

MINUTES OF BUDGET AND CONTROL BOARD MEETING

MARCH 2 1976

The State Budget and Control Board met in the conference room of the Governor's office at 2:30 p. m. on March 2, 1976, with the following members in attendance.

Governor James B. Edwards
Mr. Grady L. Patterson, Jr.
Mr. Henry Mills
Mr. F. Julian LeaMond

Senator Dennis was absent because of illness.

Also in attendance were Messrs. P. C. Smith and W. T. Putnam.

The following business was conducted.

MINUTES OF THE PREVIOUS MEETING - All Board members had previously been furnished with minutes of the meeting of February 3, 1976. A motion by Mr. Patterson, which was seconded by Mr. Mills, was unanimously approved accepting the minutes of February 3, 1976 as written.

MOTOR VEHICLE MANAGEMENT DIVISION - Mr. Allan J. Spence, Director of the Motor Vehicle Management Division, recommended the following purchases of vehicles.

Mental Retardation - one step van
Mental Retardation - one Vega station wagon
Health and Environmental Control - seven ambulances

Mr. Spence reported that the two vehicles for Mental Retardation would be purchased with State funds while the seven ambulances would be bought with emergency medical services funds to be provided by the U. S. Department of Health, Education and Welfare. He also stated that the title for the seven ambulances would be retained by the Board of Health and Environmental Control but that the vehicles would be utilized in the counties in the Appalachian District and that the various counties would be required to enter into a contractual arrangement for their maintenance.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing the purchase of the two vehicles for the Department of Mental Retardation. A separate motion by Mr. LeMond, seconded by Mr. Patterson, was approved authorizing the purchase of the seven ambulances.

Data pertaining to these matters has been retained in these files and is identified as Exhibit I.

MEDICAL UNIVERSITY OF SOUTH CAROLINA - GRANT TO GREENVILLE HOSPITAL SYSTEM - In a letter dated February 3, 1976, officials of the Medical University of South Carolina requested authorization from the Budget and Control Board to provide \$781,091 from the Statewide Family Practice Program to the Greenville Hospital System. These funds would be used to construct a new Family Practice Center on land owned by the Greenville Hospital System and would provide facilities to house the Family Practice Program.

All Board members had previously been furnished with data pertaining to this request and in the discussion which followed, indicated that it was similar to previously approved grants for hospitals in other areas of the State. Board members therefore unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing the grant of \$781,091 from the Medical University of South Carolina to the Greenville Hospital System to construct a facility to house the Family Practice Program.

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

MEDICAL UNIVERSITY OF SOUTH CAROLINA - PAYMENT TO THE CHARLESTON COUNTY SCHOOL BOARD - During the early part of the year 1975, the Medical University of South Carolina orally agreed to buy the old Charleston High School building from the Charleston County School Board. Mr. Alton C. Crews, Superintendent of Schools for Charleston County, has now advised that upon receiving this offer, an architect was retained to redesign Memminger Elementary School to replace Charleston High School. According

to Mr. Crews, the design work was in progress when the Medical University informed the Board of Education that it was no longer interested in this purchase. A bill was subsequently submitted by the architect for \$6,840 and the public school officials have now requested that the Medical University pay this fee. It has been further agreed that if the Medical University ever wishes to purchase Charleston High School, these funds will be reimbursed.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. LeaMond, authorizing payment of these fees, as requested, provided the monies can be made available from the current Medical University budget.

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

GENERAL SERVICES DIVISION - Mr. Furman McEachern of the Division of General Services appeared before the Budget and Control Board to discuss the following items of business.

ATTORNEY GENERAL'S OFFICE - PRINTING - Mr. McEachern reported that the Attorney General's office presently is leasing a copying machine and owns two pieces of equipment for binding briefs. The Attorney General's office has now requested that the Division of General Services investigate the possibility of handling this printing through the Brown Building print shop.

After a study of this matter, Mr. McEachern recommended that his agency take over the printing and binding for the office of the Attorney General and that his agency be authorized to trade the old equipment for a new binder at a cost of approximately \$2700. He further recommended that any printing charges in excess of the present budget of the Attorney General's office be charged to the General Services appropriated account entitled "Printing of State Documents".

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. LeMond, authorizing each of these recommendations as shown above.

INSURANCE RESERVE FUNDS - At a previous meeting, the Budget and Control Board voted to change the title of the Insurance Sinking Fund to the Insurance Reserve Fund. Mr. McEachern requested permission to approach various Committees of the General Assembly to initiate legislation to accomplish this change in terminology

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing these contacts.

SPACE ALLOCATION - S. C. NUCLEAR ADVISORY COUNCIL - Mr.

McEachern reported that space was available in the Sumter Street Building and had been offered to Mr. William Birch, Administrator of the South Carolina Nuclear Advisory Council. However, information had been received from both Mr. Birch and Mr. B. E. Gilliland, Chairman of the South Carolina Nuclear Advisory Council, indicating that the space was not acceptable and requesting permission to rent space at the Jefferson Square Complex.

Board members unanimously approved a motion by Mr. Mills, seconded by Mr. Patterson, denying the request from the above mentioned individuals and directing Mr. McEachern to prepare space in the Sumter Street Building for the South Carolina Nuclear Advisory Council.

PURCHASE OF PRINTING EQUIPMENT - Mr. McEachern reported that the Employment Security Commission had requested permission to trade in two obsolete semi-automatic collators and to purchase a more modern piece of equipment which has a gross price of approximately \$17,000. He further stated that Mr. C. E. Moore, the State Printing Officer, had inspected the facilities of the Employment Security Commission and concurs in their justification for this

equipment.

Mr. McEachern also reported that the Citadel has requested authorization to purchase additional type for a verityper which is presently owned by that institution. This upgrading of the printing capability of the verityper would cost approximately \$2,000.

Board members unanimously approved a motion by Mr. LeMond, seconded by Mr. Mills, authorizing the purchases as requested by both the Employment Security Commission and The Citadel.

SPACE RENTAL - HOUSE OF REPRESENTATIVES - Mr. McEachern referred to a recent appearance by the Speaker of the House of Representatives before the Budget and Control Board in which he ~~obtained~~ approval for the renting of space in the Bankers Trust Tower. Mr. McEachern indicated that Mr. Carter, the Speaker, had intended to request funds for payment of this rental but that the request had not been clearly outlined and had not been acted upon by the Board.

He suggested that the Division of General Services had a balance of approximately \$12,000 remaining from the relocation of the Industrial Commission and recommended that the Budget and Control Board approve the use of these funds to assist the House of Representatives in obtaining the space and utilizing it prior to July 1, 1976.

Board members raised the question as to whether these monies should be made available from the General Services Division or whether they should come from the approved accounts of the House of Representatives. Therefore a motion by Mr. LeMond was unanimously passed to accept the matter as information and to pursue this matter to see if the necessary money can be made available from the approved accounts of the House.

UNIFORM COMMODITY CODING - Mr. McEachern reported that the Division of General Services and the Division of Computer

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Systems Management had been working together over a long period of time to develop a Statewide uniform commodity coding system which would permit the establishment of a property inventory control. He recommended that the Budget and Control Board adopt a Resolution calling for all State agencies and institutions to adopt the new coding system.

After further discussion of this matter, Board members unanimously agreed that the adoption of such a code would have far reaching effects and, therefore, decided to simply accept this matter as information for further consideration at a later date.

Data pertaining to the various items of business as ~~presented~~ by the General Services Division has been retained in these files and is collectively identified as Exhibit IV.

PERSONNEL DIVISION - FRINGE BENEFITS - Dr. Jack Mullins, Director of the State Personnel Division, reported that he had requested that the University of South Carolina pay the employer's portion of the insurance premiums on employees of the athletic department of that institution. A letter from officials of the University of South Carolina indicated that athletic departments have traditionally been treated as auxiliary services and thus the payments of insurance premiums by the agency should not begin until July 1, 1976. (All institutions of higher learning have been advised that as of July 1, 1976, all employer contributions for employees hired for auxiliary services must be borne by the institution and not by State appropriated funds.) Dr. Mullins asked for Board guidance as to whether employees of the various athletic departments should be treated as employees of auxiliary services.

Board members took note of the fact that the Appropriations Act specifically states that athletic funds are not to be considered as State funds and declined to accept the premise that employees of the athletic departments should be treated in the same manner as employees of the auxiliary

services. They, therefore, unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, requiring as of April 1, 1976, that the employer's share of insurance premiums, Social Security, retirement, etc. which might become due on employees of the various athletic departments of the institutions of higher learning must be borne by the agency and cannot be charged against State funds. The motion further called for Dr. Mullins to notify all such institutions of this ruling.

DEPARTMENT OF EDUCATION - ISSUANCE OF SCHOOLBOOK NOTES - Mr. P. C. Smith reported that the Budget and Control Board had received a letter from Dr. Cyril B. Busbee, State Superintendent of Education, advising that the State Board of Education on January 9, 1976, authorized the sale of Schoolbook Notes in the amount of \$450,000. Dr. Busbee requested Budget and Control Board authorization for this issue.

Board members unanimously approved a motion by Mr. Mills, seconded by Mr. LeMond authorizing the State Board of Education to issue Schoolbook Notes in the amount of \$450,000.

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

DEPARTMENT OF PARKS, RECREATION AND TOURISM - SELECTION OF AN ENGINEERING FIRM - In a letter dated January 29, 1976, officials of the Department of Parks, Recreation and Tourism requested permission to hire the engineering firm of Palmetto Engineering Company to conduct a study pertaining to the upgrading of existing wastewater facilities to meet national pollution discharge elimination systems standards.

After being assured that the agency had complied with all legal requirements for the selection of an architectural or engineering firm, the Budget and Control Board unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing the hiring of the Palmetto Engineering Company for the requested study.

Data pertaining to this matter has been retained in these files

and is identified as Exhibit VI.

CLEMSON UNIVERSITY - CONSULTING ENGINEERING ASSISTANCE - In a letter dated January 21, 1976, Mr. Melford A. Wilson, Vice President for Business and Finance of Clemson University, requested authority to retain a consulting engineering firm to assist in various projects at that institution. It was proposed that the firm would furnish such services, when needed, on a fixed fee/hourly basis.

Information which was furnished indicated that Clemson University had fulfilled all requirements of law pertaining to the selection of an engineering firm and the request asked for authority to hire Peritus Engineers, Inc. for a period of one year.

Board members expressed some concern over the necessity of Clemson University, with its fine engineering school, having to hire an outside engineering firm for assistance to its regular staff. They, therefore, agreed to carry the matter over to a subsequent meeting in order to obtain additional information pertaining to the matter.

Data pertaining to this item of business has been retained in these files and is identified as Exhibit VII.

COMMITTEE TO STUDY COMMUNICATION NEEDS - Governor Edwards advised Budget and Control Board members that fourteen different State agencies used radio or microwave facilities and suggested the establishment of a committee to study the possibility of integrating the various systems.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing Governor Edwards, as Chairman of the Budget and Control Board, to name a committee of technical personnel to study the possibility of integrating radio and microwave facilities of the various State agencies.

SUPREME COURT - CIVIL CONTINGENT FUND REQUEST - In a letter dated December 8, 1975, Chief Justice J. Woodrow Lewis of the South Carolina Supreme Court indicated a need for supplemental funds in the amount of \$6,000 for

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payment of Special Circuit Court Judges.

At the present Budget and Control Board meeting, members unanimously approved a motion by Mr. LeaMond, seconded by Mr. Mills, authorizing the transfer of \$6,000 from the Civil Contingent Fund to the Supreme Court for payments to Special Circuit Court Judges.

A copy of Judge Lewis' letter of December 8, 1975, has been retained in these files and is identified as Exhibit VIII.

DEPARTMENT OF MENTAL HEALTH - PROPOSED RENTAL OF LAND - In a letter dated February 6, 1976, Dr. William S. Hall, Commissioner of Mental Health, advised that his agency owned a two hundred acre tract of land near the Crafts-Farrow facility which had been used for farming operations in the ~~past~~. It has now become economically unfeasible to continue this operation and Dr. Hall requested permission to accept bids for the leasing of this property. He further indicated that if authority were given for such leases the Department of Mental Health would reserve the right to terminate the contract if the property is again needed for public purposes.

Board members unanimously approved a motion by Mr. LeaMond, seconded by Mr. Mills, authorizing the accepting of bids for the lease of this property. Data pertaining to this matter has been retained in these files and is identified as Exhibit IX.

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL - SALE OF COMPUTER SYSTEMS - In a letter dated February 11, 1976, Mr. Lachlan L. Hyatt, Chairman of the Board of Health and Environmental Control, advised that the Appalachian II Region Health District (Greenville) had developed a Health Management Information System and that the Department of Defense is now interested in purchasing certain segments. That agency is also interested in contracting with the Department of Health and Environmental Control for further developments of the system for the Federal Government. At the present meeting, both Dr. E. Kenneth Aycock and Dr. R. W. Penick appeared before the Board to further elaborate upon this request.

Dr. Penick stated that the Department of Defense was prepared to pay for those segments of the system which were already completed and wished to enter into a continuing contract for the development of further segments which, in turn, could be adapted for use by the State of South Carolina.

Board members were advised by Mr. P. C. Smith that previously South Carolina had received free programs from other states and had itself furnished systems, at no cost, to other governmental entities. He further indicated that Mr. Charles Burr, Director of Computer Systems Management, shared his concern over the sale of programs by South Carolina when previous practice called for the furnishing of the programs at no cost ~~if they were~~ available.

After further explanations by Dr. Penick, Board members agreed that perhaps this situation was different from previous experiences and therefore unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing the Department of Health and Environmental Control to enter into a contract for further development of the computer systems but such approval was contingent upon concurrence by Mr. Charles Burr.

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

UNIVERSITY OF SOUTH CAROLINA - REQUESTS FOR FOREIGN TRAVEL - Mr. P. C. Smith advised Budget and Control Board members that the University of South Carolina has a continuing contract with the United States Navy to provide a college educational program aboard naval vessels in the Mediterranean Sea. Instructors are sent by the University to the Mediterranean area and actually teach various courses aboard the ships. The entire cost of this program is borne by the United States Navy through a contract with the University and no State funds are involved in the program.

Officials of the University of South Carolina have now asked for **2005** continuing authority for instructors to participate in this program and to

travel to foreign countries when needed.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. LeMond, delegating to Mr. P. C. Smith the Board's authority to approve foreign travel where such travel is required in connection with the University of South Carolina's contract with the United States Navy.

BUDGET AND CONTROL BOARD MEETING - Budget and Control Board members unanimously agreed to hold the next regular meeting at 2:30 p. m. on March 25, 1976.

ADJUTANT GENERAL'S OFFICE - CIVIL CONTINGENT FUND REQUEST -

General James Henderson, Deputy Adjutant General, appeared before the Budget and Control Board to request a temporary advance of \$15,000 from the Civil Contingent Fund. He reported that funds for the armories being constructed at Andrews and Lockhart call for the sale of old armories in those locations. These sales have been negotiated with the counties and local communities but cannot be consummated until such time as the new armories are completed and the old buildings vacated. In the meantime bills have been received from the contractors involved in the construction of the new armories but no monies are available for payment.

General Henderson stated that if an advance can be made from the Civil Contingent Fund it would be paid in approximately forty-five to sixty days when the old armories at the two above mentioned locations are sold.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing the advancing of \$15,000 from the Civil Contingent Fund to the Department of the Adjutant General for the purpose of making construction payments on the new armories at Andrews and Lockhart with the understanding that the monies will be reimbursed upon sale of the old armories at these same locations.

POLLUTION CONTROL FACILITIES BONDS - OCONEE COUNTY - During the early part of the year 1975, the Budget and Control Board approved a Petition from Oconee County for authority to issue \$24,000,000 worth of Pollution

Control Facilities Bond Anticipation Notes on behalf of Duke Power Company. It was anticipated that as of March 10, 1976, bonds would be sold to pay off this anticipation note. The Internal Revenue Service has now questioned the use of this money by Duke Power Company and has tentatively determined that only \$1,500,000 of the expenditure can qualify as a tax exempt indebtedness.

Mr. Lewis F. Camp, Assistant General Counsel for Duke Power Company, appeared before the Budget and Control Board and requested authority for Oconee County to issue \$1,500,000 of Pollution Control Facilities Bond Anticipation Notes for a period of ninety days in order to give his company an opportunity to complete its negotiations with the Internal Revenue Service. He stated that it was the intention of Duke Power Company to pay \$22,500,000 of the Bond Anticipation Note presently outstanding as of March 10, 1976. He further asked that the Board take tentative action on this matter immediately contingent upon receipt of a properly documented Petition from Oconee County.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, tentatively authorizing the issuance of a \$1,500,000 Bond Anticipation Note by Oconee County on behalf of Duke Power Company contingent upon receiving a properly documented Petition from county officials.

EXTENSION OF CAPITAL IMPROVEMENT BOND ANTICIPATION NOTE - Mr. Patterson, reported that during the month of August, 1975, he had negotiated a Capital Improvement Bond Anticipation Note in the amount of \$30,000,000 which is now due to be paid on March 15, 1976. He asked for Budget and Control Board approval to extend this Bond Anticipation Note to June 15, 1976.

Board members unanimously approved a motion by Mr. Patterson, seconded by Mr. Mills, authorizing this extension.

SECRETARY'S NOTE: Board members were advised that the additional items of business all pertained to either personnel or contract negotiations. It was therefore unanimously agreed that the balance of the meeting would be held in Executive Session. 2007

BUDGET AND CONTROL BOARD MINUTES

MARCH 2 1976

ADDENDUM

At its meeting of March 2, 1976, the State Budget and Control Board considered a request from Beaufort County for authority to issue Industrial Revenue Bonds in the amount of \$900,000.00 on behalf of Alexander Dawson, Inc. However, through error, the Board's action on this matter was omitted from the minutes of that meeting. This omission was subsequently discovered and on April 20, 1976, Board members took action to authorize the correction of the minutes of the meeting of March 2, 1976, so as to include this item.

BEAUFORT COUNTY - INDUSTRIAL REVENUE BONDS - The Budget and Control Board received a request from Beaufort County for authority to issue Industrial Revenue Bonds in the amount of \$900,000 on behalf of Alexander Dawson, Inc. After being assured that all legal documents had been examined by the Office of the Attorney General and all financial statements had been examined by the Auditor's Office, Board members unanimously approved a motion by Mr. LeaMond, seconded by Mr. Patterson, authorizing the issue of Industrial Revenue Bonds in the amount of \$900,000 on behalf of Alexander Dawson, Inc.

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

EXHIBIT I
MAR 2, 1976

STATE BUDGET AND CONTROL BOARD

Agenda Items

1. The below listed agencies request permission to purchase an additional vehicle. Fleet additions require SB & CB action.

<u>Agency</u>	<u>Type Vehicle</u>	<u>Funds</u>	<u>Recommendation</u>
A. Mental Retardation	Step van	State	Yes
B. Mental Retardation	Vega S/W	State	Yes
C. Health & Env. Control	Ambulance 7-Ea. HEW		Yes



Allan J. Spence, Director
Motor Vehicle Management

EXHIBIT II
MAR. 2, 1976
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OFFICE OF THE VICE PRESIDENT & TREASURER
(803) 792-4291

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Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

February 3, 1976

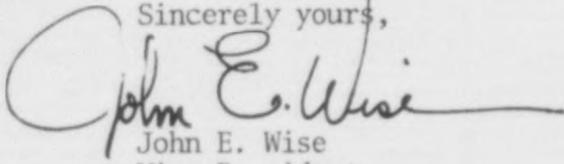
Mr. P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

The Greenville Hospital System has requested funds from the Statewide Family Practice Residency Program to construct a new Family Practice Center.

The cost of the building, which will be constructed on land owned by the Greenville Hospital System, is estimated at \$988,000. Funds are available in the 1975-76 Statewide Family Practice budget in the amount of \$781,091 for this project. Any additional costs for construction and equipment in excess of that provided by the Statewide Family Practice budget will be provided by the Greenville Hospital System. Enclosed are plans, specifications, and other supporting documentation for your review.

Your assistance in forwarding this request to the State Budget and Control Board for consideration and approval will be greatly appreciated.

Sincerely yours,

John E. Wise
Vice President

JW/fm

Enclosures

cc: Dr. Vince Moseley
Dr. W. Marcus Newberry
Dr. Hiram B. Curry
Mr. Marion E. Woodbury

DIVISION OF CONTINUING EDUCATION
(803) 792-4241



Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

January 28, 1976

Mr. John E. Wise
Vice President & Treasurer
MUSC
80 Barre Street
Charleston, S.C. 29401

Total - 988,000
State 781,091
Local 206,909

Dear Mr. Wise:

I received today from the Greenville Hospital System the attached request for construction funds available through the State-wide Family Practice Residency Program to construct a new Family Practice Center. The request has been reviewed and approved by Dr. Hiram B. Curry, Dr. Marcus Newberry, me and our SAC Committee.

Funds are available in the 1975-76 Statewide Family Practice Residency Program budget in the amount of \$781,091. This represents \$80,787 in unspent capital funds from the original FY-1974-74 allocation and \$700,304 from the allocation established by Dr. Newberry's special committee in FY-1974-75. The total design, construction, and equipment cost is estimated at \$988,000. I have been assured by Dr. Raymond C. Ramage, Greenville Hospital System, Director of Medical Education, and Dr. E. Frank Gaynor, Greenville Hospital Director of Family Practice, that any additional costs for construction and equipment in excess of that provided by this Statewide Family Practice Residency Program allocation, will be provided by the Greenville Hospital System.

I have been further assured by Drs. Ramage and Gaynor that the construction will be accomplished on land presently owned by the Greenville Hospital System and that no additional request will be made to the Medical University of South Carolina or the State for additional funding. I have been further assured by Drs. Ramage and Gaynor that

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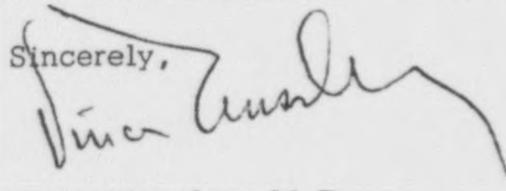
Mr. John E. Wise
Page 2
January 28, 1976

a Facility Use Agreement will be executed by the Greenville Hospital System as soon as a proper form has been developed by the State Attorney General.

I recommend the Medical University of South Carolina approval of this request and that it be forwarded to the Budget and Control Board for appropriate immediate action. I further recommend that appropriate action be taken to insure the ability of the Statewide Family Practice Residency Program to carry these funds forward to allow expenditure during the FY 1976-77.

If additional information is necessary, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "Vince Moseley", written over a rectangular box.

Vince Moseley, M.D.
Assistant Academic Vice President
for Extramural Affairs

VM/dm
Attachment

cc: Dr. Marcus Newberry
Dr. Hiram Curry
Mr. James Smith, Jr.
Mr. Marion Woodbury

DEPARTMENT OF FAMILY PRACTICE
COLLEGE OF MEDICINE
(803) 792-2411
FAMILY PRACTICE UNIT
(803) 792-3451



Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

January 27, 1976

John E. Wise
Vice President and Treasurer
Medical University of S.C.
80 Barre Street
Charleston, South Carolina 29401

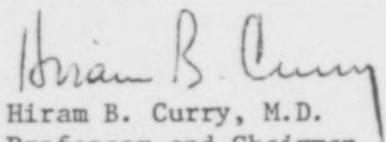
Dear Mr. Wise:

The purpose of this letter is to recommend approval of the Greenville Hospital System request for the Statewide Family Practice Residency System capital funds to construct a model Family Practice Center. This Center will be constructed on land owned by the Greenville Hospital System and will be used in their Family Practice Residency Program.

The proposal is within the Statewide Family Practice Residency System guidelines. After reviewing the plans and specifications, I believe the facility will be adequate to accommodate their Family Practice Residency Program. I have been assured by all that a Facility Use Agreement will be executed as soon as a suitable form is available.

Thank you for your assistance.

Sincerely,


Hiram B. Curry, M.D.
Professor and Chairman
Department of Family Practice

HBC/bjm

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COLLEGE OF MEDICINE
OFFICE OF THE DEAN
(803) 792-2081



Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

January 28, 1976

John E. Wise
Vice President and Treasurer
Medical University of S.C.
80 Barre Street
Charleston, South Carolina 29401



Dear Mr. Wise:

The purpose of this letter is to endorse the Greenville Hospital System request for construction funds available through the Statewide Family Practice Residency System to construct a new Family Practice Center. I have reviewed the plans for the proposed facility and find them satisfactory.

The proposed project is within the guidelines of the Statewide Family Practice Residency System and has the endorsement of Dr. Hiram Curry. I recommend that the Medical University of South Carolina approve the project and forward the request to the State Budget and Control Board.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark".

W. Marcus Newberry, M.D.
Dean
College of Medicine

WMN/bjm



Greenville Hospital System

100 Hallard Street

Greenville, South Carolina 29601

July 8, 1974

Hiram Curry, M.D.
Director of Family Practice
Medical University of South Carolina
Charleston, South Carolina

Dear Doctor Curry:

As you are well aware, the Greenville Hospital System completed Phase I of its consolidation schedule in November of 1972. This resulted in completion of a 308 bed general medical/surgical facility and an institute of rehabilitative medicine, at the Grove Road Hospital Center Site. Also on this Site are Marshall I. Pickens Hospital and the Children's Re-ed Program. To meet our immediate educational needs the System was able to renovate the William G. Sistine Family Practice Center on Pendleton Street, so that it would accommodate to the needs of our 1973-74 Family Practice Program. Also, as you are aware, the Medical Education Department is in the process of implementing a small expansion project at the Family Practice Center so that it will accommodate to the needs of our 1974-75 Family Practice Program.

In the immediate future, the Greenville Hospital System will consolidate all of our medical and teaching facilities at the Hospital Center Site at Grove and Faris Roads. Included in the overall plan for the consolidation of medical and health education programs and facilities at the Site, is the anticipated construction of a new Family Practice Center.

E. D. Rosenfeld Associates, Inc. recently completed a Master Plan Study and timetable for the consolidation and expansion of medical and educational facilities at the Hospital Center Site. This expansion (Phase II) is expected to take from three to six years for completion. Among the programs to be developed during Phase II are: additional medical/surgical beds, maternal and infant care facilities, emergency and ambulatory care facilities, physicians' office building, medical education and AHEC facilities, and further expansion of the inpatient mental health programs.

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Hiram Curry, M.D.

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July 8, 1974

The present Family Practice Center is approximately three (3) miles from the Hospital Center Site. This distance will compound many of the logistical and operational problems which are already being experienced as a result of the Center presently being over a mile in distance from the existing teaching institution (Greenville General Hospital).

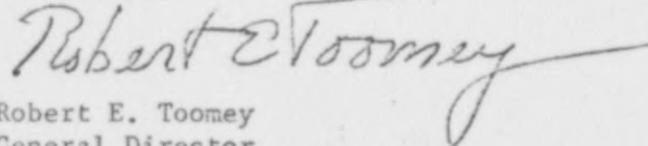
Further, based on recommended space requirements per number of Family Practice Residents, the present Family Practice Facility is totally inadequate for conducting the program when the full complement of residents, faculty and other personnel is on board later in this year.

As a result of the expected consolidation and expansion program, and keeping in mind the continued expansion of our Family Practice residency program, this seems to be the most appropriate time to request capital funding for a new Family Practice Center to be located at the Hospital Center Site. The Greenville Hospital System requests that the amount of \$712,800.00 be allocated to the System for construction of a new Family Practice Center. This request is based on the formula suggested under the guidelines of the statewide residency system, which recommend 600 square feet of space per resident at a cost of \$33.00 per square foot. In light of increasing construction and development costs, it is possible that this basic amount would have to be supplemented in the future by additional state funding, Greenville Hospital System matching funds and other categorical gifts and grants. However, immediate allocation of the requested amount would allow the Hospital System to initiate plans for the relocation of the Family Practice Center.

I would appreciate your assistance in seeing that this request is processed as soon as possible through the appropriate channels. Raymond C. Ramage, M.D. and his Medical Education staff, as well as our Planning and Development Section would be glad to assist you in any way possible.

I appreciate your attention to this matter and I look forward to hearing from you.

Sincerely,



Robert E. Toomey
General Director

CC: Raymond C. Ramage, M.D.
Peter L. Mulford

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July 15, 1974

Robert E. Toomey
General Director
Greenville Hospital System
100 Millard Street
Greenville, South Carolina 29601

Dear Mr. Toomey:

I wish to acknowledge your letter of July 8, 1974 requesting funds for a new Family Practice Center. This matter will be discussed with Acting Dean John Kemp in the near future and with Dr. James Colbert when he returns from his vacation. I shall reply to your letter after these conversations.

Sincerely,

Hiram B. Curry, M.D.
Professor and Chairman

HBC/lms

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OFFICE OF THE VICE PRESIDENT & TREASURER
(803) 792-4291



Medical University of South Carolina

80 BARRE STREET / CHARLESTON, SOUTH CAROLINA 29401

February 3, 1976

Mr. P. C. Smith
State Auditor
Post Office Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

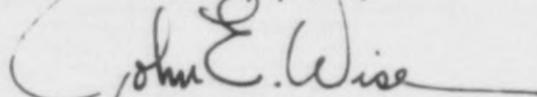
Please find enclosed a letter from Dr. Alton Crews, Superintendent of the Charleston County Public Schools.

The Charleston County School Board is requesting that the Medical University of South Carolina reimburse the School Board for architectural fees related to the redesigning of Memminger Elementary School to replace Charleston High School.

Would you please review this request and, if appropriate, give the Medical University permission to expend funds for this purpose.

Your assistance in this matter will be greatly appreciated.

Sincerely yours,


John E. Wise
Vice President

JW/bh

Enclosure

cc: Dr. Knisely

2018

EXHIBIT III
MAR 3, 1976
COPY
ALL

P
P.C. Smith

Charleston County Public Schools

P. O. BOX 2218, CHARLESTON, S. C. 29403 PHONE 803/722-8841

Superintendent of Schools
Alton C. Crews

BOARD OF TRUSTEES
Mrs. Shirley J. Holcombe, Chairman

Mr. Keith M. Thompson	Mrs. Septina P. Clark
Mr. Howard Burky	Mr. Luther O. Darby
Dr. C. C. Wannamaker	Dr. T. M. Rhodes
Rev. Cornelius L. Campbell, Jr.	Mr. John Q. Adams

January 14, 1976

Dr. William M. McCord
Medical University of South Carolina
80 Barre Street
Charleston, South Carolina 29401

Dear Dr. McCord:

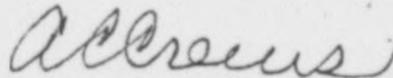
After the Medical University of South Carolina orally agreed to purchase the Charleston High School and requested occupancy on or before September of 1976, the Charleston County School Board employed an architectural firm to re-design Memminger Elementary School to replace Charleston High School. The design work was in progress when the MUSC informed this Board that it would not be able to proceed with the purchase of Charleston High School. We have terminated the contract with the architect, but have paid him \$6,840.

Since the County School Board acted in good faith, based upon your oral commitment, we are of the opinion that this architectural fee should be paid by MUSC. This position was unanimously approved by the Charleston County School Board in executive session on January 12. I am enclosing a copy of the architect's billing for this service.

In the event that the Medical University were to purchase Charleston High School at some future date, these funds would be reimbursed to you.

Your kind consideration to this request will be appreciated.

Sincerely yours,



Alton C. Crews
Superintendent of Schools

ACC:vrw

cc: Dr. William H. Knisely
Mr. William D. Huff ✓
County Board Members

2019

INVOICE FOR

ARCHITECTURAL SERVICE

AIA DOCUMENT G802

PROJECT Renovation of Memminger School
(Name, address) Charleston, S.C.

DATE December 9, 1975

TO:

Charleston County Public Schools
New Schoolhouse Planning
P.O. Box 5242
Charleston, S.C. 29406
Attn: George Canady, Director

RECEIVED
DEC 20 1975

INVOICE NO: 75113

ARCHITECT'S PROJECT NO: 7545

P A I D

JAN 7 1976

RESULTS PAYABLE

CK. NO. 52973

There is due at this time for architectural services and reimbursable items on the above Project, the sum of:

Two thousand forty four & 68/100 Dollars \$ 2044.68

The present status of the account is as follows:

Estimated Cost of Construction	\$600,000.00
Architect's Fee 7.6%	45,000.00
Work Completed 15%	6,840.00
Less Amount Previously Paid	4,795.32
Total Due Now	<u>\$ 2,044.68</u>

APPROVED FOR PAYMENT.

