

AGENDA MATERIALS  
AND SUPPORTING DOCUMENTS  
FOR THE MEETING OF  
DECEMBER 19, 1967

AGENDA

BUDGET AND CONTROL BOARD MEETING

3:30 P. M., DECEMBER 19, 1967

CONFERENCE ROOM, GOVERNOR'S OFFICE

- o -

[Brown absent]

1. INDUSTRIAL COMMISSION -

Request for approval of proposed reinsurance of State Workmen's Compensation Fund.

2. MEDICAL COLLEGE -

Request for approval to purchase property at corner of President and Doughty Streets adjoining present Medical College property.

3. BOARD OF HEALTH -

Request of Dr. Aycock for approval for the Board of Health to pay his travel expenses for proposed European trip in the summer of 1968.

4. COMPTROLLER GENERAL, STATE TREASURER AND STATE AUDITOR -

Request for approval of an allocation of \$6,250.00 from the Civil Contingent Fund for salary January 1 - June 30, 1968 of Supervisor of proposed computer installation for these three offices.

5. ADOPTION OF 1968-69 BUDGET

If not avail  
in CG's appr.

SOUTH CAROLINA BUDGET AND CONTROL BOARD  
DIVISION OF GENERAL SERVICES

AGENDA

12/19/67

I. Purchase of property:

The lot at 1327 Pendleton Street (53 feet x 100 feet) and the lot at 1331 Pendleton Street (51 feet x 66 feet) have been offered to the State of South Carolina at a price of \$ 45,000. It is estimated that a fair value of this property would not exceed \$ 40,000. It is recommended that the Board request the University foundation to acquire this property and that funds be requested from the General Assembly to transfer the property for the use of central State Government.

II. Clemson notes:

Clemson President, R. C. Edwards has received a letter from Attorney William L. Watkins indicating that parallel suits against the U. S. Government in connection with the Sewage Treatment Plant were not successful. Dr. Edwards requests that the indebtedness of Clemson University to the Insurance Sinking Fund be paid off under the provisions of the enabling legislation, and further that the Budget and Control Board authorize the discontinuation of further litigation in this matter. It is recommended that the Board approve these requests.

III. Sale of property - Camp Styx:

The State owns a triangular parcel of land containing about 1 3/4 acres at Fish Hatchery Road and Pine Ridge Drive. The Town of Pine Ridge is interested in purchasing this property for municipal purposes. It is recommended that the Board authorize sale of this small tract of land at appraised value which is to be determined. Proceeds to Ord. S. F.

IV. Surplus Property operating loss:

The Surplus Property Program has incurred an operating loss of \$ 3,667.03 in the five months since July 1, 1967. It is recommended that the Board receive this as information.

V. Authorization for disposal of records:

Requests have been received for destruction of records as follows:

Employment Security Commission	
Data Processing - Wage records	186 Cubic Feet
State Library	
Vouchers, deposit slips and correspondence regarding distribution of documents	2 Cubic Feet

VI. Purchase of vehicle:

S. C. Wildlife Director, J. W. Webb requests authorization to purchase a 1968 Buick Electra in exchange for a 1965 Dodge. It is recommended that this department head be authorized to use a vehicle in the Buick class.

VII. Jasper County loan - Insurance Sinking Fund:

Jasper County requests a five year loan of \$ 27,500 for county development as authorized in their 1967 supply bill for the county. It is recommended that this loan be approved.



## INTERIM ACTION

### Sale and Exchange of Vehicles

- State Department of Mental Health: Trade one 1965 Buick Electra for one 1968 Buick Electra - Car Assigned to Dr. William S. Hall, Commissioner, State Commission of Mental Health - Request was favorably endorsed by the Mental Health Comm.
- State Highway Department: Trade six 1961-1963 4-door sedans for six 1968 Ford 4-door station wagons - Vehicles are driven more than 12,000 miles annually - 2 patrols, 1 radio tech. and 3 T & P survey
- State Highway Department: Trade seven 1962-1964 4-door sedans for seven 1968 Ford 4-door sedans - Cars assigned to Assistant District Engineers
- State Highway Department: Trade ten 1961-1964 4-door sedans for ten 1968 Chevrolet Bel Air 4-door sedans - Vehicles driven more than 12,000 miles annually on official business
- State Highway Department: Trade two 1963 Ford 4-door sedans for two 1968 Plymouth Fury III 4-door sedans - Vehicles driven more than 12,000 miles annually on official business - Cars assigned to Location Engineer and Assoc. Urban Engr.
- State Highway Department: Trade eighty-three 4-door sedans for eighty-three 1968 4-door sedans - Cars driven more than 12,000 miles annually on official business - Cars assigned to Res. Engrs., R/W Agents, Pool Units & Vehicle Inspectors
- State Highway Department: Trade four 1962-1963 4-door sedans for four 1968 Plymouth Fury III 4-door sedans - Vehicles driven more than 12,000 miles annually - Cars assigned to Assistant District Engrs.
- State Highway Department: Trade three 1963 Ford & Chevrolet 4-door sedans for three 1968 Pontiac Catalina 4-door sedans - Vehicles driven more than 12,000 miles annually - Cars assigned to: Anderson, Construction Engr.; Moseley, Bridge Engr.; and Bradley, T & P Engr.
- State Highway Department: Trade one 1964 Chevrolet 4-door sedan for one 1968 Chevrolet Impala 4-door sedan - Vehicle driven more than 12,000 miles annually - Car assigned to Wiggins, District Engr.
- State Highway Department: Trade equal number - Purchase 104 1968 2-door and 4-door sedans - Patrol Cars
- Winthrop College: Purchase one 1968 Volkswagon station wagon - Car needed to transport student teachers and also for local transportation
- Department of Archives & History: Trade one 1964 Volkswagon Kombi bus for one 1968 Volkswagon station wagon - Car assigned to Charles Lee, Director - Used by the Director and staff on inspections in the State -
- S. C. Sanatorium - Trade one 1957 Chevrolet 4-door sedan for one 1968 Chevrolet Bel Air 4-door station wagon - Car assigned to Business Manager Office - Car needed for general transportation, transportation of patients to city for medical appointments



S. C. State College: Trade one 1962 Chevrolet 4-door station wagon for one 1968 Chevrolet 4-door station wagon - Submitted under provisions of Paragraph 8, State Budget and Control Board Regulations Governing Purchase and Use of Passenger Vehicles, dated October 12, 1964.

S. C. State College: Trade one 1963 Chevrolet 9-passenger station wagon for one 1968 Chevrolet Bel Air 9-passenger station wagon - The 1963 auto has 112,000 miles and is considered uneconomically wise to continue to repair and maintain

Permits

*Approved*

United Telephone Company: Permission to install a submarine cable crossing Harbor River, Beaufort County

S. C. Electric & Gas Co.: Permission to maintain an 8 foot clearance for shrubbery, trees, and undergrowth for installation of a guy wire providing electric service on property owned by the State on Platt Springs Road

James Island Plantations, Inc.: Permission to dredge a canal on Lawton Plantation, James Island, S. C. - Area not to exceed an average width of 50 feet and the dredged material is to be placed on high, fast lands of the corporation so that none of the spoil will go into the marsh

Charleston County Public Works Department: Permission to provide a ditching adjacent to Rantowles Creek as a mosquito control measure, the Rim Ditch is to be approximately five feet deep.

Charleston County Public Works Department: Permission for the construction of a canal on the west end of Folly Island running generally westward from the continuation of Indian Avenue through the high land and about 1300 feet of marshland to Folly Road

# South Carolina State Board of Health

J. MARION SIMS BUILDING

COLUMBIA 29201

## EXECUTIVE COMMITTEE

W. WYMAN KING, M.D., CHM. . . . . BATESBURG  
JOHN B. MARTIN, JR., M.D., V.-CHM., ANDERSON  
R. W. HANCKEL, M.D. . . . . CHARLESTON  
O. B. MAYER, M.D. . . . . COLUMBIA  
KEITY H. SMITH, M.D. . . . . GREENVILLE  
J. HOWARD STOKES, M.D. . . . . FLORENCE  
W. R. WALLACE, M.D. . . . . CHESTER



## EXECUTIVE COMMITTEE

HOWARD B. HIGGINS, D.D.S. . . . . SPARTANBURG  
RAY G. WHITLOCK, PH.G. . . . . SPARTANBURG  
MRS. MARIE R. HARRIS, R.N. . . . . GREENVILLE  
L. D. RODGERS, D.V.M. . . . . GREENWOOD  
DANIEL R. MCLEOD, ATTY. GEN. . . . . COLUMBIA  
HENRY MILLS, COMP. GEN. . . . . COLUMBIA

E. KENNETH AYCOCK, M.D.  
SECRETARY AND STATE HEALTH OFFICER

December 15, 1967

Honorable Chairman and Members  
State Budget and Control Board

Through: Mr. P. C. Smith, Secretary  
Post Office Box 11333  
Columbia, South Carolina 29202

Honorable Sirs:

In accordance with the provisions of Section 78 of the General Appropriation Act for 1967-68, I hereby request approval by the State Budget and Control Board of payment by the State Board of Health of compensation and travel for occasional intermittent services to ill citizens by therapists employed by other State departments. These services will be rendered outside of the regular duty hours of these individuals and will be approved by the heads of the other State departments. The Federal Government will be billed indirectly for these services and the payments by the State Board of Health will be reimbursed by the Federal Government under the Health Insurance for the Aged Program and related programs under the Social Security Act.

