script that reads "Karen LeCraft Henderson".

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh

MSI
SYLVAN L. ROSEN
MEYER ROSEN

JACK M. SCOVILLE, JR.

LAW OFFICES
ROSEN and ROSEN

P.O. BOX 583 • GEORGETOWN, S.C. 29440

Telephones: 546-4131
546-4132

July 21, 1978

S. C. State Budget and Control Board

P.O. Box 11333

Columbia, S. C. 29211

Re: \$500,000 Principal Amount First Mortgage Industrial
Revenue Bonds, Series A (Oneita Knitting Mills
Project) of Georgetown County, South Carolina

Attention: Mr. William T. Puttman

Dear Mr. Puttman:

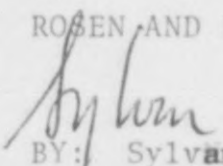
In connection with the above matter, we enclose herewith eight certified copies of Resolution of the Georgetown County Council, in connection with the above matter, along with nine copies of proposed Resolution of the State Budget and Control Board authorizing and approving issuance of the said bonds and doing and performing such other acts as are necessary in connection therewith.

I would appreciate your calling this matter to the attention of the Board and obtaining action thereon at your earliest convenience, and forwarding to us the required number of certified copies of the Resolution, if adopted, together with the executed copy of the Notice to be published as prerequisite to issuance of the bonds.

With kindest personal regards, we remain,

Sincerely,

ROSEN AND ROSEN


BY: Sylvan L. Rosen

SLR:vb
encs.

ORIGINAL

8/1/78

RESOLUTION

STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore the County Council of Georgetown County (the "County Board") did, pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended (the "Act"), petition the State Budget and Control Board of South Carolina (the "State Board") seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act; and

WHEREAS, the proposed undertaking consists of the acquisition by the County Board of a tract of land located in Georgetown County, and the construction and equipping of certain manufacturing facilities thereon; the County Board proposes to finance the costs incurred in the construction and equipping of the manufacturing facilities (the acquisition of the land and the construction and equipping of the building comprising the manufacturing facilities being hereinafter referred to as the "Project") by the issuance of Bonds pursuant to the Act, and to lease the same to Oneita Knitting Mills, a New York corporation (the "Lessee"); and

WHEREAS, the Project is to be leased to the Lessee at a rental sufficient to provide for the payment of the Bonds of Georgetown County hereafter referred to, and costs and expenses resulting from the issuance thereof; and

WHEREAS, in order to finance the construction and equipping of the manufacturing facilities, the County Board proposes to provide for an issue of \$500,000 Georgetown County, South Carolina First Mortgage Industrial Revenue Bonds pursuant to the Act; payable from the rentals derived from the Project and additionally secured by a Trust Indenture between Georgetown County and a bank to be chosen as Trustee.

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

1. It has been found and determined by the State Board:

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

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease Agreement and the Trust Indenture and has established that the Lessee will pay as additional rentals, in lieu of taxes, the sum prescribed by Section 6 of the Act.

(c) That the Project will provide employment for approximately 200 persons, and will be of benefit to Georgetown County and adjacent areas.

(d) That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire the building site, to construct and equip certain manufacturing facilities thereon and to lease the Project to the Lessee and to finance the cost of constructing and equipping the manufacturing facilities, including the repayment of funds advanced and loans incurred by the Lessee for that purpose, through the issuance of \$500,000 Georgetown County First Mortgage Industrial Revenue Bonds, payable from the revenues to be derived from the leasing of the Project, and additionally secured by the said Trust Indenture, all pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), be and the same is hereby approved.

3. Notice of the action taken by the State Board in giving approval to the undertaking of Georgetown County above des-

cribed in paragraph 2, supra, shall be published in The Georgetown Times, a newspaper having general circulation in Georgetown County.

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

EXHIBIT "A"

NOTICE PURSUANT TO SOUTH CAROLINA CODE ANNOTATED,
TITLE 4, CHAPTER 29 (1976) AS AMENDED

Notice is hereby given that following the filing of a Petition by the County Council of Georgetown County, South Carolina (the "County Board"), to the State Budget and Control Board of South Carolina (the "State Board"), approval has been given by the State Board to the following undertaking (including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking), viz.:

The acquisition by the County Council of certain real property located in Georgetown County, and the construction and equipping of a manufacturing plant thereon (the said land, building, machinery and equipment included in the manufacturing facilities being hereinafter referred to as the "Project"), all of which constitute manufacturing facilities. To finance the costs incurred in the construction and equipping of the manufacturing facilities, the County Board will issue \$500,000 of Georgetown County, First Mortgage Industrial Revenue Bonds (the "Bonds") pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended. The County Board will lease the Project to Oneita Knitting Mills, a New York corporation (the "Lessee"), under a Lease Agreement and the Bonds of Georgetown County will be payable solely from the rentals to be paid by the Lessee to the County. The Bonds will be additionally secured by a Trust Indenture which will constitute a foreclosable mortgage lien upon the Project.

In addition, the Lessee has agreed to pay as additional rentals to Georgetown County, the School District, and all oth-

er political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Georgetown County, the said School District, and the said other political units wherein the Project is situate, if the Project were owned by the Lessee, but with appropriate reduction similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the Project.

The Lease Agreement by which Georgetown County will lease the Project to the Lessee provides that the Lessee shall purchase the Project for One Dollar (\$1.00) upon the payment in full of the Bonds.

It is estimated that the Project will provide employment for approximately 200 persons.

Notice is further given that any interested party may at any time within twenty (20) days after the date of publication of this Notice, but not afterwards, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Georgetown County.

THE STATE BUDGET AND CONTROL BOARD

By: William T. Putnam, Secretary

PUBLICATION DATE:

_____, 1978.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, William T. Putnam, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

That the said Budget and Control Board is composed of the following:

His Excellency, James B. Edwards, Governor of South Carolina and Chairman of the Board;

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

The Honorable Earle E. Morris, Comptroller General of South Carolina;

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

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

That due notice of meeting of said Board, called to be held at the office of the Governor, in the Capital Building, at Columbia, South Carolina, at 10:00 A.M., August 1, 1978, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of: None

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

FOR MOTION

5

AGAINST MOTION

0

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

Secretary

August 2, 1978.

A RESOLUTION

APPROVING THE FINANCING OF THE CONSTRUCTION AND EQUIPPING OF CERTAIN MANUFACTURING FACILITIES IN GEORGETOWN COUNTY, SOUTH CAROLINA THROUGH THE ISSUANCE OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) OF GEORGETOWN COUNTY, SOUTH CAROLINA, FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES A; AND AUTHORIZING THE SUBMISSION OF A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA REQUESTING APPROVAL OF SUCH UNDERTAKING PURSUANT TO SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) AS AMENDED (THE "ACT").

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

1. Subject to obtaining the approval from the State Budget and Control Board of South Carolina, the County Board is authorized pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended (the "Act") (1) to acquire, and in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects which shall be located within the county, except that as to a project located in more than one county, the same may be acquired jointly by the county boards of the counties wherein the said project shall be located; (2) to lease to others any or all of its projects for such rentals and upon such terms and conditions as the county board may deem advisable and as shall not conflict with the provisions of the Act; and (3) to issue revenue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project, and to secure the payment of such bonds, all as provided in the Act.

2. Oneita Knitting Mills, a New York corporation (the "Company"), has proposed that the County Board undertake to fi-

nance the construction and equipping of certain manufacturing facilities at an estimated cost of \$500,000 on a 3 acre tract of land located in Georgetown County which will be conveyed by the Company to the County Board, through the issuance of First Mortgage Industrial Revenue Bonds pursuant to the authorization granted under the Act and lease said land and manufacturing facilities to the Company. The County Board has agreed to finance the construction and equipping of the manufacturing facilities (the construction and equipping of the manufacturing facilities together with the site thereof being hereinafter referred to as the "Project"), including the repayment of funds advanced by the Company for that purpose through the issuance of \$500,000 industrial revenue bonds pursuant to the Act; and adopts this Resolution to evidence its approval of the issuance of bonds as aforesaid and to authorize the submission of a petition to the State Budget and Control Board of South Carolina (the "State Board") setting forth the facts required by Section 14 of the Act.

3. The County Board has determined that the Project will subserve the purposes of the Act and neither the Project nor the bonds to be issued to finance the Project will give rise to any pecuniary liability of Georgetown County or a charge against its general credit or taxing power. The bonds shall be limited obligations of Georgetown County, the principal, interest and redemption premium, if any, on which shall be payable solely out of the revenues to be derived by the County pursuant to the lease agreement relating to the Project which the bonds are issued to finance. The bonds and interest coupons shall never constitute an indebtedness of Georgetown County within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of Georgetown County or a charge against its general credit or taxing power.

4. The amount of bonds necessary to finance the Project is Five Hundred Thousand Dollars (\$500,000).

5. The Company has submitted to the County Board the proposed Lease Agreement, under which the Company will agree to pay as rent the amount necessary to provide the annual payments of principal and interest on the bonds, which will mature or be subject to mandatory redemption not more than 20 years from the date thereof and will bear interest at a rate not to exceed 10% per annum.

6. The proposed Lease Agreement obligates the Company unconditionally to pay the amount necessary to provide the payments of principal and interest, and premium, if any, to become due on the bonds and to pay other costs in connection therewith and contains an appropriate provision requiring the Company to pay in lieu of taxes, such amounts as would otherwise be paid if the Company owned the Project. The Lease Agreement contains a covenant obligating the Company to effect the completion of the Project if the proceeds of the bonds prove insufficient, and obligates the Company to make payments which shall be sufficient (a) to pay the principal of and interest on the bonds issued for such Project, and (b) to pay the costs of maintaining the Project in good repair and the cost of keeping it properly insured. The Lease Agreement also provides for the issuance of additional parity bonds as required in order to complete the Project.

7. The Company has advised the County Board that the Company has arranged for the sale of the Bonds to J. C. Bradford & Co., Nashville, Tennessee.

8. The Bonds will be issued as tax exempt bonds pursuant to the provisions of Section 103(b)(6)(D) of the Internal Revenue Code of 1954, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF
GEORGETOWN COUNTY, IN MEETING DULY ASSEMBLED:

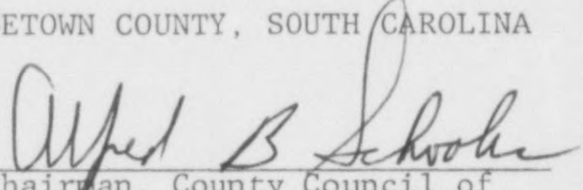
That the County Board finds that the facts set forth above
are in all respects true and correct and on such basis determines
to finance the Project above described, and to authorize the sale
of the bonds by Georgetown County as aforesaid.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached hereto
be presented to the State Board to seek the approval required by
Section 14 of the Act; and that said Petition shall be duly exe-
cuted by the Chairman of the County Council and attested by its
Clerk.

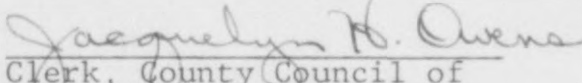
GEORGETOWN COUNTY, SOUTH CAROLINA

By


Chairman, County Council of
Georgetown County, South Carolina

(SEAL)

Attest:


Clerk, County Council of
Georgetown County, South
Carolina

STATE OF SOUTH CAROLINA

COUNTY OF GEORGETOWN

I, the undersigned, Clerk of Georgetown County, South Carolina, DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of a Resolution adopted by the County Council of Georgetown County, South Carolina at a regular public meeting duly called and held on the 18th day of July, 1978, at which the following constituting all/a majority of the County Council were present, and voted unanimously in favor of the adoption thereof:

Alfred B. Schooler, Chairman, J.D. Munnerlyn, C.J. Beck;

Leon S. Bellamy and H.E. Hemingway, Councilmen

That the said Resolution was offered by H.E. Hemingway was seconded by C.J. Beck, and unanimously adopted by those present; that the original of said Resolution is duly entered in the permanent records of the County Council of the Issuer, in my custody as such Clerk.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of Georgetown County, South Carolina this 18th day of July, 1978.

Jacquelyn H. Owens
Clerk, County Council of Georgetown
County, South Carolina

(SEAL)

STATE OF SOUTH CAROLINA)
)
COUNTY OF GEORGETOWN)

TO THE STATE BUDGET AND CONTROL)
BOARD OF SOUTH CAROLINA) P E T I T I O N

The Petition of the County Council of Georgetown County, South Carolina (the "County Board"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended, (the "Act") respectfully shows:

1. The County Council is the governing body of Georgetown County as established under South Carolina Code Annotated, Title 4, Chapter 9 (1976), and as such it is the "County Board" referred to in the Act.

2. The Act authorizes and empowers the County Board if it shall comply with the provisions set forth in the Act, to acquire land, building, equipment and machinery and other improvements deemed necessary, suitable and useful by any enterprise engaged in manufacturing, processing or assembling of any agricultural or manufactured products; to lease the same; and to finance the acquisition of the same through the issuance of bonds payable from and secured by a pledge of the revenues to be derived from the leasing of such land, buildings, equipment and machinery and other improvements.

3. The County Board has agreed with Oneita Knitting Mills, a New York corporation (the "Company"), that the County Board will undertake to finance the construction and equipping of certain manufacturing facilities to be located in Georgetown County including the repayment of funds advanced and loans incurred by

the Company for that purpose through the issuance of First Mortgage Industrial Revenue Bonds pursuant to the Act. In this connection the County Board has agreed to accept a conveyance of the 3 acre parcel of land on which the manufacturing facilities are to be located (said land, building, machinery and equipment being hereinafter referred to as the "Project").

4. The County Board is advised by the Company that the costs to be incurred in the construction and equipping of the manufacturing facilities is approximately \$500,000 and that, therefore, in order to finance the Project and the costs and charges incident to the issuance and sale of the bonds hereinafter described, the County Board has agreed to issue Five Hundred Thousand Dollars (\$500,000) Georgetown County First Mortgage Industrial Revenue Bonds, Series A (the "Bonds").

5. It is anticipated that the Project will employ approximately 200 persons.

6. For the reasons set forth above and hereafter disclosed, the County Board has found:

(a) The proposed Project will subserve the purposes of the Act.

(b) Neither the Project nor the Bonds to be issued to finance the Project will give rise to any pecuniary liability of Georgetown County or a charge against its general credit or taxing power.

(c) The proposed Lease Agreement between the County Board and the Company will unconditionally obligate the Company to pay rent in an amount adequate to provide for payment of the principal and interest on the Bonds, which shall mature or be subject to mandatory redemption not more than 20 years from the date thereof and will bear interest at a rate not exceeding 10% per annum.

(d) The Company is a corporation with a well established credit and, therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) The terms of the Lease Agreement will require the Company to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of land, building, machinery and equipment which are necessary for, and part of, a manufacturing facility.

(b) The Project will provide considerable employment during the period of construction and it is presently anticipated will provide permanent employment for approximately 200 persons. It is, therefore, believed that the Project will have a beneficial effect upon the economy of the County and the areas adjacent thereto.

(c) The cost of the Project is approximately Five Hundred Thousand Dollars (\$500,000) including the construction of the manufacturing facilities and the acquisition and installation of machinery and equipment therein, and all financing costs and all other expenses to be incurred in connection therewith.

8. The proposed Lease Agreement will provide, among other things, the following:

(a) To finance the costs of the acquisition, construction and equipping of the Project, the County will issue \$500,000 of Georgetown County First Mortgage Industrial Revenue Bonds, Series A. All Bonds will be secured by a pledge of the rents to be paid by the Company and will be further secured by a Trust Indenture as authorized by Section 5 of the Act, to a bank yet to be named as Trustee.

(b) The proceeds derived from the sale of the Bonds will be deposited with the Trustee and will be withdrawn on requisition of the Company and applied for the payment of costs incident to the acquisition, construction and equipping of the Project, and the issuance of the Bonds.

(c) The Lease Agreement will contain a specific provision by which the Company will unconditionally agree to make payments to Georgetown County, to any School District in Georgetown County, and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Georgetown County, by any such School District, and by said political units if the Project were owned by the Company, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the Company were it the owner of the Project.

(d) The Lease Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing power.

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real and personal property, and interests therein, acquired or to be acquired for the Project.

(b) The right, title and interest of the County in the Lease Agreement.

(c) All rentals and revenues derived by the County under the Lease Agreement, except those payments to be made in lieu of taxes or by way of indemnification.

The Indenture makes provision for the issuance of Five Hundred Thousand Dollars (\$500,000) of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by the Company are placed, and the use of said fund for the payment of the Bonds. It imposes upon the Company the obligation to pay in addition to the moneys required for the payment of the principal and interest on the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

10. The Lease Agreement, Trust Indenture and Guaranty Agreement of the Company will be in the form heretofore used in the issuance of Industrial Revenue Bonds pursuant to the Act and will be in substantially the form as submitted with this Petition.

Upon the basis of the foregoing, the County Board respectfully prays:

That the State Budget and Control Board accept the filing of this Petition and that as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease Agreement, the Trust Indenture and the Guaranty

Agreement, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purposes of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding, that it does approve the Project, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking, and give published notice of its approval in the manner set forth in Section 14 of the Act.

Dated: July 18, 1978.

Respectfully submitted,

GEORGETOWN COUNTY, SOUTH CAROLINA

By Alfred B. Schooler
Chairman, County Council of
Georgetown County, South Carolina

(SEAL)

Attest:

Jacquelyn H. Owens
Clerk, County Council of
Georgetown County, South
Carolina

K4

ONEITA KNITTING MILLS

TO

TRUSTEE

GUARANTY

DATED AS OF AUGUST 1, 1978

GUARANTY

WHEREAS, GEORGETOWN COUNTY, SOUTH CAROLINA (the "Issuer"), a body politic and corporate and a political subdivision of the State of South Carolina, has agreed to provide certain industrial facilities (the "Project") and to lease the Project to ONEITA KNITTING MILLS, a New York corporation (the "Guarantor"), under a lease agreement dated as of even date herewith (the "Agreement"); and

WHEREAS, the Issuer intends to finance the cost of the acquisition, construction and installation of the Project by the issuance of \$500,000 of its First Mortgage Industrial Revenue Bonds, Series A (Oneita Knitting Mills Project) (the "Series A Bonds") pursuant to a mortgage and trust indenture (the "Indenture") by and between the Issuer and _____, as Trustee (the "Trustee"), dated as of even date herewith; and

WHEREAS, the Issuer has agreed in the Agreement to issue additional bonds at the request of the Guarantor under certain conditions set forth in the Indenture (such additional bonds, together with the Series A Bonds, collectively, the "Bonds"); and

WHEREAS, the Guarantor specifically approves the terms and conditions of the Indenture (which Indenture is hereby incorporated herein by reference); and

WHEREAS, the Guarantor is desirous that the Issuer issue the Bonds from time to time and is willing to enter into this Guaranty in order to enhance the marketability of the Bonds and thereby achieve interest cost and other savings to the Guarantor and as an inducement to the purchase of the Bonds by all who shall at any time become holders of the Bonds.

NOW, THEREFORE, in consideration of the premises and in order to enhance the marketability of the Bonds and thereby achieve interest cost and other savings to the Guarantor and as an inducement to the purchase of the Bonds by all who shall at any time become holders of the Bonds, the Guarantor does hereby, subject to the terms hereof, covenant and agree with the Trustee as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

The Guarantor does hereby represent and warrant that:

Section 1.1. Corporate Organization and Authority.

The Guarantor

(a) is a New York corporation which has authority to own, lease and operate industrial facilities,

(b) is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and

(c) has all requisite power and authority and all necessary licenses and permits to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted.

Section 1.2. Authorization of Guaranty. The Guarantor has the lawful authority to enter into this Guaranty and by proper corporate action has been duly authorized to execute, deliver and perform this Guaranty.

Section 1.3. No Violation of Corporate Restrictions. To the best of its knowledge, neither the execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Guaranty will conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Guarantor is a party or by which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature whatsoever upon any of the Properties of the Guarantor under the terms of any such instrument or agreement.

Section 1.4. Governmental Consent. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of the Guarantor is required as a condition to the execution, delivery or performance of this Guaranty by the Guarantor.

Section 1.5. Pending Litigation. Except as otherwise set forth in the Official Statement of the Issuer and in the opinion of Counsel to the Guarantor, there are no proceedings pending, or to the knowledge of the Guarantor threatened, against or affecting the Guarantor in any court or before any governmental authority or arbitration board or tribunal. The Guarantor is not in default with respect to any order of any court, governmental authority or arbitration board or tribunal.

Section 1.6. No Defaults. No event has occurred and no condition exists which, upon the execution of this Guaranty, would constitute a Default or an Event of Default hereunder. To the best of its knowledge, the Guarantor is not in violation in any material respect of any term of any agreement, charter instrument, by-law or other instrument to which it is a party or by which it may be bound.

Section 1.7. Compliance with Law. The Guarantor

(a) is not in violation of any laws, ordinances, governmental rules and regulations to which it is subject, and

(b) has not failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its Properties or to the conduct of its business which violation or failure to obtain might materially adversely affect the business, prospects, profits, Properties or condition (financial or otherwise) of the Guarantor.

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.1. Guarantee of Payment. (a) The Guarantor hereby irrevocably and unconditionally guarantees to the Trustee for the benefit of the holders from time to time of the Bonds and the interest coupons appertaining thereto (i) the full and prompt payment of the principal of and any premium on any Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration or call for redemption or otherwise and (ii) the full and prompt payment of any interest on any Bond when and as the same shall become due. The Guarantor hereby irrevocably and unconditionally agrees that upon any default by the Issuer in the payment, when due, of the principal of, any premium on, or interest on any Bond or of any sum payable by the Issuer under the Indenture, the Guarantor will promptly pay the same.

(b) All payments by the Guarantor shall be paid in lawful money of the United States of America.

(c) Each and every default in payment of the principal of or premium or interest on any Bond shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder by the Trustee as each cause of action arises.

(d) The Guarantor shall pay to the Trustee all reasonable costs and expenses (including legal fees) incurred by the Trustee in the protection of any of its rights or in the pursuance of any of its remedies in respect of the Indenture, the Bonds or this Guaranty.

Section 2.2. Obligations Unconditional. The obligations of the Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest and any premium on the Bonds shall have been paid or provided for, and such obligations shall not be affected, modified or impaired by any state of facts or the happening from time to time of any event, including, without limitation, any of the following, whether or not with notice to or the consent of the Guarantor:

(a) the invalidity, irregularity, illegality or unenforceability of, or any defect in, (i) the Agreement or the Indenture, (ii) the Bonds or (iii) any collateral security for any thereof;

(b) any present or future law or order of any government (de jure or de facto) or of any agency thereof purporting to reduce, amend or otherwise affect the Bonds or any other obligation of the Issuer or any other obligor or to vary any terms of payment;

(c) any claim of immunity on behalf of the Issuer or any other obligor or with respect to any Property of the Issuer or any other obligor;

(d) the happening of any event permitted by Section 8.08, Article IX or Section 12.05 of the Agreement;

(e) the waiver, compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of (i) the Issuer under the Agreement, the Bonds or the Indenture (except by payment in full of the Bonds), or (ii) the Guarantor under the Agreement or this Guaranty (except by payment in full of all obligations hereunder);

(f) the failure to give notice to the Guarantor of the occurrence of an Event of Default under the Indenture, the Bonds or this Guaranty;

(g) the transfer, assignment or mortgaging, or the purported or attempted transfer, assignment or mortgaging, of all or any part of the interest of the Issuer or the Guarantor in the Project, or any failure of or defect in the title with respect to the Issuer's or the Guarantor's interest in the Project, or the termination of the Agreement;

(h) the release, sale, exchange, surrender or other change in any security for payment of the Bonds and the coupons appertaining thereto;

(i) the extension of the time for payment of any principal of or interest or premium on any Bond or any part thereof owing or payable on such Bond or under this Guaranty or of the time for performance of any other obligations, covenants or agreements under or arising out of the Agreement, the Bonds, the Indenture or this Guaranty or the extension or the renewal of any thereof;

(j) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Agreement, the Bonds or the Indenture;

(k) the taking of, or the omission to take, any of the actions referred to in the Agreement, the Bonds, the Indenture or this Guaranty;

(l) any failure, omission or delay on the part of the Issuer, the Trustee or any other Person to enforce, assert or exercise any right, power or remedy conferred on the Issuer, the Trustee or such other Person in this Guaranty, the Agreement, the Bonds or the Indenture;

(m) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting, the Guarantor or the Issuer or any of the assets of either of them or any allegation or contest of the validity of the Agreement, the Bonds, the Indenture or this Guaranty, or the disaffirmance or attempted disaffirmance of the Agreement, the Bonds, the Indenture or this Guaranty, in any such proceedings;

(n) to the extent permitted by law, any event or action that would, in the absence of this paragraph, result in the release or discharge of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty;

(o) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty; or

(p) any other circumstances which might otherwise constitute a legal or equitable discharge or defense of a surety or a guarantor.

Section 2.3. Waivers by Guarantor. (a) The Guarantor hereby waives with respect to the Bonds, the indebtedness evidenced thereby, and this Guaranty: diligence; presentment; demand of payment; filing of claims with a court in the event of bankruptcy of the Issuer or any other Person liable in respect of the Bonds; any right to require a proceeding first against the Issuer or any other such Person; protest; notice of dishonor or nonpayment of any such liabilities and any other notice and all demands whatsoever. The Guarantor hereby waives notice from the Trustee, the Issuer and the holders at any time or from time to time of any of the Bonds or the interest coupons appertaining thereto (i) of the issuance of the Bonds and (ii) of acceptance of, or notice and proof of reliance on, the benefits of this Guaranty.

(b) the obligations of the Guarantor hereunder shall not be discharged except by full payment of the Bonds and interest thereon.

Section 2.4. Other Security. The Trustee may pursue its rights and remedies under this Guaranty notwithstanding (i) any other guaranty of or security for any Bond or the interest coupons appertaining thereto or the obligations or liabilities of the Issuer under the Indenture, and (ii) any action taken or omitted to be taken by the Trustee or any other Person to enforce any of the rights or remedies under such guaranty or with respect to any other security.

Section 2.5. No Set-Off by Guarantor. No set-off, counterclaim, reduction or diminution of any obligation, or any defense of any kind or nature (other than performance by the Guarantor of its obligations hereunder) which the Guarantor has or may have with respect to a claim under this Guaranty, shall be available hereunder to the Guarantor against the Trustee.

Section 2.6. Guarantor to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted. The Guarantor agrees that, so long as any of the Bonds are unpaid, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that the Guarantor may, under the circumstances and subject to the conditions set forth in Section 8.08 of the Agreement, consolidate with or merge into another corporation, or permit one or more such corporations to consolidate with or merge into it, or sell or otherwise

transfer to another such corporation all or substantially all of its assets as an entirety.

Section 2.7. Notice and Service of Process. (a) The Guarantor will remain qualified to do business and subject to service of process in the State so long as any of the Bonds are outstanding. In addition, the Guarantor hereby designates and appoints, without power of revocation, the Secretary of State of the State as the agent of the Guarantor upon whom may be served all process, pleadings, notices or other papers which may be served upon the Guarantor as a result of any of its obligations under this Guaranty.

(b) Any notice, process, pleadings or other papers served upon the agent appointed in subsection (a) of this Section 2.7 shall, at the same time, be sent by certified mail to the Guarantor at such address as is specified in or pursuant to Section 5.4 of this Guaranty.

ARTICLE III

EVENTS OF DEFAULT

Section 3.1. Nature of Events. An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) Particular Covenant Defaults - the Guarantor fails to perform or observe any covenant contained in Article II hereof;

(b) Other Defaults - the Guarantor fails to comply with any other provision of this Guaranty, and such failure continues for more than 30 days after written notice of such failure has been given to the Guarantor;

(c) Warranties or Representations - any warranty, representation or other statement by or on behalf of the Guarantor contained in this Guaranty is false or misleading in any material respect;

(d) Involuntary Bankruptcy Proceedings - a receiver, liquidator or trustee of the Guarantor or of any of its Properties is appointed by court order and such order remains in effect for more than 90 days; or the Guarantor is adjudicated bankrupt or insolvent; or any of its Properties is sequestered by court order and such order remains in effect for more than 90 days; or a petition is filed against the Guarantor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 90 days after such filing;

(e) Voluntary Petitions - the Guarantor files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(f) Assignment for Benefit of Creditors, etc. - the Guarantor makes an assignment for the benefit of its creditors, or

admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator of the Guarantor or of all or any part of its Properties.

Section 3.2. Default Remedies. (a) If an Event of Default exists, the Trustee may, and upon the written request of the holder or holders of at least 25% in aggregate principal amount of Bonds then outstanding and upon indemnification as provided in subdivision (b) of this Section 3.2 shall, proceed to enforce the provisions hereof and to exercise any other rights, powers and remedies available to the Trustee. The Trustee, in its sole discretion, shall have the right to proceed first and directly against the Guarantor under this Guaranty without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Issuer or the Trustee. All moneys recovered pursuant to this Guaranty shall be deposited in the Principal and Interest Account established by Section 501 of the Indenture and used in accordance with Section 503 of the Indenture.

(b) Before taking any action hereunder, the Trustee may require that satisfactory provision be made by the holders of the Bonds (i) for the reimbursement of all expenses and (ii) for indemnity against all liability which it may incur by reason of any action so taken, except liability which may be adjudicated to have resulted from its negligence or willful default.

Section 3.3. Remedies; Waiver and Notice. (a) No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity or by statute.

(b) No delay or omission to exercise any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

(c) In order to entitle the Trustee to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Guaranty.

(d) In the event any provision contained in this Guaranty should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(e) No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing.

ARTICLE IV

INTERPRETATION OF THIS GUARANTY

Section 4.1. Terms Defined. As used in this Guaranty, the following terms have the following respective meanings;

(a) Default or Event of Default - any occurrence described in Section 3.1 hereof.

(b) Person - an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

(c) Property - any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

(d) State - State of South Carolina.

Section 4.2. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the laws of the State.

ARTICLE V

MISCELLANEOUS

Section 5.1. Obligations arise on Sale of Bonds. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when the Series A Bonds shall have been issued, sold and delivered by the Issuer.

Section 5.2. Survival. All warranties, representations, and covenants made by the Guarantor herein shall be deemed to have been relied upon by the Trustee and the holders from time to time of the Bonds and shall survive the delivery to the Trustee of this Guaranty regardless of any investigation made by the Trustee or the holders from time to time of the Bonds or on their behalf.

Section 5.3. Successors and Assigns. This Guaranty shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. The provisions of this Guaranty are intended to be for the benefit of all holders, from time to time, of the Bonds.

Section 5.4. Notices. All communications under this Guaranty shall be in writing and shall be deemed given when delivered and, if delivered by mail, shall be mailed by registered or certified first class mail, postage prepaid, and addressed as follows:

To the Guarantor:
Oneita Knitting Mills
Andrews, SC 29510

To the Trustee:

Attention:

To the Issuer:
Georgetown County, South Carolina
Georgetown County Council
County Courthouse
Georgetown, SC 29440

A duplicate copy of each communication hereunder by either the Guarantor or the Trustee shall also be given to the Issuer.

Section 5.5. Entire Understanding; Counterparts. This Guaranty constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 5.6. Amendments. No amendment, change, modification, alteration or termination of this Guaranty shall be made except upon the written consent of the Guarantor and the Trustee, given in accordance with the provisions of Article XIII of the Indenture.

Section 5.7. Partial Invalidity. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty or any part thereof.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered as of August 1, 1978.

ONEITA KNITTING MILLS

By _____
Vice President

(SEAL)

ATTEST:

Secretary

ACCEPTED:

as Trustee

By _____
Vice President

(SEAL)

ATTEST:

Trust Officer

LEASE AGREEMENT

between

GEORGETOWN COUNTY, SOUTH CAROLINA

and

ONEITA KNITTING MILLS

Dated as of August 1, 1978

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THIS LEASE AGREEMENT, dated as of August 1, 1978, between Georgetown County, South Carolina, (the "Issuer"), a body politic and corporate and a political subdivision of the State of South Carolina and Oneita Knitting Mills (the "Lessee"), a corporation duly organized and existing under the laws of the State of New York,

W I T N E S S E T H:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that any obligation of the Issuer created by or arising out of this Lease shall not constitute an indebtedness, debt or pecuniary liability or loan of credit of the Issuer, the State of South Carolina or any political subdivision thereof, or a charge against their general credit or taxing powers within the meaning of any constitutional or statutory provision, but shall be payable solely out of the revenues and receipts derived from the leasing or disposition of the Project, the sale of the Bonds referred to in Section 4.02 hereof and any insurance and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

Section 1.01. In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used in this Lease, whether or not the words have initial capitals, shall have the following meanings unless the context or use indicates another or different meaning or intent and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined:

"Accountant" means a firm of independent certified public accountants, acceptable to the Lessee.

"Act" means South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended.

"Additional Bonds" means any Bonds issued pursuant to Sections 212, 213 and 214 of the Indenture.

"Additional Rent" means that portion of the Rent described in Section 5.02(b) of this Lease.

"Authorized Representative" means, in the case of the Issuer, the Chairman or the Vice-Chairman of the Issuer; in the case of the Lessee, its president or any vice-president; and, in the case of both, such additional persons as, at the time, are designated to act in behalf of the Issuer or Lessee, as the case may be, by written certificate furnished to the Trustee and the Issuer or Lessee, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Issuer by the Chairman or the Vice-Chairman of the Issuer and (ii) the Lessee by the president or any vice-president of the Lessee.

"Basic Rent" means that portion of the Rent described in Section 5.02(a) of this Lease.

"Bond" or "Bonds" means any bond authorized, authenticated and issued under the Indenture.

"Bond Counsel" means an attorney or firm of attorneys with experience in matters relating to the issuance of municipal obligations, acceptable to the Trustee.

"Bond Fund" means the fund so designated which is established by Section 501 of the Indenture, containing therein the Principal and Interest Account.

"Bond Payment Date" means each date on which interest or both principal and interest shall be payable on any of the Bonds according to their respective terms so long as any of the Bonds shall be outstanding.

"Bond Rate" means the highest rate of interest payable on any Bond Outstanding at the time of computation.

"Book Value" as applied to any item of equipment (whether then a part of the Equipment or not) means the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting principles consistently applied.

"Building" means all buildings, structures, improvements and fixtures presently located and to be constructed on the Land which are financed with the proceeds of the Series A Bonds or of any payment by the Lessee pursuant to Section 4.04 hereof, all as provided for in the plans and specifications as proposed and changed or modified by the Project Manager and on file with the Lessee.

"Closing Date" means the date of the sale and delivery of the Series A Bonds or of any Additional Bonds, as the case may be.

"Code" means the Internal Revenue Code of 1954, as amended, and the applicable regulations of the Department of the Treasury promulgated thereunder.

"Completion Date" means the date of completion of the Project or of any Improvement, as the case may be, certified by the Project Manager pursuant to Section 406 of the Indenture.

"Condemnation" means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or any other Person acting under governmental authority.

"Construction Fund" means the fund so designated which is established by Section 401 of the Indenture.

"Consulting Architect" means the architect or architectural firm employed as such pursuant to Section 4.07 of this Lease.

"Debt Service Payment" means, with respect to any Bond Payment Date, (i) the interest payable on such Bond Payment Date on all Bonds then Outstanding, plus (ii) the principal, if any, payable on such Bond Payment Date on all Bonds then Outstanding, plus (iii) the premium, if any, payable on such Bond Payment Date on all Bonds then Outstanding.

"Equipment" means those items of machinery, equipment and related property required herein and in the Indenture to be acquired and installed in the Building or elsewhere on the Land with proceeds from the sale of the Bonds, and any item of machinery, equipment and related property acquired and installed in the Building or elsewhere on the Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 6.01, 6.02, 9.05 and Article VII hereof, less such machinery, equipment and related property as may be released from this Lease pursuant to Section 9.05 hereof or taken by Condemnation as provided in Article VII hereof and is further defined as all property owned by the Issuer and leased to the Lessee under the terms of this Lease which is not included in the definition of Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 6.03(b) hereof. Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

"Event of Default" means any of those events defined as Events of Default by Section 10.01 of this Lease.

"Facility" means the Project and any Improvements, together with any and all replacements therefor and additions thereto; provided that the Facility shall not include such equipment and machinery and other Property as from time to time may be provided by the Lessee at its own cost and expense to the extent provided in Section 6.03(b) of this Lease.

"Fiscal Year" means the twelve (12) month period commencing on the first day of August of any calendar year, except that "Fiscal Year of the Lessee" as used in Sections 8.07 and 8.08 of this Lease means the twelve (12) month period adopted by the Lessee as its fiscal year.

"Guaranty" means the agreement by and between the Lessee and the Trustee, dated as of August 1, 1978, by which the Lessee guarantees to the Trustee the full and prompt payment, when due, of the principal of, premium, if any, and interest on the Bonds.

"Improvement Bonds" means any Additional Bonds issued pursuant to Section 213 of the Indenture.

"Improvements" means any additions, extensions, improvements, machinery, equipment or other facilities financed with the proceeds of Improvement Bonds.

"Indenture" means the mortgage and trust indenture, dated as of August 1, 1978, by and between the Issuer and the Trustee, pursuant to which the Bonds are authorized to be issued, as from time to time amended or supplemented.

"Independent Appraiser" means a person, firm or corporation not employed full time by the Issuer or the Lessee, regularly engaged in the business of appraising, buying or selling real or personal property (either as principal or agent) and otherwise competent, in the opinion of the Trustee, to determine the value of the property in question.

"Independent Counsel" means an attorney or attorneys duly admitted to practice law before the highest court of any

state of the United States of America or the District of Columbia and not a full time employee of the Issuer, the Lessee or the Trustee.

"Issuer" means Georgetown County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its lawful successors or assigns.

"Land" means the real estate and interests in real estate described in Exhibit "A" hereto annexed and by this reference made a part of this Lease, less such real estate and interests in real estate as may be released from this Lease pursuant to Sections 9.01 or 9.03 hereof or taken by the exercise of the power of eminent domain as provided in Article VII hereof.

"Lease" means this Lease Agreement as from time to time amended or supplemented.

"Lease Term" means the duration of the leasehold estate created in this Lease as specified in Section 3.03 hereof.

"Lessee" means (i) Oneita Knitting Mills, a corporation duly organized and existing under the laws of the State of New York, and its successors and assigns and (ii) any surviving, resulting or transferee corporation or organization as permitted in Section 8.08 of this Lease.

"Lien" means any interest in any Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics, materialmen's, warehousemen's, carriers' and other similar encumbrances, affecting real property. For the purposes of this Lease, a Person shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes.

"Net Proceeds" means so much of the gross proceeds with respect to which that term is used as remains after payment of all expenses, costs and taxes (including attorneys' fees) incurred in obtaining such gross proceeds.

"Paying Agent" means the Paying Agent as defined in Section 101 of the Indenture.

"Permitted Encumbrances" means (i) the Liens described in Exhibit A attached hereto, (ii) the Indenture and this Lease, (iii) utility, access and other easements and rights of way, restrictions and exceptions that do not materially impair the utility or value of the Property affected thereby for the purposes for which it is intended, (iv) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens to the extent permitted by Section 8.06(b) hereof and (v) Liens for taxes at the time not delinquent.

"Person" means an individual, partnership, corporation trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Principal and Interest Account" means the account so designated which is established by Section 501 of the Indenture.

"Project" means, collectively, (i) the Land, (ii) the Equipment, and (iii) the Building.

"Project Manager" means the individual or individuals at the time designated to act in such capacity by written certificate furnished to the Issuer and the Trustee containing the specimen signature of each such individual and signed on behalf of the Lessee by its president or vice-president. In the event the position of Project Manager should become vacant another Project Manager or Managers shall thereupon be appointed by the Lessee. If the Lessee fails to make such designation within 10 days following the date all individuals designated to act as Project Manager become unavailable or unable to take any of the actions imposed upon that position, the Issuer may then appoint as a successor or alternate any architect or engineer licensed under the laws of the State.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Redemption Fund" means the fund so designated which is established by Section 501 of the Indenture.

"Redemption Price" means, with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable upon the prior redemption thereof pursuant to the Indenture.

"Rent" means collectively the Basic Rent and the Additional Rent.

"Series A Bonds" means those Bonds issued pursuant to Section 211 of the Indenture.

"State" means the State of South Carolina.

"Trustee" means the trustee at the time serving as such under the Indenture.

Section 1.02. The words "hereof", "herein", "hereunder", and other words of similar import refer to this Lease as a whole.

Section 1.03. References to Articles, Sections, and other subdivisions of this Lease are to the designated Articles, Sections, and other subdivisions of this Lease as originally executed.

Section 1.04. The headings of this Lease are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

REPRESENTATIONS AND AGREEMENTS

Section 2.01. Representations and Agreements by the Issuer. The Issuer makes the following representations and agreements as the basis for the undertakings on its part herein contained:

(a) Under the provisions of the Act, the Issuer has the power to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder. The Project will constitute a "Project" within the meaning of the Act. By proper action, the Issuer has been duly authorized to execute, deliver and perform this Lease.

(b) Pursuant to the terms and conditions hereof, the Issuer agrees to cause the acquisition, construction and equipping of the Project and all Improvements requested by the Lessee, to lease the Project to the Lessee and to sell the interest of the Issuer in the Project to the Lessee at the expiration or sooner termination of the Lease Term or upon the Lessee's election to exercise its option to terminate this Lease, all for the purpose of relieving conditions of unemployment and promoting industry and developing trade by inducing Lessee to locate and operate the Project in the State.

(c) To finance the cost of providing the Project, the Issuer will issue \$500,000 aggregate principal amount of its Series A Bonds which will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

Section 2.02. Representations and Agreements of the Lessee. The Lessee makes the following representations and agreements as the basis for the undertakings herein contained:

(a) Corporate Organization and Authority.

The Lessee

(i) is a New York corporation which has authority to own and operate industrial facilities,

(ii) is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and

(iii) has all requisite power and authority and all necessary licenses and permits to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted.

(b) Authorization of Lease. The Lessee has the lawful authority to enter into this Lease and by proper corporate action has been duly authorized to execute, deliver and perform this Lease.

(c) No Violation of Corporate Restrictions. Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Lease will conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restrictions or any agreement or instrument to which the Lessee is a party or by which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature whatsoever upon any Property of the Lessee under the terms of any such instrument or agreement.

(d) Governmental Consent. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority on the part of the Lessee is required as a condition to the execution, delivery or performance of this Lease by the Lessee.

(e) No Defaults. No event has occurred and no condition exists which, upon the execution of this Lease, would constitute an Event of Default. To the best of its knowledge the Lessee is not in violation in any material respect of any term of any agreement, charter instrument, by-law or other instrument to which it is a party or by which it may be bound.

(f) Compliance with Law. The Lessee has not failed to obtain any licenses, permits, franchises or other governmental authorizations necessary to the ownership of its Property or to the conduct of its business which violation or failure to obtain might materially adversely affect the business, prospects, profits, Property or condition (financial or otherwise) of the Lessee.

(g) Inducement. The financing, acquisition, construction, equipping, installation and completion of the Project as provided under this Lease, and commitments therefor made by Issuer (i) have induced the Lessee to determine to locate the Project in the State of South Carolina, and particularly, within the boundaries of the Issuer, (ii) will maintain and increase employment opportunities for persons residing within the boundaries of the Issuer in the State, and (iii) may expedite additional expansions by the Lessee within the boundaries of the Issuer which will create additional jobs and employment opportunities.

(h) Operation. The Lessee intends to operate the Project as a manufacturing plant from the Completion Date to the expiration or sooner termination of the Term as provided herein.

(i) Zoning. All facilities necessary in connection with the Project will be constructed or installed, as the case may be, in such manner as to conform with all applicable zoning, planning, building and environmental regulations of the governmental authorities having jurisdiction of the Project.

(j) Application of Bond Proceeds. All proceeds derived from the sale of the Bonds will be used to pay the issuance costs of the Series A Bonds and to acquire, construct and equip the Project, which consists entirely of land and property of a character subject to the allowance for depreciation as prescribed in Section 103(b)(6)(A) of the Internal Revenue Code of 1954, as amended, and no part of the Bond proceeds will be used to finance inventory or for working capital.

ARTICLE III

DEMISING CLAUSES AND TERM OF LEASE

Section 3.01. Agreement to Convey to Issuer. The Lessee hereby agrees that, on or before the Closing Date with respect to the Series A Bonds, (i) it shall convey to the Issuer or cause to be conveyed to the Issuer good and marketable title to the Land, free and clear of all Liens except for Permitted Encumbrances, and (ii) it shall deliver to the Trustee a mortgage title insurance policy (or appropriate binder) upon the Land and Building issued by a company approved by the Trustee insuring the Lien of the Indenture upon the Land and Building, subject to no encumbrances other than Permitted Encumbrances, in the amount of not less than \$_____, which is estimated value of the Land and Building when completed.

Section 3.02. Demise of the Land, Building and Equipment. The Issuer hereby demises and leases to the Lessee, in consideration of the rents, representations and agreements herein stated, and the Lessee hereby takes and leases from the Issuer, the Land, Building and Equipment at the rentals set forth in Section 5.02 hereof and upon the terms and provisions of this Lease.

Section 3.03. Term of Lease. The term of this Lease shall commence on the Closing Date with respect to the Series A Bonds and shall terminate at 12:01 A.M., on August 1, 1993, unless earlier terminated pursuant to the provisions of Article XI hereof; provided, however, that in no event shall this Lease be terminated until (i) the Redemption Price of all Bonds and interest thereon shall have been paid in full or provision for such full payment has been made in accordance with the Indenture and (ii) all liabilities of the Issuer incurred pursuant to this Lease and the Indenture shall have been fully paid and discharged to the satisfaction of the Issuer. The term of this Lease may be extended, in the event Additional Bonds shall be issued, for such additional period as may be specified in the amendment hereof executed by and between the Issuer and the Lessee as provided in the Indenture and this Lease.

ARTICLE IV

CONSTRUCTION OF THE PROJECT AND IMPROVEMENTS: ISSUANCE OF BONDS

Section 4.01. Agreement to Provide Project. (a) The Lessee covenants and agrees that, upon the issuance, sale and delivery of the Series A Bonds or of any Improvement Bonds, it will cause the Project or the Improvement, as the case may be, to be acquired, constructed, installed and equipped in accordance with the plans and specifications therefor and any duly authorized change orders thereto which have been approved by the Project Manager.

(b) The Lessee agrees that promptly following the issuance, sale and delivery of the Series A Bonds, the Lessee will complete the construction, wholly within the boundary lines of the Land, of the manufacturing plant comprising the Building, substantially in accordance with the plans and specifications therefor prepared on behalf of Lessee, and acquire and install, in or about the Building and wholly within the boundary lines of the Land, those items of Equipment and other personal property that are generally described in Exhibit B attached hereto. The Lessee may, after the execution and delivery of these presents, cause such changes to be made in the Equipment, including additions thereto, deletions therefrom and substitutions therefor, as it may desire. The Lessee agrees to complete the acquisition, construction and equipping of the Project as promptly as practicable after receipt by the Trustee of the proceeds from the sale of the Series A Bonds, to continue said construction with all reasonable dispatch and to use its best efforts to cause said construction to be completed as soon as practicable, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the Lessee only excepted, but if such construction is not completed there shall be no resulting liability on the part of the Issuer and no diminution in the rental payments required herein to be paid by the Lessee.

(c) Title to all materials, equipment, machinery and other items of Property intended to be incorporated or installed in the Project and any Improvement shall vest in the Issuer immediately upon deposit on the site of the Project or such Improvement or incorporation or installation therein, whichever shall first occur. The Lessee shall execute, deliver and record or file all instruments necessary or appropriate to so vest title in the Issuer and shall take all action necessary or appropriate to protect such title against claims of any third Persons.

Section 4.02. Issuance of Series A Bonds; Deposit of Bond Proceeds. (a) In order to provide funds for the payment of the costs of the Project, the Issuer agrees to use its best efforts to sell and deliver \$500,000 principal amount of its Series A Bonds.

(b) The Issuer agrees to pay, or cause to be paid, the proceeds of the Series A Bonds to the Trustee to be applied as follows:

(i) for deposit in the Principal and Interest Account, the accrued interest, if any, received from the purchaser or purchasers of the Series A Bonds from the date of the Series A Bonds to the initial delivery thereof, and

(ii) for deposit in the Construction Fund, the balance of the proceeds of the Series A Bonds.

(c) The proceeds of any Additional Bonds issued pursuant to Sections 212, 213 and 214 of the Indenture shall be applied in accordance with the Indenture.

Section 4.03. Use of Moneys in Construction Fund. (a) The moneys deposited in the Construction Fund and the earnings thereon shall be applied, invested and disbursed in accordance with the provisions of Article IV of the Indenture.

(b) The Lessee covenants with the Issuer and the Trustee that (i) barring unforeseen circumstances it will not approve the use of the proceeds from the sale of the Bonds otherwise than in accordance with its certificate given immediately prior to the delivery of the Bonds, (ii) it will not approve or permit to be approved on its behalf, any payment of the proceeds of the Bonds if, as a result of such payment, less than substantially all of the proceeds of the Bonds expended at that time would be considered as having been used for the acquisition, construction and installation of land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code and (iii) it will take no other action with respect to the use of the proceeds from the sale of the Bonds that will result in the loss of the federal income tax exemption under Section 103(c) of the Code.

Section 4.04. Completion of Project. (a) The Lessee acknowledges its full familiarity with the plans and specifications for the Building and with the nature and extent of the Equipment, and it represents that it is solely responsible for the plan under which the manufacturing plant will be operated using the facilities of the Project. The Issuer makes no warranty, either express or implied, or offers any assurances that the Building, or the Equipment will be suitable for the Lessee's purposes or needs or that the proceeds derived from the sale of the Bonds will be sufficient to pay in full the cost of acquiring, constructing, installing and equipping the Project in accordance with the plans and specifications therefor. In the event said proceeds are insufficient to pay all said costs, the Lessee

(i) will complete said construction, acquisition and installation and will pay that portion of the said Project costs, in excess of the available moneys derived from the sale of the Bonds, or

(ii) will pay into the Construction Fund such moneys as are necessary to provide for payment of all Project costs, in which case the Lessee will complete said construction, acquisition and installation, or

(iii) will cause the Issuer to issue and sell Additional Bonds, subject to the provisions of the Indenture, in whatever aggregate principal amount, not to exceed \$500,000, is necessary to provide for payment of the Project costs, in which case the Lessee will complete said construction, acquisition and installation to the extent that the proceeds of such Additional Bonds are sufficient therefor, or

(iv) will take action pursuant to any two or more of the courses of action described in the preceding clauses (i), (ii) and (iii) of this paragraph sufficient to complete said construction, acquisition and installation of the Project.

(b) Title to all portions of the Project installed or constructed at Lessee's cost pursuant to Section 4.04(a) hereof shall immediately upon such installation or construction vest in the Issuer. The Lessee promptly shall execute, deliver and record or file such documents as the Issuer may request in order to perfect or protect its title to such portions of the Project.

(c) The Lessee shall not be entitled to any reimbursement for any moneys provided to pay any such excess costs of the Project as required by this Section 4.04, nor shall it be entitled to any reduction or abatement of Rent as a consequence thereof.

Section 4.05. Remedies to be Pursued Against Contractors and Subcontractors and their Sureties. In the event of default of any contractor or subcontractor under any contract made by it in connection with the Project or any Improvement or in the event of a breach of warranty with respect to any materials, workmanship, performance or payment guaranty, the Lessee shall promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Lessee against the contractor or subcontractor so in default and against each surety for the performance of such contract, unless the Lessee shall determine, and the Trustee shall concur in writing, that under the circumstances it is not to the detriment of the Bondholders for the Lessee not to so proceed against such contractor, subcontractor or surety. The Lessee may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Lessee deems reasonably necessary. The Net Proceeds of any amounts recovered pursuant to this Section 4.05, if received prior to the completion of the Project or Improvement, as the case may be, shall be deposited in the Construction Fund and, if received thereafter, shall be deposited in the Principal and Interest Account.

Section 4.06. Issuance of Additional Bonds. The Lessee from time to time may request the Issuer to issue Additional Bonds pursuant to and subject to the limitations contained in Sections 212, 213 or 214 of the Indenture, as the case may be. In such event, the Issuer hereby agrees to use its best efforts to sell and deliver any such Additional Bonds in accordance with the provisions of the Indenture. In the event any such Additional Bonds are issued, the Lessee hereby covenants and agrees that it shall pay such increased Basic Rent and Addi-

tional Rent as may be necessary to pay the principal or Redemption Price of, and interest on, such Additional Bonds and shall enter into an agreement with the Issuer amending this Lease to the extent necessary to state the purpose of such Additional Bonds, to provide for the Lessee's payment of such increased Rent and assumption of such other obligations as shall be imposed upon the Lessee by virtue of the issuance of such Additional Bonds and to provide for any other matters in connection therewith.

Section 4.07. Employment of Architects and Appointment of Project Manager. (a) For the purpose of performing and carrying out the duties imposed on the Consulting Architect by this Lease and the Indenture, the Lessee shall employ or cause to be employed a Consulting Architect.

(b) For the performance of the functions of the Project Manager under this Lease and the Indenture, the Lessee shall appoint or cause the appointment of a Project Manager.

ARTICLE V

DELIVERY OF POSSESSION AND RENTAL PROVISIONS

Section 5.01. Delivery and Acceptance of Possession; Quiet Enjoyment. (a) The Issuer shall deliver to the Lessee sole and exclusive possession of the Project (subject to the provisions of Section 4.01 and 8.04 hereof) on the Closing Date with respect to the Series A Bonds, and the Lessee shall accept possession of the Project on such Date.

(b) The Issuer shall take no action, other than pursuant to Article X of this Lease, to prevent the Lessee from having quiet and peaceful possession and enjoyment of the Project during the Lease Term and will, at the request of the Lessee and at the Lessee's cost, cooperate with the Lessee in order that the Lessee may have quiet and peaceful possession and enjoyment of the Project.

Section 5.02. Rent Payable; Basic Rent; Additional Rent. The Lessee covenants and agrees to pay throughout the Lease Term, as Rent for the Project, the Basic Rent and the Additional Rent, in lawful money of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, as provided in this Section 5.02.

(a) Basic Rent. The Lessee agrees that throughout the Lease Term it shall pay Basic Rent before each Bond Payment Date as follows:

(i) At least five (5) days prior to each Bond Payment Date, to the Trustee for deposit into the Principal and Interest Account, the amount of interest payable on the Bonds then outstanding on the next succeeding Bond Payment Date; and

(ii) At least five (5) days prior to each Bond Payment Date, to the Trustee for deposit into the Principal and Interest Account, the amount of principal of the Bonds outstanding becoming due on the next succeeding Bond Payment Date.

In any event each Basic Rent payment under this Section 5.02(a) shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, payable on the next succeeding Bond Payment Date, and if at any Bond Payment Date the balance in the Bond Fund is insufficient to make the required payments of principal (whether at maturity or by redemption or acceleration as provided in the Indenture) and premium, if any, and interest on such date, the Lessee shall forthwith pay any such deficiency.

(b) Additional Rent. The Lessee shall pay, as Additional Rent, within thirty (30) days of receipt of written demand therefor, an amount sufficient to pay the following costs and expenses incurred by the Issuer which are not paid from the proceeds of Bonds:

(i) The fees and other costs incurred for services of any banking institution designated as the Paying Agent in connection with payment of the Bonds;

(ii) The fees and other costs payable to the Trustee and bond registrar for services or indemnity under the Indenture;

(iii) All costs incurred or moneys required in connection with the purchase or redemption of Bonds to the extent moneys in the Redemption Fund are not available therefor;

(iv) The fees and other costs incurred for services of such engineers, architects, attorneys, and independent accountants as are employed to make examinations, opinions and reports required under this Lease or the Indenture;

(v) Reasonable fees and other costs, not otherwise paid under this Lease or the Indenture, incurred by the Issuer by reason of its ownership, leasing and financing of the Project or in connection with its administration and enforcement of, and compliance with, this Lease and the Indenture; and

(vi) Amounts advanced by the Issuer or the Trustee under authority of this Lease or the Indenture and which the Lessee is obligated to repay.

Payments of Additional Rent shall be made by Lessee directly to the Persons entitled to such payments.

In the event the Lessee shall fail to make any payment of Rent required by this Section 5.02, the payment so in default shall continue as an obligation of the Lessee hereunder until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the Bond Rate per annum from the date of default until paid.

The Lessee agrees to pay the Rent without any further notice thereof except as specifically required by this Section 5.02.

Section 5.03. Credits Toward Basic Rent. The following amounts (to the extent, if any, which such amounts shall not have previously been the basis for a credit) shall be credited, as follows, against the Basic Rent next required to be paid by the Lessee pursuant to Section 5.02(a) hereof, and such Basic Rent shall be accordingly reduced to the extent of any such credits;

(a) As a credit against the amounts payable under Section 5.02(a)(i) hereof: (i) the amount of accrued interest received from the purchaser or purchasers of the Series A Bonds or any Additional Bonds at the time of delivery of such Bonds and deposited in the Principal and Interest Account, (ii) the amount of any interest which may be capitalized in any series of Bonds and deposited in the Princi-

pal and Interest Account, (iii) the balance of the moneys in the Construction Fund to the extent specified in Section 406 of the Indenture, (iv) the amount deposited in the Principal and Interest Account as a prepayment of Rent pursuant to Section 5.05 hereof to the extent specified by the Lessee, and (v) the amount of the net income or earnings received from the investment of moneys in the Principal and Interest Account.

(b) As a credit against the amounts payable under Section 5.02(a)(ii) hereof: (i) the balance of the moneys in the Construction Fund to the extent specified in Section 406 of the Indenture, (ii) any amount received pursuant to Section 4.05 hereof, (iii) any amount deposited in the Principal and Interest Account as a prepayment of Rent pursuant to Section 5.05 hereof to the extent specified by the Lessee, and (iv) the aggregate amount of any credit allowed under paragraph (a) above which is in excess of the amount of Rent payable under Section 5.02(a)(i) hereof.

Section 5.04. General Obligation; Obligations of Lessee Hereunder Unconditional. Except to the extent such costs are paid from the Construction Fund or otherwise, the Lessee hereby promises to pay to or upon the order of the Issuer, at or before the time when payable by the Issuer, all costs and liabilities incurred by the Issuer on account of its providing or financing of the Project, the issuance by the Issuer of its Bonds or any Additional Bonds, or otherwise as a result of the transactions contemplated by this Lease. The obligations of the Lessee to make the payments required in Section 5.02 hereof and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Lessee and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Issuer. The Lessee agrees it will not (i) suspend, discontinue or abate any payment required by Section 5.02 hereof (except as provided in Section 5.03) or (ii) fail to observe any of its other covenants or agreements in this Lease or (iii) except as provided in Section 11.01 hereof, terminate this Lease for any cause whatsoever including, without limiting the generality of the foregoing, failure to complete the Project, failure of the Lessee to occupy or to use the Project as contemplated in this Lease or otherwise, any change or delay in the time of availability of the Project, any acts or circumstances that may constitute an eviction or constructive eviction, the termination hereof, any defect in the title, design, operation, merchantability, fitness or condition of the Project or in the suitability of the Project for the Lessee's purposes or needs, failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, or the taking by Condemnation of title to or the use of all or any part of the Project, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either, any declaration or finding that the Bonds or the Indenture is invalid or unenforceable or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connec-

tion with this Lease. Nothing contained in this Section 5.04 shall be construed to release the Issuer from the performance of any of the agreements on its part contained in this Lease, and in the event the Issuer should fail to perform any such agreement, the Lessee may institute such action against the Issuer as the Lessee may deem necessary to compel performance or recover damages for non-performance. The Lessee may, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third Persons which the Lessee deems reasonably necessary in order to secure or protect its right to possession, occupancy and use of the Project under the Lease, and in such event the Issuer hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Issuer in any such action or proceeding if the Lessee shall so request.

Section 5.05. Payment of Additional Moneys in Prepayment of Bonds. The Lessee at any time may pay moneys (in addition to any other moneys required or permitted to be paid pursuant to this Lease) to the Trustee for deposit in (a) the Principal and Interest Account as the prepayment of Rent to become due pursuant to Section 5.02(a)(i) or (ii) hereof or (b) the Redemption Fund to be used for the purchase or redemption of Bonds as provided in Section 504 of the Indenture. The Lessee shall notify the Issuer and the Trustee, in writing, as to the purpose of any such payment.

Section 5.06. Rights and Obligations of Lessee upon Prepayment of Bonds. (a) In the event all the Bonds shall have been paid in full or provision for such full payment shall have been made in accordance with the Indenture, (i) all references in this Lease to the Bonds and the Trustee shall be ineffective, and (ii) the Lessee shall be entitled to use of the Project from the date of such payment or provision therefor shall have been made until 12:01 A.M., on August 1, 1993, without the payment of any further Basic Rent under Section 5.02(a) hereof, but otherwise on all of the terms and conditions hereof, except that the Lessee shall not be required to carry any insurance for the benefit of the Trustee.

(b) The amount necessary to prepay the Bonds in full, or to provide for such full prepayment shall be determined in accordance with the provisions of Section 11.02(a) of this Lease.

ARTICLE VI

MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

Section 6.01. Maintenance of the Project. (a) The Lessee agrees that throughout the Lease Term it will, at its own expense, keep the Project in good condition, repair and working order (ordinary wear and tear excepted), making all repairs and replacements thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), and operate the Project in a sound and economic manner. The foregoing agreements in this Section 6.01 are subject to Sections 7.01, 7.02, 9.01, 9.03 and 9.05 hereof.

(b) In the event that the Lessee shall fail to keep the Project in good condition, repair and working order so that the Lessee's operations in the Project are materially adversely affected, the Issuer or the Trustee may (but shall be under no obligation to) make the required repairs or replacements. The Lessee agrees to reimburse the Person making any such payment for the full amount so advanced, together with interest thereon at the Bond Rate per annum from the date of payment thereof.

Section 6.02. Modifications of the Project. (a) Subject to the provisions of Section 11.01(c) hereof, the Lessee at its own cost and expense may make such additions, renewals, replacements or improvements to or alterations of the Project or may construct or place on the Project such additional or renewal or replacement facilities, machinery or equipment, as the Lessee may deem desirable to attain the purposes herein contemplated, provided that such additions, renewals, replacements, improvements, alterations, facilities, machinery or equipment will not impair the structural soundness or the usefulness of the Project.