Dept. No. 4001

Acct. No. 04 1201.00

P.O. No. 000000

Vendor No. 69282

Invoice No. 75113

t.c 34

Since the re-opening of the contract for this job is in doubt any time in the foreseeable future, the present contract, dated September 23, 1975, will have to be re-negotiated if and when the project becomes active again.

JAN 10 1976

APPROVED
CCSP - 4001
DEC 10, 1975
G.M. Canady

JEFFREY M. ROSENBLUM, A.I.A.
ARCHITECT
276 EAST BAY STREET
CHARLESTON, S. C. 29401

EXHIBIT IV
COPY
MAR. 2, 1976
ALL

STATE BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
AGENDA

March 2, 1976

I. Printing for Attorney General

The Attorney General presently has on lease a copying machine and owns two pieces of equipment for binding briefs. Costs for their printing services are now exceeding budget allocations for this purpose. The Attorney General has requested the Division of General Services to investigate the possibility of meeting their printing needs through the Brown Building print shop.

The Division print shop can take over the copying equipment now in the office of the Attorney General and, by trading in existing binding equipment providing more modern methods, that work can be done with two part-time employees whereas the Attorney General now uses three part-timers for the same amount of work. It is, therefore, recommended that the Board approve transfer of the equipment to the Division and that we be authorized to trade for a new binder, at a cost of approximately \$2700. We further recommend that any printing charges in excess of the present budget in the office of the Attorney General be charged to the General Services appropriated account "Printing of State Documents."

II. Insurance Reserves Fund

At its last meeting the Board directed the Division to change the title of Insurance Sinking Funds to Insurance Reserve Funds. This is a very desirable change, and it is recommended that the Division be authorized to approach the appropriate committees of the legislature with the request that they report out the attached bill for enactment into law.

III. S. C. Nuclear Advisory Council--Space Allocation

This very small Division was shown space in the Sumter Street Building which is presently available for assignment. The space was not acceptable to Mr. William Birch, Administrator of the program, and State Auditor P. C. Smith received the attached letter from Chairman B. E. Gilliland requesting that the Council be allowed to rent space at Jefferson Square for the reasons outlined. It is recommended that the Board instruct the Division regarding the renting of commercial space when space is available in state-owned buildings.

IV. Purchase of Printing Equipment

A. The Employment Security Commission has requested permission to trade-in two obsolete semi-automatic collators on account of a modern piece of equipment

which has a gross price of approximately \$17,000. State Printing Officer C. E. Moore has inspected their shop and he concurs in their justification. It is recommended that the Board authorize this purchase.

B. The Citadel has requested authorization to purchase additional type for a varityper which they now have at a cost of approximately \$2,000. This will upgrade the printing capability at The Citadel and they indicate that it will tend to reduce labor costs. It is recommended that the Board authorize this purchase.

V. Space Rental--House of Representatives

The Speaker of the House recently appeared before the Board and obtained approval for the renting of space in the Bankers Trust Tower. It was the further intention that a request be made for funds to finance this transaction but the request was not spelled out. The Division of General Services has a balance of about \$12,000 remaining from the relocation of the Industrial Commission and it is recommended that the Board approve use of funds up to this amount to assist the House in obtaining the space and utilizing it prior to July 1, 1976.

VI. Uniform Commodity Coding

This Division and Division of Computer Systems Management have been working together over a long period of time to develop a state-wide uniform commodity coding system which has inherent capabilities for establishing property inventory control. Until such a system is in use, it is virtually impossible to accumulate state-wide totals on commodities required of state agencies. Such information will greatly facilitate increased central purchasing at increased quantity discounts.

The initial change from the wide variety of commodity identification will require additional clerical work, but the results will be worth the investment. Once the repetitive purchase requirements are coded, those commodity purchases which are not much in demand can be coded over a long period of time as requirements occur.

It is recommended that the Board adopt the recommendation of the Division of Computer Systems Management and that the institutions and agencies be required to adopt this code system as shown below:

"We recommend development of a commodity code system providing detailed identification of shelf items in Inventory Control to include size and color but not necessarily brand name or manufacturer's identity. Non shelf items within Property Management's systems or subsystems including items specialized equipment should be assigned commodity codes on a generalized basis in necessary detail to support identification but not to such an extent that would include characteristics of size, brand name, color, manufacturer, etc."

RECEIVED

FEB 20 1968

DIVISION OF
GENERAL SERVICES

A BILL

TO AMEND SECTION 1-442, CODE OF LAWS OF SOUTH CAROLINA, 1962, AS AMENDED, RELATING TO INSURANCE SINKING FUNDS HELD BY THE STATE BUDGET AND CONTROL BOARD, SO AS TO CHANGE THE DESIGNATION TO RESERVE FUNDS.

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

SECTION 1. Section 1-442 of the 1962 Code, as last amended by Act 339 of 1965, is further amended by striking "an insurance sinking fund" on line five and inserting "insurance reserve funds". The section as amended shall read:

"Section 1-442. All funds paid over to the State Budget and Control Board as premiums on policies of insurance and all money received from interest on loans and deposits and from any other source connected with the insurance of public property, provided for herein, shall be held by the Board as insurance reserve funds for the purpose of paying all losses for which it is liable and the expenses necessary to the proper conduct of such insurance of public property by the Board and shall be invested by it as are other funds in its hands."

SECTION 2. This act shall take effect upon approval by the Governor.

Refer this to [unclear]

SOUTH CAROLINA NUCLEAR ADVISORY COUNCIL



COLUMBIA

2600 Bull Street
Columbia, S. C. 29201

February 6, 1976

RECEIVED

FEB 10

DIVISION OF
GENERAL SERVICES

Mr. P. C. Smith
State Auditor
State of South Carolina
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

The Nuclear Advisory Council will be required to vacate office space currently in use at the Department of Health and Environmental Control building at 2600 Bull Street because of their pressing space needs. We have carefully examined office space and services available at the Sumter Street Building and at Jefferson Square. The attachment summarizes our findings relative to these two buildings.

At its February 2, 1976 meeting, the Council unanimously concluded that the Jefferson Square facility will provide the Council with the necessary space required to fulfill its mission and provide adequate and timely access for members and visitors. My visit to the Sumter Street Building to view the available space required ten minutes to find a parking space coupled with over a five-minute walk. If the Council is to function in its legislated mission area, timely access is required.

I request on behalf of the Council that favorable consideration be given to permitting the Nuclear Advisory Council to locate its offices at Jefferson Square.

Sincerely,


B. E. Gilliland
Chairman

BEG:ckd

2024

RECEIVED
FEB 10
DIRECTOR OF
GENERAL SERVICES

Jefferson Square - NW corner Main & Laurel

428 sq. ft. - \$232/mo. - \$2,782/yr.

Secretarial - Reception area and Project Administrator's Office

Includes utilities and janitorial service

Conference Room available at no additional charge.

Reproduction facilities available for a fee.

Telephone answering service available.

Abundant parking in adjacent parking garage.

Convenient accessibility from I-126 and I-77 - Bull Street Extension

Available March 1, 1976

Sumter Street Building - SE corner Sumter and Senate

Approximately 600 ft. sq., - \$212.5/mo. - \$2,550/yr.

Secretarial - reception area, Project Administrator's Office and

Conference Room. Includes utilities and janitorial service.

Reproduction facilities available for a fee.

Telephone answering available.

No reserved parking, minimum parking spaces available during working hours.

Very inconvenient to visitors.

Available immediately upon completion of painting, erection of partition

wall, installation of one door, and installation of new carpet (2-3 weeks).

We would need to purchase conference table and chairs (Estimated costs from

Lorick Office Equipment):

Table - \$1500	16' x 4'
Chairs- \$1200	16 chairs
GSA discount included	

EXHIBIT V COPY
MAR. 2, 1976 ALL

P.
12/19/76

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

CYRIL B. BUSBEE
STATE SUPERINTENDENT OF EDUCATION



COLUMBIA

January 16, 1976

Hon. P. C. Smith, Secretary
State Budget and Control Board
Wade Hampton State Office Bldg.
Columbia, S. C. 29201

Dear Mr. Smith:

By authority vested in Section 21-459 Code of Laws of South Carolina, 1962, as amended by Act No. 994, Part II, Section 10, Acts and Joint Resolutions, 1966, the S. C. State Board of Education requests permission to issue its negotiable notes in the amount of \$450,000.00.

The notes shall be for a one year period and dated February 12, 1976 to February 12, 1977.

Attached hereto, please find Estimated Note Issue Necessary For Rental Books Purchased June 1, 1975 to December 1, 1975 and Exerpt from the Minutes of the State Board of Education Meeting, January 9, 1976 authorizing the sale of notes as listed above.

Sincerely yours,

Cyril B. Busbee
State Superintendent of Education

CBB:bwa

Enclosures (2)

(Excerpt from the Minutes of the State Board of Education
January 9, 1976)

46. Office of Textbooks

Request for Note Issue - Mr. Henry Quarles, Director of the Office of Textbooks, presented to the Board the attached request and recommendation for a note issue necessary in order to make payment for rental books purchased from June 1, 1975, to December 1, 1975. (Attachment No. 4, pages 1 and 2)

On motion by Mr. Hoffman, seconded by Dr. Royster, Mr. Quarles' recommendation was approved by the Board.

12-29-75

ESTIMATED NOTE ISSUE NECESSARY FOR RENTAL BOOKS PURCHASED

June 1, 1975 through November 30, 1975

Consignment Account with Central Textbook Depository		1,563,844.00
Less: New Book Inventory		<u>387,040.00</u>
		1,176,804.00
Less: Discount	117,680.00	
Exchange Credits	28,376.00	
Credit Allowed by Publishers for Defective Books	<u>4,878.00</u>	
		<u>150,934.00</u>
Net Due on Purchases		1,025,870.00
Less: Cash on Hand 11-30-75	792,396.00	
Estimated Collections for December and January	<u>750,000.00</u>	
Estimated Funds Available 2-1-76	1,542,396.00	
Less: Notes Due 2-13-76	530,000.00	
Interest Due 2-13-76	20,670.00	
Estimated Expendi- tures to 2-1-76	<u>415,000.00</u>	
	<u>965,670.00</u>	
Estimated Funds Available to Apply on Purchases		<u>576,726.00</u>
Estimated Amount for Note Issue		<u><u>449,144.00</u></u>

Notes Dated 2-13-75 due 2-13-76	530,000.00
Interest @3.9% per annum included above	20,670.00

Estimated Rental Revenue 1975-76	1,315,000.00
----------------------------------	--------------



P Will this constitute a commitment?
EXHIBIT VI
C.S. Bond
MAR 2, 1976
act 354, acts of 1973
(open from surplus)

January 29, 1976

copy
ALL

Mr. P. C. Smith, State Auditor
S. C. Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

The S. C. Department of Parks, Recreation and Tourism, Division of State Parks, has advertised for and received resumes from eleven engineers showing interest in the upgrading of existing wastewater facilities to meet the National Pollution Discharge Elimination System (NPDES) permits. An advertisement was published on December 14, 1975 in the following newspaper: THE GREENVILLE PIEDMONT.

Certification from the above newspaper showing proof of satisfactory advertisement is enclosed (Enclosure 1).

The engineers responding to the advertisement are as follows:

1. G. E. Lohr Company
P. O. Box 12339
Charleston, S. C. 29412
2. Century Southern, Inc.
842 East Washington Street
P. O. Box 10342
Greenville, S. C. 29603
3. Harwood Beebe
364 South Pine Street
P. O. Box 2646
Spartanburg, S. C. 29302
4. Farmer & Simpson Engineers
1621 North Main
Anderson, S. C. 29621

2029

Mr. P. C. Smith
January 29, 1976
Page 2

5. Turner Engineering, Inc.
869 Robert E. Lee Boulevard
Charleston, S. C. 29412
6. Lockwood Green Engineers
P. O. Box 491
Spartanburg, S. C. 29304
7. Wilbur Smith & Associates
P. O. Box 1544
4500 Jackson Boulevard
Columbia, S. C. 29202
8. Enwright Associates, Inc.
P. O. Box 5287, Station B
Greenville, S. C. 29606
9. Island Engineering Company, Inc.
P. O. 3134
Greenwood, S. C. 29646
10. R. S. Noonan, Inc.
P. O. Box 1338
Greenville, S. C. 29206
11. Palmetto Engineering Company
2105 Commerce Drive
Cayce, S. C. 29033

From the engineering firms previously listed, we selected four firms for interviews with our office. PRT requested each of the four firms to complete the enclosed Architect/Engineer questionnaire (Enclosure 2) and bring any other material which they believed was relative to our project. After interviewing these engineers, we have selected in the order of preference the following:

1. Palmetto Engineering Company
2105 Commerce Drive
Cayce, S. C. 29033
2. Enwright Associates, Inc.
P. O. Box 5287, Station B
Greenville, S. C. 29606
3. R. S. Noonan, Inc.
P. O. Box 1338
Greenville, S. C. 29206
4. Island Engineering
P. O. Box 3134
Greenwood, S. C. 29646

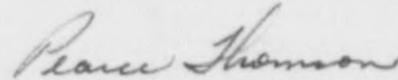
Mr. P. C. Smith
January 29, 1976
Page 3

Palmetto Engineering has agreed to perform the services required based on a fixed multiplier times employee salary with an upper limit fixed for the fee.

Also enclosed is a list of projects undertaken by PRT in the preceeding two years (Enclosure 3).

This information is submitted for approval so that we may execute a contract to upgrade our existing wastewater facilities to meet the NPDES requirements.

Sincerely,



Pearce Thomson
Engineering & Planning Coordinator

BPT/rcl

Enclosures

cc: Mr. Heyward H. Bouknight, State Park Engineer

INVOICE AND AFFIDAVIT

THE GREENVILLE NEWS-PIEDMONT COMPANY

PHONE (803) 242-5011 P.O. BOX 1688
GREENVILLE, SO. CAROLINA 29602

Allen Dedwyler, being duly sworn, says that he is the legal representative

of { THE GREENVILLE NEWS
~~XXXXXXXXXXXXXXXXXXXX~~ a newspaper printed and published in the

City of Greenville, in the State of South Carolina. That the attached advertisement ap-

peared in 3 3/4 inches in the issue

of December 14, 1975

Allen Dedwyler

Sworn to and subscribed before me

this 15th day of December 19 75

Robert D Huff Notary Public for State of S.C. Total Due \$ _____

Notice to engineers
Submission of a re-
sume of qualifications
from Engineers will be
received by the Owners,
the South Carolina De-
partment of Parks, Rec-
reation and Tourism,
Division of State Parks,

Attention: Heyward H.
Bouknight, Suite 113,
Edgar A. Brown Build-
ing, 1205 Pendleton
Street, Columbia, South
Carolina 29201, Phone
758-3634 until 2:00 P.M.
January 6, 1976, for the
design required to up-
grade existing wastewa-
ter treatment facilities
to meet requirements of
the NPDES permits.
Further information will
be supplied upon re-
quest.

B. P. Thomason, En-
gineering & Planning
Coordinator, South Caro-
lina Department of
Parks, Recreation and
Tourism. 133173

Enclosure 1

2032

ARCHITECT-ENGINEER QUESTIONNAIRE

DATE: December 17, 1975

1. Firm Name Palmetto Engineering Co., Inc. 2. Established Year 1971 State S.C.
 3. Type of Organization Individual Corporation X Partnership Joint Venture Other
 4. Former Firm Name(s), if any, and year(s) established _____
 5. Home Office Business Address and Telephone Number
2105 Commerce Dr., Cayce, S. C. 29033 (803) 796-1977

6. Present Branch Office Address _____ Telephone No. _____ Name of Person in Charge _____
 7. Principals of firm (Names) Johnny T. Johnson, P.E.,
T.W. Kennedy, Jr., P.E., Charles Moore, R.L.S. 8. Associate Member of Firm (Names) _____

9. KEY PERSONNEL OF FIRM (Names)
 a. Architects _____
 b. Landscape Architects _____
 c. Civil Engineers T. W. Kennedy, Jr., P.E.
 d. Structural Engineers T. W. Kennedy, Jr.
 e. Sanitary Engineers Johnny T. Johnson
 f. Mechanical Engineers _____
 g. Electrical Engineers _____
 h. Planners _____
 i. Other Key Personnel (Indicate specialty) Charles Moore, R.L.S.

10. NUMBER OF PERSONNEL IN YOUR PRESENT ORGANIZATION

Located at	a. Principals & Key Personnel			b. Other Personnel									
	Arch (1)	Eng. (2)	Other (3)	Engineers				Drafts- Men (9)	Spec. Writers (10)	Estima- tors (11)	Survey- ors (12)	Bal. ance. (13)	Inspec- tors (14)
			(5) Mech.	(6) Elec.	(7) Civil	(8) other							
Home Office		2	1			1	1	4	1	12	2		
Branch Office													
Totals		2	1			1	1	4	1	12	2		

11. OUTSIDE ASSOCIATES AND CONSULTANTS USUALLY EMPLOYED BY YOUR FIRM

A. CATEGORY	B. Name of Firm or Individual and Address	A. CATEGORY	B. Name of Firm or Individual and Address
Architects	<u>Drafts & Jumper, PA</u> <u>729 Meeting St., West Columbia, SC 29169</u>	Mechanical Engineers	<u>W. E. Gilbert & Associates</u> <u>Greenwood, S.C.</u>
Landscape Architects	<u>Sidney T. Gattis, Jr.</u> <u>3350 Millwood Ave., Columbia, SC 29205</u>	Electrical Engineers	<u>John C. Evans, Jr., P.E.</u> <u>3202-B Millwood Ave., Columbia, SC 29205</u>
Civil Engineers	<u>None Normally</u>	Planners	_____
Structural Engineers	<u>W. E. Gilbert & Associates</u> <u>Greenwood, S. C.</u>	Estimators	<u>None</u>
Sanitary Engineers	<u>None</u>	Other Consultant Affiliations	<u>Law Engineering Testing Co.</u> <u>1931 Edmunds Rd., Cayce, SC 29033</u>

Enclosure 2

2033

1. Name (Last-first-middle initial)

2. Name (Last-first-middle initial)

Kennedy, Thomas W. Jr.

Johnny T. Johnson

Date of Birth (Month-day-year)	Years of Experience	As Principal in this firm	As Principal in other firms.	Other than principal	Date of Birth (Month-day-year)	Years of Experience	As Principal in this firm	As Principal in other firms.	Other than principal
<u>June 24, 1942</u>		<u>1</u>	<u>0</u>	<u>10</u>	<u>August 24, 1944</u>		<u>1</u>	<u>0</u>	<u>7</u>

Education (College, degree, year, specialization)
 The Citadel, BSCE 1964, Civil Engineering
 West Virginia University, MSCE, 1966, Civil Engineering

Education (College, degree, year, specialization)
 University of South Carolina, BSChE, 1967, Chemical Engineering

Membership in Professional Organizations

Membership in Professional Organizations

ASCE & NSPE

S.C. Society of Professional Engineers
 NSPE & AIChE

Registration (Type, year, State)

Registration (Type, year, State)

P.E., 1972 S.C., 1972 GA., 1973 Canal Zone

P.E., 1972 S.C., 1974 N.C.

3. Name (Last-first-middle initial)

4. Name (Last-first-middle initial)

Charles Moore

Date of Birth (Month-day-year)	Years of Experience	As Principal in this firm	As Principal in other firms.	Other than principal	Date of Birth (Month-day-year)	Years of Experience	As Principal in this firm	As Principal in other firms.	Other than principal
<u>March 31, 1936</u>		<u>4</u>	<u>0</u>	<u>17</u>					

Education (College, degree, year, specialization)
 Attended Furman University, 1954-1957, Engineering

Education (College, degree, year, specialization)

Membership in Professional Organizations

Membership in Professional Organizations

S.C. Society of Registered Land Surveyors

Registration (Type, year, State)

Registration (Type, year, State)

R.L.S., 1972 South Carolina

5. Name (Last-first-middle initial)

6. Name (Last-first-middle initial)

Date of Birth (Month-day-year)	Years of Experience	As Principal in this firm	As Principal in other firms.	Other than principal	Date of Birth (Month-day-year)	Years of Experience	As Principal in this firm	As Principal in other firms.	Other than principal

Education (College, degree, year, specialization)

Education (College, degree, year, specialization)

Membership in Professional Organizations

Membership in Professional Organizations

Registration (Type, year, State)

Registration (Type, year, State)

2034

PRESENT ACTIVITIES ON WHICH YOUR FIRM IS ENGAGED

NAME AND TYPE OF PROJECT	LOCATION	NAME AND ADDRESS OF OWNER	ESTIMATED CONSTRUCTION COST	PERCENT COMPLETED	
				DESIGN	FIELD SUPV.
Broad River Sewer Trunk Line	Columbia, S. C.	Harbison Corporation Columbia, S. C.	450,000.00	100	0
General Dynamics - 15,000 gal. sewage treatment plant	Charleston, S. C.		12,000.00	90	0
Loxcreen Industrial Waste Pretreatment	Roxboro, N. C.	Loxcreen Industries West Columbia, S. C.	45,000.00	100	30
Loxcreen Industrial Waste Pretreatment - 60,000 gpd	Cayce, S. C.	Loxcreen Industries West Columbia, S. C.	60,000.00	50	0
Broad River Sewage Treatment Facility Upgrade 1.6 MGD	Columbia, S. C.	City of Columbia, S. C.	70,000.00	100	20
FCX Treatment of Industrial Egg Waste - 2,500 gal.	Hopkins, S. C.	FCX Corporation Hopkins, S. C.	12,000.00	90	0
Swansea Area Step I Facilities Plan	Swansea, S. C.	Town of Swansea, S. C.		0	0
Roosevelt Garden Apt. Upgrade STP - 67,000 gal. system	Orangeburg, S. C.	Boozer & Wharton, Inc. Sumter, S. C.	25,000.00	100	50
Rawls Creek STP - 1.2 MGD	Irmo, S. C.	Michael J. Mungo, Inc. Columbia, S. C.	600,000.00	100	50
Old Barnwell Rd. STP - .82 MGD	Redbank, S. C.	J. Allen Shumaker Builder, Inc. - Columbia, S. C.	200,000.00	100	60
Lexington High School 30,000 gal. extended aeration with spray irrigation	Lexington, S. C.	Lexington School District No. 1 - Lexington, S. C.	80,000.00	100	0

TOTAL NUMBER OF PRESENT PROJECTS:

TOTAL ESTIMATED CONSTRUCTION COST: \$ 1,554,000

8035

Name and Type of Project	Location	Year Your Work Com- pleted	Name and Address of Owner	Estimated Construction Cost	Constructed (Yes or No)
2036	SEE STANDARD		FORM 251 U. S. GOVERNMENT		
ARCHITECT-ENGINEER QUESTIONNAIRE					
ATTACHED					

TOTAL NUMBER OF COMPLETED PROJECTS:

TOTAL ESTIMATED CONSTRUCTION COST:

EXHIBITS
OF
COMPLETED
WORK

(Please attach resume or photo which PRT may keep on permanent file)

1. What type of contractual agreement would you be will to work under? Percent of construction cost, fixed fee or fee hour basis
where the type of work is compatable with the fee method used.

2. What rates are charged for additional services beyond the contract scope:

- a. Principles time per hour? \$ 31.50/hr.
- b. Employees time at multiple of direct expense? Cost times 2.5
- c. Consultants time at multiple of direct expense? Amount billed times 1.1
- d. Mileage rate? 12¢ per mile

3. Do you have objections to the original drawings and specifications becoming the property of the State of South Carolina? No

4. Is you firm in compliance with Federal non-discrimination laws? Yes

5. Do you have any objections to PRT siting structures? No

6. Do you have any objection to PRT assisting in construction inspections and directly receiving and processing requests for payment from the contractor? No

7. Name two clients that may be contacted regarding your firm's finished product.

1. City of Columbia, Mr. John Ricketts or Mr. Sidney Varn
2. Harbison Development Corporation, Mr. Al Landino

8. Name two contractors that may be contacted regarding the clarity and completeness of plans and specifications produced by your firm.

1. Smith Grading and Paving, Turbeeville, S. C. - Mr. A. D. McCoy or Mr. Robert W. Finkley
2. Barker & McClam, Irmo, S. C. - Mr. Bill Barker

Note A: In the event spaces provided on the form are not sufficient for entires, additional sheets with appropriate references may be attached.

Note B: It will be advantageous for a firm to periodically update the information contained on this form.

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18.

COMPLETED WORK ON WHICH YOUR FIRM WAS DESIGNATED ARCHITECT OR ENGINEER OF RECORD
DURING THE LAST 10 YEARS

NAME AND TYPE OF PROJECT	LOCATION	YEAR YOUR WORK COMPLETED	NAME AND ADDRESS OF OWNER	ESTIMATED CONSTRUCTION COST	CON-STRUCTED (Yes or No)
Harmon Estates Subdivision Site plans, water, sewer & drainage design	Richland County	1972	Winchester Graham, Inc. Columbia, S. C.	48,891.00	Yes
Harmon Mobile Home Park Site plans, water, sewer & drainage design	Lexington County	1972	Joe Harmon Columbia, S. C.	80,000.00	No
Hidden Valley Mobile Home Park Site plans, water, sewer & drainage design	Lexington County	1971	Harry L. Shull, Jr. Columbia, S. C.	134,000.00	Yes
Challedon Subdivision Site plans, water, sewer & drainage design	Lexington County	1973	Keck Investments, Inc. Columbia, S. C.	73,500.00	Yes
Slatebrook Subdivision Site plans, water, sewer & drainage design	Richland County	1973	Winchester Graham, Inc. Columbia, S. C.	1,155,000.00	No
Somerset Estates Subdivision	Lexington County	1974	Fountain & Summers Columbia, S. C.	238,000.00	Yes
Estates of Coldstream Phase I Water, sewer, drainage design	Lexington County	1971	Michael J. Mungo Columbia, S. C.	57,500.00	Yes
Coatesworth Subdivision Water, sewer, drainage design	Lexington County	1971	Michael J. Mungo Columbia, S. C.	118,000.00	Yes
Colony East Apartments Site plans, water, sewer & drainage design	Richland County	1974	Paul Thomas Columbia, S. C.		Yes
Copperfield Subdivision & Commercial Complex Site plans, water, sewer & drainage design	Sumter County	1972	Winchester Graham, Inc. Columbia, S. C.	836,000.00	No
TOTAL NUMBER OF COMPLETED PROJECTS:			TOTAL ESTIMATED CONSTRUCTION COST:		

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JUNE 1961

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18.

COMPLETED WORK ON WHICH YOUR FIRM WAS DESIGNATED ARCHITECT OR ENGINEER OF RECORD
DURING THE LAST 10 YEARS

NAME AND TYPE OF PROJECT	LOCATION	YEAR YOUR WORK COMPLETED	NAME AND ADDRESS OF OWNER	ESTIMATED CONSTRUCTION COST	CON-STRUCTED (Yes or No)
Cross Creek Subdivision Water, sewer & drainage design	Richland County	1973	Advance Corporation Columbia, S. C.	430,000.00	No
Stoop's Creek Trunk Line Sanitary sewer trunk line design	Richland County	1973	Quality Builders, Inc. Columbia, S. C.	93,772.00	Yes
Barkwood Apartments 60" Storm drainage pipe line design	Richland County	1973	Quality Builders, Inc. Columbia, S. C.	79,992.00	Yes
Industrial Park Water & sewer distribution & drainage design	Richland County		Darnall W. Boyd Columbia, S. C.	35,681.00	Yes
Calibrate Sewage Treatment Facility	Kershaw County	1974	E. I. Dupont Co. Florence, S. C.		Yes
Dutch Fork Elementary School Sewage outfall line design	Richland County	1974	Lexington County School Dist. Lexington, S. C.	25,000.00	Yes
Energy Subsidiaries Site development plans	Lexington County	1974	S.C. Electric & Gas Co. Columbia, S. C.		No
Goldfield Mobile Home Park Site plans, water, sewer & drainage design	Lexington County	1973	Winchester-Graham, Inc. Columbia, S. C.	214,000.00	No
Grayland Forest Subdivision Site plans, water, sewer & drainage design	Lexington County	1974	Gray Construction Co. West Columbia, S. C.	162,000.00	Yes
Greengate Subdivision Sewage treatment facility & site planning	Richland County	1974	Jenkins Realty Columbia, S. C.	300,000.00	Yes
TOTAL NUMBER OF COMPLETED PROJECTS:		TOTAL ESTIMATED CONSTRUCTION COST:			

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JUNE 1961

Continued

DURING THE LAST 10 YEARS

NAME AND TYPE OF PROJECT	LOCATION	YEAR YOUR WORK COMPLETED	NAME AND ADDRESS OF OWNER	ESTIMATED CONSTRUCTION COST	CONSTRUCTED (Yes or No)
Greengate Condominiums Bridge, spillway, water, sewer & drainage design	Richland County	1974	Jenkins Realty Columbia, S. C.	172,800.00	Yes
The Groves Condominiums Site plans, water, sewer & drainage design	Richland County	1973	Paul Thomas Columbia, S. C.	259,600.00	Yes
Hallmark Sewage Treatment Facility 440,000 gpd design	Lexington County	1974	Michael J. Mungo Columbia, S. C.	75,000.00	Yes
Hinton Hills Subdivision Water, sewer & drainage design	Richland County	1972	McAlister Builders, Inc. Columbia, S. C.	344,458.00	No
Irmo Elementary School Sewer line design	Lexington County	1971	Lexington County School Dist. Lexington, S. C.	5,000.00	Yes
Plantation Village Mobile Home Park Site plans & drainage design	Lexington County	1973	Bill Jones Realty Columbia, S. C.	305,500.00	No
Queensgate Commercial Park Site plans	Richland County	1974	Bill Godshall Columbia, S. C.	290,000.00	No
Raintree Acres Site plans, water, sewer & drainage design	Richland County	1974	Sunburst Development Co. Columbia, S. C.	225,000.00	Yes
Ramada Acres Site plans	Lexington County	1974	Allied Development Corp. Columbia, S. C.		No
Riverchase Condominiums Sewer treatment facility (1 Mil gpd), & complete site	Lexington County	1974	Sunburst Development Co. Columbia, S. C.	839,800.00	No
TOTAL NUMBER OF COMPLETED PROJECTS:		TOTAL ESTIMATED CONSTRUCTION COST:			

STANDARD FORM 251
JUNE 1961

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DURING THE LAST 10 YEARS

NAME AND TYPE OF PROJECT	LOCATION	YEAR YOUR WORK COMPLETED	NAME AND ADDRESS OF OWNER	ESTIMATED CONSTRUCTION COST	CON-STRUCTED (Yes or No)
Transmission Line Location 5.68 miles	Calhoun Falls, S.C.	1973	S. C. Electric & Gas Co. Columbia, S. C.		Yes
216 Acre Topographic Study	Richland County	1974	Walker & Brooker Columbia, S. C.	120,345.00	No
Watermark Apartments Water, sewer & drainage design	Richland County	1974	Easeley Heating & Plumbing Easeley, S. C.	458,400.00	Yes
Whitehall Ext. Sewage Treatment Facility upgrade to 369,000 gpd	Lexington County	1972	Michael J. Mungo Columbia, S. C.	50,000.00	Yes
Whitehall Sewage Treatment Facility upgrade to 800,000 gpd	Lexington County	1973	Michael J. Mungo Columbia, S. C.	75,000.00	Yes
Whitehall Ext. (Waters Tract) Water, sewer & drainage design	Lexington County	1973	Michael J. Mungo Columbia, S. C.	180,000.00	Yes
Windsor Lake Park Water, sewer & drainage design	Richland County	1974	Boyd Construction Co. Columbia, S. C.	240,000.00	Yes
TOTAL NUMBER OF COMPLETED PROJECTS: 37		TOTAL ESTIMATED CONSTRUCTION COST: \$ 7,722,239.00			

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<u>PROJECT</u>	<u>ARCHITECT/ENGINEER</u>	<u>CONSTRUCTION COST</u>
<u>DREHER ISLAND</u> Residence, entrance, pavilion	LBC&W Associates 1800 Gervais Street Columbia, S. C.	\$ 465,000.
Site Design, water, sewage and bridge	Wilbur Smith & Associates 4500 Jackson Boulevard Columbia, S. C.	NOT COMPLETE
Tackle Shop	Henry Boykin 605 Monument Square Camden, S. C. 29020	\$ 30,000.
<u>LYNCHEs RIVER</u> Land Use Development Plan Slab design for geodesic dome Design of building to replace the dome	Chas. T. Main, Inc. P. O. Box 4607 Charlotte, N. C. 28204	\$2,923,000. 7,000. 100,000.
<u>LANDSFORD CANAL</u> Residence & Lockkeeper's House	Henry D. Boykin, AIA 605 Monument Square Camden, S. C. 29202	\$ 95,000.
<u>HAMPTON PLANTATION</u> Restoration Drawings	Read Barnes, Architect 155 East Bay Street Charleston, S. C. 29401	NOT COMPLETE
<u>KEOWEE-TOXAWAY</u> Master Plan	Recreation Department Clemson University	NOT COMPLETE
Interpretive Center	MBTB, Greenville, S. C.	\$ 175,000.
Water & Sewage	Farmer & Simpson P. O. Box 1692 Anderson, S. C. 29621	\$ 86,000.