The State Board of Health is attempting to make available to the residents of every county in the State home health services as defined in the Social Security Act. In order to be eligible for its citizens to receive these services under the Health Insurance for the Aged Program, each county has to provide a therapeutic service in addition to skilled nursing care. It has been quite difficult for some of the smaller counties to find qualified people who would be available even part-time for the acceptable additional services which include physical therapy, speech therapy, occupational therapy, and medical social service.

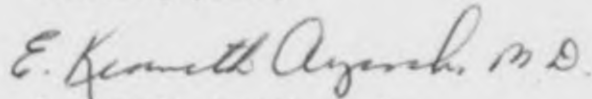
Several of the Mental Health Clinics have medical social workers on their staff and it occurred to us that these social workers might be willing to help us provide medical social service during their off-duty hours on a very limited voluntary basis. We have secured permission from the State Department of Mental Health for them to do this and we have contacted a few of these workers who are willing to help us. We may not ever actually use their services but we need to have them available to us before we can provide home nursing service in certain counties. So far, after about two years effort, only 34 of the 46 counties are eligible to provide home nursing care under the Health Insurance for the Aged Program. The aged citizens of the other 12 counties are unable to receive home health

Honorable Chairman and Members  
State Budget and Control Board

December 15, 1967  
Page 2

services even though Federal funds are available to pay for them. If you can approve this request, we will be able soon to add more counties to the eligible list. We understand that a similar request has been approved for employees of the Department of Mental Health to work during off-duty hours for the Vocational Rehabilitation Department.

Sincerely yours,



E. Kenneth Aycock, M. D.  
State Health Officer



# South Carolina State Board of Health

J. MARION SIMS BUILDING  
COLUMBIA 29201

## EXECUTIVE COMMITTEE

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JOHN B. MARTIN, JR., M.D., V.-CHM., ANDERSON  
R. W. HANCKEL, M.D. - - - - - CHARLESTON  
O. B. MAYER, M.D. - - - - - COLUMBIA  
KEITH H. SMITH, M.D. - - - - - GREENVILLE  
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DANIEL R. MCLEOD, ATTY. GEN. - - COLUMBIA  
HENRY MILLS, COMP. GEN. - - - - COLUMBIA

E. KENNETH AYCOCK, M.D.  
SECRETARY AND STATE HEALTH OFFICER

December 1, 1967

Mr. Pat C. Smith, Secretary  
State Budget and Control Board  
Wade Hampton State Office Building  
Columbia, South Carolina 29201

Dear Mr. Smith:

You will see by the enclosed copy of a letter from Dr. Julian Price that I have been invited to become a member of the South Carolina Medical Association's Goodwill People-to-People Delegation, which will visit the countries of Belgium, Sweden, The Soviet Union, Poland, Czechoslovakia, and Germany during the summer of 1968. Of course I should like very much to accept this invitation for a number of reasons.

Some of these countries have more highly developed health care systems than does the United States. The role of medical and paramedical personnel is changing, and it would be of great value to me as State Health Officer to know firsthand how this is being handled in other countries.

I feel that this trip, made in the company of outstanding South Carolina leaders in the field of medicine, who will be intimately involved in such changes, would be a real opportunity to lay groundwork for excellent co-operative working relationships in the **types** of situations which we would be privileged to see in these countries.

I request that official travel funds be approved for this purpose. Our Finance Division assures me that we have current funds appropriated to the State Board of Health sufficient to cover this expense. As stated in the attached letter, the cost from New York City and return is \$1,356.

Sincerely,

E. Kenneth Aycock, M.D.,  
State Health Officer

Copy to  
Mr. Seigler

# The South Carolina Industrial Commission

ADMINISTERING THE WORKMEN'S COMPENSATION ACT

1429 SENATE STREET

	PHONE
PAUL M. MACMILLAN, JR. CHAIRMAN	758-3120
LOUISE B. WIDEMAN	758-2393
JAMES J. REID	758-3348
T. M. NELSON	758-3498
J. DAWSON ADDIS	758-2134
HOLMES C. DREHER	758-2282



Columbia, S. C. 29201

LEONARD E. DRUMMOND  
ADMINISTRATIVE ASSISTANT  
PHONE 788-3281

November 28, 1967

Mr. Pat Smith  
State Auditor  
Wade Hampton Office Building  
Columbia, South Carolina

Dear Pat:

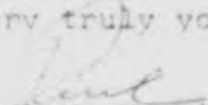
This letter is intended to give you a few more details concerning our request under Section 72-460.

We would like permission upon the recommendation of the Insurance Department to secure some kind of reinsurance or catastrophe insurance to take care of the employees covered by the State Workmen's Compensation Fund. We have been very fortunate up to now in that we have not had any major disasters or multiple claim accidents involving state, county, city, municipal, etc. employees.

Mr. Charles M. Graham, Actuary with the South Carolina Department of Insurance, has recommended that, if reinsurance is considered, it be "of the excess per accident type with limits of, say, \$1,000,000 or more over \$50,000 per accident." This would, in his opinion, "afford protection to the Fund against loss due to a major disaster, which is probably the only hazard which it might not be able to handle."

The Commission unanimously decided to accept this recommendation, and, if the Budget and Control Board approves our request, we will get together with Mr. Graham and secure this coverage.

Very truly yours,

  
Paul M. Macmillan, Jr.  
Chairman

PMJr/r1

# The South Carolina Industrial Commission

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1429 SENATE STREET

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Columbia, S. C. 29201

LEONARD E. DRUMMOND  
ADMINISTRATIVE ASSISTANT  
PHONE 788-3281

November 27, 1967

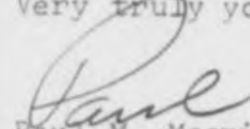
Mr. Patrick Smith  
State Auditor  
Wade Hampton Office Building  
Columbia, South Carolina

Dear Pat:

We respectfully request that under Section 72-<sup>260</sup>~~80~~  
the Industrial Commission be given permission to  
work with the Insurance Department to secure some  
reinsurance for employees covered by our State  
Workmen's Compensation Fund.

We also request a meeting with the Budget and Control  
Board and would appreciate being given a couple  
of alternate dates when they are meeting so that  
we can set our schedule in order to be able to  
meet with the Budget and Control Board.

Very truly yours,

  
Paul M. Macmillan, Jr.  
Chairman

PMMJr/r1

F- 512



The Children's Bureau of South Carolina

MRS. JOSEPHINE A. CANNON, ACSW  
Executive Director  
Phone 758-2792



1001 MAIN STREET  
COLUMBIA, S. C.

BOARD OF DIRECTORS

GOVERNOR ROBERT E. McNAIR, Ex Officio  
H. PHELPS BROOKS, JR., Chairman  
FRANK L. TAYLOR  
MRS. JOSEPH R. YOUNG  
MISS LILA M. SULLIVAN  
MRS. O. H. GREEN  
RAYMOND PRIDGEN

November 30, 1967

Mr. P. C. Smith  
State Auditor  
Wade Hampton Office Bldg.  
Columbia, S. C.

Dear Mr. Smith:

We are enclosing a request for a transfer of \$600 from Travel For Employees to Medical Supplies. Not only has our caseload increased, but the cost of medicines and medical supplies seem to keep increasing also. In addition, when we made our request for this fiscal year, we had just changed from our long-time pediatrician who prescribed relatively few prescriptions to several pediatricians who had just taken over medical care of our babies. The number of prescriptions has risen markedly, and the \$700 we requested was woefully inadequate.

We have requested \$1300 for this item for 1968-69 and, judging from this year, we probably should have requested at least \$200 a month. Is there any way I can amend our request for this item?

We are unwilling to request a cent more than we honestly think we will need, but then we are in real difficulty when we underestimate needs. I do hope the Budget and Control Board will see fit to let us amend our request for this item for 1968-69 to a figure more in keeping with our demonstrated needs.

If you would like for me to come over and discuss this request more fully, please let me hear from you.

Sincerely,

*Josephine A. Cannon*

(Mrs.) Josephine A. Cannon, ACSW  
Executive Director  
THE CHILDREN'S BUREAU OF SOUTH CAROLINA

JAC:eh

*3,000*  
*Med. Supplies*

E 513



STATE OF SOUTH CAROLINA  
OFFICE OF THE STATE AUDITOR  
P. O. BOX 11333  
COLUMBIA

P. C. SMITH  
STATE AUDITOR

December 4, 1967

RECEIVED  
DEC 5 1967  
GOVERNOR'S OFFICE

TO THE STATE BUDGET AND CONTROL BOARD:

Gentlemen:

In accord with the requirements of the Industrial Revenue Bond Act the Board is requested to approve the two issues of bonds described below.