(b) At the request of the Lessee, the Issuer shall join in any application for such municipal and other government permits and authorizations as the Lessee may deem necessary or advisable in connection with any such construction, acquisition or installation, provided that the Lessee shall indemnify and hold the Issuer harmless against and from all costs and expenses which may be incurred by the Issuer in connection with any such joinder or application.

Section 6.03. Improvements and Additional Equipment as Part of the Project. (a) All buildings, structures, improvements, machinery and equipment which shall be constructed, placed or installed in or upon the Project as an addition to, or as a substitute for or in renewal or replacement of, any buildings, structures, improvements, machinery or equipment constituting part of the Project shall become a part of the Project.

(b) Notwithstanding the provisions of subsection (a) of this Section 6.03, any machinery and equipment shall not be deemed a part of the Project if such machinery and equipment (i) shall be placed or installed by the Lessee in or upon the Project without expense to the Issuer, (ii) shall not be financed with the proceeds of any Bonds or Additional Bonds,

(iii) is not in replacement or renewal of or substitution for machinery and equipment constituting part of the Project, (iv) may be removed without damage to or impairment of the usefulness of the Project and (v) shall be marked by an appropriate tag or other device as the property of the Lessee. Any such Property that is not part of the Project may be altered, removed or replaced by the Lessee at any time so long as the Lessee is not in Default hereunder. For the purposes of this Lease it is the intention of the parties hereto that all buildings, structures, improvements, machinery, equipment which is located from time to time on the real property described in Exhibit A to this Lease shall be presumed and deemed to be property of the Issuer, unless marked by an appropriate tag or other device as the property of the Lessee.

Section 6.04. Taxes, Assessments and Utility Charges.

(a) The Lessee agrees to pay, as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever, including ad valorem taxes and any taxes on its leasehold interest, that may at any time be lawfully assessed or levied against or with respect to the Project and any furnishings, equipment or other Property installed or brought by the Lessee therein or thereon, including without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or revenues of the Issuer from the Project, (ii) all utility or other charges, including "service charges", incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project and (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements that may become secured by a Lien on the Project; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated under this Lease to pay only such installments as are required to be paid during the Lease Term.

(b) It is recognized that under the provisions of the Act when any project is leased by a County pursuant to the Act the Lessee thereof shall be required to make payments to the County, the school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such County, school district or school districts and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Lessee to comply with the aforesaid obligation, it is agreed that the Issuer in cooperation with the Lessee (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes that would be applicable to the Project if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee, when the respective levies are made upon property privately owned as aforesaid, a statement specifying the amount and due date of such taxes which the County, school district and other political

units having taxing powers would receive if the Project were so privately owned; and Lessee shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by the Act to be paid to the aforesaid taxing authorities, subject in each case to the Lessee's right to obtain exemptions (and discounts), if any, therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made, and to contest the same in the manner and to the extent provided in subsection (c) of this Section 6.04 in the case of taxes and other governmental charges. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 6.04(b) to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other statute to the contrary notwithstanding. The Issuer and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Project owned by the Issuer will be subject to taxation in the State, and under present law the income and profits (if any) of the Issuer from the Project are not subject to either Federal or State taxation and that under present law there is no tax imposed upon leasehold estates in the State and (ii) that these factors, among others, have induced the Lessee to enter into this Lease.

(c) The Lessee may, in good faith and at its own expense, contest any such taxes, assessments and other charges, after giving notice of its intention to do so to the Issuer and the Trustee. In the event of any such contest, the Lessee may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the Lessee that by nonpayment of any such items the Lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly or secured by posting a bond in form and substance satisfactory to the Trustee.

Section 6.05. Insurance Required. At all times throughout the Lease Term, including without limitation during any period of construction of the Project and any Improvement, the Lessee shall maintain insurance against such risks and in such amounts as is customary for manufacturing facilities of like size and type paying, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) fire, with Uniform Standard Extended Coverage Endorsements, or equivalent coverage obtainable through Federal or State programs, and vandalism and malicious mischief insurance, as may be approved for issuance in the State, including insurance against loss or damage from lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke, at all times in an amount equal to the lesser of (i) 100% of the replacement cost of the Project, exclusive of excava-

tions and foundations, or (ii) the total unpaid principal amount of the Bonds and any Additional Bonds then outstanding;

(b) insurance coverage of boilers, pressure vessels, auxiliary piping and selected machinery objects (pumps and compressors), if any, with a minimum limit of \$250,000 and with deductible provisions not exceeding \$5,000;

(c) comprehensive general liability insurance with minimum limits of \$1,000,000 for each occurrence and \$500,000 for each person and property damage coverage with a limit of \$50,000; and

(d) workmen's compensation coverage, disability benefits insurance and any other type of insurance required by the laws of the State.

Except as provided in paragraph (b) above, any of the insurance required in paragraphs (a) through (d), inclusive, may provide a deductible provision in an amount not exceeding that in similar policies carried by corporations of a size, and character similar to the Lessee, if reasonably obtainable, and the Lessee shall be a self-insurer to the extent of the amount of the deductible obtained.

Section 6.06. Insurers and Policies. (a) Each insurance policy required by Section 6.05 hereof (i) shall be issued by a financially responsible insurer (or insurers) of recognized standing, legally authorized to write the respective insurance, (ii) shall be in such form and with such provisions (including, without limitation, the loss payable clause, the waiver of subrogation clause and the designation of the named insured parties) as are generally considered standard provisions for the type of insurance involved and (iii) shall prohibit cancellation or modification by the insurer without at least thirty (30) days' prior written notice to the Issuer, the Lessee and the Trustee. Prior to expiration of any such policy, the Lessee shall furnish the Trustee and the Issuer evidence satisfactory to each of the latter, that the policy has been renewed or replaced or is no longer required by this Lease. Without limiting the generality of the foregoing, all insurance policies carried pursuant to paragraphs (a), (b) and (c) of Section 6.05 hereof shall name the Issuer, the Lessee and the Trustee as parties insured thereunder as the respective interest of each of such parties may appear. Each such policy shall provide that losses thereunder shall be adjusted with the insurer by the Lessee on behalf of the insured parties. The policies required by Section 6.05(a) shall contain standard mortgage clauses requiring that all Net Proceeds of insurance resulting from any claim in excess of \$100,000 for loss or damage covered thereby shall be paid to the Trustee.

(b) All such policies of insurance, or a certificate or certificates of the insurers or an agent or agents of the insurers acceptable to the Trustee that such insurance is in force and effect, shall be deposited with the Trustee on or before the Closing Date with respect to the Bonds.

(c) In addition, the Lessee shall furnish to the Trustee on or before the Closing Date, and annually thereafter, a certificate of a Person knowledgeable in insurance matters (who may be an officer or employee of the Lessee) stating that all policies required by this Lease to be in force and effect at that time are in full force and effect and that such policies and the insurance evidencing thereby comply with the requirements of Sections 6.05 and 6.06 hereof.

(d) Any insurance required by Section 6.05 hereof may be provided by blanket policies issued to the Lessee and may cover risks in addition to those required by Section 6.05.

Section 6.07. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.05 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required in Section 6.05(a) and (b) hereof shall be applied as provided in Section 7.01 hereof, and (ii) the Net Proceeds of the insurance required in paragraphs (c) and (d), of Section 6.05 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.08. Advances by Issuer or Trustee. (a) In the event the Lessee shall fail to (i) pay any tax, assessment or governmental charge required to be paid by Section 6.04 hereof or (ii) maintain the full insurance coverage required by Section 6.05 hereof, the Issuer or the Trustee, without prior notice to the Lessee, may (but shall be under no obligation to) pay such tax, assessment or governmental charge or take out the required policy of insurance and pay the premiums on the same.

(b) In the event that the Lessee shall permit any unsafe or dangerous condition to exist in the Project, the Issuer or the Trustee may notify the Lessee in writing of such condition and, if the Lessee shall fail to correct such condition within thirty (30) days after receipt of such notice, may (but shall be under no obligation to) make the required correction, improvement or repairs.

(c) All amounts so advanced by either the Issuer or the Trustee pursuant to subsection (a) or (b) of this Section 6.08 shall be reimbursed by the Lessee to the Person making the advance, together with interest thereon at the Bond Rate per annum from the date of such advance to the date of reimbursement.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01. Damage or Destruction. (a) If the Project shall be damaged or destroyed (in whole or in part) at any time during the Lease Term:

(i) there shall be no abatement or reduction in the amount of Rent payable by the Lessee under this Lease,

(ii) the Lessee shall promptly give written notice of any material damage or destruction to the Issuer and the Trustee, and

(iii) except as otherwise provided in subsection (b) of this Section 7.01, the Lessee shall promptly replace, repair, rebuild or restore the Project to substantially the same condition, value and utility as an operating entity as existed prior to such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other Property) as may be desired by the Lessee and as will not impair the over-all operating utility, use or service capacity or the character of the Project.

If the claim for loss resulting from such damage or destruction is not greater than \$100,000, the Lessee shall apply to the replacement, repair, rebuilding or restoration of the Project so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses.

If the claim for loss resulting from such damage or destruction exceeds \$100,000, all Net Proceeds of insurance shall be paid to and held by the Trustee in a special trust fund. The Trustee, upon receipt of a certificate of the Authorized Representative of the Lessee that payments are required for such purpose, shall apply so much as may be necessary of the Net Proceeds of such insurance to the payment of the costs of such replacement, repair, rebuilding or restoration, either on completion thereof or as the work progresses, at the option of the Lessee. Each such certificate of the Lessee shall be accompanied by a certificate of an architect or engineer (who shall be selected by the Lessee and satisfactory to the Trustee) in charge of the rebuilding, repairing or restoring, dated not more than 30 days prior to such direction, setting forth in substance that (a) the sum then directed to be applied either has been paid by the Lessee, or is justly due, to contractors, subcontractors, materialmen, engineers, architects or other persons who shall have rendered services or furnished materials or improvements for the rebuilding, repairing or restoring therein specified; the names of such persons; a brief description of such services or materials or improvements and the several amounts so paid or due to each of such persons; and a statement that none of the costs of the services or materials or improvements described in such certificate has been or is being made the basis, in any previous or then pending direction, for payment under this Section and that the sum then directed to be applied does not exceed the value of the services or materials or im-

provements described in the certificate, and (b) that, except for the amount, if any, stated (pursuant to (a) preceding) in such certificate to be due for services or materials or improvements, there is not outstanding any indebtedness known to the persons signing such certificate which is then due for labor, wages, materials, supplies or services which, if unpaid, might become the basis of a vendor's, mechanic's, laborer's or materialmen's lien upon the Project or any part thereof. Pending the expenditure of such special fund, the Trustee, pursuant to the written direction of an Authorized Representative of the Lessee, shall invest the same in such investments and in such manner as is provided by Section 602 of the Indenture.

In the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the Lessee shall nonetheless complete the work thereof and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds.

All such replacements, repairs, rebuilding or restoration made pursuant to this Section 7.01, whether or not requiring the expenditure of the Lessee's own money, shall automatically become a part of the Project as if the same were specifically described herein.

Any balance of such Net Proceeds remaining after payment of all the costs of such replacement, repair, rebuilding or restoration shall be deposited in the Redemption Fund and used as provided in Section 504 of the Indenture.

(b) The Lessee shall not be obligated to replace, repair, rebuild or restore the Project, and the Net Proceeds of the insurance shall not be applied as provided in subsection (a) of this Section 7.01, if the Lessee shall exercise its option to terminate this Lease pursuant to Section 11.01(a) hereof.

If the event specified in this Section 7.01(b) shall have occurred, the total amount of Net Proceeds collected under any and all policies of insurance covering the damage to or destruction of the Project shall be paid to the Trustee which shall apply such Net Proceeds to the payment of the amounts required to be paid by Section 11.02(a) hereof.

(c) If the Bonds and interest thereon have been fully paid or provision therefor has been made pursuant to the Indenture, all such Net Proceeds shall be paid to the Lessee for its corporate purposes.

(d) The Lessee may adjust all claims under any policies of insurance required by Section 6.05 hereof, subject to the approval of (i) the Trustee as to settlement of any claims in excess of \$100,000 and (ii) the Issuer as to settlement of any claim whereby the Issuer may be directly or indirectly liable (which approval neither the Trustee nor the Issuer shall unreasonably withhold or delay).

Section 7.02. Condemnation. (a) If at any time during the Lease Term the whole or any part of title to, or the use of the Project shall be taken by Condemnation, the Issuer shall

have no obligation to restore or replace the Project and there shall be no abatement or reduction in the amounts payable by the Lessee under this Lease.

Except as otherwise provided in subsection (b) of this Section 7.02, the Lessee shall promptly:

(i) restore the Project (excluding any land taken by Condemnation) to substantially the same condition, value and utility as an operating entity as existed prior to such Condemnation, or

(ii) acquire, by construction or otherwise, facilities of substantially the same nature and value as an operating entity as the Project ("Substitute Facilities"). Such Substitute Facilities shall be (v) a "Project" as authorized in the Act, (w) used for such purposes and in such manner so as not to adversely affect the tax-exempt status of the interest payable on the Bonds, (x) deemed a part of the Project (y) subject to no Liens prior to the Lien of the Indenture, other than Permitted Encumbrances, and (z) available for use by the Lessee without the payment of any rent or use charge other than as provided in this Lease. The Lessee shall deliver to the Issuer such documents as may be necessary or appropriate to convey title to such Substitute Facilities.

The Net Proceeds of any award in any Condemnation proceedings shall be paid to and held by the Trustee in a special trust fund. The Trustee, upon receipt of a certificate of the Authorized Representative of the Lessee that payments are required for such purpose, shall apply so much as may be necessary of such Net Proceeds to the payment of the costs of the restoration of the Project or the acquisition of Substitute Facilities, either on completion thereof or as the restoration or acquisition progresses, at the option of the Lessee. Pending the expenditure of moneys held by the Trustee in such special trust fund, the Trustee, pursuant to the written direction of the Authorized Representative of the Lessee, shall invest the same in such investments and in such manner as is provided in Section 602 of the Indenture.

In the event such Net Proceeds of any Condemnation award are not sufficient to pay in full the costs of such restoration of the Project or such acquisition of Substitute Facilities, the Lessee shall nonetheless complete such restoration or acquisition and shall pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds.

The Project, as so restored, or the Substitute Facilities, whether or not requiring the expenditure of the Lessee's own moneys, shall automatically become part of the Project.

Any balance of such Net Proceeds of any Condemnation award remaining after payment of all costs of such restoration or acquisition shall be deposited in the Redemption Fund and used as provided in Section 504 of the Indenture.

(b) The Lessee shall not be obligated to restore the Project or acquire Substitute Facilities, and the Net Proceeds of any Condemnation award shall not be applied as provided in Section 7.02(a) hereof, if the Lessee shall exercise its option to terminate this Lease pursuant to Section 11.01 (a) hereof.

If the event specified in this Section 7.02(b) shall have occurred, the Net Proceeds of any Condemnation award shall be paid to the Trustee which shall apply such Net Proceeds to the payment of the amounts required to be paid by Section 11.02(a) hereof.

(c) If the Bonds and interest thereon have been fully paid or provision therefor has been made pursuant to the Indenture, all such Net Proceeds shall be paid to the Lessee for its corporate purposes.

Section 7.03. Condemnation of Lessee-Owned Property.
The Lessee shall be entitled to the proceeds of any Condemnation award or portion thereof made for damage to or taking of any Property which, at the time of such damage or taking, is not part of the Project.

ARTICLE VIII

SPECIAL COVENANTS

Section 8.01. No Warranty of Condition or Suitability by the Issuer. The Issuer makes no representation or warranty, either express or implied, as to the condition, title, design, operation, merchantability or fitness of the Project or that it is or will be suitable for the Lessee's purposes or needs.

Section 8.02. Indemnity and Hold Harmless Provisions.

(a) The Lessee hereby releases the Issuer, its members, agents, employees, attorneys and consultants from, agrees that the Issuer, its members, agents, employees, attorneys and consultants shall not be liable for and agrees to reimburse and indemnify and hold the Issuer, its members, agents, employees, attorneys and consultants harmless from and against any and all (i) liability for loss or damage to Property or any injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Project or arising by reason of or in connection with the occupation or the use thereof or the presence on, in or about the premises of the Project and (ii) liability arising from or expense incurred by the Issuer's acquisition, owning, leasing and financing of the Project, including without limiting the generality of the foregoing all claims arising from the performance by the Lessee of the covenants contained in Section 4.01 of this Lease, and all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing and (iii) costs and expenses of the Issuer or the members thereof incurred as a result of carrying out its obligations under this Lease and the Indenture.

(b) Notwithstanding the fact that it is the intention of the parties that the Issuer shall not incur any liability by reason of the terms of this Lease, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act required of it by this Lease, or by reason of the performance of any act requested of it by the Lessee, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the Issuer should incur any such pecuniary liability then in such event the Lessee shall indemnify and hold harmless the Issuer against all claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Lessee shall defend the Issuer in any such action or proceeding.

Section 8.03. Reimbursement of Issuer and Trustee. The Lessee shall promptly pay any and all costs and expenses which may be incurred by, or judgments which may be rendered against, the Issuer or the Trustee or any of their respective officers, employees or agents at any time or times during the Lease Term (i) in enforcing any of the terms, covenants, conditions or provisions of this Lease or (ii) in obtaining possession of the Project or in taking any other

action as a result of any Default by the Lessee or (iii) in defending any action, suit or proceeding brought against the Issuer or the Trustee or any of their respective officers, employees or agents as a result of the violation of, or non-compliance with, any present or future Federal, State or municipal law, ordinance, regulation or order, or as a result of any alleged failure, neglect, misfeasance, malfeasance or default on the part of the Lessee or any of its officers, employees, servants, agents or independent contractors in connection with, arising from, or growing out of this Lease or the Project, or any operations conducted in or any use or occupancy of the Project.

Section 8.04. Right of Access to the Project. The Issuer, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times to enter upon and to examine and inspect the Project. In addition, the Issuer and its duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to cause its completion as provided for in Section 4.01 hereof and, thereafter, for the proper maintenance and repair of the Project in the event of failure by the Lessee to perform its obligations as required by Section 6.01 hereof.

Section 8.05. Compliance With Orders, Ordinances, Etc.
(a) The Lessee agrees that it will, throughout the Lease Term, at its own expense, promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions, contract provisions and requirements of all Federal, State, county, municipal and other governments, departments, commissions, boards, companies or associations insuring the premises, courts, authorities, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Project or any part thereof, or to any of the streets, roads, passageways, sidewalks, curbs and gutters adjoining the Project or any part thereof, or to any use, manner of use or condition of the Project or any part thereof.

(b) Notwithstanding the provisions of subsection (a) of this Section 8.05, the Lessee may, in good faith and at its own expense, contest the validity or the applicability of any requirement of the nature referred to in such subsection (a). In such event, the Lessee may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the Lessee that by failure to comply with such requirement or requirements the Lien of the Indenture as to any part of the Project may be materially endangered or the Project or any part thereof may be subject to loss or forfeiture, in which event the Lessee shall promptly take such action with respect thereto as shall be satisfactory to the Trustee.

Section 8.06. Discharge of Liens and Encumbrances. (a) The Lessee covenants and agrees that it shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the Project or any part thereof by reason of any labor, materials or services rendered or supplied or claimed to be rendered or supplied with respect to the Project or any part thereof. The Lessee shall immediately give notice to the Trustee of the filing or asser-

tion of any such Lien of which it has knowledge and shall, within thirty (30) days after receipt of notice of the filing or assertion of any such Lien, satisfy such Lien or cause it to be discharged of record or otherwise prevent the enforcement thereof by payment, deposit, filing the requisite bond or taking such other action as shall be satisfactory to the Trustee.

(b) Notwithstanding the provisions of subsection (a) of this Section 8.06, the Lessee may, in good faith and at its own expense, contest any such Lien. In such event, the Lessee may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Issuer or the Trustee shall notify the Lessee that by nonpayment of any such item or items the Lien of the Indenture may be materially endangered or the Project or any part thereof may be subject to loss or forfeiture, in which event the Lessee shall promptly secure payment of all such unpaid items by filing the requisite Bond, in form and substance satisfactory to the Trustee or take such other action as shall be satisfactory to the Trustee.

Section 8.07. Books of Record and Account; Financial Statements. The Lessee shall maintain proper books of records and account, in which full and correct entries shall be made in accordance with generally accepted accounting principles, of all its business and affairs. The Lessee shall have an annual audit made by independent certified public accountants of recognized standing and, within 120 days after the end of each of its fiscal years, shall furnish the Trustee copies of the consolidated balance sheet of the Lessee and its subsidiaries, if any, as of the end of its fiscal year, consolidated statements of income and retained earnings of the Lessee and its subsidiaries, if any, for such fiscal year and consolidated statements of changes in financial position of the Lessee and its subsidiaries, if any, for such fiscal year, all in reasonable detail and certified by such accountants, together with a certificate of such accountants to the effect that in making the examination necessary for their audit they have obtained no knowledge of the occurrence of any condition, event or act which, with or without notice or lapse of time or both, would constitute an Event of Default, or if such accountants have obtained knowledge of any such violation, condition, event or act, they shall specify in such certificate all such conditions, events and acts and the nature and status thereof, it being understood that such accountants shall not be liable with respect to such certificate, directly or indirectly, to anyone for failure to obtain knowledge of any such condition, event or act.

Section 8.08. Lessee to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted. The Lessee agrees that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, however, that if no Event of Default hereunder shall have occurred and be continuing and prior written notice is given to the Issuer and the Trustee, the Lessee may (i) sell or otherwise transfer all or substantially all of its assets to, or consolidate with or merge into another organization or corporation, (ii) permit one or more such organizations or corporations to con-

solidate or merge into it, or (iii) acquire all or substantially all of the assets of one or more such organizations or corporations, provided (a) that such consolidation or merger does not, in the opinion of Bond Counsel, adversely affect the exemption from Federal income tax of the interest payable on any Bonds then outstanding, (b) that the surviving, resulting or transferee organization or corporation, as the case may be, is organized under the laws of the State or qualifies to do business in the State and is authorized to lease and operate the Project, (c) that the surviving, resulting or transferee organization or corporation, as the case may be, assumes in writing all of the obligations of and restrictions on the Lessee under this Lease and under the Guaranty, and (d) that the surviving, resulting or transferee organization or corporation, as the case may be, has a tangible net worth determined in accordance with generally accepted accounting principles at least equal to the tangible net worth of the Lessee as of the date of the Lessee's most recent certified financial statements.

Section 8.09. Tax Exempt Status of Bonds and Arbitrage.
The Issuer covenants that it shall, prior to the issuance of the Series A Bonds duly elect to have the provisions of Section 103(b)(6)(D) of the Code apply to such issue. The Lessee covenants that it shall furnish to the Issuer whatever information is necessary for the Issuer to make such election and shall file such supplemental statements and other information as are required by the applicable regulations or procedures of the Internal Revenue Service. The Lessee further covenants that it does not presently intend to make any capital expenditures which will cause the interest on the Series A Bonds to become subject to federal income taxes pursuant to the provisions of Section 103(b) of the Code so long as any of the Bonds are outstanding under the Indenture. The Lessee further covenants that it will not take any action (other than making the aforesaid capital expenditures) which would cause the interest on the Series A Bonds to become subject to federal income taxes, provided, that the Lessee shall not have violated this covenant if the interest on any of the Bonds becomes taxable to a person who is a substantial user of the Project or a related person pursuant to the provisions of Section 103(b)(7) of the Code.

The Lessee further covenants that it shall furnish to the Issuer and the Trustee (i) at the time of the issuance of the Series A Bonds, a statement of the aggregate amount of capital expenditures made or incurred in the unincorporated area of Georgetown County, South Carolina, during the period beginning three years before the date of such issue, (ii) within 90 days following the close of each fiscal year of the Lessee occurring within three years after the issuance of the Bonds, a statement of the aggregate amount of capital expenditures made or incurred in such area during the period beginning with the date of the last statement filed with the Trustee and ending on the last day of the preceding fiscal year, (iii) within 90 days following the third anniversary date of the issuance of the Bonds, a statement of the aggregate amount of capital expenditures made or incurred in such area during the period beginning with the date of the last statement filed with the Trustee and ending on such anniversary date and (iv) within 30 days after it has made or incurred the maximum amount of capital expenditures permitted under Section 103(b)(6)(D) of the Code a statement to that effect. Each such statement

shall set forth a description of those capital expenditures which are capital expenditures under Section 103(b)(6)(D)(ii) of the Code and shall take into account facilities referred to in Section 103(b)(6)(E) of the Code in computing such capital expenditures and a description, and the reason for the exclusion, of any capital expenditures which the Lessee has not taken into account under Section 103(b)(6)(F) of the Code. For the purposes of this paragraph, in determining the amount of capital expenditures, there shall be included such expenditures of the Lessee and of all persons related to the Lessee within the meaning of Section 103(b)(6)(C) of the Code. The Lessee hereby represents that the Project is located entirely within the unincorporated area of Georgetown County, South Carolina.

The Issuer and the Lessee jointly and severally covenant with all purchasers and holders of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Code, and any lawful regulations promulgated or proposed thereunder, including Sections 1.103-13 and 1.103-14 of the Income Tax Regulations (26 CFR Part 1), as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised. The Issuer and the Lessee reserve the right, however, to make any investment of such moneys permitted by State law, if, when and to the extent that said Section 103(c) or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final judgment of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation or decision would not, in the opinion of counsel of recognized competence in such matters, result in making the interest on the Bonds subject to federal income taxation.

ARTICLE IX

RELEASE OF CERTAIN LANDS; MORTGAGING; EASEMENTS; ASSIGNMENTS AND SUBLEASING

Section 9.01. Restriction on Sale of Project; Release of Certain Land. (a) Except as otherwise specifically provided in this Article IX and in Article X hereof, the Issuer shall not sell, convey, transfer, encumber or otherwise dispose of the Project or any part thereof without the prior written consent of the Lessee.

(b) Upon satisfaction of the conditions precedent set forth in this subsection (b), the Issuer shall release from the provisions of this Lease and the leasehold estate created hereby any rights in land which are not reasonably necessary or desirable for the Project. Upon such release the Issuer shall execute and deliver and direct the Trustee to execute and deliver any and all instruments necessary or appropriate to so release, from such leasehold estate and the Lien of the Indenture, such rights in land and convey such title or interest therein to the Lessee or such other Person as the Lessee may designate, upon receipt by the Issuer and the Trustee of the following:

(1) A copy of the proposed instrument transferring such title or interest in such rights in land;

(2) A certificate of the Lessee (i) stating that the Lessee is not in Default under this Lease and (ii) stating the purpose for which the Lessee desires such release;

(3) A certificate of the Consulting Architect, dated not more than sixty (60) days prior to the date of the release, stating that, in the opinion of such Architect, (i) such rights in land proposed to be released are not reasonably necessary or desirable for the operation of the Project and (ii) the proposed release will not materially impair the efficient operation of the Project or the means of ingress thereto or egress therefrom;

(4) A certificate of an Independent Appraiser acceptable to the Trustee, dated not more than sixty (60) days prior to the date of the release, stating the fair market value of such rights in land to be so released; and

(5) An amount of cash equal to the fair market value of such rights in land as determined by the certificate described in paragraph 4 above, which amount shall be deposited in the Redemption Fund and used as provided in Section 504 of the Indenture.

No conveyance or release effected under the provisions of this Section 9.01 shall entitle the Lessee to any abatement or diminution of the Rent payable under Section 5.02 hereof.

Section 9.02. Mortgaging of Project; Priority of this Lease. (a) The Issuer shall mortgage the Project and assign

its interest in and its rights to receive any moneys under this Lease to the Trustee pursuant to the Indenture as security for payment of the principal or Redemption Price of and interest on the Bonds and incidental costs and expenses. Such mortgage and assignment shall in no way diminish or impair the obligations of the Issuer under this Lease. The Lessee hereby consents to such mortgage and assignment by the Issuer.

(b) The rights of the Trustee and the holders of the Bonds under the Indenture shall be subject and subordinate to the rights of the Lessee under this Lease so long as there is no Event of Default under this Lease. In the event of a Default under this Lease, the rights of the Lessee under this Lease shall be subordinate to the Lien of the Indenture.

Section 9.03. Grant of Easements. The Issuer agrees, at the written request of the Lessee, to grant such rights of way or easements over, across or under the land constituting a part of the Project and to grant such permits or licenses with respect to the use thereof as shall be necessary or convenient for the operation or use of the Project, including but not limited to leases, easements or rights of way, for utility, drainage, roadway, railroad or similar purposes in connection with the Project, or for the utilization of the real property adjacent to or near the Project and owned by or leased to the Lessee, provided that such leases, rights of way, easements, permits or licenses do not materially adversely affect the efficient operation of the Project or impair the means of ingress thereto and egress therefrom. The Issuer agrees to execute and deliver and to direct the Trustee to execute and deliver any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the Lien of the Indenture, upon receipt by the Issuer and the Trustee of:

(1) A copy of the proposed instrument of grant of such right of way, easement, permit or license;

(2) A written request of the Lessee requesting such grant;

(3) A certificate of the Lessee stating that (i) the Lessee is not in default under this Lease and (ii) such grant is necessary or convenient for the operation or use of the Project; and

(4) A certificate of the Consulting Architect, dated not more than sixty (60) days prior to the date of the release, stating that, in the opinion of such Architect, such grant will not materially impair the efficient operation of the Project or the means of ingress thereto or egress therefrom.

Section 9.04. Assignment and Subleasing. (a) This Lease may be assigned in whole or in part and the Project may be assigned in whole or in part and the Project may be subleased as a whole or in part by the Lessee, without the consent of the Issuer or the Trustee, provided that:

(1) No assignment (other than pursuant to Section 8.08 hereof) or sublease shall relieve the Les-

see from primary liability for any of its obligations hereunder;

(2) The assignee or sublessee shall assume the obligations of the Lessee hereunder to the extent of the interest assigned or subleased;

(3) The Lessee shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be, and the instrument of assumption;

(4) The tax-exempt status of the interest on the Bonds then outstanding shall not be adversely affected thereby; and

(5) Neither the validity nor the enforceability of the Guaranty shall be adversely affected thereby.

(b) As of the purported effective date of any assignment or sublease pursuant to subsection (a) of this Section 9.04, the Lessee shall furnish the Trustee with an opinion, in form and substance satisfactory to the Trustee, of (i) Bond Counsel opining that the tax-exempt status of the interest on the Bonds then outstanding will not be adversely affected thereby and (ii) counsel to the Lessee that neither the validity nor the enforceability of the Guaranty will be adversely affected thereby.

Section 9.05. Removal of Machinery and Equipment. (a) The Issuer shall not be under any obligation to remove, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of machinery, equipment or improvement constituting a part of the Project. In any instance where the Lessee determines that any item of machinery, equipment or improvement constituting a part of the Project has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such item of machinery, equipment or improvement constituting a part of the Project and may sell, trade-in, exchange or otherwise dispose of the same, as a whole or in part, provided that:

(1) Such removal will not materially impair the over-all efficiency of the Lessee's operation in the Project or adversely affect the structural integrity of the Project and

(2) The Lessee shall either:

(x) substitute for such removed item of machinery, equipment or improvement constituting a part of the Project (either by direct payment of the costs thereof or by advancing to the Issuer the funds necessary therefor) and install in the Project other machinery, equipment or related property having equal or greater value and utility in the operation of the Project (but not necessarily having the same function) all of which substituted machinery,

equipment or related property shall be free of all Liens, other than Permitted Encumbrances, and shall become a part of the Project, or

(y) not make any such substitution and installation, provided that (i) in the case of the sale of any such removed item of machinery, equipment, or improvement constituting a part of the Project (other than to itself) or in the case of the scrapping thereof, the Lessee shall pay to the Trustee the proceeds from such sale or the scrapping thereof, as the case may be, or (ii) in the case of the trade-in of such removed item of machinery, equipment or improvement constituting a part of the Project for other furnishings, equipment or related property not to be installed in the Project, the Lessee shall pay to the Trustee an amount of money equal to the credit received by it in such trade-in, or (iii) in the case of the sale of any such removed item of machinery, equipment or improvement constituting a part of the Project to the Lessee or in the case of any other disposition thereof, the Lessee shall pay to the Trustee an amount of money equal to its fair market value at the time of sale or other disposition. Any moneys paid to the Trustee pursuant to this Section 9.05(a)(2)(y) shall be deposited in the Redemption Fund and used as provided in Section 504 of the Indenture.

(b) The Lessee shall promptly report to the Trustee each such removal, sale and other disposition of any item of machinery, equipment or improvement constituting a part of the Project and shall promptly make the substitution required by Section 9.05(a)(2)(x) hereof or shall promptly pay such amounts as are required to be paid by Section 9.05(a)(2)(y) hereof; provided that no such report or payment need be made until the amount to be paid pursuant to Section 9.05(a)(2)(y) hereof aggregates at least \$50,000 and thereafter no further report or payment need be made until such amount again aggregates at least \$50,000. The Issuer, at the request of the Lessee, shall deliver to the Lessee title to any Property to be removed from the Project and shall direct the Trustee to deliver to the Lessee appropriate documents releasing the same from the Lien of the Indenture. The Lessee shall deliver to the Issuer title to any items of machinery, equipment or related Property that are to become part of the Project pursuant to Section 9.05(a)(2)(x) hereof and shall pay any costs (including counsel fees) incurred in (y) transferring title to or releasing from the security interest, as the case may be, and releasing from the Lien of the Indenture any item of machinery, equipment or improvement constituting a part of the Project removed pursuant to this Section 9.05 and (z) transferring title to and subjecting to the Lien of the Indenture any items of machinery, equipment or related Property substituted therefor.

(c) The removal from the Project of any item of the machinery, equipment, or improvement constituting a part of the Project pursuant to the provisions of this Section 9.05 shall not entitle the Lessee to any abatement or diminution of the Rents payable under Section 5.02 hereof.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Events of Default Defined. (a) The following shall be "Events of Default" under this Lease and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(1) The failure by the Lessee to pay or cause to be paid, within five (5) business days of the date required, the Basic Rent specified to be paid under Section 5.02 hereof;

(2) The dissolution, merger or consolidation of the Lessee, or the disposition of all or substantially all of its assets, in violation of Section 8.08 hereof;

(3) The failure by the Lessee to observe and perform any covenant, condition or agreement hereunder on its part to be observed or performed (except obligations referred to in Section 10.01(a)(1) and (2) or Section 11.01(c) hereof) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration;

(4) The filing by the Lessee of a voluntary petition in bankruptcy or any petition or other pleading seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future law or regulation, or the seeking of or consent to or acquiescence in the appointment of any trustee, receiver or liquidator of it or of all or any substantial part of its assets or of the Project, or the making of a general assignment for the benefit of creditors, or the admission in writing of the inability by the Lessee to pay its debts generally as they become due;

(5) The adjudication of the Lessee to be bankrupt or insolvent, or the filing of a petition or other pleading against the Lessee seeking an adjudication of bankruptcy, reorganization, composition, readjustment, liquidation or similar relief under any present or future law or regulation which shall remain undismissed or unstayed for an aggregate of 90 days (whether or not consecutive), or the entry of an order or decree by a court of competent jurisdiction, the appointment, without the consent or acquiescence of the Lessee, of a trustee in bankruptcy or reorganization or a receiver or liquidator of it or of all or any substantial part of its property or of the Project which shall continue unvacated or unstayed on appeal or otherwise and in ef-

fect for a period of 90 days, or if the Lessee shall be dissolved or liquidated (other than as permitted by Section 8.08 hereof);

(6) The occurrence of an "Event of Default" under the Guaranty.

(b) Notwithstanding the provisions of Section 10.01(a) hereof, if by reason of force majeure either party hereto shall be unable in whole or in part to carry out its obligations under this Lease and if such party shall give notice and full particulars of such force majeure in writing to the other party and to the Trustee within a reasonable time after the occurrence of the event or cause relied upon, the obligations under this Lease of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of such inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this subsection (b) shall not be deemed an Event of Default under this Section 10.01. Notwithstanding anything to the contrary in this subsection (b), an event of force majeure shall not excuse, delay or in any way diminish the obligations of the Lessee to make the payments required by Sections 5.02 and 6.04 hereof, to obtain and continue in full force and effect the insurance required by Section 6.05 hereof, to provide the indemnity required by Sections 8.02 and 8.03 hereof or to comply with the provisions of Section 11.01(c) hereof. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions or officials, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, partial or entire failure of utilities, or any other cause or event not reasonably within the control of the party claiming such inability. It is agreed that the settlement of strikes, lockouts and other employee disturbances shall be entirely within the discretion of the party having the difficulty, and the party having the difficulty shall not be required to settle any strike, lockout and other employee disturbances by acceding to the demands of the opposing party or parties.

Section 10.02. Remedies on Default. (a) Whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(1) Declare, by written notice to the Lessee, to be immediately due and payable, whereupon the same shall become immediately due and payable: (i) all unpaid installments of Rent payable pursuant to Section 5.02 hereof in an amount equal to the amount required to pay or cause the Bonds to be paid pursuant to Section 902 of the Indenture and (ii) all other payments due or to become due under this Lease;

(2) Re-enter and take possession of the Project, on ten (10) days written notice to the Lessee, without terminating this Lease and without being liable for any prosecution or damages therefor, and sublease the Project for the account of the Lessee, holding the Lessee liable for the amount, if any, by which the aggregate of the Rents and other amounts payable by the Lessee hereunder exceeds the aggregate of the Rents and other amounts received from the sublessee under such sublease;

(3) Terminate, on ten (10) days written notice to the Lessee, the Lease Term and all rights of the Lessee under this Lease and, without being liable for any prosecution or damages therefor, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another Person for the account of the Lessee, holding the Lessee liable for the amount, if any, by which the aggregate of the Rents and other amounts payable by the Lessee hereunder exceeds the aggregate of the rents and other amounts received from such other Person under the new lease;

(4) Withhold any payments, advances or reimbursement from Bond proceeds or moneys in the Construction Fund to which the Lessee may otherwise be entitled hereunder and, in the Trustee's sole discretion, apply any such proceeds or moneys to the payment of any obligation of the Lessee hereunder;

(5) Withhold any or all further performance under the Lease;

(6) Take any action necessary to enable the Trustee to realize on its Lien under the Indenture, including the foreclosure thereof, and any other action or proceeding permitted by the terms of the Indenture or this Lease;

(7) Maintain any action against the Lessee hereunder to recover any sums payable by the Lessee or require the compliance by the Lessee with the terms of this Lease.

(b) In the event the Project is subleased or leased to another Person pursuant to Section 10.02(a)(2) or (3) hereof, the Issuer or the Trustee may (but shall be under no obligation to) make such repairs or alterations in or to the Project as it may deem necessary or desirable for the implementation of such sublease or lease, and the Lessee shall be liable and agrees to pay the costs of such repairs or alterations and the expenses incidental to the effecting of such sublease or lease, together with interest thereon at the Bond Rate per annum, notwithstanding that this Lease may have been terminated pursuant to Section 10.02(a)(3) hereof.

(c) Upon and after the occurrence of an Event of Default under this Lease, the Issuer or the Trustee or their respective attorneys, agents and accountants shall have access to, and may inspect, examine and make copies of the books and records and any and all accounts, data and any tax returns of the Lessee.

(d) Any sums paid to the Issuer by way of rents or otherwise pursuant to any sublease or lease to another Person pursuant to Section 10.02(a)(2) or (3) hereof shall be deposited and applied in accordance with the provisions of Section 502 of the Indenture, unless the Bonds shall have been accelerated pursuant to Section 902 of the Indenture in which case such sums shall be deposited and applied in accordance with the provisions of Section 905 of the Indenture.

(e) No action taken pursuant to this Section 10.02 (including repossession of the Project) shall relieve the Lessee from its obligation to make all payments required by Section 5.02 hereof.

(f) Notwithstanding the foregoing provisions of this Section 10.02, until a binding sublease or lease pursuant to Section 10.02(a)(2) or (3) hereof shall have been entered into or final action pursuant to this Section 10.02 shall have been taken which would preclude such action by the Lessee, the Lessee may pay all accrued unpaid Rents (exclusive of such Rents accrued solely by virtue of acceleration thereof as provided in Section 10.02(a)(1) hereof) and otherwise fully cure all Events of Default. In such event, this Lease shall be fully reinstated as if a Default had not occurred, and the Lessee shall be accordingly restored to the full use, occupancy and possession of the Project on the terms and conditions of this Lease.

Section 10.03. Remedies Cumulative. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Lease.

Section 10.04. Agreement to Pay Attorneys Fees and Expenses. In the event the Lessee should Default under any of the provisions of this Lease and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Lessee herein contained, the Lessee shall, on demand therefor, pay to the Issuer or the Trustee the reasonable fees of such attorneys and such other expenses so incurred.

Section 10.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

EARLY TERMINATION OF LEASE AND PURCHASE OF PROJECT

Section 11.01. Early Termination of Lease. (a) If any of the following events shall occur, the Lessee shall have the option, subject to Section 11.02 hereof, to terminate this Lease prior to the termination date set forth in Section 3.03 hereof:

(i) The Project shall have been damaged or destroyed to such extent that, in the opinion of the board of directors of the Lessee expressed in a resolution and of the Consulting Architect expressed in a certificate (in each case filed with the Issuer and the Trustee within forty-five (45) days after such damage or destruction), (a) the Project cannot reasonably be expected to be restored within a period of six (6) consecutive months to the condition thereof immediately preceding such damage or destruction, or (b) the Lessee is reasonably expected to be thereby prevented from carrying on its normal operations within the Project for a period of six (6) consecutive months, or (c) the cost of restoration of the Project is reasonably expected to exceed the Net Proceeds of insurance carried thereon, plus the amount for which the Lessee is self-insured as the result of permitted deductible amounts under Section 6.05 hereof; or

(ii) Title to, or the use of, all or any part of the Project shall have been taken by Condemnation so that in the opinion of the board of directors of the Lessee expressed in a resolution and of the Consulting Architect expressed in a certificate (in each case filed with the Issuer and the Trustee within forty-five (45) days after the date of such taking), the Lessee is reasonably expected to be thereby prevented from carrying on its normal operations therein for a period of six (6) consecutive months; or

(iii) As a result of changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether federal, state or local) or final decree, judgment or order of any court or administrative body (whether federal, state or local) entered after the Lessee's contest thereof in good faith, (1) this Lease becomes void or unenforceable or, in the opinion of the board of directors of the Lessee expressed in a resolution filed with the Issuer and the Trustee within forty-five (45) days after the happening of the event, becomes impossible of performance in accordance with the intent and purposes of the parties or (2) in the opinion of the board of directors of the Lessee expressed in a resolution filed with the Issuer and the Trustee within forty-five (45) days after the happening of the event, material additional burdens or excessive liabilities are imposed on the Lessee with respect to the Project or the Lessee's operations therein.

(b) The Lessee shall have an additional option, in its sole discretion, to terminate this Lease at any time prior to the termination date set forth in Section 3.03 hereof upon filing a resolution with the Issuer and the Trustee stating its intention to so terminate pursuant to this Section 11.01 (b) and upon payment of the amounts set forth in Section 11.02 hereof.

(c) The Lessee shall terminate this Lease and shall comply with the requirements set forth in Section 11.02 hereof within one hundred twenty (120) days after the occurrence of a Determination of Taxability as hereafter defined. The obligation of the Lessee to comply with the requirements of this Section 11.01 shall be absolute and unconditional to the same extent as provided in Sections 5.02 and 5.05 of this Lease.

A "Determination of Taxability" shall mean (i) the adoption of legislation or regulations or a decision or ruling by any judicial or administrative authority which has the effect of requiring interest payable on the Bonds to be included in the gross income of the holders or registered owners of the Bonds (other than a holder or registered owner who is a substantial user of the Project or related person as defined in the Code), or (ii) assertion by the Internal Revenue Service in the form of a statutory notice of deficiency or substantially equivalent notice to the effect that federal income taxes are payable by reason of the receipt of interest on the Bonds by inclusion of such interest in the gross income of the holder or registered owner (other than any such notice applicable only to a substantial user of the Project or a related person as defined in the Internal Revenue Code). Such Determination shall be deemed for all purposes to have occurred on the date borne by said notice from the Internal Revenue Service.

Section 11.02. Payment Upon and Conditions for Early Lease Termination. Termination by the Lessee of this Lease pursuant to Section 11.01 hereof shall not be effective until the requirements set forth in the following three subsections shall have been complied with:

(a) The following payments shall have been made:

(i) To the Trustee for the account of the Issuer: an amount certified by the Trustee which, when added to the total amount on deposit with the Trustee for the account of the Issuer and the Lessee and available for such purpose, will be sufficient (x) to pay the amount required by the applicable provision of Section 301(a) of the Indenture to pay and to redeem all the then outstanding Bonds, if such termination is pursuant to Section 11.01(a) hereof or (y) to pay, when due, or to redeem, at the earliest possible date in accordance with the provisions of Section 301(b) of the Indenture, all of the then outstanding Bonds, together with all interest on such Bonds which will accrue to the payment date or the earliest possible redemption date of the Bonds, as the case may be, or provide for the payment or redemption thereof in accordance with Section 801 of the Indenture

so that all outstanding Bonds are deemed paid under that Section, if such termination is pursuant to Section 11.01(b) hereof or (z) to pay the amount required by the applicable provision of Section 301(a) of the Indenture to pay and to redeem all the then outstanding Bonds, if such termination is pursuant to Section 11.01(c) hereof;

(ii) To the Trustee: an amount sufficient to pay all unpaid fees and expenses of the Trustee and any Paying Agent under the Indenture;

(iii) To the Issuer: an amount certified by the Issuer sufficient to pay all unpaid fees and expenses of the Issuer incurred under this Lease and the Indenture; and

(iv) To the appropriate Person: an amount sufficient to pay all other fees, expenses or charges, if any, due and payable or to become due and payable under this Lease and the Indenture and not otherwise paid or provided for.

(b) The resolution required to be filed pursuant to Section 11.01(a) or (b), as the case may be, setting forth the provision thereof authorizing early termination shall also specify the date upon which the payments pursuant to subdivision (a) of this Section 11.02 shall be made, which date shall be not less than forty-five (45) nor more than ninety (90) days from the date such resolution is filed with the Issuer and the Trustee.

(c) Arrangements have been made, satisfactory to the Trustee, for the payment or redemption of all of the then outstanding Bonds.

Section 11.03. Purchase of Project. Upon termination of the Lease Term in accordance with Section 3.03 or Section 11.01 hereof, the Lessee shall purchase the Project from the Issuer for the purchase price of \$10.00. The date of closing such purchase shall be the date on which this Lease is to be terminated.

Section 11.04. Conveyance of Project; Release of Liens.

(a) At the closing of any purchase of the Project pursuant to Section 11.03 hereof, the Issuer shall upon receipt of the purchase price, deliver and direct the Trustee to deliver to the Lessee all necessary documents (a) to convey to the Lessee good and marketable title to the Property being purchased, as such Property exists, subject to the following: (i) any Liens to which title to said Property was subject when conveyed to the Issuer, (ii) any Liens created at the request of the Lessee or to the creation of which the Lessee consented in writing, (iii) any Permitted Encumbrances (other than this Lease and the Indenture), and (iv) any Liens resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease, and (b) to release and convey to the Lessee

all of the Issuer's rights and interest in and to any rights of action or any Net Proceeds of Insurance or Condemnation awards with respect to the Project. The Lessee shall pay all costs and expenses in connection with the preparation of documents of conveyance and the delivery thereof and all fees, assessments, taxes and charges, payable in connection with the conveyance of title to the Project.

Section 11.05. Amounts Remaining on Deposit with the Trustee upon Payment of Bonds. After payment in full of the Bonds and the interest thereon (or provision for payment thereof having been made in accordance with the provisions of Section 801 of the Indenture) and payment of all fees, charges, expenses and other amounts required to be paid under this Lease and the Indenture, all amounts on deposit with the Trustee for the account of the Issuer and the Lessee under the Indenture, if any, shall belong to and be paid to the Lessee by the Trustee as overpayment of Rents and neither the Issuer, the Trustee nor any of the holders of the Bonds shall thereafter have any rights hereunder, except those that shall have theretofore vested.

Section 11.06. Relative Position of Options and Indenture. The options granted to the Lessee in this Article XI shall be prior and superior to the Indenture and, notwithstanding the provisions of Section 9.02 hereof to the contrary, may be exercised whether or not the Lessee is in Default hereunder, unless such Default and its continuance will result in the non-fulfillment of any condition to the exercise of such option.

Section 11.07. Continuation of Indemnity Provisions. Upon termination of this Lease, the liabilities of the Lessee under the Lease shall terminate, except that its liabilities and obligations under Sections 8.02 and 8.03 of this Lease shall nevertheless survive.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Surrender of Project. Except as otherwise expressly provided in this Lease, at the expiration or sooner termination of the Lease Term, the Lessee shall surrender possession of the Project peaceably and promptly to the Issuer in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance, Condemnation and ordinary wear, tear and obsolescence only excepted.

Section 12.02. Notices. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered and, if delivered by mail, shall be sent by registered mail, postage prepaid, addressed as follows:

To the Issuer:
Georgetown County, South Carolina
Georgetown County Council
County Courthouse
Georgetown, South Carolina 29440

To the Lessee:
Oneita Knitting Mills
Andrews, South Carolina 29510

To the Trustee:

A duplicate copy of each notice, certificate and other communication given hereunder by either the Issuer or the Lessee to the other shall also be given to the Trustee. The Issuer, the Lessee and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 12.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer, the Lessee and their respective successors and assigns.

Section 12.04. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.05. Amendments of Lease. Nothing contained herein shall be construed to prohibit amendment of this Lease by the Lessee and the Issuer with the consent of the Trustee given in accordance with the provisions of Article XIII of the Indenture.

Section 12.06. Limitation of Rights. This Lease is executed in part to induce the purchase by others of the Bonds, and accordingly the covenants and agreements of the Lessee herein are for the benefit of the holders from time to time

of the Bonds. However, except as otherwise expressly provided herein, nothing in this Lease, express or implied, shall be construed to confer upon any Person, other than the Issuer, the Lessee and the Trustee, any right, remedy or claim, legal or equitable, under or by reason of this Lease or any provision hereof.

Section 12.07. Execution of Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.08. Applicable Law. This Lease shall be construed and governed exclusively by the applicable laws of the State.

Section 12.09. Security Agreement; Recording and Filing.
(a) This Lease is also a security agreement under the Uniform Commercial Code of the State.

(b) This Lease or a memorandum thereof and the Indenture shall be recorded in the Office of the Register of Mesne Conveyances of Georgetown County, South Carolina, or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

(c) The Lessee hereby irrevocably appoints both the Issuer and the Trustee as its lawful attorneys and agents to execute, on behalf of the Lessee, one or more financing statements and renewals thereof with respect to the security interests granted by this Lease and, on its behalf, to file such statements or renewals thereof signed by the Issuer or Trustee alone in any appropriate public office.

Section 12.10. Table of Contents and Section Headings not Controlling. The Table of Contents and the Headings of the several Sections in this Lease have been prepared for convenience of reference only and shall not control, affect the meaning or be taken as an interpretation of any provision of this Lease.

IN WITNESS WHEREOF, the Issuer and the Lessee have caused this Lease to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

GEORGETOWN COUNTY, SOUTH CAROLINA

(SEAL)

By Chairman, County Council, Georgetown County, South Carolina

ATTEST:

Clerk, County Council, Georgetown County, South Carolina

Signed and Delivered in the Presence of:

ONEITA KNITTING MILLS

(SEAL)

By Vice President

ATTEST:

Secretary

Signed and Delivered in the Presence of:

STATE OF SOUTH CAROLINA

COUNTY OF GEORGETOWN

PERSONALLY appeared before me _____, who
being duly sworn says that (s)he saw Alfred Schooler, as Chair-
man of the County Council of Georgetown County, South Carolina,
and Jacquelyn H. Owens, as Clerk of the County Council of George-
town County, South Carolina, sign and attest the same and that
(s)he with _____ witnessed the execution and
delivery thereof as the act and deed of the said Georgetown
County, South Carolina.

SWORN to before me this
____ day of _____, 1978.

_____(L.S.)
Notary Public for South
Carolina

My Commission Expires:

STATE OF NEW YORK
COUNTY OF NEW YORK

PERSONALLY appeared before me _____, who
being duly sworn says that (s)he saw _____,
as Vice-President and _____, as Secretary of
said Corporation, sign and attest the same, and that (s)he with
_____ witnessed the execution and delivery
thereof as the act and deed of the said Oneita Knitting Mills.

SWORN to before me this
____ day of _____, 1978.

Notary Public (L.S.)

My Commission Expires:

MORTGAGE AND TRUST INDENTURE

from

GEORGETOWN COUNTY, SOUTH CAROLINA

to

TRUSTEE

DATED AS OF AUGUST 1, 1978

RELATING TO THE ISSUANCE OF \$500,000
FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES A
DATED AS OF AUGUST 1, 1978

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MORTGAGE AND TRUST INDENTURE

THIS MORTGAGE AND TRUST INDENTURE (the "Indenture"), dated as of August 1, 1978 by and between Georgetown County, South Carolina (the "Issuer"), a body politic and corporate and a political subdivision of the State of South Carolina and (the "Trustee"), a national banking association duly organized and existing under the laws of the United States of America and duly authorized to accept and execute trusts of the character hereinafter set forth, with its principal place of business located at , South Carolina, as Trustee.

W I T N E S S E T H:

WHEREAS, subject to obtaining the approval of the State Budget and Control Board of South Carolina, the Issuer is authorized and empowered by the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended (the "Act"), (i) to acquire, and in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects within the County, (ii) to lease to others any or all of its projects for such rentals and upon such terms and conditions as the County Board may deem advisable and as shall not conflict with the provisions of the Act, and (iii) to issue revenue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project, and to secure the payment of such bonds, as provided in the Act; and

WHEREAS, the Issuer is further authorized by the Act to issue bonds payable solely from the lease revenues and receipts from and secured by a first mortgage on the land, buildings, machinery, equipment and other facilities so acquired; and

WHEREAS, the Bonds shall be limited obligations of the Issuer the principal of and interest on which shall be payable solely out of the revenues derived from the leasing of the project which the Bonds are issued to finance; the Bonds and interest coupons shall never constitute an indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers; and

WHEREAS, the Issuer has heretofore agreed with Oneita Knitting Mills (the "Lessee"), a corporation duly organized and existing under the laws of the State of New York, to provide certain industrial facilities consisting of a manufacturing plant together with the site thereof and necessary and appropriate equipment and machinery therefor (the "Project"), and to lease the Project to the Lessee, in order to promote industrial development and develop trade for the inhabitants of the State of South Carolina and Georgetown County, South Carolina; and

WHEREAS, contemporaneously with the execution of this Indenture, the Issuer and the Lessee will enter into a lease agree-

ment (the "Agreement"), dated as of August 1, 1978, specifying the terms and conditions pursuant to which the Issuer will provide the Project and will lease the Project to the Lessee; and

WHEREAS, the Issuer, in accordance with the requirements of Section 4-29-140 of the Act, has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of the Agreement and Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the Issuer to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Georgetown County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS, the Issuer has, for the purpose of providing funds to pay part of the cost of acquiring, constructing, installing and equipping the Project, determined to issue and sell its revenue bonds in the aggregate principal amount of \$500,000 and to enter into this Indenture to secure such bonds in the manner set forth herein; and

WHEREAS, the Issuer has also determined to provide for the issuance from time to time of additional bonds of the Issuer on a parity with the bonds initially issued under the provisions of this Indenture for the purposes of completing payment of the cost of the Project, providing funds to pay the cost of any Improvements (as hereinafter defined) and refunding any bonds of any series, together with incidental expenses and payments in connection with any of the foregoing purposes; and

WHEREAS, the Issuer has determined that the coupon bonds to be issued under the provisions of Section 211 of this Indenture and the interest coupons to be attached thereto and the provisions for registration to be endorsed thereon, the fully registered bonds without coupons to be issued hereunder and the certificate of authentication by the Trustee to be endorsed on all such bonds shall be, respectively, substantially in the following forms, with such variations, omissions and insertions as are required or permitted by this Indenture:

(FORM OF COUPON BONDS)

No. _____

\$5,000

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
GEORGETOWN COUNTY, SOUTH CAROLINA
FIRST MORTGAGE INDUSTRIAL REVENUE BOND, SERIES A
(ONEITA KNITTING MILLS PROJECT)

GEORGETOWN COUNTY, SOUTH CAROLINA (herein called the "Issuer"), a body politic and corporate and a political subdivision of the State of South Carolina, for value received, hereby promises to pay, solely from the source and special fund provided therefor, as hereinafter set forth, to the bearer or, if registered, to the

registered owner hereof, on the 1st day of August, ____ (or earlier as hereinafter mentioned), upon the presentation and surrender hereof, the principal sum of FIVE THOUSAND DOLLARS and to pay, solely from said source and special fund, interest thereon from the date hereof at the rate of ____ percent (____ %) per annum until payment of such principal sum, such interest to the maturity hereof being payable on February 1, 1979, and semi-annually thereafter on the 1st days of August and February in each year upon the presentation and surrender of the coupons representing such interest as the same respectively become due. The principal of, premium, if any, and the interest on this bond are payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of this bond (unless registered), premium, if any, and the interest hereon are payable at the principal office of _____, in the City of _____, South Carolina (herein called the "Trustee"), or at the office designated for such payment of any paying agent named by the Issuer.

If this bond is registered other than to bearer, payment of the principal hereof and premium, if any, hereon shall be made only to the registered owner hereof upon presentation and surrender of this bond at the office of the Trustee.

This bond and the interest hereon shall not be deemed to constitute a debt of the State of South Carolina or any political subdivision thereof, or a pledge of the faith and credit of the State of South Carolina or any political subdivision thereof but shall be a limited obligation of the Issuer payable solely from such special source and fund provided therefor in accordance with the Agreement and Indenture (each hereinafter defined) and pledged therefor, and neither the State of South Carolina any political subdivision thereof nor the Issuer shall be obligated to pay this bond, premium, if any, hereon or the interest hereon or other costs incident hereto except from such special source and fund above-mentioned and pledged therefor and neither the faith and credit nor the taxing power of the State of South Carolina or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on this bond or any other costs incident hereto. This bond and the interest thereon are limited obligations of the Issuer and are payable by the Issuer solely out of the revenues and receipts derived from the leasing or sale of the Project which has been financed through the issuance of the bonds. This bond and the interest thereon, are not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

This bond is one of a series of revenue bonds of the Issuer limited in aggregate principal amount to Five Hundred Thousand Dollars (\$500,000), consisting of bonds maturing in annual installments on the 1st day of August in the years 1979 to 1993, inclusive (herein called "bonds"), known as "First Mortgage Industrial Revenue Bonds, Series A (Oneita Knitting Mills

Project)", and duly authorized to be issued pursuant to a mortgage and trust indenture, dated as of August 1, 1978, by and between the Issuer and the Trustee (together with all trust indentures supplemental thereto, herein called the "Indenture"). The bonds are issued for the purpose of acquiring, constructing, installing and equipping a manufacturing plant and the site thereof (herein called the "Project") for lease to Oneita Knitting Mills, a New York corporation (herein called the "Lessee") to the extent that the Issuer may be able to relieve conditions of unemployment and develop industry.

The Indenture provides that additional pari passu bonds in the maximum principal amount of \$500,000 may be issued under the Indenture for the purpose of providing additional funds to pay the cost of completing the Project. The Indenture also provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional series of bonds (without limit as to aggregate amount) on a parity with all other bonds issued under the Indenture, for the purpose of paying all or any part of the cost of certain additional improvements to the Project as provided in the Indenture and for the purpose of refunding bonds of any series issued under the provisions of the Indenture.

The Issuer has entered into a lease agreement, dated as of August 1, 1978 (herein called the "Agreement"), with the Lessee under the provisions of which the Issuer has leased the Project to the Lessee and the Lessee has leased the Project from the Issuer. The Agreement provides, among other things for the payment by the Lessee to the Trustee of rental payments in amounts sufficient to pay the principal of, premium, if any, and interest on the bonds as the same shall become due and payable. Such moneys for the payment of the bonds, when deposited with the Trustee, shall be deposited in a special fund designated the "Bond Fund", which is pledged under the Indenture to the payment of the principal of, premium, if any, and interest on the bonds. The Indenture, among other things, (i) assigns to the Trustee all the rights and remedies of the Issuer under the Agreement and (ii) grants to the Trustee a first lien and prior perfected security interest in the Project, all for the equal and ratable benefit of the bondholders. Payment of the principal of, premium, if any, and interest on the bonds is unconditionally guaranteed by the Lessee pursuant to a guaranty agreement, dated as of August 1, 1978 (herein called the "Guaranty").

Reference is hereby made to the Agreement, the Guaranty and the Indenture and to all amendments and supplements thereto for the provisions, among others, with respect to the nature and extent of the security for the bondholders, the rights, duties and obligations of the Lessee, the Issuer, the Trustee and the bondholders and the terms upon which the bonds are or may be issued and secured.

This bond and the interest coupons appertaining hereto are fully negotiable and transferable by delivery, unless this bond is registered as to principal other than to bearer. This bond may be registered in the name of the holder as to principal only, in conformity with the provisions endorsed hereon.

The Issuer, the Trustee and any paying agent may deem and treat the bearer of any coupon appertaining hereto as the abso-

lute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and may treat the bearer of this bond (unless at the time this bond is registered as to principal other than to bearer) or the person in whose name this bond is registered as the absolute owner of this bond, whether this bond shall be overdue or not, for the purpose of receiving payment of the principal hereof and premium, if any, hereon, and for all other purposes whatsoever except for the purpose of receiving payment of coupons. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this bond or upon any coupon appertaining hereto, as the case may be, to the extent of the sum or sums so paid, and neither the Issuer, the Trustee nor any paying agent shall be affected by any notice to the contrary.