<u>PROJECT</u>	<u>ARCHITECT/ENGINEER</u>	<u>CONSTRUCTION COST</u>
<u>HUNTING ISLAND</u> Water & Sewage	Farmer & Simpson P. O. Box 1692 Anderson, S. C. 29621	\$ 157,000.
<u>MYRTLE BEACH</u> Expansion of sewage facilities	Robert Bellamy P. O. Box 202 Myrtle Beach, S. C. 29577	\$ 20,000.
25 Comfort & Rest Stations	Henry Boykin, Camden, S. C.	\$ 500,000.
Eight (8) Residences	Fred Parrish, Columbia, S. C.	\$ 240,000.
<u>SANTEE</u> - Pavilion	William B. Holland, Atlanta, Ga.	\$ 140,000.
Central Shop/Columbia	Frank D. Hemphill, Columbia, S. C.	\$ 150,000.
<u>SADLERS CREEK</u> - Pavilion	J. E. Sirrine Co., Greenville, S. C.	\$ 125,000.
<u>CHARLESTOWNE LANDING</u> Restroom addition to the Dome (not activated)	Carson & William 3135 Millwood Avenue Columbia, S. C.	\$ 30,000. Est.
Geodesic dome addition	Jeffrey Marc Rosenblum, AIA Charleston, S. C.	NOT COMPLETE
<u>OCONEE</u> Multi-purpose building	Neal Architects, Inc. Greenville, S. C.	\$ 125,000.
<u>CROFT</u> Swimming Pool and Bathhouse	Prather, Thomas, Campbell, Pridgeon, Inc. 405 S. Pine Street Box 3028 Spartanburg, S. C. 29302	NOT COMPLETE

<u>PROJECT</u>	<u>ARCHITECT/ENGINEER</u>	<u>CONSTRUCTION COST</u>
LACE HOUSE RENOVATION	Henry D. Boykin, AIA 605 Monument Square Camden, S. C. 29020	\$ 256,000.
UTILITY REPAIRS FOR 10 PARKS	Davis & Floyd Engineers Greenwood, S. C.	NOT COMPLETE

STATE OF SOUTH CAROLINA)

)

ENGINEERING AGREEMENT

COUNTY OF RICHLAND)

This Agreement is made this _____ day of _____ in the year of Nineteen Hundred and _____, between the South Carolina Department of Parks, Recreations and Tourism hereinafter called the Owner and Palmetto Engineering Company, Inc. hereinafter called Engineer.

WITNESSETH:

THAT WHEREAS, The Department of Parks, Recreations and Tourism as the duly appointed agent of the State of South Carolina requires engineering services for the purpose of achieving compliance with certain environmental requirements for facilities under their control.

WHEREAS, The Owner has requested that Palmetto Engineering Company, Inc. be charged with the responsibility for providing the necessary services to provide design, document preparation and construction surveillance to achieve the required results.

NOW, THEREFORE, in order to implement the assistance of Palmetto Engineering Company for the purpose of achieving the compliance with the environmental requirements as established by the current NPDES permit requirements for various facilities under the Owner's control, the parties hereby set forth the responsibilities of the Engineer and the Owner and do hereby agree as follows.

- I. The Engineer shall provide professional services for the work described below in accordance with this Agreement.
- II. The Owner shall compensate the Engineer in accordance with the following schedule.
 - A. For basic design services and document preparation for the work described in this Agreement, compensation shall be computed on the basis of a Multiple of Direct Personnel Expense, as follows:

Principals' time at the fixed rate of \$31.50/hr.

The Principals are identified as:

Mr. Johnny T. Johnson

Mr. Thomas W. Kennedy, Jr.

Mr. Charles Moore

Employee's time (other than Principals) at a multiple of 2.5 times the employees Direct Personnel Expense as defined in paragraph V.

- B. For Services of professional consultants and laboratory testing at a multiple of 1.1 times the amount billed to the Engineer for such services. All professional consultants are subject to prior approval by Owner.
- C. For Reimbursable Expenses, all amounts expended as defined in paragraph VI.

III. The work shall consist of the following:

- A. The Engineer shall evaluate the existing condition at the various facilities named in this Agreement and provide the necessary engineering design required to achieve the level of compliance established under existing criteria of the Department of Health and Environmental Control. These tasks shall include the following:
 - 1. Evaluate waste water treatment facilities named herein.
 - 2. Design suitable corrective measures to achieve the level of effluent limitations to meet NPDES permit requirements. Preliminary design with cost estimates are to be presented to the Owner for approval prior to preparing final plans and construction documents.
 - 3. Prepare documents such as Operation and Maintenance Manuals, Daily Inspection Checklist and Plans and Specifications required to effectively implement the proposed program to obtain NPDES permit for each facility named herein.
 - 4. Submit the required documents for review and approval to any and all governmental authorities having jurisdiction over the use of the facilities named herein. Provide Owner with detail estimate of quantities and costs.
 - 5. Assist the Owner in obtaining bids or negotiated proposals, and in awarding and preparing construction contracts.
 - 6. As the Representative of the Owner during construction, shall advise and consult with the Owner and shall act in behalf of the Owner for the purpose of issuing instructions to the Contractor to the extent provided in the General Conditions of the Construction Contract.
 - 7. Check shop and working drawings furnished by contractor for compliance with design concept and specifications.

8. Periodic visits to the work sites will be made to check progress and determine in general if the work is proceeding in accordance with the Contract Documents. Exhaustive or continuous on-site inspections to check the quality or quantity of work shall not be required without further consideration of compensation.
 9. Final monitoring of the operation of the completed facilities shall be conducted by the Engineer and final approvals obtained from the governmental authorities having jurisdiction.
- B. The Engineer and Owner agree to the following list of facilities to be the object of the work to be conducted under this Agreement.
1. Baker Creek State Park, McCormick County, S. C.
Two (2) waste water treatment facilities.
 2. Hickory Knob State Park, McCormick County, S. C.
Two (2) waste water treatment discharges.
 3. Greenwood State Park, Greenwood County, S. C.
One (1) waste water treatment facility.
 4. Santee State Park, Orangeburg County, S. C.
Three (3) waste water treatment facilities.
- IV. The Engineer and Owner agree to the following special considerations.
- A. The total cost to the Owner for services outlines in paragraph III, as provided for payment under subparagraph IIA., will not exceed Twenty Eight Thousand Dollars. Expenses covered under subparagraphs IIB. and IIC. are not included in this limitation.
 - B. At the option of the Owner, additional facilities may be included as part of the scope of work for a period of one year with a corresponding increase in the total cost limitation as described above of Four Thousand Dollars for each facility.
 - C. Payments to the Engineer shall be made by the Owner based on itemized invoices submitted to the Owner on or about the first of each month during the course of the work in accordance with the fee schedule of paragraph II.
 - D. If the scope of the work is changed materially, compensation shall be subject to renegotiation.
- V. Direct Personnel Expense is defined as the salaries of professional, technical and clerical employees engaged on the Project by the Engineer and the cost of their mandatory and customary benefits such as statutory employee benefits, insurance, sick leave, holidays, vacations, pensions, and similar benefits.

- VI. Reimbursable Expenses are in addition to the Compensation for Basic and Additional Services and include actual expenditures made by the Engineer, his employees, or his professional consultants in the interest of the Project for the expenses listed in the following subparagraphs:
- A. Expense of transportation and living when traveling in connection with the Project; long distance calls and telegrams; and fees paid for securing approval of authorities having jurisdiction over the Project.
 - B. Expense of reproductions, postage and handling of Drawings and Specifications.
 - C. Expense of computer time when used in connection with Additional Services.
 - D. If authorized in advance by the Owner, expense of overtime work requiring higher than regular rates and expense of renderings or models for the Owner's use.
- VII. The Engineer shall be covered by Workmen's Compensation and Employers Liability Insurance as may be required by law, and shall hold the State of South Carolina harmless from all liability that may arise from the actions of the Engineer or his employees.
- VIII. Records of Reimbursable Expenses and expenses pertaining to Additional Services on the Project and for services performed on the basis of a Multiple of Direct Personnel Expense shall be kept on a generally recognized accounting basis and shall be available to the Owner or his authorized representative at mutually convenient times.
- IX. Drawings and Specifications are and shall remain the property of the Owner whether the Projects for which they are made are executed or not.
- X. The Owner and the Engineer each binds himself, his partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Owner nor the Engineer shall assign, sublet or transfer his interest in this Agreement without the written consent of the other.
- XI. This Agreement may be terminated by either party upon seven days' written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination. In the event of termination due to the fault of parties other than the Engineer, the Engineer shall be paid his compensation for services performed to termination date, including Reimbursable Expenses then due.

XII. This Agreement represents the entire and integrated Agreement between the Owner and the Engineer and supersedes all prior negotiations, representations or Agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owner and Engineer.

XIII. This Agreement shall be governed by the laws of South Carolina.

WITNESS the Hands and Seals of the parties hereto this _____ day of _____, 1976.

WITNESSES:

PALMETTO ENGINEERING COMPANY, INC.

J. W. Kennedy Jr

BY: Johnny T. Johnson

Patricia L. Chandler

TITLE Secretary

WITNESSES:

SOUTH CAROLINA DEPARTMENT OF
PARKS, RECREATION AND TOURISM

BY: _____

TITLE _____

0 /

Chair see me.

EXHIBIT VII
MAR. 2, 1976

COPY
ALL



CLEMSON
UNIVERSITY

VICE PRESIDENT FOR BUSINESS AND FINANCE

January 21, 1976

Mr. P. C. Smith
State Auditor
P. O. Box 11333
Columbia, S. C. 29211

Dear Mr. Smith:

Consulting Engineering Assistance

We have completed the first four steps of the State Budget and Control Board's procedures to be followed in selection of an engineering firm to provide consulting engineering assistance to our Physical Plant Division.

In accordance with Step 5 of these procedures we submit for approval the firm of Peritus Engineers, Inc., and are attaching (1) a copy of a tentative contract, (2) certifications showing required newspaper announcements regarding engineering services for this project, (3) a list of firms submitting resumes, (4) a list of firms whose representatives were interviewed, and (5) a list of construction projects with E-1's dated after January 1, 1973, showing for each the nature of the project, the architects-engineers, and the original contract amount.

If additional information is needed, please get in touch with me.

Sincerely,

Melford A. Wilson
Vice President for Business and Finance

MAW:JB:pdh

Enclosures

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BID AND CONTRACT ON CONTINGENCY BASIS

CONTRACT NO. 510

DATE OF CONTRACT January 19, 1976

Name and Address of Contractor: Peritus Engineers, Inc.
409 Pettigru Street
Greenville, S. C. 29606

Department: PHYSICAL PLANT DIVISION, CLEMSON UNIVERSITY, CLEMSON, S. C.

Place: Clemson University Campus

THIS CONTRACT, entered into this date by Clemson University, hereinafter called the University, represented by the Vice President for Business and Finance, and the Corporation named above, hereinafter called the Contractor, do mutually agree as follows:

That the Contractor is to perform required engineering, designing and drafting services for construction plans and specifications as needed by Clemson University, Physical Plant Division.

Clemson University, Physical Plant Division will determine Contractors participation in various projects regarding engineering disciplines (I.E., M.E., E.E., or St.E.). Remuneration will be in accordance with attached proposal from Peritus Engineers, Inc.

This contract may be rendered null and void by either party upon thirty days written notice of intention to do so.

Work to be started March 1, 1976

Work to be completed February 28, 1977

Payment are to be made in accordance with standard practices after invoice in triplicate covering completed work is submitted for approval and payment. Invoices will be submitted at the first of every month, or upon completion of the work. Invoices must be substantiated by time sheets.

Insurance coverage is listed on the REVERSE SIDE of this Contract and is to be incorporated as part of this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date stated above.

ACCEPTED BY:

Contractor

CLEMSON UNIVERSITY
By

Signature Title

Melford A. Wilson
Vice President for Business and Finance

2051

January 19, 1976

PROPOSAL TO CLEMSON UNIVERSITY:

Engineering Services on a Fixed Fee/Hour Basis

<u>Personnel</u>	<u>Hourly Rate</u>	<u>x</u>	<u>Overhead & Profit Mark-up</u>	<u>=</u>	<u>Engineering Rate</u>
Engineer	9.00	x	2.0	=	\$18.00
Designer	8.00	x	2.0	=	16.00
Draftsmen	6.00	x	2.0	=	12.00

The engineering services will include services as directed by Clemson University, and generally will include, but not necessarily be limited to, the following:

1. In-office time.
2. Field Time.
3. Design drawings.
4. Construction, equipment and material specifications.
5. Requesting, receiving and evaluating of equipment and material bids.
6. Recommendation to Clemson University based on bid evaluation and assistance in preparing Purchase Orders.
7. Printing and reproduction of construction specifications and drawings.
8. Travel expense, to and from Clemson University. Personal travel time to and from Clemson University will not be a chargeable item.

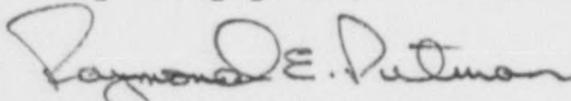
Thank you for the opportunity to submit this proposal and for your consideration.

ACCEPTABLE TO CLEMSON UNIVERSITY:

Date: Jan 19 1976

By: 1-19-76

Very truly yours,



Raymond E. Putman, P.E.

REP:hb

2052

CORRECTION

①

BID AND CONTRACT ON CONTINGENCY BASIS

CONTRACT NO. 510

DATE OF CONTRACT January 19, 1976

Name and Address of Contractor: Peritus Engineers, Inc.
409 Pettigru Street
Greenville, S. C. 29606

Department: PHYSICAL PLANT DIVISION, CLEMSON UNIVERSITY, CLEMSON, S. C.

Place: Clemson University Campus

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Insurance coverage is listed on the REVERSE SIDE of this Contract and is to be incorporated as part of this Contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the date stated above.

ACCEPTED BY:

Contractor

CLEMSON UNIVERSITY
By

Signature Title

Melford A. Wilson
Vice President for Business and Finance

2051

LIABILITY INSURANCE

The Contractor hereby agrees to indemnify and save harmless the Owner or its agents, servants and employees, from and against any and all loss, expense, damage, or injury caused or occasioned, directly or indirectly, by his act or negligence, or the act or negligence of any sub-contractor or his agents or employees in performing any of the work called for in this Contract.

The Contractor shall maintain such insurance as shall protect him from claims under the Workmen's Compensation Acts and also such insurance as shall protect him from claims for damages for personal injury, including death and claims for damage to property which may arise from operations under this Contract, whether such operations be by himself or by any sub-contractor or anyone directly or indirectly employed by either of them. Minimum limits of such insurance are shown below.

Certificates as such insurance, as listed below, shall be filed with the Director of Physical Plant before any work is started. Such certificates shall contain a statement by the Insurance Carrier that in the event of any material change or cancellation of any of the policies, the Director of Physical Plant will be notified within 15 days prior to such change or cancellation.

- A. Workmen's Compensation, including:
 - 1. Workmen's Compensation Insurance - Statutory limits
 - 2. Employer's Liability - Statutory limits

- B. Comprehensive General Liability, including:
 - 1. Premises and Operations - 100/300 B.I.; 50/100 P.D.
 - 2. Elevator Liability - 100/300 B.I.; 50/100 P.D.
 - 3. Contractor's Protective Liability - 100/300 B.I.; 50/100 P.D.
 - 4. Products Liability, including Completed Operations Coverage - 100/300 B.I.; 50/100 P.D.
 - 5. Contractual Liability - 100/300 B.I.; 50/100 P.D.

- C. Comprehensive Automobile Liability, including:
 - 1. All Owned Automobiles 100/300 B.I.; 50 P.D.
 - 2. Non-Owned Automobiles 100/300 B.I.; 50 P.D.
 - 3. Hired Car Coverage 100/300 B.I.; 50 P.D.

- D. Contractor's Contingent Insurance, if some part of the work is sublet to other contractors.

All policies shall be subject to the approval of the Owner for form and adequacy of protection.

UNEMPLOYMENT INSURANCE, OLD AGE PENSIONS, ETC.

Contractor agrees to indemnify and save Owner harmless, and to assume full responsibility for payment of all State and Federal taxes for unemployment insurance, old age pensions, or any other Social Security legislation as to all employees engaged in the performance of this Contract, and further agrees to meet all requirements that may be specified in regulations now or hereafter promulgated from time to time by administrative officials. The Contractor must comply with President's Executive Order 11246 as an Equal Opportunity Employer.

EQUAL OPPORTUNITY

The Contractor shall comply with the Owner's Equal Employment Opportunity, Employment of the Handicapped, and Affirmative Action policies. Prior to execution of this contract the Contractor will certify his compliance by execution of the Owner's forms, CUAAP - 1 thru 5, as appropriate.

January 19, 1976

PROPOSAL TO CLEMSON UNIVERSITY:

Engineering Services on a Fixed Fee/Hour Basis

<u>Personnel</u>	<u>Hourly Rate</u>	<u>x</u>	<u>Overhead & Profit Mark-up</u>	<u>=</u>	<u>Engineering Rate</u>
Engineer	9.00	x	2.0	=	\$18.00
Designer	8.00	x	2.0	=	16.00
Draftsmen	6.00	x	2.0	=	12.00

The engineering services will include services as directed by Clemson University, and generally will include, but not necessarily be limited to, the following:

1. In-office time.
2. Field Time.
3. Design drawings.
4. Construction, equipment and material specifications.
5. Requesting, receiving and evaluating of equipment and material bids.
6. Recommendation to Clemson University based on bid evaluation and assistance in preparing Purchase Orders.
7. Printing and reproduction of construction specifications and drawings.
8. Travel expense, to and from Clemson University. Personal travel time to and from Clemson University will not be a chargeable item.

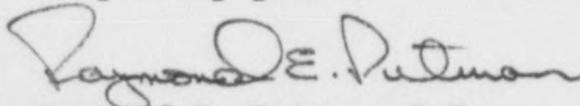
Thank you for the opportunity to submit this proposal and for your consideration.

ACCEPTABLE TO CLEMSON UNIVERSITY:

Date: James M. Hurst

By: 1-19-76

Very truly yours,



Raymond E. Putman, P.E.

REP:hb

2052 -A

The Greenville News-Piedmont Co.

Box 1688 Want Ad Advertising
Greenville, S. C. Invoice #36534

5024

Rhonda M. Carey, being duly sworn, says that she is the ~~Bookkeeper~~^{AK}

_____ of { THE GREENVILLE NEWS & a newspaper printed and
GREENVILLE PIEDMONT

published in the City of Greenville, in the State of South Carolina. That the
attached advertisement appeared in 30 Lines ~~lines~~ in the issue
of December 28, 29, 30, 1975

Rhonda M. Carey (Mrs.)

Sworn to and subscribed before me

this 20th day of January 1976

Robert A Huff
5-20-79 Notary Public for State of S. C.

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CLEMSON UNIVERSITY
BUSINESS AND FINANCE

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Influence

no good reason and often deceive themselves about people they like and lack a sense of tact and diplomacy.

Inmates Go Back To Cells; One Late

COLUMBIA (UPI) — An official of the South Carolina Department of Corrections said Saturday all but one of the 462 inmates who received three-day Christmas furloughs returned to their cells by the deadline time.

The one inmate who was not back in custody by the 4 p.m. deadline called to say he missed his bus from Charleston and would be on the next one, spokesman Sam McCuen said.

The inmates were released at 4 p.m. Christmas eve under the department's holiday furlough

Youth Killed; Mother Held Without Bond

By TOM PRIDDY
Anderson Bureau
ANDERSON — A 40-year-old Anderson woman has been charged with murder in connection with the Saturday morning shooting death of her son.

Anderson County Coroner Wilton Mackey said David Duckett, 18, of Lake Street, Iva, was shot with a .22 calibre rifle at his mother's home in Anderson about 4:30 a.m. Saturday.

Mackey said the youth died five hours later in Greenville General Hospital from a single bullet wound in the head.

The youth's mother, Sybil A. Duckett of 400 Sunset Dr., Anderson, is being held without bond at the Anderson jail.

Mackey said the circumstances surrounding the shooting are still unclear. He said an inquest is pending.

Clabby Creek was arrested Saturday at her home. At her arraignment, bond was set at \$1,000.

After detectives obtained a search warrant, they recovered from a bedroom window sill a bag with needles and cookers and a small bag of heroin.

program, which has been in effect since 1967.

McCuen said none of the 4,370 inmates who have received furloughs under the program, which also runs during the Easter and Labor Day holidays, have failed to return.

About 12 per cent of the inmates received the furloughs this Christmas.

Australian Ambassador To U.S. Dies

WASHINGTON (UPI) — Sir Patrick Shaw, Australia's ambassador to the United States, died Saturday evening, apparently of a heart attack, the embassy said.

A security agent at the embassy told UPI the ambassador died at approximately 6 p.m.

Officials had no further details immediately.

All insurance consultant firms who are interested in bidding to assist the state with several important matters concerning the health insurance contract.

If you are interested in receiving specifications, please write or call:

The State Personnel Division, Insurance Unit, 1205 Pendleton Street, Columbia, South Carolina 29201. Phone: (803) 758-2574, 133354

Notice
Notice of finding of no significant effect upon the environment to result from the city of Greenville's community development projects.

The City of Greenville Community Development Program has conducted an Environmental review for the following areas and activities:

1. New Town
The site is located on Meadow Street. It is a flat grassy plot of about 2 to 3 acres and currently partially used as a fall field. A concrete basketball court of 30' by 40' shall be constructed upon the site.
2. Park Avenue National Guard Armory

The Park Avenue National Guard Armory is located on a three to four acre parcel on East Park Avenue. To the West is Church Street, to the North is Sunflower Drive and to the East is a fire station. The main building will be renovated in order to function as a multi-use recreational facility.

The City of Greenville has ascertained that the level of clearance is that of no significant effect. This decision has been reached through consultation with various environmental and historic experts, inspection of the geographic area of the project and evaluation of the impact of proposed activities as they relate to the environment.

The Environmental Review Board is open and available to the public at the 8th Floor, City Hall between 8:00 a.m. and 5:00 p.m. The Chief Executive Director, Mayor Max M. Heller, has certified this level of clearance. Comments may be submitted to James W. Greer, Div-

LOST: Billfold, vicinity of Pleasantburg Shopping Center. Keep money, return papers and mail.

FOUND IN Judson area small gray dog. Please call & identify. Phone 295-0514

LOST: Bossie Hound, male, 1 yr. old, brown, white & black. Lost seen in Pleasant Hwy. area. Reward offered. Call Pete 271-6770, after 5:30, 233-5246.

Lost: Black miniature female Poodle Welcome Area. Reward call 269-3470

LOST: Black and Tan male Pekinese Monaghan Area. reward offered. Call 235-7304

LOST: CONN TRUMPET, ERN Trap Road, close to Crosswell Baptist Church. Reward 245-3911

LOST: Female boxer, vicinity of Ware Place. REWARD. Call 245-2492 or 285-9322

LOST: Tan & White Beagle, 4 years old, flea collar. E. State Area. answers to "Boni". Call 266-6440

\$25 REWARD

Children's pet Beagle, lost, Red with white markings, Annapolis Westcliffe Area. Call 286-3341

\$25 REWARD

LOST: In Jackson Grove Rd.-Pine Log Ford Road area. Travelers Rest, Christmas Eve. A light tan German Shepherd. Answers to name of Birch. EM-9155.

35-Notices

AAA QUALITY DESK PLATES
Doorplates, nameplates, gov service.
John Gilliam, 235-4702 or Gorraux

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Hosiery, the start of
TOWN HOUSE SALON
Call for appointment, 273-6428

CALL
H.M. HAMMIRE & ASSOC.
264-7400

Service Consultants of
Domestic & Civil Investigations, Polygraph Services, Legal Photography & Process Serving Diagrams.

CLASSES
VILLAGE YARN SHOP
Needlepoint, Knitting, Crochet Jan. 5
& 6. A.M.P.M. 246-4715

Confidential Investigations
INVESTIGATIVE
ASSOCIATES, INC.
CALL (803) 271-9595

CONSULTING ENGINEER
QUALIFICATION REQUEST

Clemson University requests resumes from firms interested in providing consulting engineering assistance to the Physical Plant Division for the development of Contract documents on renovations and modifications to existing utility systems.

Essentially, the work will be the Engineering Design of additions, modifications, and renovation of Heating, Ventilation, Air Conditioning, Plumbing, and Electrical systems, on-site investigations of existing systems, and consultation with University personnel. It is contemplated that compensation will be by a multiple of direct personnel expenses. The successful firm will be required to maintain accounting records in an acceptable accounting concept approved by the Owner.

Resumes must be received in the office of Roy M. Rochester, Assistant Vice President for Physical Plant, Clemson University, Clemson, S. C. 29634, not later than January 15, 1976.

Domestic or Adultery Investigations
25 yrs. experience—Responsible replies. Satisfaction guaranteed. SUTTON'S Investigative & Security Service, 730 E. North St. Greenville, RC3-242-9007

LOSE AFTER THE HOLIDAY BUES
COME TO CLASS AT YARN BOX
Needlepoint, (beginning & advance), Crewel, Macrame starting week of Jan. 5, 730 S. Pleasantburg Dr., 242-1864

MERRY CHRISTMAS & HAPPY
NEW YEAR from Perry's Furniture
Striping, 277-4480

OVERWEIGHT?
PAIN PROBLEMS?
Arthritis, Bursitis, headaches, back problems, Etc.

ACUPUNCTURE CENTER
OF ROCK HILL
803-366-7191

TIME'S A WASTING—Make time stand still with a portrait from Fred Pichens, 233-2117

WILL pick up free cars or trucks or will buy complete. Leonard's Used Cars, 269-8250 or 235-3230

FREE!
A cartload of green stamps. Nothing to buy. No obligation. Come in and guess how many stamps are in the car. You do not have to be present to win. Winner will be announced Jan. 2, 1976. (Guaranteed over \$200 value)
CENTURY LINCOLN-MERCURY
Next to Main Post Office
downtown Greenville

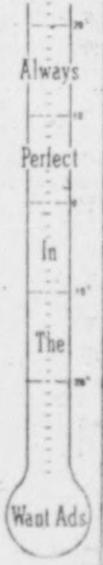
GREENVILLE NEWS 12-28-75

LEGAL NOTICES

Advertisement for Bids

The City of Spartanburg will receive sealed bids for construction of "Sanitary Sewer Collection and Trunk Lines" until 3:00 p.m., Jan. 14, 1976 in the Council Chambers, City Hall, Spartanburg, South Carolina, at which time and place all bids will be publicly opened and read aloud.

The work consists of the construction of sanitary sewer collection and trunk lines, and appurtenances, in the Cemetery Street Urban Renewal Area. Approximate quantities of each size are: 700' - 8", 1400' - 10", and 2000' - 24". Contract documents,



To Place Your Ad Phone 232-5811

**CALL
CLASSIFIED
242-5011
NEWS-
PIEDMONT**

LEGAL NOTICES

Advertisement for Bid The Office of The Adjutant General requires the services of an Architectural Firm for the design and supervision of the construction of a National Guard Project consisting of Alterations to the Combined Support Maintenance Shop, located in Columbia, South Carolina. Required will be the installation of eleven roll-up doors and modification of electrical system. The estimated construction cost is \$85,000.00.

Architectural Firms interested will so advise The Adjutant General, 1225 Bluff Road, ATTN: CPT Vernon E. Amick on or before 5 January 1976. Firms having a resume on file with this office need not duplicate.

State of South Carolina, Military Department, Office of The Adjutant General. 133296

Intent to mine Southern Brick has applied for a mining permit. The proposed mine is located adjacent to Thompson Creek, about three-fourths mile south of S.C. Highway 132 and approximately 7.5 miles southeast of Ninety Six, South Carolina. The resource to be mined is shale. Comments and inquiries should be directed in writing to the Land Resources Conservation Commission, Department of Mining and Reclamation, Post Office Box 11708, Columbia, South Carolina 29211, phone 738-2823. 133228

Notice to All insurance consultant firms who are interested in bidding to assist the state with several important matters concerning the health insurance contract.

If you are interested in receiving specifications, please write or

THE GIRLS Franklin Folger



"Now please don't tell me to leave it here - the last time I did that I had to live on casseroles for a month."

**News
PIEDMONT**
CLASSIFIED
ADVERTISING
242-5011

OFFICE OPEN 8 A.M.-5 P.M.
MONDAY THROUGH FRIDAY
OFFICE CLOSED SATURDAY
Service by telephone until 11 A.M.

SUNDAY, Office Closed. Cancellations and Error Corrections taken by Phone 1 PM to 3 PM

Announcements

25-Burial Lots

2 GRAVE LOTS, \$420
560 down, \$30 for 12 months
Woodlawn Memorial Park, 244-6272

30-Lost and Found

DESPERATE
LOST: Billfold, vicinity of Pleasantburg Shopping Center. Keep money, return papers via mail.

FOUND IN Judson area, small gray dog. Please call & identify. Phone 295-0514.

LOST: Basset Hound, male, 1 yr. old, brown, white & black. Last seen in Pleasant Hwy. area. Reward offered. Call Pete 271-8770, after 5-30, 223-5286.

LOST: Black miniature female Poodle Welcome Area. Reward call 269-4470

LOST: Black and Tan male Pekinese Monaghan Area, reward offered. Call 235-7504.

LOST: Female boxer, in vicinity of Ware Place. REWARD. Call 243-2450 or 288-9832

LOST, Sat. 9 a.m. Berea area. Reddish-Brown female Pekinese, about 6 in. tall, 8 in. long, 6 lb. Named "Prissy". Blind in one eye, 12 years old. Reward. Call 246-1667 anytime.

\$75 REWARD
Lost: In Jackson Grove Rd. Pine Log Ford Rd. area in Travelers Rest, Christmas eve. A light tan German Shepherd. Answers to name of Butch. 834-4156. 246-6329.

35-Notices

AAA QUALITY DESK PLATES
Dinnerware, etc. same day service

Announcements

35-Notices

BETTY LYNN
Has joined the staff of
TOWNHOUSE SALON
Call for appointment: 232-8428

H.M. HAMSHIRE & ASSOC.
796-7400
Service Consultant:
Domestic & Civil Investigations, Polygraph Services, Local Photography & Process, Servicing Diagrams

CLASSES

VILLAGE YARN SHOP
Needlework, Knitting, Crochet Jan. 5 & 6, A.M. - P.M. 244-4711

CONFIDENTIAL INVESTIGATIONS - INVESTIGATIVE ASSOCIATES, INC.
CALL (803) 271-8595

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Resumes must be received in the office of Roy M. Rochester, Assistant Vice President for Physical Plant, Clemson University, Clemson, S. C. 29631, not later than January 15, 1976.

WILL pick up 1966 cars or trucks or will buy complete. Letford's Used Cars, 269-8250 or 235-3220.

! FREE !
A carload of green stamps. Nothing to buy. No obligation. Come in and guess how many stamps are in the car. You do not have to be present to win. Winner will be announced Jan 2, 1976. (Guaranteed over \$200 value)

CENTURY LINCOLN-MERCURY
Next to Main Post Office
downtown Greenville

60-Nursing Homes

BASLEY RESTORUM, clean modern rest home. 24 hr. care. Affordable rates. 859-3722

Business Services

100-Business Oport.

ESTABLISHED FLOWER SHOP

Fully equipped, 123 By Pass, Easley, owner has other interest. For information call 859-0545.

FOR SALE CONVENIENCE FOOD MARKET (ideal for Party Shop, can be moved to any location. Convenient terms available. Call 963-5730

GROCERY Store and Market Inc. Doing good business. Ideal for meat cutter. Owner must sell due to health reason. \$33,000. 50% can be financed. Call 863-9721 from 9-9.