1. Darlington County - \$3,750,000.00

These bonds will be issued for Nuclear Corporation of America, a Delaware corporation, for the construction of a steel plant in the Dovesville section of Darlington County.

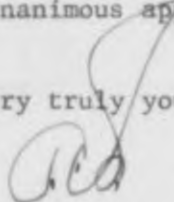
2. Beaufort County - \$700,000.00

These bonds will be issued for the Blake & Johnson Company, a Connecticut corporation, for the construction of a plant to manufacture nuts and bolts.

Legal work in connection with each of the above issues has been handled by the firm of Sinkler, Gibbs & Simons. These issues are identical with the three previously approved by the Board and have no peculiar circumstances.

It is requested that you return one copy of this notice indicating your approval or other comments below. It is understood that action will not be considered as affirmative except upon unanimous approval by the full membership of the Board.

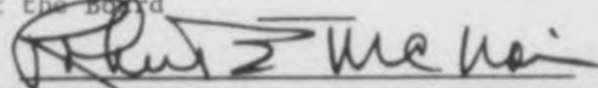
Very truly yours,

  
P. C. Smith  
State Auditor

PCS:dr

I approve issuance of the above bonds  
I disapprove issuance of the above bonds  
I prefer that action be held for the next  
regular meeting of the Board

(Signed)



514

COPY



STATE OF SOUTH CAROLINA  
OFFICE OF THE STATE AUDITOR  
P. O. BOX 11533  
COLUMBIA

December 4, 1967

P. C. SMITH  
STATE AUDITOR

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Very truly yours,

A handwritten signature, likely of P. C. Smith, in dark ink.

P. C. Smith  
State Auditor

PCS:dr

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I prefer that action be held for the next  
regular meeting of the Board

☒  
☐  
☐

515

(Signed)

A handwritten signature, likely of Brady L. Feltus, in dark ink.



COPY



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OFFICE OF THE STATE AUDITOR  
P. O. BOX 11333  
COLUMBIA

December 4, 1967

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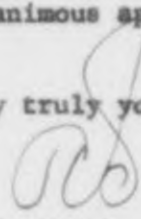
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P. C. Smith  
State Auditor

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(Signed) \_\_\_\_\_

516

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P. O. BOX 11333  
COLUMBIA

December 4, 1967

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STATE AUDITOR

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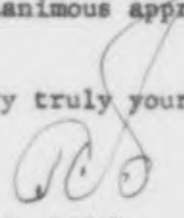
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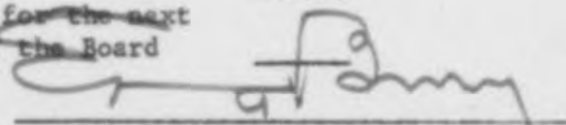
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Very truly yours,

  
P. C. Smith  
State Auditor

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(Signed) 

✓  
517



STATE OF SOUTH CAROLINA  
OFFICE OF THE STATE AUDITOR  
P. O. BOX 11333  
COLUMBIA

P. C. SMITH  
STATE AUDITOR

December 4, 1967

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P. C. Smith  
State Auditor

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I prefer that action be held for the next  
regular meeting of the Board

(Signed)

*Yes*  
*Henry Mills*  
518



SINKLER, GIBBS & SIMONS  
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367  
AREA CODE 803

HUGER SINKLER  
CHARLES H. GIBBS  
ALBERT SIMONS, JR.  
THEODORE B. GUERARD  
G. DANA SINKLER  
THOMAS G. BUIST  
RUTH WILLIAMS

2 PRIOLEAU STREET  
CHARLESTON, S. C. 29402

March 4th, 1968

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

Re: \$700,000 Beaufort County Industrial  
Revenue Bonds, Series 1967 - B & J

Dear Pat:

Enclosed you will find a copy of the Petition of the Board of Directors of Beaufort County to the State Budget and Control Board for the approval of the Project for which the captioned bonds are to be issued. The statutory notice of approval of this Project by the State Board was published in The Beaufort Gazette on December 7th, 1967 and it is my recollection that the State Board approved this Project at a meeting in the latter part of November.

Please return to us 7 certified copies of the enclosed Resolution of the State Budget and Control Board.

Very truly yours,

*Sinkler Gibbs, Sims*

TBG/bhs  
Enclosures

T. MILES BURBAGE, Publisher

P. O. BOX 320

# The Beaufort Gazette

"Serving Beaufort County Since 1887"

NEWSPAPER and COMMERCIAL PRINTING

Beaufort, South Carolina

STATE OF SOUTH CAROLINA  
COUNTY OF BEAUFORT

Personally appeared before me a Notary Public in and for State and County, aforesaid, T. Miles Burbage, who being duly sworn according to law, deposes and says that he is the publisher of The Beaufort Gazette, a newspaper published each week in said County, and who further deposes that the Notice, a true copy of which is hereto affixed, was published for \_\_\_\_\_

Harvey, Harvey, & Battery

Box 1086

Beaufort, S.C. 29902

\_\_\_\_\_ in The Beaufort Gazette

in the issues dated \_\_\_\_\_

December 7, 1967

T. Miles Burbage

T. Miles Burbage, Publisher

Subscribed and sworn to before me this

7 day of December, 19 67

Francis D. Sedgwick

NOTARY PUBLIC

My Commission expires pleasure of the Governor

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

Notice is hereby given that following the filing of a Petition

by the Board of Directors 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, viz.:

The acquisition by the County Board of a parcel of land containing approximately 22.3 acres, will be leased to The Blake & Johnson Company, a Connecticut Corporation (Blake & Johnson), which will construct a manufacturing plant thereon. To finance the cost of the acquisition of the said land and the construction of the manufacturing plant thereon (the Project), the County Board will issue \$700,000 of Beaufort County Industrial Revenue Bonds. The bonds of Beaufort County will be payable solely from the rentals to be paid to the County by Blake & Johnson which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be additionally secured by a Trust Indenture.

In addition Blake & Johnson has agreed to pay as additional rentals 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 situated, if the Project were owned by Blake & Johnson but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Blake & Johnson if it were the owner of the Project.

Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, 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:  
December 7, 1967  
12-7-ltcHH&B

T. MILES BURBAGE, Publisher

P. O. BOX 320

TELEPHONE JA 4-3183

# The Beaufort Gazette

"Serving Beaufort County Since 1887"

NEWSPAPER and COMMERCIAL PRINTING

Beaufort, South Carolina

STATE OF SOUTH CAROLINA  
COUNTY OF BEAUFORT

Personally appeared before me a Notary Public in and for State and County, afore-said, T. Miles Burbage, who being duly sworn according to law, deposes and says that he is the publisher of The Beaufort Gazette, a newspaper published each week in said County, and who further deposes that the Notice, a true copy of which is hereto affixed, was published for \_\_\_\_\_

Harvey, Harvey, & Betley  
Box 1086  
Beaufort, S.C. 29902

\_\_\_\_\_ in The Beaufort Gazette  
in the issues dated \_\_\_\_\_

December 7, 1967

T. Miles Burbage  
T. Miles Burbage, Publisher

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Beaufort County.

THE STATE BUDGET AND  
CONTROL BOARD

By P. C. Smith  
Secretary

PUBLICATION DATE:  
December 7, 1967  
12-7-ltcHH&B



<b>50</b>	with lb. or more <b>Round</b>
<b>25</b>	with lb. or more <b>Pork</b>
<b>50</b>	with Armour <b>Canned</b>
<b>25</b>	with lb. or more <b>Ground</b>
<b>50</b>	with 1 3/4-oz. <b>Tooth</b>
<b>50</b>	with 24-count <b>"CS" T</b>
<b>100</b>	with 10-oz. <b>Instant</b>
<b>50</b>	with 27-oz. Jo <b>Glo-Co</b>
<b>100</b>	with 6-oz. " <b>Swe</b>
<b>25</b>	with qt. Mazo <b>Cor</b>
<b>25</b>	with any 19-oz. <b>Cake</b>
<b>25</b>	with 46-oz. ca <b>Stokel</b>
<b>50</b>	with 8-oz. McC <b>Black</b>

✓  
SINKLER, GIBBS & SIMONS  
ATTORNEYS & COUNSELLORS AT LAW

HUGER SINKLER  
CHARLES H. GIBBS  
ALBERT SIMONS, JR.  
THEODORE B. GUERARD  
D. DANA SINKLER  
THOMAS G. BUIST  
RUTH WILLIAMS

BLAKE & JOHNSON

TELEPHONE 722-3367  
AREA CODE 803

2 PRIOLEAU STREET  
CHARLESTON, S. C. 29402

March 1st, 1968

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

Dec. 19 '67

Re: \$700,000 Beaufort County Industrial  
Revenue Bonds, Series 1967 - B & J

Dear Pat:

Enclosed you will find a copy of the Lease Agreement and Trust Indenture to be used in connection with the captioned bond issue. The State Budget and Control Board considered and approved this matter several months ago before these documents were finalized and the enclosed should complete your file.