The bonds are issuable as coupon bonds, registrable as to principal only, in the denomination of \$5,000 each and as fully registered bonds without coupons in denomination of \$5,000 or any integral multiple thereof. At the principal office of the Trustee, in the manner and subject to the limitations, conditions and charges provided in the Indenture, (i) fully registered bonds without coupons may be exchanged for an equal aggregate principal amount of coupon bonds of the same maturity, bearing interest at the same rate and having attached thereto coupons representing all unpaid interest due or to become due thereon, or fully registered bonds without coupons of the same maturity, of authorized denominations and bearing interest at the same rate, and (ii) coupon bonds with all coupons appertaining thereto representing all unpaid interest due or to become due thereon may in like manner be exchanged for an equal aggregate principal amount of fully registered bonds without coupons of the same maturity, of authorized denominations and bearing interest at the same rate.

The bonds are not subject to redemption prior to August 1, 1988, except in the event of (i) exercise by the Lessee of its option to terminate the Agreement as provided in Section 11.01 (a) of the Agreement, (ii) the required deposit in the Redemption Fund created under the Indenture of the following: (a) cash equal to the fair market value of equipment released from the lien of the Indenture; (b) cash equal to the fair market value of unimproved real property released from the lien of the Indenture; and (c) the portion of any net condemnation award referable to the taking by eminent domain of less than all or less than substantially all the Project or any net insurance proceeds referable to any event causing destruction of or damage to any part of the Project, as the case may be, remaining after the Project has been restored, provided, however, that not less than \$50,000 principal amount of the bonds may be redeemed out of moneys on deposit in the Redemption Fund pursuant to any one call for redemption, or (iii) the mandatory termination of the Agreement by the Lessee upon the occurrence of a "Determination of Taxability", as is defined in the Agreement. If called for redemption as provided in (i) above, the bonds shall be redeemed by the Issuer as a whole within three months after the date on which the Lessee shall have exercised its option to so terminate the Agreement at and for a redemption price, with respect to each such bond, equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption and without premium. If called for redemption as provided in (ii) above, the bonds shall be redeemed by

the Issuer as a whole at any time or in part on any interest payment date, in inverse order of maturity at and for a redemption price, with respect to each such bond, equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption and without premium. If called for redemption as provided in (iii) above, prior to August 1, 1988, the bonds shall be redeemed by the Issuer at any time in whole and not in part at and for a redemption price with respect to each such bond, equal to (a) 104 per cent of the principal amount thereof plus accrued interest to the date fixed for redemption and (b) 2% of the principal amount thereof for each six month period elapsed from and after the occurrence of the Determination of Taxability and, if called for redemption as provided in (iii) above, on or after August 1, 1988, the bonds shall be redeemed by the Issuer at any time in whole and not in part, at and for the redemption prices set forth in the next succeeding paragraph hereof.

The bonds are subject to redemption prior to their maturity at the option of the Issuer on or after August 1, 1988, either in whole at any time or in part, in inverse order of maturity, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount thereof) set forth in the table below, plus accrued interest thereon to the date fixed for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 1988 to July 31, 1989, inclusive	104%
August 1, 1989 to July 31, 1990, inclusive	103%
August 1, 1990 to July 31, 1991, inclusive	102%
August 1, 1991 to July 31, 1992, inclusive	101%
August 1, 1992 and thereafter	100%

If less than all of the bonds shall be called for redemption, the particular bonds or portions of fully registered bonds without coupons to be redeemed shall be selected by the Trustee by lot.

In the event any of the bonds are called for redemption as aforesaid, notice thereof identifying the bonds to be redeemed will be given (i) by publication at least twice in THE DAILY BOND BUYER or any other newspaper or publication carrying municipal bond notices and devoted primarily to financial news or the subject of state and municipal bonds, printed in the English language and customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week in the City of New York, New York, in each case not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption and (ii) in the case of the redemption of bonds at the time registered as to principal (except to bearer) or both principal and interest, upon mailing a copy of the redemption notice by first class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each bond to be redeemed at the address shown on the registration books. If all of the bonds to be redeemed are at that time registered as to principal (except to bearer), such notice by mail shall be sufficient and published notice of the call for redemption need not be given. If, because of the temporary or permanent suspen-

sion of the publication or general circulation of any such newspaper or financial publication or for any other reason, it is impossible or impracticable to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

On the specified date fixed for redemption, all bonds so called for redemption shall cease to bear interest and shall no longer be secured by the Indenture, provided funds for their redemption are on deposit at the place of payment at that time.

The holder of this bond and any coupons appertaining hereto shall have no right to enforce the provisions of the Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In addition, the right of the holder of this bond to institute or prosecute a suit for the enforcement of payment hereof or to enter a judgment in any such suit is limited to the extent that such action would result in the surrender, impairment, waiver or loss of the lien of the Indenture for the equal or ratable benefit of all holders of bonds and coupons appertaining thereto.

Modifications or alterations of the Indenture may be made only to the extent and under the circumstances permitted by the Indenture.

This bond shall have all the qualities and incidents of and shall be a negotiable instrument under the Uniform Commercial Code of the State of South Carolina, subject only to provisions respecting registration of this bond. This bond is issued with the intent that the laws of the State of South Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to the issuance of this bond and the execution of the Indenture have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until the certificate of authentication endorsed hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, GEORGETOWN COUNTY, SOUTH CAROLINA, has caused this bond to bear the manual or facsimile signature of the Chairman of the Issuer and a facsimile of the corporate seal of the Issuer to be imprinted hereon and attested by the manual signature of the Clerk of the Issuer, and the attached interest coupons to bear the facsimile signatures of said Chairman and Clerk, all as of August 1, 1973.

GEORGETOWN COUNTY, SOUTH CAROLINA

By _____
Chairman, County Council of
Georgetown County, South Carolina

(SEAL)

ATTEST:

Clerk, County Council of
Georgetown County, South
Carolina

PROVISIONS FOR REGISTRATION

This bond may be registered as to principal only on the books of Georgetown County, South Carolina, kept by the Trustee under the within mentioned Indenture, as Bond Registrar, upon presentation hereof to the Bond Registrar. Such registration shall be noted hereon by such Bond Registrar in the registration blank below. After such registration, this bond may be transferred only upon (i) an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar and (ii) entry of such transfer on such books and endorsement hereon by the Bond Registrar. This bond may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, but this bond shall again be subject to successive registrations and transfers as before. The principal of this bond, if registered (other than to bearer), shall be payable only to or upon the order of the registered owner or his legal representative. Notwithstanding the registration of this bond as to principal only, the coupons shall remain payable to bearer and shall continue to be transferable by delivery.

<u>Date of</u> <u>Registration</u>	<u>Name of</u> <u>Registered Owner</u>	<u>Signature of</u> <u>Bond Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

(FORM OF INTEREST COUPON)

No. _____ \$ _____

On _____ 1, 19____, Georgetown County, South Carolina (unless the bond mentioned below shall previously have become payable as provided in the Indenture referred to in said bond and provision for payment thereof shall have been duly made or provided for), will pay to bearer at the principal office of _____

_____, in the City of _____, South Carolina or at the office designated for such payment of any successor thereto, upon the presentation and surrender hereof, the sum of _____ Dollars (\$ _____) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, solely from the special source and fund referred to in said Indenture, as the interest then due upon its First Mort-

gage Industrial Revenue Bond, Series A, (Oneita Knitting Mills Project) dated as of August 1, 1978, numbered ____.

Clerk, County Council,
Georgetown County, South
Carolina

Chairman, County Council,
Georgetown County, South Car-
olina

(FORM OF FULLY REGISTERED BONDS WITHOUT COUPONS)

Same as form of Coupon Bond except as follows:

1. Substitute the following for the caption and the first paragraph:

No. R _____ \$ _____

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
GEORGETOWN COUNTY, SOUTH CAROLINA
FIRST MORTGAGE INDUSTRIAL REVENUE BONDS, SERIES A
(ONEITA KNITTING MILLS PROJECT)

GEORGETOWN COUNTY, SOUTH CAROLINA (herein called the "Issuer"), a body politic and corporate and a political subdivision of the State of South Carolina, for value received, hereby promises to pay, solely from the source and special fund provided therefor, as hereinafter set forth, to _____ or registered assigns or legal representative, on the 1st day of August, 19__ (or earlier as hereinafter mentioned), upon the presentation and surrender hereof at the principal office of the City of _____, South Carolina, (herein called the "Trustee"), the principal sum of _____ Dollars in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said source and special fund, to the registered owner hereof by check or draft mailed to the registered owner at his address as it appears on the bond registration books of the Issuer, interest on said principal sum from the date hereof at the rate of _____ per centum (%) per annum until payment of said principal sum, such interest to the maturity hereof being payable on February 1, 1979 and semi-annually thereafter on the 1st days of August and February in each year in like coin or currency.

2. Substitute the following for the paragraph concerning negotiability and registration:

This bond is transferable by the registered owner hereof in person or by his attorney or legal representative at the principal office of the Trustee, but only in the manner and subject to the limitations and conditions provided in the Indenture and upon surrender and cancellation of this bond. Upon any such transfer the Issuer shall execute and the Trustee shall authenticate and deliver in exchange for this bond a new fully registered bond or bonds without coupons, registered in the name of the transferee, of authorized denominations, or, at the

option of the transferee, coupon bonds with coupons attached representing all unpaid interest due or to become due thereon, in aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate.

3. Substitute the following for the paragraph concerning payments to the bearer of the bond and any coupon appertaining thereto and the effect thereof:

The Issuer, the Trustee and any paying agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof, whether this bond shall be overdue or not, for the purpose of receiving payment of the principal of, premium, if any, and interest on this bond and for all other purposes. All such payments so made to the registered owner shall be valid and effectual to satisfy and discharge the liability upon this bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee nor any paying agent shall be affected by any notice to the contrary.

4. Substitute the following for the witnessing clause:

IN WITNESS WHEREOF, GEORGETOWN COUNTY, SOUTH CAROLINA, has caused this bond to bear the manual or facsimile signature of the Chairman of the Issuer and a facsimile of the corporate seal of the Issuer to be imprinted hereon and attested by the manual signature of the Clerk of the Issuer.

Dated:

5. Omit the provisions for registration and the form of coupons.

6. To be endorsed on the fully registered bonds without coupons:

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

(please print or typewrite name and address of transferee)

_____ the within bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

(To be endorsed on all bonds)

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds of the series described in and issued under the provisions of the within mentioned Indenture.

as Trustee

By _____
Authorized Officer

WHEREAS, the execution and delivery of this Indenture and the Agreement have been duly authorized by resolution of the Issuer; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State to happen, exist and be performed precedent to and in the execution and delivery of this Indenture and the Agreement have happened, exist and have been performed as so required, in order to make this Indenture a valid and binding trust indenture for the security of the Bonds in accordance with its terms and in order to make the Agreement a valid and binding agreement of lease in accordance with its terms; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal limited obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid Lien on the properties mortgaged and a valid pledge of the revenues and receipts herein described in accordance with the terms hereof, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of such Bonds, subject to the terms hereof, have in all respects been duly authorized:

NOW, THEREFORE, THIS INDENTURE
FURTHER WITNESSETH:

That the Issuer in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the purchasers thereof, one dollar, lawful money of the United States of America, duly paid to the Issuer by the Trustee at or before the execution and delivery of these presents and of other good and valuable considerations, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, interest and any other sums payable on the Bonds outstanding hereunder from time to time, according to their tenor and effect, and to secure the observance and performance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, mortgage, assign and pledge unto the Trustee (to the extent of its legal capacity to hold the same for the purposes hereof), and unto its successors in trust, and to its assigns forever, all of the Issuer's estate, rights, title and interest in, to and under any and all of the following described property rights and interest (herein called the "Mortgaged Property" or "Trust Estate" or "property herein conveyed"):

GRANTING CLAUSE FIRST

The right, title and interest of the Issuer in the real estate described in Exhibit A hereto, together with the entire

interest of the Issuer in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed, upon such real estate, including all rights, title and interest of the Issuer, if any, in and to the reversion or reversions, remainder or remainders, in and to said real estate, and together with the entire interest of the Issuer in and to all singular the tenements, hereditaments, rights, privileges and appurtenances to said real estate, belonging or in any wise appertaining thereto, including without limitation, all claims or demands whatsoever of the Issuer either in law or in equity, in possession or expectancy, of, in and to said real estate, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Issuer and is affixed or attached or annexed to said real estate, shall be and remain or become and constitute a portion of said real estate and the security covered by and subject to the lien of this Indenture, and together with all rents, income, revenues, issues and profits thereof, and the present and continuing right to make claim for, collect, receive and receipt for any and all of such rents, income, revenues, issues and profits arising therefrom or in connection therewith; subject however, to Permitted Encumbrances.

GRANTING CLAUSE SECOND

All equipment, machinery and other tangible personal property acquired by the Issuer with the proceeds of Bonds issued under and secured by this Indenture together with all substitutions therefor, replacements thereof and proceeds therefrom.

GRANTING CLAUSE THIRD

All rights and interests of the Issuer under and pursuant to the Agreement, including, but without limiting the generality of the foregoing, the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, excluding only the payments required to be made by the Lessee to the Issuer pursuant to Section 5.02(b)(v) of the Agreement, (ii) to bring actions and proceedings thereunder or for the enforcement thereof and (iii) to do any and all things which the Issuer is or may become entitled to do under the Agreement; provided that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the Agreement.

GRANTING CLAUSE FOURTH

Any and all other Property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such Property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all said properties, real, personal and mixed, mortgaged, pledged, assigned and conveyed by the

Issuer as aforesaid, or intended so to be, unto the Trustee and its successors in trust and its assigns forever; provided, however, that so long as there is no Event of Default under the Agreement, this Indenture and the rights and privileges hereunder of the Trustee and the Bondholders are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Agreement.

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued pursuant to this Indenture by those who shall hold the same from time to time: (i) this Indenture shall be deemed to be and shall constitute a contract among the Issuer, the Trustee and the Holders from time to time of the Bonds and coupons appertaining thereto and (ii) the pledge made in this Indenture and the covenants set forth herein to be performed by the Issuer shall be for the equal and ratable benefit, security and protection of all Holders and Owners of the Bonds and coupons appertaining thereto which from time to time may be issued under and secured by this Indenture without privilege, priority or distinction as to the Lien or otherwise of any of the Bonds or coupons appertaining thereto over any other of the Bonds or coupons.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, (i) shall pay or cause to be paid the principal of, premium, if any, and interest on the Bonds at the times and in the manner mentioned in the Bonds and the interest coupons appertaining thereto or shall provide, as permitted hereby, for the payment thereof, (ii) shall perform and observe all the covenants to be performed and observed by it hereunder and (iii) shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and of the Agreement, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, that the Issuer hereby agrees and covenants with the Trustee for the equal and ratable benefit of the respective Holders and Owners, from time to time, of the said Bonds and coupons, or any part thereof, as follows:

ARTICLE I

DEFINITIONS

Section 101. Definition of Terms. In addition to words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Accountant" shall mean a firm of independent certified public accountants, acceptable to the Lessee.

"Act" shall mean South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended.

"Additional Bonds" shall mean, collectively, Completion Bonds, Improvement Bonds and Refunding Bonds.

"Agreement" shall mean the lease agreement, dated as of August 1, 1978, by and between the Issuer and the Lessee relating, in part, to the leasing of the Project by the Issuer to the Lessee, together with all amendments thereof and supplements thereto.

"Authorized Investments" shall mean (i) Government Obligations, or (ii) obligations of the State or the United States of America, or (iii) obligations the principal and interest of which are guaranteed by the State or the United States of America, or (iv) certificates of deposit issued by, or other banking arrangements of, any bank, trust company or national banking association which is a member of the Federal Reserve System and which has combined capital and surplus of not less than \$10,000,000 (including the Trustee and any Paying Agent), provided that, with respect to investment of moneys in the Bond Fund, such certificates of deposit or other banking arrangements are fully secured as to both principal and interest by obligations of the type specified in (i) or (ii) above, or (v) contracts for the purchase and sale of obligations of the type specified in (i) or (ii) above.

"Authorized Newspaper" shall mean THE DAILY BOND BUYER or any other newspaper or publication carrying municipal bond notices and devoted primarily to financial news or the subject of state and municipal bonds, printed in the English language and customarily published at least once a day for at least five days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York.

"Authorized Representative" shall mean, in the case of the Issuer, the Chairman or the Vice-Chairman of the Issuer; in the case of the Lessee, its president or any vice-president; and, in the case of both, such additional persons as, at the time, are designated to act in behalf of the Issuer or Lessee, as the case may be, by written certificate furnished to the Trustee and the Issuer or Lessee, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Issuer by the Chairman or the Vice-Chairman of the Issuer and (ii) the Lessee by the president or any vice president of the Lessee.

"Bond" or "Bonds" shall mean any bond authorized, authenticated and issued under this Indenture.

"Bond Counsel" shall mean an attorney or firm of attorneys with experience in matters relating to the issuance of municipal obligations, acceptable to the Trustee.

"Bond Fund" shall mean the fund so designated which is established by Section 501 of this Indenture, containing therein the Principal and Interest Account.

"Bond Payment Date" shall mean each date on which interest or both principal and interest shall be payable on any of the Bonds according to their respective terms so long as any of the Bonds shall be Outstanding.

"Bond Rate" shall mean the highest rate of interest payable on any Bond Outstanding on the date of computation.

"Bondholder" or "Holder" or "Owner" or any similar term, when used with reference to a Bond or Bonds, shall mean any Person who shall be the holder of any Bond or Bonds Outstanding registered to bearer or not registered, or the registered owner of any Bond or Bonds Outstanding which at the time shall be registered other than to bearer or, when referring to a coupon, means the holder or bearer of any coupon.

"Building" means all buildings, structures, improvements and fixtures presently located and to be constructed on the Land which are financed with the proceeds of the Series A Bonds or of any payment by the Lessee pursuant to Section 4.04 of the Agreement, all as provided for in the plans and specifications as proposed and changed or modified by the Project Manager and on file with the Lessee.

"Code" shall mean the Internal Revenue Code of 1954, as amended, and the regulations of the Department of the Treasury promulgated thereunder.

"Completion Bonds" shall mean any Bonds issued pursuant to Section 212 of this Indenture.

"Completion Date" shall mean the date of completion of the Project or of any Improvement, as the case may be, certified by the Project Manager pursuant to Section 406 of this Indenture.

"Construction Fund" shall mean the fund so designated which is established by Section 401 of this Indenture.

"Construction Period" shall mean, with respect to the Project or any Improvement, the period (a) beginning on the earlier of (i) the date of commencement of acquisition, construction or installation thereof or (ii) the Closing Date with respect to the Series A Bonds or the Improvement Bonds issued to finance the Improvement, and (b) ending on the Completion Date of the Project or the Improvement, as the case may be.

"Consulting Architect" shall mean the architect or architectural firm at the time employed as such pursuant to Section 4.07 of the Agreement.

"Cost" shall mean, with respect to the Project or to any Improvement, all those costs and items of expense enumerated

in Section 402(b) of this Indenture.

"Debt Service Payment" shall mean, with respect to any Bond Payment Date, (i) the interest payable on such Bond Payment Date on all Bonds then Outstanding, plus (ii) the principal, if any, payable on such Bond Payment Date on all Bonds then Outstanding, plus (iii) the premium, if any, payable on such Bond Payment Date on all Bonds then Outstanding.

"Equipment" means those items of machinery, equipment and related property required herein and in the Agreement to be acquired and installed in the Building or elsewhere on the Land with the proceeds from the sale of the Bonds, and any item of machinery, equipment and related property acquired and installed in the Building or elsewhere on the Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 6.01, 6.02, 9.05 and Article VII of the Agreement, less such machinery, equipment and related property as may be released from the Agreement pursuant to Section 9.05 thereof or taken by Condemnation as provided in Article VII of the Agreement and is further defined as all property owned by the Issuer and leased to the Lessee under the terms of the Agreement which is not included in the definition of Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 6.03(b) of the Agreement. Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

"Events of Default" shall mean any of those events defined as Events of Default by Section 901 of this Indenture.

"Extraordinary Services" and "Extraordinary Expenses" shall mean all services rendered and all expenses incurred by the Trustee or any Paying Agent under this Indenture other than Ordinary Services and Ordinary Expenses.

"Fiscal Year" shall mean the twelve (12) month period commencing on the first day of August of any calendar year.

"Government Obligations" shall mean (i) obligations issued or fully guaranteed by the United States of America, or (ii) direct obligations of Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Land Banks, Government National Mortgage Association or Federal National Mortgage Association, if such obligations are guaranteed by the Government National Mortgage Association, or (iii) Public Housing Bonds issued by Public Housing Authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America, or Project Notes issued by local Public Agencies and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America, or (iv) certificates of deposit issued by, or other

banking arrangements of, any bank, trust company or national banking association (including the Trustee and any Paying Agent) which is a member of the Federal Reserve System and secured by obligations described in (i), (ii) or (iii) above in an amount sufficient at all times to fully secure the payment of the face amount of such certificates of deposit or other banking arrangement and the interest payable thereon.

"Guaranty" shall mean the agreement, dated as of August 1, 1978, by and between the Lessee and the Trustee by which the Lessee guarantees to the Trustee the full and prompt payment when due, of the principal of, premium, if any, and interest on the Bonds.

"Improvement Bonds" shall mean any Bonds issued pursuant to Section 213 of this Indenture.

"Improvements" shall mean any additions, extensions, improvements, equipment, furnishings or other facilities financed with the proceeds of Improvement Bonds, as more particularly described in the Supplemental Indenture authorizing the issuance thereof.

"Indenture" shall mean this mortgage and trust indenture as it may be amended or supplemented from time to time by a Supplemental Indenture or Supplemental Indentures in accordance with Article XII hereof.

"Independent Counsel" shall mean an attorney or firm of attorneys duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia and not a full time employee of the Issuer, the Lessee or the Trustee.

"Issuer" shall mean Georgetown County, South Carolina, and its lawful successors and assigns.

"Land" means the real estate and interests in real estate described in Exhibit "A" hereto annexed and by this reference made a part of this Indenture, less such real estate and interests in real estate as may be released from this Indenture pursuant to Article XIV of this Indenture or taken by the exercise of the power of eminent domain as provided in Article VII of the Agreement.

"Lessee" shall mean (i) Oneita Knitting Mills, a corporation duly organized and existing under the laws of the State of New York, and its successors and assigns and (ii) any surviving, resulting or transferee corporation or organization as permitted in Section 8.08 of the Agreement.

"Lien" shall mean any interest in any Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including

but not limited to mechanics', materialmen's, warehousemen's, carriers' and other similar encumbrances, affecting real property. For the purposes of this Indenture, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Net Proceeds" shall mean so much of the gross proceeds with respect to which that term is used as remains after payment of all expenses, costs and taxes (including attorneys' fees) incurred in obtaining such gross proceeds.

"Office of the Trustee" shall mean the trust office of the Trustee, presently located at

"Ordinary Services" and "Ordinary Expenses" shall mean those services normally rendered and those expenses normally incurred by a trustee or paying agent, as the case may be, under instruments similar to this Indenture.

"Outstanding", "Bonds Outstanding" or "Outstanding Bonds" shall mean, as of a particular date, all Bonds authenticated and delivered under this Indenture except: (i) any Bond paid or redeemed or otherwise canceled by the Trustee at or before such date; (ii) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, shall have theretofore been deposited with the Trustee prior to maturity; (iii) any Bond for the redemption of which cash, equal to the redemption price thereof with interest to the redemption date, shall have theretofore been deposited with the Trustee and for which notice of redemption shall have been published in accordance with this Indenture; (iv) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to this Indenture, unless proof satisfactory to the Trustee is presented that any Bond, for which a Bond in lieu of or in substitution therefor shall have been authenticated and delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond in lieu of or in substitution for which a new Bond has been authenticated and delivered and such new Bond so authenticated and delivered therefor shall be deemed Outstanding; and (v) any Bond deemed paid under the provisions of Section 801 of this Indenture, except that any such Bond shall be considered Outstanding until the maturity or redemption date thereof only for the purposes of being exchanged or registered.

"Paying Agent" shall mean the Trustee, acting as such, and any additional paying agent for the Bonds appointed pursuant to Section 1014 of this Indenture, their respective successors and any other banking institution which may at any time be substituted in their respective places pursuant to this Indenture.

"Permitted Encumbrances" shall mean (i) the Liens described in Exhibit A hereto, (ii) this Indenture and the Agreement, (iii) utility, access and other easements and rights of way,

restrictions and exceptions that do not materially impair the utility or value of the Property affected thereby for the purposes for which it is intended, (iv) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens to the extent permitted by Section 8.06(b) of the Agreement and (v) Liens for taxes at the time not delinquent.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Principal and Interest Account" shall mean the account so designated which is established by Section 501 of this Indenture.

"Principal Underwriters" shall mean the firms or corporations or the firm or corporation to which the Issuer sells the Series A Bonds. In the event that two or more firms or corporations shall purchase the Series A Bonds and any such firm or corporation shall retire from active business leaving no successor, the term shall thereafter mean the remaining underwriter or underwriters. In the event that only one firm or corporation shall purchase the Series A Bonds or shall remain as the Principal Underwriter and such firm or corporation shall retire from active business leaving no successor, the provisions of this Indenture which relate to the Principal Underwriters shall no longer be in force. For the purposes of this Indenture, any firm or corporation succeeding to the business of any such underwriter by assignment, merger or otherwise shall be deemed to be a Principal Underwriter. If the Principal Underwriters do not agree upon any item requiring their approval or consent under this Indenture within a reasonable time, the Trustee may give such approval or consent in lieu of the Principal Underwriters.

"Project" shall mean, collectively, (i) the Land, (ii) the Equipment and (iii) the Building.

"Project Manager" shall mean the Person or Persons at the time designated to act in such capacity under the terms of the Agreement.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Record Date" shall mean, with respect to any Bond Payment Date, the date (whether or not a business day) fifteen (15) days next preceding such Bond Payment Date.

"Redemption Fund" shall mean the fund so designated which is established by Section 501 of this Indenture.

"Redemption Price" shall mean, with respect to any Bond, the principal amount of such Bond plus the applicable premium, if any, payable upon the prior redemption thereof pursuant to this Indenture.

"Refunding Bonds" shall mean any Bonds issued pursuant to Section 214 of this Indenture.

"Rent" shall mean the Rent as described in Section 5.02 of the Agreement.

"Revenues" shall mean (i) all amounts paid to the Trustee by the Lessee which under the Agreement are to be deposited in the Bond Fund and (ii) the Net Proceeds realized upon or as a result of the enforcement of any security interest granted under the Agreement or this Indenture or upon or as a result of the exercise of any remedy under the Agreement or this Indenture.

"Series" shall mean (i) the Series A Bonds, (ii) each issue of Completion Bonds, (iii) each issue of Improvement Bonds and (iv) each issue of Refunding Bonds.

"Series A Bonds" shall mean those Bonds issued pursuant to Section 211 of this Indenture.

"State" shall mean the State of South Carolina.

"Supplemental Indenture" shall mean any indenture amending or supplementing this Indenture adopted by the Issuer in accordance with the terms of Article XII of this Indenture.

"Trust Estate" shall mean all Property which from time to time may be subject to the Lien of this Indenture.

"Trustee" shall mean the Trustee at the time serving as such under this Indenture.

Section 102. Words of Masculine Gender; Plural As Well As Singular Form. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words and terms herein defined shall be equally applicable to the plural as well as the singular form of any of such words and terms.

ARTICLE II

FORM, EXECUTION, AUTHENTICATION AND DELIVERY OF BONDS

Section 201. Authorized Bonds; Limited Obligations. (a) No Bonds may be authenticated and issued under the provisions of this Indenture except in accordance with the provisions of this Article II. Except as otherwise provided in this Article II, the aggregate principal amount of Bonds which may be authenticated and issued under this Indenture is Five Hundred Thousand Dollars (\$500,000). Bonds may be issued only for the purpose of providing funds to pay the Cost of the Project or the Improvement with respect to which such Bonds were issued.

(b) The Bonds and interest thereon shall be limited obligations of the Issuer payable solely from the Revenues and as otherwise provided in this Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt of the State of South Carolina or any political subdivision thereof, or a pledge of the faith and credit or taxing power of the State of South Carolina or any political subdivision thereof. The Bonds and the interest thereon are limited obligations of the Issuer and are payable by the Issuer solely out of the revenues and receipts derived from the leasing or sale of the Project which has been financed through the issuance of the Bonds. The Bonds and the interest thereon, are not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers.

Section 202. Form of Bonds; Execution. (a) The Bonds are issuable as coupon Bonds, registrable as to principal only, and/or as fully registered Bonds without coupons. All coupon Bonds and the coupons attached thereto and all registered Bonds without coupons issued under this Indenture shall be substantially in the forms hereinabove set forth, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as otherwise desired by the Issuer.

(b) The Bonds shall be executed in the name of and on behalf of the Issuer with the manual or facsimile signature of the Chairman of the Issuer and with the corporate seal, or a facsimile thereof, of the Issuer imprinted thereon and attested by the manual signature of the Clerk of the Issuer. The coupons attached to the coupon Bonds shall bear the facsimile signatures of the Chairman and Clerk of the Issuer.

(c) In case any officer whose manual or facsimile signature shall appear on the Bonds or coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if he had remained in office until such delivery. Any Bond or coupon may bear the facsimile signature of or may be signed by such persons who, at the actual time of the execution of such Bond or coupon, were the proper officers of the Issuer to sign such Bond or coupon, although on the date of execution of this Indenture such persons may not be such officers.

Section 203. Authentication. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth, duly executed by the Trustee, shall be entitled to the rights, benefits and security of this Indenture. No Bond and no coupon shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee. Such executed certificate of authentication by the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. Before authenticating or delivering any coupon Bonds the Trustee shall detach and cancel all matured coupons, if any, appertaining thereto, except any coupons which represent unpaid interest.

Section 204. Maturities, Interest Rates and Certain Other Provisions. (a) The \$500,000 aggregate principal amount of Series A Bonds shall be dated August 1, 1978, shall bear interest payable semi-annually on the first days of February and August of each year from the date of such Bonds, commencing on February 1, 1979, at the rate or rates per annum hereinafter set forth, until the principal or Redemption Price of the Series A Bonds is paid and shall mature on the first day of August in the years and amounts as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
1979			1987		
1980			1988		
1981			1989		
1982			1990		
1983			1991		
1984			1992		
1985			1993		
1986					

(b) Additional Bonds shall be dated in such manner, shall bear interest at such rate or rates and shall mature at such time or times as is provided in the Supplemental Indenture authorizing the issuance thereof.

(c) All Bonds shall be subject to redemption prior to maturity on the terms, for the reasons, in the manner, at the price or prices and as otherwise provided in Article III hereof.

(d) Coupon Bonds shall be issued in the denomination of \$5,000. Registered Bonds without coupons shall be issued in the denomination of \$5,000 or any integral multiple thereof. Coupon Bonds shall be numbered from one (1) upwards consecutively in order of maturity. Registered Bonds without coupons shall be numbered from one (R-1) upwards consecutively in order of issuance according to the records of the Trustee.

(e) Coupon Bonds (unless registered other than to bearer) and interest on all coupon Bonds shall be payable, upon presentation and surrender of such Bonds or interest coupons, at the Office of the Trustee or, at the option of the holder, at the principal office of any Paying Agent. Registered Bonds and coupon Bonds registered other than to bearer shall be payable upon presentation and surrender of such Bonds, at the Office of the Trustee. Payment of Bonds and, except as otherwise provided in Section 204(f) hereof, interest thereon shall be made in lawful money of the United States of America which on the date of payment thereof shall be legal tender for the payment of public and private debts.

(f) Notwithstanding anything contained in this Indenture to the contrary, interest on registered Bonds without coupons due on any Bond Payment Date shall be payable to the Person in whose name such Bond is registered at the close of business on the Record Date with respect to such Bond Payment Date, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such Bond Payment Date, unless the Issuer shall default in the payment of interest due on such Bond Payment Date. In the event of any such default, such defaulted interest shall be payable to the Person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by or on behalf of the Issuer to the registered Holders of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the Persons in whose name the Bonds are registered at the close of business on the fifth day preceding the date of mailing. Payment of interest on registered Bonds without coupons, at the option of the Issuer, may be made by check mailed to the registered addresses of the Person entitled thereto.

Section 205. Interchangeability of Bonds. (a) Coupon Bonds, upon surrender thereof at the Office of the Trustee with all unmatured coupons and all matured coupons in default, if any, appertaining thereto, may be exchanged for an equal aggregate principal amount of fully registered Bonds without coupons of the same series and maturity, of any denomination or denominations authorized by this Indenture, bearing interest at the same rate, and, with the exception of the differences between the form of coupon Bonds and the form of fully registered Bonds without coupons, in the same form as the coupon Bonds surrendered for exchange. If such coupon Bonds shall be registered as to principal only, they shall be accompanied by an assignment duly executed by the registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee.

(b) Registered Bonds without coupons, upon surrender thereof at the Office of the Trustee, together with an assignment duly executed on the Bond by the registered Owner or his attorney or legal representative, may be exchanged for an equal aggregate principal amount of coupon Bonds of the same series and maturity, bearing interest at the same rate and having attached thereto coupons representing all unpaid interest due or to become due thereon, or of fully registered Bonds without coupons

of the same series and maturity, of any denomination or denominations authorized by this Indenture, and bearing interest at the same rate, and in either case, with the exception of the differences between the form of coupon Bonds and the form of fully registered Bonds without coupons, in the same form as the fully registered Bonds without coupons surrendered for exchange.

Section 206. Negotiability of Bonds. All Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds.

Section 207. Registration Books and Bond Registrar. So long as any Bonds shall remain Outstanding, the Issuer shall maintain at the Office of the Trustee books for the registration and transfer of Bonds. The Trustee is hereby appointed Bond Registrar for the Issuer for the purpose of registration and transfer of the Bonds. By executing this Indenture, the Trustee accepts the duties and obligations of Bond Registrar for the Issuer. The Trustee, as Bond Registrar, shall register in such books and permit to be transferred thereon, under such reasonable regulations as the Trustee may prescribe, any Bond entitled to registration or transfer.

Section 208. Transfer and Registration of Coupon Bonds.
(a) All coupon Bonds shall pass by delivery, unless registered as to principal other than to bearer, in the manner provided in this Section 208. Any coupon Bond may be registered as to principal only on the books of the Issuer at the Office of the Trustee, upon presentation thereof at such Office, and such registration shall be noted on such Bond. After such registration no transfer thereof shall be valid unless made on such books by the registered Owner in person or by his attorney duly authorized in writing, and similarly noted on such Bond. Any such Bond thereafter may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Bond may again, from time to time, be registered or discharged from registration in the same manner. Registration of any coupon Bond as to principal, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, and every such coupon shall continue to pass by delivery and shall remain payable to bearer.

(b) As to any coupon Bond registered as to principal other than to bearer, the Person in whose name such Bond shall be registered upon the books of the Issuer may be deemed and treated as the absolute owner thereof, whether such Bond shall be overdue or not, for all purposes, except for the purpose of receiving payment of coupons. Payment of, or on account of, the principal or Redemption Price of such Bond shall be made only to, or upon the order of, such registered Owner. All such payments shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid. Neither the Issuer, the Trustee, nor any Paying Agent shall be affected by any notice to the contrary.

(c) The Issuer, the Trustee and any Paying Agent may deem and treat the bearer of any coupon as the absolute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and may treat the bearer of any coupon Bond (unless such Bond at the time shall be registered as to principal other than

to bearer) as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price thereof and for all other purposes whatsoever except for the purpose of receiving payment of coupons. All such payments shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such coupon or upon such Bond or both to the extent of the sum or sums so paid. Neither the Issuer, the Trustee, nor any Paying Agent shall be affected by any notice to the contrary.

Section 209. Transfer of Registered Bonds Without Coupons. (a) Each registered Bond without coupons shall be transferable only on the books of the Issuer, upon surrender thereof at the Office of the Trustee, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his attorney duly authorized in writing. Upon the transfer of any such fully registered Bond the Issuer shall issue in the name of the transferee a new registered Bond or Bonds without coupons or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond.

(b) The Issuer, the Trustee and any Paying Agent may deem and treat the Person in whose name any registered Bond without coupons shall be registered upon the books of the Issuer as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price of and, except as otherwise provided in Section 204(f) hereof, interest of such Bond and for all other purposes. All such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid. Neither the Issuer, the Trustee nor any Paying Agent shall be affected by any notice to the contrary.

Section 210. Regulations with Respect to Exchanges and Transfers. (a) In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver the Bonds in accordance with the provisions of this Indenture. All coupon Bonds and coupons surrendered in any exchanges or transfers shall be held by the Trustee pending future exchanges or transfers. For every exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for (i) any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, (ii) except with respect to the delivery of definitive Bonds in exchange for temporary Bonds, the cost of preparing each new Bond, and (iii) any other expenses of the Issuer or the Trustee incurred in connection therewith.

(b) Neither the Issuer nor the Trustee shall be obligated to exchange or transfer any Bond during the ten (10) days next preceding (i) a Bond Payment Date or (ii) in the case of any proposed redemption of Bonds, the date of the first publication of notice of such redemption

Section 211. Delivery of the Bonds. (a) Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver the Series A Bonds to the Trustee and the Trustee shall authenticate the Series A Bonds and deliver

them to the purchaser or purchasers thereof in accordance with the directions of the Issuer and the provisions of this Section 211. Prior to or simultaneously with the delivery by the Trustee of any of the Series A Bonds, there shall be filed with the Trustee at least:

(i) a copy, certified by the Clerk of the Issuer, of the ordinance or ordinances adopted by the Issuer authorizing (1) the issuance, execution, delivery and performance of the Series A Bonds and (2) the execution, delivery and performance of, among other documents, the Agreement and this Indenture;

(ii) a copy, duly certified by the Secretary of the Lessee, of the resolution or resolutions adopted by the Lessee authorizing the execution, delivery and performance of, among other documents, the Agreement and the Guaranty;

(iii) executed counterparts of the Agreement, this Indenture and the Guaranty;

(iv) an opinion of counsel for the Issuer stating that in the opinion of such counsel (1) the execution, delivery and performance of the Agreement and this Indenture are within the power of the Issuer, (2) the Agreement and this Indenture have been duly authorized, executed and delivered by the Issuer, (3) the Agreement and this Indenture are in full force and effect and are valid and binding upon the Issuer in accordance with the respective terms thereof, (4) this Indenture creates the Lien it purports to create, (5) the issuance of the Series A Bonds have been duly and validly authorized and all conditions precedent to the delivery of the Series A Bonds have been fulfilled and (6) the Series A Bonds are valid and binding limited obligations of the Issuer in accordance with their terms;

(v) an opinion of counsel for the Lessee stating that in the opinion of such counsel (1) the execution, delivery and performance of the Agreement and the Guaranty are within the corporate authority of the Lessee, (2) the Agreement and the Guaranty have been duly authorized, executed and delivered by the Lessee, and (3) the Agreement and the Guaranty are valid and binding against the Lessee in accordance with their respective terms;

(vi) an opinion of Bond Counsel for the Issuer stating in the opinion of such Bond Counsel that the Issuer is duly authorized and entitled to issue the Series A Bonds and, upon the execution, authentication and delivery thereof, the Series A Bonds will be duly and validly issued and will constitute valid and binding limited obligations of the Issuer and that the interest on the Series A Bonds is exempt from Federal income taxes, except under certain conditions to be more fully expressed in such opinion; and

(vii) an authorization to the Trustee, signed by an Authorized Representative of the Issuer, to authenticate and deliver the Series A Bonds to the purchaser or purchasers therein identified.

(b) When the documents mentioned in Section 211(a) hereof shall have been filed with the Trustee and when the Series A Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Series A Bonds at one time to or upon the order of the purchaser or purchasers thereof in accordance with the directions of the Issuer but only upon payment to the Issuer or the Trustee of the purchase price of the Series A Bonds. The Trustee may rely upon a certificate signed by the Authorized Representative of the Issuer as to the amount of such purchase price.

(c) Simultaneously with the delivery of the Series A Bonds the Trustee shall apply the proceeds of such Bonds as follows:

(1) the amount, if any, received as accrued interest on the Series A Bonds shall be deposited in the Principal and Interest Account, and

(2) the balance of said proceeds shall be deposited in the Construction Fund.

Section 212. Completion Bonds. (a) Additional Bonds in an aggregate principal amount not to exceed Five Hundred Thousand Dollars (\$500,000) may be issued by the Issuer under and secured by this Indenture (herein referred to as the "Completion Bonds"). Completion Bonds may be issued at one time or from time to time, subject to the conditions hereinafter provided, for the purpose of paying (i) the Cost of completing the Project and (ii) incidental expenses and payments in connection therewith. For the purposes of this Section 212, the amount necessary to complete the Project shall be evidenced by a certificate signed by the Consulting Architect.

(b) Completion Bonds shall be dated, shall mature, shall bear interest at the rate or rates (not exceeding the maximum rate then permitted by law), shall be redeemable at such times and prices, subject to the provisions of Article III of this Indenture, and shall have such other provisions as may be provided by the Supplemental Indenture authorizing the issuance of the Completion Bonds. Except as to any differences in the date, in the maturities, in the rate or rates of interest and in the provisions for redemption, the Completion Bonds shall be on a parity with and shall be entitled to the same benefits and security of this Indenture as the Bonds issued under the provisions of Sections 211, 213 and 214 hereof.

(c) Completion Bonds and coupons appertaining thereto shall be executed substantially in the form and manner hereinabove set forth. The Trustee shall authenticate and deliver the Completion Bonds upon receipt of at least the following:

(i) an executed counterpart of the certificate, signed by an Authorized Representative of the Lessee, requesting the Issuer to issue the Completion Bonds and stating that the Lessee is not in Default under the Agreement or the Guaranty;

(ii) a copy, certified by the Clerk of the Issuer of the ordinance or ordinances adopted by the Issuer authorizing the issuance, execution and delivery of the Completion Bonds and the execution, delivery and performance of the Supplemental Indenture and the amendment to the Agreement;

(iii) a certificate of the Authorized Representative of the Issuer stating in substance that (1) the Issuer is not, and upon the issuance of the Completion Bonds will not be, in Default hereunder or under any Supplemental Indenture and (2) all conditions precedent provided in this Indenture and each Supplemental Indenture relating to the issuance of the Completion Bonds have been complied with;

(iv) an opinion of counsel for the Issuer stating in substance that in the opinion of such counsel (1) the Supplemental Indenture and the amendment to the Agreement are within the power of the Issuer and have been duly authorized, executed and delivered by the Issuer, (2) the Agreement and this Indenture, as each has been amended or supplemented, as the case may be, are binding upon the Issuer in accordance with their respective terms, (3) the issuance of the Completion Bonds has been duly and validly authorized, (4) all conditions precedent to the delivery of the Completion Bonds have been fulfilled, (5) the Issuer is not, and upon the issuance of the Completion Bonds will not be, in Default hereunder or under any Supplemental Indenture and (6) the Completion Bonds are valid and binding limited obligations of the Issuer in accordance with their terms;

(v) a copy, certified by the Secretary of the Lessee, of the resolution or resolutions adopted by the Lessee authorizing the execution, delivery and performance of, among other documents, the amendment to the Agreement;

(vi) an opinion of counsel to the Lessee that (1) after due investigation, such counsel has no knowledge of any Default by the Lessee under the Agreement or the Guaranty, (2) in the opinion of such counsel, the amendment to the Agreement is within the corporate authority of the Lessee and has been duly authorized, executed and delivered by the Lessee and the Agreement, as amended, is binding upon the Lessee in accordance with its terms and (3) in the opinion of such counsel, upon the issuance of the Completion Bonds, the Guaranty will continue to be enforceable against the Lessee in accordance with its terms;

(vii) executed counterpart of the amendment to the Agreement and the Supplemental Indenture;

(viii) the opinion of Bond Counsel of the Issuer of similar tenor to the opinion required by paragraph (vi) of Section 211(a) hereof; and

(ix) an authorization to the Trustee, signed by an Authorized Representative of the Issuer, to authen-

ticate and deliver the Completion Bonds to the purchaser or purchasers therein identified.

(d) When the documents mentioned above in this Section 212 shall have been filed with the Trustee and when the Completion Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Completion Bonds at that time to or upon the order of the purchaser or purchasers named by the Issuer, but only upon payment to the Trustee of the purchase price of such Bonds. The Trustee shall be entitled to rely upon such certificate or certificates and ordinance or ordinances as to the names of the purchaser or purchasers, the interest rate or rates of the Completion Bonds and the amount of such purchase price.

(e) The proceeds of the Completion Bonds shall be deposited with the Trustee to the credit of such Funds and Accounts within Funds as shall be provided by the Supplemental Indenture authorizing the issuance of the Completion Bonds.

Section 213. Improvement Bonds. (a) Additional Bonds (herein referred to as the "Improvement Bonds") may be issued by the Issuer under and secured by this Indenture, at one time or from time to time, subject to the conditions hereinafter provided, for the purpose of providing funds, with any other available funds, for paying the Cost of any Improvements, together with incidental expenses and payments in connection therewith.

(b) Improvement Bonds shall be issued in such amount, shall be dated, shall mature, shall bear interest at the rate or rates (not exceeding the maximum rate then permitted by law) shall be redeemable at such times and prices, subject to the provisions of Article III of this Indenture, and shall have such other provisions as may be provided by the Supplemental Indenture authorizing the issuance of the Improvement Bonds. Except as to any differences in the date, in the maturities, in the rate or rates of interest and in the provisions for redemption, the Improvement Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Indenture as the Bonds issued under the provisions of Sections 211, 212 and 214 hereof.

(c) Improvement Bonds and coupons appertaining thereto shall be executed substantially in the form and manner hereinabove set forth with such changes as may be necessary or appropriate to conform to the provisions of the Supplemental Indenture authorizing the issuance of the Improvement Bonds. The Trustee shall authenticate and deliver the Improvement Bonds upon receipt of at least the following:

(i) an executed counterpart of the certificate signed by an Authorized Representative of the Lessee, requesting the Issuer to issue the Improvement Bonds and stating that the Lessee is not in Default under the Agreement or the Guaranty;

(ii) a copy, certified by the Clerk of the Issuer, of the ordinance or ordinances adopted by the Issuer authorizing the issuance, execution and delivery of the Improvement Bonds and the execution, delivery and performance of the Supplemental Indenture and an amendment to the Agreement describing in general terms the Improvements to be provided and es-

timating the cost of such Improvements and any required payments to the Construction Fund and the Principal and Interest Account and all incidental costs in connection with the issuance and delivery of the Improvement Bonds;

(iii) a certificate of the Authorized Representative of the Issuer stating in substance that (1) the Issuer is not, and upon the issuance of the Improvement Bonds will not be, in Default hereunder and (2) all conditions precedent provided in this Indenture and any Supplemental Indenture relating to the issuance of the Improvement Bonds have been complied with;

(iv) the legal opinion of counsel for the Issuer of similar tenor to that required by Section 212(c)(iv) hereof;

(v) a copy, certified to by the Secretary of the Lessee, of the resolution or resolutions adopted by the Lessee authorizing the execution, delivery and performance of, among other documents, the amendment to the Agreement;

(vi) an opinion of counsel to the Lessee of similar tenor to that required by Section 212(c)(vi) hereof;

(vii) executed counterpart of the amendment to the Agreement and the Supplemental Indenture;

(viii) the opinion of Bond Counsel of the Issuer of similar tenor to the opinion required by paragraph (vi) of Section 211(a) hereof; and

(ix) an authorization to the Trustee, signed by an Authorized Representative of the Issuer, to authenticate and deliver the Improvement Bonds to the purchaser or purchasers therein identified.

(d) When the documents mentioned above in this Section 213 shall have been filed with the Trustee, the Trustee shall authenticate and deliver the Improvement Bonds at one time to or upon the order of the purchaser or purchasers named by the Issuer, but only upon payment to the Trustee of the purchase price of the Improvement Bonds. The Trustee shall be entitled to rely upon such certificate or certificates and ordinance or ordinances as to the names of the purchaser or purchasers, the interest rate or rates of the Improvement Bonds and the amount of such purchase price.

(e) The proceeds of all Improvement Bonds issued under the provisions of this Section 213 shall be deposited with the Trustee to the credit of such Funds and Accounts within Funds as shall be provided by the Supplemental Indenture authorizing the issuance of the Improvement Bonds.

Section 214. Refunding Bonds. (a) Additional Bonds (herein referred to as the "Refunding Bonds") may be issued under and secured by this Indenture, at any time or times, subject to the conditions hereinafter provided, for the purpose of providing funds for refunding all or part of the Bonds then Outstanding of

any Series, including the payment of any redemption premium thereon and interest which will accrue on the Bonds to the earliest redemption date, and any expenses in connection with such refunding. Such Refunding Bonds may also be issued to provide for the defeasance of all of a Series of Bonds Outstanding in accordance with Section 801 hereof and to pay expenses in connection therewith.

(b) Refunding Bonds shall be designated in such manner, shall mature, shall bear interest at such rate or rates (not exceeding the maximum rate then permitted by law), shall be redeemable at such time or times and at such price or prices (subject to the provisions of Article III of this Indenture) and shall have such other provisions, all as may be provided by the Supplemental Indenture authorizing the issuance of such Refunding Bonds. Except as to any differences in the date, in the maturities, in the rate or rates of interest and in the provisions for redemption, the Refunding Bonds shall be on a parity with and shall be entitled to the same benefits and security of this Indenture as the Bonds issued under the provisions of Sections 211, 212 and 213 hereof.

(c) Refunding Bonds and coupons appertaining thereto shall be executed substantially in the form and manner hereinabove set forth with such changes as may be necessary or appropriate to conform to the provisions of the Supplemental Indenture authorizing the issuance of the Refunding Bonds. The Trustee shall authenticate and deliver the Refunding Bonds upon receipt of at least the following documents relating to the Refunding Bonds: (i) documents of the same tenor as those required by Section 212(c) hereof, with such necessary changes, additions, omissions and deletions to reflect that such Bonds are Refunding Bonds and not Completion Bonds and (ii) such additional documents as shall be required by the Trustee to show that provision has been duly made in accordance with the provisions of this Indenture for the redemption or defeasance of all of the Bonds to be refunded.

(d) When the documents mentioned above in Section 214(c) hereof shall have been filed with the Trustee and when the Refunding Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Refunding Bonds at one time to or upon the order of the purchaser or purchasers named by the Issuer but only upon payment to the Trustee of the purchase price of the Refunding Bonds. The Trustee shall be entitled to rely upon such certificate or certificates and ordinance or ordinances as to the names of the purchaser or purchasers, the interest rate or rates of the Refunding Bonds and the amount of such purchase price.

(e) Notwithstanding any other provision of this Section 214, the Trustee shall not authenticate and deliver the Refunding Bonds unless the Net Proceeds (excluding accrued interest but including any premium) of the Refunding Bonds plus (1) any other moneys available to the Issuer for such purpose and (2) the interest that shall accrue upon any Government Obligations acquired pursuant to Section 214(f)(iii) hereof prior to the redemption date of the Bonds to be refunded, shall be not less than an amount sufficient to pay the Redemption Price of the Bonds to be refunded and the interest which will accrue thereon to the redemption date thereof, together with the expenses incident to the redemption of the Bonds to be refunded and the issuance of the Refunding Bonds.

(f) Simultaneously with the delivery of the Refunding Bonds, the Trustee shall apply the Net Proceeds of the Refunding Bonds

(including accrued interest) and any other moneys provided for such purpose, as follows:

(i) the accrued interest received shall be deposited to the credit of the Principal and Interest Account;

(ii) an amount sufficient to pay all expenses (1) in connection with the redemption of the Bonds to be refunded and (2) incident to the issuance of the Refunding Bonds shall be set aside by the Trustee and applied by it in payment of such expenses in accordance with the Supplemental Resolution authorizing the issuance of the Refunding Bonds; and

(iii) the balance of such Net Proceeds, together with any other moneys provided for such purpose, shall be deposited by the Trustee to the credit of a special redemption fund appropriately designated, to be held in trust for the sole and exclusive purpose of paying the Redemption Price of the Bonds to be refunded and the interest thereon. Moneys held to the credit of such special redemption fund shall, as nearly as may be practicable, be invested and reinvested by the Trustee in Government Obligations which shall mature, or which shall be subject to redemption at the option of such holder thereof, not later than the respective dates when the moneys held for the credit of such special redemption fund will be required for the purposes intended and which shall bear interest at such rate or rates and shall be payable at such time or times in order to pay in full the Redemption Price of and interest on the Bonds to be refunded.

Section 215. Authorization and Preparation of Temporary Bonds. (a) Without unreasonable delay, the Issuer shall cause definitive Bonds to be prepared, executed and delivered to the Trustee, which Bonds shall be fully engraved (as that term is customarily used) or lithographed or printed on steel engraved borders. Until such definitive bonds are ready for delivery, there may be executed, and upon request of the Issuer, the Trustee shall authenticate and deliver, in lieu of definitive bonds and subject to the same limitations and conditions, temporary typewritten, printed, engraved or lithographed Bonds, in the form of either coupon Bonds (or Bond) in the denomination of \$5,000 or any integral multiple thereof or fully registered Bonds (or Bond) without coupons in denominations of \$5,000 or any integral multiple thereof, or both, as prepared and executed by the Issuer, and shall be assigned a serial number for each \$5,000 principal amount, and shall be substantially of the tenor of such definitive bonds, but with such appropriate omissions, insertions and variations as may be required; provided, however, the temporary Bond must qualify as a negotiable instrument under the applicable law of the State.

(b) Until definitive Bonds are ready for delivery, any temporary Bond may be exchanged at the principal office of the Trustee, without charge to the Holder thereof, for an equal aggregate principal amount of temporary coupon Bonds or of temporary fully registered Bonds without coupons, or both, of like tenor, of the same maturity and bearing interest at the same rate.

(c) Upon surrender to the Trustee at the Office of the Trustee of a temporary Bond or Bonds, accompanied by all unpaid coupons, if any, the Trustee shall cancel the same and authenticate and deliver in exchange therefor, without charge to the Holder thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same maturity or maturities, interest rate or rates, and redemption provisions as the temporary Bond surrendered. Upon any such exchange all coupons appertaining to definitive coupon Bonds and representing interest theretofore paid shall be detached and canceled by the Trustee. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits and security of this Indenture as the definitive Bonds to be issued and authenticated hereunder.

(d) Interest on temporary coupon Bonds, when due and payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary coupon Bonds and notation of such payment shall be endorsed thereon, or such interest shall be paid upon the surrender of the appropriate coupons if coupons representing such interest shall be attached to such temporary Bonds.

(e) All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall forthwith be canceled in accordance with Section 712 of this Indenture.

Section 216. Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and, upon its request, the Trustee shall authenticate and deliver, a new Bond (with coupons corresponding to the unpaid coupons, if any, appertaining to the mutilated, destroyed, lost or stolen Bond) of like maturity, interest rate and principal amount and bearing the same number as the mutilated, destroyed, lost or stolen Bond, in exchange for the mutilated Bond and its coupons (if any), or in substitution for the Bond and its coupons (if any) so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the Issuer and to the Trustee (i) such security or indemnity as may be required by them to save each of them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond (or coupon or coupons) and of the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer or the Trustee. In case any Bond or any coupon which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Issuer may, instead of issuing a Bond or coupon in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond or coupon) if the applicant for such payment shall furnish to the Issuer and to the Trustee such security or indemnity as they may require to save them harmless and evidence to the satisfaction of the Issuer and the Trustee of the mutilation, destruction, loss or theft of such Bond or coupon and of the ownership thereof.

(b) Every Bond issued pursuant to the provisions of this Section 216 shall constitute an additional contractual obligation of the Issuer (whether or not the destroyed, lost or stolen Bond or coupon shall be found at any time to be enforceable) and shall

be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds and coupons duly issued under this Indenture.

(c) All Bonds and coupons shall be held and owned upon the express condition that the provisions of this Section 216 are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and coupons, and shall preclude all other rights or remedies, notwithstanding any law or statute existing or hereinafter enacted to the contrary.

ARTICLE III

REDEMPTION OF BONDS PRIOR TO MATURITY

Section 301. Redemption Dates and Prices. (a) The Series A Bonds are not subject to redemption prior to August 1, 1988, except in the event of (i) exercise by the Lessee of its option to terminate the Agreement as provided in Section 11.01(a) of the Agreement, (ii) the required deposit in the Redemption Fund created under this Indenture of the following: (a) cash equal to the fair market value of equipment released from the lien of the Indenture; (b) cash equal to the fair market value of unimproved real property released from the lien of the Indenture; and (c) the portion of any net condemnation award referable to the taking by eminent domain of less than all or less than substantially all the Project or any net insurance proceeds referable to any event causing destruction of or damage to any part of the Project, as the case may be, remaining after the Project has been restored, provided, however, that not less than \$50,000 principal amount of the Bonds may be redeemed out of moneys on deposit in the Redemption Fund pursuant to any one call for redemption, or (iii) the mandatory termination of the Agreement by the Lessee upon the occurrence of a "Determination of Taxability", as is defined in the Agreement. If called for redemption as provided in (i) above, the Bonds shall be redeemed by the Issuer as a whole within three months after the date on which the Lessee shall have exercised its option to so terminate the Agreement at and for a redemption price, with respect to each such Bond, equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption and without premium. If called for redemption as provided in (ii) above, the Bonds shall be redeemed by the Issuer as a whole at any time or in part on any interest payment date, in inverse order of maturity at and for a redemption price, with respect to each such Bond, equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption and without premium. If called for redemption as provided in (iii) above, prior to August 1, 1988, the Bonds shall be redeemed by the Issuer at any time in whole and not in part at and for a redemption price with respect to each such Bond, equal to (a) 104 percent of the principal amount thereof plus accrued interest to the date fixed for redemption and (b) 2% of the principal amount thereof for each six month period elapsed from and after the occurrence of the Determination of Taxability and, if called for redemption as provided in (iii) above, on or after August 1, 1988, the Bonds shall be redeemed by the Issuer at any time in whole and not in part, at and for the redemption prices set forth in the next succeeding paragraph hereof.

(b) The Series A Bonds may be redeemed prior to their maturity, at the option of the Issuer, in whole at any time or in part on any Bond Payment Date thereof, in inverse order of maturity, commencing on August 1, 1988, at the Redemption Prices, (expressed as percentages of the principal amount) set forth in the table below, together with accrued interest thereon to the date fixed for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
August 1, 1988 to July 31, 1989, inclusive	104%
August 1, 1989 to July 31, 1990, inclusive	103%
August 1, 1990 to July 31, 1991, inclusive	102%
August 1, 1991 to July 31, 1992, inclusive	101%
August 1, 1992 and thereafter	100%

(c) Additional Bonds issued pursuant to Sections 212, 213 and 214 of this Indenture shall be redeemable prior to maturity in accordance with the Supplemental Indenture authorizing the issuance thereof.

(d) The Trustee shall call Bonds for redemption as provided in subsection (a) or (b) of this Section 301 upon receipt of notice from the Issuer or the Lessee directing such redemption, which notice shall be delivered to the Trustee at least sixty (60) days prior to the date fixed for redemption and shall specify:

(i) the principal amount of Bonds and their maturities so to be called for redemption,

(ii) the applicable Redemption Price, and

(iii) the provision of this Section 301 pursuant to which such Bonds are to be called for redemption.

(e) If less than all of the Bonds Outstanding, or less than all of such Bonds of the same maturity, shall be called for redemption, the particular Bonds or portions of fully registered Bonds without coupons to be redeemed shall be selected by the Trustee by lot; provided, however, that (i) any registered Bond in a principal amount exceeding \$5,000 shall be redeemed in the principal amount of \$5,000 or some integral multiple thereof and (ii) in selecting Bonds for redemption, the Trustee shall treat each registered Bond in a principal amount exceeding \$5,000 as representing that number of Bonds which is obtained by dividing the principal amount of such registered Bond by \$5,000.

Section 302. Notice of Redemption. (a) Not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption of any Bonds, the Trustee shall cause a notice of any such redemption, either in whole or in part, in the name of the Issuer, (i) to be published at least twice in an Authorized Newspaper, (ii) to be filed with any additional Paying Agent and (iii) to be mailed, postage prepaid, to all registered Owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books herein provided for. Failure so to file or mail any such notice shall not affect the validity of the proceedings for such redemption. If all of the Bonds to be redeemed are at that time registered as to principal or as to both principal and interest, notice by mail, given by first class mail to the registered Owner or Owners thereof not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, shall be sufficient and published notice of the call for redemption need not be given.

(b) Each notice required by this Section 302 shall state: (i) the Bonds or portions of fully registered Bonds to be redeemed, (ii) the date fixed for redemption, (iii) that such Bonds will be redeemed at the Office of the Trustee, (iv) the Redemption Price to be paid and (v) that from and after the redemption date, interest thereon shall cease to accrue.

(c) If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner provided in this Section 302, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

Section 303. Payment of Redeemed Bonds. (a) If notice of redemption shall have been given in the manner and under the conditions provided in Section 302 hereof and on the date so designated for redemption the Trustee shall hold sufficient moneys to pay the Redemption Price of, and interest to the redemption date on, the Bonds or portions thereof to be redeemed as provided in this Indenture, (i) the Bonds or portions of fully registered Bonds without coupons so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or portions of Bonds on such date, (ii) interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, (iii) the coupons for interest on any coupon Bonds so called for redemption payable subsequent to the redemption date shall be void and (iv) such Bonds and coupons shall no longer be Outstanding hereunder or be secured by or be entitled to the benefits of this Indenture except to receive payment of the Redemption Price thereof and interest thereon and, to the extent provided in Section 303(c) hereof, to receive Bonds for any unredeemed portions of fully registered Bonds without coupons.

(b) All unpaid coupons which appertain to coupon Bonds so called for redemption and which shall have become due and payable on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons at the Office of the Trustee.

(c) If there shall be drawn for redemption less than all of a fully registered Bond, the Issuer shall, upon the surrender of such fully registered Bond and without charge to the Owner thereof, (i) pay the Redemption Price of the \$5,000 unit or units of principal amount called for redemption and (ii) execute and cause the Trustee to authenticate and deliver for the unredeemed balance of the principal amount of such Bond so surrendered, at the option of the Owner thereof, either coupon Bonds or fully registered Bonds of the same Series and maturity and bearing interest at the same rate in any of the authorized denominations.