SMALL loan office for sale. Ideal for one person operation or to build. Amount of receivables flexible. Reply to Box Z-W, News-Piedmont.

Employment

150-Help Wanted Misc.

ARE YOU LOOKING FOR WORK? We have companies looking for machinists, electricians, welders, & sales people. Call for more information.

LADCO PERSONNEL
271-3415

AVON
NEVER SOLD BEFORE? I'll show you how you can earn money selling quality cosmetics, jewelry and family products. Call 271-4035. (Avon Answering Service) P. O. Box 5181, Greenville, S.C. 29606

BARTENDER

New Lounge with nightly entertainment has opening for enthusiastic Bartender. For appointment call 288-8784 between 9 & 12 A.M.

BEREA AREA

If you have some spare time in the afternoon, you can add \$50 to your weekly income by managing a Greenville Piedmont Motor Route in the Berea Area.

For details, contact the Circulation Department of the Greenville News-Piedmont by calling 242-5011.

CARD ROOM FIXER AND SUPERVISOR

Experience required on Pickers, Cards and Slubbers. Salary open to the right person. We are an Equal Opportunity Employer. Call:

803-534-1880

Low Country Textiles, Inc.

COCKTAIL WAITRESS

Congenial personality, evening hours, no calls. Apply in person 3 to 4 P.M. The Hourglass Lounge, 1365 Laurens Rd.

DELIVERY WANTED

Wanted Delivery Personnel to deliver in and around Greenville area. Need an aggressive & neat person. Good company benefits. Call for appointment. 12-29-75, 223-7095.

BABY SITTER to keep school age child & 1 yr old in my home. Woodruff Rd. area. Own transportation. References. Call 288-7027, after 6.

EVENING DISHWASHER

4 P.M. to 10 P.M.
Apply in Person
Colonial Court Motel

EXPERIENCED MANAGERS AND SHIFT WORKERS

For second and third shifts in 24 hour convenient food stores in Greenville and Easley area. You must be able to pass all background investigations and work any shift. Good starting salary and benefits. Apply 1410 Buncombe Rd. between 3-5 P.M.

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Buying,
Selling,
Renting,
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Special
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35—Notices

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Domestic or Adultery Investigations, 15 yrs. experience. Reasonable rates. Satisfaction guaranteed. SUTTON'S Investigative & Security Service, 700 E. North St. Greenville, 803-242-9007

ED'S Auto Parts! Will buy whole cars, move cars, & junk. Open 7 days, 232-9147, 2 Agnew Rd.

I will not be responsible for any acts other than incurred by myself. Jack Thomas Fox Jr., Route 5, Greenville.

JUNK CARS
 Will pick up free or will buy complete junk cars. GALLOWAY AUTO PARTS. Call 269-1371.

MERRY CHRISTMAS & HAPPY NEW YEAR from Perry's Furniture Striping. 277-4480.

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 Arthritis, Bursitis, headaches, back problems, Etc.

ACUPUNCTURE CENTER OF ROCK HILL
 803-366-7191

TIME'S A' WASTINI! Make time stand still with a portrait from Fred Pickens. 233-2117

Will pick up free cars or trucks or will buy complete. Ledford's Used Cars, 269-8250 or 235-3230.

WILL Pay top dollar for all junk cars and trucks.
 269-5646

! FREE !
 A carload of green slams. Nothing to buy. No obligation. Come in and guess how many slumps are in the car. You do not have to be present to win. Winner will be announced Jan. 2, 1976. (Guaranteed over \$200 value)

CENTURY LINCOLN-MERCURY
 Next to Main Post Office downtown Greenville

BETTY LYNN
 Has trained the staff of TOWN HOUSE SALON
 Call for appointment, 232-8428

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H.M. HAMSHIRE & ASSOC
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Service Consists of:

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AAA QUALITY DESK PLATES
 Doorplates, etc. Same day service. John Gilliam 235-3101 17 Garraux

60—Nursing Homes

EASLEY RESTORUM, clean modern rest home, 24 hr. care. Affordable rates. 859-3722.

65—Child Care/Nurseries

REYNOLDS Licensed Nursery near Welcome School. Hot lunches & kindergarten. 269-1360.

SANS SOUCI Nursery is the place where your child gets love and training and the price is right. Call Mrs. Sloan, 235-0351

TAYLORS area, complete child care, 3 1/2 kindergarten, hot meals, pickups. 244-4517 or 244-2728 after 6.

TWINKLE DAY CARE
 OPEN ALL NIGHT NEW YEARS EVE.
 Call 277-1972.

UNDER NEW MANAGEMENT
 E. Farris Day Care Center. Reasonable rates. J. E. Farris, 242-0972.

Welcome **CHILD CARE Center**. Reasonable Rates. Phone 269-2195

CHILD care for working mothers any shift. Large fenced yard, Donaldson area. 277-5783

CHRISTIAN Mother will keep children in my home, any shift and hourly, fenced yard. 235-1533

LOVING CARE NURSERY, New Baby Dept. Opening with low price. Woodfield. 277-6914.

75—Schools & Instructions

BELLY DANCING
 Fetema Sultan of Cairo, Egypt is offering her ancient art of native dance. Most pleasant feminine & graceful way to exercise & stay in shape. Ladies—no registration. Call 268-7308.

GUITAR COURSE
 Special 10 week beginners course. Starts in Jan. Ages 9-100. \$27.50. 834-4770.

ORGAN OR PIANO Lessons, in Berea Area. \$3.00 a half hour. Call Barbara Thompson, 246-9134.

PIANO INSTRUCTIONS — All Ages
 Classics, Hymns, Popular Music. Barbara Scribner. 244-6519

PIANO LESSONS, in Mauldin area. \$1 for 30 minutes.
 Call Linda Powell, 277-1115

85—Good Places to Go

DANCE at Sam's Place to the Country Review every Saturday night. Granting, S.C. Will have dance New Year's Eve.

Business Opportunities 

100—Business Opport.

ESTABLISHED FLOWER SHOP
 Fully equipped, 123 By Pass, Easley. Owner has other interest. For information call 859-0545.

FOR SALE CONVENIENCE FOOD MARKET ideal for Party Shop. Can be moved to any location. Convenient terms available. Call 963-5730

Employment

150—Help Wanted Misc.

BEREA AREA

If you have some spare time in the afternoon, you can add \$50 to your weekly income by managing a Greenville Piedmont Motor Route in the Berea Area.

For details, contact the Circulation Department of the Greenville News-Piedmont by calling 242-5011.

GAS STATION ATTENDANT

Full- or Part-Time
 Experience not required, positions immediately available in clean surroundings.

Positions offer **EXCELLENT SALARIES**

Apply in Person to:
BOB PHIPPS
HESS STATION 40241
 2000 Laurens Road Greenville, S.C.

AMERADA HESS CORP.
 An Equal Opportunity Employer M/F

HOUSEKEEPER, weekdays & afternoons, must have all transportation. Pelham Rd. area, phone 288-1292.

INGLES NEW SUPERMARKET SIMPSONVILLE

Has Openings For:
 Grocery Clerks
 Meat Cutters
 Produce Clerks
 Cashiers
 Bag Boys

We pay top wages, profit sharing, bonus & paid vacations, insurance, & retirement benefits. Also, good chance for advancement.

Apply in Person To
Mr. Hugh Anderson
 9 A.M. to 4 P.M.
 Tues., Wed., Dec. 29, 30
 Hyw. 276 Georgia Rd. Exit

KEN'S PIZZA PARLOR
 Now taking applications for Manager Trainees throughout the Carolinas. Apply in person, 1520 Wade Hampton Blvd.

LADCO PERSONNEL

Employment

150—Help Wanted Misc.

LIVE in baby sitter for mother & father on third shift. 4 children. Pays good. 859-3620.

MAN & WIFE

WANTED: Man & wife team for a career in retail management. Must be honest, dependable and willing to work. Paid vacation and other benefits. You can earn \$14,000 per yr. or more. Sound interesting? Call Mr. Derron, collect after 6 P.M. 855-6493.

NEED BASS GUITARIST for rock and progressive soul bands, must be experienced & able to play week nights & weekends. Call Anderson, 226-9782 after 4 P.M.

NEEDED IMMEDIATELY SECURITY OFFICERS

Please apply in person from 9 A.M. till 5 P.M. American Security of Greenville, Inc. Suite 9, Koger Executive Center (North I-85)

NEEDED! 4 Diesel mechanics. Cummins, Detroit experience. Call J. J. Smith, 288-8500. GREENVILLE MACK SALES

OPENING IN STOCK ROOM

MUST BE ABLE TO DO HEAVY LIFTING

APPLY
 Personnel Office
HER MAJESTY
 Mauldin, S.C.

An Equal Opportunity Employer

PASTRY COOK

No phone calls please
S & S Cafeteria

Apply to
 Mr. Evans or Mr. Hester
 1007 N. Pleasantburg Dr.

PRINTER WANTED
 Must be experienced on Multilith 1250 or A.B. Dick 360. Also neat in appearance and an aggressive worker. Good company benefits. Call for appointment, 233-7095.

EXPERIENCED SEWING MACHINE OPERATORS

Please Apply:

Employment

150—Help Wanted Misc.

COMPANION to elderly lady, to live in, references required. Write Box F.Y., News-Piedmont

COOK

FIRST SHIFT
Howard Johnson Restaurant
 Corner 291 & Augusta St.
 APPLY IN PERSON

DELIVERY PERSON
 With knowledge of the city. Full time. Phone 268-7621 for appointment.

EXPERIENCED CLOTH CUTTER

For Cutting Department
 Excellent Benefits
 Apply In Person
McAfee Mfg. Co.
 100 Gantt St.
 Greenville, S.C.

EXPERIENCED MANAGERS AND SHIFT WORKERS

For second and third shifts in 24 hour convenient food stores in Greenville and Easley area. You must be able to pass all background investigations and work any shift. Good starting salary and benefits. Apply 1410 Buncombe Rd. between 35 P.M.

150—Help Wanted Misc.

150—Help Wanted Misc.

Employment

150—Help Wanted Misc.

WAITRESSES & COOKS WANTED!

8 Waitresses, and 4 cooks. Day and night shifts. To begin work Jan. 5 at the new **MANOR RESTAURANT & SUPPER CLUB**.

Apply in person only. Located in Morgan Manor, 291 By-Pass.

WANTED lady to keep 4 month old baby girl in my home (Hillside Comm.) or theirs (Mauldin-Simpsonville area). First shift hours. 867-2208

WANTED WAITRESSES
 Neat, clean, & attractive. Apply in person. Jack Couch, Holiday Inn, I-85, 277-6730 for appointment.

We need waitresses for day and night, full and part-time. Call 244-3758, after 2 P.M.

WORKING CHEF

Must have good experience and excellent references. Apply Sheraton Motor Inn, 1001 S. Church St.

155—Sales—Agents

LARGE MANUFACTURING CORPORATION

Needs 4 men to go to work immediately. Prefer married men & women over 21. Excellent fringe benefits. Earning opportunity \$300 per week while learning. For personal interview, apply in person 916 Dardleton St. Fri. Jan. 2, 10 A.M. Ask for Mr. J.W. Carey.

INDUSTRIAL CLEANERS

Michelin has immediate openings for cleaners at its Greenville Plant. Jobs require dependable workers and offer permanent employment. Good pay and excellent benefits. Applications available Mondays and Wednesdays, 8 a.m. — 4 p.m. at the Greenville Employment Office located at the Plant.

MICHELIN

For
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ENGINEERING FIRMS SUBMITTING RESUMES
TO PROVIDE CONSULTING ENGINEERING ASSISTANCE
TO PHYSICAL PLANT DIVISION

January 21, 1976

1. J. E. Sirrine Company
P. O. Box 5456
Greenville, S. C. 29606
2. R. S. Noonan, Inc. of S. C.
P. O. Box 1388
Greenville, S. C. 29602
3. McMillan, Bunes, Townsend, and Bowen
P. O. Box 1508
Greenville, S. C. 29602
4. Piedmont Engineers-Architects-planners
P. O. Box 1777
Greenville, S. C. 29602
5. Stetson Architects and Engineers
Piedmont Center
33 Villa Road
Greenville, S. C. 29607
6. Peritus Engineers, Inc.
P. O. Box 6502
Greenville, S. C. 29606
7. Enwright Associates, Inc.
Engineers-Planners-Surveyors
P. O. Box 5287 Station B
Greenville, S. C. 29606
8. R. W. A. Engineers, Inc.
5672 International Drive
Charlotte, N. C. 28211

ENGINEERING FIRMS WHOSE REPRESENTATIVES
WERE INTERVIEWED IN CONNECTION WITH
PROVIDING CONSULTING ENGINEERING ASSISTANCE

January 21, 1976

1. Peritus Engineers, Inc.
P. O. Box 6502
Greenville, S. C. 29606
2. McMillan, Bunes, Townsend and Bowen
P. O. Box 1508
Greenville, S. C. 29602
3. Piedmont Engineers-Architects-Planners
P. O. Box 1777
Greenville, S. C. 29602

CLEMSON UNIVERSITY
CONSTRUCTION PROJECTS SINCE JANUARY 1, 1973

Date of E-1	Project No.	Name	Original Contract Amount	Architects	Nature of Project
5/15/73	9-102	Biological Sciences Bldg.	\$5,350,000	Riley/Bultman/Coulter Columbia, S. C.	Laboratory building
5/15/73	9-103	Agricultural Administration and Forest & Recreation Resources Facility	\$4,350,350	Lucas and Stubbs Assocs., Ltd. Charleston, S. C.	Office & teaching
9/10/74	9-110	Renov. & Addition to Agricultural Engr. Bldg.	\$2,236,126	J. E. Sirrinc Company Greenville, S. C.	Office & teaching
6/19/74*	9-112	Nursing Building	\$2,349,120	Riley/Bultman/Coulter	Office & teaching
10/11/74	9-114	Renov. of Sirrinc Hall	\$ 800,000 (est.)	McMillan, Bunes, Townsend and Bowen, Greenville, S. C.	Office & teaching
		<u>1/</u> Continuing Education Center	\$6,000,000 (est.)	Craig & Gauden, Greenville	Continuing educ. activities
7/24/75	9-120	Incinerator & Postmortem Facility	\$ 130,000 (est.)	Pearlstine-Anderson Columbia, S. C.	Postmortem facility for Livestock-Poultry Health Dept.
		University Golf Course	\$1,000,000 (est.)	George W. Cobb, Greenville	18-hole golf course
		Consulting Engineering Assistance to Physical Plant Division	N/A	Peritus Engineers, Inc. Greenville, S. C.	Additions, modifications, and renovations of various utility systems

*Original letter of agreement dated 11/22/71.

1/ This contract terminated during schematic design phase due to withdrawal of funds by State Budget & Control Board.

PPD-JB-1/21/76

2060



EXHIBIT VIII
MAR 2, 1976

The Supreme Court of South Carolina

J. WOODROW LEWIS
CHIEF JUSTICE

P. O. BOX 53
DARLINGTON, S. C. 29532

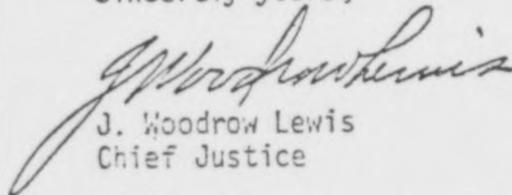
December 8, 1975

The Honorable P. C. Smith, Secretary
State Budget & Control Board
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

Because of the acceleration of the Court schedule throughout the State, we respectfully request approval of a supplemental appropriation in the amount of \$6,000 for Special Circuit Judges. Since the funds in this account have been depleted, further Special Judges cannot be used unless additional funds are provided.

Sincerely yours,



J. Woodrow Lewis
Chief Justice

JWL:rm

cc: The Honorable James B. Edwards
The Honorable Grady L. Patterson, Jr.
The Honorable Henry Mills
The Honorable Rembert C. Dennis
The Honorable F. Julian LeMond

2061

EXHIBIT IX COPY
MAR 2, 1976

C
PCB



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

February 6, 1976

Mr. Pat Smith, Secretary
State Budget and Control Board
P. O. Box 11333
Columbia, South Carolina 29211

Dear Mr. Smith:

In the past, the South Carolina Department of Mental Health has conducted farming operations on a two hundred (200) acre tract at our Crafts-Farrow facility. Since this operation has now become economically unfeasible, we are discontinuing this operation. Rather than let the property remain idle, we feel that it would be in our best interests to lease this property for farming purposes and/or pasture land after advertising for bids. We propose leasing this property for three year periods reserving the right to terminate if the property is again needed for public purposes.

Since this is public land, I believe it is necessary that we have the approval of the State Budget and Control Board before we proceed. If this is correct, it would be greatly appreciated if you would present this request to the Budget and Control Board for the necessary approval.

Sincerely yours,

William S. Hall, M.D.
State Commissioner of Mental Health

WSH:LWP:acm

Raymond E. Ackerman, M.D.
Deputy Commissioner, Community Mental Health Services

Alexander G. Donald, M.D.
Deputy Commissioner, Educational and Research Services

Thomas G. Faison, M.D.
Acting Dep. Comm. Alcohol & Drug Addiction Services

F. G. Reeves, Jr.
Deputy Commissioner, Administrative Services

Suzanne D. Brown, Ph.D.
Director, Program Development

Mental Health Commission: C. M. Tector, Jr., Chairman
Paeonian

G. Werner Bryan
Sunder

Walter H. Solomon
Charleston

J. C. Butz, M.D.
Spartanburg

Bernard Warsaw
Valleerboro

Gerrit D. Wood, Jr.
Columbia

John M. Fowell, M.D.
Greenville
Member Emeritus

Earle E. Morris, Jr.
West Columbia



EXHIBIT X
MAR 2, 1976

BOARD MEMBERS

Lachlan L. Hyatt, Chairman
William M. Wilson, Vice-Chairman
I. DeQuincey Newman, Secretary
W. A. Barnette, Jr.
Leonard W. Douglas, M.D.
J. Lorin Mason, Jr., M.D.

Dr. William C. Moore, Jr., D. D. S.

SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

February 11, 1976

E. KENNETH AYCOCK, M.D., M.P.H., COMMISSIONER
J. MARION SIMS BUILDING — 2600 BULL STREET
COLUMBIA, SOUTH CAROLINA 29201

Please reply to:

P. O. Box 4088
Spartanburg, SC 29303

Honorable James B. Edwards, Governor
Chairman, Budget and Control Board
Post Office Box 11450
Columbia, SC 29211

Dear Governor:

It came to the attention of our Board, meeting yesterday, that the U. S. Department of Defense is seeking to enter into a contract with our Appalachian II Region Health District (Greenville) to furnish certain software components to the Defense Department from the Health Management Information System (HMIS). This is a rather sophisticated computerized Management System developed by Dr. Ron Penick, and his staff, in conjunction with the Clemson University Data Processing Department. This system has created a great deal of interest throughout the country because of its uniqueness and its creative design, as well as the potential for adaptation to other organizational environments.

Obviously, we could not consider approval of this proposed contract without approval of the Budget and Control Board, which I hope will be forthcoming.

This is another demonstration to me that we, in South Carolina, when given an opportunity, can demonstrate our ability to do things. I feel that this is a great compliment to Dr. Penick, his staff, and others who have worked to perfect this system, and I am sure you share this feeling with me. Even more important to me, personally, and to our Board, is that it demonstrates that we can accomplish a great deal by working together in a team effort, cooperating, rather than competing for empires, and duplicating machinery and staff efforts. In short, our Board and Staff is attempting to demonstrate the successful results of what we all talk about.

2063

607

Honorable James B. Edwards, Governor
Page 2-
February 11, 1976

I sincerely hope that the Budget and Control Board will give its approval for this contract since it will be of substantial help in underwriting what we have already done, and financially assist us to further develop this undertaking.

Dr. Aycok and Dr. Penick will be more than happy to provide you with any additional information you may desire in making your decision.

With kindest personal regards, and in deep appreciation for what you are doing for South Carolina.

Sincerely,



LACHLAN L. HYATT, Chairman

LLH:jm

cc: Mr. Patrick C. Smith, Secretary ✓
E. Kenneth Aycok, M.D., M.P.H., Commissioner
R. W. Penick, M.D., M.P.H., Regional Medical Director
Board Members

2064



STATE OF SOUTH CAROLINA

OFFICE OF THE STATE AUDITOR

P. O. BOX 11333

COLUMBIA

29211

P. C. SMITH
STATE AUDITOR

TELEPHONE
(803) 758-3106

February 25, 1976

Mr. Lachlan L. Hyatt, Chairman
State Board of Health and Environmental Control
P. O. Box 4088
Spartanburg, South Carolina 29303

Dear Mr. Hyatt:

As requested in your recent letter, the State Budget and Control Board at its next meeting will consider your proposal for the sale of software components of the Health Management Information System which has been developed in Appalachian II Regional Health District. This meeting will be held at 2:30 p. m. on March 2, 1976, in the conference room of the Governor's office. We would suggest that either you or Dr. Aycock should probably be present to discuss this matter.

If the above mentioned date is not satisfactory, please advise and we will be glad to hold this matter in abeyance until some more appropriate time.

Yours very truly,

William T. Putnam
Assistant State Auditor

WTP:sc

CC: Dr. Kenneth Aycock

2065

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

EXHIBIT XI
~~JUNE 15, 1976~~
3/2/96

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 Beaufort County (the County Board) respectfully shows:

1. The County Board is the governing body of Beaufort County, South Carolina, as established by law, and as such is the County Board referred to in Act No. 103 of the South Carolina General Assembly enacted at its 1967 Session, as amended (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, buildings, equipment, machinery and other improvements deemed necessary, suitable and useful by any manufacturing or processing enterprise; to lease the same; and to finance the acquisition, construction and equipping 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 agreed with Alexander Dawson, Inc., a corporation organized under the laws of the State of Nevada (the Lessee) that the County Board will undertake to finance the acquisition, construction and equipping of new seafood processing facilities located in Beaufort County through the issuance of an Industrial Revenue Note pursuant to the Act. In this connection, the County Board has agreed to accept a conveyance of the parcel or tract of land containing approximately 22 acres, located in Beaufort County, South Carolina, on which the new facilities will be located, and the County Board has agreed to issue a Nine Hundred Thousand Dollar (\$900,000) Beaufort County, South Carolina, First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee), pursuant to the Act in order to finance the

acquisition, construction and equipping of the said facilities (said land and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project).

4. The County Board is advised by the Lessee that the cost of acquiring the said land, and the cost of constructing improvements thereto, and the cost of acquiring and installing the necessary machinery and equipment will amount to approximately \$900,000; and that in order to finance the acquisition, construction and equipping of the Project, including the costs and charges incident to the issuance and sale of the Note hereinafter described, it will be necessary that the County Board issue its Nine Hundred Thousand Dollar (\$900,000) Beaufort County, South Carolina, First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee) (the Note).

5. When complete the Project will employ at least 175 persons.

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

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

(b) By reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and the Lessee will unconditionally obligate the Lessee to pay rent in an amount adequate to provide for the principal and interest payments on the Note which bears interest at the rate of 7 1/4% per annum and will mature in equal consecutive semi-annual principal installments of \$45,000 each, payable March 1 and September 1 of each year beginning September 1, 1976.

(d) The Lessee has arranged to sell the Note without the establishment of any reserve funds and, therefore, it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) The terms of the Lease will require the Lessee 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 the acquisition of a parcel or tract of land containing approximately 22 acres, located in Beaufort County, South Carolina, including improvements to be constructed thereto, and the acquisition and installation of machinery and equipment which will be necessary for, and part of, facilities for the processing of seafood.

(b) The Project, when completed, will provide employment for at least 175 persons. It is, therefore, believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the entire Project will amount to approximately \$900,000, including the cost of acquiring the said land and constructing the improvements thereto, and all other expenses to be incurred in connection therewith. The Lessee will provide all funds required to complete the Project in excess of the Note proceeds.

8. The proposed Lease, a draft copy of which is presented herewith, will provide, among other things, the following:

(a) To finance the cost of the acquisition, construction and equipping of the Project, the County will issue its \$900,000 Beaufort County, South Carolina, First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee). The Note will be secured by a pledge of the rents to be paid by the Lessee and will be further secured by a

Mortgage as authorized by the Act, to Bankers Trust of South Carolina (the Bank), the Purchaser of the Note. As additional security for the Note, the Lessee will, in a Guaranty Agreement, unconditionally guarantee payment of the principal and interest on the Note as and when the same become due.

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

(c) The Lease will contain a specific provision by which the Lessee will unconditionally agree to make payments to Beaufort County, to any School District in Beaufort 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 Beaufort County, by any such School District, and by said political units if the Project were owned by the Lessee, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the Lessee were it the owner of the Project.

(d) The Lease 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 Mortgage, a draft copy of which is hereto attached, is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause will be:

(a) All real property, equipment and machinery and interest therein, acquired or to be acquired for the Project.

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

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

10. The proposed Lease Guaranty Agreement and Mortgage will be in substantially the form heretofore used in the issuance of Industrial Revenue Notes pursuant to the Act. While changes may be made in the enclosed forms, no changes will be made therein which substantially affect the undertaking as now outlined therein.

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

That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose 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.

Respectfully submitted,

COUNTY COUNCIL OF BEAUFORT COUNTY

(SEAL)

By *P. Hunt Jones*
Chairman, County Council of
Beaufort County

By *Nancy A. Markwick*
Secretary, County Council of
Beaufort County

2070

A RESOLUTION

APPROVING THE FINANCING OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN FACILITIES IN BEAUFORT COUNTY (TO BE LEASED TO ALEXANDER DAWSON, INC.) THROUGH THE ISSUANCE OF A NINE HUNDRED THOUSAND DOLLAR (\$900,000) BEAUFORT COUNTY, SOUTH CAROLINA FIRST MORTGAGE INDUSTRIAL REVENUE NOTE, SERIES 1976 (ALEXANDER DAWSON, INC. - LESSEE); AND AUTHORIZING THE PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ACT NO. 103 OF THE 1967 ACTS OF THE SOUTH CAROLINA GENERAL ASSEMBLY.

As an incident to the adoption of this Resolution, the County Council of Beaufort County (which is the governing body of the County) (the County Board), has made the following findings:

1. Alexander Dawson, Inc., a corporation organized under the laws of the State of Nevada (the Lessee) has proposed that the County Board undertake to finance the acquisition, construction and equipping of certain seafood processing facilities at an estimated cost of \$900,000, including the acquisition of a parcel or tract of land, containing approximately 22 acres, located in Beaufort County, South Carolina, through the issuance of an Industrial Revenue Note pursuant to the authorization of Act No. 103 of the 1967 Acts of the South Carolina General Assembly, as amended (the Act). The Lessee has advised the County Board that its proposed industrial project would be aided by the assistance which the County might render through the sale of a \$900,000 Industrial Revenue Note pursuant to the Act. The County Board has agreed so to finance the acquisition, construction and equipping of the said facilities (the said 22 acre tract of land and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project), and adopts this Resolution to evidence its approval of the issuance of the Note as aforesaid and to authorize a petition to the State Budget and Control Board (the State Board) setting forth the facts required by Section 14 of the Act.

2. The County Board has determined that the Project will subserve the purposes of the Act and neither the Project nor the Note will give rise to any pecuniary liability of Beaufort County or a charge against its general credit or taxing power.

3. The total cost of the Project is estimated to be \$900,000. The amount necessary to finance the Project is Nine Hundred Thousand Dollars (\$900,000). The Lessee will provide all amounts required to complete the Project in excess of the proceeds of the proposed \$900,000 Note.

4. The Lessee has submitted to the County Board a draft of the proposed Lease, under which the Lessee will agree to pay as rent the amount necessary to provide the annual payments of principal and interest on the Note, which will bear interest at the rate of 7 1/4% per annum and will be payable in the years and amounts as set forth in paragraph 6(c) of the attached Petition.

5. The proposed Lease obligates the Lessee unconditionally to pay the amount necessary to provide the annual payments of principal and interest to become due on the Note and to pay other costs in connection therewith and contains an appropriate provision requiring the Lessee to pay in lieu of taxes, such amounts as would otherwise be paid if the Lessee owned the Project.

6. In view of the Lessee's successful arrangements to effect a sale of the Note without the establishment of reserve funds for the payment of the principal and interest, no such reserve funds need be established.

7. The Lessee has advised the County Board that it has arranged for the sale of the Note to Bankers Trust of South Carolina.

8. The Note will be issued as a tax exempt bond by virtue of the exemption provided by Section 103(c)(6)(A) of the Internal Revenue Code of 1954, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF BEAUFORT 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 Note by Beaufort 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 executed by the Chairman and Secretary of this County Council.

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT

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 Beaufort County
(the County Board) respectfully shows:

1. The County Board is the governing body of Beaufort County, South Carolina, as established by law, and as such is the County Board referred to in Act No. 103 of the South Carolina General Assembly enacted at its 1967 Session, as amended (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, buildings, equipment, machinery and other improvements deemed necessary, suitable and useful by any manufacturing or processing enterprise; to lease the same; and to finance the acquisition, construction and equipping 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 agreed with Alexander Dawson, Inc., a corporation organized under the laws of the State of Nevada (the Lessee) that the County Board will undertake to finance the acquisition, construction and equipping of new seafood processing facilities located in Beaufort County through the issuance of an Industrial Revenue Note pursuant to the Act. In this connection, the County Board has agreed to accept a conveyance of the parcel or tract of land containing approximately 22 acres, located in Beaufort County, South Carolina, on which the new facilities will be located, and the County Board has agreed to issue a Nine Hundred Thousand Dollar (\$900,000) Beaufort County, South Carolina, First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee), pursuant to the Act in order to finance the

acquisition, construction and equipping of the said facilities (said land and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project).

4. The County Board is advised by the Lessee that the cost of acquiring the said land, and the cost of constructing improvements thereto, and the cost of acquiring and installing the necessary machinery and equipment will amount to approximately \$900,000; and that in order to finance the acquisition, construction and equipping of the Project, including the costs and charges incident to the issuance and sale of the Note hereinafter described, it will be necessary that the County Board issue its Nine Hundred Thousand Dollar (\$900,000) Beaufort County, South Carolina, First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee) (the Note).

5. When complete the Project will employ at least 175 persons.

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

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

(b) By reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) The proposed Lease between the County Board and the Lessee will unconditionally obligate the Lessee to pay rent in an amount adequate to provide for the principal and interest payments on the Note which bears interest at the rate of 7 1/4% per annum and will mature in equal consecutive semi-annual principal installments of \$45,000 each, payable March 1 and September 1 of each year beginning September 1, 1976.

(d) The Lessee has arranged to sell the Note without the establishment of any reserve funds and, therefore, it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) The terms of the Lease will require the Lessee 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 the acquisition of a parcel or tract of land containing approximately 22 acres, located in Beaufort County, South Carolina, including improvements to be constructed thereto, and the acquisition and installation of machinery and equipment which will be necessary for, and part of, facilities for the processing of seafood.

(b) The Project, when completed, will provide employment for at least 175 persons. It is, therefore, believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the entire Project will amount to approximately \$900,000, including the cost of acquiring the said land and constructing the improvements thereto, and all other expenses to be incurred in connection therewith. The Lessee will provide all funds required to complete the Project in excess of the Note proceeds.

8. The proposed Lease, a draft copy of which is presented herewith, will provide, among other things, the following:

(a) To finance the cost of the acquisition, construction and equipping of the Project, the County will issue its \$900,000 Beaufort County, South Carolina, First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee). The Note will be secured by a pledge of the rents to be paid by the Lessee and will be further secured by a

Mortgage as authorized by the Act, to Bankers Trust of South Carolina (the Bank), the Purchaser of the Note. As additional security for the Note, the Lessee will, in a Guaranty Agreement, unconditionally guarantee payment of the principal and interest on the Note as and when the same become due.

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

(c) The Lease will contain a specific provision by which the Lessee will unconditionally agree to make payments to Beaufort County, to any School District in Beaufort 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 Beaufort County, by any such School District, and by said political units if the Project were owned by the Lessee, but with appropriate reductions similar to the tax reductions, if any, which would be afforded the Lessee were it the owner of the Project.

(d) The Lease 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 Mortgage, a draft copy of which is hereto attached, is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause will be:

(a) All real property, equipment and machinery and interest therein, acquired or to be acquired for the Project.