Very truly yours,

*Amice Gibbs*

TBG/bhs  
Enclosures

521



SINKLER, GIBBS & SIMONS  
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367  
AREA CODE 803

HUGER SINKLER  
CHARLES H. GIBBS  
ALBERT SIMONS, JR.  
THEODORE B. GUERARD  
D. DANA SINKLER  
THOMAS G. BUIST  
RUTH WILLIAMS

2 PRIOLEAU STREET  
CHARLESTON, S. C. 29402

April 4th, 1968

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

Re: \$700,000 Beaufort County Industrial  
Revenue Bonds, Series 1967 - Blake &  
Johnson

Dear Mr. Smith:

To complete your file we enclose herein a copy of  
the Lease and the Indenture in the captioned bond issue.

Very truly yours,

*T. B. Guerard*

TBG/bhs  
Enclosures

4

THIS LEASE AGREEMENT dated as of December 1, 1967, between BEAUFORT COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Board of Directors of Beaufort County, which is the governing body of Beaufort County as constituted by Article 1, Chapter 23, Title 14, Code of Laws of South Carolina, 1962, party of the first part, and THE BLAKE & JOHNSON COMPANY, a corporation organized and existing under the laws of the State of Connecticut, duly qualified to conduct business in the State of South Carolina, party of the second part.

W I T N E S S E T H :

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that 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 agreement, the sale of the bonds referred to in Section 2.1 hereof and the insurance proceeds, proceeds from released property and condemnation awards as herein provided):

ARTICLE I

DEFINITIONS

"Act" means Act Number 103 enacted at the 1967 Session of the General Assembly of South Carolina, and approved by the Governor of South Carolina on March 21, 1967.

"Bonds" means the Industrial Revenue Bonds of the County to be issued pursuant to the Indenture.

"Bond Fund" means the Bond Fund created in Section 502 of the Indenture and referred to herein.

"Building" means those certain buildings and all other facilities forming a part of the Project and not constituting part of the Leased Equipment which are required by Section 4.1 (a) hereof to be constructed on the Leased Land, as they may at any time exist.

"Completion Date" means the date of completion of the construction of the Building and the installation therein of the Leased Equipment as that date shall be certified as provided in Section 4.4 hereof.

"Construction Fund" means the Construction Fund created in Section 602 of the Indenture and referred to herein.

"Construction Period" means the period between the beginning of construction or the date on which Bonds are first delivered to purchasers thereof (whichever is earlier) and the Completion Date.

"County" means Beaufort County, South Carolina, a body politic and corporate, and its successors and assigns.

"County Board" means the Board of Directors of Beaufort County and any successor body.

"Indenture" means the Trust Indenture between the County and The South Carolina National Bank, as Trustee, of even date herewith, pursuant to which (i) the Bonds are authorized to be issued and (ii) the County's interest in this agreement and the lease rentals, revenues and receipts received by the County from the Project (except payments pursuant to Section 5.5 of this agreement) are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental



thereto.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and not an employee of either the County or the Lessee.

"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 or the Lessee.

"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 Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.5 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 Section 4.1 (b), 6.1, 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 and interests therein described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein, together with all additions thereto and substitutions therefor.

"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.

"Licensed Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina.

"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 (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this agreement and the Indenture, (iii) utility, access and other easements and rights of way, restrictions and exceptions that a Licensed Engineer certifies will not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified) and (iv) such minor defects, irregularities, encumbrances, easements, rights of way, 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 the County Board, materially impair the property affected thereby for the purpose for which it was acquired or is held by the County.

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

"Project Supervisor" means the project supervisor or supervisors who at the time shall have been designated as such in or pursuant to the provisions of Section 4.6 hereof.

"Trustee" means the trustee and/or the co-trustee at the time serving as such under the Indenture.

## ARTICLE II

### REPRESENTATIONS

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 agrees to acquire the Leased Land, to cause to be constructed thereon the Building, to cause to be acquired and installed the Leased Equipment in the Building or on the Leased Land, including all real and



personal property deemed necessary in connection with the Project. The County further agrees 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 purpose of promoting the industrial development, developing the trade and utilizing and employing the manpower and natural resources of South Carolina. The County has acquired from the Lessee without cost Lessee's option to purchase the Leased Land for Five Hundred and no/100 (\$500.00) Dollars per acre, and agrees to incorporate this in the Project at this cost. The County further agrees to use its best efforts, but without expense to the County, to enable the Lessee to procure from the appropriate state, county, municipal and other authorities and corporations, connection and discharge arrangements for the supply of water, gas, electricity and other utilities and sewage and industrial waste disposal for the operation of the Project.

(c) To finance the cost of acquiring, constructing and equipping the Project, the County proposes to issue \$700,000 aggregate principal amount of the Bonds, which will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

Section 2.2. Representations by the Lessee. The Lessee making 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 Connecticut, is in good standing under its charter and the laws of Connecticut and 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) The leasing by the County of the Project to the Lessee will induce the Lessee to locate a manufacturing and industrial enterprise in Beaufort County, South Carolina.

(c) The Lessee intends to operate the Project as a manufacturing plant from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein for the manufacture of (i) screws and small metal items and (ii) such other products as the Lessee may deem appropriate.

### ARTICLE III

#### DEMISING CLAUSES

Section 3.1. Demise of the Leased Land and Building and the Leased Equipment. The County demises and leases to the Lessee, and the Lessee leased from the County, the Leased Land, the Building and the Leased Equipment at the rental set forth in Section 5.3 and for the payments to be made by Lessee as set forth in Section 5.5 hereof,

for the Lease Term specified in Section 5.1, and in accordance with the provisions of this agreement.

Section 3.2. Warranty of Title. The County warrants that it will acquire good and marketable fee simple title to the Leased Land to be conveyed as security for the Bonds, free from all encumbrances other than Permitted Encumbrances, and the County will promptly furnish, upon request by Lessee, a written opinion of Independent Counsel that it has good and marketable fee simple title to the Leased Land.

#### ARTICLE IV

##### COMMENCEMENT AND COMPLETION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 4.1. Appointment of Lessee as Agent to Construct and Equip the Building on the Leased Land. The County agrees to acquire the Leased Land on or prior to the delivery of the Bonds, and does hereby appoint and designate the Lessee, subject to the provisions of Section 4.5 hereof, as its agent for the purpose of:

(a) Constructing the Building on the Leased Land wholly within the boundary lines thereof, the Building to consist of a building or buildings comprising a manufacturing plant and appurtenant facilities for the manufacture, processing, storing, warehousing, distributing and selling of (i) screws and small metal items and (ii) such other products as the Lessee may deem appropriate, and acquiring, constructing and installing other facilities on the Leased Land deemed necessary for the operation of the Project.



(b) Acquiring and installing in the Building or on the Leased Land for use of Lessee the Leased Equipment, and such other items of machinery and equipment, including any structure essentially such an item, any enclosure closely combined with any such items, and any transportation facility and equipment used as an integral part of the Project, which in Lessee's judgment may be necessary for operation of the Project.

(c) The Lessee will furnish to the County a general description of the building or other facilities which it will erect on the leased land, along with a general list of Leased Equipment which it proposes to include in the Project; and which general description or list may be added to or subtracted from as the Lessee sees fit in the construction of the Project, and which will be corrected and resubmitted to the County at the completion of the Project.

The Lessee, for its part, agrees to accept the authorizations granted to it by the County by the provisions of sub-sections (a) and (b), supra, and to construct the Building and to install the Leased Equipment with promptness and dispatch.

Section 4.2. Agreement to Issue Bonds; Application of Bond Proceeds. In order to provide funds for payment of the costs of acquisition, construction and installation provided for in Section 4.1 hereof, the County agrees that it will by March 29, 1968, sell and cause to be delivered to the purchasers thereof \$700,000 aggregate principal amount of the Bonds and it will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Bonds and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

Section 4.3. Disbursements from the Construction Fund.

The County shall in the Indenture authorize and direct the Trustee to use the monies in the Construction Fund for the payment of the costs and expenses of the Project and the planning and financing of the Project as approved and submitted in writing by the Project Supervisor. The  
/Lessee at its option during the construction period may pay out of its own funds the costs and expenses of the Project and then submit to the Trustee for reimbursement out of the Construction Fund an itemized list of such expenses and disbursements.

It is further agreed that in making any such payments from the Construction Fund to reimburse the Lessee, the Trustee may rely upon the itemized list of expenses and disbursements submitted to it by the Lessee pursuant to this Section, and the Trustee shall be relieved of all liability with respect to making such payments.

All monies 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 paragraph of this Section, shall at the direction of the Lessee be (i) used by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery, or (ii) paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Project Supervisor 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 used by the Trustee as directed by the Lessee in the manner specified in clauses (i) and (ii) of this paragraph.