(d) If, on the redemption date, moneys for the redemption of all Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Trustee so as to be available therefor on such date, the Bonds or portions thereof and coupons appertaining thereto so called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of this Indenture.

ARTICLE IV

CONSTRUCTION FUND

Section 401. Establishment. (a) A special fund is hereby created with the Trustee and designated "Oneita Knitting Mills Construction Fund" (herein called the "Construction Fund"), to the credit of which such deposits shall be made as are required by the provisions of Sections 211 and 212 of this Indenture and of any Supplemental Indenture authorizing the issuance of Improvement Bonds. Any moneys received from any other source for the construction of the Project or of any Improvement and transferred to the Trustee therefor shall be deposited to the credit of the Construction Fund.

(b) The moneys in the Construction Fund shall be held by the Trustee in trust and, subject to the provisions of Sections 406 and 602 of this Indenture, shall be applied to the payment of the Cost of the Project or any Improvements. Pending such application, the moneys in the Construction Fund shall be subject to the Lien of this Indenture in favor of the Holders of Outstanding Bonds.

Section 402. Use of the Moneys in the Construction Fund.

(a) The Trustee will disburse or cause or permit to be disbursed from the Construction Fund the sums necessary to pay the Cost of the Project or any Improvement in accordance with the provisions and restrictions of Article IV of this Indenture.

(b) For the purposes of this Indenture the Cost of the Project or of any Improvement shall include the following items of cost and expense:

(i) the cost of preparing the plans and specifications for the Project or the Improvement, as the case may be (including any preliminary study thereof),

(ii) all costs of acquiring, constructing and installing the Project or the Improvement, as the case may be (including architectural, engineering and supervisory services with respect thereto and development fees and expenses),

(iii) all fees, taxes, charges and other expenses for recording or filing, as the case may be, the instrument or instruments conveying the Land to the Issuer, the Agreement, this Indenture and financing statements and any title curative documents that the Issuer or the Trustee may deem desirable in order to perfect or protect the title to the Land and any security interest contemplated by this Indenture,

(iv) any fees or expenses in connection with any actions or proceedings that the Issuer or the Trustee may deem desirable in order to perfect or protect the title to the Land, except for removing Permitted Encumbrances,

(v) any expenses of the Lessee in enforcing any remedy against any contractor or subcontractor in accordance with Section 4.05 of the Agreement,

(vi) the cost of all insurance maintained with respect to the Project or the Improvement, as the case may be, during the Construction Period therefor,

(vii) interest payable on the Series of Bonds issued to finance the Project or the Improvement, as the case may be, during the Construction Period therefor,

(viii) all legal, accounting, financial advisory, investment banking, rating agency, blue sky, legal investment and any other fees, discounts, costs and expenses incurred in connection with the preparation, printing, reproduction, authorization, issuance, execution, sale and distribution of the Bonds, this Indenture, the Agreement and any other documents in connection herewith and with any other transaction contemplated by the Agreement or this Indenture,

(ix) the fees and expenses of the Trustee (as Trustee, Bond Registrar and Paying Agent), including its initial or acceptance fee, and of any additional paying agents under this Indenture incurred during the Construction Period for the Project), and

(x) reimbursement to the Lessee for any of the above enumerated items of cost or expense paid by it.

Section 403. Payments from the Construction Fund. (a) Payments from the Construction Fund shall be made only upon receipt by the Trustee of:

(i) a requisition, signed by the Project Manager, stating:

(1) the item number of each such payment,

(2) the name of the Person to whom each such payment is due,

(3) the respective amounts to be paid,

(4) the purpose by general classification for which each obligation to be paid was incurred,

(5) that obligations in the stated amounts have been incurred by or on behalf of the Issuer or the Lessee and are presently due and payable and that each item thereof is a proper charge against the Construction Fund and has not been paid,

(6) that there has not been filed with or served upon the Issuer or the Lessee notice of any Lien, right to Lien or attachment upon, or claim affecting the right of any such Person to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation, and

(7) that such requisition contains no item representing payment on account of any retained percentage which the Issuer or the Lessee is at

the date of such requisition entitled to retain, and

(8) that payment of such requisition will not result in less than substantially all of the proceeds of the Bonds expended or to be expended under such requisition and all prior requisitions being considered as having been used for the acquisition, construction and installation of land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code, and

(ii) if any requisition includes an item for payment for labor or to contractors, materialmen, or suppliers, a certification stating (1) that obligations as stated on the requisition have been properly incurred, (2) that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the Project, and (3) either that such materials, supplies or equipment are not subject to any lien or security interest or that the funds are to be used to satisfy any such lien or security interest.

(iii) as to all obligations on account of any costs, expenses or obligations mentioned in Section 402(b) hereof, other than obligations payable to contractors relating to the construction of the Building, copies of the invoices and statements therefor shall be attached to such requisition.

(b) The Trustee shall maintain adequate records pertaining to the Construction Fund and all disbursements therefrom.

Section 404. Purchase of Lands. If any requisition contains any item for the payment of the purchase price or cost of any lands, property, rights, rights of way, easements, franchises or interests in or relating to lands, there shall be attached to such requisition, in addition to the certificate mentioned in Section 403(a)(ii) of this Indenture an opinion of counsel for the Issuer or of Independent Counsel satisfactory to the Trustee either (i) that the Issuer will acquire title in fee simple to such lands, free from all Liens, except Permitted Encumbrances, or (ii) if such payment is for a quitclaim deed or a lease or a contract to purchase or is otherwise for the acquisition of a right or interest in lands less than a fee simple, such lesser right or interest shall be sufficient for the needs and purposes of the Project.

Section 405. Retention of Requisitions. All requisitions, certificates and opinions received by the Trustee, as required in this Article IV as conditions of payments from the Construction Fund, may be relied upon by the Trustee and shall be retained by the Trustee until the sixtieth month following certification of the completion of the Project or any Improvement, as the case may be, pursuant to Section 406 of this Indenture.

Section 406. Completion of the Project and any Improvement. (a) When in his determination the Project or any Improvement, as the case may be, is substantially complete and ready for use and occupancy, the Project Manager shall submit to the Lessee, the Trustee and the Issuer his signed certificate to such effect. Such certificate shall be accompanied by an opinion

of Independent Counsel satisfactory to the Trustee stating that there are no uncanceled mechanics', laborers', contractors' or materialmen's Liens on any Property constituting a part of the Project or the Improvement, as the case may be, or on file in any public office where the same should be filed in order to be valid Liens against any part of the Project or the Improvement, as the case may be, or the Construction Fund.

(b) Upon completion of the Project or any Improvement, as the case may be, as evidenced by the certificate and opinion described in subsection (a) above, the Trustee shall deposit the balance in the Construction Fund, excluding any amount reserved with the approval of the Project Manager for the payment of any remaining part of the Cost of the Project or the Improvement, as the case may be, as follows and in the following order of priority:

FIRST: To the Principal and Interest Account, to be credited against the next ensuing and following Rent payments (i) under Section 5.02(a)(ii) of the Agreement and (ii) under Section 5.02(a)(i) of the Agreement, any balance in the Construction Fund not exceeding an amount equal to \$25,000.

SECOND: To the Redemption Fund, for the purchase or redemption of Bonds as provided in Section 504 of this Indenture, any balance remaining in the Construction Fund after making the payments required in paragraph FIRST above.

(c) Within sixty (60) days after transfer of the balance of the Construction Fund in accordance with paragraph (b) above, the Trustee shall file an accounting thereof with the Issuer and the Lessee.

ARTICLE V

REVENUES AND FUNDS

Section 501. Establishment of Funds and Accounts. In addition to the Construction Fund created pursuant to Section 401 of this Indenture, the following Funds and Accounts within Funds are hereby established with the Trustee and shall be held, maintained and administered by the Trustee on behalf of the Issuer in accordance with this Indenture:

Bond Fund:

Principal and Interest Account,
Redemption Fund

Section 502. Payments into Funds and Accounts. (a) The Trustee shall promptly upon the receipt of the moneys paid to it under the Agreement and this Indenture deposit such moneys in accordance with the provisions of the agreement pursuant to which such moneys were paid.

(b) In the event of a cancellation by the Issuer of the Agreement by reason of the occurrence of an Event of Default thereunder by the Lessee, all Revenues derived by the Issuer from the leasing or any agreement for the operation of the Project to other lessees or operators shall be transmitted as received to the Trustee for deposit, and the Trustee upon receipt of any such moneys shall deposit such moneys, to the credit of such Fund or Account, at such time or times and in such order, amounts and manner as is provided in Section 5.02 of the Agreement.

Section 503. Use of Moneys in Principal and Interest Account of the Bond Fund. Moneys in the Principal and Interest Account shall be used only for the payment, when due, of Debt Service Payments on Bonds.

Section 504. Use of Moneys in the Redemption Fund. (a) Moneys in the Redemption Fund shall be used only as follows:

(i) FIRST, for the purpose of paying Debt Service Payments on Bonds, when due, whenever the Trustee determines that moneys held in the Principal and Interest Account shall be insufficient for such purpose; and

(ii) SECOND, for the purchase or redemption of Bonds as follows:

(1) The Trustee shall purchase Bonds, upon the direction of an Authorized Representative of the Lessee, at the most advantageous price obtainable with reasonable diligence. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof to the Trustee and the purchase price from moneys in the Redemption Fund, but no such purchase shall be made by the Trustee within the period of sixty (60) days next preceding any Bond Payment Date on which such Bonds are subject to call for redemption under the provisions of this Indenture; and

(2) The Trustee shall redeem Bonds, if then redeemable in accordance with their terms, upon the direction of an Authorized Representative of the Lessee.

(b) In connection with the purchase of Bonds in accordance with Section 504(a)(ii)(1) hereof, the Trustee may negotiate or arrange for such purchase in such manner (through bids or otherwise and with or without receiving tenders) as it in its discretion shall determine.

(c) Upon the retirement of any Bonds by purchase or redemption pursuant to this Section 504, the Trustee shall promptly notify the Issuer and the Lessee of the principal amount and maturity of each such Bonds, the amount of the purchase price or the Redemption Price of such Bonds, the amount paid as interest thereon and the amount remaining in the Redemption Fund after such purchase or redemption.

(d) The expenses in connection with the purchase or redemption of any Bonds pursuant to this Section 504 shall be paid by the Lessee pursuant to Section 5.02(b)(iii) of the Agreement.

Section 505. Payment or Redemption of Bonds in Full. Whenever there shall be held in the Bond Fund and the Redemption Fund a total amount sufficient (i) to pay the Bonds then Outstanding under this Indenture, including the principal or Redemption Price of, and the interest on, all Bonds and any amounts needed to pay the expenses of redemption or (ii) to discharge the Lien of this Indenture in accordance with Article VIII hereof, such moneys shall, upon the direction of an Authorized Representative of the Lessee, be applied by the Trustee (1) to the payment, purchase or redemption of such Bonds in full and the payment of all expenses in connection with any such purchase or redemption or (2) to the defeasance of all Bonds Outstanding in accordance with Section 801 hereof.

Section 506. Payment to the Lessee upon Payment of the Bonds. After the principal of, premium, if any, and interest on all Bonds Outstanding has been paid (or after provision for the payment thereof has been made in accordance with Article VIII hereof) and all other obligations, expenses and charges required to be paid by the Agreement and this Indenture have been paid or provided for, and assuming the existence of no other indentures or agreements imposing a continuing Lien on the balances herein-after mentioned, the Trustee shall pay to the Lessee, as an overpayment of Rent, any balance in any Fund, Account or special fund then held by it or any additional Paying Agent under this Indenture or the Agreement.

ARTICLE VI

DEPOSITS OF MONEY, AND INVESTMENT OF FUNDS

Section 601. Deposits of Money. (a) All money received by the Trustee under the provisions of this Indenture or the Agreement shall be deposited with the Trustee and shall not be subject to any Lien in favor of any creditor of the Issuer, other than Bondholders. Such money shall be held in trust for the Bondholders and applied in accordance with the provisions of this Indenture.

(b) All money deposited with the Trustee shall be credited to the particular Fund, Account or special fund specified in this Indenture.

Section 602. Investment of Money. (a) All money held by the Trustee in any Fund or Account created pursuant to this Indenture, including any special fund, shall be invested and reinvested by the Trustee, pursuant to written directions by an Authorized Representative of the Lessee, in Authorized Investments which shall mature, or be subject to redemption at the option of the holder thereof, not later than the respective dates when the money held for the credit of such Fund, Account or special fund will be required for the purposes intended.

(b) The Trustee may make any investment permitted by this Section 602 through its own bond department. The Trustee shall not be liable for any depreciation in the value of any investment made pursuant to this Section 602 or for any loss arising from any such investment.

(c) Any investment herein authorized is subject to the condition that no use of the proceeds of any Bonds or of any other moneys shall be made which, if such use had been reasonably expected on the date of issue of any Bonds, would cause such Bonds to be "arbitrage bonds" within the meaning of such quoted term in Section 103(c) of the Code.

Section 603. Account or Fund Credited; Transfer of Income.

(a) Authorized Investments purchased pursuant to Section 602 hereof shall be deemed at all times to be a part of the Fund, Account or special fund for which such investment was made, and losses sustained by reason of such investments shall be charged against, such Fund, Account or special fund and the net earnings and income received by reason of such investments shall be credited to such Fund, Account or special fund.

(b) For the purpose of determining the amount on deposit to the credit of any Fund, Account or special fund created hereunder, Authorized Investments shall be valued at the cost or market value thereof, whichever is the lower, or at the redemption price thereof if then redeemable at the option of the holder.

ARTICLE VII

PARTICULAR COVENANTS

Section 701. Performance of Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings and agreements on its part to be observed or performed contained in this Indenture, in the Agreement or in any Outstanding Bond or in any proceedings of the Issuer pertaining thereto. The Issuer represents and covenants; that it is duly authorized under the Constitution and laws of the State, including particularly the Act, to issue the Bonds authorized hereby and to enter into this Indenture and the Agreement, to grant a Lien on the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the issuance of the Series A Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that such Series A Bonds in the hands of the Holders and Owners thereof are and will be valid limited obligations of the Issuer enforceable according to their terms.

Section 702. Payments on the Bonds. The Issuer covenants that it will promptly pay or cause to be paid from the Revenues the principal of, premium, if any, and interest on every Bond issued under the provisions of this Indenture at the places, on the dates and in the manner provided herein and in said Bonds and in any coupons appertaining to said Bonds, according to the true intent and meaning thereof. Except as in this Indenture otherwise provided, the principal of, premium, if any, and interest are payable solely from the Revenues, and nothing in the Bonds or coupons or this Indenture shall be construed (i) as pledging any funds or assets of the Issuer other than those pledged under this Indenture or (ii) as constituting general obligations of the Issuer or (iii) as constituting the Bonds or the interest thereon a debt of the State of South Carolina or the Issuer, or a pledge of the faith and credit of the State of South Carolina or the Issuer.

Section 703. Termination of Agreement. (a) The Issuer covenants that in the event the Agreement shall be terminated or canceled or the Project shall be repossessed without termination of the Agreement, it will take prompt and reasonable action to assure that the rights and interests of the Holders of the Bonds respecting the Project and the Revenues are protected, and the Issuer will use its best efforts to enter into new leases or agreements for the operation of the Project in order to procure the maximum Revenues reasonably obtainable.

(b) Nothing herein shall be construed as requiring the Issuer to operate the Project or to use any funds or revenues from any source other than funds and revenues derived from the Project.

Section 704. Priority of Lien. The Issuer covenants that (i) the Lien of this Indenture is a first Lien on the Trust Estate, except for Permitted Encumbrances, and (ii) it will not create or suffer to be created any Lien upon the Project or any part thereof, or upon any Fund, Account or special fund created hereunder (other than such as may be imposed by the execution of the Agreement or any other lease or agreement herein authorized or by this Indenture), or upon the

Revenues which is equal or superior to the Lien of this Indenture, except as otherwise specifically provided in Article X hereof.

Section 705. Recording of the Indenture and the Agreement and Filing of Security Instruments. (a) The Issuer covenants that it will cause this Indenture and all supplements hereto and the Agreement and all supplements thereto or amendments thereof and any financing statements to be recorded and filed, as the case may be, in such manner and in such places as may be required by law in order to perfect the Lien of this Indenture.

(b) The Trustee hereby covenants that it will cause to be filed all documents, including without limitation continuation statements under the Uniform Commercial Code of the State, in such manner and in such places as may be required by law in order to protect and maintain in force the Lien of, and the security interest created by, this Indenture.

Section 706. Rights Under the Agreement and the Guaranty. The Agreement and the Guaranty, duly executed counterparts of which have been filed with the Trustee, set forth the covenants and obligations of the Issuer and the Lessee. The Issuer agrees that the Trustee in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Lessee under and pursuant to the Agreement and the Guaranty for and on behalf of the Bondholders whether or not the Issuer is in Default hereunder.

Section 707. Use of Revenues. The Issuer covenants that none of the Revenues or other moneys it shall derive from the Project will be used to make payments for any purpose other than as provided in this Indenture and no contract or contracts will be entered into or any action taken which shall be inconsistent with the provisions of this Indenture.

Section 708. Further Action Required. (a) The Issuer and the Trustee covenant that each will, from time to time, execute and deliver such further instruments and take such further actions as may be required to carry out the purposes of this Indenture.

(b) The Issuer covenants and agrees that it shall take all action, if any, that may be required to obtain such consents, exceptions, exemptions or approvals of governmental authorities as may be necessary to permit it to comply fully with the covenants, stipulations, obligations and agreements of the Issuer contained in the Agreement or this Indenture.

Section 709. Covenant Against Disposing of Project. The Issuer covenants that, except as in the Agreement and this Indenture otherwise permitted, it will not sell, demolish, remove, or otherwise dispose of the Project or any part thereof or permit the Project or any part thereof to be sold, demolished, removed or otherwise disposed of. The Issuer may further encumber the Project, but only subject and subordinate to the Lien of this Indenture.

Section 710. Enforcement of Agreement. The Issuer covenants that it will (i) faithfully perform each covenant, stipulation, obligation and agreement contained in the Agree-

ment which is to be performed by it, (ii) not suffer, permit or take any action or do anything or fail to take any action that may result in the termination or cancellation of the Agreement except in accordance with its terms, (iii) take all legally available action to cause the Lessee faithfully to perform each covenant, stipulation, obligation and agreement contained in the Agreement which is to be performed by it, (iv) promptly notify the Trustee of any actual or alleged Event of Default under the Agreement of which it has knowledge, (v) notify the Lessee and the Trustee at least thirty (30) days before the proposed date of effectiveness of any proposed termination, cancellation, revision or amendment of the Agreement, and (vi) promptly deliver to the Trustee a certificate, signed by an Authorized Representative of the Issuer, stating the date on which any termination of the Agreement occurred.

Section 711. List of Bondholders. (a) To the extent that such information shall be made known to the Issuer under the provisions of this Indenture, the Issuer will keep on file at the Office of Trustee a list of names and addresses of the last known Holders of Bonds payable to bearer and, to the extent feasible, the numbers of such Bonds. The Trustee, as Bond Registrar, shall add to such list the names and addresses of the Holders of all Bonds which may from time to time be registered as to principal only or be fully registered on the registration books held by the Trustee as Bond Registrar. Whenever any Bond registered as to principal only or which is fully registered shall become registered payable to bearer, the Trustee may, but need not, remove from the list the name of the previously registered Owner. Any Bondholder may request that his name and address be placed on said list by filing a written request with the Issuer or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such Holder and the numbers of such Bonds. The Trustee and the Issuer shall have no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by the Holders and/or Owners (or a designated representative thereof) of twenty-five percent (25%) or more in aggregate principal amount of Bonds Outstanding.

(b) Each Bondholder, by the purchase and acceptance of such Bond, consents to the disclosure of his name, address and the principal amount of Bonds held by him in accordance with this Section 711 and agrees that the Trustee shall not be held accountable for the disclosure of any such information.

Section 712. Cancellation. All Bonds and coupons paid, redeemed or purchased under this Indenture, either at or before maturity, shall be delivered to the Trustee when such payment, redemption or purchase is made, together with all unmatured coupons, if any, appertaining thereto, and such Bonds and coupons shall thereupon be canceled. All interest coupons shall be canceled upon their payment and delivery to the Trustee. The Trustee shall certify to the Issuer and the Lessee the details of all Bonds and coupons so canceled. All Bonds and coupons canceled under any of the provisions of this Indenture shall be cremated or otherwise destroyed by the Trustee, and thereafter the Trustee shall execute a

certificate of cremation or destruction in triplicate, describing the Bonds and coupons so cremated or destroyed, except that the numbers of the Bonds to which such coupons appertain may be omitted, and one executed certificate shall be filed with the Issuer and one with the Lessee; the remaining executed certificate shall be retained by the Trustee.

Section 713. Failure to Present Bonds or Coupons. Subject to the provisions of Section 216 hereof, in the event any Bond shall not be presented for payment when the principal or Redemption Price thereof becomes due, either at maturity or at the date fixed for prior redemption thereof or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, and in the event moneys sufficient to pay such Bond or coupon shall be held by the Trustee for the benefit of the Holder thereof, all liability of the Issuer to the Holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine and be completely discharged. Thereupon, the Trustee shall hold such moneys, without liability for interest thereon, for the benefit of the Holder of such Bond or coupon, as the case may be, who shall thereafter be restricted exclusively to such moneys for any claim under this Indenture or on, or with respect to, said Bond or coupon. If any Bond or coupon shall not be presented for payment within the period of six (6) years following the date when all such Bonds or coupons become due, whether by maturity or call for prior redemption or otherwise, the Trustee shall return to the Issuer the moneys theretofore held by it for payment of such Bond or coupon, and such Bond or coupon shall, subject to the defense of any applicable statute of limitations, thereafter be an unsecured obligation of the Issuer.

Section 714. Payments Due on Saturdays, Sundays and holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or principal or Redemption Price of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

ARTICLE VIII

DEFEASANCE OF BONDS

Section 801. Defeasance of Bonds. (a) If the Issuer shall pay or cause to be paid to the Holders of any Series of Bonds or of all Outstanding Bonds the principal, redemption premium, if any, and interest thereon, at the times and in the manner stipulated therein and in this Indenture, then the Lien on the Trust Estate hereby created for the benefit of the Holders of the Bonds so paid shall be released, discharged and satisfied. In such event, the Trustee and any additional Paying Agent shall pay or deliver to the Lessee all moneys or securities held by it pursuant to this Indenture which are not required for the payment of such Bonds. The Issuer may pay or cause to be paid any Series of Bonds without at the same time paying or causing to be paid all Series of Outstanding Bonds. If the Issuer does not pay or cause to be paid, at the same time, all Outstanding Bonds, then the Trustee and any additional Paying Agent shall not return those moneys and securities held under this Indenture as security for the benefit of the Holders of Bonds not so paid or caused to be paid.

(b) Any Outstanding Bond and all coupons appertaining thereto or installments of interest with respect thereto shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of, and with the effect expressed in, subsection (a) of this Section 801 if: (i) there shall have been deposited with the Trustee sufficient moneys and/or Government Obligations, in accordance with subsection (c) of this Section 801, to pay the principal of the Bond when due or to redeem the Bond on the earliest possible redemption date thereof at the Redemption Price specified in Section 301 hereof, (ii) in the event such Bond is to be redeemed prior to maturity in accordance with Section 301 hereof, all action required by the provisions of this Indenture to redeem the Series of Bonds of which the Bond is a part shall have been taken or provided for to the satisfaction of the Trustee and notice thereof in accordance with Section 302 hereof shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) provision shall have been made for the payment of all fees and expenses of the Trustee and of any additional Paying Agents with respect to the Series of Bonds of which the Bond is a part, (iv) the Issuer shall have been reimbursed for all of its expenses under the Agreement with respect to the Series of Bonds of which the Bond is a part and (v) all other payments required to be made under the Agreement and this Indenture with respect to the Series of Bonds of which the Bond is a part shall have been made or provided for.

(c) For the purposes of subsection (b)(i) of this Section 801 the Trustee shall be deemed to hold sufficient moneys to pay the principal of an Outstanding Bond not then due or to redeem an Outstanding Bond prior to the maturity thereof only if there shall be on deposit with the Trustee and available for such purposes an amount of cash and/or a principal amount of Government Obligations, maturing or redeem-

able at the option of the holder thereof not later than (i) the maturity date of such Bond or (ii) the first date following the date of computation on which such Bond may be redeemed pursuant to Article III hereof (whichever may first occur), which, together with income to be earned on such Government Obligations prior to such maturity date or redemption date, equals the principal and redemption premium, if any, due on such Bond, together with all interest thereon which has accrued and which will accrue to such maturity or redemption date.

(d) Upon the defeasance of any Series of Bonds or of all Outstanding Bonds in accordance with this Section 801, the Trustee shall hold in trust, for the benefit of the Holders of such Bonds and coupons, all such moneys and/or Government Obligations and shall make no other or different investment of such moneys and/or Government Obligations.

(e) When all of the Outstanding Bonds shall have been paid in full or provision for such full payment of all Outstanding Bonds shall have been made in accordance with this Section 801, the Trustee and the Issuer shall take all appropriate action to cause the Lien of this Indenture upon the Trust Estate to be discharged and canceled.

Section 802. Discharge of the Lien of this Indenture. Notwithstanding the fact that the Lien of this Indenture upon the Trust Estate may have been discharged and canceled in accordance with Section 801 hereof, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the Lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal or Redemption Price of and interest on all of the Bonds shall have been fully paid or the Trustee shall have returned to the Issuer pursuant to Section 713 hereof all funds theretofore held by the Trustee for payment of any Bonds or coupons not theretofore presented for payment.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES

Section 901. Events of Default. The following shall be "Events of Default" under this Indenture, and the terms "Event of Default" or "Default" shall mean, when they are used in this Indenture, any one or more of the following events:

(a) the failure to pay the principal of and the redemption premium, if any, on any of the Bonds when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) the failure to pay any installment of interest on any of the Bonds when the same shall become due and payable; or

(c) the abandonment by the Lessee of the construction of the Project or the failure to pursue the completion of the Project with reasonable diligence after commencement of construction, or in the event that Improvement Bonds shall be issued under Section 213 of this Indenture, the abandonment by the Lessee or the failure to pursue the completion of the Improvements financed with such Bonds with reasonable diligence after commencement of construction; or

(d) the default by the Issuer in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture on the part of the Issuer to be performed and the continuance thereof for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by the Trustee; provided, however, that if the performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture shall be prevented by the application of wage and price controls or other forms of economic stabilization imposed by governmental authorities, such default shall not constitute an Event of Default under this Indenture; or

(e) the occurrence of an "Event of Default" under the Agreement or the Guaranty.

Section 902. Acceleration; Annulment of Acceleration.

(a) Upon the happening and continuance of any Event of Default specified in Section 901 of this Indenture, the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall, by a notice in writing to the Issuer, declare all Bonds Outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable.

(b) Notwithstanding anything in this Article IX to the contrary, if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree of any suit, action or proceeding instituted on account of such Default, or before the completion of the enforcement of any other remedy under this Indenture, moneys shall have accumulated in the Bond Fund sufficient to pay (i) the principal of all Bonds which are then payable by their stated terms, (ii) all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bonds not then due by their terms and the interest accrued on such Bonds since the last interest payment date), (iii) the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, (iv) all other amounts then payable by the Issuer hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and (v) every other Default known to the Trustee in observance or performance of any covenant, condition or agreement contained in the Bonds or in this Indenture (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee shall rescind and annul such declaration and its consequences but no such rescission or annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

Section 903. Enforcement of Remedies. (a) Upon the happening and continuance of any Event of Default specified in Section 901 of this Indenture, then the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall proceed, subject to the provisions of Section 1002 of this Indenture, to protect and enforce its rights and the rights of the Bondholders under the laws of the State or under this Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper, legal or equitable remedy, including without limitation foreclosure and the sale of the Project, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

(b) The Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Default becoming, and at any time remaining, due from the Issuer or the Lessee for principal or Redemption Price of, and interest on, the Bonds or otherwise under any of the provisions of this Indenture, the Agreement or the Guaranty then unpaid, with interest on overdue payments of principal, if legal, at the Bond Rate per annum from the date of Default to the date of payment, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce any judgment or decree against the Issuer, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid and interest, costs and ex-

penses as above provided, and to collect (but solely from moneys in the Bond Fund and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

(c) Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding, shall institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture or of any resolution authorizing the Bonds, or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the holders of Bonds not making such request.

(d) If one or more of the Events of Default shall happen and be continuing, the Trustee, if then permitted by law, either personally or by its agents or attorneys, in its discretion may, and upon the written request of the Holder of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds hereby secured and then Outstanding shall proceed, subject to the provisions of Section 1002 of this Indenture, to enter into and upon and take and hold possession of the Project, and may exclude the Issuer, the Lessee and any successor lessee or operator thereof and their agents and servants and all other persons or corporations wholly therefrom and may use, manage and control the Project in such manner as in its discretion it shall deem to be to the best advantage of the Holders of the Bonds. Upon every such entry the Trustee, if then permitted by law, from time to time and from the Revenues, either by purchase, repair or construction may maintain and restore and insure and keep insured the Project and make all necessary repairs, renewals, replacements, alterations, additions, betterments and improvements, as it may deem judicious. The Trustee, in case of such entry, shall have the right to manage the Project and exercise all the rights and powers of the Issuer in the name of the Issuer or otherwise, as the Trustee shall deem best, and shall be entitled to collect, take and receive all Revenues and other income of the Project.

Section 904. Appointment of Receivers. Upon the occurrence and continuance of an Event of Default and upon the filing of a suit or commencement of other judicial proceedings to enforce the rights of the Trustee or of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues and receipts thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 905. Application of Moneys. (a) Anything in this Indenture to the contrary notwithstanding, if at any time the moneys in the Bond Fund shall not be sufficient to pay the interest on or the principal of the Bonds as the same shall become due and payable, either by their terms or by acceleration of maturities under the provisions of Section 902

hereof, such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be deposited in the Bond Fund and applied as follows:

(i) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied;

FIRST: to the payment of all installments of interest then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

SECOND: to the payment of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest thereon at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full such principal amount of the Bonds, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

THIRD: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article V of this Indenture.

(ii) If the principal amount of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of such principal and the interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, without any discrimination or preference

except as to any difference in the respective rates of interest specified in the Bonds.

(iii) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 902 hereof, then, subject to the provisions of paragraph (ii) of this Section, in the event that the principal amount of all the Bonds shall later become or be declared due and payable, the moneys remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provisions of paragraph (a) of this Section 905.

(b) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with any additional Paying Agent, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Issuer, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be a Bond Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid coupons or any Bond until such coupon or such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 906. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Bondholders, then and in every such case the Issuer, the Trustee, the Lessee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee and the Bondholders shall continue as though no proceeding had been taken.

Section 907. Majority Bondholders Control Proceedings. If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting

any proceeding to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is in accordance with law and the provisions of this Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of Bondholders not joining in such direction and provided further that nothing in this Section shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 908. Individual Bondholder Action Restricted.

(a) No Holder of any coupon or Bond shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the enforcement of any remedy hereunder or for the appointment of a receiver unless (i) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and (ii) the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, (iii) the Trustee has been afforded a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, (iv) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and (v) the Trustee shall have refused or neglected to comply with such request within a reasonable time.

(b) No one or more Holders of Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding and coupons appertaining thereto.

(c) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond or coupon (i) to receive payment of the principal of or interest on such Bond or coupon, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond or coupon may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture on the Trust Estate for the equal and ratable benefit of all holders of Bonds and coupons appertaining thereto.

Section 909. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds or coupons secured hereby, may be enforced by the Trustee without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof in the trial or other proceeding relative thereto. Any such suit, action or proceeding instituted by the Trustee shall be brought in its own name as Trus-

tee without the necessity of joining as plaintiffs or defendants any Holders of Bonds. Subject to the provisions of Section 905 hereof, any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Bonds and coupons.

Section 910. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

Section 911. Waiver and Non-Waiver of Event of Default.
(a) No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver of any such Default or any acquiescence therein. Every power and remedy given by this Indenture to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The Trustee may, and upon written request of the Holders of at least a majority in principal amount of the Bonds then Outstanding shall, waive any Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or the Agreement, or before the completion of the enforcement of any other remedy under this Indenture or the Agreement. No such waiver shall extend to or affect any other existing or any subsequent Default or Defaults or impair any rights or remedies consequent thereon.

Section 912. Notice of Defaults. (a) The Trustee shall mail to all Bondholders of record and all owners of fully registered Bonds without coupons at their addresses as they appear on the registration books, written notice of the occurrence of any Event of Default set forth in Section 901 of this Article within thirty (30) days after the Trustee shall have notice, subject to the provisions of Section 1001 of this Indenture, that any such Event of Default shall have occurred. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any such notice.

(b) Notwithstanding the provisions of paragraph (a) above, except in the case of a Default in the payment of the principal amount or Redemption Price of or interest on any of the Bonds, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(c) The Trustee shall immediately notify the Issuer and the Lessee of any Default known to the Trustee.

Section 913. Waiver of Redemption Rights. Upon the occurrence and continuance of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Issuer, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in

force, in order to prevent or hinder the enforcement of this Indenture or a foreclosure under this Indenture. The Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all rights of appraisement and redemption to which it may be entitled under the laws of the State.

ARTICLE X

CONCERNING THE TRUSTEE

Section 1001. Appointment of Trustee and Acceptance of Duties. (a)

is hereby appointed as Trustee. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Indenture, to all of which the parties hereto and the respective Holders of the Bonds agree.

(b) The Trustee also accepts and agrees to do and perform the duties and obligations specifically imposed upon it by and under the Agreement, but only upon the terms and conditions set forth in the Agreement and this Indenture.

(c) The acceptance by the Trustee of the trusts imposed upon it by this Indenture and its agreement to perform said trusts is subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(i) Prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred and has not been cured, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable and prudent man would use, under the circumstances, in the conduct of his own affairs.

(ii) The Trustee may execute any of the trusts or powers conferred upon it in this Indenture and perform any of its duties hereunder by or through attorneys, agents or employees, and shall be entitled to act upon the opinion or advice of its counsel concerning all matters with respect to the trust and its duties hereunder and may in all cases pay such reasonable compensation to all such attorneys and agents as may reasonably be employed in connection with the trust hereunder. The Trustee may act upon an opinion of Independent Counsel and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon such opinion of Independent Counsel.

(iii) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect of the certificate of authentication of the Trustee endorsed on the Bonds), or for the recording or re-recording or filing or re-filing of this Indenture or the Agreement, or for insuring any Property securing the Bonds, or for collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements here-

to or any instruments of further assurance, or for the sufficiency of the security for the Bonds, or for any value of or title to any Property securing the Bonds, or for the performance or observance of any covenants, conditions or agreements on the part of the Issuer under this Indenture or on the part of the Lessee under the Agreement.

(iv) The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if it were not Trustee.

(v) The Trustee shall be protected in acting in good faith upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper Person or Persons.

(vi) The Trustee may rely upon:

(1) a certificate, signed by an Authorized Representative of the Issuer,

(x) as to the existence or non-existence of any fact or facts stated therein,

(y) as to the sufficiency or validity of any instrument, paper or proceeding, other than a resolution of the Issuer, and

(z) prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in Section 1001 (c)(viii) hereof or of which by said Section the Trustee is deemed to have notice, as to the necessity or appropriateness of any particular dealing, transaction or action; and

(2) a certificate, signed by the Clerk of the Issuer, as to the due adoption and validity of an ordinance of the Issuer.

(vii) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence, misconduct or willful default, subject to the limitation of paragraph (i) of this subsection (c).

(viii) The Trustee shall not be deemed to have notice of any Event of Default hereunder except a Default in the payment of the principal or Redemption Price of or interest on any of the Bonds, whether at maturity or upon prior redemption, unless the Trustee shall be specifically notified in writing of such Event of Default.

(ix) All moneys received by the Trustee shall be held in trust in the manner and for the purpose for which they were received but need not be segregated from other moneys held by the Trustee except to the extent required by this Indenture or by law. The Trustee shall not be liable for interest on any moneys received hereunder except such as may be agreed upon.

(x) At any reasonable time, the Trustee and its duly authorized agents, experts, and representatives, may (but shall not be obligated to) inspect any of the security for the Bonds and any books, papers and records of the Issuer pertaining to the Project and the Bonds.

(xi) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers intended to be conferred upon it in this Indenture or otherwise in respect of the premises.

(xii) The Trustee may (but shall not be obligated to) demand, as a condition of the authentication of any Bonds, the withdrawal of any moneys, the release of any Property, or the taking of any other action contemplated by this Indenture, any certificates, opinions, appraisals or other information, or corporate action or evidence thereof (in addition to any other prerequisites required in any other Section of this Indenture) which the Trustee may reasonably deem desirable for the purpose of establishing the right of the Issuer to the authentication of the Bonds, the withdrawal of the moneys, the release of the Property or the taking of the other action.

(xiii) The Trustee shall not be personally liable for any debts contracted, or for damages arising from injury to Persons or damage to Property, or for salaries, or for non-fulfillment of contracts during any period when it may be in the possession of or managing any Property as in this Indenture provided.

Section 1002. Obligation to Bring Suit. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Indenture or under the Agreement, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder or under the Agreement or any subsequent lease or agreement for operation of the Project, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability (except liability which may be adjudicated to have resulted from the Trustee's own negligence, misconduct or willful default); the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Issuer shall cause the Trustee to be reimbursed under the Agreement or any subsequent lease or agreement for the operation of the Project or from

the Revenues of the Project for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If such reimbursement shall not be made, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any of the Bonds or coupons Outstanding hereunder.

Section 1003. Fees, Charges and Expenses of Trustee and Paying Agent. The Issuer shall pay or reimburse the Trustee and any additional Paying Agent, or cause the Trustee and any additional Paying Agent to be paid or reimbursed, for reasonable fees for their Ordinary Services rendered hereunder and all Ordinary Expenses reasonably and necessarily paid or incurred in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee or any additional Paying Agent perform Extraordinary Services, reasonable extra compensation therefor, and for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the negligence, misconduct or willful default of the Trustee or any Paying Agent, it shall not be entitled to compensation or reimbursement therefor. The Issuer shall pay or reimburse the Trustee, or cause the Trustee to be paid or reimbursed, for the reasonable fees and expenses of the Trustee as paying agent and Bond Registrar for the Bonds and coupons as hereinabove provided. The obligation of the Issuer under this Section to pay and reimburse the Trustee and any additional Paying Agent for such fees and expenses shall constitute additional indebtedness secured hereunder which, in the absence of an Event of Default hereunder, shall be subordinate to the Lien in favor of Bondholders. Upon the occurrence and continuance of any Event of Default hereunder, the Trustee and any additional Paying Agent shall have a first Lien, with right of payment prior to payment on account of interest on, or principal or Redemption Price of, any Bond, upon the Trust Estate for the foregoing fees and expenses.

Section 1004. Annual Report. (a) It shall be the duty of the Trustee, on or before the 60th day after the close of each Fiscal Year, following the delivery of the Bonds issued under the provisions of Section 211 of this Indenture, to file with the Issuer and the Lessee or any successor lessee or operator of the Project an annual statement setting forth in respect of the preceding Fiscal Year:

(i) the amount withdrawn or transferred by it and the amount deposited with it on account of each Fund, Account and special fund held by it under the provisions of the Agreement or this Indenture,

(ii) the amount on deposit with it at the end of such preceding Fiscal Year to the credit of each such Fund, Account or special fund,

(iii) a brief description of all obligations held by it as an investment of moneys in each such Fund, Account or special fund,

(iv) the amount applied to the retirement at maturity or by purchase or redemption of Bonds under the provisions of this Indenture and a description of the Bonds or portions of Bonds so paid, purchased or redeemed, and

(v) any other information concerning its trusteeship which the Issuer and the Lessee or any successor lessee or operator of the Project may reasonably request.

(b) All records and files pertaining to the Project and pertinent to the Indenture in the custody of the Trustee shall be open at all reasonable times to the inspection of the Issuer and the Lessee or any successor lessee or operator of the Project and their agents and representatives.

Section 1005. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee, has a substantial bearing on the interests of Owners of the Bonds, the Trustee may, and if so requested in writing by the Owners of at least twenty-five per centum (25%) in aggregate principal amount of Bonds Outstanding shall, intervene on behalf of Bondholders.

Section 1006. Right of Trustee to Pay Taxes, Insurance Premiums and Other Charges. (a) If any tax, assessment or governmental or other charge upon any part of the Trust Estate is not paid or any insurance is not maintained as required herein, the Trustee may pay such tax, assessment, governmental or other charge or insurance premium, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure. Any amount so paid under this Section, with interest thereon from the date of payment by the Trustee at a rate per annum equal to the Bond Rate, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any Bonds and interest thereon, and shall be paid out of the proceeds or revenues collected from the Trust Estate, if not otherwise caused to be paid.

(b) The Trustee shall be under no obligation to make any payment described in subsection (a) of this Section 1006 unless it shall have been requested in writing to do so by the Holders of at least twenty-five per centum (25%) in aggregate principal amount of Bonds Outstanding and shall have been provided with adequate funds to make such payment.

Section 1007. Resignation by the Trustee. (a) The Trustee and any successor Trustee may, at any time, resign from the trusts hereby created and be discharged of its duties and obligations under this Indenture by (i) giving not less than sixty (60) days written notice to the Issuer and, by first class mail, to each registered Owner of Bonds then Outstanding and to each Holder of Bonds then Outstanding as shown on the list of Bondholders kept by the Trustee and (ii) publishing a notice thereof, specifying the date when such resignation shall take effect, at least once in an Authorized Newspaper, the first publication to be made within thirty (30) days after the Issuer's receipt of such written notice. Such resignation shall take effect upon the date specified in such notice, provided, however, that in no event shall such a resignation take effect until a successor Trustee has been appointed pursuant to Section 1009 of this Indenture.

(b) The Issuer and the Trustee have been advised by Bond Counsel that, in its opinion, this Indenture does not

require qualification under the Trust Indenture Act of 1939, as amended and in effect on the date of execution of this Indenture (hereinafter referred to in this Section as the "Trust Indenture Act"). Nevertheless, the Trustee (i) represents that, as of the date of execution hereof, it has no "conflicting interest", as such quoted term is defined in the Trust Indenture Act, and (ii) for the better protection of the rights of Bondholders, agrees that if it shall acquire any such conflicting interest, it shall, within ninety (90) days after ascertaining that it has such a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a) of this Section. For the purposes of this Section, "obligor", as such term is used in the Trust Indenture Act, shall include the Lessee but shall not include the Issuer.

Section 1008. Removal of Trustee. (a) The Trustee may be removed at any time without cause by an instrument or concurrent instruments in writing, which (i) is executed by the Holders of not less than fifty percent (50%) in aggregate principal amount of the Bonds hereby secured and then Outstanding, (ii) specifies the date on which such removal shall take effect and the name and address of the successor Trustee, and (iii) is delivered to the Trustee, the Issuer and the Lessee. Notice in writing given by such Holders shall be published at least once in an Authorized Newspaper, the first publication to be made not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments.

(b) The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture or the Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding under this Indenture.

Section 1009. Appointment of Successor Trustee by the Bondholders; Temporary Trustee. (a) In case the Trustee, or any successor thereof, shall resign, or be removed or be dissolved or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor Trustee may be appointed by the Holders of at least a majority in principal amount of the Bonds Outstanding, excluding any Bonds held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee with notification thereof being given to the predecessor Trustee, the Issuer and the Lessee. Until such successor Trustee shall have been appointed by Bondholders, the Issuer, by an instrument executed and signed by the Authorized Representative of the Issuer and under its seal, may appoint a temporary Trustee to fill the vacancy until a successor Trustee shall have been appointed by the Bondholders in the manner

above provided. Such instrument appointing such successor Trustee by the Issuer shall be delivered by the Issuer to the successor Trustee so appointed, to the predecessor Trustee and to the Lessee. The Issuer shall publish notice of any such appointment at least once in an Authorized Newspaper, the first publication to be made within twenty (20) days after such appointment. Any appointment made by the Issuer shall, immediately and without further act, be superseded and revoked by an appointment subsequently made by Bondholders.

(b) If in a proper case no appointment of a successor shall be made within forty-five (45) days after the Issuer's receipt of the written notice of resignation in accordance with this Section or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, the Issuer or any Bondholder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor.

(c) Any successor Trustee appointed under the provisions of this Indenture shall be a bank, trust company or national banking association duly authorized to exercise corporate trust powers and subject to examination by Federal or state authority, of good standing, and having a combined capital and surplus aggregating not less than Ten Million Dollars (\$10,000,000).

Section 1010. Concerning Successor Trustees. (a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer, an instrument in writing accepting such appointment hereunder. Thereupon such successor Trustee, without any further act, shall become fully vested with all the Properties, rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor.

(b) Every predecessor Trustee shall, on the written request of its successor or of the Issuer execute and deliver an instrument, transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all Property, securities and moneys held by it hereunder to its successor. Should any instrument in writing from the Issuer be requested by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested in the predecessor Trustee, any such instrument in writing shall and will be executed, acknowledged and delivered by the Issuer.

(c) The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article X, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded.

Section 1011. Successor Trustee as Custodian of Funds and Paying Agent. In the event of a change of Trustees, the predecessor Trustee shall cease to be (i) custodian of the Funds, Accounts and special funds created pursuant to the

Agreement and this Indenture and of all other moneys, Properties, rights and assets of the Issuer and (ii) Bond Registrar and Paying Agent for principal or Redemption Price of and interest on the Bonds, and the successor Trustee shall become such custodian, Bond Registrar and Paying Agent. Every predecessor Trustee shall deliver to its successor Trustee all books of account, the registration books, the list of Bondholders and all other records, documents and instruments relating to its duties as such custodian, Bond Registrar and Paying Agent.

Section 1012. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall be and become successor Trustee hereunder and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1013. Trust Estate may be Vested in Co-Trustee.
(a) In the event the Trustee determines that it may be necessary or desirable to appoint one or more co-trustees to exercise any of the rights, powers or remedies granted to the Trustee hereunder, the Trustee may appoint an additional Person or Persons to act as co-trustee or co-trustees hereunder by executing an instrument of appointment for each such co-trustee and by delivering such instrument of appointment to the co-trustee, the Issuer and the Lessee. Any such instrument of appointment shall confer such rights, powers, duties and obligations hereunder as the Trustee may deem necessary or desirable upon the co-trustee as joint tenant (or, if required by applicable law, as tenant-in-common) with the Trustee, except to the extent that, under applicable law, the Trustee is incompetent or unqualified to exercise any of such rights or powers or to discharge any of such duties or obligations. To such extent, such rights, powers, duties and obligations may be conferred upon and be exercised and performed solely by the co-trustee. If any written instrument shall be requested from the Issuer by the co-trustee to more fully and certainly vest in it such rights, powers, duties and obligations, such instrument or instruments shall be executed, acknowledged and delivered by the Issuer.

(b) The Trustee, at any time by an instrument in writing delivered to any co-trustee, the Issuer and the Lessee, may remove such co-trustee. In case any co-trustee shall become incapable of acting, resign or be removed, all the Properties, rights, powers, duties and obligations of such co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment by the Trustee of a successor to such co-trustee.

Section 1014. Appointment, Resignation or Removal of Paying Agent; Successors. (a) The Trustee is hereby designated and, by executing this Indenture, agrees to act as Paying Agent for and in respect to the Bonds.

(b) The Issuer from time to time may appoint one or more additional Paying Agents and, in the event of the resignation or removal of any additional Paying Agent, successor Paying Agents by an instrument signed by the Authorized Representative of the Issuer and delivered to such additional Paying Agent and the Trustee. Any such additional Paying Agent or successor Paying Agent shall be a national banking association, trust company or bank which is authorized by law to perform all the duties imposed upon a Paying Agent by this Indenture and has combined capital and surplus of at least \$10,000,000. Any such additional Paying Agent or successor Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Issuer and the Trustee a written acceptance thereof.

(c) The principal office of each additional Paying Agent is hereby designated as the respective office or agency of the Issuer for the payment of the principal or Redemption Price of and the interest on the Bonds. Any additional Paying Agent shall hold all moneys received by it for the payment of the principal of, premium, if any, and interest on the Bonds in trust for the Holders of such Bonds and any coupons appertaining thereto. Any additional Paying Agent, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds or coupons, and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such an additional Paying Agent.

(d) A Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days written notice to the Issuer and the Trustee. A Paying Agent may be removed at any time by an instrument signed by the Authorized Representative of the Issuer and delivered to such Paying Agent and the Trustee.

(e) In the event of the resignation or removal of a Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee.

ARTICLE XI

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 1101. Consent of Bondholders. (a) Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds or coupons shall be sufficient for any purpose of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument, if made in the following manner:

(i) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by (y) the certificate (which need not be acknowledged or verified) of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgements of deeds to be recorded in the state in which he purports to act, that the person signing such instrument acknowledged to him the execution thereof on such date, or (z) by any affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

(ii) The fact of the holding of Bonds hereunder by any Bondholder and the amount and the numbers of such Bonds and the date of his holding the same (unless such Bonds be registered) may be proved by the affidavit of the person claiming to be such holder, if such affidavit shall be deemed by the Trustee to be satisfactory, or by a certificate executed by any trust company, bank, banker or any other depository wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with or exhibited to such trust company, bank, banker or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice to the contrary is served upon it. The ownership of registered Bonds shall be proved by the registration books kept by the Trustee as Bond Registrar.

(b) Any request, consent or vote of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done or omitted to be done

by the Issuer or the Trustee in accordance therewith, unless and until such request, consent or vote is revoked by the filing with the Trustee of a writing, signed and executed by the Owner of the Bond, in form and substance and within such time as shall be satisfactory to the Trustee.

(c) Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

(d) Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any person as a Holder of any Bond or coupon or to take any action at his request unless such Bond or coupon shall be deposited with it.

ARTICLE XII

SUPPLEMENTAL INDENTURES

Section 1201. Supplemental Indentures Not Requiring Consent of Bondholders. (a) The Issuer and the Trustee may from time to time and at any time, without the consent of, or notice to, any Bondholder enter into such trust indentures supplemental hereto as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Indenture or in any Supplemental Indenture; or

(ii) to grant to or confer upon the Bondholders or the Trustee any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders; or

(iii) to add to the conditions, limitations and restrictions on the issuance of Bonds, under the provisions of this Indenture, other conditions, limitations and restrictions thereafter to be observed; or

(iv) to add to the covenants and agreements of the Issuer in this Indenture, other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer; or

(v) to more precisely identify the Property subject to this Indenture; or

(vi) to subject to the Lien of this Indenture additional Property; or

(vii) to release a part or parts of the Property from the Lien of this Indenture as provided in Article XIII of this Indenture; or

(viii) to provide for the issuance of Additional Bonds in accordance with the provisions of Article II of this Indenture.

(b) The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that any such Supplemental Indenture complies with the foregoing conditions and provisions.

Section 1202. Supplemental Indenture Requiring Consent of Bondholders. (a) Subject to the terms and provisions contained in this Section 1202, and not otherwise, the Holders of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such trust indenture or trust indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Indenture or in

any Supplemental Indenture or in the Bonds; provided, however, that nothing herein contained in this Section 1202 shall permit, or be construed as permitting: (i) a change in the terms of redemption or maturity of the principal of or interest on any Bond Outstanding; (ii) a reduction in the aggregate principal amount of any Outstanding Bond or the redemption premium or the rate of interest thereon; (iii) the creation of a Lien (other than a Permitted Encumbrance or a Lien for the benefit of Holders of Additional Bonds) upon or a pledge of the Rent, the Revenues and other income of the Issuer from the Project which is equal or superior to the Lien and pledge created by this Indenture; (iv) a preference or priority of any Bond or Bonds over any other Bond or Bonds; or (v) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

(b) If at any time the Issuer shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of this Section 1202, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be published once in each week for two (2) successive weeks in an Authorized Newspaper and, on or before the date of the first publication of such notice, the Trustee shall also cause a similar notice to be mailed, postage prepaid, to all Owners of registered Bonds at their addresses as they appear on the registration books and all other Bondholders of record. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail the notice required by this Section 1202, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section 1202.

(c) Notwithstanding the provisions of paragraph (b) above, if because of any temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish notice of the proposed execution of such Supplemental Indenture in the manner provided in this Section 1202, such publication as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

(d) Whenever, at any time within one year after the date of the first publication of such notice, the Issuer shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the holders of not less than sixty-six and two-thirds percent ($66 \frac{2}{3}\%$) in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, the Trustee may execute such Supplemental Indenture in substantially such form.

(e) If the Holders of not less than sixty-six and two-thirds percent ($66 \frac{2}{3}\%$) in aggregate principal amount of the

Bonds Outstanding at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond, whether or not such Holder shall have consented thereto, shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

(f) The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that (i) any Supplemental Indenture entered into by the Issuer and the Trustee and (ii) the evidence of requisite Bondholder consent thereto comply with the provisions of this Section 1202.

Section 1203. Effect of Supplemental Indentures. The Trustee is authorized to join with the Issuer in the execution of any such Supplemental Indenture and to make the further agreements and stipulations which may be contained therein. Any Supplemental Indenture executed in accordance with the provisions of this Article XII shall thereafter form a part of this Indenture, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 1204. Consent of Lessee to Supplemental Indentures. Notwithstanding anything contained in this Indenture to the contrary, no Supplemental Indenture which affects any rights of the Lessee shall become effective unless and until the Lessee shall have consented in writing to the execution and delivery of such Supplemental Indenture. The Trustee may rely upon the opinion of Independent Counsel as conclusive evidence whether or not a Supplemental Indenture affects any rights of the Lessee within the meaning of, and for the purposes of, this Section 1204.

Section 1205. Trustee's Discretion. In each and every case provided for in this Article XII, the Trustee shall be entitled to exercise its discretion in determining whether or not to execute any proposed Supplemental Indenture, if the rights, obligations and interests of the Trustee would be affected and the Trustee shall not be under any responsibility or liability to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any such supplemental trust indenture if such trust indenture is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Issuer or for the Lessee or any successor lessee or operator of the Project, as conclusive evidence that any such proposed supplemental trust indenture does or does not comply with the applicable provisions of this Article, and that it is or is not proper for it, under the provisions of this Article, to join in the execution of such supplemental trust indenture.

ARTICLE XIII

AMENDMENTS TO AGREEMENT AND GUARANTY

Section 1301. Amendments to Agreement Not Requiring Consent of Bondholders. Without the consent of or notice to any of the Bondholders, the Issuer may enter into, and the Trustee may consent to, any amendment, change or modification of the Agreement as may be required (i) by the provisions thereof or of the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission therein, (iii) to more precisely identify the Project or to add or substitute additional Property thereto or therefor, (iv) to provide for the issuance of Additional Bonds in accordance with the provisions of Article II hereof, (v) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights that may be lawfully granted or conferred, (vi) to provide for the release of (y) land and interest therein and (z) equipment and furnishings pursuant to Article IX of the Agreement, or (vii) in connection with any other change therein which, in the sole judgment of the Trustee, does not adversely affect the interests of the Trustee or the Holders of the Bonds. The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that any such amendment, change or modification complies with the provisions of this Section 1301.

Section 1302. Amendments to Agreement Requiring Consent of Bondholders. Except for amendments, changes or modifications as provided in Section 1301 hereof, neither the Issuer nor the Trustee shall consent to any amendment, change or modification of the Agreement without publication of notice and the written approval or consent of the Holders of not less than sixty-six and two-thirds per centum (66 2/3%) in aggregate principal amount of the Bonds at the time Outstanding procured and given in the manner set forth in Section 1202 hereof. The Trustee may rely on an opinion of Independent Counsel as conclusive evidence that any such amendment, change or modification and the evidence of requisite Bondholder consent comply with the requirements of this Section 1302.

Section 1303. Amendments to Guaranty. Without the consent of or notice to any of the Bondholders, the Lessee and the Trustee may enter into any amendment, change or modification of the Guaranty (i) to cure any ambiguity, formal defect or omission, or (ii) to make other changes therein which, in the sole judgment of the Trustee, do not adversely affect the interests of the Trustee or the Holders of the Bonds. The Lessee and the Trustee shall not enter into any other amendment, change or modification of the Guaranty without the consent of the Holders of not less than sixty-six and two-thirds per centum (66 2/3%) in aggregate principal amount of Bonds at the time Outstanding procured and given in the manner set forth in Section 1202 hereof. The Trustee may rely on an opinion of Independent Counsel as conclusive evidence that any such amendment, change or modification and the evidence of requisite Bondholder consent comply with the requirements of this Section 1303.

ARTICLE XIV

SUBORDINATION OF INDENTURE: PARTIAL RELEASE OF TRUST ESTATE

Section 1401. Subordination to Rights of the Lessee. The rights of the Trustee and the holders of the Bonds under this Indenture shall be subject and subordinate to the rights of the Lessee under the Agreement so long as there is no Event of Default under the Agreement. In the event of a Default under the Agreement, the rights of the Lessee under the Agreement shall be subordinate to the Lien of this Indenture.

Section 1402. Release of Land. Reference is made to the provisions of the Agreement, including without limitation Section 9.01 thereof, whereby the Issuer and the Lessee have reserved the right to effect the release from the Lien of this Indenture of certain portions of, and interests in, the Land. The Trustee shall execute a release from this Indenture of any such Land upon compliance by the parties with the provisions of the Agreement. Any moneys received by the Trustee pursuant to the release referred to by this Section shall be deposited to the credit of the Redemption Fund.

Section 1403. Release of Equipment. Reference is made to the provisions of the Agreement, including without limitation Section 9.05 thereof, whereby the Lessee may withdraw certain items of Equipment. The Trustee shall confirm that any such Equipment is no longer subject to the Lien of this Indenture upon compliance by the parties with the provisions of the Agreement. Any moneys received by the Trustee pursuant to the release referred to by this Section shall be deposited to the credit of the Redemption Fund.

Section 1404. Grants of Easements. Reference is made to Section 9.03 of the Agreement whereby rights of way and easements may be granted or other arrangements or actions taken in connection with the Project. The Trustee shall execute and deliver any and all instruments necessary or appropriate to confer, grant or take such other action permitted by such Section 9.03 upon compliance with the provisions thereof.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 1501. Binding on Successor to Issuer. All of the covenants, stipulations, obligations and agreements contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time, and upon any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Section 1502. Notice. (a) Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Issuer, the Lessee or the Trustee shall be deemed given when delivered and, if delivered by mail, shall be sent by registered mail, postage prepaid addressed as follows:

- (i) To the Issuer
Georgetown County, South Carolina
Georgetown County Council
County Courthouse
Georgetown, SC 29440
- (ii) To the Trustee
- (iii) To the Lessee
Oneita Knitting Mills
Andrews, SC 29510

(b) Any of the foregoing may by notice sent to each of the others designate a different address to which notices under this Indenture are to be sent. In the event the Lessee should not be the operator or lessee of the Project, then the successor operator or lessee shall by notice to the Issuer and Trustee establish the address to which notice is to be sent under this Indenture to such operator or lessee in lieu of the notice to the Lessee. A copy of any notice given under this Indenture shall also be given to each of the others as above, including any successor operator or lessee of the Project who shall receive notice in lieu of the Lessee.

Section 1503. Limitation of Rights. Except as herein otherwise expressly provided, nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon any Person, other than the Issuer, the Trustee and the Holders of the Bonds and coupons, any rights, remedy or claim, legal or equitable, under or by reason of this Indenture or any provision hereof. This Indenture and all of its provisions are intended to be for the sole and exclusive benefit of the Issuer, the Trustee and the Holders from time to time of the Bonds and coupons.

Section 1504. Performance Deemed by Issuer. If the Lessee or any successor lessee or operator of the Project should perform any act, duty, obligation or requirement imposed on the Issuer by this Indenture, then it is agreed that for purposes of this Indenture such act, duty, obligation or requirement shall be deemed to have been performed by the Issuer.

Section 1505. Severability. In case any one or more of the provisions of this Indenture or of the Bonds or coupons issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds or coupons, but this Indenture and said Bonds and coupons shall be construed and enforced at the time as if such illegal or invalid provision had not been contained herein or therein, nor shall such illegality or invalidity or any application thereof affect any legal and valid application herein or thereof from time to time.

Section 1506. No Recourse on Bonds. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in his individual capacity, and neither the members nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of any acts of commission or omission by or on behalf of the Lessee.

Section 1507. Applicable Law. This Indenture is governed exclusively by the applicable laws of the State.

Section 1508. Security Agreement; Recording and Filing.
(a) This Indenture is also a security agreement under the Uniform Commercial Code of the State.

(b) This Indenture shall be recorded in the Office of the Register of Mesne Conveyances of Georgetown County, South Carolina or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

(c) The Issuer hereby irrevocably appoints the Trustee as its lawful attorneys and agents to execute, on behalf of the Issuer, one or more financing statements and renewals thereof with respect to the security interests granted by this Indenture and, on its behalf, to file such statements or renewals thereof signed by the Trustee alone in any appropriate public office.

Section 1509. Counterparts. This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original and such counterparts shall constitute but one and the same instrument.

Section 1510. Table of Contents and Section Headings Not Controlling. The Table of Contents and the Section Headings preceding the texts of the several Sections hereof shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, GEORGETOWN COUNTY, SOUTH CAROLINA has caused this Indenture to be executed in its behalf by its Chairman, and its seal to be impressed hereon and attested by its Clerk, and

has caused this Indenture to be executed on its behalf by a Vice President, and its seal to be impressed hereon and attested by a Trust Officer or an Assistant Trust Officer, all as of August 1, 1978.

GEORGETOWN COUNTY, SOUTH CAROLINA

By

Chairman, County Council, Georgetown County, South Carolina

(SEAL)

ATTEST:

Clerk, County Council, Georgetown County, South Carolina

Signed and Delivered in the Presence of:

as Trustee

By

Vice President

(SEAL)

ATTEST:

Trust Officer

Signed and Delivered in the Presence of:

7/29/78

ONEITA KNITTING MILLS

Since 1874

Post Office Drawer 24
Andrews, South Carolina 29510
Phone: 803-264-5225

July 18, 1978

Bill McInnis

Ed - For next BTGB
(agenda to 80 7/27),
please.