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

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

10. The proposed Lease Guaranty Agreement and Mortgage will be in substantially the form heretofore used in the issuance of Industrial Revenue Notes pursuant to the Act. While changes may be made in the enclosed forms, no changes will be made therein which substantially affect the undertaking as now outlined therein.

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

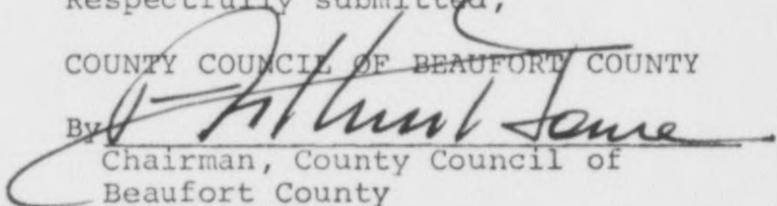
That the State Budget and Control Board accept the filing of the Petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and Trust Indenture, as it deems advisable, and that thereafter, the said State Board make a finding that the proposed Project will promote the purpose 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.

Respectfully submitted,

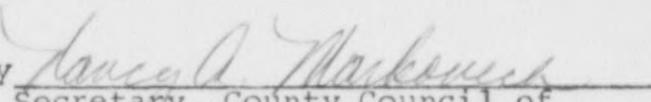
COUNTY COUNCIL OF BEAUFORT COUNTY

(SEAL)

By


Chairman, County Council of
Beaufort County

By


Secretary, County Council of
Beaufort County

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

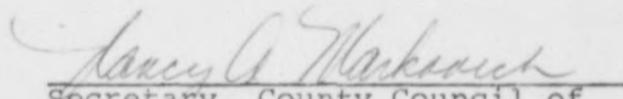
I, the undersigned, Secretary of the County Council of Beaufort County, South Carolina, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution unanimously adopted by the said County Council of Beaufort County at a duly called and regularly held meeting at which all members attended and remained throughout on February 9, 1976.

That the said Resolution was offered by Gary D. Fordham, and seconded by Booker T. Washington, and that the same is now in full force and effect and has not been modified, amended, repealed or rescinded.

IN WITNESS WHEREOF, I have herunto set my hand and the Seal of the said County Council of Beaufort County, South Carolina, this 9th day of February, A. D., 1976.

(SEAL)


Secretary, County Council of
Beaufort County

A RESOLUTION

APPROVING THE UNDERTAKING OF THE COUNTY COUNCIL OF BEAUFORT COUNTY TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF SEAFOOD PROCESSING FACILITIES (TO BE LEASED TO ALEXANDER DAWSON, INC.), THROUGH THE ISSUANCE OF A \$900,000 BEAUFORT COUNTY INDUSTRIAL REVENUE NOTE PURSUANT TO ACT NO. 103 OF 1967, AS AMENDED, AND PROVIDING FOR THE PUBLICATION OF NOTICE OF SUCH APPROVAL.

WHEREAS, heretofore the County Council of Beaufort County, South Carolina (the County Board) did, pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, 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 parcel of land containing approximately 22 acres located in Beaufort County, South Carolina, and the construction and equipping thereon of seafood processing facilities (said 22 acre tract of land, and the buildings, machinery and equipment constituting the said facilities being hereafter referred to as the Project) all of which is to be financed by the issuance of a Note pursuant to the Act, and leased by the County Board to Alexander Dawson, Inc., a corporation organized under the laws of the State of Nevada (Lessee); and

WHEREAS, in order to finance the acquisition, construction and equipping of the Project, the County Board proposes to provide for an issue of a \$900,000 Beaufort County, South Carolina, First Mortgage Industrial Revenue Note pursuant to the Act payable from the rentals derived from the Lessee and additionally secured by a Mortgage of the Project from Beaufort County to North Carolina National Bank, Charlotte, North Carolina, the purchaser of the Note; and

WHEREAS, the initial draft forms of the Lease Agreement between Beaufort County and the Lessee and the said Mortgage have been considered by this Board.

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 setting forth a brief description of the Project and its anticipated effect upon the economy of Beaufort County and of the areas adjacent thereto, a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and the Mortgage to be made by the County Board and has established that the Lessee will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of the Act.

(c) That the Project, when completed, will provide employment for approximately 175 persons and will be of benefit to Beaufort 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 land, to finance the construction and equipping thereon of the proposed seafood processing facilities, to lease the Project to the Lessee and to finance the cost of acquiring, constructing and equipping the Project through the issuance of a \$900,000 Beaufort County, South Carolina, First Mortgage Industrial Revenue Note pursuant to the Act payable from the revenues to be derived from the leasing of the Project, and additionally secured by the said Mortgage, 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 of the State Board in giving approval to the undertaking of Beaufort County, South Carolina, above described in paragraph 2, supra, shall be

published in THE GAZETTE , a newspaper having general circulation in Beaufort County.

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

NOTICE PURSUANT TO ACT NO. 103 OF
THE ACTS OF THE GENERAL ASSEMBLY
OF SOUTH CAROLINA FOR THE YEAR
1967, AS AMENDED

Notice is hereby given that following the filing of a Petition by the County Council of Beaufort County (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 Board of a parcel of land containing approximately 22 acres in Beaufort County, South Carolina, and the construction and equipping thereon of seafood processing facilities (the said 22 acre tract of land, and the buildings, machinery and equipment constituting the said facilities being hereinafter referred to as the Project). To finance the acquisition, construction and equipping of the Project, the County Board will issue a \$900,000 Beaufort County, South Carolina, First Mortgage Industrial Revenue Note (the Note), pursuant to Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967, as amended. The County Board will lease the Project to Alexander Dawson, Inc., a corporation organized under the laws of the State of Nevada (the Lessee) under a Lease Agreement and the Bonds will be payable solely from the rentals to be paid to the County by the Lessee, which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and the Bonds will be additionally secured by a Mortgage which will constitute a forecloseable lien upon the Project.

In addition, the Lessee has agreed to pay to Beaufort County, the School District, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Beaufort

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 reductions similar to the tax exemptions, if any, which would be afforded to the Lessee if it were the owner of the Project.

The Lease by which Beaufort 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.

When completed, it is estimated that the Project will provide employment for approximately 175 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 Beaufort County.

THE STATE BUDGET AND CONTROL BOARD

By: P. C. SMITH, Secretary

PUBLICATION DATE:

March __, 1976.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, P. C. SMITH, Auditor of the State of South Carolina,
and Secretary of the State Budget and Control Board, DO HEREBY
CERTIFY:

That the said State 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 Leslie Patterson, Jr., State
Treasurer;

The Honorable John Henry Mills, Comptroller General
of South Carolina;

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

The Honorable F. Julian LeMond, Chairman of the
House Ways and Means Committee.

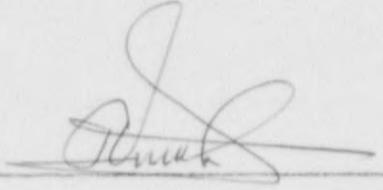
That due notice of meeting of said Board, called to be
held at the office of the State Auditor, in the Hampton
Office Building, at Columbia, South Carolina, at _____ .M.,
_____, 1976, was given to all members in writing at
least four (4) days prior to said meeting; and that all members
of said Board were present at said meeting, with the exception
of:

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

FOR MOTION

AGAINST MOTION

That the Chairman thereupon delivered 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

_____, 1976

ALEXANDER DAWSON, INC.

FINANCIAL STATEMENTS

October 31, 1975

ALEXANDER DAWSON, INCORPORATED

BALANCE SHEET

October 31, 1975

	1	2	3	4
		THIS YEAR		LAST YEAR
ASSETS				
INVESTMENTS:				
Marketable Securities		\$12,552,164		\$27,790,538
Foreign Investments		33,621,411		32,657,908
United States Treasury Bills		285,007		3,746,772
Time Certificates				63,643
Investments in Unconsolidated subsidiaries		5,834,871		10,036,922
Las Vegas real estate net of depreciation		7,773,254		6,859,823
TOTAL INVESTMENTS		\$48,566,555		\$77,065,096
Fixed Assets - net of depreciation		4,713,942		3,606,470
Cash		295,091		265,861
Accounts Receivable		7,827,422		4,260,200
Swiss Tax Receivable		1,211,854		2,829,975
Notes & Advances Receivable		1,374,473		1,807,157
Other Assets		1,752,286		2,203,162
TOTAL ASSETS		\$93,641,773		\$80,656,741
LIABILITIES				
Notes Payable		\$11,000,000		\$
Accounts Payable		1,513,889		26,584
Payroll Taxes		1,510		22,252
Federal Income Tax Payable		5,769,976		2,539,617
Accrued Expenses		262		722,53
Unearned Income		21,341		5,220
Deferred Option Income		11,272		
Retention - Sub-contracts		11,215		72,536
Tenant Deposits		20,298		60,093
Tax on unrealized appreciation		12,643,286		9,562,790
TOTAL LIABILITIES		\$14,538,439		\$12,662,645
STOCKHOLDER'S EQUITY				
Capital Stock		\$18,761,500		\$18,761,500
Paid-In Capital		8,350,733		8,327,000
Retained Earnings (including net unrealized appreciation)		7,089,141		6,522,506
TOTAL STOCKHOLDER'S EQUITY		\$79,103,334		\$67,994,096
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY		\$93,641,773		\$80,656,741

ALEXANDER DAWSON, INCORPORATED

STATEMENT OF OPERATIONS

FOR THE Tax Month PERIOD ENDED October 31, 1975

		1	2	3	4
		THIS YEAR			LAST YEAR
1	INCOME				
2					
3	Dividends	\$	1165347	\$	1166785
4	Interest		2155022		1450857
5	Rental and Other Income		271261		62006
6		\$	3,592,330	\$	2,679,648
7					
8	Income (loss) from divisions				
9	and subsidiary	<	554396	>	223531
10	TOTAL - Operational Income	\$	3,037,934	\$	2,903,179
11	Realized gains on investments:				
12	Gains (losses) on marketable				
13	domestic securities (net)	\$	53132	\$	< 29774 >
14	Gains (losses) on marketable				
15	foreign securities (net)		212207		
16	Gains (losses) on silver				
17	and gold (net)	<	251223	>	8500515
18	Gains (losses) on foreign				
19	exchange (net)		5776014		1558404
20	Gains (losses) sale of				
21	Real Estate (net)		16000		16000
22	Total realized gains	\$	5,212,230	\$	1,004,514.5
23					
24	Total Income	\$	8,251,164	\$	12,948,324
25	Less Expenses		8,324,988		6,995,227
26	Net Income before Federal				
27	Income Tax Provision	\$	742,7916	\$	122,53797
28	Provision - Federal Income Taxes		2140962		3592016
29					
30	NET INCOME	\$	5,286,254	\$	867,6781
31					
32	Net unrealized appreciation of				
33	investments less applicable Federal				
34	Income Taxes of:				
35	This Year \$		12,643,286		
36	Last Year \$		9,562,490	\$	2,231,247.5

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
JOSEPH C. COLEMAN
C. T. GOOLSBY, JR.
VICTOR S. EVANS
DEPUTY ATTORNEYS GENERAL

March 1, 1976

Honorable P. C. Smith
State Auditor
Wade Hampton Office Building
Columbia, South Carolina

Re: \$900,000 Beaufort County, South Carolina
First Mortgage Industrial Revenue Note-
Series 1976 (Alexander Dawson, Inc. - Lessee)

Dear Mr. Smith:

Regarding the above referenced bonds, we have reviewed the Petition and other documents submitted to the State Budget and Control Board pursuant to Act No. 103 of 1967 [55 STAT. 120 (1967)], as amended, and the same appear, in our opinion, to be in order.

With kind regards,

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

Karen LeCraft Henderson
Assistant Attorney General

KLH:bbb

P. S. Bill:

The proposed resolution for the Budget and Control Board to sign was not included in the documents you gave me and so my letter refers only to the petition and resolution of the Beaufort County governing board.

KLH

INTERSTATE SECURITIES CORPORATION

Established 1932

MEMBER
NEW YORK STOCK EXCHANGE, INC.
AND OTHER PRINCIPAL EXCHANGES

February 26, 1976

Mr. Ed Vaughn
State Auditor's Office
Wade Hampton Office Building
Columbia, South Carolina

Dear Ed:

As you requested, I am enclosing the audited statements of Alexander Dawson, Inc. for the years ending December 31, 1973 and December 31, 1974. Unfortunately, the 1975 audited statement is not available; however, I have October 31, 1975, interim statements, which are included.

The recent increase in the stock market has increased the company's holdings substantially. The current market value of Avon Products, Inc. stock is 41 1/2. As we discussed the footnote stating that there was no sale of Avon stock during the year even though there was shown a decrease in the number of sales and an increase in the average cost resulted from the company's gift of shares in early 1974 to a tax-exempt foundation and the purchase of additional shares later during the year when the price of the stock declined. The gift is accounted for in the financial statement.

Alexander Dawson, Inc. is an investment company. Principals of the company are Mr. Jerry Henderson, who owns farm land in Beaufort County, and who instigated the purchase of the Blue Channel Company from its founder, Mr. Harris, by Alexander Dawson. Blue Channel was originally a local company founded in 1930. Mr. Harris originated the process of preserving crab meat. The principals of Alexander Dawson were related to one of the senior officers of Avon Products, Inc., which accounts for their large stock holdings.

Mr. Farrow Smith, the president of Alexander Dawson, Inc., is a South Carolinian and was formerly associated with the Blue Channel Company. The company has investments abroad

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INTERSTATE SECURITIES CORPORATION

Mr. Ed Vaughn
Page Two
February 26, 1976

which are mainly in the Euro-dollar market and precious metals. These were made solely for investment purposes. The company has also recently purchased a former Swiss food company, which will complement Blue Channel crab since both sell to wholesale grocers and restaurants.

Bankers Trust of South Carolina has agreed to purchase the entire bond offering at a rate of 7 1/4%, to be paid in equal principal and interest payments in ten years.

Please do not hesitate to contact me if you need further information.

Kindest regards.

Very truly yours,

Carl B. Watson, Jr.
Vice President

CBWjr:kwh

Enclosures

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ALEXANDER DAWSON, INC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1974 AND 1973

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

W.A. Zachowski

HURDMAN AND
CRANSTOUN
CERTIFIED PUBLIC ACCOUNTANTS

2093

HURDMAN AND
CRANSTOUN

CERTIFIED PUBLIC ACCOUNTANTS • 140 BROADWAY • NEW YORK, N.Y. 10005

To the Board of Directors of
Alexander Dawson, Inc

We have examined the statements of assets, liabilities and stockholders' equity of Alexander Dawson, Inc as of December 31, 1974 and 1973 and the related statements of operations and changes in net assets for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements identified above present fairly the financial position of Alexander Dawson, Inc at December 31, 1974 and 1973, and the results of its operations and the changes in its net assets for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Hurdman and Cranstoun

Certified Public Accountants

February 15, 1975

ALEXANDER DAWSON, INC
STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY
December 31, 1974 and 1973

	1974	1973
<u>ASSETS</u>		
Investments:		
Marketable securities (Note 2)	\$29,927,775	→ \$ 66,905,187
Foreign investments (Note 3):		
Cash deposited in interest-bearing accounts	\$29,171,083	\$20,344,779
Securities	1,498,952	
Gold coins	3,594,486	
Silver	827,000	
	35,091,521	16,548,685
Short-term investments:		
United States Treasury bills (face value: 1974, \$3,700,000; 1973, \$480,000) (Note 4)	3,528,706	459,727
Investment in and advances to unconsolidated subsidiary - at equity (Note 5)	331,868	85,339
Real estate - Las Vegas, Nevada:		
Land and improvements, less accumulated depreciation: 1974, \$29,829; 1973, \$19,892	1,968,058	2,123,870
Buildings and improvements, less accumulated depreciation: 1974, \$179,403; 1973, \$99,495	5,350,760	4,125,270
	7,318,818	2,001,400
Total investments	76,198,688	108,468,987
Fixed assets (Note 6)	4,976,737	3,110,005
Less accumulated depreciation	1,295,472	1,086,246
	3,681,265	2,023,759
Cash	319,665	286,460
Notes and accounts receivable	3,182,041	3,847,515
Inventories	1,904,828	1,056,203
Other assets	172,134	327,579
	\$85,458,621	\$116,010,503

The accompanying notes are an integral part of the financial statements.

HURDMAN AND
CRANSTOUN

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	<u>1974</u>	<u>1973</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Notes payable	\$ 12,000	\$ 450,000
Note payable to stockholder		350,000
Accounts payable and accrued expenses	245,239	379,831
Dividend payable	310,000	
Federal income taxes:		
Currently payable	\$ 2,363,410	
Deferred	522,430	\$ 196,681
Attributable to unrealized appreciation of investments	<u>11,142,514</u>	<u>23,603,350</u>
	14,028,354	<u>23,800,031</u>
	14,595,593	24,979,862
Contingencies (Note 10)		
Stockholders' equity (per accompanying statement):		
Capital stock:		
Preferred stock:		
8% first cumulative, voting - par value \$.01 per share; authorized and outstanding 15,000,000 shares	150,000	150,000
8% second noncumulative, nonvoting - par value \$10 per share; authorized 100,000 shares, outstanding 40,445 shares	404,450	404,450
7% third noncumulative, nonvoting - par value \$10 per share; authorized 100,000 shares, outstanding 53,460 shares	534,600	534,600
7% fourth noncumulative, nonvoting - par value \$10 per share; authorized 121,500 shares, outstanding 78,400 shares	<u>784,000</u>	<u>784,000</u>
	1,873,050	1,873,050
Common stock, voting - par value \$.001 per share; authorized 5,000,000 shares, outstanding 3,100,000 shares	<u>3,100</u>	<u>3,100</u>
	1,876,150	1,876,150
Paid-in capital	832,900	832,900
Retained earnings	43,050,920	35,156,329
Unrealized appreciation of investments	<u>25,103,058</u>	<u>53,165,262</u>
	<u>70,863,028</u>	<u>91,030,641</u>
	<u>\$85,458,621</u>	<u>\$116,010,503</u>

December 31, 1974 and 1973

	1974					1973	
	Alexander Dawson, Inc	Divisions			Combined	Combined	
	(Unaudited)	Alexander's Restaurant (Unaudited)	Blue Channel Company (Unaudited)	Colorado Aero-Tech (Unaudited)	Dawson Company (Unaudited)	Hydro-Tech Company (Unaudited)	(Unaudited)
<u>ASSETS</u>							
Investments:							
Marketable securities	\$29,926,850				\$ 925	\$29,927,775	\$ 66,905,127
Foreign investments:							
Cash deposited in interest-bearing accounts	29,171,083					29,171,083	20,344,779
Securities	1,498,952					1,498,952	
Gold coins	3,594,486					3,594,486	
Silver	827,000					827,000	16,548,685
Short-term investments:							
United States Treasury bills	3,528,706					3,528,706	459,727
Investment in and advances to unconsolidated subsidiary - at equity	331,868					331,868	85,339
Real estate - Las Vegas, Nevada:							
Land and improvements	312,000				1,685,887	1,997,887	2,143,762
Less accumulated depreciation					29,829	29,829	19,892
	312,000				1,656,058	1,968,058	2,123,870
Buildings					5,530,163	5,530,163	2,100,895
Less accumulated depreciation					179,403	179,403	99,495
					5,350,760	5,350,760	2,001,400
Total investments	69,190,945				7,007,743	76,198,688	108,468,987
Fixed assets	1,908,892	\$231,279	\$1,507,162		421,947	\$907,457	3,110,005
Less accumulated depreciation	484,374		678,138		74,574	58,386	1,086,246
	1,424,518	231,279	829,024		347,373	849,071	2,023,759
Cash	167,125		113,614	\$ 7,052	22,215	9,659	286,460
Notes and accounts receivable	2,817,238		346,028	4,548	9,581	4,646	3,847,515
Inventories			1,841,852	9,573		53,403	1,056,203
Other assets	87,294		46,869		31,715	6,256	327,579
Home office accounts:							
Alexander's Restaurant	231,279	(231,279)					
Blue Channel Company	1,950,680		(1,950,680)				
Colorado Aero-Tech	20,283			(20,283)			
Dawson Company	7,327,176				(7,327,176)		
Hydro-Tech Company	911,421					(911,421)	
	10,440,839	(231,279)	(1,950,680)	(20,283)	(7,327,176)	(911,421)	
	\$84,127,959	\$ -0-	\$1,226,707	\$ 890	\$ 91,451	\$ 11,614	\$85,458,621
							\$116,010,503

(Forward)

HURDMAN AND CRANSTOUN

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COMBINING STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY
 December 31, 1974 and 1973 -2-

	1974					1973	
	Alexander Dawson, Inc	Alexander's Restaurant (Unaudited)	Blue Channel Company (Unaudited)	Divisions Colorado Aero-Tech (Unaudited)	Dawson Company (Unaudited)	Hydro-Tech Company (Unaudited)	Combined
LIABILITIES AND STOCKHOLDERS' EQUITY							
Liabilities:							
Notes payable			\$ 12,000			\$ 12,000	\$ 450,000
Note payable - stockholder							350,000
Inventory advances	(\$ 873,853)		873,953			-	
Accounts payable and accrued expenses	3,239		138,045	\$890	\$91,451	\$11,614	245,239
Dividend payable	310,000						310,000
Federal income taxes:							
Currently payable	2,148,601		214,809				2,363,410
Deferred	534,430		(12,000)				522,430
Attributable to unrealized appreciation of investments	11,142,514						11,142,514
	<u>13,264,931</u>		<u>1,226,707</u>	<u>890</u>	<u>91,451</u>	<u>11,614</u>	<u>14,595,593</u>
Stockholders' equity:							
Capital stock	1,876,150						1,876,150
Paid-in capital	832,900						832,900
Retained earnings	43,050,920						43,050,920
Unrealized appreciation of investments	25,103,058						25,103,058
Total stockholders' equity	<u>70,863,028</u>		<u>1,226,707</u>	<u>890</u>	<u>91,451</u>	<u>11,614</u>	<u>70,863,028</u>
	<u>\$84,127,959</u>	<u>\$-0-</u>	<u>\$1,226,707</u>	<u>\$890</u>	<u>\$91,451</u>	<u>\$11,614</u>	<u>\$25,459,621</u>
							<u>\$116,010,503</u>

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HURDMAN AND
CRANSTOUN

STATEMENT OF OPERATIONS
Years Ended December 31, 1974 and 1973

	1974		1973	
Investment income:				
Dividends		\$ 1,559,791		\$ 1,478,174
Interest		2,368,458		1,114,083
Rental and other income		<u>46,966</u>		<u>42,375</u>
		3,975,215		2,634,632
Income (loss) from divisions (Note 7):				
Alexander's Restaurant	(\$ 11,902)			
Blue Channel Company	471,550		\$484,814	
Colorado Aero-Tech	(62,803)		(115,515)	
Dawson Company	(141,832)		(999)	
Hydro-Tech Company	<u>(218,797)</u>	\$ 36,216	<u>(83,602)</u>	\$ 284,698
Share in loss on unconsolidated subsidiaries:				
Dawson Yacht Corporation	(98,579)			
Harvey Associates, Inc	<u>(160,884)</u>	(259,463)	(223,247)	(409,865)
		(223,247)	(409,865)	(125,167)
		3,751,968		2,509,465
Expenses		<u>1,038,572</u>		<u>629,335</u>
Income before provision for Federal income taxes		2,713,396		1,820,130
Provision for applicable Federal income taxes:				
Currently payable (Note 8)			166,716	
Deferred	<u>351,579</u>	351,579	<u>99,152</u>	265,868
		2,361,817		1,614,262
Realized gain on investments:				
Realized gain on sales or exchanges of investments and currencies:				
Marketable securities (net)	475,916		1,481,915	
Silver (net)	8,696,879		179,887	
Gold coins	(58,262)			
White Wing Maintenance Service, Inc	76,000		89,016	
Real estate	1,558,403		16,000	
Foreign exchange (net)	<u>10,748,936</u>		<u>178,244</u>	
			1,945,062	
Less appreciation on assets contributed to charities (Note 8)	<u>566,290</u>		<u>163,125</u>	
		10,182,646		1,781,937
Provision for applicable Federal income taxes (Note 8)	<u>3,149,214</u>	7,033,432	<u>546,852</u>	1,235,085
Net investment income		<u>\$ 9,395,249</u>		<u>\$ 2,849,347</u>
Net unrealized appreciation of investments, less applicable Federal income taxes (1974, \$11,142,514; 1973, \$23,603,350; 1972, \$45,633,125):				
December 31, 1974	\$25,103,058			
December 31, 1973	<u>53,165,262</u>		\$ 53,165,262	
December 31, 1972			<u>102,774,661</u>	
Net decrease in unrealized appreciation of investments		(\$28,062,204)		(\$49,609,399)

Certain reclassifications of the figures for the year ended December 31, 1973, not affecting net investment income, have been made to conform with the presentation for the current year.

HURDMAN AND
CRANSTOUN

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN NET ASSETS
Years Ended December 31, 1974 and 1973

	<u>Total</u>	<u>Capital Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Unrealized Appreciation on Investments</u>
Net assets, December 31, 1972, as restated (Note)	\$139,291,351	\$1,876,150	\$832,900	\$33,807,640	\$102,774,661
Additions:					
Net investment income (per accompanying statement)	<u>2,849,347</u>			<u>2,849,347</u>	
	<u>142,140,698</u>	<u>1,876,150</u>	<u>832,900</u>	<u>36,656,987</u>	<u>102,774,661</u>
Deductions:					
Net decrease in unrealized appreciation of investments (per accompanying statement)	<u>49,609,399</u>				<u>49,609,399</u>
Dividends paid (Note 9):					
Preferred stock	136,658			136,658	
Common stock	<u>1,364,000</u>			<u>1,364,000</u>	
	<u>1,500,658</u>			<u>1,500,658</u>	
	<u>51,110,057</u>			<u>1,500,658</u>	<u>49,609,399</u>
Net assets, December 31, 1973	91,030,641	1,876,150	832,900	35,156,329	53,165,262
Additions:					
Net investment income (per accompanying statement)	<u>9,395,249</u>			<u>9,395,249</u>	
	<u>100,425,890</u>	<u>1,876,150</u>	<u>832,900</u>	<u>44,551,578</u>	<u>53,165,262</u>
Deductions:					
Net decrease in unrealized appreciation of investments (per accompanying statement)	<u>28,062,204</u>				<u>28,062,204</u>
Dividends paid and declared (Note 9):					
Preferred stock	136,658			136,658	
Common stock	<u>1,364,000</u>			<u>1,364,000</u>	
	<u>1,500,658</u>			<u>1,500,658</u>	
	<u>29,562,862</u>			<u>1,500,658</u>	<u>28,062,204</u>
Net assets, December 31, 1974	<u>\$ 70,863,028</u>	<u>\$1,876,150</u>	<u>\$832,900</u>	<u>\$43,050,920</u>	<u>\$ 25,103,058</u>

Note - Net assets at December 31, 1972 have been restated to show the investments in subsidiaries Harvey Associates, Inc and The Blue Channel Corporation at equity.

The accompanying notes are an integral part of the financial statements.

HURDMAN AND
CRANSTOUN

ALEXANDER DAWSON, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 1974 and 1973

1 - Accounting Policies

The accompanying financial statements include the assets, liabilities, income or loss after elimination of all significant intercompany accounts of the Company and all its divisions. The following is a summary of significant accounting policies:

- a - Marketable securities are stated at values based upon the closing prices or closing bid quotations applied to the number of shares of stock or principal amount of bonds held. Investments in United States Treasury bills are valued at cost, which approximates market.
- b - Foreign investments carried in foreign currencies are translated into United States dollars at year-end rates of exchange.
- c - Gold coins and silver bullion are valued at December 31 market quotations or at contract price to be realized on bullion committed to future sale, if any.
- d - Investments in real estate and fixed assets are stated at cost. Depreciation is calculated principally on the declining-balance method over the estimated useful life of the property for both book and income tax purposes.
- e - Inventories of Blue Channel Company are stated at the lower of annual average cost or market.
- f - Net unrealized appreciation of investments, less applicable Federal income taxes, is based on assets of the Company as of December 31, 1974 and 1973. It does not give effect to gains realized on investments, which are included under net investment income in the accompanying financial statements.

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g - The Company files a Federal consolidated income tax return based upon the taxable income of the Company determined principally on a cash basis for investment operations and on an accrual basis for all divisions and subsidiaries. Investment tax credit is recorded as a reduction for income taxes under the flow-through method.

Timing differences in reporting certain transactions, principally interest, for financial statement purposes that are recognized in tax returns of other periods are appropriately accounted for as deferred taxes.

h - Provision has been made, based upon 1974 and 1973 tax rates, for estimated Federal corporation income taxes on net unrealized appreciation of investments. Such taxes would not be payable in the event of a direct distribution of these assets to stockholders.

2 - Investments -
Marketable Securities

Marketable securities at December 31, 1974 are stated at values based upon current market quotations. The cost basis of marketable securities is \$344,417. During the year, the cost of marketable securities purchased was \$421,015. In 1974, marketable securities having a cost basis of \$229,814 were sold for \$183,541. There were no sales of shares of Avon Products, Inc.

ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1974 and 1973

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3 - Foreign Investments

Foreign investments consist of:

	<u>Stated Value</u>	<u>Cost of Investment</u>
Cash deposited in interest-bearing accounts: Foreign currencies (at December 31, 1974 rate of exchange):		
40,721,704 Swiss francs	\$16,003,629	\$ 9,886,573
4,312,656 German marks	1,789,752	1,728,432
1,827,559 Dutch guilders	731,206	687,038
	<u>18,524,587</u>	<u>12,302,043</u>
< United States dollars >	<u>10,646,496</u>	<u>10,646,496</u>
	<u>29,171,083</u>	<u>22,948,539</u>
Securities (value based on December 31, 1974 market quotations):		
Bonds	1,094,456	914,655
Stocks	404,496	368,632
	<u>1,498,952</u>	<u>1,283,287</u>
Gold coins (value based on December 31, 1974 market quotations):		
2,400 Mexican 50 peso	575,352	501,200
16,498 Austrian 100 corona	3,019,134	2,676,282
	<u>3,594,486</u>	<u>3,177,482</u>
Silver bullion - 200,000 troy ounces committed to future sale at contract price	<u>827,000</u>	<u>1,020,000</u>
	<u>\$35,091,521</u>	<u>\$28,429,308</u>

4 - Investments -
United States Treasury Bills

United States Treasury bills are stated at cost, which approximates market. During the year, the cost of United States Treasury bills purchased was \$13,007,917 and the cost of such bills sold or redeemed amounted to \$9,938,938.

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HURDMAN AND
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ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1974 and 1973

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5 - Investment in and Advances to
Unconsolidated Subsidiary

Investments in wholly owned subsidiaries comprise Dawson Yacht Corporation in 1974 and Harvey Associates, Inc in 1973:

Dawson Yacht Corporation

Dawson Yacht Corporation was incorporated on April 11, 1974 and commenced operations in the latter part of the year. Equity in the subsidiary at December 31, 1974 is computed as follows:

Investment in capital stock	\$150,000	
Advances	<u>280,447</u>	
	430,447	
1974 loss included in investment income	<u>98,579</u>	
Investment in and advances to subsidiary - at equity		<u>\$331,868</u>

Harvey Associates, Inc

At December 31, 1973, the investment in this subsidiary was carried at equity (cost of investment, less Alexander Dawson, Inc's share of losses to that date). Operations of Harvey Associates, Inc was discontinued during the year and the subsidiary was dissolved on December 31, 1974. Loss on the discontinued operations amounted to \$160,884, as follows:

Investment - at equity, January 1, 1974	\$ 85,339	
Advances 1974	<u>76,437</u>	
	161,776	
Assets transferred to Alexander Dawson, Inc on dissolution	<u>892</u>	
Loss included in investment income	<u>\$160,884</u>	2104

ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1974 and 1973

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6 - Fixed Assets

The major classes of fixed assets, stated at cost, net of accumulated depreciation at December 31, 1974 and 1973, consisted of:

	<u>1974</u>	<u>1973</u>
Land and improvements	\$ 272,791	\$ 159,466
Buildings and improvements	759,679	690,024
Machinery and office equipment	856,804	694,350
Transportation equipment	1,096,270	479,919
Construction in process	<u>695,721</u>	<u> </u>
	<u>\$3,681,265</u>	<u>\$2,023,759</u>

The provision for depreciation on fixed assets for the years ended December 31, 1974 and 1973 amounted to \$413,246 and \$289,010, respectively.