Section 4.4. Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee by a certificate signed by the Project Supervisor stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in the third paragraph of Section 4.3, (i) construction of the Building has been completed in accordance with the specifications thereof and all labor, services, materials and supplies used in such construction have been paid for, (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 and (iii) the Leased Equipment has been installed to his satisfaction, the Leased Equipment (together with other equipment installed by Lessee) 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.

Section 4.5. Lessee Required to Pay Construction and Equipment Costs in Event Construction Fund Insufficient. In the event the monies in the Construction Fund available for payment of the costs of the Project should not be sufficient to pay the costs thereof in full, the Lessee shall complete the Project, and shall pay all that portion of the costs of the Project as may be in excess of the monies available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the monies which will be paid into the Construction Fund and which, under the provisions of this agreement, will be available for the payment of the cost 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 monies in the Construction Fund the Lessee should 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 Trustee or from the holders of any of the Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof.

Section 4.6. Project Supervisor. The Project Supervisor for the purpose of taking all actions and making all certificates required to be taken and made by the Project Supervisor under the provisions of this agreement shall be any officer of the Lessee or other person so appointed by the Lessee in writing to the County and the Trustee.

Section 4.7. County to Pursue Remedies Against Contractors and Subcontractors and Their Sureties. In the event of default of any contractor or subcontractor under any contract made by it in connection with the Project or in the event of breach of warranty with respect to any materials, workmanship, or performance guarantee, the Lessee as the agent of the County shall promptly proceed to exhaust the remedies of the County against the contractor, subcontractor or supplier so in default and against each surety for the performance of such contract. Any amount recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date, less any expenses incurred by the County at the request of the Lessee, shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

Section 4.8. Investment of Construction Fund Monies Permitted. Any monies held as a part of the Construction Fund shall if the Trustee feels that it is advisable be invested or reinvested by the Trustee in (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



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the extent that the same are secured by the Federal Deposit 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.

#### ARTICLE V

##### EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF LEASE TERM; RENTAL PROVISIONS

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 in this agreement shall then begin, and subject to the provisions of this agreement (including particularly Article X and XI hereof), shall expire December 1, 1987.

Section 5.2. Delivery and Acceptance of Possession. The County agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the County and the Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof) on the Completion Date and the Lessee agrees to accept such possession of the Project upon such delivery; provided that prior to such date for delivery of sole and exclusive possession the Lessee may take such possession of the Project as it may deem advisable.

Section 5.3. Rents and Other Amounts Payable. At least seven days before June 1st, 1968, and at least seven days before each June 1 and December 1 thereafter until the principal of, premium, if

any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project (i) if such date is December 1, a sum equal to the amount payable on such date as principal, if any, and interest upon the Bonds and (ii) if such date is June 1, a sum equal to the amount payable on such date as interest upon the Bonds as provided in the Indenture.

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 redemption as provided in Section 301 of the Indenture or by acceleration as provided in Section 1002 of the Indenture) and premium, if any, payable on the next semi-annual interest payment date, and if at any interest payment date the balance in the Bond Fund is insufficient to make required payments of principal (whether at maturity or by redemption as provided in Section 301 of the Indenture or by acceleration as provided in Section 1002 of the Indenture) and premium, if any, and interest on such date the Lessee will forthwith pay any such deficiency; provided that any amount at any time held by the Trustee in the Bond Fund shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee



shall not be obligated to make any further rental payments under the provisions of this Section.

The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same becomes due, (ii) reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

In the event the Lessee should fail to make any of the payment required in this Section 5.3 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 rate of 6% per annum until fully 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 Trustee for the account of the County and shall be deposited in the Bond Fund. The additional payments to be made to the Trustee under Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be.

Section 5.5. Payments in Lieu of Taxes. Lessee shall make payments to the County, the school district or school districts, and all other political units wherein the Project is located, in lieu of taxes, in such amounts as would result from taxes levied on the Project by the County, and such school district or school districts and other political units as 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 appropriate agency, officer or officers; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes that shall be applicable; and (iii) shall cause the respective appropriate agency, officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee when the respective levies are made for purposes of such taxes upon property privately owned, a statement specifying the amount and due date or dates of such taxes which the County, school district and other political units would receive if such property were so privately owned.

In the event the Lessee should fail to make any of the payments required in 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 rate of 6% per annum until fully 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 Section 5.3 and Section 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 and premium, if any, on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, 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 will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, a failure to complete 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 of 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 con-



strued 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 cost 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 shall at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Building and the Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. The Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes that do not adversely affect the operating effectiveness of the Project. Subject to the provisions of Section 9.7 hereof, such additions, modifications and improvements so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee will 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 Trustee 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 Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by non-payment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The County shall 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. So long as Lessee shall not be in default, in any instance where the Lessee 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 Trustee therefor, provided that the Lessee shall either:

(a) Substitute (either by direct payment of the costs 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 Building as a modern manufacturing plant (provided such removal and substitution shall not impair operating effectiveness), all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) but 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 any one other than itself or in the case of the scrapping thereof, the Lessee shall pay into the Bond Fund 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 into the Bond Fund 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 into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice. Any equipment installed to replace Leased Equipment removed pursuant to this Section 6.2 (b) shall remain the sole property of the Lessee, and the County shall have no interest therein.

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 will promptly report to the Trustee each such removal, substitution, sale and other disposition and will pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund 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 to be paid into the Bond Fund on account of all such sales, trade-ins or other disposition not previously reported aggregates at least \$25,000. The Lessee will 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 (except for inheritance, estate or transfer taxes), and 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 (ii) that these factors, among others, have induced the Lessee to enter into this agreement.

Notwithstanding, 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, revenues or receipts 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 Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Leased Land, Building and Leased Equipment), 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 Trustee 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 Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by



nonpayment of any such items the lien of the Indenture 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 Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 6% per annum from the date thereof, the Lessee agrees to pay.

Section 6.4. Insurance Required. (a) The Lessee agrees to keep the Project insured (or to permit the County to insure the Project at the Lessee's expense) against loss or damage by fire, lightning, windstorm, explosion, aircraft, smoke damage, vehicle damage, sprinkler leakage and such other risks as are covered under the uniform standard extended coverage endorsement in amounts of not less than, (i) the full insurable value of the Project, or (ii) the amount, both principal and interest of the outstanding Bonds, whichever shall be less. The term "full insurable value" shall mean the actual replacement value; provided that the Lessee may be self insured to the extent of not exceeding \$10,000.

(b) The Lessee shall, at its expense, maintain general public liability insurance (including the obligations assumed under Section 8.7 against claims for bodily injury, death or property damage occurring

on, in or about the Project and the adjoining sidewalks and passageways, such insurance to afford protection to the County of not less than \$500,000, with respect to bodily injury or death to any one person; not less than \$1,000,000 with respect to any one accident; and not less than \$100,000 with respect to property damage. Policies for such insurance shall name the County, the Trustee and the Lessee as the assured as their interest may appear.

Section 6.5. Application of Net Proceeds of Insurance.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 (a) hereof shall be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of insurance carried pursuant to the provisions of Section 6.4 (b) 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 and licensed to do business in South Carolina.

A certificate of an officer of the Lessee that such insurance is in force and effect shall be furnished the Trustee; and prior to the expiration of any such policy the Lessee shall furnish the Trustee with evidence satisfactory to the Trustee that the policy has been renewed or replaced or is no longer required by this agreement.

Section 6.7. Advances by the County or the Trustee. In

the event the Lessee shall fail to maintain the full insurance coverage required by this agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail

to keep the Building and the Leased Equipment in good repair and good operating condition, the County or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements, and all amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 6% per annum from the date thereof, the Lessee agrees to pay.

Section 6.8. Indemnification of Trustee. The Lessee shall and agrees to indemnify and save the Trustee 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 against and from all claims arising during the Lease Term from (a) any conditions of the Project, (b) any breach or default on the part of the Lessee in the performance of any of its obligations under this agreement, (c) any act of negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees, or (d) any act of negligence of any assignee or sublessee of the Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Lessee. The Lessee shall indemnify and save 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 Trustee, the Lessee shall defend the Trustee in any such action or proceeding.



ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage and Destruction. Unless 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 Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) 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) hereof resulting from such destruction or damage is not greater than \$25,000 the Lessee (i) shall promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such destruction or damage, 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 operating effectiveness or productive value or the character of the Project as a manufacturing 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 \$25,000 shall be paid to the Lessee.

Unless 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 Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) 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) hereof resulting from such destruction or damage is in excess of \$25,000 the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance resulting from such claims for losses in excess of \$25,000 shall be paid to and held by the Trustee in a separate trust account, whereupon (i) the Lessee shall proceed promptly to repair, rebuild or restore the property destroyed or damaged to substantially the same condition thereof as existed prior to the event causing such destruction or damage 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 operating effectiveness or productive value or the character of the Project as a manufacturing plant, and (ii) the Trustee will 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.