Bill

*To Fulmer
1/8/80*

[Signature]

Mr. William McInnis
State Auditor
State of South Carolina
Box 11333
Columbia, South Carolina 29211

Dear Mr. McInnis:

As requested during your conversation with Milton Sitton, Esq., of J. C. Bradford and Company, Nashville, Tennessee, enclosed are the requested data: annual reports, audited for 1975, 1976, and 1977, and unaudited six months figures for 1978. These figures are for the application for the \$500,000. Georgetown County, South Carolina, First Mortgage Industrial Revenue Bonds, Series A (Oneita Knitting Mills' project) dated August 1, 1978.

If you need any further information, please do not hesitate to contact me.

Yours very truly,

ONEITA KNITTING MILLS

E. F. McManus
E. F. McManus
Vice President of Finance

EPM/vrm

Enclosures

cc: Milton Sitton, Esq.
J. C. Bradford & Company
170 4th Avenue N.
Nashville, Tennessee 37219

Sylvan Rosen, Esq.
Rosen and Rosen
107 Screven Street
Georgetown, S. C. 29440

7/20/78

1

ONEITA KNITTING MILLS

Since 1874

Post Office Drawer 24
Andrews, South Carolina 29510
Phone: 803-264-5225

July 18, 1978

Mr. William McInnis
State Auditor
State of South Carolina
Box 11333
Columbia, South Carolina 29211

Dear Mr. McInnis:

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If you need any further information, please do not hesitate to contact me.

Yours very truly,

ONEITA KNITTING MILLS

E F McManus

E. F. McManus
Vice President of Finance

EFM/vrm

Enclosures

cc: Milton Sitton, Esq.
J. C. Bradford & Company
170 4th Avenue N.
Nashville, Tennessee 37219

Sylvan Rosen, Esq.
Rosen and Rosen
107 Screven Street
Georgetown, S. C. 29440

*Financial to EFM 7/20
Guaranty, Lease Agreement
Mortgage & Trust Ind to Kit
7/20*

STATE BUDGET AND CONTROL BOARD

POLL OF August 1, 1978

POLL ITEM NUMBER

EXHIBIT VII
8/1/78
7

Agency: Vocational Rehabilitation

Subject: Charges by Doctors and Hospitals for Copies of Patient Records

(Please refer to attachments for details.)

Board Action Requested:

Information only.

Vote Of Board Member: (Please indicate by initialing appropriate line below.)

_____ I approve of the above action.
_____ I disapprove of the above action.
_____ Hold for regular meeting.

Attachments:

Putnam 7/24/78 letter to Dusenbury plus attachments



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA
29211

WILLIAM T. PUTNAM
STATE AUDITOR

July 24, 1978

Mr. Joe S. Dusenbury, Commissioner
Vocational Rehabilitation Department
P. O. Box 4945
Columbia, South Carolina 29240

Dear Joe:

I appreciate the information which you enclosed along with your letter of July 14, 1978 pertaining to charges by doctors and hospitals for the furnishing of copies of patient records.

We are making copies of this communication for all Budget and Control Board members and also for Senator Roddey. Hopefully, at some time in the future, we may be able to bring some sense of order into matters of this type. In the meantime, we assure you that we sympathize with the situation in which you find yourself and we will work with you in any way possible to deal with the matter.

Yours very truly,

William T. Putnam
State Auditor

WTP:sc

TELEPHONES (AREA CODE 803)

ADMINISTRATION
758-3106

BUDGET DIVISION
758-7415

AUDITING DIVISION
758-8406

GRANTS AND CONTRACTS
758-7707

ENGINEERING
758-2657

South Carolina
Vocational Rehabilitation Department



J. S. DUSENBURY
EXECUTIVE OFFICER AND COMMISSIONER

301 LANDMARK CENTER, 3600 FOREST DRIVE
P. O. BOX 4945
COLUMBIA, SOUTH CAROLINA 29240

July 14, 1978

Mr. William T. Putnam, Auditor
State of South Carolina
P. O. Box 11333
Columbia, South Carolina 29211


Dear Mr. Putnam:

I hate to keep haranguing you with things concerning medical expense, but it is a continuing problem to me, and as long as certain agencies continue to pay doctors what they request, it obviously means it creates problems for the others. Sooner or later it just is going to be absolutely necessary for the Legislature to recognize the importance of this issue and help us work out some reasonable solution.

This particular information I am enclosing concerns getting copies of medical reports in the process of developing cases for Social Security disability claims. You will note that we pay \$5.00 for a xerox copy, and perhaps this should be adjusted upwards some. However, Dr. Godfrey notifies us that their standard charge is \$15.00, and \$25.00 if you want them to add any opinion concerning the report itself. I know clerical help is high, but if we would attempt to charge a doctor or any citizen of South Carolina \$15.00 for making a copy of something they request under the Freedom of Information Act, you could hear reverberations to China. If we all were to stick together, perhaps we would get more cooperation from vendors.

I will be most happy to meet and discuss this issue with you and the Budget and Control Board or anyone else you see fit at any time.

Yours very truly,


Joe S. Dusenbury
Commissioner

JSD:ndd

SPARTANBURG, S. C. 29302

PRACTICE LIMITED TO NEUROLOGY
APPOINTMENT BY REFERRAL.
803/582.5712

Mr. Rex L. Salley, Jr.
Regional Supervisor
Suite 208
300 University Ridge
Greenville, S. C. 29501

Your allowed charge of \$5 for copies of patients' records does not cover costs and is considered unreasonable. Our standard charge is \$15 and where additional information is requested, requiring review of records and professional opinion the standard charge is \$25.

We will be glad to comply with your request upon receipt of the approved sum from the patient or upon guarantee of payment from your agency.

E. H. Godfrey, M. D.

7-5-78

RECEIVED
JUL 1 1979
FD-302 (Rev. 1-25-70)

7/10

June 29, 1978

Drs. Godfrey and Eilers
331 South Pine Street
Spartanburg, South Carolina 29302

Dear Sirs:

We requested information on Linda H. Caldwell, as this person is applying for Supplemental Security Income and Social Security Benefits and this means that she meets an economical need. Therefore, it is the State Agency's responsibility to pay for evidence of record. I spoke with Mrs. Edwards concerning this matter today and advised her that our regulations will permit us to pay only \$5.00 for a photo-static copies of one or more pages. I would like for you to reconsider sending us records on this person in keeping with our regulations. The information we requested on this case, your treatment records since January 1973 and your comments on extent of continuing neurological deficits and prognosis. If you can do this, we can then pay \$15.00; however, as mentioned above, we can only pay \$5.00 for an abstract of your records.

Your cooperation would be greatly appreciated.

Yours very truly,

Rex L. Salley, Jr.
Regional Supervisor

RLS/baw

EARL H. GODFREY, M.D.
W. DONALD HIRS, M.D.
311 SOUTH PINE STREET
SPARTANBURG, S. C. 29302

FOR USE LIMITED TO DEEDS ONLY
APPROPRIATE TO FEDERAL
BUT ~~XXXXXX~~

582-5712

To Whom It May Concern:

Our fee for furnishing medical information
on any patient is \$15. If you wish this
information, please forward your check
for this amount.

This is for copies of record. Narrative
done for fee of \$25.

P. Edwards

Drs. Godfrey & Hiers
P. Edwards, CMA
Office Manager

GREENVILLE, S.C.
D.O.D.

JUN 29 1973

Aiken Community Hospital

Copy: Mr. Deane
RW

University Parkway
Post Office Drawer 1117

Aiken, South Carolina 29801

June 8, 1978

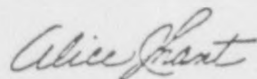
Mr. Frank Honea
Disability Division
3710 Landmark Drive, Suite 14
Columbia, South Carolina 29204

Dear Sir:

This is to advise that the basic minimum charge for hospital transcripts of patients medical records is now \$7.50.

This increase has been necessary due to the increase of supplies for this area.

Sincerely,



(Mrs.) Alice Jhant, ART
Director, Medical Record Department

RECEIVED
JUN 14
DDS - STATE OFFICE

An Affiliate of Hospital Corporation of America



REPORT OF CONTACT

(Use ink or typewriter)

ACCOUNT NUMBER AND SYMBOL

REVIEWING OFFICE

NAME OF WAGE EARNER OR SELF-EMPLOYED PERSON

TO: NE MAT SE GL MAM WN BDI DIO SA

PERSON(S) CONTACTED AND ADDRESSES

☐ WE OR SE PERSON ☐ OTHER (Specify)

Mrs Ghant - Medical Records Suf. Aiken S.C.

CONTACT MADE

☐ DO ☐ BO ☐ CS ☐ HOME ☐ PHONE☐ OTHER

DATE OF CONTACT

5/4/78

SUBJECT

Mrs Ghant was contacted as to the fee paid to them for evidence of Record. She stated that their policy changed and the fee is now \$7.50 to everyone. She was told that we could not pay but \$5.00 as per VR fee schedule. She said that we could change the ones we have to pay them \$5.00 but she would write us and request we go up to \$7.50 which is their policy.

SIGNATURE

DISTRICT OFFICE

Frank L. Gagne
Reg Suf☐ CR ☐ FR ☐ SR ☐ CLAIMS
CLERICAL☐ OTHER (Specify)

DATE OF REPORT

PAGE OF

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT VIII
8/1/78
2

Agency: University of South Carolina

Subject: Proposed Lease of Wade Hampton Hotel Property

The University of South Carolina proposes to lease the Hotel from August 1, 1978 to May 15, 1979 at an approximate cost of \$250,000 (with a maximum of \$270,000) to provide housing for 523 students. The University indicates that sufficient income will be generated to pay lease costs and operating expenses (in accord with State law requiring housing to be self-sufficient).

The University also advises that the owners of the Hotel have a legal requirement to sell the property within five years of their foreclosure and are, as a result, only interested in leasing it on the basis that the University might purchase it. Accordingly, USC is trying to obtain a 3%, 40-year loan from HUD. If such a loan were obtained, the University intends to ask Budget and Control Board approval to purchase the Hotel and retain it for three to a maximum of five years at which time it would be sold to a private developer or to the City of Columbia.

Board Action Requested:

Consider

Staff Comment:

(Gen. Services
to advise of
B+C action)

Attachments:

USC Proposal to Lease Wade Hampton Hotel

UNIVERSITY OF SOUTH CAROLINA

PROPOSAL TO LEASE WADE HAMPTON HOTEL

At the present time the University has 1,497 students on a waiting list for housing for the Fall Semester. This housing shortage continues the trend that has been evident in the last few years in which greater numbers of University students need to, or want to live on campus. Last year, the University was fortunate in locating 100 students in the Wade Hampton Hotel, plus many others in the then Sheraton Inn, the Town House and the Downtowner. Unfortunately, none of these facilities can make housing available to the University this year.

The University has now been successful in negotiating a proposed lease for use of the Wade Hampton Hotel from August 1, 1978, to May 15, 1979, at a price approximately of \$250,000, with a maximum of \$270,000. Based on providing housing for 523 students, the University believes that sufficient income will be generated to pay operating expenses and lease payments. This would be in accordance with State Law that requires housing to be self-sufficient.

The banks that currently own the Wade Hampton have a legal requirement to sell the property within five years of their foreclosure. As a result, they have only been interested in leasing the facility to the University on the basis that the University might be able to purchase it. Accordingly, the University is trying to obtain a 3-percent, 40-year loan from HUD. It would be our intent if such a favorable loan was obtained to later ask the Budget and Control Board for approval to purchase the Wade Hampton Hotel. If such a purchase were made, it would be the plan of the University to retain the Hotel for an optimum of three years and a maximum of five years. At that time it would be sold to a private developer or to the City acting for some commercial development.

The potential purchase of the Wade Hampton Hotel is very similar to the circumstances surrounding the University's purchase of the former Columbia Hotel in 1965. At that time the University had a housing shortage. At that time, the Hotel owners wanted to sell. At that time, the University only wanted a short-range arrangement. The solution was an agreement for the University to buy the Columbia Hotel and sell it five years later.

We believe the proposal to lease and possibly buy the Wade Hampton is similar to the Columbia. At this time, however, the University is only asking the Budget and Control Board for approval of the proposed 9½ months lease for the Wade Hampton Hotel.

UNIVERSITY OF SOUTH CAROLINA SYSTEM
Wade Hampton Hotel
Proposed Budget 1978-79

Estimated Revenue:

Student Room Rental*	\$ 492,000
Rent of Public Rooms	<u>20,000</u>
Total	\$ 512,000

Estimated Expenditures:

Salaries	\$ 62,000	
Utilities	108,000	
Telephones	27,000	
Contractual Services	20,000	
Maintenance Supplies	10,000	
Custodial Supplies	15,000	
Annual Lease	<u>270,000</u>	\$ 512,000

Balance	- 0 -
---------	-------

*Rooms rent schedule is based on an occupancy of 531 spaces for an average of \$464 per semester. Actual range varies from \$380 to \$500.

Budget Board OKs USC Leasing Hotel

By ROBERT M. HITT III
Record Staff Writer

The State Budget and Control Board today approved a University of South Carolina proposal to lease the old Hotel Wade Hampton for one year to use as a dormitory.

The approval came amid indications that a group of investors is considering buying the hotel to redevelop it as a convention center.

In other action, the board approved an S. C. Department of Mental Health plan to purchase two former Palmer College dormitories that the mental health agency has leased for about three years.

USC President James B. Holderman appeared before the budget board to make his plea for approval of the Wade Hampton lease.

Dr. Holderman told the board that demand for on-campus housing has

grown substantially over the past four years. He said there were 57 housing vacancies in July 1975, but a year later there was a waiting list of about 550 students.

He said that in June 1977 there were 1,052 students on the housing waiting list and as of last month housing requests outnumbered available space by 1,572.

Holderman said students have come full cycle in recent years from a strong desire to live off campus to a strong desire to be more involved in campus life, including on-campus living.

He said he sees the trend as a good one but indicated there probably is not a need for any new permanent dormitories because national trends indicate the need for on-campus housing will begin dropping again in the next few years.

Gov. James B. Edwards said that he understands a group of investors is negotiating a possible purchase of the

Wade Hampton property with the banks that hold the mortgages on the defunct hotel, which closed its doors in April.

Edwards wanted assurances from Holderman that the university's lease agreement would not be an impediment to a possible purchase of the 38-year-old facility.

Holderman said the potential buyers are aware of the one-year lease proposal and have no problem with it.

Edwards said he has heard that the investors are interested in improving the property to develop a convention center.

Holderman said he has the same understanding and added that USC has applied to the U. S. Department of Housing and Urban Development for a grant to purchase the hotel on a short term basis to continue using it

(See HOTEL, 12-B)

Record photo by Johnny Drumming

President Holderman About Lease



ted
st

for a statewide
highway Adminis-
the Department
funnels federal

McI

Lander
COLLEGE
Greenwood, South Carolina 29646
Telephone (803) 229-8300

Office of the President

July 29, 1978

Governor James B. Edwards, Chairman
Budget and Control Board
Post Office Box 11450
Columbia, South Carolina 29211

Dear Governor Edwards:

Although I do not believe that anyone is completely free of vested interest, I believe that I am writing this letter in my role as a taxpayer as much as in my role as President of Lander College.

I write to ask that the Budget and Control Board carefully weigh all the ramifications of the request from the University of South Carolina to lease the Wade Hampton Hotel for dormitory space.

Although I can understand the University's desire to serve the students on its waiting list, it is my belief that a positive decision to immediately serve these students would be at the expense of sound long-term planning.

There are, in my opinion, two important reasons why we should not allow our large institutions to increase their student bodies over the present level (a decision, I believe, which Clemson has already made). First, it is time for us to emphasize quality and not quantity. Our youth needs institutions equal to those available anywhere in the country. Another important reason for not allowing our large institutions to continue to grow is that there is a finite number of students to be served, and if we are going to allow Carolina to continue to accumulate FTEs in Columbia we are going to diminish the number of students served by regional colleges, colleges which the state has constructed at considerable expense.

There are a number of horror stories around the country which must cause us in South Carolina to very soberly and carefully weigh every decision we make regarding higher education. I have just visited a campus in Purchase, New York, which was constructed at a cost of \$60,000,000 to serve about 6000 students. It has an enrollment of less than 1500. Before I came to South Carolina I was invited to interview

Governor James B. Edwards
July 29, 1978
Page 2

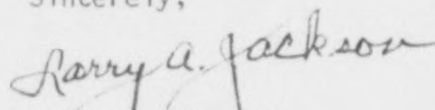
for the presidency of a regional state college in Minnesota which was constructed for 10,000 students. When I found out that enrollment was at less than 2000, and dropping, I lost interest.

Perhaps South Carolina needed four-year colleges in Aiken and Spartanburg, but it is a fact that we have noted at Lander a drop in enrollment from those two cities. Formerly, some students who completed two years at Spartanburg and Aiken transferred to Lander. They can now remain at home. These students no doubt benefited, but I cite this as an example of the fact that in a small state any decision regarding enrollment at Columbia will have a direct effect on enrollment at other institutions.

In this time of transition when we do not have a strong coordinating body for higher education, the task of coordination falls to the Budget and Control Board. I write to ask that you use your tremendous moral influence to move all our state institutions to use their talents and energies to improve quality and not to compete with each other to increase quantity. South Carolina has earned a reputation as a prudent state. We do not want to make a decision to expand at Columbia if such a decision would render unwise a former decision to provide regional state colleges.

I am sharing my views on this matter with the press because I believe that some of the issues underlying this particular decision will be with us for a long time, and I believe that full public discussion is needed.

Sincerely,


Larry A. Jackson
President

LAJ:h1b

cc: Members, Budget and Control Board
Grady L. Patterson
Earle E. Morris, Jr.
Rembert C. Dennis
Tom G. Mangum
✓ William T. Putnam
F. Mitchell Johnson, Chairman
State College Board of Trustees
Howard Boozer, Executive Director
Commission on Higher Education

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT IX
3 8/1/78

Agency: Department of Mental Health

Subject: Proposed Purchase of Palmer College Dormitories

The Department requests authorization to purchase 4.59 acres of land plus two buildings (Lever Hall and Caughman Hall) and all furnishings at a price of \$752,175 using funds from the Department's Patient Fee Account. \$2,825 additional for a survey and appraisal are required for a total of \$755,000.

The State Engineer has examined this property and is of the opinion that the property is in good condition considering its age and use. He places a value of \$739,000 on the land, buildings and site improvements (excluding all furnishings).

The House-Senate Bond Review Committee discussed this proposal with Mental Health officials on 7/18. Senator Horace Smith of that Committee has advised that the Committee consensus was to approve the proposal.

Board Action Requested:

Authorize Department of Mental Health to acquire referenced property through the use of \$755,000 of Patient Fee Account funds.

Staff Comment:

Attachments:

Propes 7/12/78 letter to Putnam; McPherson 7/20/78 memo to McInnis; Hall 7/20/78 letter to Putnam and E-1 form; Hall 6/30/78 letter to McEachern plus attachments



JUL 17 1978

South Carolina Department of Mental Health

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D.
State Commissioner of Mental Health

July 12, 1978

The Honorable William Putnam
State Auditor
Chairman, Budget and Control Board
Post Office Box 11333
Columbia, South Carolina 29211

Re: The Requested Purchase by the South Carolina
Department of Mental Health of Property Owned
by the Palmer College Corporation

Dear Mr. Putnam:

This letter is to confirm our conversation at the State House on July 11, 1978, concerning the above.

As I indicated to you at that time, the Palmer College Corporation has orally agreed to give the Department of Mental Health a thirty day extension of time to exercise its option to purchase the premises known as Lever Hall and Caughman Hall, 4.59 acres of land, and all appliances, furniture and utensils located on the premises. The actual purchase price of the buildings, furnishings and land will be \$752,175.00. This is based on the Palmer College Corporation's book value of the property. We estimate that the actual value of the property is approximately \$950,000.00.

We are prepared to meet with Senator Roddey's Bond Review Committee and the State Budget and Control Board at their convenience. Anything that you can do to expedite the consideration of this request will be appreciated.

Sincerely yours,

WILLIAM S. HALL, M. D.
STATE COMMISSIONER OF MENTAL HEALTH

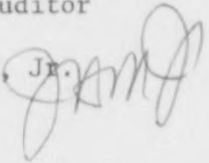
By:

Larry W. Propes
Larry W. Propes
Attorney for SCDMH

LWP:acm

MEMORANDUM

TO: Mr. William A. McInnis
Assistant State Auditor

FROM: John A. McPherson, Jr. 
Chief Engineer

DATE: July 20, 1978

SUBJECT: Palmer College Property
1125 and 1135 Carter Street

As requested, inspection was made of the subject property on July 19, 1978.

This property is in good condition, considering age and use. There had been some leaks in the roof of the apartment unit; however, this has been corrected.

Based replacement cost with new building and site improvements of comparable size, but designed to 1978 standards and codes and using a 50% depreciation factor, the office estimated the total value to be as follows:

Buildings and Site Improvements	\$648,000
Land	91,800
	<u>\$739,800</u>

The above does not include furnishing.

By comparison, the sale price of \$752,175 includes building, furnishing and land.

dc



JUL 21 1978

South Carolina Department of Mental Health

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D.
State Commissioner of Mental Health

July 20, 1978

Mr. William T. Putnam
State Auditor
S. C. State Budget & Control Board
P. O. Box 11333
Columbia, South Carolina 29211

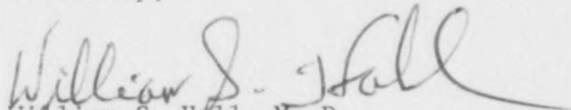
RE: Purchase of Palmer College Dormitories

Dear Mr. Putnam:

I am enclosing an Application for Approval of a Permanent Improvement Project (SCB&CB Form E-1). Upon approval of the purchase of this property by the General Assembly and S. C. State Budget and Control Board, I would appreciate you returning a completed action copy for record.

I appreciate your assistance in the presentation of this request to the Legislative Bonding Committee and the Budget and Control Board.

Sincerely,


William S. Hall, M. D.
State Commissioner of Mental Health

WSH:RBP:rsh

Enclosure

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE July 19, 19 78

Institution or Agency S. C. Department of Mental Health

Name of Project Purchase of Palmer College Dormitories

Total Estimated Cost - - - - - \$ 755,000

To:—State Budget and Control Board

Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

The purchase of dormitories and activities building previously used by Palmer College.

B. Intended Use: Project COIL and Friendship Center

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.
(b) Outline specifications.
(c) Small scale locality map.
(d) Analysis of Architect's Preliminary Construction Estimate.

2. No. Square Feet:

3. Principal Facilities (No. of stories, rooms, offices, etc.) _____

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

III. ESTIMATED COST

Site	- - - - -	\$	
Grading	- - - - -		
Construction	- - - - -		
Fees	- - - - -		
Renovation	- - - - -		
Basic Equipment and Supplies	- - - - -		
Landscaping	- - - - -		
Builder's Risk Insurance	- - - - -		
Other (Specify)	Purchase of two buildings & approximately 2.5 acres of land	710,375.	
	Approximately 2.09 additional acres of land	41,800.	
	Appraisal, survey, etc.	2,825.	
Contingencies	- - - - -		
TOTAL ESTIMATED COST	- - - - -	\$	755,000

It is further estimated that this project will add \$_____ per year to operation and maintenance costs of this agency.

IV. FINANCING PLAN

A. Funds already in Hand	- - - - -	\$	755,000
Source:	Cash from paying patient account		
B. Proposed Bond Issue	- - - - -		
	(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).		
C. Other (describe)	- - - - -		
TOTAL	- - - - -	\$	755,000

Has your governing board taken formal action authorizing the submission of this application?

(Signed)

William S. Hall, M. D.

Title

Commissioner of Mental Health

BOARD'S ACTION

APPROVED:

State Auditor

DATE:



South Carolina Department of Mental Health

JUL 05 1978

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

7701

William S. Hall, M.D.
State Commissioner of Mental Health

June 30, 1978

Mr. Furman E. McEachern, Jr.
Director
Division of General Services
300 Gervais Street
Columbia, South Carolina 29201

*To be paid from
Patient Fee Account.*

Re: The Requested Purchase by the South Carolina
Department of Mental Health of Property
Owned by the Palmer College Corporation

Dear Mr. McEachern:

As you know, the South Carolina Department of Mental Health is requesting authorization of the Budget and Control Board that we be allowed to purchase two buildings and approximately four and one-half acres of land now owned by the Palmer College Corporation.

This property has been leased by the Department of Mental Health from the Palmer College Corporation for the past four years and has been used to house our COIL Project and Friendship Center, both of which are more specifically described in the attachment to this letter marked "SCDMH EXHIBIT A".

Under the terms of our lease with the Palmer College Corporation, we must exercise our option to purchase on or before July 14, 1978. The option to purchase indicates that the purchase price will be \$790,375.00 which includes 2.5 acres of land. This, according to Dr. Palmer, is the book value on the property. The lease also provides that the Department will be given \$80,000.00 credit for one year's annual rental. Also, we have an agreement with Dr. Palmer that we can purchase additional acreage required at \$20,000.00 per acre and we are presently using and have fenced 4.59 acres which will mean that we have to purchase an additional 2.09 acres at \$20,000.00 per acre or \$41,800.00. Therefore, the total purchase price of the buildings and the land will be \$752,175.00.

Attached is a preliminary appraisal from Mr. Walton Greever concerning the property. Using Mr. Greever's appraisal which is based on 3.5 acres rather than the 2.5 acres, we must add an additional 1.09 acres at his appraised price of \$15,000.00 an acre which is an additional \$16,350.00 which, when added to the \$823,300.00, gives us a total of \$839,650.00 total value

Mr. Furman E. McEachern, Jr.
Page Two
June 30, 1978

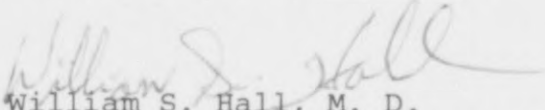
versus our purchase option price of \$752,175.00.

Also, the Department of Mental Health estimates that there is approximately \$100,000.00 worth of additional furnishings and utensils which are not included in Mr. Greever's appraisal. Therefore, the total value of the property including the buildings and furnishings would be approximately \$950,000.00 whereas we could purchase it for \$752,175.00.

We are hopeful that this matter can be considered by the Budget and Control Board in the very near future so we can exercise the purchase option before the deadline on July 14. Your support for the Department's purchase of this property will be appreciated. Also, I would appreciate it if you would share this information with Mr. Putnam so he will have the information available if needed by the Board prior to any meeting.

Thank you very much for your cooperation and assistance.

Sincerely yours,


William S. Hall, M. D.
State Commissioner of Mental Health

WSH:acm

Enclosure

PROJECT COIL
A Facility of the
SOUTH CAROLINA DEPARTMENT OF MENTAL HEALTH

JUSTIFICATION FOR PURCHASE OF 1125 AND 1135 CARTER STREET

Prior to the establishment of the Center for Orientation to Independent Living, hereafter referred to as Project COIL, the South Carolina Department of Mental Health had made concerted efforts to remove mid-to-long term patients from mental institutions and return them to some degree of participation in the community. This effort had been frustrated to some degree by the loss of the patients' living skills which occurs over a long period of institutionalization. Patients have been placed in boarding homes, nursing facilities and other group care resources, but the lack of daily living skills has severely limited the level at which these persons have been able to function. In order that these problems be dealt with, the Department of Mental Health established Project COIL in September, 1974. Project COIL is located in facilities formerly occupied by Palmer College Corporation at 1125 and 1135 Carter Street in Columbia. This facility consists of thirty (30) fully equipped apartments with a large multi-use building adjacent. The facility is leased by the Department of Mental Health with an option to purchase from Palmer College Corporation.

Referrals to the COIL Project are received from the Department of Mental Health inpatient facilities, namely, South Carolina State Hospital, Crafts Farrow State Hospital, William S. Hall Psychiatric Institute, C. M. Tucker Human Resources Center, Bryan Psychiatric Hospital, and appropriate referrals through the Columbia Area Mental Health Center.

Patients who benefit most from the services of the COIL Project are seen as mid-to-long term psychiatric patients who exhibit social impairment and require substantial supportive services in order to maintain them in a non-institutional setting. Another group of patients who can benefit from the COIL Residential Program are younger "revolving door" patients who exhibit motivation to learn independent living skills and are stable enough to participate in the programs offered by the COIL Project.

Additionally, approximately 260 individuals currently living in the community either in licensed community care homes or independent situations participate in the Adult Development Program, and are provided transportation to the Project several times a week for these activities.

Project COIL's program objectives are threefold: (1) Pre-Residential Program. The Pre-Residential Program is designed to provide an orientation for Department of Mental Health inpatient referrals as to the goals, objectives, and expectations of the COIL Project. Individuals who have substantial periods of hospitalization will be worked with in areas of meal preparation and planning and skills necessary for them to begin residency in a COIL apartment. Patients who have not lost home management skills would participate for a shorter length of time in the Pre-Residential Program and upon receiving orientation to the COIL Project begin residency in a COIL apartment. The Pre-Residential Program is an open-ended and ongoing group which typically can last for an eight week period of time for those patients requiring a complete orientation. (2) Residential Program. The Residential Program consists of one to one counseling and activities of daily living skills such as

home management which includes such areas as grocery shopping, meal planning and preparation, apartment maintenance skills, clothing maintenance, and learning to work cooperatively with one's roommate. The Residential Program can last up to six months period of time for those individuals needing a longer period of orientation to independent living. Individuals who are seen as requiring licensed boarding home situations or those individuals requiring less orientation would only utilize the residential program for a three month period before moving into their future living arrangements. (3) Adult Development Program. The Adult Development Program serves as a community support system for ex-residents and persons living in licensed community care homes and persons participating in the COIL Residential Program. Areas of the COIL Adult Development Program in which services are provided include: home management, consumer education, personal development and personal hygiene, orientation to community, adult education, arts, crafts, and hobby development, and social, recreational activities. While an individual is participating in the Residential Program, a platform of services is developed for the resident which includes arrangements for a financial base, medical and health care services, a living arrangement in the community, and psycho-social supportive services to facilitate the resident's adjustment in moving to the community.

Reasons Project COIL requests the purchase of this property are as follows: Operational procedures for the Project have been established. The Project has a favorable location between a commercial and residential community and good relationships have been established with local businesses such as banking institutions, grocery and shopping centers, laundry facilities and the convenience of city transportation. Not only does the apartment situation provide a residential program for the Department of Mental Health inpatients where independent living skills can be imparted, but Caughman Hall is a service center where a variety of supportive services are rendered to ex-residents living in the greater Columbia area. Furthermore, a large number of those individuals in supported independent arrangements in the community require a substantial amount of assistance in order to maintain themselves in their community based arrangements. Without assistance in dealing with environmental, psycho-social, or medical problems many of these persons would return to Department of Mental Health inpatient facilities. Relative to those persons currently participating in the COIL Residential Program, should the COIL Project be terminated, fifty individuals would most probably need to be returned to the hospital because of incomplete training and plans developed for their movement into the community. Specifically, another advantage to purchase this property from Palmer College Corporation rather than continuing with a lease agreement is the COIL Project would be eligible for funding sources which require the facility be state owned. For example, a CETA Grant for \$90,000 could have been utilized in the area of interior maintenance and painting at the COIL Project where nine COIL residents could have been placed into an employment status to gain valuable training and experience in a particular trade. With this experience permanent employment could be secured within the community. Not only does the Project attempt to orient these individuals back into the community but also assist the residents in securing employment for an economic platform while in an independent situation.

The following statistical information is based upon the residents dispositions from Project COIL. The disposition period reported is from the initial discharge (May 6, 1975) until the last discharge (May 26, 1978). The status of these individuals may be changed at this point in time as a result of a medical, psychiatric, or economic need, yet approximately 67% of total dispositions have been placed into

community situations. The "return to institution from pass" category below represents patients who were on pass and not discharged from the institution. Reasons for returning were either a medical or psychiatric problem or possibly they were deemed inappropriate for the program. The "return to institution" category represents approximately 11% of total residents served who were discharged from and readmitted to the institution for a medical or psychiatric problem.

Project COLL's Disposition Record

Expired	4
Returned to Institution from Pass	58
Returned to Institution	39
Leave Without Permission	6
Community Care Homes	36
Independent Situations	<u>185</u>
Total Dispositions	<u>328</u>

In a comparative cost review of Project COLL's per day rate with that of the South Carolina State Hospital's per day rate, the following information is available: During the fiscal year 1976-1977, Project COLL recorded a total of 17,352 resident days at a total operational cost of approximately \$16.50 per day. The cost per inpatient day at the South Carolina State Hospital for the 1976-1977 fiscal year was approximately \$30.80. In comparing the cost per day for each facility for total resident days recorded by COLL, the following was noted:

Project COLL - \$16.50 per day @ 17,352 = \$286,308

S. C. State Hospital - \$30.80 per day @ 17,352 = \$534,442

Here we automatically note a saving to the State of South Carolina and its taxpayers of \$248,134 for one year.

Furthermore, it is understood that residents leaving the Project will remain in a tax recipient capacity either by receiving VA benefits, Social Security or Supplemental Security Income. At any rate, these benefits would cost the state less. For example, a resident moving into an independent situation being determined eligible under the Supplemental Security Income Plan, will be able to receive \$177.80 per month. With the existence and support of Project COLL, these individuals who have been placed into supported independent living arrangements can be maintained in the community rather than in a mental institution costing approximately \$277.00.

Project COLL's future plans will be to continue working in the area of deinstitutionalization of Department of Mental Health inpatient referrals. The residential program will continue to be geared to provide independent living skills for patients referred for training and then placement in a community living arrangement. Project COLL intends to provide more support services to our ex-residents by increasing manpower necessary to serve this ever growing population in the greater Columbia area. In continuing to work with this population, the COLL Project will endeavor to demonstrate the effectiveness and necessity of a support-oriented, outreach service to this population and suggest a model for a support system which may be adapted on a statewide basis.

Not only does the termination of this facility effect the Project's goals, but it also effects another facility of the Department of Mental Health, Friendship Center.

Friendship Center has shared a portion of Caughman Hall since the Fall of 1974, when the facility was first leased.

Moving to this facility from an old house in a crowded downtown area has given Friendship Center a new image and the ability to serve a larger number of former patients with a broader program.

There are several reasons Friendship Center requests the purchase of this facility so that they may continue to sublease from the COIL Project. One reason is that the facility is large enough to accommodate the COIL Project and still provide a large multipurpose recreation room for the use of Friendship Center. They are able to serve the residents, former residents and general community members. Another advantage of being able to be housed with COIL is that the custodial, security, and maintenance costs can be shared. The COIL vans are also available to Friendship Center, especially in the evening for special activities. Also, being located in a fringe area between business and residential is ideal. There are no close neighbors, but the feeling is of being in a community, and the surrounding neighbors and businesses are accepting and helpful. It is also located in the vicinity of several low-rent housing projects in which many of the members are living. Bus service is quite adequate and as developed as any location in the Columbia area. Furthermore, the facility is attractive and the grounds are spacious and beautifully developed. Because the central building was once a home, it has a home atmosphere and additional space for recreation with an adjoining kitchen and storage. Friendship Center especially benefits from the large outside area in the rear which has been made into a picnic area, softball field, volleyball court and place for other sports. There is also space for both flower and vegetable gardening. There is adequate parking in a well-lighted parking area which is another definite asset to the community members who come in the evenings.

The Board of Directors of Friendship Center and its staff do strongly recommend that the Department of Mental Health purchase the property as soon as possible and make this facility a permanent part of the Department.

June 6, 1978



1355

WALTON H. GREEVER, JR., M.A.I.-S.R.E.A.
MANAGER

SOUTHEASTERN REALTY COMPANY, INC.

REAL ESTATE—INSURANCE—RENTS
APPRAISALS

1229 HAMPTON STREET

PHONE

(803) 779-0450

COLUMBIA, S. C. 29201



122

June 29, 1978

Mr. Larry W. Cropes, Attorney
South Carolina Department of Mental Health
P. O. Box 485
2414 Bull Street
Columbia, South Carolina 29202

Re: Valuation of Palmer College Property on
Carter Street, Columbia, S. C.

Dear Mr. Cropes:

A narrative report with respect to the valuation of the above property is in process. The final conclusion of value with respect to the portion of property leased, which has been estimated at approximately 3 1/2 acres, will be valued as follows as of June 8, 1978:

Land at \$20,000.00 per acre X 3.5	- \$70,000.00
Buildings and improvements, including 30 ranges and 30 refrigerators but no other personal property	- <u>753,300.00</u>
Total	\$823,300.00

From the information at hand, the entire tract consists of 4.75 acres, more or less. The remaining 1.25 acres, more or less, within the fencing, but outside of the leased area, is valued at \$15,000.00 per acre. Assuming that reasonable access is afforded to Carter Street, it is valued at \$15,000.00 per acre which indicates a value of \$18,750.00.

It is expected that the narrative report will be completed early next week.

Trusting that the foregoing will be of assistance to you at this time, together with best wishes, I am

Faithfully yours,

Walton H. Greever, Jr.

Walton H. Greever, Jr.,
MAI-SREA-CRA

WHGjr:m

EXHIBIT X
8/1/78

MEMORANDUM

TO: Mr. W. T. Putnam, Secretary
State Budget and Control Board

FROM: J. A. Crosscope, Jr. *JAC*

DATE: July 17, 1978 *JAC*

RE: Judicial Commitment Program

1. Reference:

Correspondence, The Supreme Court of South Carolina, J. Woodrow Lewis, Chief Justice, to Governor James B. Edwards, dated June 21, 1978 (Tab A)

2. Background:

In the above referenced correspondence, the Chief Justice outlines two problem areas which he feels should be submitted to the Budget and Control Board. The first of these two areas of concern is directed to the increased spending that has come into existence as a legally enforceable claim resulting from the expenditures required for the medical examiners appointed by the probate judges. The second area of concern addresses the difficult position of the Court in complying with dual employment policies as a result of the manner in which the medical examiners are appointed by the probate judges in compliance with the Judicial Commitment Program.

3. Discussion:

A look at the present spending pattern for the Judicial Commitment Program reveals that the growth rate of this effort has increased as follows:

1975-76	<u>\$302,752</u>	State Appropriated Funding
1976-77	<u>\$376,727</u>	State Appropriated Funding
	30,000	Additional funds transferred to program from operating accounts
Total	<u>\$406,727</u>	
1977-78	<u>\$376,727</u>	State Appropriated Funding
	63,245	Additional funds transferred to program from operating accounts
Total	<u>\$439,972</u>	
1978-79	<u>\$426,727</u>	State Appropriations Requested (According to current growth rate of program, the Court identifies this estimate as insufficient to meet program needs.)

Present practice provides that for those medical examiners who are appointed by probate judges and who are also employees of the State (Department of Mental Health), a maximum of \$25 is paid for each examination performed and an additional \$25 is paid for appearing at the hearing. These payments are paid to the individual as additional compensation. This procedure creates a dual employment circumstance; however, since the medical examiner is appointed by the probate judge, dual employment identification and processing

July 17, 1978

becomes an after-the-fact proposition.

The question of dual employment in this instance, therefore, requires further examination. A sampling of Position Questionnaires for Psychiatric Section Chief, Psychiatric Service Chief, Chief Psychiatrist Admission - Exit Service and Acting Director of Professional Services (Tab B) as late as October 3, 1977 contained statements under the heading of Specific Duties/Description of Duties as follows:

"Examination of Court Cases for mental illness and testify in Court if necessary."

or

"Full court admitted patient load in rotation with other psychiatrists including regular scheduled team trips to Correctional Institute and appearance in court as required."

or

"Examine, evaluate and diagnose defendants who are admitted for psychiatric observation and report to the court as to defendants' mental capacity to stand trial."

or

"Examine, evaluate and diagnose persons admitted by order of the Court."

"Testify in court when cases are called to trial."

A look at a Position Questionnaire for a Psychiatric Section Chief, as approved by the State Personnel Division dated December 7, 1977, (Tab C) does not provide for the functions of examination and court appearance for the Psychiatric Section Chief as a specific duty. At first glance, it might be concluded that the lack of a description for such specific duties might be related to the particular job for which the Position Questionnaire was prepared. However, this theory is weakened by the fact that the staff members of the State Personnel Division have no reason as to why the description of the duties to be performed within this job area should be any different from previously prepared questionnaires for the same classification or job title.

A further examination of all, except one, of the referenced Position Questionnaires reveals that under the description of Specific Duties the statement "performs other related duties" appears.

4. Conclusions:

From the examination of Position Questionnaires, there is evidence that there has been a change in the description of certain Specific Duties outlined within the description of the position classification or job title as related to medical examinations and appearance in court cases by members of the psychiatric staff within the Department of Mental Health. This could easily bring those directly involved to analyze his/her own particular situation as to whether or not the fee schedule for medical examinations and court appearances is applicable to the individual. On

the other hand, the change in the outline of Specific Duties for like positions may lead others to feel that the change in description of duties (leaving out the medical examination and court appearance duties) might be applicable in all cases and, therefore, the fee for service schedule for performing medical examinations and appearing in court is proper for all to collect.

5. Recommendations:

The Position Questionnaires for the professional psychiatric staff are inconsistent--specific duties for like job titles are not the same. This is particularly demonstrated in those areas requiring services for medical examinations and for providing professional testimony for the court (some PQ's require such services while others do not). There is, however, a statement on all Position Questionnaires that requires personnel assigned to such positions to "perform other related duties".

Recognizing that agencies of State government require services of other agencies on occasion, and that, by using the expertise readily available in other agencies, demands for assistance can be accommodated quickly and at a great savings to State government as a whole. Interagency cooperation is an absolute necessity in the day-to-day operations of State government. Therefore, in the case of psychiatric staff personnel providing assistance to another agency (in this instance, the Court system), it is recommended that the duties performed should be considered as "other related duties" and not a service requiring additional compensation for services rendered.

It is also recommended that job classification/job title recommendations be reviewed more closely to prevent any inconsistencies in the specific duties to be performed by persons filling like positions.



The Supreme Court of South Carolina

J. WOODROW LEWIS
CHIEF JUSTICE

P. O. BOX 53
DARLINGTON, S. C. 29532

June 21, 1978

The Honorable James B. Edwards
Governor of South Carolina
Post Office Box 11450
Columbia, South Carolina 29211

Re: Judicial Commitment Program

Dear Governor Edwards:

During the course of our administration of the Judicial Commitment Program this year, two factors have arisen which we feel should be brought to the attention of the Budget and Control Board. The first area of concern is the expenditure of Judicial Commitment funds to state employees. The second area of concern is our ability to comply with the dual employment policies of the Budget and Control Board.

As you may be aware, during fiscal year 1975-1976, \$302,752 was appropriated to the Judicial Commitment Program. During fiscal year 1976-1977, \$376,727 was appropriated with an additional transfer of approximately \$30,000 for a total of \$406,727. In fiscal year 1977-1978, ~~\$736,727~~ was appropriated. We have transferred from other operating accounts of the Judicial Department a total of \$63,244.91 for a total of \$439,971.91. ^{\$} 376,727
The growing economic impact to the State for the program should, I feel, be brought to the attention of the Board. In our budget request for fiscal year 1978-1979, we had requested an additional \$50,000 appropriation which has been approved by the Senate. This would give us a total of \$426,727. ^{50,000} 426,727
At the current growth rate of the program, it now appears that our original estimate of the needed increased funds will be insufficient for a full year's operation unless certain changes are made.

A major area of expenditure is for the required medical examiners. In practice a large number of the medical examiners

TufA

The Honorable James B. Edwards
June 21, 1978
Page Two

appointed by the probate judges are also employees of the Department of Mental Health or other state agencies. These individuals are paid a maximum of \$25 for the examination and an additional \$25 for appearing at the hearing. This payment is over and above any compensation they receive from their employing agency. Based on a review by our office of all vouchers paid during the first 12 months of the fiscal year to date, of the total \$270,116 expended for medical examiners, \$112,765, or 42 percent was paid to persons indicating they were state employees. This is 25 percent of the total appropriation. It is our understanding from the State Personnel Division that many of the position questionnaires established for medical examiners include, as part of the employee's duties, the holding of the required examinations and attendance at hearings under the Judicial Commitment proceedings. In view of the existing dual employment policies and the proposed policy whereby state agencies provide assistance to other state agencies wherever possible, I wish to bring this fact to the attention of the Budget and Control Board. If the participation by doctors who are state employees in the program is made mandatory as part of their normal duties or, in the alternative, the fee schedule is differentiated between state employee participants and non-state employee participants, a savings would be realized.

If the Budget and Control Board wishes to continue to provide payments under the Judicial Commitment Program to state employees as it currently operates, we would suggest consideration of this compensation being in the form of increased salaries to those doctors who participate rather than individual payments for individual examinations and hearings. The administrative cost absorbed by our Department is becoming a factor due to the volume of examinations which are held in the state during a given year. This burden also is felt in the Office of the Comptroller General who must also process the vouchers and the Office of the State Treasurer who issues the checks. Depending upon the salary levels set to provide increased compensation to the medical examiners who participate in the program, the state may realize a net savings and a limitation on the growth rate on the Judicial Commitment Program.

Our second area of concern is our ability to comply with the dual employment policies of the Budget and Control Board. Representatives of my staff met with Mr. Earle Morris, the Comptroller General,

The Honorable James B. Edwards
June 22, 1978
Page Three

and representatives of the State Auditor's Office and the State Personnel Division in September of last year to discuss the problem that the Judicial Department would have in complying with the dual employment procedures as they then existed. It is our understanding that while the program was under the operation of the Attorney General, a list of state employees who participated in the program was provided in 1975 when the program was being implemented. There was no subsequent updating or other compliance with those provisions. At that time we pointed out the problem of compliance due to the high volume of transactions involving state employees under the Judicial Commitment Program. A secondary problem faced at that time was the fact that we acquired knowledge that an individual was a state employee only after the work was completed. In order to assist the Comptroller General and the Budget and Control Board, we amended the voucher form to include a statement by the person seeking reimbursement as to whether or not he was a state employee and, in addition, the social security number of the individual. We had hoped at that time that the information concerning the fact of the state employment and the social security number could be used in connection with a computer program in the Comptroller General's Office to monitor the amount of payments made to state employees under the Judicial Commitment Program.

The State Personnel Division is aware of the somewhat unique nature of the Judicial Commitment Program as it relates to dual employment and has very kindly supplied us with a copy of the proposed revision to the dual employment policies of the Budget and Control Board. We appreciate very much their advising us of the proposed changes for our comment as to its effect on our operation. We have processed approximately 5,000 vouchers under the program. Each one of these involves a medical examination and, in a majority of the instances, the doctor or other examiner is a state employee. These 5,000 vouchers represent all individual claims payable to a given individual received at the same time. The individual claims are received at the rate of approximately 75 claims per day on the average. We can safely assume that this means that we would be faced with compliance with the dual employment procedure 20 times per day at a minimum. All of these are in a posture of being "after the fact" since the probate judge in the individual county makes

The Honorable James B. Edwards
June 21, 1978
Page Four

the appointment of the medical examiners. Until the voucher is received after completion of services, we have no knowledge of the involvement of the doctor.

To obtain a dual employment request form in this circumstance would place us in direct violation of Section 2.09, Paragraph D, Subparagraph 1(f) concerning prior approval. We would also have no knowledge as to compliance with Subparagraph 2(a) concerning the taking of annual leave. Finally, we have no knowledge as to the duration of service or the compensation of the individual doctor. To complete the dual employment request form per examination and hearing, would place an insurmountable burden on the Judicial Department and on the Department of Mental Health which would have to provide information concerning the employing agency on the form. Because of the sheer volume of activity, we would request that the Budget and Control Board exempt the Judicial Commitment Program from the provisions of the dual employment procedure.

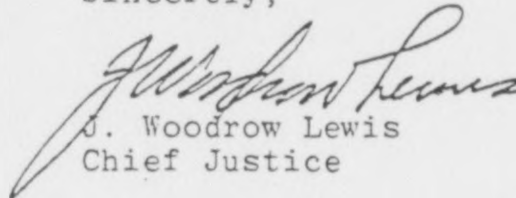
In the alternative, we suggest that the Office of the Comptroller General consider the possibility of keying the social security from the Judicial Commitment voucher to the individual state employee so as to provide the Budget and Control Board and our Department with a monthly listing of all payments to state employees. We feel that this will provide the information being sought by the Budget and Control Board under the dual employment procedure, that being to monitor the amount of compensation paid state employees by other state agencies. This procedure would provide the information needed to determine whether or not the 30 percent limitation has been exceeded.

For our Department to comply with the spirit and the letter of the dual employment procedure unless exempted, we would realistically anticipate the addition of not less than six employees within the Department to handle the paper work. The use of the inter-departmental transfers will have an effect on the personnel needs of the Division of Accounting and Personnel and will significantly slow down the compensation of the participants in the program. Of course, the question of dual employment will no longer exist if the performance of these duties are made mandatory upon state employees performing examinations.

The Honorable James B. Edwards
June 21, 1978
Page Five

I believe that these matters should be brought to the attention of the Budget and Control Board now that our Department has had the experience of 12 months of administering the program. We feel that these are policy questions which can only be answered by the Budget and Control Board and we will defer to the Board's decision. I will be most happy to appear before the Budget and Control Board should you feel that such appearance will assist the Board in resolving the matters presented in this letter.

Sincerely,



J. Woodrow Lewis
Chief Justice

JWL:be

cc: Members of the Budget and Control Board

STATE OF SOUTH POSITION QUEST

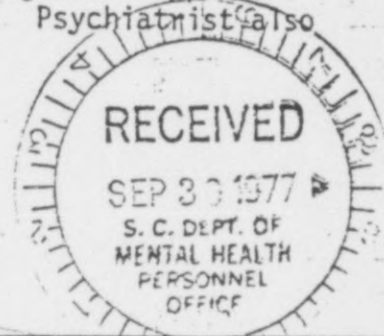
AGENCY ID CLS POSITION
J1212000000 4244 072357

AGENCY CLS SLOT
300 4244 0006

1. Agency Name <u>South Carolina Department of Mental Health</u>	Reason for Request: <input type="checkbox"/> New Position <input type="checkbox"/> Reclassification Request <input type="checkbox"/> Requested by State Personnel Division <input type="checkbox"/>
2. Section <u>South Carolina State Hospital</u>	
3. Job Location (City and County) <u>Columbia Richland</u>	
4. Present Classification or Job Title <u>Psychiatric Section Chief</u>	
5. Job Title of Supervisor Classification Code	
6. Work is (Check appropriate box)	
Permanent <input type="checkbox"/> Full Time <input type="checkbox"/> Part Time	Temporary <input type="checkbox"/> Full Time <input type="checkbox"/> Part Time
Number of months of temporary employment	
FOR PERSONNEL DIVISION USE ONLY	
Approved Class <u>Psychiatric Sec Chief</u>	
Class Code <u>4244</u> Agency Code <u>300 0</u>	
Slot Code <u>0006</u>	
Approval <u>[Signature]</u> Date <u>9-3-77</u>	

7. Description of Position A. General Responsibilities:

Under minimal supervision, responsible for the operation of one of the two separate Forensic Psychiatric Units as Section Chief. This is performance of a wide range of professional services, including examination, evaluation, diagnosis of persons admitted to the South Carolina State Hospital on a court order. Psychiatrist also has to testify in court when cases are called.



B. Specific Duties:

- ✓ Examine, evaluate and diagnose persons admitted by order of the court.
- ✓ Testify in court when cases are called to trial.

Approx.
7 of
Time

In consultation with other psychiatrists, physicians and allied professional personnel, develop and conduct specific treatment program as indicated for patients. Prescribe medications and other forms of therapy as indicated.

Participate in staff conferences and treatment team meetings relative to patient treatment activities. Review treatment plans with various staff personnel.

Interview patients, families and other persons to develop adequate case history. Dictate summaries of treatment rendered and other significant data concerning patients. Complete records of patients that have left the hospital.

Consult with families advising them of patient's condition, treatment and prognosis.

Conduct daily ward rounds to assess patient progress and render necessary treatment as indicated. Review patient charts in order to be apprised of significant entries by Nursing Service and other personnel.

Conduct individual psychotherapy sessions with patients in need of this type
(Continued on separate sheet)

POSITION QUESTIONNAIRE PART I (Con't.)

8. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each.
None

9. Working Conditions; Indicate Number of Hours in Work Week Plus any other Factors which Describe the Conditions Under Which You Work.
Average of 40 hours per week. Rotating duty assignment for night, weekend and holiday coverage. Subject to call during emergency situations.

10. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor.
Minimal supervision. Periodic review of medical records by Superintendent and Medical Records Committee. Peer Review.

11. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised.

Title	Freq. of Contact	Title	Freq. of Contact
Patients	Daily	Psychology Department	Daily
Nursing Service Personnel	Daily	Social Work Department	Daily
Medical Records Personnel	Daily	Registrar Division	Daily
Psychiatrists and Physicians	Daily	Attorneys, Solicitors	Weekly
Relatives of Patients	Daily	Judges	Weekly

12. Supervisory Responsibilities; List the Number, Titles and Organization of Employees Supervised.

A. Organization Unit	No. of Emp. Supervised	B. Job Titles of Three Highest Level Subordinates	No. of Emp.
None		1. None	
		2.	
		3.	
Total No. of Emp. Supervised			

PART II TO BE COMPLETED BY IMMEDIATE SUPERVISOR

13. Qualifications

A. Minimum General Education

College Degree

B. Specialized Education or Training

Doctor of Medicine Degree

Completion of Residency Training in Psychiatry

C. Minimum Work Experience

3 years experience in psychiatry

D. Special Skills or Attributes Required Must be able to work closely and cooperatively with a wide range of people and professionals. Should have the ability to communicate well with others and must be able to write thorough and comprehensive medical records documenting services performed and findings.

14. Supervisor's Comments on Description of Employee Duties

Employee's Signature

Date

Supervisor's Signature

Date

Department Head

Date

Karl V. Daskocil, M.D.

Karl V. Daskocil, M.D.

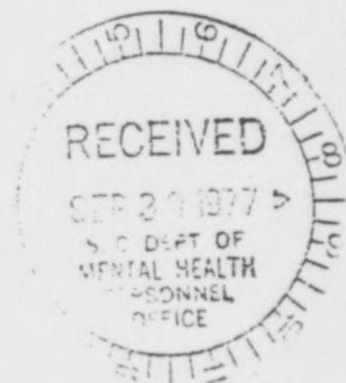
B. SPECIFIC DUTIES, CONTINUED:

of treatment.

Give technical supervision to other psychiatrists and allied personnel.

✓ Insures that professional standards are maintained at a high level in treatment programs.

Perform other related duties.



STATE OF SOUTH CAROLINA POSITION QUESTIONNAIRE

AGENCY ID CLS POSITION
J1212000000 4246 030352

AGENCY CLS SLOT
300 4246 0003

1. Agency Name South Carolina Department of Mental Health	
2. Section South Carolina State Hospital 300	
3. Job Location (City and County) Columbia Richland	
4. Present Classification or Job Title Psychiatric Service Chief 4246	
5. Job Title of Supervisor	Classification Code
6. Work is (Check appropriate box)	
Permanent	Temporary
<input checked="" type="checkbox"/> Full Time	<input type="checkbox"/> Full Time
<input type="checkbox"/> Part Time	<input type="checkbox"/> Part Time
Number of months of temporary employment	

Reason for Request:

- ☒ New Position
☐ Reclassification Request
☐ Requested by State Personnel Division

FOR PERSONNEL DIVISION USE ONLY

Approved Class

Class Code

Slot Code

Approval

Psychiatric Service Chief

4246

Agency Code 300

0003

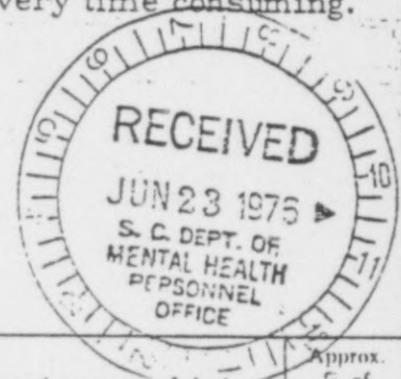
Date 7-2-76

7. Description of Position

A. General Responsibilities:

Under limited supervision serve as Psychiatric Service Chief for the Court Psychiatry Service in a large State Hospital. Required to be available at all times for testifying in various courts throughout the State, which is very time consuming.

RECEIVED
JUN 25 1976



B. Specific Duties

Interview patients, families and other persons to develop adequate case history. Dictate summaries of treatment rendered and other significant data concerning patients. Complete records of patients that have left the hospital.

Conduct daily ward rounds to assess patient progress and render necessary treatment as indicated. Review patient charts in order to be apprised of significant entries by Nursing Service and other personnel.

Conduct individual psychotherapy sessions with patients in need of this type of treatment.

Examine, evaluate and diagnose defendants who are admitted for psychiatric observation and report to the court as to defendant's mental capacity to stand trial.

Give technical supervision to other psychiatrists and allied-professional personnel. Insures that professional standards are maintained at a high level in treatment programs.

Perform other related duties.

Approx.
7 of
Time

JUL 25 1976
PERSONNEL DIVISION
DATA CONTROL

100%

POSITION QUESTIONNAIRE PART I (Con't.)

8. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each.			
None			
9. Working Conditions; Indicate Number of Hours in Work Week Plus any other Factors which Describe the Conditions Under Which You Work. Average of 40 hours per week. Rotating duty assignment for night, weekend and holiday coverage. Subject to call during emergency situations.			
10. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor. Limited supervision. Periodic review of medical records by Superintendent, Medical Records Committee and peer review.			
11. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised.			
Title	Freq. of Contact	Title	Freq. of Contact
Registrar	Daily	Relatives of patients	Weekly
Chaplaincy	Weekly	Solicitors	2 x week
Social Work Service	Weekly	Attorneys	Daily
Psychology	Weekly		
12. Supervisory Responsibilities: List the Number, Titles and Organization of Employees Supervised.			
A. Organization Unit	No. of Emp. Supervised	B. Job Titles of Three Highest Level Subordinates	No. of Emp.
		1. <i>psychiatrist II</i>	3
		2.	
		3.	
Total No. of Emp. Supervised			
PART II TO BE COMPLETED BY IMMEDIATE SUPERVISOR			
13. Qualifications			
A. Minimum General Education			
College Degree			
B. Specialized Education or Training			
Doctor of Medicine Degree			
Completion of Residency Training in Psychiatry			
C. Minimum Work Experience			
years experience in psychiatry			
D. Special Skills or Attributes Required Must be able to work closely and cooperatively with a wide range of people and professionals. Should have the ability to communicate well with others and must be able to write thorough and comprehensive medical records documenting services performed and findings.			
14. Supervisor's Comments on Description of Employee Duties			
Employee's Signature	Date	Supervisor's Signature	Date
<i>Edward W. [Signature]</i>		<i>Paul V. [Signature]</i>	
		Department Head	Date
		<i>Paul V. [Signature]</i>	<i>11.3</i>

STATE OF
SOUTH CAROLINA

AGENCY ID CLS POSITION
J1212000000 4244 030346

AGENCY CLS SLCT
300 4244 0002

PART I TO BE COMPLETED BY EMPLOYEE

1. Employee Name Williamson, Oliver W.	5. Present Classification or Job Title Section Chief, Admission-Exit Service
2. Social Security Number 246-07-0578	6. Agency South Carolina Department of Mental Health
3. Name of Supervisor Karl V. Doskocil, M. D.	7. Section South Carolina State Hospital
4. Job Title of Supervisor Chief Psychiatrist, Admission-Exit Service and Acting Director of Professional Services	8. Job Location (City) Columbia
9. Work is (Check appropriate boxes) <input checked="" type="checkbox"/> Full Time <input type="checkbox"/> Part Time <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Temporary <input type="checkbox"/> Seasonal	

10. Description of Duties	Approx. % of Time
(a) As Section Chief Psychiatrist I am responsible for all activities of the Section including approval of psychiatric work-up and diagnosis on each patient.	5%
(b) Weekly diagnostic staff with psychiatrists and other section personnel	5%
(c) Weekly sectional team meeting for evaluation of each patient's current condition.	5%
(d) Full patient load in rotation with other psychiatrists in section. This includes initial work-up, admission note, history, physical, and psychiatric examinations.	50%
(e) Regular ward visits for patient consultations, progress notes and necessary psychiatric and medical attention and treatment.	10%
(f) Available at all times for individual consultations with section personnel, including psychiatrists, psychologists, social service, nursing service, vocational rehabilitation and occupational therapy; also, regular scheduled professional meetings of medical staff and Admission-Exit Staff meetings, as called.	5%
(g) Full court admitted patient load in rotation with other psychiatrists including regular scheduled team trips to Correctional Institute and appearance in court as requested.	10%
(h) Regular scheduled coverage as OD, ON, holiday and weekend.	5%
(i) Receiving phone calls and answering correspondence relative to patients and special assignments as delegated by Director of Professional Services.	5%

100%

POSITION QUESTIONNAIRE PART 1 (Con't.)

11. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each

- (a) Usual instruments and equipment used by physicians in normal practice of medicine.
- (b) ECT machine

12. Working Conditions; Indicate Number of Hours in Work Week if Over 40 Hours Plus any other Factors which Describe the Conditions Under Which You Work.

- (A) In addition to regular work day, there is scheduled coverage as OD & ON, weekend and holiday, averaging 3 times a month.
- (B) Saturday morning coverage once a month.
- (C) Special consultations and assignments by supervisor.

13. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor.

As decided necessary by supervisor.

14. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised

Title	Freq. of Contact	Title	Freq. of Contact
Nursing service	Daily	Occupational therapy	2 x week
Social Service	Daily	Hospital School Teachers	Occasional
Psychologists	almost daily	Registrar Personnel	Daily
Vocational Rehabilitation	2 x week	Other Professional Personnel	Daily

15. Supervisory Responsibilities; List the Number, Titles and Organization of Employees Supervised.

A. Organization Unit	No. of Emp. Supervised	B. Job Titles of Three Highest Level Subordinates	No. of Emp.
Admission-Exit Service	2	1. K. M. Waggett, Staff Psychiatrist	
		2. Reed Johnson, Staff Psychiatrist	
Total No. of Emp. Supervised	2	3.	