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7 - Income (Loss) from Divisions

Following is a comparative summary of income or loss before provision for Federal income taxes for each division:

	<u>1974</u>	<u>1973</u>
<u>Alexander's Restaurant</u>		
Expenses	<u>\$ 11,902</u>	
<u>Blue Channel Company</u>		
Sales of products and food machine income	\$5,435,330	\$4,379,967
Cost of sales	<u>4,232,069</u>	<u>3,221,465</u>
Gross profit	1,203,261	1,158,502
Expenses	<u>731,711</u>	<u>673,688</u>
	<u>\$ 471,550</u>	<u>\$ 484,814</u>
<u>Colorado Aero-Tech*</u>		
Instruction income and sales of merchandise	\$ 62,905	\$ 284,674
Cost of operations	<u>50,203</u>	<u>251,018</u>
Gross profit	12,702	33,656
Expenses	<u>42,492</u>	<u>149,172</u>
	(29,790)	(115,516)
Loss on sale of assets	<u>33,013</u>	
	<u>(\$ 62,803)</u>	<u>(\$ 115,516)</u>
<u>Dawson Company</u>		
Rental income:		
Building	\$ 188,802	\$ 183,676
Equipment	<u>61,360</u>	<u>102,923</u>
	250,162	286,599
Expenses	254,052	215,182
Depreciation	<u>137,942</u>	<u>72,416</u>
	391,994	287,598
	<u>(\$ 141,832)</u>	<u>(\$ 999)</u>
<u>Hydro-Tech Company</u>		
Sales	\$ 30,164	
Expenses	<u>205,844</u>	<u>\$ 64,792</u>
	(175,680)	(64,792)
Assets abandoned	<u>43,117</u>	<u>18,810</u>
	<u>(\$ 218,797)</u>	<u>(\$ 83,602)</u>

*Colorado Aero-Tech Division, a school for training aircraft mechanics, sold its operations and certain assets in April of 1974.

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ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1974 and 1973

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8 - Provision for Federal Income Taxes

Provision for Federal income taxes is made up of the following components:

	Tax on		<u>Total</u>
	<u>Ordinary Income</u>	<u>Capital Gains</u>	
Current tax expense	\$ -	\$3,149,214	\$3,149,214
Deferred tax expense	<u>351,579</u>		<u>351,579</u>
	<u>\$351,579</u>	<u>\$3,149,214</u>	<u>\$3,500,793</u>

Although income subject to ordinary income tax rates amounts to \$1,980,941, there is no current tax expense for the following reasons:

Net investment income other than gains realized on investments		\$2,713,396
Deduct income subject to deferred tax expense		<u>732,455</u>
		<u>\$1,980,941</u>
Computed current tax expense (48% rate less \$6,500)		\$ 944,352
Reductions in current tax expense resulting from:		
Dividend received deduction (85% of domestic dividends received is not subject to Federal income tax - \$1,323,500 at 48%)	\$635,280	
Appreciation on assets contributed to charities (\$566,290 at 48%)	<u>271,819</u>	<u>907,099</u>
		37,253
Less investment tax credit applied toward current tax expense		<u>37,253</u>
Current tax expense		<u>\$ -0-</u>

Deferred tax expense results from timing differences in recognition of interest income of \$732,455 for tax and financial statement purposes.

Federal income tax returns have been examined by the Internal Revenue Service through the years ended December 31, 1971. Any adjustments resulting from the examination have been recorded on the books of the Company. There is currently in progress examinations of the Federal income tax returns for the years ended December 31, 1972 and 1973.

ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1974 and 1973

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9 - Dividends

Dividends paid and declared on capital stock consisted of:

	1974		1973	
	Per Share	Amount	Per Share	Amount
First preferred	\$.0008	\$ 12,000	\$.0008	\$ 12,000
Second preferred	.80	32,356	.80	32,356
Third preferred	.70	37,422	.70	37,422
Fourth preferred	.70	54,880	.70	54,880
		136,658		136,658
Common	.44	1,364,000	.44	1,364,000
		<u>\$1,500,658</u>		<u>\$1,500,658</u>

10 - Restricted Stock Option Plan

In May 1974, the Board of Directors adopted a restricted stock option plan which had been approved by the stockholders at their annual meeting on April 26, 1974. The plan authorizes the Directors to set aside 10,000 shares of common stock for the purpose of allocation to such officers and keymen as it may determine. The Directors granted options to purchase 2,750 shares to those eligible at a price per share set at the mean price per share between the per share value as reflected on the Company's financial statements as of April 30, 1974 and at May 31, 1974.

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HURDMAN AND
 CRANSTOUN

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON SUPPLEMENTARY FINANCIAL INFORMATION

The accompanying schedules included hereinafter, although not necessary for a fair presentation of the financial position of Alexander Dawson, Inc at December 31, 1974 and 1973, and the results of its operations and the changes in its net assets for the years then ended, are presented as supplementary information. Such schedules have been subjected to the auditing procedures applied in our examination of the financial statements and are, in our opinion, presented fairly in all material respects when considered in relation to the financial statements taken as a whole.

Hurdman and Cranstoun

Certified Public Accountants

New York, New York
February 15, 1975

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HURDMAN AND
CRANSTOUN

ALEXANDER DAWSON, INC

SCHEDULE "1"

MARKETABLE SECURITIES

December 31, 1974 and 1973

Stocks	1974			1973		
	Shares	Cost	Value Based on Market Quotations	Shares	Cost	Value Based on Market Quotations
Avon Products, Inc	1,035,604	\$177,631	\$29,773,615	1,047,804	\$ 28,348	\$66,797,505
AADAN	1,000	-	-			
A C F Industries, Inc	100	3,257	3,300			
Airco, Inc	100	1,074	1,038			
Alcolac, Inc	200	1,093	1,150			
Allied Products Corp	100	1,251	1,300			
Amerace Corp	100	1,569	1,313			
American Flavors and Fragrances Corp	100	538	200	1,000	5,209	1,250
American Motors Corp	100	397	325			
American Smelting & Refining Co	100	1,683	1,363			
American Standard, Inc	100	845	838			
Armco Steel Corp	100	2,035	2,375			
Atlas Hotels, Inc				2,772	11,759	8,316
Bausch & Lomb, Inc				200	9,233	7,550
Bell & Howell Co	100	1,211	1,000			
Berkey Photo, Inc	100	251	200			
Borg-Warner Corp	100	1,340	1,313			
Canadian Homestead Oils, Ltd				400	3,655	2,725
Carpenter Technology Corp	100	1,868	1,588			
Castle & Cooke, Inc				1,050	17,320	17,719
Celanese Corp	100	2,541	2,563			
Champion International Corp	100	1,061	1,050			
Chemetron Corp	100	2,300	2,525			
Children's World, Inc				400	6,974	3,050
Chromalloy-American Corp	100	845	788			
Cone Mills Corp	100	1,670	1,550			
Consolidated Edison Company of New York	100	717	750			
Continental Energy Corp	3,000	150	-	3,000	150	150
Crown Zellerbach Corp	100	2,613	2,388			
Dana Corp	100	1,538	1,600			

(Forward)

ALEXANDER DAWSON, INC
 SCHEDULE "1"
 MARKETABLE SECURITIES
 December 31, 1974 and 1973

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Stocks	1974			1973		
	Shares	Cost	Value Based on Market Quotations	Shares	Cost	Value Based on Market Quotations
Datametrics Corp				4,520	\$ 2,260	\$ 1,130
Dayco Corp	100	\$ 1,074	\$ 1,088			
Dow Chemical Co	100	5,851	5,500			
Doyle Dane Bernbach, Inc	100	692	575			
Ehrenreich Photo-Optical Industries, Inc	100	511	350			
El Paso Co	100	1,033	1,025			
Ethyl Corp	100	2,414	2,333			
Faberge, Inc	100	599	488			
Fansteel, Inc	100	756	650			
Foote Cone & Belding Communications, Inc	100	741	538			
Frozen Food Express Industries, Inc	100	500	438			
GAF Corp	100	777	725			
Gordon Jewelry Corp	100	626	663			
Gray Communications Systems, Inc	100	730	600			
Great Basins Petroleum Co				1,000	2,983	3,125
W F Hall Printing Co	100	1,426	1,088			
Hammermill Paper Co	100	1,477	1,200			
Hartebeestfontein Gold Mining Co, Ltd	100	3,410	2,850			
Hayes-Albion Corp	100	932	725			
Henry Hudson Hotel Corp	5	26	-	5	26	-
Hermetic Industries, Inc				2,700	4,050	4,050
Hickory Farms of Ohio, Inc	100	601	300			
International Hospital Supply Corp	400	175	-	350	175	88
Interpublic Group of Companies, Inc	100	899	850			
Justin Industries	100	728	513			
Kaiser Industries Corp	100	524	463			
Kennecott Copper Corp	100	2,752	3,613			
Kennington Corp				900	1,125	1,463
Knickerbocker Toy Co, Inc	100	601	450			
Loew's Corp	100	1,538	1,500			
Marievale Consolidated Mines, Ltd	300	3,231	2,213			
Martin-Marietta Corp	100	1,340	1,313			
Mild Components, Inc				1,000	375	250
Miles Laboratories, Inc	500	13,999	8,625			
Mobil Oil Corp	100	3,539	3,600			

(Forward)

ALEXANDER DAWSON, INC
 SCHEDULE "1"
 MARKETABLE SECURITIES
 December 31, 1974 and 1973

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Stocks	1974			1973		
	Shares	Cost	Value Based on Market Quotations	Shares	Cost	Value Based on Market Quotations
Mohasco Corp	100	\$ 972	\$ 863			
Molycorp, Inc	100	1,416	1,500			
Muddy Valley Irrigation Co - preferred	35	705	705	35	\$ 705	\$ 705
Muddy Valley Irrigation - common	70	220	220	70	220	220
NL Industries, Inc	100	1,226	1,150			
Natomas Co	100	3,855	3,513			
Needham, Harper & Steers, Inc	100	473	388			
Ogilvy & Mather International, Inc	100	1,086	1,175			
Omega-Alpha, Inc SPV				10	-	-
Pan American Mines, L T D	1,000	1	-	1,000	1	-
Pennzoil United, Inc	100	1,452	1,850			
Phelps Dodge Corp	100	3,282	2,925			
President Brand Gold Mining Co, Ltd	400	12,528	13,800			
Randfontein Estates Gold Mining Co	300	12,678	12,300			
Ransburg Electro-Coating Corp	100	1,211	925			
Ronson Corp	100	537	475			
Royal Dutch Petroleum Co	200	4,672	5,000			
Royal Industries, Inc	110	409	330			
Royal Palm Beach Colony, Inc	100	133	68			
St Joe Minerals Corp				1,000	29,693	35,875
Sea World, Inc	100	367	363			
Season-All Industries, Inc	100	460	438			
Simplicity Pattern Co, Inc	100	1,081	913			
The Sippican Corp	10	310	-	10	310	-
Sonderling Broadcasting Corp	100	434	400			
Standard Brands, Inc	100	5,638	5,363			
Standard Oil Co of California	100	2,224	2,225			
Sta-Rite Industries, Inc	100	756	700			
TW, Inc	100	1,310	1,400			
Technicolor, Inc	100	486	425			
Teeg Research, Inc				3,630	908	454
Texaco, Inc	100	2,169	2,088			
UAL, Inc				500	12,475	11,438
United States Steel Corp	100	4,019	3,800			
VCA Corp				1,000	15,722	8,124

(Forward)

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ALEXANDER DAWSON, INC
 SCHEDULE "1"
 MARKETABLE SECURITIES
 December 31, 1974 and 1973

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Stocks	1974			1973		
	Shares	Cost	Value Based on Market Quotations	Shares	Cost	Value Based on Market Quotations
Venterspost Gold Mining Co, Ltd	300	\$ 4,510	\$ 3,975			
Wells, Rich, Greene, Inc	100	779	863			
West Driefontein Gold Mining Co, Ltd	100	6,252	5,663			
West Point-Pepperell, Inc	100	1,979	1,875			
White Motor Corp	100	820	750			
F W Woolworth Co	100	997	939			
Total marketable securities		<u>\$344,417</u>	<u>\$29,927,775</u>		<u>\$153,676</u>	<u>\$66,905,187</u>

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ALEXANDER DAWSON, INC

SCHEDULE "2"

CASH

December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>
Alexander Dawson, Inc:		
Bank of Nevada - Las Vegas	\$ 45,503	\$112,624
Valley Bank of Nevada - Las Vegas	7,450	10,039
United Bank of Boulder - Boulder, Colorado	102,996	
The Chase Manhattan Bank, N A - New York	2,303	2,895
National Bank of New Zealand, Ltd - Queenstown	8,723	1,450
Petty cash	<u>150</u>	<u>100</u>
	<u>167,125</u>	<u>127,108</u>
Divisions:		
Blue Channel Company	113,614	115,175
Colorado Aero-Tech	7,052	7,469
Dawson Company	22,215	36,458
Hydro-Tech Company	<u>9,659</u>	<u>250</u>
	<u>152,540</u>	<u>159,352</u>
Total cash	<u>\$319,665</u>	<u>\$286,460</u>

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ALEXANDER DAWSON, INC

SCHEDULE "3"

EXPENSES

Years Ended December 31, 1974 and 1973

	<u>1974</u>	<u>1973</u>
Salaries:		
Officers	\$ 178,879	\$155,300
Other	42,632	27,891
Directors' fees	2,000	750
Rent	15,051	12,811
Telephone	4,673	3,705
Office expense	7,849	5,382
Travel	14,598	14,282
Automobile leasing and expense	1,527	3,308
Legal	28,215	44,281
Accounting	65,543	71,196
Commissions and advisory fee	8,729	7,720
Insurance	17,338	13,778
Depreciation	243,140	161,496
Aircraft expense and repairs	74,288	16,596
Maintenance - rental property	7,630	
Contributions	30,490	55
Dues and subscriptions	2,686	1,972
Interest	6,430	47,990
Bad debts	247,977	
Taxes	33,058	17,514
Miscellaneous	<u>5,839</u>	<u>23,308</u>
Total expenses	<u>\$1,038,572</u>	<u>\$629,335</u>

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HURDMAN AND
CRANSTOUN

ALEXANDER DAWSON, INC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1973

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS • 140 BROADWAY • NEW YORK, N.Y. 10005

To the Board of Directors of
Alexander Dawson, Inc

We have examined the statement of assets, liabilities and stockholders' equity of Alexander Dawson, Inc as of December 31, 1973 and the related statements of operations and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements identified above present fairly the financial position of Alexander Dawson, Inc at December 31, 1973, and the results of its operations and the changes in its net assets for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hurdman and Cranstoun

Certified Public Accountants

February 13, 1974

ALEXANDER DAWSON, INC
STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY
December 31, 1973

ASSETS

Investments:		
Marketable securities (Note 2)		\$ 66,905,187
Investments located in Switzerland (Note 3):		
Cash deposited in interest-bearing accounts	\$20,344,779	
Silver	<u>16,548,685</u>	36,893,464
United States Treasury bills (face value \$480,000)		459,727
Investment in and advances to unconsolidated subsidiary (Note 1)		85,339
Real estate - Las Vegas, Nevada (Note 5):		
Land and improvements, less accumulated depreciation of \$19,892	2,123,870	
Buildings and improvements, less accumulated depreciation of \$99,495	<u>2,001,400</u>	<u>4,125,270</u>
Total investments		108,468,987
Fixed assets (Note 6)	3,110,005	
Less accumulated depreciation	<u>1,086,246</u>	2,023,759
Cash		286,460
Notes and accounts receivable (Note 9)		3,847,515
Other assets		1,383,782
		<u>\$116,010,503</u>

The accompanying notes are an integral part of the financial statements.

HURDMAN AND
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LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Note payable (Notes 4 and 5)	\$	450,000
Note payable to stockholder		350,000
Accounts payable and accrued expenses		379,831
Federal income taxes (Note 7):		
Deferred	\$	196,681
Tax on unrealized appreciation of investments		<u>23,603,350</u>
		<u>23,800,031</u>
		24,979,862

Contingencies (Note 9)

Stockholders' equity:

Capital stock (Note 8):		
Preferred stock:		
8% first cumulative, voting - par value \$.01 per share; authorized and outstanding 15,000,000 shares		150,000
8% second noncumulative, nonvoting - par value \$10 per share; authorized 100,000 shares, outstanding 40,445 shares		404,450
7% third noncumulative, nonvoting - par value \$10 per share; authorized 100,000 shares, outstanding 53,460 shares		534,600
7% fourth noncumulative, nonvoting - par value \$10 per share; authorized 121,500 shares, outstanding 78,400 shares		<u>784,000</u>
		1,873,050
Common stock, voting - par value \$.001 per share; authorized 5,000,000 shares, outstanding 3,100,000 shares		<u>3,100</u>
		1,876,150
Paid-in capital (no change during year)		832,900
Retained earnings (per accompanying statement)		35,156,329
Unrealized appreciation of investments (per accompanying statement)		<u>53,165,262</u>
		<u>91,030,641</u>
		<u>\$116,010,503</u>

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ALEXANDER DAWSON, INC
STATEMENT OF OPERATIONS
Year Ended December 31, 1973

Investment income:		
Investment income		\$ 2,812,876
Net loss from divisions and subsidiary (Note 1)		<u>(125,167)</u>
		2,687,709
Expenses		<u>629,335</u>
Income before provision for Federal income taxes		2,058,374
Provision for Federal income taxes (Note 7):		
Currently payable	\$ 220,189	
Deferred	<u>99,152</u>	<u>319,341</u>
		1,739,033
Realized gain on investments:		
Realized gain on sales or exchanges of investments	1,603,693	
Provision for applicable Federal income taxes	<u>493,379</u>	<u>1,110,314</u>
Net investment income		<u>\$ 2,849,347</u>
Net unrealized appreciation of investments, less applicable Federal income taxes (1973, \$23,603,350; 1972, \$45,633,125) (Note 7):		
December 31, 1973	\$ 53,165,262	
December 31, 1972	<u>102,774,661</u>	
Net (decrease) in unrealized appreciation of investments		<u>(\$49,609,399)</u>

The accompanying notes are an integral part of the financial statements.

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ALEXANDER DAWSON, INC
 STATEMENT OF CHANGES IN NET ASSETS
 Year Ended December 31, 1973

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	<u>Total</u>	<u>Capital Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Unrealized Appreciation on Investments</u>
Net assets, December 31, 1972, as previously reported	\$138,553,310	\$1,876,150	\$832,900	\$33,069,599	\$102,774,661
Adjustment as of December 31, 1972 to give effect to the acquisition of the assets and liabilities of The Blue Channel Corporation (Note 1)	790,588			790,588	
Adjustment to give effect to adopting the equity method of accounting for the investment in subsidiary, Harvey Associates, Inc (net of applicable tax benefit of \$48,504) (Note 1)	<u>(52,547)</u>			<u>(52,547)</u>	
Net assets, December 31, 1972, as restated	<u>139,291,351</u>	1,876,150	832,900	<u>33,807,640</u>	<u>102,774,661</u>
Additions (per accompanying statement):					
Net investment income	2,849,347			2,849,347	
Net decrease in unrealized appreciation of investments	<u>(49,609,399)</u>				<u>(49,609,399)</u>
	<u>(46,760,052)</u>			<u>2,849,347</u>	<u>(49,609,399)</u>
	<u>92,531,299</u>	1,876,150	832,900	<u>36,656,987</u>	53,165,262
Deductions:					
Dividends paid (Note 8):					
Preferred stock	136,658			136,658	
Common stock	<u>1,364,000</u>			<u>1,364,000</u>	
	<u>1,500,658</u>			<u>1,500,658</u>	
Net assets, December 31, 1973	<u>\$ 91,030,641</u>	<u>\$1,876,150</u>	<u>\$832,900</u>	<u>\$35,156,329</u>	<u>\$ 53,165,262</u>

... are an integral

ALEXANDER DAWSON, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 1973

1 - Accounting Policies

Consolidation

The financial statements include the accounts of the Company and all its divisions.

Commencing in 1973, the investment in Harvey Associates, Inc, a subsidiary, is carried on the equity basis with current operations included in earnings for the year. Retained earnings at December 31, 1972 have been restated to show the equity in the subsidiary at that date.

As of May 31, 1973, The Blue Channel Corporation, a wholly owned subsidiary, was merged into the Company. Since that date, the business has been conducted as a division of the Company under the name Blue Channel Company. The financial statements include the operations of The Blue Channel Corporation for the period January 1, 1973 to May 31, 1973 combined with the operations of Blue Channel Company for the period June 1, 1973 to December 31, 1973 as if the merger described above had been effected on January 1, 1973. Retained earnings at December 31, 1972 have been restated to include the retained earnings of The Blue Channel Corporation to December 31, 1972.

2 - Investments -
Marketable Securities

Marketable securities at December 31, 1973 are stated at values based upon current market quotations. The cost basis (principally average) of marketable securities is \$153,676. During the year, the cost of marketable securities purchased was \$145,966 and the cost of marketable securities sold amounted to \$1,487,490. The proceeds from sales of marketable securities amounted to \$2,804,898.

ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1973

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3 - Investments -
Switzerland

Investments located in Switzerland consist of:

	<u>Stated Value</u>	<u>Cost of Investment</u>
Cash deposited in interest- bearing accounts:		
59,624,940 Swiss francs at December 31, 1973 rate of exchange	\$18,340,632	\$14,079,558
United States dollars	<u>2,004,147</u>	<u>2,004,147</u>
	20,344,779	16,083,705
Silver bullion:		
2,374,215 troy ounces uncommitted - stated at December 31, 1973 market	\$7,732,820	
3,599,222 troy ounces committed to future sale at contract price	<u>8,815,865</u>	<u>10,792,658</u>
	<u>\$36,893,464</u>	<u>\$26,876,363</u>

4 - Investments -
United States Treasury Bills

United States Treasury bills are stated at cost, which approximates market. During the year, the cost of United States Treasury bills purchased was \$4,288,617 and the cost of such bills sold or redeemed amounted to \$5,640,062.

United States Treasury bills of \$450,000 (face value) are pledged as security for the note payable of the same amount for the acquisition of land described in Note 5.

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ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1973

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5 - Investments -
Real Estate, Las Vegas, Nevada

At December 31, 1973, real estate - Las Vegas, Nevada, stated at cost, net of accumulated depreciation, consisted of:

	<u>Land and Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Total</u>
Investment and development	\$1,750,577		\$1,750,577
Office building	32,026	\$ 658,100	690,126
Construction in process - office building		1,165,260	1,165,260
Other property	<u>341,267</u>	<u>178,040</u>	<u>519,307</u>
	<u>\$2,123,870</u>	<u>\$2,001,400</u>	<u>\$4,125,270</u>

Land acquired in 1973 at a cost of \$520,000 and included in land held for investment and development is subject to a sales option for a total price of \$600,000. This land is pledged as security for a note payable of \$450,000.

The provision for depreciation for the year ended December 31, 1973 was \$59,661 and was computed principally on the declining-balance method.

6 - Fixed Assets

The major classes of fixed assets, stated at cost, net of accumulated depreciation at December 31, 1973, consisted of:

Land	\$ 159,466
Buildings and improvements	690,024
Machinery and office equipment	694,350
Transportation equipment	<u>479,919</u>
	<u>\$2,023,759</u>

The provision for depreciation for the year ended December 31, 1973 on fixed assets was \$289,010 and was computed on either the declining-balance or the straight-line methods.

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ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1973

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1 - Federal Income Taxes

Federal income taxes for the year are based on the taxable income of the Company determined principally on a cash basis for investment operations and on the accrual basis for all divisions and for Harvey Associates, Inc. Of the domestic dividends received on common stock, 85 percent is not subject to Federal income tax.

Certain accrual items are included in the determination of income in the financial statements, but are reported in a different period for tax purposes. Provision for deferred Federal income taxes has been made to recognize these timing differences.

Provision has been made, based upon 1973 tax rates, for estimated Federal corporate income taxes on net unrealized appreciation of investments. Such taxes would not be payable in the event of a direct distribution of these assets to stockholders.

The Company's tax returns have been examined by the Internal Revenue Service through December 31, 1971 and all adjustments, which were minor in nature, have been included in the financial statements.

3 - Capital Stock

On April 9, 1973 the stockholders resolved to amend the Articles of Incorporation and effect a 100-for-1 stock split of common and first preferred stock, which resulted in the following changes:

	<u>Before Split</u>	<u>After Split</u>
First preferred:		
Par value	\$1.00	\$.01
Shares authorized	150,000	15,000,000
Shares outstanding	150,000	15,000,000
Par value outstanding	\$150,000	\$150,000
Common:		
Par value	\$.10	\$.001
Shares authorized	50,000	5,000,000
Shares outstanding	3,100	3,100,000
Par value outstanding	\$3,100	\$3,100

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ALEXANDER DAWSON, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 1973

Dividends paid on capital stock during 1973, based upon shares outstanding after the stock split described above, consisted of:

	<u>Per Share</u>	
First preferred	\$.008	\$ 12,000
Second preferred	\$.80	32,356
Third preferred	\$.70	37,422
Fourth preferred	\$.70	<u>54,880</u>
		136,658
Common	\$.44	<u>1,364,000</u>
		<u>\$1,500,658</u>

9 - Contingencies

In 1972, the Company was involved in litigation to reduce to judgment two promissory notes of Hydroponics, Inc and to foreclose two trust deeds and certain security interests in chattels securing the promissory notes. During the course of that litigation, a receiver was appointed to take possession and charge of various assets and to continue the operation of the business. In 1973, the Court granted a summary judgment in favor of Alexander Dawson, Inc and in 1973, at a Sheriff's sale to satisfy the judgment, the Company acquired the property. The Court, however, imposed operational expenses of the receivership upon the secured receivership property.

In addition, a creditor of Hydroponics, Inc has instituted an action to receive payment for delivery of materials and supplies prior to the summary judgment and the acquisition of the property by the Company. The Company is contesting these actions and the amounts, which are not material, have not been reflected in the financial statements.

The Company is also involved as plaintiff in a foreclosure proceeding on real estate located in Colorado due to nonpayment of an indebtedness of \$700,000. It is the opinion of counsel that the Company will receive full payment of the loan, together with all costs, or receive title to the real estate, the value of which is estimated to be greater than the loan.

ALEXANDER DAWSON, INC
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1973

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Dividends paid on capital stock during 1973, based upon shares outstanding after the stock split described above, consisted of:

	<u>Per Share</u>	
First preferred	\$.008	\$ 12,000
Second preferred	\$.80	32,356
Third preferred	\$.70	37,422
Fourth preferred	\$.70	<u>54,880</u>
		136,658
Common	\$.44	<u>1,364,000</u>
		<u>\$1,500,658</u>

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The Company is also involved as plaintiff in a foreclosure proceeding on real estate located in Colorado due to nonpayment of an indebtedness of \$700,000. It is the opinion of counsel that the Company will receive full payment of the loan, together with all costs, or receive title to the real estate, the value of which is estimated to be greater than the loan.

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Exhibit XI

~~6~~¹⁵/2/76

3/2/76

LEASE AGREEMENT

BETWEEN

BEAUFORT COUNTY, SOUTH CAROLINA

AND

ALEXANDER DAWSON, INC.

DATED AS OF

THIS LEASE AGREEMENT, dated as of _____, 1976, between BEAUFORT COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the County Council of Beaufort County, which is the governing body of said County, party of the first part, and ALEXANDER DAWSON, INC., a corporation organized and existing under the laws of the State of Nevada, duly qualified to conduct business in the State of South Carolina, party of the second part,

WITNESSETH:

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or against its taxing powers but shall be payable solely out of the proceeds derived from this Lease Agreement, the sale of the Bonds referred to in Section 2.1 hereof, the insurance proceeds, and proceeds from released property and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain terms used in this Lease Agreement are defined herein. When used herein, such terms shall have the meanings given to them by the language employed in this Article I defining such terms, unless the context clearly indicates otherwise.

SECTION 1.2. The following terms are defined terms under this Lease Agreement:

"ACT" means Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967, as amended.

"ADDITIONS" or "ALTERATIONS" means improvements, replacements, alterations, additions, enlargements or expansions in, on or to the Project including any and all machinery and equipment therefor.

"AGREEMENT" or "LEASE AGREEMENT" means the within Lease Agreement between the County and the Lessee as the same may be amended from time to time in accordance with the provisions hereof.

"AUTHORIZED LESSEE REPRESENTATIVE" means the person at the time designated to act in behalf of the Lessee by written certificate furnished to the County and the Mortgagee, containing the specimen signature of such person and signed on behalf of the Lessee by its President, any of its Vice Presidents, or its Treasurer or by the Chairman of its Board of Directors. Such certificates may designate an alternate or alternates.

"BUILDING" means the buildings and all other facilities forming a part of the Project and not constituting part of the Leased Equipment which, as set out in Section 4.1(a) hereof, are to be constructed on the Leased Land, as they may at any time exist, including any air conditioning and heating systems (which shall be deemed fixtures).

"CHAIRMAN" means the chief executive officer of the County Board. The term shall also include the Vice Chairman of the County Board whenever, by reason of absence, illness, or other reason, the person who is the Chairman is unable to act.

"CODE" means the Internal Revenue Code of 1954, as amended.

"COMPLETION DATE" means the date of completion of the construction of the Building and the installation therein of the Leased Equipment and all other facilities in connection with the Project as that date shall be certified as provided in Section 4.5 hereof.

"CONSTRUCTION FUND" means the Construction Fund created in accordance with the provisions of Section 4.3 hereof.

"CONSTRUCTION PERIOD" means the period between the beginning of construction or the date on which the Note is delivered to the purchaser thereof (whichever is earlier) and the Completion Date.

"COUNTY" means Beaufort County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"COUNTY BOARD" means the County Council of Beaufort County, and any successor body.

"GUARANTY AGREEMENT" means the Guaranty Agreement between the Lessee and the Mortgagee dated as of the date hereof.

"INDEPENDENT COUNSEL" means an attorney duly admitted to practice law before the highest court of any state and not a full-time employee of either the County, the Lessee or the Guarantor.

"INDEPENDENT ENGINEER" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina and who or which is not a full-time employee of either the County, the Lessee or the Guarantor.

"LEASE RENTALS" means all of the revenues, rents and receipts derived directly or indirectly from the leasing or sale of the Project including all moneys received under the Lease Agreement (excepting only amounts paid pursuant to Section 5.4, 5.5, 6.3, 8.7 or 10.4 hereof).

"LEASE TERM" means the duration of the leasehold estate created in this Agreement as specified in Section 5.1 hereof.

"LEASED EQUIPMENT" means those items of machinery, equipment and related property required herein to be acquired and installed in the Building or elsewhere on the Leased Land with proceeds from the sale of the Note, or the proceeds of any payment by Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment and related property acquired and installed in the Building or elsewhere on the Leased Land in substitution therefor and renewals and replacements

thereof pursuant to the provisions of Sections 4.1(b), 6.2, 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 9.7 hereof. Leased Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

"LEASED LAND" means the real property described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein.

"LESSEE" means (i) the party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee corporation as provided in Section 8.3 hereof.

"MORTGAGE" means the Mortgage given by the County to Bankers Trust of South Carolina, as Mortgagee, of even date herewith, pursuant to which the County's interest in this Agreement and the Lease Rentals are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Note.

"MORTGAGEE" means Bankers Trust of South Carolina, as holder of the Note and Mortgage of the County, its successors and assigns.

"NET PROCEEDS", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses incurred in the collection of such gross proceeds.

"NOTE" means the \$900,000 First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee) of the County. The Note shall be in substantially the form of the attached Exhibit "C".

"PENALTY RATE" means interest at the rate of ____% per annum or such lesser rate as may be required by applicable usury laws.

"PERMITTED ENCUMBRANCES" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Agreement and the Mortgage, (iii) utility, access and other easements and rights of way, flood rights, encroachments, leases, restrictions and exceptions that an Independent Engineer and the Authorized Lessee Representative certify will not interfere with or impair the operations being conducted in the Building (or if the Building is not yet complete, the operations to be conducted) in the Building, or, if the Building has been completed and no operations are being conducted therein, the operations for which the Building was last designed or last modified), (iv) such minor defects, irregularities, encumbrances, and clouds on title as normally exist with respect to properties similar in character to the Project and as do not in the opinion of an Independent Counsel, materially impair the title to the Project for the purposes for which it was acquired or is held by the County, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5, Title 45, Code of Laws of South Carolina, 1962, as now or hereafter amended.