In the event said Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration required by either of the two foregoing paragraphs, the Lessee will nonetheless complete said work and will pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

The Lessee shall not, by reason of the payment of such excess costs be entitled to any reimbursement from the County, the Trustee or the holders or owners of the Bonds or any abatement or diminution of the rents payable under Section 5.3 or Section 5.5 hereof.

Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture) all Net Proceeds shall be paid to the Lessee.

Section 7.2. Condemnation. Unless 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.

The County and the Lessee hereby irrevocably assign to the Trustee the Net Proceeds received by them or either of them from any award made in such eminent domain proceedings, which shall be paid to and held by the Trustee, together with any Net Proceeds received by the Trustee, 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, by the County of other improvements, 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 Indenture, other than Permitted Encumbrances.

(c) To the redemption of Bonds, together with interest accrued thereon to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (1) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to purchase provided for by Section 11.2 (b) hereof or (2) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the County and the Trustee a certificate of an Independent Engineer acceptable to the County and the Trustee 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 Trustee 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 into the Bond Fund. If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), all Net Proceeds shall be paid to the Lessee.

The County shall cooperate fully with Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, 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 will 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.

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).

ARTICLE VIII

SPECIAL COVENANTS

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 Trustee's Right of Access to the Project. The Lessee agrees that the County, the Trustee and the duly authorized agents of each of them shall have the right at all reasonable and times to enter upon the Leased Land/to examine and inspect the Project. The Lessee further agrees that the County and its duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the construction and installation provided for in Section 4.1 hereof, and thereafter the County, the Trustee and their or either of their duly authorized agents shall have 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.

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, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another 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.

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 to the rights granted by Section 11.3 hereof, the parties 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 (i) of any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated) on which the County then proposes to construct 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 simple 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 of the Bonds are outstanding and unpaid there shall be deposited with the Trustee 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 Indenture 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 (and/or the easements or 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 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 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 Trustee, 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 Building as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom.

If all of the conditions of this Section 8.5 are met the Trustee shall release any such property from the lien of the Indenture upon payment at the rate of \$500 per acre for the property released, such payment to be made to the Trustee and for deposit in the Bond Fund for use as provided by this Lease and the Indenture.

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 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 Indenture, 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 Trustee 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 of the Lessee requesting such instrument; and (iii) a certificate executed by the president or a vice president 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 Indenture. Lessee shall receive no abatement of rents payable under Section 5.3 by reason of any such



grant or release.

Section 8.7. Release and Indemnification Covenants.

(a) The Lessee releases the County from, agrees that the County shall not be liable for and agrees to hold the County harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any defect in the Leased Land, the Building or the Leased Equipment or other improvements on the Leased Land or by any cause whatsoever pertaining to the Project or the use thereof, other than any loss, damage, injury or death occasioned by any willful fault or any negligence on the part of the County or its agents; provided, that the indemnity provided in this sentence shall be effective only to the extent of any loss that might be sustained by the County in excess of the Net Proceeds received from any insurance carried with respect to the loss sustained. To this end, the Lessee will provide for and insure, in the public liability policies required in subsection (b) of Section 6.4 hereof, not only its own liability in respect of the matters there mentioned but also the liability herein assumed.

(b) Notwithstanding the fact that the Act prescribes and the parties intend that the County shall not incur pecuniary liability by reason of entering into this Lease by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act required of it by the Lease, or by reason of the performance of any act requested of it by the Lessee, nevertheless if it shall incur any such pecuniary liability, then in such event the Lessee shall indemnify and hold the County harmless against all claims by or on behalf of any person, firm or corporation thereunto arising, 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. Lessee Not Required to Provide Financial Information. The Lessee shall not be required to furnish to the County or to the Trustee financial statements, balance sheets or any other financial information during the Lease Term.

#### ARTICLE IX

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING; REDEMPTION;  
RENT PREPAYMENT AND ABATEMENT; LESSEE'S EQUIPMENT; BONDS PAID.

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 Trustee, 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 performance and observance of the other agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume 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 Trustee a true and complete copy of each such assignment or sublease, as the case may be.

Section 9.2. Mortgage of Project by County. The County shall mortgage the Project by the Indenture, and assign its interest in and pledge any monies receivable under this agreement pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, 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 Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term.

Section 9.4. Redemption of Bonds. Whenever monies are available therefor, the County, at the request at any time of the Lessee and if the same are then subject to redemption, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the earliest redemption date or dates on which such redemption 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 Trustee 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 specified in Section 5.3 hereof in the order of their due dates.

Section 9.6. Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity. If at any time the aggregate monies in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents on the Bonds due or to become due through the date on which the last of the Bonds 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 monies are in the hands of the Trustee to and including December 1, 1987. 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 in the Building or on the Leased Land and which may be attached or affixed to the Building or the Leased Land. 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 Building or the Leased Land 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 Indenture. Neither the County nor the Trustee 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, but all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee.

Section 9.8. References to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Trustee and any paying agents on the Bonds, all references in this agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds or coupons shall thereafter have any 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 by the Lessee to pay the rents required to be paid under Section 5.3 of this agreement at the times specified therein and continuing for a period of five days after notice by telegram, or if telegraphic service is not available then after notice by mail given to the Lessee by either the Trustee or the County that the payment referred to in such notice has not been received.

(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 sixty days after written notice, specifying such failure and requesting that it be remedied given to the Lessee by the County or the Trustee, unless the County and the Trustee shall agree in writing to an extension of such time prior to its expiration.

(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 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 in the case of the Lessee the conditions permitting such actions contained in Section 8.2 hereof shall have been met.

The foregoing provisions of this Section are subject to the following limitation: 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 Sections 5.3, 5.5, 6.3, 6.4 and 8.7 hereof, 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; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other causes 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 default referred to in Section 10.1 hereof shall have happened and be subsisting, the County or the Trustee as the case may be may take any one or more of the following remedial steps:

(a) The County or the Trustee may, at its option, declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The County, with the prior written consent of the Trustee, may re-enter, and take possession of the Project

without terminating this agreement, and sublease the Project for the account of the Lessee for such term or terms (which may be greater or less than the period which would have otherwise constituted the balance of the Leased Term) as Trustee may determine, holding the Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1 (a) hereof, the County shall not be entitled to take such action until the sixth day after the notice prescribed by Section 10.1 (a) was given.

(c) The County, with the prior written consent of the Trustee, 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; provided, that in the case of an event of default referred to in Section 10.1 (a) hereof, the County shall not be entitled to take such action until the sixth day after the notice prescribed by Section 10.1 (a) was given.

(d) 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 into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), to the Lessee. No action taken pursuant to this Section 10.2 (including repossession of the Project or termination of the Leased Term) shall relieve the Lessee from its obligations pursuant to Sections 5.3 and 10.2 (a), all of which shall survive any such action.

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 Trustee and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries 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 Trustee 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 Trustee the reasonable fee of such attorneys and such other expenses so incurred by the County or the Trustee.

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 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 Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal,

interest to maturity or earliest applicable redemption date, as the case may be, premium, expenses of redemption and Trustee's and paying agents' fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), and all other sums then due to the County under the 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 Bonds. The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the events specified in (a), (b), or (c) infra 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 four 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



four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$100,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4 (a) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Building and the Leased Equipment.

(b) Title to, or the temporary use of, all or substantially all the Project 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 four 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 of performance 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, 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 its option, <sup>to purchase</sup> the Lessee shall, within sixty days following the event authorizing the exercise of such option, give written notice to the County and to the Trustee, if any of the Bonds 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, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. 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 on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the applicable redemption date provided by the Indenture, including without limitation, principal, all interest to , any redemption premium accrue to said redemption date/and redemption expense, plus

(2) An amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus

(3) The sum of one dollar for the Leased Land, Building and Leased Equipment.

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 or subsequent to the conveyance effected pursuant to Section 11.4 hereof.

Section 11.3. Option to Purchase Unimproved Land. The Lessee shall have, and is hereby granted so long as Lessee shall not be in default, the option to purchase any unimproved 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) including the right to tie into the Building, to make use of the utilities serving the Building, and to use any exterior walls of the Building as a party wall; at any time and from time to time at and for a purchase price equal to \$500 per acre, which payment shall be made to the Trustee and deposited in the Bond Fund for use as provided by this Lease and the Indenture, 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 Trustee, 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 Building as a manufacturing 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 this Section.

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 Trustee for deposit in the Bond Fund, and secure from the Trustee a release from the lien of the Indenture 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 the purchase pursuant to Article XII hereof or the exercise of any option to purchase granted in Sections 11.2 and 11.3 hereof, the County will upon receipt of the purchase price deliver to the Lessee the following:

(a) If necessary, a release from the Trustee of the property with respect to which the option was exercised from all security instruments.

(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 Indenture 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 Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in

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 the purchase pursuant to Article XII hereof or the exercise of any option to purchase granted in Sections 11.2 and 11.3 hereof, the County will upon receipt of the purchase price deliver to the Lessee the following:

(a) If necessary, a release from the Trustee of the property with respect to which the option was exercised from all security instruments.

(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 Indenture 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 Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in



nonfulfillment of any condition to the exercise of any such option.