PART II TO BE COMPLETED BY IMMEDIATE SUPERVISOR

16. Qualifications

A. Minimum General Education
University degree.

B. Specialized Education or Training

M. D. degree and 2 years psychiatric residency.

C. Minimum Work Experience

Surgeon, U. S. Navy 3 years
General Practice 11 years
Psychiatry 10 years

D. Special Skills or Attributes Required

Education, training and ability to practice medicine and psychiatry.

17. Supervisor's Comments on Description of Employee Duties.

MAR 21 1968

Employee's Signature	Date	Supervisor's Signature	Date	Agency Head	Date
O.W. Williamson, M.D.					

POSITION QUESTIONNAIRE

STATE OF

SOUTH CAROLINA

 AGENCY ID CLS POSITION
 J1216000000 4246 027889

 AGENCY CLS SLCT
 300 4246 CCC1

PART I TO BE COMPLETED BY EMPLOYEE

1. Employee Name Cooper, Thomas G.	5. Present Classification or Job Title <i>Psychiatric Ser Chief</i> Chief Psychiatrist, Geriatric Svc. - B.E.
2. Social Security Number 247-68-0472	6. Agency Crafts-Farrow State Hospital
3. Name of Supervisor P. J. Boatwright, M. D.	7. Section Professional Services (Medical)
4. Job Title of Supervisor Director of Professional Services	8. Job Location (City) Columbia
9. Work is (Check appropriate boxes) <input checked="" type="checkbox"/> Full Time <input type="checkbox"/> Part Time <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Temporary <input type="checkbox"/> Seasonal	

10. Description of Duties

1. Responsibility for treatment of mental illnesses and minor physical illnesses of male geriatric admissions and other geriatric patients.
2. Correspondence and general administrative duties. (Letters, Medical Record maintenance, review laboratory data. Conferences with Nurses, Social Workers, Registrar, Aides.)
3. Medical Staff and Committee Meetings. (Conduct Diagnostic Staff - Geriatric Service. Attend hospital committee meetings and patient group meeting.)
4. Interviews with relatives and friends of patients. (Personal and by telephone.)
5. Consultation and advisement concerning problems arising among Geriatric Medical Staff.
6. Examination of Court Cases for mental illness and testify in Court if necessary.

Approx.
% of
Time

50%

30%

10%

10%

1%

1%

102%

100%

POSITION QUESTIONNAIRE PART I (Con't.)

11. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each

None

12. Working Conditions; Indicate Number of Hours in Work Week if Over 40 Hours Plus any other Factors which Describe the Conditions Under Which You Work.

Normal work area - Office or ward
Night and weekend rotation for Hospital Administrative Call (Approval new admissions)

13. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor.

Personal Communication
Review of Medical Records

14. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised

Title	Freq. of Contact	Title	Freq. of Contact
Nurses, Aides, Social Workers, Registrar	Daily		

15. Supervisory Responsibilities; List the Number, Titles and Organization of Employees Supervised.

A. Organization Unit	No. of Emp. Supervised	B. Job Titles of Three Highest Level Subordinates	No. of Emp.
Geriatric Service		1. Assistant Chief	1
		2.	
		3.	
Total No. of Emp. Supervised	5		

PART II TO BE COMPLETED BY IMMEDIATE SUPERVISOR

16. Qualifications

A. Minimum General Education

College degree.

B. Specialized Education or Training

Medical College of S. C. - M. D. degree - 1956

C. Minimum Work Experience

3 years residency in Psychiatry
10 years at this hospital.

D. Special Skills or Attributes Required

Ability to organize a service and to get along with staff.

17. Supervisor's Comments on Description of Employee Duties.

I concur.

Employee's Signature <i>Thomas D. Cooper</i>	Date <i>3/11/68</i>	Supervisor's Signature <i>H. Fraughton, M.D.</i>	Date <i>3-11-68</i>	Agency Head <i>Thomas L. Faison, M.D.</i>	Date <i>3-18-68</i>
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STATE OF SOUTH CAROLINA

POSITION QUESTIONNAIRE

AGENCY ID J1216000000 CLS 4244 POSITION 061451

AGENCY 300 CLS 4244 SLOT 0005

- ☒ New Position
☐ Reclassification Request
☐ Requested by State Personnel Division

120856
061451

1. Agency Name
S. C. Department of Mental Health
2. Section
Crafts-Farrow State Hospital 300
3. Job Location (City and County)
Columbia Richland
4. Present Classification or Job Title
Psychiatric Section Chief 4244
5. Job Title of Supervisor
Director of Professional Svcs. 4244
6. Work is (Check appropriate box)

- Permanent Temporary Number of months
☒ Full Time ☐ Full Time of temporary
☐ Part Time ☐ Part Time employment

FOR PERSONNEL DIVISION USE ONLY

Approved, Class 4244 Agency Code 300

Class Code 4244 Agency Code 300

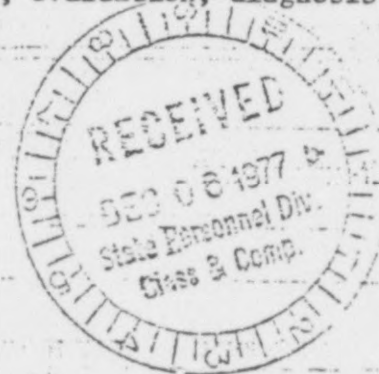
Slot Code 0005

Approval [Signature] Date 12-7-77

7. Description of Position

A. General Responsibilities:

Under general supervision, responsible for the performance of a wide range of professional psychiatric services, including examination, evaluation, diagnosis and treatment of the mentally ill in a state hospital.



B. Specific Duties:

Examine, evaluate and diagnose mentally ill persons admitted for treatment.

In consultation with other psychiatrists, physicians, and allied professional personnel, develop and conduct specific treatment programs as indicated for patients. Prescribe medications and other forms of therapy as indicated.

Participate in staff conferences and treatment team meetings relative to patient treatment activities. Review treatment plans with various staff personnel.

Interview patients, families and other persons to develop adequate case history. Dictate summaries of treatment rendered and other significant data concerning patients. Complete records of patients that have left the hospital.

Consult with families advising them of patient's condition, treatment and prognosis.

Conduct daily ward rounds to assess patient progress and render necessary treatment as indicated. Review patient charts in order to be apprised of significant entries by nursing service and other personnel.

Conduct individual psychotherapy sessions with patients in need of this type of treatment.

(Continued on attached sheet)

Approx.
% of
Time

100%

POSITION QUESTIONNAIRE PART I (Con't.)

8. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each.

None

9. Working Conditions; Indicate Number of Hours in Work Week Plus any other Factors which Describe the Conditions Under Which You Work.

Average of 40 hours per week. Rotating duty assignment for night, weekend and holiday coverage. Subject to call during emergency situations.

10. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor.

General supervision. Periodic review of medical records by superintendent, service chief and medical records committee. Peer review.

11. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised.

Title	Freq. of Contact	Title	Freq. of Contact
Patients	Daily	Psychology Department	Daily
Nursing Service Personnel	Daily	Social Work Personnel	Daily
Medical Records Personnel	Daily	Activity Therapy Personnel	Daily
Psychiatrists and Physicians	Daily	Chaplaincy Staff	Daily
Vocational Rehab. Personnel	Weekly	Relatives of Patients	Weekly

12. Supervisory Responsibilities; List the Number, Titles and Organization of Employees Supervised.

A. Organization Unit

Physicians

No. of Emp. Supervised
2

B. Job Titles of Three Highest Level Subordinates

No. of Emp.

1.

2.

3.

Total No. of Emp. Supervised

2

PART II TO BE COMPLETED BY IMMEDIATE SUPERVISOR

13. Qualifications

A. Minimum General Education

College Degree

B. Specialized Education or Training

Doctor of Medicine Degree

Completion of Residency Training in Psychiatry and Board Eligible in Psychiatry.

C. Minimum Work Experience

Minimum of 2 years experience in Psychiatry.

D. Special Skills or Attributes Required

Must be able to work closely and cooperatively with a wide range of people and professionals. Should have the ability to communicate well with others and must be able to write thorough and comprehensive medical records documenting services performed and findings.

14. Supervisor's Comments on Description of Employee Duties

Employee's Signature

Date

Supervisor's Signature

Date

Agency Head

Date

POSITION QUESTIONNAIRE PART I (Cont.)

8. Machines or Equipment Operated; Indicate Per Cent of Time Spent on Each.

None

9. Working Conditions; Indicate Number of Hours in Work Week Plus any other Factors which Describe the Conditions Under Which You Work.

Average of 40 hours per week. Rotating duty assignment for night, weekend and holiday coverage. Subject to call during emergency situations.

10. Supervision Received; Describe How Your Work is Reviewed by Your Supervisor.

General supervision. Periodic review of medical records by superintendent, service chief and medical records committee. Peer review.

11. Relationships or Contacts with Others; Exclude Supervisor and Those Supervised.

Title	Freq. of Contact	Title	Freq. of Contact
Patients	Daily	Psychology Department	Daily
Nursing Service Personnel	Daily	Social Work Personnel	Daily
Medical Records Personnel	Daily	Activity Therapy Personnel	Daily
Psychiatrists and Physicians	Daily	Chaplaincy Staff	Daily
Vocational Rehab. Personnel	Weekly	Relatives of Patients	Weekly

12. Supervisory Responsibilities; List the Number, Titles and Organization of Employees Supervised.

A. Organization Unit

Physicians

No. of Emp. Supervised
2

B. Job Titles of Three Highest Level Subordinates

No. of Emp.

1.

2.

3.

Total No. of Emp. Supervised

2

PART II TO BE COMPLETED BY IMMEDIATE SUPERVISOR

13. Qualifications

A. Minimum General Education

College Degree

B. Specialized Education or Training

Doctor of Medicine Degree

Completion of Residency Training in Psychiatry and Board Eligible in Psychiatry.

C. Minimum Work Experience

Minimum of 2 years experience in Psychiatry.

D. Special Skills or Attributes Required

Must be able to work closely and cooperatively with a wide range of people and professionals. Should have the ability to communicate well with others and must be able to write thorough and comprehensive medical records documenting services performed and findings.

14. Supervisor's Comments on Description of Employee Duties

Employee's Signature

Date

Supervisor's Signature

Date

Agency Head

Date

7. DESCRIPTION OF POSITION - CONTINUED:

B. Specific Duties:

Conduct special staff sessions.

✓ Give technical supervision to other psychiatrists, physicians and allied professional personnel. Insures that professional standards are maintained at a high level in treatment programs.

✓ Perform other related duties.



The Supreme Court of South Carolina

J. WOODROW LEWIS
CHIEF JUSTICE

P. O. BOX 53
DARLINGTON, S. C. 29532

June 21, 1978

The Honorable James B. Edwards
Governor of South Carolina
Post Office Box 11450
Columbia, South Carolina 29211

Re: Judicial Commitment Program

Dear Governor Edwards:

During the course of our administration of the Judicial Commitment Program this year, two factors have arisen which we feel should be brought to the attention of the Budget and Control Board. ①The first area of concern is the expenditure of Judicial Commitment funds to state employees. ②The second area of concern is our ability to comply with the dual employment policies of the Budget and Control Board.

① As you may be aware, during fiscal year 1975-1976, \$302,752 was appropriated to the Judicial Commitment Program. During fiscal year 1976-1977, \$376,727 was appropriated with an additional transfer of approximately \$30,000 for a total of \$406,727. In fiscal year 1977-1978, \$736,727 was appropriated. We have transferred from other operating accounts of the Judicial Department a total of \$63,244.91 for a total of \$439,971.91. The growing economic impact to the State for the program should, I feel, be brought to the attention of the Board. In our budget request for fiscal year 1978-1979, we had requested an additional \$50,000 appropriation which has been approved by the Senate. This would give us a total of \$426,727. At the current growth rate of the program, it now appears that our original estimate of the needed increased funds will be insufficient for a full year's operation unless certain changes are made.

A major area of expenditure is for the required medical examiners. In practice a large number of the medical examiners

The Honorable James B. Edwards
June 21, 1978
Page Two

appointed by the probate judges are also employees of the Department of Mental Health or other state agencies. These individuals are paid a maximum of \$25 for the examination and an additional \$25 for appearing at the hearing. This payment is over and above any compensation they receive from their employing agency. Based on a review by our office of all vouchers paid during the first 12 months of the fiscal year to date, of the total \$270,116 expended for medical examiners, \$112,765, or 42 percent was paid to persons indicating they were state employees. This is 25 percent of the total appropriation. It is our understanding from the State Personnel Division that many of the position questionnaires established for medical examiners include, as part of the employee's duties, the holding of the required examinations and attendance at hearings under the Judicial Commitment proceedings. In view of the existing dual employment policies and the proposed policy whereby state agencies provide assistance to other state agencies wherever possible, I wish to bring this fact to the attention of the Budget and Control Board. If the participation by doctors who are state employees in the program is made mandatory as part of their normal duties or, in the alternative, the fee schedule is differentiated between state employee participants and non-state employee participants, a savings would be realized.

If the Budget and Control Board wishes to continue to provide payments under the Judicial Commitment Program to state employees as it currently operates, we would suggest consideration of this compensation being in the form of increased salaries to those doctors who participate rather than individual payments for individual examinations and hearings. The administrative cost absorbed by our Department is becoming a factor due to the volume of examinations which are held in the state during a given year. This burden also is felt in the Office of the Comptroller General who must also process the vouchers and the Office of the State Treasurer who issues the checks. Depending upon the salary levels set to provide increased compensation to the medical examiners who participate in the program, the state may realize a net savings and a limitation on the growth rate on the Judicial Commitment Program.

② Our second area of concern is our ability to comply with the dual employment policies of the Budget and Control Board. Representatives of my staff met with Mr. Earle Morris, the Comptroller General,

The Honorable James B. Edwards
June 22, 1978
Page Three

and representatives of the State Auditor's Office and the State Personnel Division in September of last year to discuss the problem that the Judicial Department would have in complying with the dual employment procedures as they then existed. It is our understanding that while the program was under the operation of the Attorney General, a list of state employees who participated in the program was provided in 1975 when the program was being implemented. There was no subsequent updating or other compliance with those provisions. At that time we pointed out the problem of compliance due to the high volume of transactions involving state employees under the Judicial Commitment Program. A secondary problem faced at that time was the fact that we acquired knowledge that an individual was a state employee only after the work was completed. In order to assist the Comptroller General and the Budget and Control Board, we amended the voucher form to include a statement by the person seeking reimbursement as to whether or not he was a state employee and, in addition, the social security number of the individual. We had hoped at that time that the information concerning the fact of the state employment and the social security number could be used in connection with a computer program in the Comptroller General's Office to monitor the amount of payments made to state employees under the Judicial Commitment Program.

The State Personnel Division is aware of the somewhat unique nature of the Judicial Commitment Program as it relates to dual employment and has very kindly supplied us with a copy of the proposed revision to the dual employment policies of the Budget and Control Board. We appreciate very much their advising us of the proposed changes for our comment as to its effect on our operation. We have processed approximately 5,000 vouchers under the program. Each one of these involves a medical examination and, in a majority of the instances, the doctor or other examiner is a state employee. These 5,000 vouchers represent all individual claims payable to a given individual received at the same time. The individual claims are received at the rate of approximately 75 claims per day on the average. We can safely assume that this means that we would be faced with compliance with the dual employment procedure 20 times per day at a minimum. All of these are in a posture of being "after the fact" since the probate judge in the individual county makes

The Honorable James B. Edwards
June 21, 1978
Page Four

the appointment of the medical examiners. Until the voucher is received after completion of services, we have no knowledge of the involvement of the doctor.

2 To obtain a dual employment request form in this circumstance would place us in direct violation of Section 2.09, Paragraph D, Subparagraph 1(f) concerning prior approval. We would also have no knowledge as to compliance with Subparagraph 2(a) concerning the taking of annual leave. Finally, we have no knowledge as to the duration of service or the compensation of the individual doctor. To complete the dual employment request form per examination and hearing, would place an insurmountable burden on the Judicial Department and on the Department of Mental Health which would have to provide information concerning the employing agency on the form. Because of the sheer volume of activity, we would request that the Budget and Control Board exempt the Judicial Commitment Program from the provisions of the dual employment procedure.

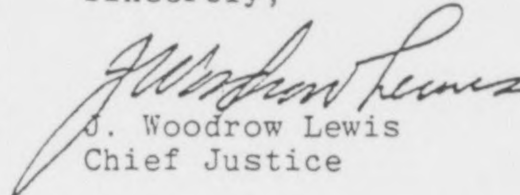
In the alternative, we suggest that the Office of the Comptroller General consider the possibility of keying the social security from the Judicial Commitment voucher to the individual state employee so as to provide the Budget and Control Board and our Department with a monthly listing of all payments to state employees. We feel that this will provide the information being sought by the Budget and Control Board under the dual employment procedure, that being to monitor the amount of compensation paid state employees by other state agencies. This procedure would provide the information needed to determine whether or not the 30 percent limitation has been exceeded.

For our Department to comply with the spirit and the letter of the dual employment procedure unless exempted, we would realistically anticipate the addition of not less than six employees within the Department to handle the paper work. The use of the inter-departmental transfers will have an effect on the personnel needs of the Division of Accounting and Personnel and will significantly slow down the compensation of the participants in the program. Of course, the question of dual employment will no longer exist if the performance of these duties are made mandatory upon state employees performing examinations.

The Honorable James B. Edwards
June 21, 1978
Page Five

I believe that these matters should be brought to the attention of the Budget and Control Board now that our Department has had the experience of 12 months of administering the program. We feel that these are policy questions which can only be answered by the Budget and Control Board and we will defer to the Board's decision. I will be most happy to appear before the Budget and Control Board should you feel that such appearance will assist the Board in resolving the matters presented in this letter.

Sincerely,



J. Woodrow Lewis
Chief Justice

JWL:be

cc: Members of the Budget and Control Board



BD files

South Carolina Judicial Department
DIVISION OF ACCOUNTING AND PERSONNEL

STEVE K. GOOD
DIRECTOR
758-3741

P. O. BOX 11330
COLUMBIA, S.C. 29211
March 8, 1978

Mr. George E. Hendry
State Personnel Division
Suite 316, Edgar Brown Building
1205 Pendleton Street
Columbia, SC 29201

RE: DUAL EMPLOYMENT IN JUDICIAL COMMITMENT CASES

Dear George:

As you are aware, on September 25, 1977, the Comptroller General met with the Court Administrator, John Patrick of that office, myself and you to discuss our department's situation concerning dual employment in commitment cases. We had just taken over the administration of this program from the Attorney General's office July 1, 1977 as provided in the 1977-1978 State Appropriations Bill.

Mr. Patrick's letter of September 26, 1977 in my opinion was a fair and just account of what was taking place. Since then, another letter of December 22, 1977 from Mr. Patrick concerning the same matter has gone unanswered.

This letter is not meant to be critical but, for our records, I wanted all concerned parties to be informed that we are not at this time conforming to state regulations on dual employment. We do want to conform or get an exemption or some workable arrangement.

I am sure you are aware each voucher contains the information as to whether the claimant is or is not a state employee. The social security number is also required.

This letter is meant to inform all parties concerned as to the situation. Please advise when a decision is reached as we do not want to enter another fiscal year with this problem unsolved.

Sincerely,

Steve K. Good

Steve K. Good
Director of Accounting

cc: The Honorable Earle E. Morris, Jr.
The Honorable William T. Putnam
The Honorable L. Edmund Atwater, III



South Carolina Court Administration

South Carolina Supreme Court
Columbia, South Carolina

L. EDMUND ATWATER, III
DIRECTOR

December 22, 1977

P. O. BOX 11788
COLUMBIA, S. C. 29211
(803) 758-2981

Mr. George E. Hendry
State Personnel Division
Suite 316, Edgar Brown Building
1205 Pendleton Street
Columbia, SC 29201

Re: Dual Employment In Judicial Commitment Cases

Dear Mr. Hendry:

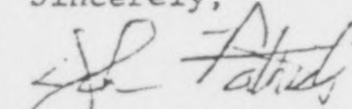
Mr. Atwater asked that I confirm with you that this office, pursuant to your instructions, is not verifying approval for dual employment in Judicial Commitment cases pending resolution of the issue, raised in my September 26, 1977 memorandum to you, by the State Budget and Control Board. (see enclosure)

It is my understanding from my conversation with you and information provided by you to Mr. Steve Good, Director of Accounting for the Judicial Department, that the subject has been referred to a committee for consideration and resolution. Please notify us at your earliest convenience of any change in the status of this issue.

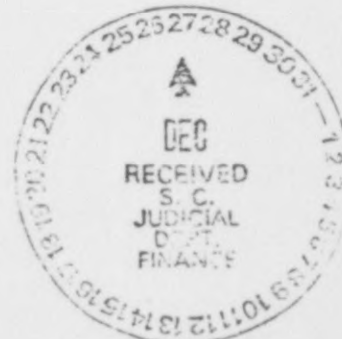
Thank you for your cooperation.

With kind personal regards and best wishes for the holidays.

Sincerely,


John Patrick
Staff Attorney

✓ cc: Mr. Steve Good
enclosure





South Carolina Court Administration

South Carolina Supreme Court
Columbia, South Carolina

L. EDMUND ATWATER, III
DIRECTOR

September 26, 1977

P. O. BOX 11788
COLUMBIA, S. C. 29211
(803) 756-2961

TO: GEORGE E. HENDRY, STATE PERSONNEL DIVISION

RE: DUAL EMPLOYMENT IN JUDICIAL COMMITMENT CASES

Due to the volume of vouchers submitted by state employees for services rendered in Judicial Commitment cases, it has become apparent that the mechanics of manually verifying approval for dual employment will place an unreasonable burden on this office. Since September 1, 1977, there have been 251 individual claims submitted by state employees. The total number of all claims submitted since September 1, 1977 is estimated to be between 1,500 and 2,000.

In a judicial commitment case, the state pays for services as follows:

Appointed Counsel:	\$10 maximum if no hearing is held. \$50 maximum if hearing is held. \$50 for appeal to the Circuit Court. \$75 for appeal to the Supreme Court.
Court Reporter:	\$10 maximum for appearance at hearing. .85/page for typing a transcript of the proceedings if requested by patient and the patient is indigent.
Designated Examiners:	(Two D. E.s, one of which must be a licensed physician) All D. E.s receive \$25 for an examination and report. Appearance fees: (a) \$25 for licensed physicians and psychologists with Ph.D.s. (b) \$10 for all other examiners.

South Carolina Court Administration

Mr. George E. Hendry
September 26, 1977
Page Two

Thus each time a petition for a commitment is filed, the state must pay to claimants a total of \$60. If the matter proceeds to a hearing, the total will be a minimum of \$145.

While \$35 to \$50 for services as a designated examiner is not a large sum, it must be kept in mind that in the more populous counties, 6 to 8 hearings per day is not an unheard of number. Therefore, it is conceivable that a state employee could earn well over 15% of his/her salary from services rendered in judicial commitment cases.

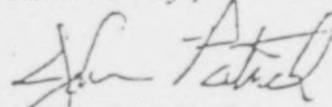
Please note that while the great majority of state employee claims are for services as a designated examiner, they are by no means limited to that particular area.

As you will note on the vouchers enclosed with this memo, the claimant must state whether or not he/she is a state employee. In addition, the claimant must include his/her Social Security number. It is suggested that the Comptroller General's Office, or any other office with computer capability, could devise an appropriate monitoring procedure. The only time a Social Security number is not required is where the claimant is a professional association, in which case a Federal Employer Identification number is used.

One other area of potential difficulty is the list of Approved Non-Medical Designated Examiners. As the number of claims continues to grow and the list expands, the manual burden will, of course, also increase. Therefore, some system utilizing computer capability would be advisable, so as to avoid the otherwise inevitable necessity of hiring additional secretarial help. I have included for your reference, the latest approved list.

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,


John Patrick

JP:jc

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT XI
5 8/1/78

Agency: Commission on Higher Education

Subject: Approval of Eight New Programs

Carried over from 7/18/78 meeting.

CHE submitted eight new programs (which were approved by CHE on 7/6/78) for Budget and Control Board approval before receiving an opinion from the Attorney General that the moratorium on new programs begins when the new CHE is organized.

The CHE request is attachment A and a copy of the Attorney General's opinion is Attachment B. Correspondence received from Francis Marion College on this subject is attachment C.

Board Action Requested:

Consider

Staff Comment:

Attachments:

- A - CHE 7/13/78 request;
- B - Attorney General's opinion dated 7/14/78;
- C - Putnam 7/24/78 letter to President Smith plus attachments.



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

RUTLEDGE BUILDING

1429 SENATE STREET

COLUMBIA, S. C. 29201

HOWARD R. BOOZER
EXECUTIVE DIRECTOR

July 13, 1978

TELEPHONE
803 / 758-2407

Mr. William T. Putnam
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Bill:

As you know, Section 4 of Act 410 (1978) requires, among other things, that the restructured Commission on Higher Education produce a Master Plan for higher education. The law further requires that until such time as that Plan is approved by the General Assembly, "...no public institution of higher learning shall expand its curricula...unless such expansion...is approved by the Commission and the Budget and Control Board or either body of the General Assembly to satisfy local pressing needs."

On March 7, we received an advisory opinion from Attorney General McLeod stating that the existing Commission must continue to serve on a de facto basis until the new Commissioners are appointed, "...either in their entirety or by a majority thereof..." Accordingly, the existing Commission did meet on July 6, to consider several matters requiring action. Among these matters were eight new programs which had been proposed by several public colleges and universities.

Each of these programs has been reviewed by the appropriate advisory committee of the Commission. Each was reviewed by the Commission's Standing Committee on Academic Program Development, and each was approved by the Commission itself at its meeting on July 6. In accord with the statutes, each is now submitted to you in your capacity as Secretary of the Budget and Control Board with the respectful request that this body review each of these at an early date. Some urgency does exist because most of the proposed programs call for implementation, if approved, in August, 1978.

It is necessary to point out that, even though on-campus planning for all of these programs began as early as two years ago, all are considered by the Commission to warrant approval because of "local pressing need" during the moratorium period. The Commission and all of the institutions involved understand the need for restraint, and we anticipate making few if any similar requests again until the Master Plan is developed and approved.

ATTACHMENT A

Mr. William T. Putnam
July 13, 1978
Page 2

A brief summary and analysis of each of the programs approved by the Commission on July 6 is appended as Attachments 1 through 7. We appreciate your early consideration of these, and will be pleased to respond to any questions you may have, or to provide any further information you may need.

With best wishes, I am

Sincerely yours,

Howard / pu TEK

Howard R. Boozer

HRB:cmt

Attachments

ATTACHMENT 1

Proposed New Program, Educational Resource Center
in Occupational Safety and Health,
USC-Columbia, Clemson University and
Medical University of South Carolina

The University of South Carolina-Columbia has requested federal funding, through the National Institute for Occupational Safety and Health (NIOSH), to establish an Educational Resource Center in Occupational Safety and Health. The purpose of the proposed Center would be to provide training opportunities, as necessary, for individuals and for organizations based anywhere in the states of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee (U.S. Dept. of HEW's Region IV). The training to be offered would be in the areas of industrial safety, and would involve non-credit activity as well as the utilization of existing degree programs.

Degree programs to be utilized in the proposed Center include the master's degree program at USC-Columbia in Public Health, with concentration in Environmental Health and the baccalaureate degree program at Clemson University in Administrative Management, with concentration in Occupational Safety. As needed, assistance in the form of on-going courses or individual faculty expertise would be obtained from the USC School of Medicine and the College of Nursing. For these degree-credit programs, anticipated enrollment increases are estimated at 75 additional baccalaureate-level students at Clemson, and 15 master's level students at USC-Columbia.

Requested funds will be sufficient to provide for up to nine new faculty positions, six at USC-Columbia and three at Clemson. The program will not be implemented if the requested federal funding is not approved. A total of \$2,791,620 for five years, 1978-79 through 1982-83, in federal funding has been requested. The principal criterion of "local pressing need" is that the University was invited by the NIOSH officials to submit a proposal for such a Center. In the region to be served, only one other such Center is in existence, at the University of North Carolina at Chapel Hill.

The Commission recommends that the proposed program be approved, subject to the stipulation that the Medical University of South Carolina be also invited to participate.

ATTACHMENT 2

Proposed New Program, M.S. in Applied Psychology,
Francis Marion College

Francis Marion College proposes to implement, in Fall, 1978, a new program leading to the Master of Science degree in Applied Psychology. The objective of the program is to meet needs of the Pee Dee area for post-baccalaureate training of persons already employed, or of those seeking employment, in service agencies. Service agencies are defined to include such agencies as mental health and retardation centers, drug and alcohol centers, and youth service centers.

No similar program with this specific objective is offered within the State. Related programs which in some respects provide similar educational opportunities are those in Psychology, Social Work, or Public Administration. While educational qualification at the master's level is not a firm requirement for most positions in these service agencies, a few job classifications list this level of training as desirable.

It is proposed that the program be offered at afternoon and evening hours convenient for persons holding full-time jobs. Enrollment will be limited to no more than 20 part-time students in 1978-79, and to 30 in subsequent years.

The addition of one new faculty position will be required in 1980-81. Additional costs incurred by the institution would be negligible until that time, and would then approximate \$30,000 per year.

"Pressing local need" in this case is evidenced by the fact that service agencies in the Pee Dee area have difficulty attracting master's-level people to fill current openings. At present, there are 247 such positions authorized in service agencies in the Pee Dee, and 11 of these are vacant for want of qualified applicants. The number of suitable positions is expected to increase by 57 within the next two years.

The Commission recommends that this program be approved.

ATTACHMENT 3

Proposed New Programs in Special Education,
Master's Level, University of South Carolina-Columbia

The University of South Carolina proposes to implement, in Fall, 1978, an expansion of two existing programs in Special Education into a total of nine areas. The objective is to provide graduate training in as many separate areas of handicapping conditions.

Enrollment in the program will consist largely if not exclusively of teachers already employed. The projected enrollment will begin at 107 FTE, increasing to approximately 202 by 1980-81, but there is projected as a result no net increase in the graduate enrollment in Education at USC-Columbia.

The addition of two new faculty positions, one in 1979-80 and the second in 1980-81, will be required. Estimated additional costs to the University will be \$11,570 in 1978-79, \$34,120 in 1979-80 and \$58,160 in 1980-81.

The Commission recommends that, of the nine specialties proposed, the following five be approved:

- 1) Generic Special Education, Grades 1 - 12
- 2) Educable Mentally Retarded
- 3) Trainable Mentally Retarded
- 4) Orthopedically Handicapped
- 5) Visually Handicapped

The first would essentially continue an existing program at USC-Columbia, by which certification requirements for teachers of the educable mentally retarded, learning disabled and emotionally handicapped are provided. The second, already offered by USC, and the third are closely related and there is evidence that additional training opportunities at the graduate level will be beneficial, particularly for teachers of the trainable mentally retarded. No degree programs or certification possibilities for teachers of the orthopedically or of the visually handicapped are now available in the State.

The Commission recommends that the following four programs not be approved:

- 1) Generic Special Education, Pre-School
- 2) Profoundly Mentally Retarded
- 3) Learning Disabilities
- 4) Emotionally Handicapped

For the first two, need for teachers trained in these specialties is speculative and no certification requirements have been established. The demand for teachers of the learning disabled and the emotionally handicapped at the master's level can reasonably be met by the proposed revision and continuation of the "Generic" program.

"Pressing local need" for the five programs which are recommended for approval is based on demand projected by the State Department of Education for teachers trained in these specialty areas.

ATTACHMENT 4

Proposed New Programs, Certificates of Graduate Study
in Family Practice Nursing, and in Gerontology,
USC-Columbia

The University of South Carolina proposes to implement, in Fall, 1978, a new concept in post-baccalaureate education, leading to a Certificate of Graduate Study. The Certificate idea is a departure from conventional graduate work, leading either to the master's or to the doctorate, in several respects:

- 1) Each will be designed to serve specific needs of the adult working population, for upgrading of skills or for retraining to facilitate changes in careers;
- 2) Some will be designed to be inter-disciplinary, enabling the student to draw upon the existing resources of several different departments or colleges of the University;
- 3) Each will require the completion of 18 semester credit hours of graduate study (rather than, for example, the 30 to 36 hours normally required for the completion of a master's degree).

No certificate program will be authorized for any department not already authorized to offer conventional graduate work. The certificate programs will remain under the direction of the Graduate School, and all students applying for admission to certificate programs must meet the same minimal requirements for entry as for conventional master's programs.

The University of South Carolina proposes two such Certificates at this time, in Family Nurse Practice and in Gerontology.

A. Certificate of Graduate Study in Family Nurse Practice

The objective of this program is to provide a prescribed course of study to prepare graduate nurses to deliver primary health care in joint medical-nursing practice, in community clinics and in homes. This role for the nurse as a member of the primary health care team has evolved in response to the increasing need for nurses with graduate-level training to cope with health maintenance and the prevention of disease.

In this case, all of the required courses are already being offered in conjunction with the existing master's degree programs in Nursing at USC-Columbia. Eight students are currently enrolled in one or more of these courses. It is forecast that enrollment in the formalized Certificate program will increase to 15 in 1978, 20 in 1979 and 22 in 1980. Corresponding FTE enrollments are expected to be 8, 10 and 11. Admissions requirements to this Certificate program include either a master's degree in nursing, or a baccalaureate degree in nursing and concurrent enrollment in one of USC's existing master's programs in nursing.

ATTACHMENT 4

(Con't.)

For the development of these courses, the University has had the benefit of a federal grant totalling \$165,000 for the past two years but the grant will terminate after 1978-79. In 1979-80 and subsequent years, the salaries of 1.5 FTE teaching positions, which have been supported by this grant, amounting to \$27,000 currently, will be assumed by the University.

"Pressing local need" is attested to by the fact that there have been identified 25 current vacancies, exclusive of employment with individual family medical practitioners or groups, which graduates of such a program are qualified to fill. The proposed program is consistent with the Statewide Master Plan for Nursing Education which has, however, not yet been completed.

The Commission recommends that this proposal be approved.

B. Certificate of Graduate Study in Gerontology

The objective of this program is to provide an organized course of study for persons interested in becoming better qualified to serve the special needs of the aged. It will provide a means for organizing course work which necessarily spans several of the traditional academic disciplines, and to provide a goal for continuing professional development of those serving the aged. The program is flexible enough to serve administrators of such programs as well as those involved directly in the delivery of services.

Since gerontology is not well-defined as a course of study, there is no justification for the development of a conventional master's program at this time. The proposed Certificate program will permit the University to focus its resources to meet the needs of those already employed in this field.

Candidates for the Certificate will be required to complete a common core of courses in Psychology (or Education), Social Work and Nursing. Electives available will be drawn from existing courses in nine academic areas, ranging from Business Administration to Psychology and Social Work. No new courses will be implemented in support of the program.

Enrollment is projected to begin at 20 in 1978, 30 in 1979 and 45 in 1980, with corresponding FTE counts of 8, 12 and 18.

It is not necessary that any new faculty positions be established. The University has made application for federal funds to support one new faculty position in gerontology but the position will not be established if non-State funds are not provided.

"Pressing local need" is attested to by the major state agencies which serve the elderly population: the Department of Social Services, the State Commission on Aging and the Department of Mental Health. There is no degree or certificate program with similar objectives offered elsewhere in the State.

The Commission recommends that this program be approved.

ATTACHMENT 5

Proposed New Program, B.S. in Nursing at Rock Hill,
MUSC and Winthrop College

The Medical University of South Carolina and Winthrop College jointly propose to implement, as early as January, 1979, a program leading to the Bachelor of Science degree in Nursing. The objective of the program is to make available to registered nurses in the Rock Hill area (principally Chester, Fairfield, Lancaster, Kershaw and York Counties) an opportunity to obtain a professional baccalaureate degree, and thereby to improve nursing skills. The program is specifically designed for registered nurses who have already completed either an associate degree or a hospital diploma program in nursing.

The proposed program would include all of the courses required in the same curriculum in the existing program of this kind at MUSC in Charleston. All of the professional courses for the proposed program will be taught by MUSC faculty, posted temporarily and on a rotating basis for the purpose to Winthrop. All of the general education courses will be taught by Winthrop faculty.

This approach to meeting demonstrated needs in the Rock Hill area is preferable to establishment of a separate program at Winthrop because it is more readily terminated when the needs of the area have been met.

The projection is that enrollment would begin with 30 students the first year, rising to 50 the second and 70 the third and subsequent years. All students are expected to be part-time and most to be already employed. The Medical University will find it necessary to add a total of six new faculty positions in the first two years and a seventh the third year (1980-81).

Federal funding to meet all of the additional estimated cost, including salaries, has been requested. This request amounts to a total of \$444,290 for the first three years: \$128,275 for the first year, \$135,421 for the second and \$180,594 for the third. The program will not be implemented unless and until federal, or other non-State, funding is available in those amounts, and if implemented will not be continued in the absence of such external funding.

"Pressing local need" is demonstrated by the fact that, although the Master Plan for Nursing Education has not yet been completed, this proposed program has been reviewed and commended favorably by the Statewide Master Planning Committee for Nursing, an advisory group to the Commission and to the State Board of Nursing jointly.

The Commission recommends that this proposed program be approved.

ATTACHMENT 6

Proposed New Programs in Computer Science,
Baccalaureate Level,
USC-Spartanburg

The University of South Carolina-Spartanburg proposes to implement, in Fall, 1979, three new programs in computer-related areas. Two would lead to baccalaureate degrees in Computer Science with required options in either Applied Mathematics or in Information Management. The former of these is designed to provide students with technical skills oriented towards scientific applications of computers, the latter to offer a generalist approach more suited for less technical occupations. The third program proposed would provide a new concentration, in Data Processing, in the existing baccalaureate program in Business Administration.

A statewide task force was organized in March of this year to investigate the need for graduates of various computer-related degree programs. Although this task force has not completed its work, it has completed a survey of industrial and governmental employers of computer specialists which provides indications that adequate employment opportunities are and will be available. These employers report that current positions in five computer-related specialties now number about 1200 in the State and estimate that this number will increase at a rate of about 20% per year for at least the next five years.

Combined enrollment in all three programs at USC-Spartanburg is estimated to begin at 109 (85 FTE), increasing to 210 (165 FTE) in 1981-82. Net increases in enrollment are projected to begin at 30 FTE, increasing to 60 FTE. The institution will add three new faculty positions, two in 1979-80 and one in 1980-81. Additional cost to the institution will begin at \$51,000 in 1979-81, \$64,000 in 1980-81, and \$68,000 in 1981-82.

If the rate of growth of computer-related jobs requiring post-baccalaureate training in the State is to be sustained, there will be a "pressing local need" for substantially more graduates at diploma, associate degree and baccalaureate degree levels than existing programs are producing or are likely to be able to produce. Currently, such programs at Technical Colleges are producing about 150 graduates per year, and the existing baccalaureate-level programs about 50 per year.

The Commission recommends that this program be approved.

Proposed New Programs, B.S. in Mathematics
and Computer Science, USC-Aiken

USC-Aiken proposes to implement, in Fall, 1978, a new program leading to the B.S. in Mathematics and Computer Science. The program will provide a conventional curriculum in Mathematics but includes a required concentration in computer-related subjects as well. Graduates are expected to be prepared for employment in the more technical areas of business and industry.

A statewide task force was organized in March of this year to investigate the need for graduates of various computer-related degree programs. Although this task force has not completed its work, it has completed a survey of industrial and governmental employers of computer specialists which provides indications that adequate employment opportunities are and will be available. These employers report that current positions in five computer-related specialties now number about 1200 in the State and estimate that this number will increase at a rate of about 20% per year for at least the next five years.

Estimated enrollment will begin at 53 (42 FTE) in Fall, 1978, increasing to 85 (70 FTE) in 1980. Of these, the projected net increase in enrollment would be 20 FTE initially, growing to about 50 FTE by 1980. The institution will find it necessary to add one new faculty position, in 1979-80. Additional costs to the institution will be negligible for 1979-80, will be \$26,200 in 1979-80 and \$27,900 in 1980-81.

If the rate of growth of computer-related jobs requiring post-baccalaureate training in the State is to be sustained, there will be a "pressing local need" for substantially more graduates at diploma, associate degree and baccalaureate degree levels than existing programs are likely to be able to produce. Currently, such programs at Technical Colleges are producing about 150 graduates per year, and the existing baccalaureate-level programs about 50 per year.

The Commission recommends that this program be approved.

The State of South Carolina



Attorney General
DANIEL R. MCLEOD

Attorney General
Columbia

July 14, 1978

Howard R. Boozer, Ph.D.
Executive Director
South Carolina Commission on Higher
Education
1429 Senate Street
Columbia, South Carolina 29201

Dear Dr. Boozer:

You have requested my opinion as to the effective date of the moratorium on expansion of curricula, staff and faculties of institutions of higher learning mandated by Act 410 of the 1978 Acts and Joint Resolutions of South Carolina.

Act 410 reorganizes the State Commission on Higher Education and redefines its duties. The act provides:

The terms of the present members of the Commission on Higher Education shall terminate on the effective date of this act. (Section 3) ... the State Commission on Higher Education (Commission), immediately upon its reorganization as directed by the amendments, as contained in this act ... shall make a complete and thorough study of all public institutions of higher learning ... and upon completion write a master plan of public higher education While the Commission is conducting its study and until such time as the master plan is adopted, no

ATTACHMENT B

Howard R. Boozer, Ph.D.

Page 2

July 14, 1978

public institution of higher learning shall expand its curricula, administrative staff or faculty nor shall there be further construction of physical plants other than construction already approved by the General Assembly or State Board of Technical and Comprehensive Education unless such expansion or construction is approved by the Commission and the Budget and Control Board or either body of the General Assembly to satisfy pressing local needs

The act mandates that the Commission make a study of all public institutions of higher learning and, upon completion, write a master plan of public higher education of South Carolina. The legislature was seeking to maximize the usefulness and efficiency of present institutions and schools of this State and to coordinate their growth in meeting the anticipated educational needs of the public. This plan is consistent with the responsibilities placed upon the Commission by prior legislation.

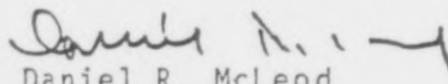
As stated in the act, the Commission, "immediately upon its reorganization," shall make a complete study and write a master plan of public higher education. While the Commission is conducting this study and until such time as the master plan is adopted, a moratorium is imposed upon expansion of curricula, staff, faculty and construction of physical plants. To meet pressing local needs, exception from such moratorium may be made upon approval of the Commission and the Budget and Control Board, or either body of the General Assembly.

Howard R. Boozer, Ph.D.
Page 3
July 14, 1978

The inquiry submitted by you relates to the beginning date of the moratorium and, in the opinion of this Office, such moratorium will begin once the reorganized Commission, as provided in the 1978 Act, begins its study of all public institutions of higher learning as a prelude to the promulgation of a master plan of public higher education. That study must begin "immediately" upon the reorganization of the Commission. The reorganization of the Commission will take place upon the appointment and qualification of the new Commissioners as provided under the 1978 Act. While a majority of the new Commissioners will authorize it to proceed, that majority may await the qualification of all of the new Commissioners before beginning its study. In accordance with the requirement that the reorganized Commission begin its study "immediately," the new Commission should comply with the mandate of the law and begin its study at the earliest practicable date.

Pending the beginning date of the moratorium, as set forth above, the present existing de facto members of the Commission may exercise the authority set forth in existing law, with the exception of its inability to commence a study leading to the adoption of a master plan of public higher education.

Very truly yours,


Daniel R. McLeod
Attorney General

DRM/hm

SEE: Atty. Gen. Op. dtd. 3-7-78,
addressed to Howard R. Boozer,
Ph.D., Executive Director,
Commission of Higher Education

The State of South Carolina



Attorney General
DANIEL R. MCLEOD

Attorney General
Columbia

March 7, 1978

Howard R. Boozer, Ph.D., Executive Director
South Carolina Commission on Higher Education
Rutledge Building
1429 Senate Street
Columbia, South Carolina 29201

Dear Dr. Boozer:

A statute has been enacted by the 1977 General Assembly which repeals Section 59-103-10 of the Code of Laws, 1976, by substituting in lieu thereof a new composition of the present State Commission on Higher Education. The question arises as to the status of the existing Commission subsequent to the approval of the bill by the Governor and prior to the assumption of office of a new commission selected pursuant to the provisions of the 1977 Act.

Based on the authorities set forth below, it is my opinion that the present Commissioners must continue in office in a de facto capacity until the assumption of office by the new commissioners, either in their entirety or by a majority thereof, and that the acts of the present Commissioners in such a de facto capacity are valid in all respects. Until a majority of the new commissioners are appointed, they cannot undertake their duties under the law, and in the interim and to avoid an interregnum of governmental functions, the continuance in office of the present Commissioners is required.

Very truly yours,

Handwritten signature of Daniel R. McLeod.
Daniel R. McLeod
Attorney General

DRM/hm

Howard R. Boozer, Ph.D., Executive Director

Page 2

March 7, 1978

Rogers v. Coleman, 245 S.C. 32, 138 S.E.2d 415

Bradford v. Byrnes, 221 S.C. 255, 70 S.E.2d 228

State ex rel. McLeod v. West, 249 S.C. 243, 153 S.E.2d 892

Gaskin v. Jones, 198 S.C. 508, 18 S.E.2d 454

Heyward v. Long, 178 S.C. 351, 183 S.E. 145



ME

STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA
29211

WILLIAM T. PUTNAM
STATE AUDITOR

July 24, 1978

Dr. Walter D. Smith, President
Francis Marion College
Florence, South Carolina 29501

Dear Doug:

Although I was absent from the Budget and Control Board meeting which was held on July 18, 1978, I have been advised that the question of additional higher education programs was presented at that time. The action of the Board was to carry the matter over for further discussion.

We appreciate your letter of July 13, 1978 and will see that all Board members get a copy of the entire communication prior to further discussion concerning these programs.

Yours very truly,

William T. Putnam
State Auditor

WTP:sc

TELEPHONES (AREA CODE 803)

ADMINISTRATION
758-3106

BUDGET DIVISION
758-7415

AUDITING DIVISION
758-8408

GRANTS AND CONTRACTS
758-7707

ENGINEERING
758-2657

ATTACHMENT C



Office of the President

Francis Marion College

FLORENCE, SOUTH CAROLINA 29501
(803) 669-4121

July 13, 1978

Mr. William T. Putnam
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Bill:

A few days ago the Higher Education Commission approved a proposed Masters degree program in applied psychology which was submitted by Francis Marion College. It is our understanding that such approved proposals must now go to the Budget and Control Board for approval before they may be implemented. Therefore, I assume our document will eventually reach you for presentation to the Budget and Control Board.

Should it be desirable I shall be pleased to appear before the Budget and Control Board to explain the program and to answer any questions. When the College first submitted its proposal, we were not instructed to show that any pressing needs for such a service existed in the community. However, our folks, on learning that this was a variable to be considered by CHE, did appear before the entire CHE and in fact made it quite clear that the whole proposal grew out of pressing community needs. The Commission then approved the project, and I assume that approval was based principally on the fact that these pressing needs did exist. I am including letters from community agencies indicating that need.

Let me know if we can be of assistance in this matter. Best wishes.

Sincerely yours,

Walter D. Smith
President

WDS/lhc

cc: Dean Hugh C. Bailey
Encls.



ROY B. WILLIAMS
SUPERINTENDENT
PEE DEE REGION

STATE OF SOUTH CAROLINA
DEPARTMENT OF MENTAL RETARDATION

PEE DEE REGION
POST OFFICE BOX 3209
FLORENCE, SOUTH CAROLINA 29502

CHARLES D. BARNETT, PH.D.
STATE COMMISSIONER

June 30, 1978

Dean Hugh Bailey
Francis Marion College
Post Office box 7500
Florence, South Carolina 29501

Dear Dean Bailey:

This letter is in support of establishing a master's level psychology program at Francis Marion College to serve our region of the state. For the past year we have been recruiting for two psychologists to work in our facilities serving the retarded in Florence and Darlington. So far we have had no success. We anticipate that our need for psychologists will increase in the future, and without local training programs our chances to meet the needs of the retarded for psychological services will be very poor.

I support wholeheartedly a master's level psychological program at Francis Marion because we are sure it will help us acquire the needed personnel.

Sincerely,

Gabriel J. Batarseh, Ph.D.
Assistant Superintendent

GJB/jb



Pee Dee Mental Health Center

A Facility of the South Carolina Department of Mental Health

Route 2 / Box 7 / Florence, South Carolina 29501 / (803) 662-1401

C. Raymond Kiefer, M.D., Director

John R. Howard, A.C.S.W., Program Director

July 3, 1978

The Help Center
285 W. Evans Street
Florence, S. C. 29501
803-669-1133

Day Treatment Center
138 S. McQueen Street
Florence, S. C. 29501
803-669-5343

Inpatient Unit
Florence General Hosp.
512 S. Irby Street
Florence, S. C. 29501
803-669-1211

Lower Florence County
Health Department Bldg.
Lake City, S. C. 29560
803-394-3619

Darlington Co. Office
203 N. Fifth Street
Hartsville, S. C. 29550
803-332-4141

Marion County Office
209 S. Main Street
Marion, S. C. 29571
803-423-2871

Dr. Hugh C. Bailey
Dean of the College
Francis Marion College
Florence, South Carolina 29501

Dear Dr. Bailey:

The Pee Dee Mental Health Center has been involved, for some time, and working closely with your staff in developing a program that will provide both continuing education and advanced training for those interested in participating in the delivery of human services. We are keenly interested and strongly support your efforts to establish a Masters Program in Applied Psychology for the following reasons:

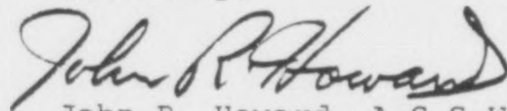
1. We have had continuing problems in recruiting qualified masters level personnel from the local area. Our interviewing experiences indicate the tendency to not be readily available to move to gain employment.
2. The need and interest to participate in the mutually beneficial student "Field Training" aspects of the program.
3. Many of our staff continues to seek advanced work either on a part or full time basis. Due to the fact of no masters level courses are offered in this area, they must commute to Columbia to achieve their continuing education goals. More often than not, they leave the center and forfeit their gains as an employee or remain with continued frustration with not much advancement opportunity in sight.
4. With the Federal Funding requirements emphasizing that considerable effort be provided in the area of program evaluation (each year the Feds' require an increase of \$'s be spent) and community organization (Prevention, Consultation & Education) our staff need to have available the training that the masters program could offer in these areas.

Page 2
July 3, 1978
Dr. Hugh C. Bailey

5. In considering the near future, the Department of Mental Health is planning for the placement of a Regional Village System Psychiatric Hospital which will create several needs;
 - a. new jobs for qualified masters level staff
 - b. training and staff development opportunities
 - c. mutual student placement programs, and
 - d. community liaison.

Again, we strongly support the development of a masters level program in psychology and see it as a key to additional development and upgrading of the human service delivery system in the Pee Dee area.

Sincerely,

A handwritten signature in cursive script, reading "John R. Howard".

John R. Howard, A.C.S.W.
Program Director

JRH:agn



Pee Dee Mental Health Center

A Facility of the South Carolina Department of Mental Health

Route 2 / Box 7 / Florence, South Carolina 29501 / (803) 662-1401

C. Raymond Kiefer, M.D., Director

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July 3, 1978

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Dr. Hugh C. Bailey
Dean of the College
Francis Marion College
Florence, S. C. 29501

Dear Dr. Bailey:

It has come to my attention that there is some reluctance to approve the immediate implementation of a Master's Degree in Applied Psychology at Francis Marion College.

Speaking as Chairman of the Board of Directors of the Pee Dee Mental Health Center, and a long time advocate for improved mental health services for the region, I would like to address the urgent need for the establishment of a Master's Degree program in Psychology. Neither the necessity nor urgency for the program are recent; the deficiency in meeting the needs of the people in this phase of health care is ancient. However, with the establishment of a Comprehensive Mental Health Center in Florence, we have begun to realize the opportunity to provide good mental health care to the people throughout the area. In order to uphold the momentum and diversity of services now offered the need for readily available professionals with master's degrees in Applied Psychology and the opportunities for staff enrichment have become very critical. We are finding it progressively difficult to recruit enough qualified professional people and concurrently problematical to hold those we now have without there being opportunity for continuing educational advancement close at hand.

The implementation now of a Master's Program in Applied Psychology at Francis Marion College would provide the opportunity our staff seeks and would afford us the added inducement needed to attract professionals from outside areas where they find opportunities for continuing education readily available.



Pee Dee Mental Health Center

A Facility of the South Carolina Department of Mental Health

Route 2 / Box 7 / Florence, South Carolina 29501 / (803) 662-1401

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Dr. Hugh C. Bailey

-2-

There is no master's program in the area of human services offered in this region at this time and it is crucial that it be provided. I trust that the need for the program will be viewed in the light of the need of the people of the area, now.

Sincerely yours,

Mrs. Elliott Baumrind, Chairman
Pee Dee Mental Health Center
Board of Directors

Mrs. Elliott Baumrind
405 Harmon Park
Marion, S.C. 29571

Anna R. Anderson
County Director



South Carolina
Department of Social Services
Florence County

July 3, 1978

Dr. Hugh C. Bailey, Dean
Francis Marion College
Florence, S. C. 29501

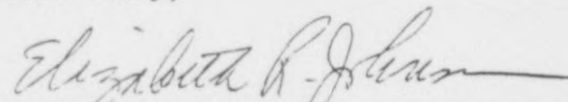
Dear Dr. Bailey:

Our agency would like to emphasize the need for a Masters Program in Applied Psychology for this area. At present there is no Masters Program in the human services area except the one offered by the University of South Carolina. Winthrop College offers courses toward certificates for DSS workers. This is a long slow process toward a Masters degree.

Our protective service workers and those that work in the areas of foster care and adoption all need continuing education in the areas of psychological assessment, behavior change, etc.

The Masters Program in Applied Psychology would assure quality service to people in the Pee Dee.

Yours truly,


(Mrs.) Elizabeth R. Johnson
Administrative Assistant

ERJ:sj
cc: Mr. George S. Nichols, Jr.



Palmetto Center

P. O. BOX 5357 FLORENCE, S. C. 29502

TEL. (803) 662-9378

A FACILITY OF THE SOUTH CAROLINA VOCATIONAL REHABILITATION DEPARTMENT

JOE S. DUSENBURY
COLUMBIA

EXECUTIVE OFFICER AND COMMISSIONER

September 14, 1977

Dean Hugh Bailey
Francis Marion College
Florence, S. C. 29501

Dear Dean Bailey:

I understand that Francis Marion College is currently considering the possibility of creating an additional Master's Degree program, in psychology or an allied field.

I would like to express my support for such a program and my hope that Francis Marion will decide to offer it in the near future. In past years, Palmetto Center has had students from the College placed with us for experiential learning exposure, and we have enjoyed these experiences and would like to continue having your students use us in this manner. Also, it is possible that members of our staff might be used from time to time as consultants or guest speakers in the courses that would be developed in connection with the new Master's program. Finally, I am certain that various members of our staff would be interested in taking some of these courses, either in an effort to earn the degree or possibly just to obtain specific additional in-service training and education to better prepare themselves for their work here at this Center.

In short, we would be very pleased to see such a new program added to the catalog of the College, and wish to express our support at this time and in the future in whatever ways might be most meaningful to assure the creation and continuance of the program.

Yours very truly,

Robert L. Stevens
Administrator

RLS/s



CHARLES LEE YOUNG
EXECUTIVE DIRECTOR

Florence County
Commission on Alcohol and Drug Abuse

FLORENCE COUNTY COMPREHENSIVE ALCOHOL AND DRUG ABUSE CENTER

604 GREGG AVENUE
TELEPHONE 665-9349

P. O. BOX 4881
FLORENCE, S. C. 29501



DETOXIFICATION SERVICES
TREATMENT SERVICES
RESIDENTIAL SERVICES
INTERVENTION SERVICES
EDUCATION

September 22, 1977

Dean Hugh C. Bailey
Vice President, Academic Affairs
Francis Marion College
Post Office Box 7500
Florence, S. C. 29501

Re: Masters Degree-Psychology Program

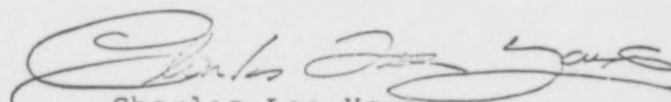
Dear Dean Bailey:

Recently I have become aware of the consideration that has been given by Francis Marion College to establish a Masters Degree Program within the Psychology Department.

Please accept this letter as a token of whole-hearted support for the expansion of the psychology program. Our program currently has five positions which require a Graduate Degree in a human service area. We have had a close association with the Psychology Department not only in terms of consultation but in providing placement opportunities for undergraduate students as a part of their course work. In addition, we employ two graduates of the Francis Marion College Psychology Program. The Masters Degree Program would also attract our Bachelor level employees who would be seeking to further their education and advancement opportunities.

Aside from the advantage to our program, there is no question that the entire Florence County community would be benefited by expansion of your Behavioral Sciences curriculum.

Sincerely yours,


Charles Lee Young
Executive Director

CLY/saw



CHARLES LEE YOUNG
EXECUTIVE DIRECTOR

Florence County Commission on Alcohol and Drug Abuse

FLORENCE COUNTY COMPREHENSIVE ALCOHOL AND DRUG ABUSE CENTER

604 GREGG AVENUE
TELEPHONE 665-9349

P. O. BOX 4881
FLORENCE, S. C. 29501

June 30, 1978



DETOXIFICATION SERVICES
TREATMENT SERVICES
RESIDENTIAL SERVICES
INTERVENTION SERVICES
EDUCATION

Dr. Hugh C. Bailey, Dean
Francis Marion College
Florence, S. C. 29501

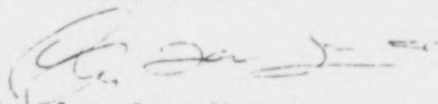
Dear Dr. Bailey:

It is with much disappointment that I learned that the possibility of a Master's Degree Psychology Program at Francis Marion may be stymied because of a moratorium on new programs.

As director of a local human service agency which requires a minimum of a Master's Degree for all counseling positions, I eagerly anticipated the development of a program at Francis Marion. This would not only provide trained staff but offer our B. S. degree level staff an opportunity to upgrade themselves without having to leave employment.

The last two counselors we employed had to be recruited from out of state merely because there were no appropriately trained individuals locally. Because of the pressing need for a Master's Program, I would like to provide any support possible to have the moratorium lifted.

Sincerely yours,


Charles Lee Young
Executive Director

CLY/saw



CHARLES LEE YOUNG
EXECUTIVE DIRECTOR

Florence County Commission on Alcohol and Drug Abuse

FLORENCE COUNTY COMPREHENSIVE ALCOHOL AND DRUG ABUSE CENTER

604 GREGG AVENUE
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June 30, 1978



DETOXIFICATION SERVICES
TREATMENT SERVICES
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EDUCATION

Dr. Hugh C. Bailey, Dean
Francis Marion College
Florence, S. C. 29501

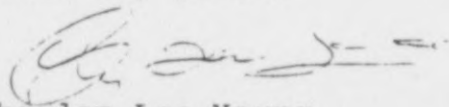
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The last two counselors we employed had to be recruited from out of state merely because there were no appropriately trained individuals locally. Because of the pressing need for a Master's Program, I would like to provide any support possible to have the moratorium lifted.

Sincerely yours,


Charles Lee Young
Executive Director

CLY/saw

bcc: Mr. Mike Jordan, Ph. D. ✓

July 3, 1978

Dr. Hugh C. Bailey
Dean of the College
Francis Marion College
Florence, S. C. 29501

Dear Dr. Bailey:

It has come to my attention that there is some reluctance to approve the immediate implementation of a Master's Degree in Applied Psychology at Francis Marion College.

Speaking as Chairman of the Board of Directors of the Pee Dee Mental Health Center, and a long time advocate for improved mental health services for the region, I would like to address the urgent need for the establishment of a Master's Degree program in Psychology. Neither the necessity nor urgency for the program are recent; the deficiency in meeting the needs of the people in this phase of health care is ancient. However, with the establishment of a Comprehensive Mental Health Center in Florence, we have begun to realize the opportunity to provide good mental health care to the people throughout the area. In order to uphold the momentum and diversity of services now offered the need for readily available professionals with master's degrees in Applied Psychology and the opportunities for staff enrichment have become very critical. We are finding it progressively difficult to recruit enough qualified professional people and concurrently problematical to hold those we now have without there being opportunity for continuing educational advancement close at hand.

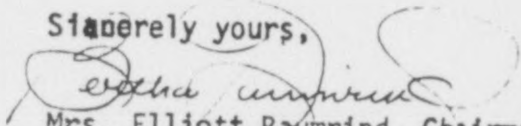
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Dr. Hugh C. Bailey

-2-

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Sincerely yours,


Mrs. Elliott Baumrind, Chairman
Pee Dee Mental Health Center
Board of Directors

Mrs. Elliott Baumrind
405 Harmon Park
Marion, S.C. 29571

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT XII

8/1/78

6

Agency:

Personnel Division

Subject:

TEC allocation of special appropriations for faculty salaries. The State Board for Technical and Comprehensive Education has requested Board approval for TEC to award the special appropriations for faculty salary increases, as follows: In addition to the 4% general increase and an average 5% merit increment, institute special adjustments of an average 3%, with none of the individual special increases exceeding 8% of the base salary of the faculty member.

Board Action Requested:

Approval

Staff Comment:

Attachments:

Letter of 7/7/78, Dudley to Mullins



STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

1429 Senate Street Columbia, South Carolina 29201 803-758-3171

G. WILLIAM DUDLEY, JR.
EXECUTIVE DIRECTOR

July 7, 1978

RECEIVED
JUL 11 1978
S. C. STATE
PERSONNEL DIVISION

THE STATE BOARD

OFFICERS

Y.W. SCARBOROUGH, JR.
CHAIRMAN

TRACY J. GAINES
VICE-CHAIRMAN

MEMBERS

Y.W. SCARBOROUGH, JR.
Columbia, S.C.
First Congressional District

CLIFFE MORGAN
Orangeburg, S.C.
Second Congressional District

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

TRACY J. GAINES
Columbia, S.C.
Fourth Congressional District

FRANCIS L. BELL
Spartanburg, S.C.
Fifth Congressional District

JOHN D. WELLMAN
Junction City, S.C.
Sixth Congressional District

MILLARD L. DUNKIN
Columbia, S.C.
At Large

HERBERT A. DUCOSTA
Columbia, S.C.
At Large

CYRUS E. BUSSEE
Columbia, S.C.
Superintendent of Education
Ex-Officio

ROBERT E. LEAK
Columbia, S.C.
State Development Board
Ex-Officio

Dr. Jack S. Mullins
Deputy Director
State Personnel Division
1205 Pendleton Street
Columbia, SC 29201

Dear Jack:

In 1974, when we implemented our first Faculty Compensation Plan, we realized at that time that we had a substantial amount of internal inequity in the salaries paid to our faculty members, and we also knew that the average salaries we were paying to our faculty were well below those paid to faculty members of comparable institutions in the Southern Region. Over the past four (4) years, we have made efforts to combat both of these problems. While we feel that we have made some minor progress toward eliminating the internal inequity, we have actually lost ground in our efforts to raise the average salary of our faculty members closer to that of the Southern Region.