"PROJECT" means the Leased Land, the Building and the Leased Equipment.

"RESOLUTION" means the Resolution of the County Board adopted _____, 1976, which, among other things provides for the issuance of the Note.

"SECRETARY" means the Secretary of the County Board. The term shall also include a person whose title is Clerk, and the Assistant or Acting Secretary or Clerk of the County Board whenever by reason of absence, illness or other reason, the person who is the Secretary or Clerk is unable to act.

SECTION 1.3. The words "hereof", "herein", "hereunder", and other words of similar import refer to this Lease Agreement as a whole.

SECTION 1.4. References to Articles, Sections and other subdivisions of this Lease Agreement are to the designated Articles, Sections, and other subdivisions of this Lease Agreement.

SECTION 1.5. The headings of this Lease Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

REPRESENTATIONS AND UNDERTAKINGS

SECTION 2.1. Representations by the County. The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Act. By proper action by the County Board and the State Budget and Control Board of South Carolina, the County has been duly authorized to execute and deliver this Agreement.

(b) The County has acquired the Leased Land, upon which the Building is being constructed by the Lessee and has authorized, and does hereby authorize, the Lessee to complete the construction of the Building thereon, to acquire and install the Leased Equipment in the Building or on the Leased Land and to acquire, install and construct all other things deemed necessary in connection with the Project, and the County proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purposes of promoting and employing the manpower and natural resources of South Carolina.

(c) Heretofore, and before construction of the Building was begun, the County and the Lessee did agree that the County would finance the cost of acquiring, constructing and equipping the Project. The Lessee has estimated that such cost will not exceed \$ _____

and on that basis the County now proposes to issue the Note in the aggregate principal amount of \$90,000, which will be dated, mature and bear interest as set forth in Article II of the Resolution and which will be subject to prepayment on the occasions and at the redemption prices set forth in Article III of the Resolution, in order to finance the cost of acquiring, constructing and equipping the Project.

SECTION 2.2. Representations by the Lessee. The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a corporation duly incorporated under the laws of the State of its incorporation, is in good standing under its Charter and the laws of the State of its incorporation and of the State of South Carolina, and has power to enter into this Agreement and by proper corporate action has been duly authorized to execute and deliver this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, 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 Lessee is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement.

(c) The Lessee intends to continue to operate the Project, from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein as a plant for the processing of seafood, and for the manufacture of such other products as the Lessee may deem appropriate.

(d) All proceeds derived from the sale of the Note will be used to acquire the Project, which consists entirely of land and property of a character subject to the allowance for depreciation as prescribed in Section 103(c)(6)(A) and (D) of the Code, and no part of the Note proceeds will be used to finance inventory or for working capital.

ARTICLE III

DEMISING CLAUSE, NO WARRANTY OF TITLE,
TITLE INSURANCE

SECTION 3.1. Demise of the Leased Land, Building and the Leased Equipment. The County demises and leases to the Lessee, and the Lessee leases from the County, the Leased Land, the Building and the Leased Equipment at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Agreement.

SECTION 3.2. No Warranty of Title. The County makes no warranty with respect to the title to the Leased Land, and the Lessee will furnish, at the time of the delivery of the Note, a written opinion of Independent Counsel that the County has good and marketable fee simple title to the Leased Land and Building, subject to Permitted Encumbrances.

SECTION 3.3. Title Insurance. At the time of the delivery of the Note, the County will provide a Mortgagee Title Insurance Policy (or appropriate Binder) upon the Leased Land and Building issued by a Company approved by the Mortgagee insuring the lien of the Mortgage upon the Leased Land and Building, subject to no encumbrances other than Permitted Encumbrances, in the amount specified in Exhibit A to this Agreement. Any Net Proceeds from title insurance shall be paid to the Mortgagee to be applied against principal payments on the Note in inverse order of maturity.

ARTICLE IV

CONSTRUCTION OF THE PROJECT; ISSUANCE OF
THE NOTE; CONSTRUCTION FUND

SECTION 4.1. Agreement to Construct and Equip the Building on the Leased Land. The County has acquired the Leased Land by deed duly recorded. The Lessee agrees that it will exercise the authorizations given to it by the County in Section 2.1(b) and:

(a) It will cause the Building to be constructed on the Leased Land wholly within the boundary lines thereof (the Building to contain the square footage as set forth in Exhibit "A" hereto, and to be used for the purposes set forth in Article II hereof); all of which will be constructed in accordance with a general description heretofore furnished to the County by the Lessee.

(b) It will cause to be acquired and installed in the Building or on the Leased Land for use of Lessee the Leased Equipment, to consist of the machinery, equipment and related property described in the general list thereof in Exhibit "B", and such other items of machinery and equipment, and any transportation facility and equipment used as an integral part of the Project, which in Lessee's judgment may be necessary for the operation of the Project.

The Lessee agrees to complete the construction of the Building as promptly as practicable after receipt of proceeds from the sale of the Note and to continue the said construction with all reasonable dispatch, and to effect the acquisition and installation of the Leased Equipment as promptly as practicable.

SECTION 4.2. Agreement to Issue Note; Application of Note Proceeds. In order to provide funds for payment of the costs of the Project, the County agrees that it will, on or before the ____ day of _____, sell

and cause to be delivered to the Mortgagee the Note in the aggregate principal amount of \$900,000 and will thereupon deposit in the Construction Fund the proceeds received from said sale.

SECTION 4.3. Establishment of Construction Fund;
Disbursements from the Construction Fund. Not later than the occasion of the delivery of the Note, the County will establish the Construction Fund at the principal office of the Mortgagee in the City of Columbia, State of South Carolina. Withdrawals from the Construction Fund shall be made only upon the signature of the Authorized Lessee Representative as hereinafter provided. The moneys in the Construction Fund will be held in trust and used for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

(a) Payment of the fees for recording the deed whereby the Leased Land has been conveyed to the County, this Agreement, the Mortgage, financing statements and any title curative documents that either the Mortgagee, the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the lien or security interest of the Mortgage on the Project; and the fees and expenses in connection with any actions or proceedings that either the Mortgagee, the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the County to the Project or to perfect or protect the lien or security interest of the Mortgage on the Project.

(b) Payment of such amounts, if any, as shall be necessary to make reimbursement in full for all advances and payments made prior to or after the delivery of the Note for expenditures in connection with (i) the acquisition by the County of title to the Leased Land, including the cost of the Leased Land and the preparation of plans and specifications for the Project (including

any preliminary study or planning of the Project or any aspect thereof), (ii) clearing the Leased Land, the construction of the Building, the acquisition and installation of the Leased Equipment, and all construction, acquisition and installation expenses required to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project (including architectural, engineering and supervisory services with respect to any of the foregoing), and (iii) any other costs and expenses relating to the Project.

(c) Payment of the cost of legal and accounting fees and expenses, title insurance premium, and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Note, the preparation of this Agreement, the Mortgage, and all other documents in connection therewith and in connection with the acquisition of title to the Leased Land, Building and Leased Equipment.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the construction of the Building, payment for all costs incident to the acquisition and installation of the Leased Equipment, payment for the cost of the construction, acquisition and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond.

(e) Payment of the fees, or out-of-pocket expenses, if any, for architectural, engineering and supervisory services with respect to the Project.

(f) To such extent as they shall not have been paid by a contractor for construction or installation

with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this Agreement.

(g) Payment of the taxes, assessments and other charges, if any, referred to in Section 6.3 hereof that may become payable during the Construction Period.

(h) Payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(i) Payment of any other costs and expenses relating to the Project.

(j) All moneys remaining in the Construction Fund after completion of the construction of the Building and acquisition and installation of the Leased Equipment and payment in full of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (i), inclusive, of this Section, shall be applied to the payments as they become due on the Note, except for amounts retained in the Construction Fund with the approval of the Authorized Lessee Representative for payment of Project costs not then due and payable; any balance remaining of such retained funds after full payment of all such Project costs to be applied to the payments as they become due on the Note.

Provided that:

(1) On the occasion of each payment from the Construction Fund in accordance with the preceding provisions of this Section, the Authorized Lessee Representative shall file a written certificate showing the items for which payment or reimbursement is sought, with the Mortgagee establishing: (i) that none of the items for which the payment is proposed

to be made has formed the basis for any payment theretofore made from the Construction Fund and (ii) that each item for which the payment is proposed to be made is or was necessary in connection with the Project.

(2) In the case of any contract providing for retention by the Lessee of a portion of the contract price, there shall be paid from the Construction Fund only the net amount remaining after deduction of any such portion, until such retainage becomes due in accordance with the terms of such contract.

SECTION 4.4. Mortgagee May Rely on Orders and Certifications. In making any such payment from the Construction Fund, the Mortgagee may rely on any such orders and certifications delivered to it pursuant to Section 4.3, and the Mortgagee shall be relieved of all liability with respect to making such payments in accordance with such orders and certifications.

SECTION 4.5. Establishment of Completion Date. The Completion Date shall be evidenced to the Mortgagee by a certificate signed by the Authorized Lessee Representative stating that, except for amounts retained by the Mortgagee for Project costs not then due and payable as provided in Section 4.3(j), (i) construction of the Building has been completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid, the Leased Equipment has been installed to his satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment

have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Lessee to cause the certificate contemplated by this Section 4.5 to be furnished as soon as the Project shall have been completed.

SECTION 4.6. Lessee Required to Pay Construction Costs in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the costs of the Project shall not be sufficient to pay the costs thereof in full, the Lessee agrees to complete, or cause to be completed, the Project and to pay all that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this Agreement, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Construction Fund the Lessee shall pay any portion of the said costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the Mortgagee nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof. The obligation of the Lessee to complete the Project shall survive any termination of this Agreement.

SECTION 4.7. Authorized Lessee Representative and Successors. The Lessee shall designate, in the manner prescribed in Section 1.2, the Authorized Lessee Representative. In the event that any person so designated and his alternate or alternates, if any, should become unavailable or unable to take any action or make any certificate provided

for or required in this Agreement, a successor shall be appointed in the same manner.

SECTION 4.8. Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties. The Lessee covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessee in connection with the performance of its obligations under this Section 4.8 to be considered part of the Project costs referred to in Section 4.3(i), and the County agrees that the Lessee may, from time to time, in its own name, or in the name of the County, take such action as may be necessary or advisable, as determined by Lessee, to insure the construction of the Project in accordance with the terms of such construction contracts, to insure the peaceable and quiet enjoyment of the Project for the Lease Term, and to insure the performance by the County of all covenants and obligations of the County under this Agreement, with all costs and expenses incurred by the Lessee in connection therewith to be considered as part of the Project costs referred to in Section 4.3(i). Any amounts recovered by way of damage, refunds, adjustments or otherwise in connection with the foregoing, less any unreimbursed legal expenses incurred in order to collect the same, shall be paid into the Construction Fund and after the Completion Date shall be applied to payments as they become due on the Note.

SECTION 4.9. Investment of Construction Fund Moneys Permitted - Limitation on Investments. Any moneys held as part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or reinvested by the Mortgagee to the extent permitted by law in the manner set forth below but with maturities consonant

for anticipated expenditures to be made from the Construction Fund:

- (i) obligations of the United States and agencies thereof;
- (ii) general obligations of the State of South Carolina or any of its political units;
- (iii) Savings and Loan Associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; or
- (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

Such investments shall be as specified by the Authorized Lessee Representative.

The Lessee further covenants and agrees:

(a) That it will not direct the Mortgagee to invest any moneys held as a part of the Construction Fund in a manner which shall be contrary to any policy or rules or regulations of the Internal Revenue Service with respect to "arbitrage bonds" within the meaning of Section 103(d)(2) of the Code and the applicable regulations issued thereunder and as in effect on the occasion of the delivery of the Note (the Regulations); and

(b) It will furnish to the County accurate information to enable the appropriate County officers and Bond Counsel to make all necessary certifications required by the Regulations.

ARTICLE V

EFFECTIVE DATE OF THE AGREEMENT; DURATION OF LEASE TERM;
RENTAL PROVISIONS; PAYMENTS IN LIEU OF TAXES AND
UNCONDITIONAL OBLIGATIONS OF LESSEE

SECTION 5.1. Effective Date of this Agreement;

Duration of Lease Term. This Agreement shall become effective upon its delivery and the leasehold estate created by this Agreement shall then begin, and, subject to the provisions of this Agreement (including particularly Articles X and XI and Section 12.1), shall expire _____.

SECTION 5.2. Delivery and Acceptance of Possession.

The County agrees to deliver to the Lessee sole and exclusive possession of the Leased Land upon the execution and delivery of this Agreement and Lessee thereupon and thereafter shall have sole and exclusive possession of the Project during the Lease Term (subject to the right of the County and Mortgagee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof).

SECTION 5.3. Rents and Other Amounts Payable. At

least three days before _____, and at least three days before each _____ 1 and _____ 1 thereafter until the principal of, premium, if any, and interest on the Note shall have been fully paid the Lessee shall pay to the Mortgagee as rent for the Project a sum equal to the amount payable on such date as principal and interest upon the Note.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by prepayment or acceleration as provided in the Note and Mortgage) on such date the Lessee will forthwith pay any such deficiency; provided that any amount at any time held for application to the payments as they become due on the Note in accordance with the provisions hereof shall be credited against the next rental payment to the extent such amount is in excess

of the amount required for payments of the Note theretofore due; and provided further, that if the amount held by the Mortgagee for application as aforesaid should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Note then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the foregoing provisions of this Section.

In the event the Lessee shall fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the Penalty Rate until paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

SECTION 5.4. Place of Rental Payments. The rent provided for in Section 5.3 hereof shall be paid directly to the Mortgagee for the account of the County for application against the Note.

SECTION 5.5. Payments in Lieu of Taxes. 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 County in cooperation with the Lessee (i) shall cause the Project to be valued as if privately owned as aforesaid for purposes of the 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 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 Section 6.3 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 5.5 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. In the event the Lessee shall fail to make any of the payments required by this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid and the Lessee agrees to pay

the same with interest thereon at the Penalty Rate until paid.

SECTION 5.6. Obligations of Lessee Hereunder Unconditional. Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Sections 5.3 and 5.5 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of, and interest on the Note shall have been fully paid, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Section 11.1 hereof will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the Lessee to complete the Project, the taking by eminent domain of title to or the right of temporary use of all or any part of the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or South Carolina or any political subdivision of either thereof or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained; and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. The

Lessee may, however, at its own costs and expense and in its own name or in the name of the County, 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 of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

SECTION 6.1. Maintenance and Modifications of Project

by Lessee. The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Project in good repair and in good operating condition, making from time to time, subject to the provisions of Section 6.2, all necessary repairs thereto and renewals and replacements thereof. The Lessee may, also at its own expense, make from time to time any Additions or Alterations to the Project it may deem desirable for its business purposes that do not adversely affect the operations being conducted in and upon the Project (or, if no operations are being conducted, the operations for which the Project was designed or last modified). Subject to the provisions of Section 9.7 hereof, such Additions and Alterations so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee shall not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Lessee shall first notify the Mortgagee of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Mortgagee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items, the lien of the Mortgage 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 the Lessee shall promptly pay and cause to be satisfied

and discharged all such unpaid items. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2. Removal of Leased Equipment. The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Leased Equipment. If no event of default under this Agreement shall have happened and be continuing, in any instance where the Lessee in its discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Mortgagee therefor, provided that the Lessee shall either:

(a) Substitute (either by direct payment of the cost thereof or by advancing to the County the funds necessary therefor) and install anywhere in the Building or on the Leased Land other machinery, equipment or related property having equal or greater utility (but not necessarily having the same function) in the operation of the Project for the purpose for which it is intended, provided such removal and substitution shall not impair operating unity, all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall become a part of the Leased Equipment; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Leased Equipment to anyone other than itself or in the case of the scrapping thereof, the Lessee shall pay to the Mortgagee, to be applied against the principal last maturing on the Note, the proceeds

from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land, the Lessee shall pay to the Mortgagee, to be applied against the principal last maturing on the Note, the amount of the credit received by it in such trade-in and (iii) that in the case of the sale of any such Leased Equipment to the Lessee or in the case of any other disposition thereof the Lessee shall pay to the Mortgagee, to be applied against the principal last maturing Note, an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice. The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

The Lessee shall promptly report to the Mortgagee each such removal, substitution, sale and other disposition and shall pay to the Mortgagee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid to the Mortgagee promptly after the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount so to be paid on account of all such sales, trade-ins or other dispositions not previously reported aggregates at least \$_____. The Lessee shall not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

SECTION 6.3. Taxes, Other Governmental Charges and Utility Charges. The County and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Project owned by the County will be subject to taxation in

South Carolina, that under present law the income and profits (if any) of the County from the Project are not subject to either Federal or South Carolina taxation and that under present law there is no tax imposed upon leasehold estates in South Carolina, and (ii) that these factors, among others, have induced the Lessee to enter into this Agreement.

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, 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 Lease Rentals of the County from the Project which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Mortgage or a charge on the Lease Rentals therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Mortgage, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Project), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by 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 to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Mortgagee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments

and other charges and, in the event of any such contest, 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 Mortgagee shall notify the Lessee that, in the opinion of Independent Counsel, by non-payment of any such items the lien of the Mortgage 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. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the County or the Mortgagee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Mortgagee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Penalty Rate from the date thereof until paid, the Lessee agrees to pay.

The County agrees that any investment tax credit with respect to the Project shall be made available to the Lessee and the County will fully cooperate with the Lessee in any effort by the Lessee to avail itself of any such investment tax credit.

SECTION 6.4. Insurance Required. Throughout the Lease Term, the Lessee shall keep the Project continuously insured as hereinafter provided, paying (except as provided in Section 4.3 hereof) as the same become due all premiums in respect thereto. Such insurance shall include but not necessarily be limited to:

(a) Insurance upon the repair or replacement basis if available, and otherwise to the full insurable cash value of the Project as determined by an insurer selected by the Lessee or as otherwise agreed to by the County and Lessee, against loss or damage by fire and lightning, with uniform

standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in South Carolina; provided that the insurance required by this subsection may contain a deductible provision of not in excess of \$_____ direct damage applicable to each separate instance of loss or damage insured against. In time of war in which the United States is a belligerent, such insurance to the extent of the full insurable cash value of the Project as may be available from the United States of America against loss thereof or damage thereto from risks and hazards of war, if such insurance is then generally carried by owners of industrial plants in South Carolina.

(b) Boiler and pressure vessel (including pressure pipes) explosion insurance in an amount at least equal to \$_____ (with deductible provisions not to exceed \$_____) pressure pipes installed in the Project.

(c) General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the Project and the adjoining streets, sidewalks, and passageways, such insurance to afford protection of not less than \$_____ with respect to bodily injury to any one person, not less than \$_____ with respect to bodily injury to two or more persons in any one accident, and the policies evidencing such insurance may provide that the Lessee shall be self insured to the extent of \$_____ in connection with each separate claim insured against. Such self insurance may, at the Lessee's option, be taken directly as a deductible or indirectly under any type of retrospective rating arrangement between the Lessee and such insurer as it may select.

(d) Insurance (or authorization by the appropriate officials of the State of South Carolina to self insure) covering any liability under the Workmen's Compensation laws

of South Carolina for deaths of or injuries to persons arising out of any act or omission during the Lease Term.

SECTION 6.5. Application of Net Proceeds of Insurance.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows:

(i) the Net Proceeds of the insurance required in Section 6.4(a) and (b) hereof shall be applied as provided in Section 7.1 hereof, and (ii) the Net Proceeds of the insurance required in Section 6.4(c) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6. Additional Provisions Respecting Insurance.

All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Lessee. All policies evidencing such insurance shall provide for payment of the losses to the County, the Lessee and the Mortgagee as their respective interests may appear, and the policies required by Section 6.4(a) and (b) shall contain standard mortgagee clauses requiring that all Net Proceeds of insurance resulting from any claim in excess of \$_____ for loss or damage covered thereby be paid to the Mortgagee; provided, however, that all claims regardless of amount may be adjusted by the Lessee with the insurers, subject to approval of the Mortgagee as to settlement of any claim in excess of \$_____. The insurance hereby required may be contained in blanket policies now or hereafter maintained by the Lessee.

All such policies or a certificate or certificates of the insurers that such insurance is in force and effect shall be deposited with the Mortgagee and shall contain a provision that any such policy may not be cancelled unless the Mortgagee is notified at least 15 days prior to cancellation; and at least 15 days prior to expiration of any such policy, the Lessee shall furnish the Mortgagee with evidence satisfactory to the latter, that the policy has been renewed or

replaced or is no longer required by this Lease.

SECTION 6.7. Advances by County or Mortgagee. In the event the Lessee shall fail to maintain the full insurance coverage required by this Lease or shall fail to keep the Project in as reasonably safe condition as its operating conditions will permit, or shall fail to keep the Project in good repair and good operating condition, the County or the Mortgagee, after written notice to the Lessee of their intent to take such action, may (but unless satisfactorily indemnified shall be under no obligation to) take out the required policies of insurance and pay the premium on the same or make the required repairs, renewals and replacements; and all amounts so advanced therefor by the County or the Mortgagee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Penalty Rate, from the date thereof, the Lessee agrees to pay.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. Damage and Destruction. (a) Unless the Project shall be damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Note the Project is damaged by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such destruction or damage is not greater than \$_____, the Lessee (i) shall promptly repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing 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 value of the character of the Project as a processing plant, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$_____ shall be paid to the Lessee, subject to the provisions of Section 7.1(e).

(b) Unless the Project shall be destroyed or damaged to the extent prescribed by, and the Lessee shall elect to exercise its option to purchase pursuant to, the provisions of Section 11.2(a) hereof, if prior to full payment of the Note the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) and Section 6.4(b) hereof resulting from such destruction or damages is in excess of \$_____, the Lessee shall promptly give written

notice thereof to the Mortgagee. All Net Proceeds of insurance resulting from such claims for losses in excess of \$ _____ shall be paid to and held by the Mortgagee in a separate trust account whereupon the Lessee shall proceed promptly to repair, rebuild or restore the Project to substantially the same condition thereof as existed prior to the event causing 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 value or the character of the Project as a processing plant whereupon the Mortgagee shall apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses.

(c) In the event the Net Proceeds are not sufficient to pay in full the costs of any such repair, rebuilding or restoration, the Lessee shall nonetheless complete said work and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(d) The Lessee shall not, by reason of the payment of such excess costs be entitled to any reimbursement from the County or the Mortgagee, or any abatement or diminution of the rents payable under Section 5.3 hereof.

(e) Any balance of such Net Proceeds remaining after payment of all costs of such repair, rebuilding or restoration shall be paid to the Mortgagee to be applied against the principal payments on the Note in inverse order of their maturity. If the Note has been fully paid all Net Proceeds shall be paid to the Lessee.

(f) Notwithstanding any other provision of this Section, in any event of damage or destruction when the Note is no longer outstanding and unpaid, there shall be no obligation on the part of the Lessee to restore the Project.

SECTION 7.2. Condemnation. Unless title to, or temporary use of, all or substantially all, or any material

portion, of the Project shall have been taken by condemnation and the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County, the Lessee and the Mortgagee shall cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Mortgagee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the Project to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, in the name of the County of improvements consisting of a building or buildings, facilities, machinery, equipment or other properties suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances prior to or on a parity with the lien of the Mortgage, other than Permitted Encumbrances.

(c) To payment of the Note, provided that the Lessee shall furnish to the County and the Mortgagee a certificate of an Independent Engineer acceptable to the County and the Mortgagee stating (i) that the

property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the County and the Mortgagee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be paid to the Mortgagee to be applied against the principal payments of the Note in inverse order of their maturity. If the Note has been fully paid all Net Proceeds shall be paid to the Lessee.

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the County. In no event shall the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

Notwithstanding any other provision of this Section, in any event of condemnation when the Note is no longer outstanding and unpaid, there shall be no obligation on the part of Lessee to restore or repair the Project.

SECTION 7.3. Condemnation of Lessee-Owned Property.

The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property not included in the Project (except for damages for the value of its leasehold estate under this Agreement which shall be disposed of pursuant to Section 7.2 hereof).

ARTICLE VIII

SPECIAL COVENANTS, IMPROVEMENT BONDS

SECTION 8.1. No Warranty of Condition or Suitability by the County. The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

SECTION 8.2. County's and Mortgagee's Right of Access to the Project. The Lessee agrees that the County, the Mortgagee and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project, including such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof. The rights of access hereby reserved to the County and the Mortgagee may be exercised only after any such agent shall have executed release of liability and secrecy agreements in the form then currently used by the Lessee. However, nothing contained in this Section 8.2 or in any other provision of this Agreement shall be construed to entitle the County or the Mortgagee to any information or inspection involving the confidential know-how of the Lessee.

SECTION 8.3. Lessee to Maintain its Corporate Existence, Conditions Under Which Exceptions Permitted. The Lessee agrees that during the Lease Term 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 other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation organized under the laws of one of the States of the United States, 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 and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Lessee under this Agreement and qualifies to do business in South Carolina and, provided further, that the surviving, resulting or transferee corporation, as the case may be, has a net worth immediately following the consummation of such merger, consolidation or transfer equal to or greater than the net worth of the Lessee immediately prior to such merger, consolidation or transfer.

SECTION 8.4. Qualification in South Carolina. The Lessee warrants that it is, and throughout the Lease Term it will continue to be duly qualified to do business in South Carolina.

SECTION 8.5. Release of Certain Land. In addition hereto reserve the right at any time and from time to time to amend this Agreement for the purpose of effecting the release of and removal from this Agreement and the leasehold estate created hereby of (i) any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated, but upon which transportation or utility facilities may be situated) on which the County then proposes to construct, or cause to be constructed, improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such part) of the Leased Land with respect to which the County proposes to grant an easement or convey fee title to a railroad, public utility or public body in order that railroad, utility services or roads may be provided for the Project; provided, that if at the time any such amendment is made any portion of the Note is outstanding and unpaid there shall be deposited with the Mortgagee the following:

- (a) A copy of the said amendment as executed.

(b) A resolution of the County Board (i) stating that the County is not in default under any of the provisions of the Mortgage and the Lessee is not to the knowledge of the County in default under any of the provisions of this Agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina, and (v) requesting such release.

(c) A resolution of the board of directors of the Lessee approving such amendment and a certificate of the president, any vice president or treasurer of the Lessee stating that the Lessee is not in default under any of the provisions of this Agreement.

(d) A copy of any agreement wherein the County agrees to construct, or cause to be constructed, improvements on the portion of the Leased Land so requested to be released and to lease the same, or a copy of the instrument granting the easement or conveying the title to a railroad, public utility or public body.

(e) A certificate of an Independent Engineer who is acceptable to the Mortgagee, dated not more than sixty days prior to the date of the release and stating that in the opinion of the person signing such certificate, (i) the portion of the Leased Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services or roads to benefit the Project or is not otherwise needed for the operation of the Project for the purposes hereinabove stated and (ii) the release so proposed to be made will not impair the usefulness of the Project as a processing

plant and will not destroy the means of ingress thereto and egress therefrom.

And, provided further, if such release relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project as a manufacturing plant.

If all of the conditions of this Section 8.5 are met, the Mortgagee shall be authorized to release any such property from the lien of the Mortgage.

No release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.6. Granting of Easements. If no event of default under this Agreement shall have happened and be continuing, the Lessee may at any time or times grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Mortgage, or the Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Mortgagee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release, (ii) a written application signed by the president or a vice president or the treasurer of the Lessee requesting such instrument, and (iii) a certificate executed by the president or a vice president or the treasurer of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair

the effective use or interfere with the operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Mortgage. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

SECTION 8.7. Indemnification Covenants. (a) Lessee shall and agrees to indemnify and save the County and the Mortgagee harmless against and from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and, Lessee further, shall indemnify and save the County and the Mortgagee harmless against and from all claims arising during the Lease Term from (i) any condition of the Project, (ii) any breach or default on the part of Lessee in the performance of any of its obligations under this Agreement, (iii) any act of negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (iv) any act of negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save the County and the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid or in connection with any action or proceeding brought thereon, and upon notice from the County, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the County hereunder, by reason of the issuance of the Note, by reason of the execution of the Mortgage, by reason of the performance of any act requested of it by the Lessee, or by reason of the County's ownership

of the Project or the operation of the Project 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 County should incur any such pecuniary liability, then in such event the Lessee shall indemnify and hold harmless the County 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 County, the Lessee shall defend the County in any such action or proceeding.

SECTION 8.8. Financial Statements of Lessee. The Lessee agrees to furnish the County such information respecting the business affairs, operation and financial condition of the Lessee and its consolidated subsidiaries as may be reasonably requested; and without any request to furnish to the Mortgagee, (a) as soon as available, and in any event at the time the same are made available to the stockholders of the Lessee, copies of all quarterly and other interim financial statements as the Lessee shall furnish to its stockholders, and (b) as soon as available, and in any event within one hundred fifty (150) days after closing of each fiscal year of the Lessee, a copy of the annual audit report (including balance sheets, profit and loss, and surplus statements) of the Lessee, and its consolidated subsidiaries for such fiscal year, all as prepared and certified by independent public accountants of recognized standing; provided, however, that if the annual report of Lessee to its stockholders shall contain financial statements of substantially similar detail and similarly prepared and certified, copies of such annual report may be delivered in lieu of the copies of the annual reports referred to herein.

ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; PREPAYMENT;
RENT PREPAYMENT AND ABATEMENT; INSTALLATION OF
LESSEE'S OWN MACHINERY AND EQUIPMENT

SECTION 9.1. Assignment and Subleasing. This Agreement may be assigned, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of either the County or the Mortgagee, subject, however, to each of the following conditions:

(a) No assignment (other than pursuant to Section 8.3 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing, the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for the payment, performance and observance of the other obligations and agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume in writing the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the County and to the Mortgagee a true and complete copy of each such assignment or sublease, as the case may be.

SECTION 9.2. Mortgage of Property by County. The County will mortgage the Project and assign its interest in and pledge the Lease Rentals pursuant to the Mortgage, to the Mortgagee as security for payment of the principal of, premium, if any, and interest on the Note, but each such mortgage, assignment or pledge shall be subject and subordinate to this Agreement.

SECTION 9.3. Restrictions on Sale of Project by County. The County agrees that, except as set forth in Section 9.2 hereof or other provisions of this Agreement or the Mortgage,

it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

SECTION 9.4. Prepayment of Note. The County at the request at any time of the Lessee and, if the same is then subject to prepayment, shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Resolution to effect prepayment of the Note on the earliest prepayment date on which such prepayment may be made under such applicable provisions.

SECTION 9.5. Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the County agrees that the Mortgagee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments due by reason of the provisions of Section 5.3 hereof.

SECTION 9.6. Lessee Entitled to Certain Rent Abatements If Note Paid Prior to Maturity. If at any time the aggregate rental and other payments to the Mortgagee shall be sufficient to retire the Note in accordance with the provisions thereof and to pay all fees and charges of the Mortgagee due or to become due through the date on which the Note is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Mortgagee to and including _____, 19___, with no obligation to make the rental payments specified in Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7. Installation of Lessee's Own Machinery and Equipment. The Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property which may be attached

or affixed to the Project. All such machinery, equipment and other personal property shall remain the sole property of the Lessee and the Lessee may remove the same from the Project at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Mortgage. Neither the County nor the Mortgagee shall have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.7, and all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee by appropriate tags or other markings.

SECTION 9.8. Reference to Note Ineffective After Note Paid. Upon payment in full of the Note and all fees and charges of the Mortgagee, all reference in this Agreement to the Note and the Mortgagee shall be ineffective and the Mortgagee shall thereafter have no rights hereunder, saving and excepting those that shall have theretofore vested.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1. Events of Default Defined. The following shall be "events of default" under this Agreement and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure of the Lessee to pay the rents required to be paid under Section 5.3 of this Agreement at the times specified therein after one day's notice by the Mortgagee or three days after the due date thereof, whichever date first occurs.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement in this Agreement on the part of the Lessee to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee by the County or the Mortgagee (or in the case of any such default, which cannot with due diligence be cured within such 30-day period, if Lessee shall fail to proceed promptly to cure the same and thereafter to prosecute the curing of such default with due diligence.)

(c) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, or the commission by the Lessee of any act of bankruptcy, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors,

or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction which may now be in effect or hereafter enacted. The term "dissolution or liquidation of the Lessee" as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, provided, that the conditions permitting such actions contained in Section 8.3 hereof shall have been met.