#### 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 at the expiration or sooner termination of the Lease Term following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture. At the closing of the foregoing purchase, the County will 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 Indenture and may be exercised whether or not the Lessee is in default hereunder provided that such default will not result in nonfulfillment of any condition to this right.

#### ARTICLE XIII

##### MISCELLANEOUS

Section 13.1. Surrender of Project. Except as otherwise expressly provided in this agreement, upon the sooner termination of the Lease Term, before the expiration thereof, 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, loss by fire or other casualty covered by insurance and ordinary wear, tear and obsolescence only excepted.

Section 13.2. 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 when telegraphic notice is permitted by express provisions of this agreement, addressed as follows: if to the County, to the Board of Directors of Beaufort County, Beaufort County Courthouse, Beaufort, South Carolina; if to Lessee, to The Blake & Johnson Company, 1495 Thomaston Avenue, Waterbury, Connecticut, 06714, Attention: President; if to Trustee, to The South Carolina National Bank, 900 Assembly Street, Columbia, South Carolina, Attention: Trust Department. The County, the Lessee and the Trustee, may, by notice given to all parties hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.3. Recording and Filing. This agreement and every assignment and modification hereof, including supplements prescribed by Section 13.4, shall be recorded and indexed as a miscellaneous conveyance and as a chattel mortgage in the office of the Clerk of Court for Beaufort County, South Carolina, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. This agreement as originally executed shall be so recorded prior to the recordation of the Indenture or any other mortgage or deed of trust or trust indenture with respect to the Project. The security interest of the County created by this agreement and any supplement hereto in the personal property and fixtures which are to be part of the Project, and the assignment of such security interest to the Trustee, shall be perfected by the filing in the office of the Secretary

of State of South Carolina, in the City of Columbia, of financing statements and continuation statements which fully comply with the South Carolina Uniform Commercial Code - Secured Transactions.

Section 13.4. Other Instruments.

The Lessee covenants to deliver to the County and the Trustee within 60 days after the Completion Date and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Leased Equipment and Building, if any, constituting a part of the Project, and not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this agreement as then supplemented.

Section 13.5. 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 limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

Section 13.6. 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 13.7. Amounts Remaining in Bond Fund. It is agreed by the parties hereto that any amounts remaining in the Bond Fund upon expiration or sooner termination of the Lease Term, as provided in this



agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents in accordance with the Indenture shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

Section 13.8. 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 Trustee.

Section 13.9. 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 13.10. 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 13.11. Law Governing Construction of Agreement. This agreement is prepared and entered into with the intention that the law 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 Board of Directors of Beaufort County and its official seal to be impressed hereon and attested by the Secretary of said Board and The Blake & Johnson Company 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

Golden H. Bailey  
Chairman of Board of Directors  
of Beaufort County

Attest:

AK McCall  
Secretary of Board of Directors  
of Beaufort County

Signed, sealed and delivered  
in the presence of:

Mary L. Rogers  
Walter E. Bennett

(SEAL)

THE BLAKE & JOHNSON COMPANY

BY

Clifford D. Blake  
President

Attest:

John Luc Egan  
Asst. Secretary

Signed, sealed and delivered  
in the presence of:

Thelma L. Hall  
Harold W. Johnson

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

Personally appeared before me Mary L. Rogers,  
who being duly sworn says that she saw the corporate seal of  
BEAUFORT COUNTY, South Carolina affixed to the foregoing Lease  
Agreement, and that she also saw Colden R. Battey, Jr.  
as Chairman and A. R. McAfee  
as Executive Secretary of Beaufort County Board of Directors  
sign and attest the same, and that she with Helen E. Bennett  
witnessed the execution and delivery thereof as the act and deed  
of the said Beaufort County.

Sworn to before me this  
7th day of March, 1967.

Helen E. Bennett (L.S.)  
Notary Public for South Carolina  
My Commission Expires: 1-1-70

Mary L. Rogers

STATE OF Connecticut

COUNTY OF New Haven

Personally appeared before me Ridgely M. Hall  
Chester P. White,  
who being duly sworn says that he saw the corporate seal of  
The Blake & Johnson Company affixed to the foregoing Lease Agreement  
and that he also saw Chester P. White as President  
and John McEwan as Assistant Secretary  
of The Blake & Johnson Company sign and attest the same, and that he  
with H. O. Danielson witnessed the execution and  
delivery thereof as the act and deed of the said The Blake & Johnson Co.

Sworn to before me this  
29th day of February, 1967

H. O. Danielson (L.S.)  
Notary Public for Connecticut  
My Commission Expires: 4-1-68

Ridgely M. Hall



EXHIBIT A

DESCRIPTION OF LEASED LAND ATTACHED TO AND MADE A PART OF LEASE AGREEMENT DATED AS OF DECEMBER 1, 1967 BETWEEN BEAUFORT COUNTY, SOUTH CAROLINA, AS LESSOR, AND THE BLAKE & JOHNSON COMPANY, A CONNECTICUT CORPORATION, AS LESSEE:

ALL that certain piece, parcel or lot of land, situate, lying and being on Port Royal Island, Beaufort County, South Carolina, containing 25.3 acres, more or less, and being portions of Lots 5, 6, 12 and 21 of Section 27, Township 1N, Range 2W, according to the plat and survey of the United States Direct Tax Commissioners for the District of South Carolina. This tract of land is more particularly shown as being all of the land lying west of the railroad right-of-way on a plat dated January, 1967, as revised, prepared by Palmer and Malone, Inc., Civil Engineers, recorded in Plat Book 17 at Page 11 in the records of Beaufort County, reference to which plat is made for a fuller and more complete description.

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT ATTACHED TO AND  
MADE A PART OF LEASE AGREEMENT DATED AS OF  
DECEMBER 1, 1967 BETWEEN BEAUFORT COUNTY, SOUTH  
CAROLINA, AS LESSOR, AND THE BLAKE & JOHNSON  
COMPANY, A CONNECTICUT CORPORATION, AS LESSEE:

SCHEDULE B

Lease and Rent Agreement

Heat Treating Equipment  
Electro Plating Equipment  
Waste Treatment Plant  
6 Tumbling Barrels  
  
Washer & Dryer  
6" Ped. Grinders (#3B45) ..... 2  
10" Ped. Grinders..... 2  
10" So. Bend Lathe  
14" So. Bend Drill Press..... 2  
6 x 12 Boyer-Shultz Surface Grinder  
Sunnens Honing Machine  
Hydraulic Press  
Greenard Arbor Press #40  
Radial Drill Press  
Wardwell Saw Sharpener  
Dividing Head (Ellis 6-1/2" Mod A)  
Speed Lathes..... 2  
Air Compressor (15 h.p.)  
Toledo 8000 lb Scale  
1000 to 1 Counting Scale  
Fork Lift Truck  
Battery Charger  
Do-All Band Saw  
Johnson Band Saw (JHW3)

ASSIGNMENT OF LEASE AGREEMENT

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

KNOW ALL MEN BY THESE PRESENTS, that BEAUFORT COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the undersigned Chairman and Secretary of the Board of Directors of Beaufort County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over, and by these presents does assign, transfer and set over unto The South Carolina National Bank, a banking corporation organized and existing under the laws of the United States of America, and its successors in trust and assigns forever, as Trustee under that certain Trust Indenture dated as of December 1, 1967, between said Beaufort County and said The South Carolina National Bank, as Trustee:

All of the right, title and interest of said Beaufort County in and to the foregoing Lease Agreement dated as of December 1, 1967, between said Beaufort County, as Lessor, and The Blake & Johnson Company, as Lessee.

This Assignment of Lease Agreement is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of December 1, 1967, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subsequent to the recording of said Lease Agreement and this Assignment of Lease Agreement.

IN WITNESS WHEREOF, Beaufort County, South Carolina has executed this Assignment of Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the Board of Directors of Beaufort County, attested by the Secretary of the said Board and the official seal of said County to be impressed hereon, all being done as of the first day of December, 1967.

(SEAL)

Attest:

AR McCall  
Secretary of the Board of  
Directors of Beaufort County

Signed, sealed and delivered  
in the presence of:

Mary L. Rogers  
John E. Bennett

BEAUFORT COUNTY, SOUTH CAROLINA

BY Walter H. Battey  
Chairman of the Board of  
Directors of Beaufort County



ASSIGNMENT OF LEASE AGREEMENT

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

KNOW ALL MEN BY THESE PRESENTS, that BEAUFORT COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the undersigned Chairman and Secretary of the Board of Directors of Beaufort County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over, and by these presents does assign, transfer and set over unto The South Carolina National Bank, a banking corporation organized and existing under the laws of the United States of America, and its successors in trust and assigns forever, as Trustee under that certain Trust Indenture dated as of December 1, 1967, between said Beaufort County and said The South Carolina National Bank, as Trustee:

All of the right, title and interest of said Beaufort County in and to the foregoing Lease Agreement dated as of December 1, 1967, between said Beaufort County, as Lessor, and The Blake & Johnson Company, as Lessee.