Each year the Southern Regional Education Board compiles and publishes data on public institutions of higher learning in this region. Fourteen (14) southern states are included. Included in the data are comparisons of faculty salaries and rankings of the various states according to average salary paid to faculty. Among the community/junior/technical colleges, South Carolina has consistently ranked last in the average salary paid to faculty members. For the 1977-78 Academic year, the average salary in the Technical Education System was \$11,482 compared to a regional average of \$14,507. We ranked fourteenth (14th) of fourteen (14) and our average salary was 20.9% below the regional average. We were only 19.1% below the average for the 1976-77 Academic year. We are losing ground.

Because of our low salaries, we have lost a number of our better faculty members to institutions in other states and are losing an increasing number to the public school system in our own state and to private industry. We feel very strongly that this trend must be stopped if we are to continue to provide quality instruction to our students.

Dr. Jack S. Mullins

Page 2

July 7, 1978

As you are probably aware, we have requested and are reasonably assured of an increase in our appropriations for the 78-79 FY. A major portion of our justification for the increased appropriations was that we badly needed to increase our faculty salaries. We have earmarked an amount equivalent to three percent (3%) of our base faculty salaries for this purpose.

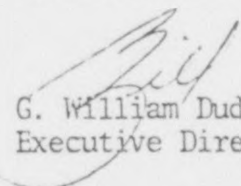
We are hereby respectfully requesting your approval of our granting salary adjustments to our faculty members to be determined on an individual, as needed basis without regard to uniformity. These increases would be over and above the four percent (4%) cost of living increase and the average five percent (5%) merit increase provided in the 78-79 Appropriations Bill. The overall average of such adjustments would not exceed three percent (3%) in any institution or TEC system as a whole. Neither would any individual increase exceed eight percent (8%) of the base salary of the faculty member. Such increases would be based on a comparative analysis of salaries paid to individual faculty members as they relate to each other, to insure internal equity, and also as they relate to similar positions outside the TEC system in an attempt to make our salaries more competitive.

The analysis to determine need and appropriateness of individual adjustments will be done primarily at the local level under auspices and control of the respective TEC presidents and area commissions. The adjustments will be closely monitored, reviewed and concurred in by our State Board before any increases are given final approval.

We feel very strongly that this approach, while not solving all our problems, will go a long way toward achieving the internal equity we seek and will move our average salary closer to that of the Southern Region.

We urge your positive consideration of this request. Should you have questions or if we can provide additional information, please let us know.

Sincerely,



G. William Dudley, Jr.
Executive Director

GWDjr:gh

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT XIII
8/1/78

8

Agency: State Personnel Division

Subject: State Employee Merit Increment Program

Board Action Requested:

Approval of Memorandum

Staff Comment:

Attachments:

Draft memorandum from Dr. Mullins to Agency Directors and Personnel Officers.

Final

DRAFT

FINAL

M E M O R A N D U M

TO: Agency Directors and Personnel Officers

FROM: Jack S. Mullins

DATE: August 2, 1978

SUBJECT: State Employee Merit Increment Program

In order to provide you guidance early in the new fiscal year concerning the award of merit increments, the Budget and Control Board reviewed the matter at its August 1, 1978, meeting. Accordingly, the Board is setting forth its intent, as follows.

Section 134 states: "It is the intention of the General Assembly that for the fiscal year 1978-79 the aggregate total of the merit increments in each agency for both classified and unclassified employees shall not exceed 5% on an annualized basis of the total of salaries and wages earned. This provision shall be applicable to all merit increments whether paid from state appropriated funds or federal or other funds. All agency heads are directed to monitor the merit increment program to see that the provisions of this section and the intentions of the General Assembly as stated herein are enforced."

In accordance with Section 134, it is the intention of the Budget and Control Board to monitor the award of all merit increments through the State Personnel Division. Regular monthly reports will be generated to reflect each month's merit increment activity, both by individual and aggregate totals. These reports will be provided to each Board member and the State Auditor as well as to you as a tool for carrying out the intent of the General Assembly.

It is also the intention of the Budget and Control Board that the merit increment program be used for the awarding of salary adjustments based upon employee work performance. At no time should this program be used as a supplement to general salary adjustments; rather, Board policy concerning performance appraisals shall be followed.

Further, it is the intention of the General Assembly and the Budget and Control Board that the aggregate total of the merit increments in each agency for both classified and unclassified employees shall not exceed 5% on an annualized basis of the total of the salaries and wages earned.

The monitoring of merit increments will be accomplished by the Board in such a manner as to assure that agencies both adhere to the performance appraisal rules and operate within appropriated funding. The Board strongly urges that agencies adhere to the established 4%, 6%, and 8% maximum merit increments for satisfactory, superior, and outstanding ratings, respectively. The Board has instructed staff

Memorandum
Page 2
August 2, 1978

to set up meetings with individual agencies whenever it learns that the agency is experiencing difficulty in adhering to Board policy.

A review of records for FY1977-78 reveals that some agencies awarded merit increments in excess of the approved 4% average authorized and that some agencies have disproportionately high percentages of employees being granted superior or outstanding ratings. Although agencies might feel with some justification that most of their employees are superior or outstanding, it is the intent of the performance appraisal program to rate employees of an agency in relation to other employees of that agency and not in relation to state employees in general.

It is not the desire of the Board to set arbitrary limits upon the number or percentages of employees that might be rated superior or outstanding, but agencies must exercise discretion and responsibility in the absence of such limitations.

The Employee Relations Unit of the Personnel Division stands ready to assist you in any way it can if you should need clarification of Board policy or assistance. Please feel free to call them at 758-5797.

The Personnel Division will hold a meeting within the next few weeks to review the performance appraisal and merit increment programs in detail.

JSM/omc

M E M O R A N D U M

= = = = =

TO: Agency Directors and Personnel Officers
FROM: Jack S. Mullins
DATE: August 2, 1978
SUBJECT: State Employee Merit Increment Program

In order to provide you guidance early in the new fiscal year concerning the award of merit increments, the Budget and Control Board is setting forth its intentions in complying with the language of the Appropriations Act.

Section 134 states: "It is the intention of the General Assembly that for the fiscal year 1978-79 the aggregate total of the merit increments in each agency for both classified and unclassified employees shall not exceed 5% on an annualized basis of the total of salaries and wages earned. This provision shall be applicable to all merit increments whether paid from state appropriated funds or federal or other funds. All agency heads are directed to monitor the merit increment program to see that the provisions of this section and the intentions of the General Assembly as stated herein are enforced."

In accordance with Section 134, it is the intention of the Budget and Control Board to monitor the award of all merit increments through the State Personnel Division. Regular monthly reports will be generated to reflect each month's merit increment activity, both by individual and aggregate totals. These reports will be furnished to you as a tool for carrying out the intent of the General Assembly.

It is also the intention of the Budget and Control Board that the merit increment program be used for the awarding of salary adjustments based upon employee work performance. At no time should this program be used as a supplement to general salary adjustments; rather, Board policy concerning performance appraisals shall be followed.

Memorandum
August 2, 1978
Page 2

Further, it is the intention of the General Assembly and the Budget and Control Board that the aggregate total of the merit increments in each agency for both classified and unclassified employees shall not exceed 5% on an annualized basis of the total of the salaries and wages earned.

The Employee Relations Unit of the Personnel Division stands ready to assist you in any way it can if you should need clarification of Board policy or assistance. Please feel free to call them at 758-5797.

JSM/mpg

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT XIV
8/1/78
9

Agency: State Personnel Division

Subject: Amendment to personnel manual to increases payable on longevity increases.

Board Action Requested:

State Personnel request approval of this amendment.

Staff Comment:

Attachments:

See Attached Amendment on Longevity Salary Policy

DRAFT

As approved by Subcommittee
8/7/78

2.13 Longevity Salary Increases

- A. The State Budget and Control Board through the State Personnel Division shall administer the provisions of this program.
- B. The responsibility for initiating longevity salary increases lies within the authority of each agency head.
- C. The following actions shall be approved by the State Budget and Control Board through the State Personnel Director prior to any action being taken by an agency to effect a longevity salary increase:
 - 1. The determination of eligibility for such increases;
 - 2. The computation of the increase that can be awarded.
- D. The State Personnel Director shall develop appropriate forms for the requesting of longevity salary increases.

E. Eligibility

An employee shall be awarded a longevity salary increase if the employee's:

- 1. Position is classified under the State Classification and Compensation plan;
- 2. Salary is at least at the maximum of the assigned salary grade;
- 3. Salary has not been increased for the past twenty-four (24) months for other than base pay (general) increases, including merit, re-allocation, reclassification, promotion or special salary approval increases; and
- 4. Longevity salary increases have not exceeded four (4) during the employee's State service.

F. Compensation

The actual compensation awarded shall meet the following criteria:

1. An increase of five (5) percent of the employee's current salary shall be awarded to employees who meet the criteria specified in 2.13E.
2. The effective date of longevity salary increases shall be the first day of the pay period coincident with or immediately following the regular merit review date.

Section 2.05 B(a)

...unless the employee is receiving longevity pay.

(b) Each employee in the class presently receiving longevity pay shall receive a salary adjustment in an amount determined by the State Personnel Director, provided that the pay adjustment does not place the employee's salary further above the new maximum rate of pay range for the class than the employee is entitled to under the provisions of Section 2.13

(c) (old (b))

D

6. An employee who is presently receiving longevity pay shall receive a promotional increase as follows:

- (a) Deduct the longevity increases from present salary.
- (b) Calculate promotional increase on reduced salary in accordance with provisions of Section 2.05 D 1 and 2.
- (c) Add amount deducted in (a) to new salary.

Section 2.06

- D. An employee who is presently receiving longevity pay and who is demoted as a result of any action other than reclassification shall have the salary reduced by an amount equal to the difference between the maximums of old and new pay grades. The employee will continue to receive any longevity increases previously granted and any time completed toward the next longevity increment in the higher pay grade shall be credited toward the increase in the lower pay grade.
- E. An employee who is presently receiving longevity pay and is reclassified downwards may retain the salary for a period not to exceed two years from the date of the reclassification. Upon expiration of the two year period, the salary shall be reduced by an amount equal to the difference between the maximums of the old and new pay grades; however, the employee shall retain any previously granted longevity pay and shall be eligible for future longevity increases in accordance with Section 2.13.

2.13 Longevity Salary Increases

- A. The responsibility for administration of longevity salary increases rests with each agency within the limits of these policies and procedures.
- B. The State Personnel Director shall be responsible for the overall coordination, review and administration of the longevity salary increase program.
- C. The following actions shall be approved by the State Personnel Director prior to any action being taken by an agency to award a longevity salary increase:
 - 1. The determination of eligibility for such increases.
 - 2. The computation of maximum increases that can be awarded.

- D. The State Personnel Director shall develop appropriate forms for the reporting of longevity salary increases.

E. Eligibility

An employee shall be eligible for a longevity salary increase if the employee's:

- 1. Position is classified under the state classification and compensation plan.
- 2. Salary is at least at the maximum of their salary grade.
- 3. Salary has not been increased for the past twenty-four (24) months for other than base pay (general) increases, and
- 4. Longevity salary increases have not exceeded four (4) during the employee's state service.

F. Compensation

An increase of five (5) percent of current salary shall

be awarded to employees who meet the eligibility criteria. The procedures for determining the salary adjustment shall be based upon:

1. Continuous state service of at least twenty-four (24) months.
2. The percentage adjustment being calculated on the employee's current salary.

Longevity salary increases shall not be awarded if, during the past twenty-four (24) months of state service, an employee has been awarded a salary increase for:

1. Merit
2. Grade reallocation
3. Reclassification
4. Promotion
5. Special salary approval

The effective date for implementation of these salary adjustments shall be effective on the beginning of the pay period coincident with or immediately following the twenty-four (24) month merit review date.

Page 11.03

Section 2.05 B(a)

...unless the employee is receiving longevity pay.

- (b) Each employee in the class presently receiving longevity pay shall receive a salary adjustment in an amount determined by the State Personnel Director, provided that the pay adjustment does not place the employee's salary further above the new maximum rate of pay range for the class to which the employee is entitled under the provisions of Section 2.13

- (c) (old (b))

D

6. An employee who is presently receiving longevity pay shall receive a promotional increase as follows:

- (a) Deduct the longevity increases from present salary.
- (b) Calculate promotional increase on reduced salary in accordance with provisions of Section 2.05 D 1 and 2.
- (c) Add amount deducted in (a) to new salary.

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- E. An employee who is presently receiving longevity pay and is reclassified downwards may retain the salary for a period not to exceed two years from the date of the reclassification. Upon expiration of the two year period, the salary shall be reduced by an amount equal to the difference between the maximums of the old and new pay grades; however, the employee shall retain any previously granted longevity pay and shall be eligible for future longevity increases in accordance with Section 2.13.

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT XV
7 8/1/78

Agency: General Services

Subject: Courier Service - Charleston

General Services advises that tentative information indicates that a courier service (postage and parcel delivery) in a route covering Columbia, Orangeburg, Charleston and return would result in savings or cost avoidance. Some 25 major agencies could be served on this route.

General Services estimates that the route can be operated for about \$90 per day. A vehicle suitable for this purpose is now available.

Board Action Requested:

General Services recommends that it be authorized to institute a delivery program on the referenced route to determine its cost effectiveness and that it be authorized to employ a temporary employee for this purpose.

Staff Comment:

Attachments:

McEachern agenda notes

STATE BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
AGENDA

August 1, 1978

I. Courier Service--Charleston

The Division of General Services has collected tentative information which indicates that a savings or cost avoidance can be effected in postage and parcel delivery if a courier service is instituted in a route to cover Columbia, Orangeburg, Charleston and return. There are approximately twenty-five major agencies on this route and the route can be operated for about \$90.00 per day.

It is recommended that the Board authorize the Division of General Services to institute a delivery program to determine the cost effectiveness of such courier service, and it is further recommended that the Board authorize the Division of General Services to hire a temporary employee for this purpose; a vehicle is now available.

II. Right-of-way--Parklane Road, Richland County

SCE&G Company requests right-of-way along Parklane Road for relocation of existing lines as a result of highway construction. The value of this property is approximately \$30,000. At the same time considerable congestion and ineffective use of the street system adjacent to the Mental Health--North Complex has developed. It is recommended that the Division of General Services be authorized to negotiate with SCE&G for internal street improvements in the North area in lieu of payment for the right-of-way on Parklane Road.

III. Perpetual Easement--Parks, Recreation and Tourism

The Department of Parks, Recreation and Tourism requests the Board to approve on behalf of the State of South Carolina a perpetual restrictive covenant on lands in Greenville County within Jones Gap State Park. The restrictive covenant will apply to 300 feet on each side of the Middle Saluda River and Cold Spring Branch as provided under Section 51-5-70 of the South Carolina Scenic Rivers Act. The purpose of the covenant is to maintain lands immediately adjacent to the river in its natural state.

This action is recommended by the Water Resources Commission and William Moser of that agency is available to explain the matter and answer questions.

IV. Printing Equipment

1. ETV--Electronic Typesetting

ETV has proposed to purchase electronic typesetting equipment at a cost of \$43,000. The Committee appointed by this Board reviewed the request and finds that the equipment can be made compatible with late generation EDP equipment, and thus provide services for more than one agency. It is recommended that the Board approve ETV purchase of the requested equipment with the specific provision that further study and implementation of EDP processing on this equipment be made available to as many agencies as possible through the General Services computer. It is further recommended that the IBM magnetic tape system be retained and made available to state agencies requiring this kind of service.

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT XVI

8/1/78

10

Agency: Finance Division

Subject: Grants and Contracts Review Manual

(Please refer to attachments.)

Board Action Requested:

Adopt referenced Manual.

Staff Comment:

Attachments:

Oliver 7/26/78 memo to Putnam and referenced Manual



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

WILLIAM T. PUTNAM
STATE AUDITOR

TELEPHONE
(803) 758-3106

MEMORANDUM

TO: Mr. W. T. Putnam, Secretary
Budget and Control Board

FROM: G. F. Oliver, Grants Services Administrator
Grants and Contracts Review Unit

DATE: July 26, 1978

RE: Budget and Control Board, Grants and Contracts Review Manual

In view of the various Legislative Acts and the provisions in the 1978-1979 Appropriations Bill, it is necessary to establish a refined operational procedure for the receipt, review, and approval of Federal projects by the Budget and Control Board.

A procedures manual has been developed, and it is recommended that the attached manual be adopted for the 1978-1979 Fiscal Year. This manual has been reviewed by the Board's Sub-Committee on Federal Programs and discussed with the Joint Appropriations Review Committee Chairman, Senator Waddell. Further, selected State agency Federal Program Coordinators have commented on the manual. Suggested changes were incorporated prior to this publication.

It is requested that a 15-minute time element be allotted on the agenda of the August 1, 1978 meeting for a briefing and a request for adoption by the Budget and Control Board.

GFO/ew

Attachment

STATE OF SOUTH CAROLINA

1978-79

GRANTS
AND
CONTRACTS
REVIEW
MANUAL



THE STATE BUDGET AND CONTROL BOARD

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i> 7/1/78	<i>subject</i> TABLE OF CONTENTS BUDGET & CONTROL BOARD GRANTS AND CONTRACTS REVIEW SYSTEM	<i>item</i> I-000
<i>supersedes</i> 7/22/77		<i>page</i> 1

<u>Item No.</u>	<u>Subject</u>	<u>Date of Issue</u>	<u>Date of Last Revision</u>
I-050	General Policy on Federal Grants	7/1/78	
I-075	Advance Notice of Federal Grant Applications (GCR System)	7/22/77	7/1/78
I-100	Governor's Review of State Plans and Amendments	7/22/77	7/1/78
I-200	STATE CLEARING HOUSE Review of Pre-Application Notification (A-95 Review)	7/22/77	7/1/78
I-250	Report by State Agencies Upon Receipt of Research Grants or Contracts and Student Aid Funds	7/1/78	
I-300	Recovery of Allowable Indirect Costs Under Federal Grants	7/1/78	
I-350	Waiver of Federal Single State Agency Requirements	7/1/78	
I-375	State Comment on Proposed Federal Regulations	7/1/78	
I-400	Environmental Impact Statement Requirements	7/1/78	
I-450	Grant and Contracts Review Unit State Agency Program Analyst Assignments	7/22/77	7/1/78

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i> 7/1/78	<i>subject</i> General Policy on Federal Funds	<i>item</i> I-050
<i>supersedes</i>		<i>page</i> 1

1. Purpose and Scope

As directed in various State of South Carolina legislative actions, all agencies of State Government are required to submit to the Budget and Control Board and a Joint Appropriations Review Committee for their approval or concurrence all allocations of Federal or other funds for programs and services to be administered through State Government agencies in Fiscal Year 1978-1979.

In considering each allocation, the Board and the Committee shall take into account the following factors:

- a. The public benefit to be derived from the program or service involved;
- b. It's permanence as to Federal financing;
- c. The extent to which State funds may be immediately required for matching purposes;
- d. The effect of a continuation of the program or service on future State finances;
- e. That indirect costs or overhead waivers on all program requests shall not create a fund of surplus money to expand programs without legislative approval.

2. Responsibilities of the Joint Appropriations Review Committee

Separate legislative action (R794) has established as a permanent committee the Joint Appropriations Review Committee, which is composed of three (3) members of the House and three (3) members of the Senate who will have the following responsibilities:

(a) When the General Assembly is Not in Session

All proposals that originate with State agencies submitted to the Board for approval must be furnished to the Joint Appropriations Review Committee 14 days prior to any Budget and Control Board decision for any advice or recommendation deemed appropriate by the Committee.

The Budget and Control Board shall give consideration to the advice and recommendations when making its final determination as to whether to approve or disapprove the request. The Board shall use its discretion in the absence of advice or recommendation from the Committee.

(b) When the General Assembly is in Session

All proposals that originate with State agencies submitted to the Board for necessary action must be furnished to the Joint Appropriations Review Committee with the Board's recommendations for concurrence by the Committee:

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	General Policy on Federal Grants	I-050
<i>supersedes</i>		page 2

The Committee shall furnish to the Board within fourteen (14) days a statement of concurrence or non-concurrence as to the recommendations. If the Committee fails to act within the allotted time the action of the Budget and Control Board shall be deemed approved.

3. Responsibilities of the Grants and Contracts Review Unit

The office of Grants and Contracts Review Unit was established in the Finance Division of the State Auditor's Office to provide assistance to State agencies and implement the review process of requests for the Joint Appropriations Review Committee and Budget and Control Board actions. This unit offers State agencies the following services:

- a. Identifies, analyzes and monitors progress of major enacted or proposed Federal legislation and regulations; provides analysis and makes recommendations for consideration by Budget staff, the Governor's office and others, as appropriate;
- b. Assists, when required, in preparing applications for Federal grants (e.g. with respect to the overhead cost component), and to help assure prudent participation by the State, monitors new and experimental efforts by Federal agencies to consolidate and simplify the grant application system, e.g. that which is provided for in OMB Circular 102, A-110 and A-111.
- c. Coordinates the advance notification system for Budget and Control Board and Joint Appropriation Review Committee actions in conformance with state laws.
- d. Operates (1) "The Federal-State aid clearinghouse service" which includes the collection and dissemination of fiscal and administrative information on grant programs and other Federal activities affecting State programs; and (2) the State Clearinghouse authorized by U.S. Budget Circular A-95.
- e. In accordance with Federal Budget Circular A-85; "Consultation with heads of State and local governments in development of Federal regulations", develops positions on such regulations which involve more than one State agency, solicits comments, resolves differing views and drafts letters of comment for appropriate use by the Budget and Control Board.
- f. Maintains Federal Register; a library of Federal catalogs and reports and a library of current State Plans for Federal Assistance.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	General Policy on Federal Grants	I-050
<i>supersedes</i>		<i>page</i> 3

4. Appointment and Duties of Agency Federal Funds Officer

Each agency shall charge one of its officers, preferably at the deputy level, with the responsibility of coordinating the agency's Federal funds management program. He will monitor all Federal grant applications in the agency and serve as continuing liaison with the Division of Finance, Grants and Contracts Review Unit on present and potential use of Federal funds.

The name of the person selected as the agency's Federal funds officer shall be reported to the Grants and Contracts Review Unit. Changes in such designation also shall be promptly reported.

He also shall, upon request, furnish to the Grants and Contracts Review Unit a copy of grant applications submitted to the Federal government in addition to the notification procedures under the State Appropriations Act. A Summary may be submitted instead of unusually bulky applications.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i> 7/1/78	<i>subject</i> ADVANCED NOTICE OF FEDERAL GRANT APPLICATIONS (GCR SYSTEM)	<i>item</i> I-075
<i>supersedes</i> 7/22/77		<i>page</i> 1

1. Purpose and Scope

The Grants and Contracts Review Unit, State Auditor's Office, Budget and Control Board, has been given the responsibilities for coordinating the implementation of Section 131 of the current State Appropriations Act; Sections 4, 5, 6, 7, 9 Joint Resolution (R794); Section 14 of South Carolina Act No. 82 of 1977, requiring project notification of all preapplications or applications for State or Federal funds which requires the Interagency Council on Public Transportation an opportunity to comment on each application; designation as the State Clearinghouse and to perform the functions pursuant to the Office of Management and Budget Circular A-95.

Section 131 and R794 requires that no agency or institution of State Government shall receive or expend any funds without prior approval of the State Budget and Control Board. In determining its position with respect to any proposed receipt or expenditure, the Board shall consider among other things the Public Benefit to be derived from the program or service, and the impact of the proposal on the future Finances of State Government.

Further, prior to making its decision, the Budget and Control Board shall furnish each request to a Joint Appropriations Review Committee (3 members of House and 3 members of Senate) which will provide to the Budget and Control Board within 14 days any advice, recommendations, or concurrences which it deems appropriate. The Board shall give consideration to the advice or recommendations when making its final determination as to whether to approve or disapprove the request. The Board shall use its discretion in the absence of advice, recommendations, or concurrences from the Joint Appropriations Review Committee.

Research grants and Student Aid grants are exempt from the review process, however, upon receipt of these grants each agency shall report to the Budget and Control Board within 14 days of the notification of such awards. (See Item I-250 for reporting procedure)

2. General Notification Requirements

Under the procedures of the Grants and Contracts Review System, agencies of State government are required to notify the Grants and Contracts Review Unit of the intent to apply for or utilize Federal and other financial assistance not included in current Budget appropriations. The procedures are applicable to all requests for Federal and other financial assistance including requests to another agency for utilization of Federal funds obtained by that agency. Federal financial assistance includes grants, loans, guaranteed/insured loans, insurance, contracts, sub-grants and sub-contracts. For example, if an agency received a grant or contract from a Federal agency, any sub-grant or sub-contract of those funds applied for by a state agency is subject to approval by the Budget and Control Board and concurrence of the Joint Appropriations Review Committee.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	ADVANCED NOTICE OF FEDERAL GRANT APPLICATIONS (GCR SYSTEM)	I-075
<i>supersedes</i> 7/22/77		<i>page</i> 2

The following steps outline the procedures of the Grants and Contracts Review System:

- Step 1:
- (a) For those programs covered by OMB Circular A-95, the agency will prepare and submit to the Grants and Contracts Review Unit, at least sixty (60) days prior to filing an application for Federal assistance, Form GCR-1. (attached)
 - (b) For all types of assistance other than those covered by OMB Circular A-95, the agency will prepare and submit to the Grants and Contracts Review Unit Form GCR-1 at least forty-five (45) days prior to filing a request for a program utilizing Federal or other funds.
 - (c) When at least a 45-day notice is not provided to the Grants and Contracts Review Unit, a copy of the full application or proposal along with completed GCR-1 Form will be submitted for review and processing through the normal 45-day Grants and Contracts Review System. An agency may submit the proposal to the federal agency prior to final Budget and Control Board action in order to meet any deadlines imposed by federal regulations, however, if the proposal is disapproved by the Budget and Control Board the request must be withdrawn from the federal agency. Evidence of this withdrawal must be forwarded to the Budget and Control Board.
 - (d) For those programs covered by Section 14 of S.C. Act No. 82 of 1977, the agency shall submit a GCR-1 form in accordance with Step 1 (a) along with a copy of the application for the Interagency Council on Public Transportation review and comments.
- Step 2: Within five (5) days the Grants and Contracts Review Unit will send the agency an acknowledgement (Form GCR-2 attached) of the receipt of the notification of intent to apply for Federal assistance and begin the review process.
- Step 3: The Grants and Contracts Review Unit will refer to other interested agencies with programs or plans possibly affected by the proposed project and request these agencies to review and comment on the proposed project. Form GCR-3 (attached) will be utilized for this purpose and agencies will be asked to respond within 17 days. For notifications of intent received pursuant to OMB Circular A-95, a copy will be sent to the appropriate areawide clearinghouse for review and comment.
- Step 4: The Grants and Contracts Review Unit will serve as a liaison to arrange conferences as necessary and clarify and resolve any issues that may be identified during the review period,

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
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Step 5: After the initial review periods have been completed, the following actions will be taken by the Grants and Contracts Review Unit:

- (a) Prepare a recommendation for presentation to the Joint Appropriations Review Committee 14 days prior to Budget and Control Board action when the General Assembly is not in session;
- (b) Present recommendations to the Budget and Control Board 14 days following Step 5 (a), which include any advice or recommendations deemed appropriate by the Joint Appropriations Review Committee;
- (c) When General Assembly is in session present recommendations to Budget and Control Board and then to the Joint Appropriations Review Committee for concurrence. The Joint Appropriations Review Committee has 14 days to provide concurrence.
- (d) Request conference with state agency to clarify issues identified during review and approval process. (Form GCR-4, attached, will be used for this notification)

Step 6: The Budget and Control Board or its designated representative will review all requests and take one of the following actions:

- (a) Approve the allocation of Federal or other funds;
- (b) Approve the allocation of Federal or other funds contingent upon certain specified conditions; or
- (c) Disapprove the allocation of Federal or other funds to the State agency;
- (d) Refer request to the sub-committee of the Budget and Control Board for further evaluation action.

NOTE: In cases of recommendation of conditional approval or disapproval by the Grants and Contracts Unit, the agency will be notified in advance of the recommendation to the Joint Appropriations Review Committee and the Budget and Control Board in order for the agency to prepare a presentation of any information concerning the proposal the agency deems appropriate.

Step 7: The State agency will be notified of the action of the Budget and Control Board by the Grants and Contracts Review Unit (Form GCR-5 attached). A copy will be provided to the Comptroller General's Office for their necessary action.

Step 8: When an agency receives notice that the request for funds has been approved by the authorizing agency, Section III (bottom section, page 1) of the GCR-1 shall be completed and submitted to the Grants and Contracts Review Unit along with a copy of the finalized budget and any significant changes in project scope or funding; i.e., personnel reductions or additions, increase in State matching funds, change in project period, reduction of overhead costs, or any other special conditions not

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
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- previously submitted. (For Research and Student Aid Grants, Procedures of I-250 will be followed)
- Step 9: Any changes or amendments during the project period or requests for continuations of funding in the project will be submitted to the Grants and Contracts Review Unit.
- Step 10: When a State agency receives notice of rejection or deferral, or the agency requests withdrawal of the proposal, Page 1 of the GCR-1 form will be completed, including Section III, Block 31, indicating this added action, and this page of the GCR-1 form will be submitted to the Grants and Contracts Review Unit within 14 days.

IMPORTANT

THE STATE IDENTIFIER NUMBER ASSIGNED BY THE
GCR UNIT, BLOCK 3, MUST BE INCLUDED IN ORDER
TO ENSURE CORRECT IDENTIFICATION OF THE PROPOSAL

INSTRUCTIONS FOR COMPLETION OF GCR-1 FORM

The GCR-1 is a form to be used in notifying the Grants and Contracts Review Unit in accordance with the procedures implementing current state law and OMB Circular A-95. Part I of the GCR-1 is the standard multipurpose form, SF 424, promulgated by Office of Management and Budget Circular A-102 (Revised), and Part II is detailed information and an abstract about the proposed project necessary for review under the Grants and Contracts Review System (GCRS). Section III of GCR-1 Form is to be completed only after action has been taken by the funding or assisting agency.

PROCEDURES FOR PART I, GCR-1 FORM (See instructions, Pages 8 - 9)

Agencies will complete Section I and II of GCR-1 Form as per instruction with clarification on the following items:

Item

- 18 Estimated date preapplication/application will be submitted to the agency
- 20 Indicate agency to whom this request is addressed
- 22 If this project is covered by OMB Circular A-95, enter State Clearinghouse and appropriate areawide clearinghouses to whom the Grants and Contracts Review Unit should notify.

Section III is to be used to notify GCRU of the action taken by the Federal agency providing the assistance. Section III should be completed within fourteen (14) days after the award and submitted along with a copy of the finalized budget and any significant changes. Clarification is provided on the following items: (For Research Grants and Student Aid Grants see Item I-250)

- 24,26,27,29 Enter the name and address of the agency providing the assistance
- 30 Enter the number of identification of the agency providing the assistance
- 35 Name, signature, and telephone number of individual in the agency who can provide more information regarding this assistance

PROCEDURES FOR PART II

Section 1, Proposed Budget Categories, First Year

- Lines 1a-h Enter the estimated amount for each direct cost budget (object class) category for each source of funds involved. If more than one Federal project is involved, the amount for each project should be listed separately in the columns. When State or other funds are used for matching federal funds, indicate if these matching funds are In-Kind (IK) or Cash (C) match next to the amount in each class category.
- Line 1b Enter the rate (%) and amount of fringe benefits
- Line 1i Show the totals of Lines 1a - 1h in each column
- Line 1j Show the amount of Indirect cost and enter the rate (%) in column 1j as % of Salary & Wages, Direct Costs, ect.
- Line 1k Enter the total of amount of 1i and 1j
- Line 2 Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount. Show in the abstract the nature and source of income.

Section 2, Budget Estimates of Funds Needed for Balance of the Project

Line 1-5 Enter in Columns a-e the estimated source and amount of funds needed to complete or continue the program over the succeeding funding periods.

Section 3

Item

- 1 Indicate by checking the appropriate block the method of payment.
- 2 If the award will constitute additional State appropriations explain in detail as to how these funds are to be made available.
- 3 Enter the number assigned by the Comptroller General for the receipt and disbursement of funds. If no number has been assigned, enter "NA".
- 4 Enter the title and section from the Code of Laws of S. C. which authorizes the agency to engage in this activity.
- 5 Indicate by checking the appropriate block if the funds are restricted for a specified use or unrestricted for use within the agency as it desires.
6. The Budget request submitted to the Budget and Control Board for the current year included federal programs that each State agency anticipated receiving during the Fiscal Year. If this project was included in this submission check yes and indicate the amount projected as reflected in the Federal Receipt Detail. If the project was not included check no and leave the amount blank.
7. Check appropriate block. If State funds are to be utilized for this program and are not budgeted, attach explanation of action necessary to secure the funds.
8. Indicate if funds are allocated in the program budget (Section 1) or agency budget for an audit of these funds. If the answer is NO, attach explanation on who will audit these funds, i.e. an audit by the responsible Federal agency.
9. Identify the audit funds in the State budget by activity level or identify amount and category from Part II, Section 1, Proposed Budget Categories.
10. Check appropriate block concerning the authorization to carry over funds to a new funding or budget period and provide the amount to be carried over if YES is checked.
11. Express the number of people in man-years with one man-year defined as one individual working twelve (12) months. Temporary positions are defined as an individual working six (6) months or less. TOTAL dollar amounts should equal amount in Part II, Section 1, 1a (5).
12. List only personnel to be paid from Federal funds that were previously paid from State Appropriated Funds.

Section 4

- 1 List other agencies impacted by the program who were contacted.
- 2 Identify any agency who must review, comment, approve or otherwise provide clearance for the program.
3. Identify the State Plan which addresses the objectives of the program.
4. Briefly explain the involvement of land resources in this program, if not explained in the abstract.
5. Identify any other agency and amount to whom funds for this program will be contracted or granted.

Section 4, (Con't)

- 6 Supportive services are those services provided as a component to support the primary effort in achieving the overall objective of the project. Transportation Services includes the "conveyance of human passengers by bus, van or any other ground surface vehicle which is provided to the general public, or selected groups thereof, on a regular basis" (Section 14, Act 82). Data Processing Services involve the renting, purchasing, or leasing of any data processing equipment. Training services involves formal training to a group other than routine training necessary for job performance.

Example: If transportation was provided to children in a day-care center, transportation would be a supportive service.

- 7 Indicate if an environmental impact assessment or statement is required as part of the project application. If an adverse impact is anticipated, explain the impact in the abstract.
- 8 If funds are not requested from the Federal agency for the necessary space, be specific as to how your agency will make space available.

Section 5, Abstract

- A. Describe the needs and objectives of the project and include any data or documentation which substantiates the need.
- B. Self-explanatory. If the project is a continuation, include the latest or current evaluation of the project.
- C. Current Budget Requests delineates each agency's or institution's programs; indicate the program areas this project will support.
- D. Explain the action to be taken by the agency should the federal project be cancelled or decreased in funding. In relation to federal requirements to increase State appropriated matching requirements explain how the increased State match will be provided.

GENERAL INSTRUCTIONS

This is a multi-purpose standard form. First, it will be used by applicants as a required facesheet for pre-applications and applications submitted in accordance with Federal Management Circular A102. Second, it will be used by Federal agencies to report to Clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A-95. Third, it will be used by Federal agencies to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082. Fourth, it may be used, on an optional basis, as a notification of intent from applicants to clearinghouses, as an early initial notice that Federal assistance is to be applied for (clearinghouse procedures will govern).

APPLICANT PROCEDURES FOR SECTION I

Applicant will complete all items in Section I. If an item is not applicable, write "NA". If additional space is needed, insert an asterisk "*", and use the remarks section on the back of the form. An explanation follows for each item:

- | Item | Item |
|--|--|
| 1. Mark appropriate box. Pre-application and application guidance is in FMC 74-7 and Federal agency program instructions. Notification of intent guidance is in Circular A-95 and procedures from clearinghouse. Applicant will not use "Report of Federal Action" box. | D. Insurance. Self explanatory. |
| 2a. Applicant's own control number, if desired. | E. Other. Explain on remarks page. |
| 2b. Date Section I is prepared. | 10. Governmental unit where significant and meaningful impact could be observed. List only largest unit or units affected, such as State, county, or city. If entire unit affected, list it rather than subunits. |
| 3a. Number assigned by State clearinghouse, or if delegated by State, by areawide clearinghouse. All requests to Federal agencies must contain this identifier if the program is covered by Circular A-95 and required by applicable State/areawide clearinghouse procedures. If in doubt, consult your clearinghouse. | 11. Estimated number of persons directly benefiting from project. |
| 3b. Date applicant notified of clearinghouse identifier. | 12. Use appropriate code letter. Definitions are: |
| 4a-4h. Legal name of applicant/recipient, name of primary organizational unit which will undertake the assistance activity, complete address of applicant, and name and telephone number of person who can provide further information about this request. | A. New. A submittal for the first time for a new project. |
| 5. Employer identification number of applicant as assigned by Internal Revenue Service. | B. Renewal. An extension for an additional funding/budget period for a project having no projected completion date, but for which Federal support must be renewed each year. |
| 6a. Use Catalog of Federal Domestic Assistance number assigned to program under which assistance is requested. If more than one program (e.g., joint-funding) write "multiple" and explain in remarks. If unknown, cite Public Law or U.S. Code. | C. Revision. A modification to project nature or scope which may result in funding change (increase or decrease). |
| 6b. Program title from Federal Catalog. Abbreviate if necessary. | D. Continuation. An extension for an additional funding/budget period for a project the agency initially agreed to fund for a definite number of years. |
| 7. Brief title and appropriate description of project. For notification of intent, continue in remarks section if necessary to convey proper description. | E. Augmentation. A requirement for additional funds for a project previously awarded funds in the same funding/budget period. Project nature and scope unchanged. |
| 8. Mostly self-explanatory. "City" includes town, township or other municipality. | 13. Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of the change. For decreases enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 13a, amount requested from Federal Government; 13b, amount applicant will contribute; 13c, amount from State, if applicant is not a State; 13d, amount from local government, if applicant is not a local government; 13e, amount from any other source, explain in remarks. |
| 9. Check the type(s) of assistance requested. The definitions of the terms are: | 14a. Self explanatory. |
| A. Basic Grant. An original request for Federal funds. This would not include any contribution provided under a supplemental grant. | 14b. The district(s) where most of actual work will be accomplished. If city-wide or State-wide, covering several districts, write "city-wide" or "State-wide." |
| B. Supplemental Grant. A request to increase a basic grant in certain cases where the eligible applicant cannot supply the required matching share of the basic Federal program (e.g., grants awarded by the Appalachian Regional Commission to provide the applicant a matching share). | 15. Complete only for revisions (item 12c), or augmentations (item 12e). |
| C. Loan. Self explanatory. | |

- | | |
|---|--|
| <p>Item</p> <p>16. Approximate date project expected to begin (usually associated with estimated date of availability of funding).</p> <p>17. Estimated number of months to complete project after Federal funds are available.</p> <p>18. Estimated date preapplication/application will be submitted to Federal agency if this project requires clearinghouse review. If review not required, this date would usually be same as date in item 2b.</p> | <p>Item</p> <p>19. Existing Federal identification number if this is not a new request and directly relates to a previous Federal action. Otherwise write "NA".</p> <p>20. Indicate Federal agency to which this request is addressed. Street address not required, but do use ZIP.</p> <p>21. Check appropriate box as to whether Section IV of form contains remarks and/or additional remarks are attached.</p> |
|---|--|

APPLICANT PROCEDURES FOR SECTION II

Applicants will always complete items 23a, 23b, and 23c. If clearinghouse review is required, item 22b must be fully completed. An explanation follows for each item:

- | | |
|---|--|
| <p>Item</p> <p>22b. List clearinghouses to which submitted and show in appropriate blocks the status of their responses. For more than three clearinghouses, continue in remarks section. All written comments submitted by or through clearinghouses must be attached.</p> <p>23a. Name and title of authorized representative of legal applicant.</p> | <p>Item</p> <p>23b. Self explanatory.</p> <p>23c. Self explanatory.</p> <p>Note: Applicant completes only Sections I and II. Section III is completed by Federal agencies.</p> |
|---|--|

FEDERAL AGENCY PROCEDURES FOR SECTION III

If applicant-supplied information in Sections I and II needs no updating or adjustment to fit the final Federal action, the Federal agency will complete Section III only. An explanation for each item follows:

- | | |
|---|--|
| <p>Item</p> <p>24. Executive department or independent agency having program administration responsibility.</p> <p>25. Self explanatory.</p> <p>26. Primary organizational unit below department level having direct program management responsibility.</p> <p>27. Office directly monitoring the program.</p> <p>28. Use to identify non-award actions where Federal grant identifier in item 30 is not applicable or will not suffice.</p> <p>29. Complete address of administering office shown in item 25.</p> <p>30. Use to identify award actions where different from Federal application identifier in item 28.</p> <p>31. Self explanatory. Use remarks section to amplify where appropriate.</p> <p>32. Amount to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of change. For decreases, enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 32a, amount awarded by Federal Government; 32b, amount applicant will contribute; 32c, amount from State, if applicant is not a State; 32d, amount from local government if applicant is not a local government; 32e, amount from any other sources, explain in remarks.</p> <p>33. Date action was taken on this request.</p> <p>34. Date funds will become available.</p> | <p>Item</p> <p>35. Name and telephone no. of agency person who can provide more information regarding this assistance.</p> <p>36. Date after which funds will no longer be available.</p> <p>37. Check appropriate box as to whether Section IV of form contains Federal remarks and/or attachment of additional remarks.</p> <p>38. For use with A-95 action notices only. Name and telephone of person who can assure that appropriate A-95 action has been taken—if same as person shown in item 35, write "same". If not applicable, write "NA".</p> |
|---|--|

Federal Agency Procedures—special considerations

- A. *Treasury Circular 1082 compliance.* Federal agency will assure proper completion of Sections I and III. If Section I is being completed by Federal agency, all applicable items must be filled in. Addresses of State Information Reception Agencies (SCIRA's) are provided by Treasury Department to each agency. This form replaces SF 240, which will no longer be used.
- B. *OMB Circular A-95 compliance.* Federal agency will assure proper completion of Sections I, II, and III. This form is required for notifying all reviewing clearinghouses of major actions on all programs reviewed under A-95. Addresses of State and areawide clearinghouses are provided by OMB to each agency. Substantive differences between applicant's request and/or clearinghouse recommendations, and the project as finally awarded will be explained in A-95 notifications to clearinghouses.
- C. *Special note.* In most, but not all States, the A-95 State clearinghouse and the (TC 1082) SCIRA are the same office. In such cases, the A-95 award notice to the State clearinghouse will fulfill the TC 1082 award notice requirement to the State SCIRA. Duplicate notification should be avoided.

STATE OF SOUTH CAROLINA
GRANTS AND CONTRACTS REVIEW UNIT
P.O. BOX 11333 COLUMBIA, S.C. 29211
TEL: 803-758-7707

FEDERAL ASSISTANCE		2. APPLICANT'S APPLICATION		3. STATE APPLICATION IDENTIFIER	
1. TYPE OF ACTION (Mark appropriate box) <input type="checkbox"/> PREAPPLICATION <input type="checkbox"/> APPLICATION <input type="checkbox"/> NOTIFICATION OF INTENT (Opt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION		a. NUMBER		b. DATE Year month day	
		Leave Blank		19	
4. LEGAL APPLICANT/RECIPIENT				5. FEDERAL EMPLOYER IDENTIFICATION NO.	
a. Applicant Name : b. Organization Unit : c. Street/P.O. Box : d. City : e. State : f. Contact Person (Name & telephone No.) :				a. County : b. ZIP Code:	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT				6. PROGRAM (From Federal Catalog)	
				a. NUMBER b. TITLE	
				8. TYPE OF APPLICANT/RECIPIENT A-State B-Interstate C-Substate District D-County E-City F-School District G-Special Purpose District H-Community Action Agency I-Higher Educational Institution J-Indian Tribe K-Other (Specify): Enter appropriate letter <input type="checkbox"/>	
				9. TYPE OF ASSISTANCE A-Basic Grant B-Supplemental Grant C-Loan D-Insurance E-Other Enter appropriate letter(s) <input type="checkbox"/>	
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)		11. ESTIMATED NUMBER OF PERSONS BENEFITING		12. TYPE OF APPLICATION A-New B-Renewal C-Revision D-Continuation E-Augmentation Enter appropriate letter <input type="checkbox"/>	
13. PROPOSED FUNDING		14. CONGRESSIONAL DISTRICTS OF:		15. TYPE OF CHANGE (For 15a or 15b) A-Increase Dollars B-Decrease Dollars C-Increase Duration D-Decrease Duration E-Cancellation F-Other (Specify): Enter appropriate letter(s) <input type="checkbox"/>	
a. FEDERAL \$.00		a. APPLICANT			
b. APPLICANT .00		b. PROJECT			
c. STATE .00		16. PROJECT START DATE Year month day		17. PROJECT DURATION Months	
d. LOCAL .00		19			
e. OTHER .00		18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY		19	
f. TOTAL \$.00					
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)				21. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	
22. THE APPLICANT CERTIFIES THAT		a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assurance is approved.		b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached: (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/>	
23. CERTIFYING REPRESENTATIVE		a. TYPED NAME AND TITLE		b. SIGNATURE	
				c. DATE SIGNED Year month day 19	
24. AGENCY NAME				25. APPLICATION RECEIVED 19	
26. ORGANIZATIONAL UNIT				27. ADMINISTRATIVE OFFICE	
29. ADDRESS				28. FEDERAL APPLICATION IDENTIFICATION	
				30. FEDERAL GRANT IDENTIFICATION	
31. ACTION TAKEN		32. FUNDING		33. ACTION DATE Year month day 19	
<input type="checkbox"/> a. AWARDED		a. FEDERAL \$.00			
<input type="checkbox"/> b. REJECTED		b. APPLICANT .00		35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)	
<input type="checkbox"/> c. RETURNED FOR AMENDMENT		c. STATE .00			
<input type="checkbox"/> d. DEFERRED		d. LOCAL .00		36. STARTING DATE 19	
<input type="checkbox"/> e. WITHDRAWN		e. OTHER .00		37. REMARKS ADDED	
		f. TOTAL \$.00		<input type="checkbox"/> Yes <input type="checkbox"/> No	
38. FEDERAL AGENCY A-95 ACTION		a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A-95, it has been or is being made.		b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)	

PART II

SECTION 1--PROPOSED BUDGET CATEGORIES, FIRST YEAR

1. Object Class Categories	(1) Federal	(2) State*	(3) Other*	(4) Other*	(5) Total
a. Personnel	\$	\$	\$	\$	\$
b. Fringe Benefits %					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction					
h. Other					
i. Total Direct Charges					
j. Indirect Charges %					
k. TOTALS	\$	\$	\$	\$	\$
2. Program Income	\$	\$	\$	\$	\$

* Indicate In Kind (IK) or Cash (C) with the amount at each object class category

SECTION 2--BUDGET ESTIMATES OF FUNDS NEEDED FOR THE CONTINUATION OF THE PROJECT

(a) Source of Funds	Future Funding Periods (Years)			
	(b) Second	(c) Third	(d) Fourth	(e) Fifth
1. Federal	\$	\$	\$	\$
2. State				
3. Other				
4. Other				
5. TOTALS	\$	\$		\$

SECTION 3

1. Method of Payment: ☐ Advance ☐ Reimbursement ☐ Letter of Credit
☐ Other (Identify) _____

2. Will specified project obligate or require State appropriations beyond one year?
 ___ Yes ___ No If yes, explain _____

3. Comptroller General's Acct. No.	4. S. C. Code Authority	5. Funds <input type="checkbox"/> Restricted <input type="checkbox"/> Unrestricted
------------------------------------	-------------------------	---

6. Was this Federal Program included in your current agency Budget Request to the Budget and Control Board? ☐ Yes ☐ No
If YES, indicate the amount proposed \$_____.

7. If State funds are utilized in this project, are the State funds authorized in the Current Appropriations Act? ☐ Yes ☐ No

8. Are funds included for the audit of the expenditures for this program? ☐ Yes ☐ No

9. If answer to Question 8 is YES, identify funds in budget activity level.

10. If this is for a continuation program, are there any authorized carryover funds available for new funding period? ☐ Yes ☐ No Amount \$_____.

11. Project Personnel Information	NUMBER	AMOUNT		
		Federal	State	Other
a. New Positions	_____	\$ _____	\$ _____	\$ _____
b. Positions to be Continued	_____	_____	_____	_____
c. Temporary Positions	_____	_____	_____	_____
d. TOTAL NUMBER OF POSITIONS FUNDED (sum of a-c)	=====	\$ =====	\$ =====	\$ =====

12. Will current State appropriated funded personnel be utilized in this federal program? ☐ Yes ☐ No If YES, attach a list of position titles affected and total amount shifted from State funds to Federal or other funds.

SECTION 4

1. List the agencies, State and local, who have been consulted or involved in the development of this program.

2. Does this program require any other State, local or regional approval? ☐ Yes ☐ No
If YES, Identify.

3. Is this program covered by an approved plan? ☐ Yes ☐ No If YES, identify.

4. Does this program involve construction, land acquisition, land development or land management? ☐ Yes ☐ No If YES, identify.

5. Will any of the funds be granted or contracted to other State agencies?

☐ Yes ☐ No If YES, attach a list of agencies and estimated amounts to be subgranted.

6. Indicate by checking the appropriate blocks the supportive services that will be provided or be a component part of this project:

☐ Transportation Services

☐ Medical or Health Services

☐ Data Processing Services

☐ Other (Identify) _____

☐ Training (Staff or Participants) _____

7. Does this program require environmental impact statements? ☐ Yes ☐ No

8. Does this program require additional space beyond the amount necessary for current operations? ☐ Yes ☐ No If YES, complete the following:

a. Are the necessary funds for this additional space included in the amount requested from the federal agency in your proposal? ☐ Yes ☐ No

b. If NO, explain what arrangements your agency will make to provide the additional space if the program is funded. _____

SECTION 5 - ABSTRACT

Provide a narrative statement which will address the following specific items:

A. Describe the public benefit to be derived from the program or service by identifying:

1. The existence, scope and level of need for the program or service; and
2. The objectives of the program.

B. Describe how the program effectiveness will be measured. For continuation programs attach a copy of the last performance evaluation.

C. Identify the program area this project will support as indicated in the current State Budget Request.

D. Describe what action will be taken to continue program if federal funds are withdrawn, decreased or if federal regulations mandate increased State matching funds in subsequent periods.



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
GRANTS AND CONTRACTS REVIEW UNIT
P.O. BOX 11333
COLUMBIA
29211

TELEPHONE
803-758-7707

ACKNOWLEDGEMENT

THIS IS NOT AN AUTHORIZATION TO FILE APPLICATION

TO:

ATTN:

RECEIPT OF YOUR NOTIFICATION FORM PERTAINING TO

IS HEREBY ACKNOWLEDGED. YOU WILL BE ADVISED OF THE RESULTS OF THE
GRANTS AND CONTRACTS REVIEW UNIT ON OR BEFORE THE SUSPENSE DATE
SHOWN ABOVE.

THE CONTROL NUMBER SHOWN IN THE BOX ABOVE HAS BEEN ASSIGNED TO
YOUR DOCUMENT. PLEASE USE THIS NUMBER IN ANY FUTURE REFERENCE TO
THIS PROJECT.

By _____

DATE _____



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
GRANTS AND CONTRACTS REVIEW UNIT

P.O. BOX 11333

COLUMBIA

29211

TELEPHONE
803-758-7707

PROJECT NOTIFICATION REFERRAL

TO:

GCR UNIT USE ONLY

CONTROL NUMBER:

SUSPENSE DATE:

THE ATTACHED ACTIVITY NOTIFICATION IS BEING REFERRED TO YOUR AGENCY. THIS OFFICE COORDINATES THE REVIEW OF PROPOSED FEDERAL OR FEDERALLY ASSISTED DEVELOPMENT PROGRAMS AND PROJECTS. PLEASE PROVIDE COMMENTS BELOW, RELATING THE PROPOSED PROJECT TO THE PLANS, POLICIES, AND PROGRAMS OF YOUR AGENCY. ALL COMMENTS WILL BE REVIEWED AND COMPILED BY THIS OFFICE. ANY QUESTIONS MAY BE DIRECTED TO THIS OFFICE BY PHONE AT 758-7707. PLEASE RETURN THIS FORM PRIOR TO THE SUSPENSE DATE ABOVE.

NAME _____

DATE _____

RESULTS OF AGENCY REVIEW

☐ PROJECT CONSISTENT WITH AGENCY PLANS AND POLICIES.

☐ AGENCY REQUESTS CONFERENCE TO DISCUSS COMMENTS.

☐ AGENCY COMMENTS ON CONTEMPLATED APPLICATION AS FOLLOWS:

(USE SEPARATE CONTINUATION SHEETS IF NECESSARY)

FOR THE REVIEWING AGENCY:

SIGNATURE _____ DATE _____

TITLE _____ PHONE _____



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
GRANTS AND CONTRACTS REVIEW UNIT

P.O. BOX 11333

COLUMBIA

29211

TELEPHONE
803-758-7707

FURTHER ACTION NECESSARY

To:

ATTN:

GCR UNIT USE ONLY

CONTROL NUMBER:

SUSPENSE DATE:

WE ARE IN THE PROCESS OF REVIEWING THE ABOVE REFERENCED ACTIVITY,
BUT WE NEED FURTHER ASSISTANCE FROM YOU AS FOLLOWS:

☐ ADDITIONAL INFORMATION.

☐ A CONFERENCE AS SOON AS POSSIBLE. PLEASE CALL ME TO PLAN
A MUTUALLY AGREEABLE DATE.

☐ WE CANNOT RECOMMEND APPROVAL TO THE BUDGET AND CONTROL BOARD
IN PRESENT FORM, BUT WE WILL BE GLAD TO PROVIDE A HEARING
FOR YOU AND YOUR STAFF.

PLACE _____

DATE _____ TIME _____

SIGNATURE _____

NAME _____

DATE _____



TELEPHONE
803-758-7707

STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
GRANTS AND CONTRACTS REVIEW UNIT
P.O. BOX 11333
COLUMBIA
29211

ACTION OF BUDGET AND CONTROL BOARD

TO:

CONTROL NUMBER:

ATTN:

THE BUDGET AND CONTROL BOARD HAS TAKEN THE FOLLOWING ACTION ON THE
ABOVE REFERENCED REQUEST:

PROJECT TITLE _____

AMOUNT \$ _____

☐ APPROVAL FOR YOU TO FILE FOR FEDERAL OR OTHER FUNDS AS INDICATED.

☐ APPROVAL CONTINGENT UPON CERTAIN SPECIFIED CONDITIONS AS FOLLOWS:

☐ DISAPPROVED THE ALLOCATION OF THESE FUNDS.

☐ A-95 REVIEW PROCESS HAS BEEN COMPLETED. THE STATE CLEARINGHOUSE
HAS NO OBJECTIONS TO AN APPLICATION FOR FEDERAL ASSISTANCE FOR
THIS PROJECT PROVIDED ATTACHED COMMENTS ARE CONSIDERED IN PREPA-
RATION OF YOUR FORMAL APPLICATION. THIS FORM AND ATTACHED COMMENTS
MUST BE INCLUDED IN YOUR FORMAL GRANT APPLICATION.

WE APPRECIATE THE PRIVILEGE OF WORKING WITH YOU ON THIS ACTIVITY. IF
YOU HAVE FURTHER QUESTIONS, PLEASE FEEL FREE TO CALL ME.

cc: MR. J. C. SHEALY
COMPTROLLER GENERAL'S OFFICE

SIGNATURE _____
NAME _____
DATE _____

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	GOVERNOR'S REVIEW OF STATE PLANS AND ATTACHMENTS	I-100
<i>supersedes</i>		<i>page</i>
		1

1. Purpose and Scope

Designated Federal programs require a State Plan as a condition to receiving Federal assistance. Part III, OMB Circular A-95 requires that the Governor or his delegated agency be given the opportunity to comment on the relationship of such a Plan to other State Plans and programs and to those areawide and local jurisdictions affected. Section 131 of the State Appropriations Act requires that the Budget and Control Board approve all allocations of Federal funds. The Governor has designated the Grants and Contracts Review Unit, State Auditor's Office, as the agency to perform the review required under Part III of A-95.

A State Plan is defined to include any required supporting planning reports or documentation that indicate the programs, projects and activities for which Federal funds will be utilized.

2. General Notification Requirements

The following steps describe the procedure to be followed for the State Plan Review:

Step 1: Forty-five (45) days prior to initial transmittal of a plan to a Federal agency, the State agency preparing the plan will complete Form GCR-1 and submit it and a copy of the plan to the Grants and Contracts Review Unit.

NOTE: If the Plan or draft copy of the Plan is not available, Form GCR-1 will be submitted 45 days prior to submission to the Federal agency and a copy of the plan will be submitted when available.

Step 2: Within five (5) days the Grants and Contracts Review Unit will send the agency an acknowledgement (Form GCR-2) of the receipt of the Plan.

Step 3: The Grants and Contracts Review Unit will process the Plan for review by providing the Governor's designated representative, area Clearinghouses or other interested agencies a notification and request for comments. (Form GCR-3)

Step 4: The Grants and Contracts Review Unit will serve as a liaison to identify any issues during the review period.

Step 5: The Grants and Contracts Review Unit will develop a recommendation for submission to the Budget and Control Board, as follows:

- (a) Approve;
- (b) Conditionally approve; or
- (c) Disapprove.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	GOVERNOR'S REVIEW OF STATE PLANS AND ATTACHMENTS	I-100
<i>supersedes</i>		page 2

NOTE: In case of recommendation (b) or (c), the agency will be notified in advance of the recommendation to the Budget and Control Board.

Step 6: The Budget and Control Board or its designated representative will review the Plan and take one of the following actions:

- (a) Approve;
- (b) Conditionally approve; or
- (c) Disapprove
- (d) Refer Plan to Budget and Control Board Sub-Committee for further evaluation.

Step 7: The State agency will be informed of the results of the review by the Budget and Control Board through the Grants and Contracts Review Unit.(Form GCR-5)

Step 8: When the Plan is approved by the Federal agency, the State agency will notify the Grants and Contracts Review Unit and submit two (2) copies of the approved Plan.

Step 9: One copy of the approved Plan will be provided to the South Carolina State Library. One copy will be included in Grants and Contracts Review Unit file of Current State Plans.

Step 10: Any significant changes or amendments to the approved State Plan which constitute changes in funding or scope will be submitted to the Grants and Contracts Review Unit for review and approval by the Budget and Control Board.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	SOUTH CAROLINA PROJECT NOTIFICATION AND REVIEW SYSTEM (A-95 REVIEW)	I-200
<i>supersedes</i>		page 1

1. Purpose and Scope

The Office of Management and Budget (OMB) Circular A-95, in implementing the Intergovernmental Cooperation Act of 1968, has as its primary objective to insure that all view points are taken into consideration in planning Federal or Federally assisted programs. The requirements of the Circular are meant to insure that appropriate State and Local officials are afforded the opportunity to review, comment, and be involved in efforts to obtain and use Federal assistance and to assess the relationship of proposals to other plans and programs. Federal agencies must consider these assessments in the light of the mandates of Title IV of the Intergovernmental Cooperation Act in deciding whether to approve the project.

Part 1 Attachment of OMB Circular A-95 requires that a prospective applicant for Federal assistance under a program covered by the Circular notify the State and Areawide Clearinghouse of the intent to file an application. Through the South Carolina A-95 Project Notification and Review System (SCPNRS), proposed projects are reviewed to identify potential problems or conflicts and to assure intergovernmental coordination before the application is submitted to the Federal grantor agency.

Failure on the part of the applicant to comply with the required A-95 review can lead to a temporary rejection of the application by the Federal agency and/or the loss of Federal funds.

The SCPNRS is also responsible for providing the Interagency Council on Public Transportation with an opportunity to review and comment on any application or preapplication for funds from the State or Federal governments involving the study, planning, implementation or operation of public transportation. This responsibility is provided under South Carolina Act Number 82 of 1977.

2. Definition of Clearinghouse

The requirements of Part 1 of Attachment A of the Circular A-95, the PNRS, are implemented by a network of State and Areawide Clearinghouses. The designated Clearinghouses are identified in Attachment 1. The State Clearinghouse and non-metropolitan areawide Clearinghouses are designated by the Governor, and areawide Clearinghouse in metropolitan areas are designated by the Office of Management and Budget.

3. South Carolina Project Notification and Review System (SCPNRS) Procedures

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i> 7/1/78	<i>subject</i> SOUTH CAROLINA PROJECT NOTIFICATION AND REVIEW SYSTEM (A-95 REVIEW)	<i>item</i> I-200
<i>supersedes</i>		<i>page</i> 2

a. State Agencies

The procedures for complying with the A-95 PNRS are the same as those for an Advance Notice of Federal Grant Application covered by GCRM - Item I-075.

b. Non-State Agencies

The Office of Management and Budget designates which Federal programs are covered by the provision of OMB Circular A-95. Potential applicants should be advised by the Federal funding agency whether an A-95 review is required. Attachment 2 is the Appendix 1 from the Catalog of Federal Domestic Assistance which lists the programs requiring A-95 review.