The provisions of paragraph (b) of this Section are subject to the following limitations: if by reason of force majeure the Lessee is unable in whole or in part to carry out the agreements of the Lessee on its part herein contained (other than the obligations on the part of the Lessee contained in Article V and Sections 6.3, 6.4 and 8.7 hereof, to which this paragraph shall have no application), the Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes; lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; 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 Lessee, it being agreed that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee.

SECTION 10.2. Remedies on Default. Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County may take any one or more of the following remedial steps:

(a) The County or the Mortgagee may, at its option, declare all installments of rent payable under Section 5.3 hereof to be immediately due and payable, whereupon the same shall become immediately due and payable, and which amounts Lessee hereby agrees to pay.

(b) The County, with the prior written consent of the Mortgagee, may re-enter and take possession of the Project without terminating this Agreement, and sub-lease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts actually paid by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder.

(c) The County, with the prior written consent of the Mortgagee may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to another for the account of the Lessee, holding the Lessee liable for all rent and other amounts payable by the Lessee hereunder.

(d) In the event the Note shall at the time be outstanding and unpaid, the County may have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and

income tax and other tax returns of the Lessee.

(e) The County may take whatever action at law or in equity may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be paid to the Mortgagee and applied to payments on the Note as they become due or, if the Note has been fully paid, to the Lessee.

No action taken pursuant to this Section (including re-possession of the Project or termination of the Lease Term) shall relieve the Lessee from the Lessee's obligations pursuant to Section 5.3 and Section 10.2(a) hereof, all of which shall survive any such action, and the County or the Mortgagee may take whatever action at law or in equity as may appear necessary and desirable to collect the rent and other amounts then due and thereafter to become due and/or to enforce the performance and observance of any obligation, agreement or covenant of the Lessee hereunder.

SECTION 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the County 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 Agreement or now or hereafter existing at law or in equity or by statute. 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 County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Such rights and remedies as are given the County hereunder shall also extend to the Mortgagee, and the Mortgagee shall be deemed a third party beneficiary of all covenants and agreements herein contained.

SECTION 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Lessee should default under any of the provisions of this Agreement and the County or the Mortgagee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Mortgagee the reasonable fees of such attorneys and such other expenses so incurred by the County or the Mortgagee.

SECTION 10.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement 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

OPTIONS IN FAVOR OF THE LESSEE

SECTION 11.1. Options to Terminate. The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

(a) At any time prior to full payment of the Note, the Lessee may terminate the Lease Term (i) by paying to the Mortgagee an amount which, when added to the amounts held by the Mortgagee and applicable to payment of the Note, will be sufficient to pay and retire the Note, (ii) by paying to the County any and all sums then due to the County under this Agreement, and (iii) by giving the County notice in writing of such termination, and such termination shall forthwith become effective.

(b) At any time after full payment of the Note and of any and all sums then due to the County under this Agreement, the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and such termination shall forthwith become effective.

SECTION 11.2. Option to Purchase Project Prior to Payment of the Note. The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Note if any of the events set forth in the following clauses shall have occurred:

(a) The Building or the Leased Equipment shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of six months, or (iii) to such extent that the cost of restoration thereof would exceed by \$_____ the Net

Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4(a) and Section 6.4(b) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Project.

(b) Title to, or the temporary use of, all or substantially all the Project, or such part thereof as shall materially interfere, in Lessee's judgment, with the operation of the Project for the purpose for which the Project is designed, shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of six months).

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this Agreement shall have become void or unenforceable or impossible in accordance with the intent and purposes of the parties as expressed in this Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee in respect to the Project including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement.

To exercise such option, the Lessee shall, within ninety days following the event authorizing the exercise of such option, give written notice to the County, and to the Mortgagee if the Note shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not

less than forty-five nor more than ninety days from the date such notice is mailed. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then held by the Mortgagee and applicable to payment of the Note, will be sufficient to pay and retire the Note, including without limitation, principal, all interest to accrue to the date of payment, plus

(2) An amount of money equal to the Mortgagee's fees and expenses accrued and to accrue until such final payment of the Note, plus

(3) The sum of one dollar, and any and all other sums then due to the County under this Agreement.

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee simultaneously with the conveyance prescribed by Section 11.4 hereof.

SECTION 11.3. Option to Purchase Unimproved Land.

If no event of default under this Agreement shall have happened and then be continuing, the Lessee shall have, and is hereby granted the option to purchase any part of the Leased Land on which neither the Building nor any Leased Equipment is located, but upon which transportation or utility facilities may be located, at any time and from time to time at and for the purchase price set forth in Exhibit A to this Agreement provided that it furnishes the County with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Land with respect to which such option is to be exercised, (ii) a statement that the Lessee intends to exercise its option to purchase such portion of the Leased Land on a date stated, which shall not be less

than forty-five nor more than ninety days from the date of such notice and (iii) a statement that the use to which the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of South Carolina.

(b) A certificate of an Independent Engineer who is acceptable to the Mortgagee, dated not more than ninety days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes hereinabove stated, and (ii) the purchase will not impair the usefulness of the Project as a processing plant and will not destroy the means of ingress thereto and egress therefrom.

(c) An amount of money equal to the purchase price computed as provided in Exhibit A to this Agreement. The County agrees that upon receipt of the notice, certificate and money required in this Section to be furnished to it by the Lessee, the County will promptly deliver such money to the Mortgagee for payment of principal payments on the Note in inverse order of their maturity, and secure from the Mortgagee a release from the lien of the Mortgage of such portion of the Leased Land with respect to which the Lessee shall have exercised the option granted to it in this Section. In the event the Lessee shall exercise the option granted to it under this Section, the Lessee shall not be entitled to any abatement or diminution of the rents payable under Section 5.3, and if such option relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

SECTION 11.4. Conveyance on Exercise of Option to Purchase. At the closing of any purchase pursuant to any

option to purchase granted herein, the County shall upon receipt of the purchase price deliver to the Lessee the following:

(a) If necessary, a release from the Mortgagee of the property with respect to which the option was exercised from the lien of the Mortgage.

(b) Documents conveying to the Lessee good and marketable title to the property being purchased as such property then exists, subject to the following: (i) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the County; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Agreement; (iv) Permitted Encumbrances other than the Mortgage and this Agreement; and (v) if the option is exercised pursuant to the provisions of Section 11.2(b) hereof, the rights and title of the condemning authority.

SECTION 11.5. Relative Position of Options and Indenture. The options respectively granted to the Lessee in this Article except under Section 11.3 hereof shall be and remain prior and superior to the Mortgage and may be exercised whether or not the Lessee is in default hereunder, provided that no such default will result in non-fulfillment of any condition to the right of the Lessee to obtain a conveyance of the Project by making the payments required hereunder.

ARTICLE XII

ADDITIONAL OBLIGATIONS OF LESSEE AND COUNTY

SECTION 12.1. Obligation to Purchase Project. The Lessee hereby agrees to purchase, and the County hereby agrees to sell, the Project for one dollar, and any and all sums then due to the County under this Agreement, at the expiration or sooner termination of the Lease Term following full payment of the Note. At the closing of the foregoing purchase, the County shall deliver to the Lessee the documents referred to in Section 11.4 hereof. The right to purchase granted in this Section shall be and remain prior and superior to the Mortgage and may be exercised whether or not the Lessee is in default hereunder provided that no such default will result in nonfulfillment of any condition to this right.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.1. Quiet Enjoyment. The County agrees so long as the Lessee shall fully and punctually pay all of the rents and other amounts provided to be paid hereunder by the Lessee, and shall fully and punctually perform all of its other covenants and agreements hereunder, that the Lessee shall peaceably and quietly have, hold and enjoy the Project during the Lease Term.

SECTION 13.2. Surrender of Project. Except as otherwise provided in this Agreement at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, ordinary wear, tear and obsolescence only excepted.

SECTION 13.3. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows: if to the County, to the _____
_____; if to the Lessee,
at _____, Attention: _____;
if to the Mortgagee, at _____,
Attention: Corporate _____. The County, the Lessee and the Mortgagee may, by notice given to all parties to this Agreement and the Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.4. Recording and Filing.

(a) This Agreement as originally executed shall be recorded prior to the recordation of the Mortgage. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the appropriate office of the

County in which the Project is located, or in such other office as may at the time be provided by law as the proper place for recordation thereof. The security interest of the County created herein as to any personal property, equipment and fixtures forming a part of the Project shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions, in the appropriate office of the County in which the Project is located, and in the Office of the Secretary of State in the City of Columbia, South Carolina. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code--Secured Transactions in order to continue the security interests created by this Agreement, to the end that the rights of the Mortgagee in the Project shall be fully preserved as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The deed conveying the Leased Land to the County, this Agreement and the Mortgage may be recorded prior to the delivery of the Note. If subsequent to such recording the Note shall not be delivered on or before the date prescribed in Section 4.2 hereof, or such later date as the Lessee may agree upon in writing, then the said deed, this Agreement and the Mortgage shall be of no force and effect and in such event the County and the Lessee do hereby mutually release and discharge each other from any and all claims of any character which either may have against the other by reason of or arising from a failure to deliver the Note; and all properties conveyed to the County by the said deed and for the same consideration paid by the County less any advances made therefor or on behalf of the Lessee. All parties shall execute such further instruments as may be necessary to fully implement the provisions of this subsection (b) of Section 13.4.

SECTION 13.5. Other Instruments.

(a) The Lessee covenants to deliver to the County, and the Mortgagee within 60 days after _____, after each _____ 1 thereafter until the Completion Date, after the Completion Date and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Project on such _____ 1, Completion Date or such last day of a fiscal year, as appropriate, if the Project is not adequately described in the granting clauses of the Mortgage as then supplemented, and in the demising clauses of this Agreement as then amended. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in clause (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will:

(1) prepare a supplement to the Indenture and an amendment to this Agreement, each containing an adequate and full description of the Project;

(2) deliver the supplement to the Mortgage to the Mortgagee and the County and the supplement to this Agreement to the County for execution;

(3) deliver the fully executed supplement to the Mortgagee and the fully executed supplement to this Agreement to the Mortgagee for recording and filing or re-recording or re-filing in all places required by the opinion of counsel referred to in Clause (4) of this subsection (a) of this Section 13.4; and

(4) deliver to the Mortgagee a written opinion of counsel (who may be counsel for the County or the Lessee), addressed to the Mortgagee that the description of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Mortgage, as supplemented, and the description of the Project contained in the demising clauses of this Agreement, as supplemented, are adequate for all

purposes thereof and hereof and in the opinion given with respect to the Completion Date, that such descriptions include descriptions of the entire Project; that the Mortgage, as supplemented, constitutes a valid first mortgage lien on the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Mortgage, that the Mortgage, as supplemented, this Agreement, as supplemented and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the Mortgagee in the Project (and in the assignment to the Mortgagee of Lease Rentals payable under this Agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Mortgagee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a) (4) of this Section 13.5. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Note shall be outstanding, except as otherwise in this Agreement required.

SECTION 13.6. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the County, the Lessee and their respective successors and assigns, subject, however, to the provisions of Sections 8.3, 9.1, 9.2 and 9.3 hereof.

SECTION 13.7. Severability. In the event any provision of this Agreement 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 13.8. Amounts Held by Mortgagee. It is agreed by the parties hereto that any amounts of money held by the Mortgagee after payment in full of the Note and the fees, charges and expenses of the Mortgagee shall belong to and be paid to the Lessee by the Mortgagee as overpayment of rents.

SECTION 13.9. Amendments, Changes and Modifications. This Agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Mortgagee.

SECTION 13.10. Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution or set-off other than those herein expressly provided.

SECTION 13.11. Execution of Counterparts. This Agreement 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 13.12. Law Governing Construction of Agreement. This Agreement is prepared and entered into with the intention that the laws of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, BEAUFORT COUNTY, SOUTH CAROLINA, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council of Beaufort County and the official seal of said County Council to be impressed hereon and attested by the Secretary of said County Council; and ALEXANDER DAWSON, INC. has executed this Lease Agreement by causing its corporate name

to be hereunto subscribed by its President and its corporate seal to be impressed hereon and attested by its Secretary, all being done as of the day and year first above written.

BEAUFORT COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, County Council of
Beaufort County

Attest:

Secretary, County Council of
Beaufort County

Signed, Sealed and Delivered
in the Presence of:

ALEXANDER DAWSON, INC.

(SEAL)

By _____
President

Attest:

Signed, Sealed and Delivered
in the Presence of:

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

PERSONALLY appeared before me _____
who being duly sworn, deposes and says that (s)he saw the
corporate seal of Beaufort County, South Carolina, affixed
to the foregoing Lease Agreement, and that (s)he also saw
_____ as Chairman and _____
_____ as Secretary of the County Council of Beaufort
County, sign and attest the same and that (s)he with _____
_____ witnessed the execution and delivery
thereof as the act and deed of the said Beaufort County,
South Carolina.

SWORN to before me this

____ day of _____, 1976.

NOTARY PUBLIC FOR SOUTH CAROLINA (LS)

My Commission expires: _____

STATE OF _____

COUNTY OF _____

PERSONALLY appeared before me _____
who being duly sworn says that (s)he saw the corporate seal
of Alexander Dawson, Inc. affixed to the foregoing Lease
Agreement, and that (s)he also saw _____
as 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 Alexander
Dawson, Inc.

SWORN to before me this

_____ day of _____, 1976

NOTARY PUBLIC FOR _____ (LS)

My Commission expires: _____

LEASED LAND

LEASED EQUIPMENT

FORM OF NOTE

GUARANTY AGREEMENT

BETWEEN

ALEXANDER DAWSON, INC.

and

BANKERS TRUST OF SOUTH CAROLINA

Columbia, South Carolina

Dated as of _____ 1, 1976

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the "Agreement") made and entered into as of the ____ day of _____, 1976, by and between ALEXANDER DAWSON, INC., a corporation duly organized and existing under the laws of the State of Nevada and duly qualified to do business in the State of South Carolina, being sometimes hereinafter referred to as the "Guarantor", and BANKERS TRUST OF SOUTH CAROLINA, a banking corporation duly organized and existing under the laws of the State of South Carolina, its successors and assigns, hereinafter referred to as the "Bank";

W I T N E S S E T H :

WHEREAS, Beaufort County, a public body corporate and politic duly organized and existing under the laws of the State of South Carolina (the "County"), intends to issue its First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee) in an aggregate principal amount of \$900,000 (the "Note"); and

WHEREAS, the proceeds derived from the issuance of the Note are to be applied to the acquisition, construction and equipping of a manufacturing and processing facility in Beaufort County, South Carolina (the "Project") for the use and benefit of the Guarantor; and

WHEREAS, the Note is to be secured by (i) a first mortgage of the Project to the Bank as Mortgagee (the "Mortgage") and (ii) the assignment to the Bank of the lease of the Project by County to Guarantor (the "Lease"); and

WHEREAS, the Guarantor is desirous that the County issue the Note and apply the proceeds as aforesaid and is willing to enter into this Guaranty Agreement in order to induce the Bank to purchase the Note and thereby achieve

cost savings and other savings to the Guarantor, and as an inducement to the purchase of the Note by all who shall at any time become holders of the Note;

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

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR

Section 1.1. The Guarantor does hereby represent and warrant that:

(a) It is a corporation duly organized, existing and in good standing under the laws of the State of Nevada and is duly qualified to do business in the State of South Carolina; it is not in default under its Articles of Incorporation; it has corporate power under its Articles of Incorporation and under the laws of Nevada and South Carolina to enter into and perform all agreements on its part herein contained; it has been authorized to enter into this Guaranty Agreement by all necessary and proper corporate action; and the execution and delivery by it of this Guaranty Agreement and the agreements herein contained do not contravene or constitute a default under any agreement, indenture, commitment, provision of its Articles of Incorporation or By-Laws, or other requirement of law to which it is a party or by which it is or may be bound; and

(b) This Guaranty Agreement is made in furtherance of the purposes for which the Guarantor was incorporated and is necessary to promote and further the business of the Guarantor, and the assumption by the Guarantor of its obligations hereunder will result in direct financial benefits to the Guarantor.

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.1. The Guarantor hereby unconditionally guarantees to the Bank and any other holder(s) at any time and from time to time of the Note (a) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, or any accelerated maturity under the terms of the Note and Mortgage and (b) the full and prompt payment of any interest on the Note when and as the same shall have become finally due in accordance with the provisions thereof and of the Mortgage, and agrees to pay all expenses and charges (including court costs and attorneys' fees) paid or incurred by the Bank in realizing upon any of the payments hereby guaranteed or in enforcing this Guaranty Agreement. All payments by the Guarantor shall be paid in lawful money of the United States of America. Unless the Note shall have become due by acceleration or call for redemption, each and every default in payment of the principal of, premium (if any) or interest on the Note shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 2.2. The obligations of the Guarantor under this Guaranty Agreement shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on the Note shall have been paid or provided for in accordance with the Note and Mortgage and, until such payment or provision for payment, shall not be affected, modified or impaired upon 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 compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the County under the Note and Mortgage;

(b) the failure to give notice to the Guarantor of the occurrence of a default under the terms and provisions of this Guaranty Agreement or the Mortgage, except as specifically provided in this Guaranty Agreement or the Mortgage;

(c) the assignment or mortgaging or the purported assignment or mortgaging of all or any part of the interest of the County in the Project;

(d) the waiver of the payment, performance or observance by the County or the Guarantor of any of the obligations, covenants or agreements of either of them contained in the Note and Mortgage or this Guaranty Agreement;

(e) the extension of the time for payment of the principal of or interest or premium on the Note or any part thereof owing or payable on the Note or under this Guaranty Agreement or of the time for performance of any other obligations, covenants or agreements under or arising out of the Mortgage or this Guaranty Agreement or the extension or the renewal of either thereof;

(f) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Mortgage;

(g) the taking or the omission of any of the actions referred to in the Mortgage and any actions under this Guaranty Agreement;

(h) any failure, omission, delay or lack on the part of the County or the Bank to enforce, assert, or exercise any right, power or remedy conferred on the County or the Bank in this Guaranty Agreement or the Mortgage, or any other act or acts on the part of the County or the Bank;

(i) the vountary 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 County or any of the assets of either of them or any allegation or contest of the validity of this Guaranty Agreement in any proceeding;

(j) to the extent permitted by law, the release or discharge of the Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty Agreement by operation of law; or

(k) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty Agreement.

Section 2.3. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature which the Guarantor has or may have against the County or the Bank shall affect, modify or impair the Guarantor's obligations hereunder.

Section 2.4. In the event of a default in payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise, or in the event of a default in the payment of any interest on the Note when and as the same shall become finally due in accordance with the provisions of the Note, the Bank shall have the right to proceed first and directly against the Guarantor under this Guaranty Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any security held by the County or the Bank.

Section 2.5. The Guarantor hereby expressly waives notice in writing, or otherwise, from the Bank of its acceptance and reliance on this Guaranty Agreement. The Guarantor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Bank in enforcing or attempting to enforce this Guaranty hereunder, whether the same shall be enforced by suit or otherwise.

Section 2.6. The Guarantor 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 other corporations to consolidate with or merge into it; provided, that the Guarantor may, without violating the agreement contained in this Section, consolidate with or merge into a domestic corporation (i.e., a corporation organized under the laws of one of the states of the United States of America), or permit one or more domestic corporations to consolidate with or merge into it, or sell or otherwise transfer to a domestic corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided that the surviving, resulting or transferee corporation, as the case may be, expressly assumes in writing all of the obligations of the Guarantor herein and qualified to do business in South Carolina and provided further that the surviving, resulting or transferee corporation, as the case may be, has a net worth immediately following the consummation of such merger, consolidation or transfer equal to or greater than the net worth of the Guarantor immediately prior to such merger, consolidation or transfer.

For the purpose of this section net worth shall be computed on a consolidated basis in accordance with generally accepted accounting principles and shall be certified to by an independent certified public accountant.

Section 2.7. This Guaranty Agreement is entered into by the Guarantor with the Bank for the benefit of the Bank, its successors and assigns, all of whom shall be entitled, in accordance with Section 2.4 hereof, to enforce performance and observance of this Agreement and of the guarantees and other provisions herein contained to the same extent as if they were parties signatory hereto.

Section 2.8. The terms of this Guaranty Agreement may be enforced as to any one or more breaches either separately or cumulatively.

ARTICLE III

NOTICE AND SERVICE OF PROCESS, PLEADINGS AND OTHER PAPERS

Section 3.1. For such time as the Note shall be outstanding, the Guarantor shall maintain in the State of South Carolina an agent to accept and acknowledge on its behalf, service of any and all process in any suit, action or other legal proceeding brought in any such court, and agrees and consents that in any such suit, action or other legal proceeding service of process upon such agent shall be taken and held to be valid personal service upon the Guarantor and that any such service of process shall be of the same force and validity as if service were made upon it according to the laws governing the validity and the requirements of such service in such state and waives all claim of error by reason of any such service. The Guarantor may from time to time change such agent for acceptance of service provided that prior to any such change the Guarantor shall notify the Bank of the name and address of such new agent and the effective date of such change of agent. The initial agent for service of process under this Guaranty Agreement shall be _____, whose address for service of process is _____, South Carolina, _____. The Guarantor agrees that in the event Guarantor shall fail to maintain an agent for service of process within the State of South Carolina during the term

of the Note, the Secretary of State of South Carolina shall act as such agent for the Guarantor for the service of process in any such suit or legal proceeding. The Bank agrees that in the event service of process is made on the agent designated by the Guarantor or upon the Secretary or State pursuant to this Guaranty Agreement, a copy of such process will be mailed by registered mail, postage prepaid, return receipt requested to the Guarantor at his address shown in the Lease Agreement, provided, however, that failure by the Bank to forward a copy of any such process to the Guarantor as herein provided shall not relieve the Guarantor of the performance of any of its obligations in the manner and at the times provided for herein and in the Lease Agreement.

Section 3.2. Any notice, process, pleadings or other papers served upon any of the foregoing agents shall, at the same time, be sent by registered mail to _____, at the address shown in the Lease, Attention: _____, or such other addresses as may be furnished by the Guarantor to the Bank in writing.

ARTICLE IV

MISCELLANEOUS

Section 4.1. No amendment, change, modification, alteration or termination of the Note and Mortgage shall be made which would in any way increase the Guarantor's obligations under this Guaranty Agreement without obtaining the prior written consent of the Guarantor.

Section 4.2. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when the Note shall have been issued, sold and delivered by the County.

Section 4.3. No remedy herein conferred upon or reserved to the Bank hereunder 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 Agreement or now

or hereafter existing at law or in equity or by statute. No delay or omission or failure of performance hereunder 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 Bank to exercise any remedy reserved to it in this Guaranty Agreement, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Guaranty Agreement 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. No waiver, amendment, release or modification of this Guaranty Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Guaranty Agreement.

Section 4.4. This Guaranty Agreement 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 4.5. The invalidity or unenforceability of any one or more phrases, sentences, clauses, or sections in this Guaranty Agreement contained, shall not affect the validity or enforceability of the remaining portions of this Guaranty Agreement, or any part thereof.

Section 4.6. The Guaranty Agreement may be amended by a written agreement signed by the parties hereto, provided that in no event shall any amendment be made without the consent of the Guarantor.

IN WITNESS WHEREOF, the Guarantor, pursuant to proper resolution duly passed, has caused this Guaranty Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

ALEXANDER DAWSON, INC.

By _____
Its

(CORPORATE SEAL)

Attest:

Accepted this _____ day of _____, 1976, by Bankers Trust of South Carolina

By _____

(CORPORATE SEAL)

Attest:

THE STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) MORTGAGE

TO ALL WHOM THESE PRESENTS MAY CONCERN:

BEAUFORT COUNTY, a political subdivision of the State of South Carolina and a body politic and corporate SENDS GREETINGS:

WHEREAS, BEAUFORT COUNTY (the "County") is authorized and empowered by Act No. 103 of the Acts of the South Carolina General Assembly for the year 1967 to acquire, own, lease, dispose of, and mortgage the properties hereinafter described to promote the industrial development of South Carolina by inducing industrial facilities to locate and remain in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS, the County is further authorized by the said Act to issue revenue bonds or notes payable solely from the lease rentals and revenues from any such project and secured by a pledge of such lease rentals, revenues and receipts and by a mortgage on the land, buildings, improvements, machinery and equipment so acquired; and

WHEREAS, the County has made the necessary arrangements with Alexander Dawson, Inc (the Lessee), a corporation organized under the laws of the State of Nevada, for the acquisition of land, buildings, equipment and machinery constituting facilities for the processing of seafood which will be of the character and accomplish the purpose prescribed by the said Act, and the County has further entered into a Lease Agreement with the Lessee dated as of March 1, 1976 (the Lease Agreement) specifying the terms and conditions of the acquisition of the said facilities and the leasing of the same to the Lessee; and

WHEREAS, the execution and delivery of this Mortgage have been authorized by Resolutions duly adopted by the County Council of Beaufort County and the County, in accordance with

the requirements of the said Act, has submitted its Petition to the State Budget and Control Board of South Carolina and the said Board has duly approved the said undertaking and thereby authorized the County Council of Beaufort County to proceed with the acquisition and financing of the same. Notice of such approval was duly published in a newspaper having general circulation in Beaufort County and, notwithstanding more than twenty (20) days have elapsed from the date of the publication of such notice, no challenge has been made to the validity of such approval as provided in the said Act; and

WHEREAS, the cost of such facilities is estimated to be approximately \$900,000, and therefore to finance the cost of the said facilities, including the necessary expenses incidental thereto, will require the issuance, sale and delivery of a \$900,000 Beaufort County First Mortgage Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee), which has been purchased by Bankers Trust of South Carolina; and

WHEREAS, the said County Council of Beaufort County, in and by its \$900,000 Industrial Revenue Note, Series 1976 (Alexander Dawson, Inc. - Lessee) is indebted to Bankers Trust of South Carolina in accordance with the terms and conditions of the said Note in the amount of \$900,000 and is now minded, pursuant to the authorization of the said Act, to secure payment thereof by this Mortgage upon the said facilities acquired with the proceeds of the said Note and the lease rentals and revenues hereinafter described;

NOW, KNOW ALL MEN, That the said BEAUFORT COUNTY, in consideration of the said debt and sum of money aforesaid, and for the better securing the payment thereof to the said Bankers Trust of South Carolina, in accordance with the terms of the said Note, and also in consideration of the further sum of THREE DOLLARS to it, the said BEAUFORT COUNTY, in hand

well and truly paid by the said Bank at and before the sealing and delivery of these Presents, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released, and by these Presents, DOES GRANT, bargain, sell and release unto the said BANKERS TRUST OF SOUTH CAROLINA, subject always to the Lease Agreement and the rights of the Lessee thereunder:

I

The real property situated in Beaufort County, South Carolina, described in Exhibit A attached hereto, with all buildings, additions, improvements and fixtures now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining which may from time to time be owned by the County.

II

The machinery, equipment or other property described in Exhibit B attached hereto, and substitutions or replacements therefor; all machinery, equipment or other property acquired by the County with the proceeds from the Note secured by this Mortgage, and substitutions or replacements therefor; all machinery, equipment or other property which under the terms of the Lease Agreement is to become the property of the County or subjected to the lien of this Mortgage; and, without limiting the foregoing, all of the property of the County at any time installed or located on the land described in Exhibit A attached hereto.

III

All right, title and interest of the County in and to the Lease Agreement, and all Lease Rentals (as defined in the Lease Agreement) received or to be received under the Lease Agreement.

IV

All Lease Rentals, arising out of or in connection with the ownership of the Project.

V

Any and all other property 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 County or by anyone on its behalf or with its written consent to the Mortgagee, which is hereby authorized to receive any and all such property at any and all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all and singular the said premises, equipment, machinery, and other property and said revenues unto the said Bankers Trust of South Carolina, its successors and assigns, forever.

IT IS THE EXPRESS CONDITION of this Mortgage and to all obligations of Beaufort County hereunder and resulting herefrom that neither this Mortgage nor any obligation or covenant of Beaufort County hereunder shall create any pecuniary liability of Beaufort County nor any charge against its taxing powers or upon its general credit; but any such obligation for the payment of money shall be payable solely from the Lease Rentals derived from or in connection with the facilities hereinabove described, including moneys received under the Lease Agreement as hereinabove more fully described; and nothing in the Note nor in this Mortgage shall be considered as pledging any other funds or assets of Beaufort County.

AND the said Beaufort County does hereby bind itself and its successors to warrant and forever defend all and singular the said premises unto the said Bankers Trust of South Carolina, its successors and assigns, from and against itself and its successors, lawfully claiming, or to claim the same, or any part thereof.

IT IS AGREED in the Lease Agreement that the Lessee shall keep the mortgaged real and personal property insured, inter alia, against loss and damage from fire and extended coverage hazards for the benefit of the said Mortgagee. In default thereof, the said Mortgagee, its successors or assigns, may effectuate such insurance and reimburse themselves under this Mortgage for the expense thereof, with interest thereon from the date of its payment at the rate of Eight Per Centum (8%) per annum. And it is further agreed, in the event of other insurance and contribution between the insurers, that the said Mortgagee, its successors or assigns, shall be entitled to receive from the aggregate of the insurance moneys to be paid, a sum equal to the amount of the debt insured by this Mortgage.

IT IS AGREED in the Lease Agreement that the Lessee shall pay (subject to Lessee's right to contest) all lawful taxes, assessments and other charges upon the said premises when the same shall first become payable. In default thereof the said Mortgagee, its successors or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this Mortgage for the sum so paid, with interest thereon from the date of such payment at the rate of Eight Per Centum (8%) per annum.

AND IT IS AGREED by and between the said parties that upon any default by the Lessee under the Lease Agreement, or upon any default made in the payment of the interest on or the principal of the said Note, when the same shall become payable, then the entire amount of the debt secured or intended to be secured hereby shall become due, at the option of the said Mortgagee, its successors or assigns, although the period for the payment thereof may not then have expired.

AND IT IS AGREED by and between the said parties that should legal proceedings be instituted for the collection of the debt secured hereby, then in that event the said Mortgagee, its successors or assigns, shall have the right to have a

receiver appointed of the rents and profits of the above described premises, who, after deducting all charges and expenses attending such proceedings, and the execution of the said trust as receiver, shall apply the residue of the said rents and profits towards the payment of the debt secured hereby.

AND IT IS FURTHER AGREED, by and between the parties that should legal proceedings be instituted for the foreclosure of this Mortgage or for any purpose involving this Mortgage, or should the debt hereby secured be placed on the hands of an attorney at law for collection by suit or otherwise, that all costs and expenses incurred by the Mortgagee, including a reasonable counsel fee, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.

PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties to these Presents, that if the said BEAUFORT COUNTY shall well and truly pay, or cause to be paid unto the said BANKERS TRUST OF SOUTH CAROLINA, its successors or assigns, the said debt or sum of money aforesaid, with interest thereon, if any shall be due, according to the true intent and meaning of the said Note, then this Deed of Bargain and Sale shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED by and between the said parties, that Beaufort County is to hold and enjoy the said premises until default of payment shall be made.

IN WITNESS WHEREOF, BEAUFORT COUNTY, SOUTH CAROLINA,
has caused these presents to be signed in its name and behalf
by the Chairman of the County Council of Beaufort County,
and the Secretary of the County Council of Beaufort County,
and its corporate seal to be hereunto affixed, all as of the
1st day of March, A. D., 1976.

BEAUFORT COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, County Council of
Beaufort County

By _____
Secretary, County Council of
Beaufort County

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

STATE OF SOUTH CAROLINA,
COUNTY OF BEAUFORT

PERSONALLY appeared before me _____
and made oath that (s)he saw the within named BEAUFORT COUNTY,
SOUTH CAROLINA, by _____, Chairman of the County
Council of Beaufort County, and by _____,
Secretary of the County Council of Beaufort County, sign and
affix the corporate Seal, and as the Act and Deed of the said
Beaufort County deliver the within written Mortgage, and that
(s)he with _____ witnessed the execution
thereof.

SWORN to before me this
____ day of _____, 1976.

(L.S.)
Notary Public for South Carolina

My Commission Expires: _____.

EXHIBIT A

DESCRIPTION OF LEASED LAND
ATTACHED TO MORTGAGE FROM BEAUFORT COUNTY TO
BANKERS TRUST OF SOUTH CAROLINA
DATED AS OF MARCH 1, 1976

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT
ATTACHED TO MORTGAGE FROM BEAUFORT COUNTY TO
BANKERS TRUST OF SOUTH CAROLINA
DATED AS OF MARCH 1, 1976