The following procedures outline the step-by-step process of complying with OMB Circular A-95 and South Carolina Act Number 82 of 1977.

- Step 1: At least 60 to 90 days prior to the expected date of filing a preapplication or application, the applicant will prepare and submit a notification of intent to the State Clearinghouse and appropriate areawide Clearinghouse. Standard Form 424, as modified by the Clearinghouse to include additional questions in Section IV, will be utilized for the notification except Housing projects. Housing projects will use the appropriate HUD Housing forms.
- Step 2: The initial 30-day review period begins when receipt of the applicant's notification of intent is jointly acknowledged by the State and Regional Clearinghouses.
- Step 3: The Clearinghouses will circulate the notification to interested State and Local agencies for review and comment.
- Step 4: The Clearinghouses will act as liaison between the applicant and interested agencies concerning the proposed project. This can include the arrangement, if necessary, of conferences to discuss the project.
- Step 5: After the initial review period or after the resolution of any issues raised during the review, the Clearinghouses will take one of the following actions:
- (a) the Clearinghouses will notify the applicant that the A-95 review has been completed and make appropriate recommendations or comments for improving or strengthening the project; or
 - (b) the Clearinghouses will notify the applicant that the formal application must be submitted to the Clearinghouses for comment 30 days prior to filing the

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application with the funding agency.

Step 6: Applicant will receive the A-95 clearance which must be attached and submitted along with the application. The applicant should use the comments in developing his application.

Step 7: The A-95 clearance is valid for one (1) year. If the applicant does not submit the application within a year of if the project is changed or amended significantly, and updated notification of intent must be filed with the Clearinghouse. A notification of intent must be filed for all continuing projects also.

4. Review and Comments

Comments on a project referred for review through the SCPNRS should address the extent to which the proposed project:

- (1) is consistent with existing planning;
- (2) duplicates, runs counter to, or needs to be coordinated with other projects or activities;
- (3) might be revised to increase its effectiveness or efficiency;
- (4) contributes to the achievement of objectives and priorities relating to natural and human resources and community development; and
- (5) significantly affects the environment.

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STATE CLEARINGHOUSE

State Clearinghouse
 State Auditor's Office
 Grants & Contracts Review Unit
 P. O. Box 11333
 Columbia, South Carolina 29201
 Tel: 758-7707
 Elmer C. Whitten, Jr.
 Grants Program Coordinator

REGIONAL CLEARINGHOUSESA-95 Contact

1. S. C. Appalachian Council of Governments Wanza Bates
 Drawer 6668, Station B
 Greenville, South Carolina 29606
 Tel: 242-9733
 Counties served: Anderson, Cherokee, Greenville, Oconee, Pickens, Spartanburg
2. Upper Savannah Council of Governments Larry Richardson
 P. O. Box 1366
 Greenwood, South Carolina 29646
 Tel: 229-6627
 Counties served: Abbeville, Edgefield, Greenwood, Laurens, McCormick, Saluda
3. Catawba Regional Planning Council Glenn Larson
 P. O. Box 862
 Rock Hill, South Carolina 29730
 Tel: 327-9041
 Counties served: Chester, Lancaster, Union, York
4. Central Midlands Regional Planning Council Bill O'Neal
 800 Dutch Square Plaza
 Suite 155
 Tel: 798-1243
 Counties served: Fairfield, Lexington, Newberry, Richland
5. Lower Savannah Council of Governments Orren Byrd
 P. O. Box 850
 Aiken, South Carolina 29801
 Tel: 649-7981
 Counties served: Aiken, Allendale, Bamberg, Barnwell, Calhoun, Orangeburg

GRANTS & CONTRACTS REVIEW MANUAL

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7/1/78	DESIGNATED CLEARINGHOUSES	I-200
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REGIONAL CLEARINGHOUSESA-95 Contact

6. Santee-Lynches Council of Governments
P. O. Box 1837
Sumter, South Carolina 29150
Tel: 775-7381
Counties served: Clarendon, Kershaw, Lee Sumter
Charles Helse1
7. Pee Dee Regional Council of Governments
P. O. Box 5719
Florence, South Carolina 29502
Tel: 669-3138
Counties served: Chesterfield, Darlington, Dillon, Florence, Marion, Marlboro
Gale Jenkins
8. Waccamaw Regional Planning & Development Council
P. O. Box 419
Georgetown, South Carolina 29440
Tel: 546-8502
Counties served: Georgetown, Horry, Williamsburg
Marshall Truluck
9. Berkeley-Charleston-Dorchester Council of Governments
157 East Bay Street
Charleston, South Carolina 29401
Tel: 577-6990
Counties served: Berkeley, Charleston, Dorchester
Mitten Gilbert
10. Lowcountry Council of Governments
P. O. Box 98
Yemassee, South Carolina 29945
Tel: 726-5536
Counties served: Beaufort, Collection, Hampton, Jasper
Lenora Davis

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i> 7/1/78	<i>subject</i> REPORT BY STATE AGENCIES UPON RECEIPT OF RESEARCH GRANTS OR CONTRACTS AND STUDENT AID FUNDS	<i>item</i> I-250
<i>supersedes</i>		<i>page</i> 1

1. Purpose and Scope

State law has established a policy whereby agencies applying for Research Grants and Student Aid Funds are exempt from the requirement of Prior Notice and Review by the Budget and Control Board and Joint Appropriations Review Committee.

Section 7, Legislative Action (R794) states: "Notwithstanding the provisions of items 4 and 5 of this act, any state agency or institution may apply for and receive research grants and student loan funds from federal and private sources if the acceptance of the funds will not create a continuing obligation to commit state funds or state resources beyond the term of the grants. The grants may be applied for and received without prior review and approval by the Board, but the receipt of the grants shall be reported to the Board and the Committee within fourteen days of notification of the award."

2. Definitions of Research and Student Aid Grants

1. Research

- (a) An identified activity or program that is intended and designed to establish, discover, develop or confirm information or the underlying mechanism for the public good.
- (b) Services to be rendered by a University, College, Hospital, Public Agency or non-profit research institution for the purpose of creating, developing or improving products, processes or methods for public use.
- (c) Critical and exhaustive investigation or experimentation having for its aim the discovery of new facts and their correct interpretation, the revision of accepted conclusions, theories or laws in the light of newly discovered facts. (As developed from the code of Federal Regulations, The Catalog of Federal Domestic Assistance and Websters' Unabridged Dictionary)

2. Student Financial Aid

As listed in the Subject Index at page S132 in the Catalog of Federal Domestic Assistance (11-77 Edition).

3. Agency Responsibility in Notification Requirements

Each agency receiving research and student aid funds is required by the law to notify the Board and the Committee within fourteen (14) days of the receipt of the notification of the award. This notification shall be made on form GCR-6, a copy of which is attached. The form must be fully completed and submitted to the Grants and Contracts Review Unit of the State Auditor's Office within the prescribed time frame.

GRANTS & CONTRACTS REVIEW MANUAL

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4. Indirect Cost Recovery

In applying for a research or student aid grant and a waiver or modification of the indirect cost recovery is sought, such waiver or modification request must be made to the Board and the Committee for their approval prior to the submission of the proposal to the federal agency. (See Item I-300, Paragraph 6 (a) and (b) on page 4 for further information)

5. The Creation of a Continuing Obligation to Commit State Funds or State Resources Beyond the Term of the Grant. (See Paragraph 1)

- a. If the application for a research or student aid grant has a commitment for the expenditure of State funds or the use of State resources beyond the grant period, a GCR-1 should be filed with the Grants and Contracts Review Unit prior to forwarding the request for funds to the Federal agency, procedures for which are outlined in Item I-075.
- b. The same procedure as outlined above applies if there is any direct or other obligations, such as the maintenance of facilities and equipment (including computers), upon the State after the expiration of the grant period.

6. Retention of Indirect Cost Recoveries from Research Grants

Section 7, (R-794) legislative action authorizes state agencies and institutions to retain the indirect cost recovered on Research grants and these agencies and institutions are exempt from remitting this collection to the general fund. However, to determine the use of these retained funds Item 37 in the GCR-6 must include the full explanation of how the agency plans to utilize these recovered indirect or overhead reimbursements.



TELEPHONE
803-758-7707

STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
GRANTS AND CONTRACTS REVIEW UNIT
P.O. BOX 11333
COLUMBIA
29211

ITEM I-250, Page 3

GCR UNIT USE ONLY

CONTROL NUMBER:

REPORT OF RESEARCH AND STUDENT AID GRANTS

1. Applicant			2. Unit		
3. Applicant Address (street)			4. City		5. Zip Code
6. Contact Person			7. Area Code	8. Phone	9. Ext.
10. Project Title					
11. Project Description Nature, purpose, beneficiaries, substance of application					
12. Project Location County(s)			13. Type of Grant Research _____ Student Aid _____		
14. Federal Catalog Program No.		15. Federal Authorizing Legislation		16. Subm Date X 17. Start Date X 18. End Date	
				MON DAY YR	MON DAY YR
19. Federal Catalog Program Title:					
20. Agency Name (Federal or Private)			21. Federal Sub-Agency Name		
22. Type of Action (check one) New Grant <input type="checkbox"/> Continuation Grant <input type="checkbox"/> Supplemental Grant <input type="checkbox"/> Modification <input type="checkbox"/> Other <input type="checkbox"/>		23. Does this award create a continuing obligation to commit State funds or revenues beyond the term of this grant? YES NO. If YES, provide the date grant application was approved by the Budget & Control Board and Legislative Committee: Date: _____ and GCR Control # _____		24. If total indirect cost is not requested, indicate date Budget & Control Board and Legislative Committee approved your waiver request: Date: _____ GCR Control # _____	
FUNDS REQUESTED (IN DOLLARS)					
GRANT FUNDS REQUESTED		MATCHING FUNDS REQUIRED			TOTAL PROJECT FUNDS
FEDERAL	NON-FEDERAL	STATE	LOCAL	OTHER	
25. \$	26. \$	27. \$ C \$ IK	28. \$	29. \$	30. \$
31. DATE PREPARED		32. SUBMITTING OFFICIAL OR AGENCY FEDERAL FUNDS OFFICER (NAME & TITLE)			33. PHONE
INDIRECT COST APPLIED FOR (STATE AGENCY ONLY)					
34. DIRECT COST BASE		35. INDIRECT COST RATE %		36. INDIRECT COST CLAIMED*	
37. EXPLANATION*					

INSTRUCTIONS FOR COMPLETION OF GCR-6 FORM

The GCR-6 is a form to be used in notifying the Grants and Contracts Review Unit of the award of funds for Research and Student Aid Projects.

- Lines 1-11 Self explanatory
- Line 12 List the cities and counties that this program will impact directly
- Lines 13-21 Self explanatory
- Line 22 Type of Action
New Grant - Self explanatory
Continuation Grant - Self explanatory
Supplemental Grant - Check if this is an additional amount of funding over the original award
Modification Grant - Check if this is a change in the scope of project activity such as dates, amounts, ect
Other - Check if other than any of the above
- Line 23 It is necessary that approval by Budget and Control Board and Legislative Committee be granted for any committment beyond the term of the grant
- Line 24 See Item I-250, page 2, #4
- Lines 25-30 This is a summary of the funding and sources, and include on line 27 whether in kind or cash match
- Lines 31-33 Self explanatory
- Line 34 Enter the base dollar amount applicable to this project upon which you can apply your indirect cost rate such as salary and wages, including or excluding fringe, total direct costs, fixed amount as established by federal regulations
- Line 35 Rate authorized by cognizant federal agency
- Line 36 Give the amount of indirect cost claimed
- Line 37 See Paragraph 6, Item I-250, page 2

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	RECOVERY OF ALLOWABLE INDIRECT COSTS UNDER	I-300
<i>supersedes</i>	FEDERAL GRANTS	<i>page</i>
		1

1. Purpose and Scope

The Federal government has established uniform guidelines for determining costs applicable to grants and contracts with State and local governments through U. S. Office of Management and Budget Circular FMC 74-4. The Circular, which is incorporated in the U. S. Department of Health, Education, and Welfare brochure OASC-10 "A Guide for State and Local Government Agencies," provides that Federally assisted State programs bear, in addition to direct costs, their fair share of indirect (overhead) costs except when restricted or prohibited by Federal statute. Accordingly, 74-4 provides the basis for State and local governments to recover virtually all indirect costs incurred by both operating agencies and central-service agencies in conducting many Federal programs.

Excluded are grants and contracts with educational institutions which are subject to OMB Circular FMC 73-8, and publicly owned hospitals and other providers of medical care which are subject to requirements promulgated by the sponsoring Federal agencies.

This item describes the responsibilities of each State-grantee agency, the Finance Division; Audit Section and the Grants and Contracts Review Unit in complying with the Federal 74-4 "and FMC 73-8" requirements to insure that the State recovers all costs to which it is entitled.

2. Significance of 74-4 and 73-8

The end result of this process is the establishment of one or more indirect cost rates for each State agency which will be applied to the grantee agency's direct Personal service costs or total direct costs in the administration of Federal grants to yield added reimbursement to the State.

It is important to note that the continued receipt of overhead reimbursement depends on the prompt submission and approval of agency indirect cost rate proposals. Late submission will result in lost or reduced reimbursement to the State.

GRANTS & CONTRACTS REVIEW MANUAL

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7/1/78	RECOVERY OF ALLOWABLE INDIRECT COSTS UNDER FEDERAL GRANTS	I-300
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3. Required Submissions to Federal Government

To recover indirect costs, Circular 74-4 requires submission to the Federal government annually of a "Statewide Cost Allocation Plan" and, for each State agency carrying on Federally sponsored activities, an "Indirect Cost Rate Proposal." The former covers the distribution of the costs of support services provided to State-grantee or -contractor agencies by other State agencies. The second covers the distribution of the costs within a State-grantee or -contractor agency, including the costs of services allocated to it under the Statewide Cost Allocation Plan.

- a. Statewide Cost Allocation Plan -- The Finance Division, Audit Section prepares this plan each year for South Carolina based upon its own records and surveys of the State central-support agencies (e.g., Budget, Personnel, Comptroller General, General Services and Treasurer). Following joint certification of the Plan by representatives of the State Auditor, the Statewide Plan is submitted to the Federal government (Department of Health, Education and Welfare) for approval.
- b. Agency Indirect Cost Rate Proposals -- After the Statewide Plan is approved by HEW on behalf of all Federal agencies, each State agency will be notified of its allocation under the Plan. This allocation is combined with the agency's own indirect costs as explained in Circular 74-4 (see OASC-10). Assistance in the preparation of the agency proposals can be obtained from the Finance Division of the Budget and Control Board.

Agency indirect cost rate proposals must be submitted annually to the cognizant Federal agency (i.e., the Federal-grantor agency having the maximum dollar interest in the State-grantee agency) within six months of the date of approval of the Statewide Cost Allocation Plan.

- c. Upon receipt of the approved indirect cost rate proposal from the Federal agency, each State agency will provide a copy of the approved indirect cost rate agreement to the Grants and Contracts Review Unit for inclusion in a report to the Joint Legislative Appropriations Committee and the State Budget and Control Board.

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	RECOVERY OF ALLOWABLE INDIRECT COSTS	I-300
<i>supersedes</i>	UNDER FEDERAL GRANTS	<i>page</i> 3

4. Application of Approved Rates and Disposition of Recoveries

Upon receipt of the approved indirect cost rate agreement, each State-grantee agency can and should apply the proposed indirect cost rate to each application for Federal funds submitted after that date.

The Budget and Control Board's policy with exception of Paragraph 6 below, is that monies recovered by a grantee agency relating to grantee agency overhead or central agency overhead must be deposited in the State's General Fund. This policy is stated as follows:

"No agency may undertake Federal programs unless sufficient matching funds have been appropriated by the Legislature or are available from sources other than State-appropriated money. However, indirect cost recoveries must be applied for where permitted under federal regulations, and must be deposited in the General fund as required in the current appropriations Act."

Although contrary to these Federal cost principles, certain Federal grantor agencies at times have disallowed the use of approved indirect cost rates or reduced amounts available for direct costs to offset any added reimbursement for indirect costs, particularly where the Federal allocation is fixed. Any such actions by Federal agencies should be reported immediately to the Finance Division, Budget and Control Board - Grants and Contracts Review Unit.

5. Payment of Indirect Costs from "Pass Through" Federal Grants

Each agency receiving Federal grants which must be distributed to sub-grantees in accordance with Federal statute should recognize that sub-grantees have legitimate indirect costs which are associated with programs funded by these sub-grants. Where such subgrantee indirect costs are computed in accordance with the provisions of Federal Management Circular 74-4 and there exists no Federal restriction or prohibition against such payment, each sub-grant shall contain an indirect cost recovery component.

Each agency promulgating internal policies governing the distribution of indirect cost recoveries to subgrantees shall furnish a copy of these policies to the Grants and Contracts Review Unit thirty days prior to their effective date.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	RECOVERY OF ALLOWABLE INDIRECT COSTS UNDER FEDERAL GRANTS	I-300
<i>supersedes</i>		<i>page</i> 4

6. Procedures for the Budget and Control Board and Joint Legislative Appropriations Committee Waiver of Indirect Cost Requirements

The current State Law (R-794) authorizes the Board, with participation of the Joint Legislative Appropriations Committee to Waive Indirect Cost Requirements, Section 9 of this Act states as follows:

"The Board or Committee, in accordance with the procedure set forth in Sections 4 and 5 may waive the requirement that indirect cost recoveries or overhead cost reimbursements shall be returned to the General Fund if it is in the best interest of the State and the agency or institution seeking the Grants."

In making its determination, the Board or Committee shall make sure that the action shall not create within an agency or institution a fund of surplus money which can be used to expand programs without Legislative approval."

The Grants and Contracts Unit will assist the State agencies in presenting their requests to the Budget and Control Board and the Committee for their decision using the following procedures:

a. Applications Not Including Indirect Cost Requests or a Reduction of the Authorized Indirect Amount

Unless specifically prohibited or restricted by Federal law, each application for Federal assistance must include a request for indirect cost recoveries. Exceptions to this rule will be made only upon the written approval of the Budget and Control Board. Requests for approval not to apply for indirect cost recoveries will be sent to the Grants and Contracts Review Unit with a statement of reasons why a claim should not be included in the application before the formal application is forwarded to the Federal grantor agency. Procedures in Item I-075 should be followed to insure a complete review of the agency request. Research Programs not including indirect cost requests are also subject to Budget and Control Board approval and Joint Appropriations Review Committee recommendations or concurrences.

b. Use of Indirect Costs as Matching for Federal Grants

The use of indirect costs as all or part of the required matching Federal funds will be done only with the approval of the Budget and Control Board. Requests for permission to use indirect costs in this manner will be forwarded to the Grants and Contracts Review Unit, which in conjunction with the Joint Appropriations Committee, will decide on the appropriateness of the request. Each request should include justification for using indirect costs as matching funds rather than attempting to recover additional funds for deposit to the General Fund.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	RECOVERY OF ALLOWABLE INDIRECT COSTS UNDER FEDERAL GRANTS	I-300
<i>supersedes</i>		<i>page</i> 5

c. Applications Requiring Retention of the Indirect Cost Revenue (Other than Research Grants) by State Agency

Procedures of Item I-075 should be followed with complete justification for the retention of indirect cost recovery. Include how these funds are to be expended.

7. Reporting the Retention of Indirect Costs or Overhead Reimbursements on Research Grants

Section 7, of current Legislation (R 794) states:

"Agencies and institutions receiving research grants shall not be required to remit indirect cost recoveries to the General Fund."

Further, this section requires each State agency to report the receipt of these research projects to the Budget and Control Board and the Committee 14 days after notification of the award.

In order to comply with other sections of this Act and the General Appropriations Act, each report will include a full explanation regarding the intended use of these funds when submitting the GCR-6 form (See Item I-250).

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	WAIVER OF FEDERAL SINGLE STATE AGENCY REQUIREMENTS	I-350
<i>supersedes</i>		page 1

1. Purpose and Scope

Various Federal statutes require that either a single State agency or a board or commission be established or designated to administer or supervise the administration of a Federal grant program. The Inter-governmental Cooperation Act of 1968 as implemented by U.S. Office of Management and Budget Financial Management Circular A-102 (revised) will waive this requirement upon the request of the Governor.

2. Procedure

a. Justification

A request for a waiver should be considered in such instances as the following:

- (1) the "single State agency" requirement prevents efficient and effective organizational arrangements;
- (2) a different organizational arrangement will allow the State to claim additional Federal reimbursement, providing however, that the objectives of the Federal program will not be endangered.

b. Clearance

All agency requests for waivers with the necessary supporting documentation, will be sent to the Grants and Contracts Review Unit which will consult with the budget examiners of the agencies involved. After review and approval, the Grants and Contracts Review Unit will prepare the formal waiver request for the Governor's signature.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	STATE COMMENT ON PROPOSED FEDERAL REGULATIONS	I-375
<i>supersedes</i>		page 1

1. Purpose and Scope

U.S. Office of Management and Budget Circular A-85 provides that the "chief executive of state and local governments will be given reasonable opportunity to comment on Federal rules" and on other policy initiatives by Federal agencies. To this end, this item establishes the necessary coordination of all State responses on proposed Federal legislation and regulation in order to reflect the view of the State of South Carolina. This coordinative role has been assigned to the Grants and Contracts Review Unit, State Auditor's Office.

2. Responsibility of the Grants and Contracts Review Unit

The Unit, in its daily review of the Federal Register, will identify those proposals which will impact one or more State agencies. A copy of the proposal will be sent to each agency affected and the budget examiners for those agencies, with a request that the comments be returned by a specified date.

- a) If all the reviewers are in substantial agreement but have varying comments, a consolidated draft will be prepared for the Governor's signature or other disposition.
- b) Divergent views from State agencies and budget examiners will be reconciled if possible and a joint draft comment will be prepared for signature.
- c) If technical or policy issues are involved particularly if these are lengthy, a separate staff paper will be prepared which will accompany a brief letter signed by the Governor highlighting the major policy issues.

In the absence of sufficient time for response, an appropriate communication requesting additional time for consideration of the State's comments will be sent to the Federal agency.

3. State Agency Responsibility

- a) In those instances where the proposed regulation has no major fiscal implications and does not involve other State agencies, the commenting agency may submit its comments directly to the Federal agency. A copy of the submitted comments should be furnished to the Grants and Contracts Review Unit.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	STATE COMMENT ON PROPOSED FEDERAL REGULATIONS	I-375
<i>supersedes</i>		<i>page</i> 2

b) When the proposed regulations affect more than one agency, the agencies concerned will coordinate their responses. A consolidated draft response will be prepared by the staff of the lead agency for the lead agency Commissioner's signature or, depending upon the agreed significance of the comments, for the Governor's signature. A copy of the combined response should be furnished to the Grants and Contracts Review Unit.

c) If a State agency comments on proposed regulations or legislation to a public interest group or professional organization, a copy of these comments should be furnished to the Grants and Contracts Review Unit.

d) Each agency receiving proposals for comment should complete and return the Transmittal Memorandum attached to the proposal (see copy following).

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i> 7/1/78	<i>subject</i> STATE COMMENT ON PROPOSED FEDERAL REGULATIONS	<i>item</i> I-375
<i>supersedes</i>		<i>page</i> 3



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
GRANTS AND CONTRACTS REVIEW UNIT
P.O. BOX 11333
COLUMBIA
29211

TELEPHONE
803-758-7707

TO:

FROM: Grants and Contracts Review Unit, Office of the State Auditor

SUBJECT: Requested Response on Proposed Federal Agency Regulations

In accordance with Grants and Contracts Review Manual Item I-375, the attached Federal proposal is forwarded to you for your information and possible comments. We note that it:

☐ Involves more than one State agency -- yours and

_____;

☐ Has major fiscal implications for the State of South Carolina

Please review this proposal carefully, then complete and return this form with a copy of any proposed response before _____. If you have any questions, feel free to call _____ of the Grants and Contracts Review Unit at 758-7707.

PRELIMINARY AGENCY RESPONSE

Subject: _____

Federal Register dated _____ page(s) _____

This agency ☐ will ☐ will not submit a formal response to the proposal for the following reason:

Agency representative: _____

Title: _____

Telephone number: _____

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	ENVIRONMENTAL IMPACT STATEMENT REQUIREMENTS	I-400
<i>supersedes</i>		<i>page</i> 1

1. Purpose and Scope

The purpose of this item is to outline the procedures to be followed in coordinating the State's response on the review of environmental impact statements. The Grants and Contracts Review Unit has been designated as the point of contact for this review as required by the National Environmental Policy Act of 1969 in order to insure a coordinated response to the sponsoring agency.

2. Responsibility

The Grants and Contracts Review Unit shall be responsible for the receipt, dissemination, and accumulation of comments for federally proposed or sponsored statements. The Grants and Contracts Review Unit shall also assist agencies in securing comments on environmental assessments that are required for some federally assisted programs.

3. Notification and Review Proceduresa. Notification

Federal agencies are requested to submit a sufficient number of copies of an environmental impact statement to the Grants and Contracts Review Unit to allow for dissemination to interested State agencies. Normally, ten (10) copies are sufficient, but the number required may vary depending upon the impact of the proposed Federal action.

If a State agency receives a draft environmental impact statement directly from a Federal agency, the Grants and Contracts Review Unit should be notified to allow for a coordinated State response and maximum involvement by interested agencies.

b. Review Procedures

The South Carolina Project Notification and Review System (SCPNRS) shall be used to distribute copies of environmental impact statements to interested State agencies for review and comment. If sufficient copies of a statement are not available, a notice of the statement availability will be circulated. When all comments have been received, the Grants and Contracts Review Unit will compile the comments and respond to the responsible agency. Emphasis must be made in maintaining the integrity of State agencies' comments which address existing State laws, regulations, or policy.

The primary responsibility for the review is to the State agencies. However, the appropriate areawide Clearinghouse and other agencies should be contacted about the statement.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	ENVIRONMENTAL IMPACT STATEMENT REQUIREMENTS	I-400
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c. Lead Agency Designation

The Grants and Contracts Review Unit may designate a lead agency to coordinate the review and comment of environmental impact statement. The lead agency would assist in the compilation of the State's response.

d. Time Extension

If a reviewing agency has insufficient time to prepare comment, a request for a time extension should be requested from the Grants and Contracts Review Unit. The request should indicate number of days needed to prepare the detailed response and the nature of any significant issues to be addressed.

4. Comments

Comments on impact statement should be reflective of an agency's laws, expertise and authority. The comments should address the ecological, economic, social, and health impacts of the proposed project, whether direct, indirect, or cumulative. Both beneficial and detrimental impacts should be considered. Comments should be of a constructive nature suggesting, where possible, not only what should be improved, but also discussing alternatives warranting consideration.

The review of a draft impact statement should address both the adequacy of the information presented in the statement and the environmental impact of the proposed project. Comments on the draft statement are to assist the preparing agency in the preparation of the final statement. Comments on the final statement should address the acceptability of the project from the standpoint of public health, welfare, and environmental quality.

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	GRANTS AND CONTRACTS REVIEW UNIT STATE AGENCY PROGRAM ANALYST ASSIGNMENT	I-450
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1. Purpose and Scope

In order to provide a point of contact for the review and approval of requests for Federal assistance by the Budget and Control Board the office of Grants and Contracts has assigned each State agency to a member of the Grants and Contracts Review Unit staff. Please contact these individuals for any information regarding the Grants and Contracts Review System.

2. Agency Assignments

G. F. Oliver

Telephone 758-7707

<u>Agency Number</u>	<u>Agency Name</u>	<u>Agency Number</u>	<u>Agency Name</u>
	Legislative Department	H27	University of South Carolina
A01	The Senate	H31	USC Aiken Campus
A05	House of Representatives	H35	USC Coastal Carolina Campus
A10	Special Services, Both Houses	H39	USC Spartanburg Campus
A15	Legislative Council	H43	USC Two-year Regional Campuses
A20	Legislative Audit Council	H47	Winthrop College
A25	Legislative Information System	H51	Medical University of S.C.
A30	State Reorganization Committee	H55	Adv. Council, Voc. & Tech. Ed.
A35	House of Representatives	H63	Department of Education
	Membership Research Comm.	H67	Educational Television Comm.
A40	Joint Legislative Committee on	V04	Debt Service
	Energy	W04	Miscellaneous
E08	Secretary of State's Office	X08	Contributions
E12	Comptroller General's Office	Z22	Aid to Subdivisions
E16	State Treasurer's Office		
	Budget and Control Board		
F04	Finance Division		
F07	Division of Planning		
F08	Research & Statistical Services		
F12	General Services		
F16	Motor Vehicle Management		
F20	Retirement Division		
F24	Personnel Division		
F28	Employee Benefits		
H03	Commission on Higher Education		
H06	Higher Education Tuition Grants		
H15	College of Charleston		
H18	Francis Marion College		
H21	Lander College		
H24	S. C. State College		

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i>	<i>subject</i>	<i>item</i>
7/1/78	GRANTS AND CONTRACTS REVIEW UNIT	I-450
<i>supersedes</i>	STATE AGENCY PROGRAM ANALYST	<i>page</i>
7/22/77	ASSIGNMENT	2

2. Agency Assignments (Con't)R. Archie EllisTelephone 758-7707

<u>Agency Number</u>	<u>Agency Name</u>	<u>Agency Number</u>	<u>Agency Name</u>
B04	Judicial Department	R60	Employment Security Comm.
E04	Lieutenant Governor's Office	R64	Board of Accountancy
E20	Attorney General's Office	R68	Board of Architectural Examiners
E24	Adjutant General's Office	R69	Auctioneers Board
E28	State Election Commission	R72	Board of Barber Examiners
H59	Technical & Comprehensive Ed.	R76	Cemetery Board
H71	Wil Lou Gray Opportunity School	R80	Board of Chiropractic Examiners
H75	School for the Deaf & Blind	R82	Contractor's Licensing Board
H79	Department of Archives & History	R84	Board of Cosmetic Art Examiners
H83	Confederate Relic Room	R88	Board of Denistry
H87	S. C. State Library	R92	Board of Engineering Examiners
H91	S. C. Arts Commission	R94	Certif. of Enviorn. Sys. Ops.
H95	S. C. Museum Commission	R96	Registration for Foresters
P04	Water Resources Commission	R99	Board of Funeral Services
P08	State Land Resources	S04	Board of Medical Examiners
P12	State Forestry Commission	S08	Board of Nursing
P16	Department of Agriculture	S12	Nursing Home Administrators
P24	Wildlife & Marine Resources	S14	Occupational Therapy Board
P25	Coastal Council	S16	Exam. in Optometry & Opticianry
P28	Parks, Recreation & Tourism	S20	Pharmaceutical Examiners
P32	State Development Board	S24	Exam. & Regis. of Physical Therapists
P36	Patriot's Point Development	S28	Board of Podiatry Examiners
P40	Clark Hill Authority of S.C.	S32	Examiners in Psychology
P48	Old Exchange Building Commission	S36	Real Estate Commission
		S40	Residential Home Builders Comm.
		S44	Examiners for Regis. Sanitarians
		S48	Social Workers Registration
		S52	Speech, Pathology & Audiology
		S56	Veterinary Medical Examiners
		U04	Aeronautics Commission
		U08	Public Railways Commission
		U12	Highways and Public Transportation- Interagency Council on Public Transportation

GRANTS & CONTRACTS REVIEW MANUAL

<i>date</i> 7/1/78	<i>subject</i> GRANTS AND CONTRACTS REVIEW UNIT STATE AGENCY PROGRAM ANALYST ASSIGNMENT	<i>item</i> I-450
<i>supersedes</i> 7/22/77		<i>page</i> 3

2. Agency Assignments (Con't)Elmer H. WhittenTelephone 758-7707

<u>Agency Number</u>	<u>Agency Name</u>	<u>Agency Number</u>	<u>Agency Name</u>
	Governor's Office	N04	Department of Corrections
D05	Executive Control	N08	Probation, Parole & Pardon Board
D10	Law Enforcement		
D15	Division of Administration	N12	Department of Youth Services
D20	Mansion and Grounds	N16	Juvenile Placement & Aftercare
D30	Economic Opportunity	N20	Law Enforcement Training Council
H09	The Citadel		
H12	Clemson University	N24	Law Officers Hall of Fame Committee
J04	Health & Environmental Control		
J08	Nuclear Advisory Council	P20	Clemson University PSA
J12	Department of Mental Health	R04	Public Service Commission
J16	Department of Mental Retardation	R08	Industrial Commission
J20	Alcohol and Drug Abuse	R12	Workmen's Compensation Fund
L04	Social Services	R16	Second Injury Fund
L08	Vocational Rehabilitation	R20	Department of Insurance
L12	John de la Howe School	R24	Board of Financial Institutions
L16	Foster Care for Children	R28	Commission on Consumer Affairs
L20	Children's Bureau	R32	State Dairy Commission
L24	Commission for the Blind	R36	Department of Labor
L28	Commission on Aging	R44	State Tax Commission
L32	State Housing Authority	R48	Alcoholic Beverage Control
L36	Commission on Human Affairs	R52	Ethics Commission
L40	Department of Veterans Affairs		

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER 11

EXHIBIT XVII
8/1/78

Agency: Grants and Contracts Review Subcommittee

Subject: Grant and Contract Requests

The Subcommittee's package includes 83 projects involving these funds:

Federal	\$17,883,025
State	1,652,667
Other	<u>899,544</u>
Total	<u>\$20,435,236</u>

\$3,989,573 of Federal funds are included in 18 subcontracts between State agencies.

Mr. Oliver will comment on the coordination of the Board's action on these requests with the Joint Appropriations Review Committee of the General Assembly.

Board Action Requested:

Approve recommendations of Subcommittee.

Staff Comment:

Attachments:

Morris 7/25/78 memo to Putnam plus attachment

MEMORANDUM

TO: Mr. W. T. Putnam, Secretary
Budget and Control Board

FROM: Earl E. Morris, Jr. Comptroller General *EM*
Chairman, Grants and Contracts Review Subcommittee

DATE: July 25, 1978

RE: Federal Grants and Contracts Recommendation to the Budget and
Control Board, August 1, 1978

The Federal Grants and Contracts Review Subcommittee of the budget and Control Board reviewed 83 project requests from 26 State agencies on July 25, 1978.

The State agencies requested the following new amounts from federal, state and other sources;

Federal Funds	\$17,883,025
State Match	1,652,667
Other Match	<u>899,544</u>
Total	\$20,435,236

(NOTE: These federal funds include \$3,989,573 in eighteen (18) subcontracts between State agencies.)

The total number of personnel to be hired on these programs is indicated as follows;

Full-time Employees	68.21
Part-time Employees	<u>26.65</u>
Total	94.86

The subcommittee's recommendations for these projects are reflected in Column 10 of the attached summary report.

ob
Enclosure

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendations	Remarks
1 Judicial Department	9-B04-001	13,432	8/15/78 10/30/78	12,089 90%	1,343 10%	0	0	To develop a multi-part snap-out form, insuring the standardization of juror summonses across the state to eliminate the use of varied forms in the different communities.	Approval	Matching funds are from the Governor's Office Budget earmarked to match LEAA Grants
2 Division of Administration	8-D15-063	1,145,888	6/1/78 9/30/79	1,145,888 100%	0	0	0	To expand and improve the quality of employment and training opportunities available to unemployed veterans and to increase private sector participation	Approval	
3 Division of Administration	8-D15-065	753,504	10/1/78 6/30/79	753,504 100%	0	0	0	To provide for an in school youth program designed to improve the employability of youth	Approval	
4 Division of Administration	8-D15-069	1,978,716	10/1/78 9/30/79	1,978,716 100%	0	0	0	To involve private employees in training of unemployed disadvantaged persons for high skill occupations (STIP II)	Approval	
5 Division of Administration	8-D15-070	160,000	9/1/78 8/31/79	120,000 75%	40,000 25%	0	0	To continue the development of a growth policy and improve the operating performance of State Government through certain analytical techniques to identify problems and improve the decision making process	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendations	Remarks
6 Division of Health & Social Development	8-D25-007	649,167	10/1/78 9/30/79	462,382 71%	83,239 13%	103,546 16%	0	To develop and implement a comprehensive and continuing plan for meeting the needs of the developmentally disabled	Approval	
7 Division of Health & Social Development	8-D25-008	21,495	7/1/78 9/30/78	14,510 68%	6,985 32%	0	0	To reduce, prevent or eliminate client dependency or public assistance through self-help project training and skills training	Approval	
8 Clemson University	8-H12-116	16,705	1/1/79 12/31/79	16,705 100%	0	0	0	To purchase a spectro-fluorimeter for use by the Department of Biochemistry in its research efforts and student instruction	Approval	
9 Clemson University	8-H12-117	49,210	10/1/78 9/30/79	49,210 100%	0	0	.95 Temp	To develop a computer based system to update calibration based on ambient conditions and history of the instrument	Approval	
10 Clemson University	8-H12-118	141,240	10/1/78 9/30/79	141,240 100%	0	0	6.33 Temp	To develop an inexpensive high-speed microcomputer controlled cell test system which is compatable with an automated production facility	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board/ GCR Subcommittee Recommendation	Remarks
11 Clemson University	8-H12-119	28,750	8/15/78 8/14/79	28,750 100%	0	0	1 Temp	To provide a means of determining the accuracy of the computer program CLAPP is capable of predicting the buckling behavior of panels used in aircraft structures	Approval	
12 Clemson University	8-H12-120	23,220	9/15/78 9/14/79	12,800 55%	10,420 45%	0	1 Temp	To develop a comprehensive unified economically and environmentally sound system of integrated pest management for soybean	Approval	
13 Clemson University	8-H12-121	6,935	8/15/78 7/14/79	6,935 100%	0	0	1 Temp	To provide for survey visit to Assateague Islands, Maryland, to further document the hypothesis of a previous study concerning the barrier island response to storms	Approval	
14 Clemson University	8-H12-122	30,941	10/1/78 9/30/79	29,966 97%	975 3%	0	.64 Temp	To develop a better understanding of the dynamic load transfer mechanism in tunnel linings in urban area when subjected to earthquake forces	Approval	10% on the indirect cost is used as the cost sharing requirement

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
15 Clemson University	8-H12-123	101,613	4/1/79 3/31/81	101,613 100%	0	0	1.50 Temp	To study the tissue implant interface of a conduit penetrating through intestinal mucosa which has been transplanted to the surface of the skin	Approval	
16 Clemson University	8-H12-126	23,339	5/1/78 8/15/79	16,141 70%	7,198 30%	0	2 Temp	To assess the existing supply, developmental characteristics and desired relationships between public and private supplies of outdoor recreation	Approval	The indirect costs of \$7,198 are used as the match for this project. This project is a supplement to an existing memorandum of understanding with the US Forest Service

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
17 University of S. C.	8-H27-221	45,927	7/1/78 8/31/79	45,927 100%	0	0	1.4	A research project for the US Army Research Command to test various disinfectant compounds for their effectiveness to kill virus germs	Approval	
18 University of S. C.	8-H27-223	106,075	1/1/79 12/31/80	93,598 88%	12,477 12%	0	.8 1PT	To study the cyclic movement rotation behavior of steel connections designated as "flexible" or semi-rigid framing used in building construction		
19 University of S. C.	8-H27-226	81,661	7/1/78 6/30/79	40,655 50%	41,006 50%	0	.8 .3	To provide funds from the Federal Program of Historic Preservation to continue the state wide survey and inventory of archeological sites in South Carolina	Approval	NOTE; This survey is done in conjunction with the A95 requirement for Historic Review of all possible significant sites. This requirement is necessary in order to approve federal funding for construction programs. A waiver of 13,305 is requested as CONTINUED ON NEXT PAGE.....

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
	8-H27-226									these funds would be re-quired by appropriated funds if federal program funds were unavailable, plus this program will not build any funds not approved by Legislation
20 University of S. C.	8-H27-229	78,197	7/1/79 6/30/80	71,088 91%	7,109 9%	0	2.9	A genetic research project which will examine the mechanisms of drug and hormone action in the skeletal muscles of mice using inbred strain of mice	Approval	
21 University of S. C.	8-H27-230	69,716	12/1/78 11/30/79	63,378 91%	6,338 9%	0	1.5	A research project in Biochemistry which investigates the resistance to treatment with amethopterin in tumor patients	Approval	
22 University of S. C.	8-H27-231	59,814	4/1/79 3/31/80	54,376 91%	5,438 9%	0	1.9	A basic research project in the mechanisms regulating plasma protein catabolism (Process which converts complex substances to simpler substances)	Approval	
23 University of S. C.	8-H27-232	22,638	10/1/78 9/30/80	21,738 96%	900 4%	0	1.1 7PT	A research study of sonic agglomeration as it relates to coal dust or ash recovery in some coal conversion processes.	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
24 University of S. C.	8-H27-233	39,724	10/1/78 9/30/80	39,724 100%	0	0	.17 1 PT	A research project in Alaska to evaluate the present rates of change in coastal morphology changed by man's activities	Approval	
25 University of S. C.	9-H27-001	69,930	4/1/79 3/31/80	63,573 90%	6,357 10%	0	1	A reserach study to access the influence of cardiac drugs on coronary vascular resistance, oxygen consumption, myocardial contractility and myocardial efficiency	Approval	
26 University of S. C.	9-H27-002	92,326	9/1/78 8/31/79	83,933 90%	8,393 10%	0	2	A research project to determine the effects on development of the heart in a young rat under weightlessness conditions as present in space flight	Approval	
27 University of S. C.	9-H27-003	10,215	7/1/78 6/30/79	5,000 49%	5,215 51%	0	0	A project to produce video tapes that reveal the values of individuals and groups and focus on the policies of South Carolina institutions and agencies	Approval	
28 University of S. C.	9-H27-004	85,714	10/1/78 9/30/79	85,714 100%	0	0	.75 .92PT	An extension request for an EDA grant to determine whether the strong positive relationship between EDA aid and economic growth is a statistical mirage or whether the EDA aid the acceleration in Economic Growth	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
29 University of S. C.	9-H27-005	52,720	4/1/79 3/31/80	47,927 90%	4,793 10%	0	1	A basic research project into behavioral mechanisms in the brain and how behavior is controlled by various drugs that effect the brain	Approval	
30 University of S. C.	9-H27-006	79,705	1/1/79 12/31/80	66,168 83%	13,537 17%	0	.17 .5 PT	A research project to identify and formulate phenomenological mechanisms to model structure flows in and around the pitched blade turbine and the bladed disc impeller	Approval	
31 University of S. C.	9-H27-007	6,997	8/1/78 11/31/78	3,368 48%	3,629 52%	0	.01PT	A project to conduct a symposium or underwater archeology and anthropology. Proceedings will be video taped to allow further discussion with civic groups and underwater clubs	Approval	
32 Winthrop College	8-H47-050	7,199	7/1/78 10/31/78	2,756 38%	4,443 62%	0	0	A project to hold a one day seminar which will bring together women who are leaders in influencing public policy and providing a round table discussion for students in political science and selected community leaders	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
33 Winthrop College	9-H47-001	50,000	7/1/78 6/30/79	50,000 100%	0	0	1.5 PT	A program to prepare personnel to meet the needs of the Handicapped - a training program	Approval	
34 Medical University	8-H51-231	31,496	4/1/79 3/31/80	31,496 100%	0	0	1	A research study to provide an opportunity for qualified Junior Investigators to develop their expertise within cardiovascular research	Approval	
35 Medical University	8-H51-232	79,530	4/1/80 3/31/81	49,257 62%	30,273 38%	0	2.52	A research study on diabetic patients who develop insulin resistance	Approval	
36 Medical University	8-H51-233	57,221	4/1/79 3/31/80	44,836 78%	12,385 22%	0	0	A research project using rabbits to investigate possible contraceptive devices that may be developed from drugs	Approval	
37 Medical University	8-H51-234	57,024	4/1/77 3/31/80	57,024 100%	0	0	1.75	A research program to analyze, experimentally, Exocrine secretory response using rodent salivary glands as model secretory organs	Approval	
38 Medical University	8-H51-235	106,764	4/1/79 3/31/80	83,385 78%	23,379 22%	0	0	A research project in periodontal disease to determine the interaction between salivary secretions and the system complement	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
39 Medical University	9-H51-001	72,953	4/1/79 3/31/80	50,015 69%	22,938 31%	0	0	A research project investigating the pathogenic role of immune complexes	Approval	
40 Medical University	9-H51-002	129,031	4/1/79 3/31/80	129,031 100%	0	0	1	A research project in the field of Diabetes, to establish identification of Lipid in nerves obtained from diabetic and non-diabetic humans	Approval	
41 Medical University	9-H51-003	51,945	7/1/78 6/30/79	36,108 70%	11,337 22%	4,500 8%	1	To provide funds to MUSC Medical School Faculty member to devote his time to research in Diabetes	Conditional Approval	That appropriated funds released by payment of Career Development Award not be utilized to hire additional personnel by MUSC but be lapsed to the general fund.
42 Denmark Tec	8-H59-191 (Revised)	136,824	9/5/78 9/4/81	136,824 100%	0	0	3	To enrich the engineering technology programs by employing new faculty, purchasing hardware and software for AVT laboratory, training present faculty to adopt the new instructional system and to convert 1/3 of the courses in the ET Curriculum to audio-tutorial courses	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
43 Greenville Tec	9-H59-001	56,026	10/1/78 9/30/79	56,026 100%	0	0	3	To serve 240 women annually who are not now in the employment mainstream who desire or have the need to enter and/or re-enter the employment ranks, through assistance with gaining skills, confidence, ect. This will be done through "The Center for Continuing Education for Women"	Conditional Approval	Provided the salaries for all new public service employment (PSE) participants hired by state agencies under CETA Titles II & VI are sufficiently below the \$10,000 ceiling to allow for a cost of living and merit increases annually without augmentation of state appropriated funds.
44 Spartanburg Tec	9-H59-002	59,496	10/1/78 9/30/79	53,547 90%	0	5,949 10%	3	To provide career counseling and support services in order to meet the special needs and problems of women over 21 years of age who wish to return to employment		
45 Sumter Tec	9-H59-003	22,684	8/1/78 7/30/79	22,684 100%	0	0	0	To provide assistance with tuition for students involved in law enforcement	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
46 Trident Tec	9-H59-004	103,947	10/2/78 10/1/79	103,947 100%	0	0	10	To implement a systematic approach to identifying precisely the occupational training requirements of the local military installations and industry and to obtain a definitive assessment of the current and future Continuing Education needs of the community at large	Conditional Approval	Provided the salaries for all new public service employment (PSE) participants hired by state agencies under CETA Titles II and VI are sufficiently below the \$10,000 ceiling to allow for a cost of living and merit increases annually without augmentation of state appropriated funds
47 Trident Tec	9-H59-005	35,548	10/1/78 10/1/79	35,548 100%	0	0	5	To implement a project to transfer continuing education student information to a more permanent and modern recording system.	Conditional Approval	Provided the salaries for all new public service employment (PSE) participants hired by state agencies under CETA Titles II and VI are sufficiently below the \$10,000 ceiling to allow for a cost of living and merit increases annually without augmentation of state appropriated funds

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
48 Trident Tec	9-H59-006	62,992	10/2/78 10/1/79	62,992 100%	0	0	7	To produce orientation materials for new faculty members, instructional modules for various curricula within the college and training packages in the area of audio and video equipment usage for college staff	Conditional Approval	Provided the salaries for all new public service employment (PSE) participants hired by state agencies under CETA Titles II and VI are sufficiently below the \$10,000 ceiling to allow for a cost of living and merit increases annually without augmentation of state appropriated funds
49 Trident Tec	9-H59-007	50,932	10/2/78 10/1/79	50,932 100%	0	0	5	To develop a permanent library of photographs, slides and video tapes for use by the College Public Information Office and other college officials, constituting a primary source for this type of information	Conditional Approval	Provided the salaries for all new public service employment (PSE) participants hired by state agencies under CETA Titles II and VI are sufficiently below the \$10,000 ceiling to allow for a cost of living and merit increases annually without augmentation of state appropriated funds

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
50 Williamsburg Tec	9-H59-008	130,402	7/1/77 6/30/78	130,402 100%	0	0	0	To assist those students who wish to begin and/or continue their post-secondary education and who have a demonstrated need for financial assistance	Approval	
51 Department of Education	8-H63-089	40,343	10/1/78 9/30/79	40,343 100%	0	0	2	To provide 10 video/films and accompanying teachers guide for distribution to Public Schools on Highway Safety in driver training courses	Approval	
52 Department of Education	8-H63-090	82,936	7/1/78 10/31/78	82,936 100%	0	0	1	A new program to provide nutrition education to students, teachers and food service personnel in the State Public Education programs. 1st Phase is a statewide needs assessment and to develop a state plan	Approval	
53 State College	8-H64-022	24,285	10/1/78 9/30/79	24,285 100%	0	0	.2	A training project that supports 5 graduate students and an audiologist in a graduate program in Speech Pathology and Audiology	Approval	
54 SC Educational Television	8-H67-033	2,750	7/1/78 6/30/79	2,750 100%	0	0	0	To provide funds to enter the ETV "Studio See" program in Prix Jeunessee International Competition for childrens programs in Munich, Germany	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
55 SC Educational Television	9-H67-001	53,868	7/1/78 6/30/79	0	41,397 77%	12,471 23%	0	A matching grant to provide employees training opportunities in all areas of broadcast operations	Approval	
56 DHEC	8-J04-131	50,000	7/1/78 12/31/79	50,000 100%	0	0	0	To assess the surface impoundments in reference to comparability of pollution potential	Approval	
57 DHEC	8-J04-132	204,011	10/1/78 9/30/79	204,011 100%	0	0	.25	To provide genetic services to citizens through screening and diagnosis, counseling, education, and provision of services	Approval	
58 DHEC	8-J04-133	265,451	10/1/78 9/30/79	265,451 100%	0	0	10	To develop a comprehensive mechanism to reduce the excess morbidity and early mortality due to diabetes	Approval	
59 Mental Health	8-J12-014	103,841	10/30/78 10/29/79	100,000 99%	3,841 1%	0	0	To provide for a Diagnostic Unit for Children and Adolescents at SC State Hospital	Approval	This is the second year of a three year federally funded project. Indirect costs were not claimed the first year. In order to recover the indirect costs, services would have to be deleted, thus reducing the commitment of the state under original funding.

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
60 Mental Retardation	8-J16-027	69,927	9/1/78 8/31/79	27,130 39%	42,797 61%	0	0	To provide vocational education of handicapped institutional clients in the areas of self-help, budgeting and money management, meal preparation, and horticulture	Approval	
61 Mental Retardation	8-J16-028	80,666	7/1/78 6/30/79	34,590 43%	46,076 57%	0	0	To provide vocational education to the residents of Coastal Center in automotive mechanics and service, food service, child care and horticulture	Approval	
62 Mental Retardation	8-J16-029	141,235	7/1/78 6/30/79	69,062 49%	72,173 51%	0	0	To provide for a vocational education program in the areas of assessment, home economics, horticulture, reading and math, placement and guidance	Approval	
63 Mental Retardation	8-J16-035	130,934	7/1/78 6/30/79	130,934 100%	0	0	0	To create a model which develops techniques for effecting long-term behavioral change in severely retarded emotionally disturbed youths	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
64 Mental Retardation	8-J16-037	775,000	7/1/78 6/30/79	775,000 100%	0	0	0	To augment education training services at the residential centers in the areas of self-help skills, personal social skills, perceptual motor skills, and vocational skills and music therapy.	Approval	This is a continuing project and indirect costs have not been applied for in the past. The amount of the grant from the Department of Education to Mental Retardation could not be increased to fully cover the indirect costs. Therefore, indirect cost could not be claimed without decreasing the existing level of service. The Department did manage to claim \$4,596 in indirect costs. Recommend that the project be approved without full indirect cost recovery and that the Department try to get their allocation increased in the future to cover indirect costs.

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
65 Commission on Alcohol and Drug Abuse	8-J20-014	557,753	7/1/78 6/30/79	557,753 100%	0	0	0	To develop and implement a comprehensive plan against drug abuse	Approval	
66 Commission on Alcohol and Drug Abuse	8-J20-015	842,797	7/1/78 6/30/79	842,797 100%	0	0	0	To develop and implement a comprehensive plan against drug abuse	Approval	
67 Commission on Alcohol and Drug Abuse	8-J20-016	1,839,173	7/1/78 6/30/79	1,379,380 75%	459,793 25%	0	0	To provide comprehensive services through the local commissions of primarily detoxification centers, community based services, and residential source	Approval	
68 Department of Social Services	8-L04-028	86,519	9/1/78 8/31/79	69,154 80%	0	17,365 20%	0	To operate an infant and toddler care program in Clemson with comprehensive services, i.e. nutrition, learning experiences, medical screening and services to parents	Approval	
69 Vocational Rehabilitation	8-L08-022	65,556	7/1/78 8/31/79	59,000 90%	6,556 10%	0	0	To provide in service training relating to special disability groups and related rehabilitation services	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
70 John de la Howe School	8-L12-006	88,450	7/1/78 6/30/79	88,450 100%	0	0	0	To provide remedial help in basic skills to eligible Title I students	Approval	Indirect costs are not included since the School was allocated a base amount. To claim indirect costs would require a reduction in services. The School is requested to explore the possibility of having the award increased by an amount to cover the indirect costs.
71 Commission on Aging	8-L28-012	50,000	10/1/78 9/30/79	50,000 100%	0	0	0	To provide access and secure favorable changes and/or the development of new rights, benefits and entitlements for institutionalized and non-institutionalized older persons	Approval	
72 Commission on Aging	8-L28-013	2,815,747	10/1/78 9/30/79	2,534,172 90%	0	281,575 10%	0	To provide persons over 60 with low-cost, nutritionally sound meals	Approval	
73 Commission on Aging	8-L28-014	498,889	10/1/78 9/30/79	449,000 90%	2,551 10%	47,338 90%	0	To provide subsidized part-time employment opportunities in community service for low-income persons age 55 and above	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
74 Commission on Aging	8-L28-015	1,737,513	10/1/78 9/30/79	1,233,634 71%	301,100 17%	202,779 12%	0	To provide sufficient levels of service (adult day care, meals, homemaker, recreation, housing assistance, transportation) To allow senior citizens to realize self support	Approval	
75 Commission on Aging	8-L28-016	2,271,927	10/1/78 9/30/79	1,750,913 77%	296,993 13%	224,021 10%	0	To develop a comprehensive and coordinated service system to serve older persons and deliver social services, transportation, information and referral, health, education, and recreation programs	Approval	
76 Commission on Aging	8-L28-017	61,434	10/1/78 9/30/79	61,434 100%	0	0	0	To plan, develop, implement evaluate, and provide technical assistance on training and manpower development	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
77 Department of Corrections	9-N04-001	4,833	7/26/78 9/25/78	4,350 90%	483 10%	0	0	To purchase video equipment to be used to support the correctional training courses at the Academy	Approval	
78 Department of Youth Services	9-N12-001	761	8/1/78 8/31/78	761 100%	0	0	0	To provide two 12-hour workshops in Advanced Human Relations for DYS Staff	Approval	
79 Criminal Justice Academy	9-N20-003	18,000	8/1/78 9/30/78	16,200 90%	1,800 10%	0	0	To provide a three week program for chiefs of police in detection of crime and apprehension of criminals	Approval	
80 SC Land Resources Commission	8-P08-019	77,000	10/1/78 9/30/79	70,000 91%	7,000 9%	0	0	To evaluate a study made over the past year as to the economic advantages of Drip-Trickle Irrigations thru an examination of the weight, size, appearance and firmness of the fruits and vegetables	Approval	

SUMMARY
FEDERAL GRANTS AND CONTRACTS REQUESTS

State Agency	State Identifier	Amount	Time Period	% of Fed. Funds	% of State Funds	% of Other Funds	No. New Personnel	Program Purpose	B & C Board GCR Subcommittee Recommendation	Remarks
31 SC Wildlife & Marine Resources Dept.	9-P24-001	37,156	8/1/78 1/30/79	37,156 100%	0	0	0	To study the species and density of marine life in areas where dredged material has been deposited from the Charleston Harbor and where resulting sedimentation has taken place	Approval	
32 Interagency Council-Department Highways & Public Transportation	9-U12-001	5,803	7/1/78 6/30/79	5,803 100%	0	0	0	To participate in a Federal Highway Administration technical evaluation effort to analyze and evaluate the information and prepare a report of the findings on expense incurred basis	Approval	
* 83 S C Dept of Highways & Public Transportation	9-U12-002	3,150	8/1/78 1/30/79	3,150 100%	0	0	0	To send selected Highway Department personnel to North Western University to receive training through seminars and to purchase three additional copies of the film "New Pulse of Life" for personnel training	Approval	

STATE BUDGET AND CONTROL BOARD

MEETING OF August 1, 1978

AGENDA ITEM NUMBER

EXHIBIT XVIII

8/1/78

13

Agency: Department of Education

Subject: State School Bonds for 1978-79

Superintendent Busbee asks that the Board make a commitment to issue up to \$7 million of State School Bonds for 1978-79. He notes that this action is needed before allocations of school building aid funds can be made to the local school districts.

Board Action Requested:

Agree to issue not in excess of \$7 million of State School Bonds for 1978-79, as authorized in Part II, Section 17 of the 1978-79 General Appropriation Act.

Staff Comment:

Attachments:

Busbee 7/21/78 letter to Governor Edwards

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

CYRIL B. BUSBEE
STATE SUPERINTENDENT OF EDUCATION



COLUMBIA

July 21, 1978

His Excellency James B. Edwards
Governor of South Carolina
Chairman, Budget and Control Board
The State House
Columbia, South Carolina 29201

Dear Governor Edwards:

Part II, Section 17 of the 1978-79 General Appropriation Bill authorizes the issuance of additional school bonds as follows:

"To Authorize The Issuance Of Additional School Bonds

Notwithstanding any other provisions of law, including but not limited to Act 1377 of 1968 and the amendments thereto, there is hereby authorized the issuance of not in excess of seven million dollars in state school bonds for the fiscal year 1978-79 and such issuance shall be exempt from all bond issuance limitations, except those in the constitution."

At a meeting held on June 9, 1978, the State Board of Education adopted a resolution authorizing me to request that the Governor, State Treasurer and members of the Budget and Control Board approve the issuance of seven million dollars in State School Bonds to finance the State School Building Program for the fiscal year 1978-79. Your commitment to issue the bonds is necessary before allocations of funds can be made to the various school districts of the State.

Your early consideration and approval of this request will be sincerely appreciated.

Sincerely yours,

A handwritten signature in cursive script that reads "Cyril B. Busbee".

Cyril B. Busbee
State Superintendent of Education

CBB:wfd

bcc Mr. Mike Copeland



EXHIBIT XIX
8/1/78

STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR
P. O. BOX 11333
COLUMBIA
29211

WILLIAM T. PUTNAM
STATE AUDITOR

August 1, 1978

Eugene A. Laurent, Ph.D., Director
Division of Research and Statistical Services
1028 Sumter Street, Suite 201
Columbia, South Carolina 29201

Dear Andy:

At its meeting on August 1, 1978, the Budget and Control Board approved three additional full-time classified positions above the number authorized for your Division in 1978-79, subject to their classification by the State Personnel Division. Funding for these positions is included in the funds appropriated in Act R.808 in the amount of \$119,000 for "Statewide Mapping Service."

For the information of Dr. Mullins and Mr. Garvin, I am attaching a copy of the August 1, 1978 letters on this subject to Mr. Putnam from Senator Waddell and you.

Sincerely, .

William A. McInnis
Assistant State Auditor

WAM:dc

cc: Dr. Jack S. Mullins
Mr. E. C. Garvin

TELEPHONES (AREA CODE 803)

ADMINISTRATION
758-3106

BUDGET DIVISION
758-7415

AUDITING DIVISION
758-8406

GRANTS AND CONTRACTS
758-7707

ENGINEERING
758-2657

JAMES M. WADDELL, JR.
SENATOR, BEAUFORT, ALLENDALE,
COLLETON, HAMPTON AND JASPER
COUNTIES
SENATORIAL DISTRICT NO. 15
SENATE OFFICE NO. 2

HOME ADDRESS:
BOX 1026
BEAUFORT, S. C. 29902



COMMITTEES:
EDUCATION
FINANCE
FISH, GAME AND FORESTRY, Chairman
INTERSTATE COOPERATION
TRANSPORTATION

August 1, 1978

Mr. William T. Putnam
South Carolina State Auditor
P. O. Box 11333
Columbia, South Carolina 29211

Dear Bill:

When the Finance Committee included \$119,000 in the Supplemental Appropriations Bill for the Statewide Mapping Program, I inadvertently forgot to request the positions needed for the program. These positions are as follows:

1. Geodetic Coordinator, Grade 30
2. Planner III, Grade 26
3. Staff Assistant I, Grade 19

We will need the Budget and Control Board approval before any action can be taken toward implementing this program. It is particularly important that we request approval for the position of Geodetic Coordinator as this is the key position which will determine the success or failure of the program. Anything you can do to help me in this matter will be greatly appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jim", is written over the typed name.

James M. Waddell, Jr.
Senatorial District No. 15

JMWJR:ljg



STATE OF SOUTH CAROLINA
DIVISION OF RESEARCH AND STATISTICAL SERVICES
BUDGET AND CONTROL BOARD
1028 SUMTER ST., SUITE 201
COLUMBIA, S. C. 29201

EUGENE A. LAURENT, PH.D.
DIRECTOR

TELEPHONE
(803) 758-2586

August 1, 1978

William T. Putnam
State Auditor
205 Wade Hampton Office Building
P. O. Box 11333
Columbia, SC 29211

Dear Mr. Putnam:

The Office of Geographic Statistics of the Division of Research and Statistical Services of the Budget and Control Board requests that the board approve three additional classified positions as follows:

1. Geodetic Coordinator - Grade 30
2. Planner III - Grade 26
3. Staff Assistant I - Grade 19

Money for these positions was included in the Supplemental Appropriations Bill with a carry forward that will staff a statewide monumentation and surveying program of vital interest to the economic development of the State. Inadvertently, approval for these positions was left out of the Appropriations Bill when the money was added. It is particularly important that the Geodetic Coordinator position be approved as soon as possible, as several excellent candidates are presently available.

Whatever help you can give will be greatly appreciated.

Sincerely,

A handwritten signature in cursive script, reading "Eugene A. Laurent".

Eugene A. Laurent
Director

EAL:1b