This Assignment of Lease Agreement is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of December 1, 1967, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subsequent to the recording of said Lease Agreement and this Assignment of Lease Agreement.

IN WITNESS WHEREOF, Beaufort County, South Carolina has executed this Assignment of Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the Board of Directors of Beaufort County, attested by the Secretary of the said Board and the official seal of said County to be impressed hereon, all being done as of the first day of December, 1967.

(SEAL)

Attest:

AK McCall  
Secretary of the Board of  
Directors of Beaufort County

Signed, sealed and delivered  
in the presence of:

Mary L. Rogers  
John E. Bennett

BEAUFORT COUNTY, SOUTH CAROLINA

BY Golden K. Battey  
Chairman of the Board of  
Directors of Beaufort County

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

Personally appeared before me Mary L. Rogers.  
who being duly sworn says that She saw the corporate seal  
of BEAUFORT COUNTY affixed to the foregoing Assignment of  
Lease Agreement, and that She also saw Calden R. Batley, Jr.  
as Chairman of the Board of Directors of Beaufort County and  
AR McPhee as Secretary of the Board of Directors  
of Beaufort County sign and attest the same, and that She  
with Helen E. Bennett witnessed the execution and  
delivery thereof as the act and deed of the said Beaufort  
County.

Sworn to before me this

7 day of March, 1968. Mary L. Rogers

Helen E. Bennett (L.S.)

Notary Public for the State of  
South Carolina

My Commission Expires: 1-1-70

## TRUST INDENTURE

THIS TRUST INDENTURE made and entered into as of the first day of December, 1967, by and between Beaufort County, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "County"), as party of the first part, and The South Carolina National Bank, a banking corporation duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the United States of America, as Trustee, party of the second part:

### WITNESSETH:

WHEREAS the County is authorized and empowered by the provisions of Act No. 103, enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on the 21st day of March, 1967 (the "Act") to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS the County is further authorized by the Act to issue revenue bonds payable solely from the lease rentals, revenues and receipts from any such project and secured by a pledge of said lease rentals, revenues and receipts and by a mortgage on the land, buildings, improvements and equipment so  
r acquired; and



WHEREAS the County has made the necessary arrangements with The Blake & Johnson Company, a corporation organized and existing under the laws of the State of Connecticut, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), for the acquisition and construction of new and additional facilities for the manufacture of screws and small metal items, on a tract of land located within Beaufort County, South Carolina, including all necessary land, easements, buildings, machinery, equipment and other facilities (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purpose provided by the Act, and the County has further entered into a Lease Agreement with the Lessee specifying the terms and conditions of the acquisition of the Project and the leasing of the same to the Lessee; and

WHEREAS the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as "this Indenture") have been authorized by Resolutions duly adopted by the Board of Directors of Beaufort County (hereinafter sometimes referred to as the "County Board") which is the governing body of the County, as constituted by Article I, Chapter 23, Title 14, Code of Laws of South Carolina, 1962, and the County in accordance with the requirements of Section 14 of the Act has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms

and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Beaufort County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery of Bonds designated as Beaufort County Industrial Revenue Bonds, Series 1967-B & J, in the aggregate principal amount of \$700,000, as hereinafter provided; and

WHEREAS the issuance of the such bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS the \$700,000 aggregate principal amount of Bonds to be issued, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the following form, to wit:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF SOUTH CAROLINA

BEAUFORT COUNTY

INDUSTRIAL REVENUE BOND

SERIES 1967-B & J

Number.....

\$5,000

KNOW ALL MEN BY THESE PRESENTS that Beaufort County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received, promises to pay, but only from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered holder hereof, on December 1, 19 , the principal sum of five thousand dollars and in like manner to pay interest on said sum from the date hereof at the rate of        per centum per annum on June 1, 1968, and semi-annually thereafter on December 1 and June 1 each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the principal office of The South



Carolina National Bank in the City of Columbia, State of South Carolina, or its successor in trust.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$700,000 issued for the purpose of acquiring land, buildings, equipment, machinery and other facilities in connection therewith, and leasing the same to The Blake & Johnson Company, a Connecticut corporation (hereinafter referred to as the "Lessee") (such land, buildings, equipment, machinery and other facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are all issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of December 1, 1967, duly executed and delivered by the County to The South Carolina National Bank, as Trustee (the term "Trustee" where used herein referring collectively to said Trustee or its successors in said trust), and reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the Bonds and the coupons appertaining thereto and the terms upon which the Bonds are issued and secured.

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This Bond and appurtenant coupons are fully negotiable and shall pass by delivery, but this Bond may be registered as to principal only on the registration books of the County in the principal office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written request of the registered owner or by his legal representative, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons.

The Bonds of this issue are noncallable for redemption prior to December 1, 1977, except in the event of (1) condemnation of the Project or any part thereof to the extent provided

in Section 7.2 of the Lease Agreement between the County and the Lessee dated as of December 1, 1967, (herein referred to as the "Lease Agreement") or (2) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement. If called for redemption in either of such events, such Bonds shall be subject to redemption by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the principal amount thereof plus accrued interest to the redemption date.

Bonds maturing after December 1, 1977, are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1977, in whole or in part in the inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.



<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption Price</u>
December 1, 1977 to June 1, 1978	102.25%
December 1, 1978 to June 1, 1979	102%
December 1, 1979 to June 1, 1980	101.75%
December 1, 1980 to June 1, 1981	101.50%
December 1, 1981 to June 1, 1982	101.25%
December 1, 1982 to June 1, 1983	101%
December 1, 1983 to June 1, 1984	100.75%
December 1, 1984 to June 1, 1985	100.50%
December 1, 1985 to June 1, 1986	100.25%
December 1, 1986 to June 1, 1987	100%

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by publication at least once in a newspaper or financial journal of general circulation published in the City of New York, New York, such publication to be not less than thirty days nor more than sixty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer), upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered holder of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are at that time registered as to principal (except to bearer)

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notice by mailing given by first class mail to the registered holder or holders thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered holder of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any such newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice or call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

This Bond and the issue of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by Act No. 103 enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved March 21, 1967, and pursuant to resolutions duly adopted by

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the Board of Directors of Beaufort County and with the approval of the State Budget and Control Board of South Carolina. This Bond and the issue of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 of the Lease Agreement) derived from the leasing or sale of the Project, financed through the issuance of the Bonds and which has been leased to the Lessee. Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature, and under the Lease Agreement it is the obligation of the Lessee to pay the costs of maintaining the Project in good repair and to keep it properly insured.

This Bond and the interest coupons appertaining hereto, are not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the County and deposited in a



special account established pursuant to the Indenture and designated "Beaufort County Industrial Revenue Bond Fund - The Blake Johnson Project," and have been duly pledged for that purpose, and in addition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

The holder of this Bond and the bearers of the coupons appertaining hereto shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the

issue of which it forms a part, together with all other obligations of the County does not exceed or violate any constitutional or statutory limitation.

This Bond and the interest coupons appertaining hereto shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, Beaufort County, South Carolina, has caused this Bond to be executed by the Chairman of the Board of Directors of Beaufort County, and its corporate seal or a facsimile thereof to be reproduced hereon, and attested by the Secretary of the Board of Directors of Beaufort County, and has caused the interest coupons attached hereto to be executed by the facsimile signatures of said Chairman and said Secretary, all as of the first day of December, 1967.

BEAUFORT COUNTY, SOUTH CAROLINA

By.....  
Chairman of the Board of  
Directors of Beaufort County

Attest: -

.....  
Secretary of the Board of  
Directors of Beaufort County.

(Form of Trustee's Certificate of Authentication)

This Bond is one of the Bonds of the issue described in  
the within mentioned Trust Indenture.

THE SOUTH CAROLINA NATIONAL  
BANK, TRUSTEE

By.....  
Authorized Officer

(Form of Interest Coupon)

No. ....

\$.....

On the first day of , 19 , Beaufort  
County, S outh Carolina (unless the Bond to which this coupon  
appertains shall have been duly called for previous redemption  
and payment of the redemption price made or provided for), will  
pay to bearer, subject to the provisions of the Indenture and  
upon presentation and surrender of this coupon at the principal  
office of The South Carolina National Bank in the City of  
Columbia, State of South Carolina, or its successor in trust,  
the amount shown hereon in lawful money of the United States  
of America, as provided in and being semi-annual interest then  
due on its Industrial Revenue Bond, Series 1967-B & J, dated  
December 1, 1967, numbered .

BEAUFORT COUNTY, SOUTH CAROLINA

By.....  
Chairman of the Board of Directors  
of Beaufort County

.....  
Secretary of the Board of  
r Directors of Beaufort County



(Form of Registration)

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

and;

WHEREAS all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged and a valid pledge of the lease rentals, revenues and receipts herein made to the payment of the principal of, premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE WITNESSETH:

That the County in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of

the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the County of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, convey, mortgage, pledge and assign unto The South Carolina National Bank, as Trustee, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the County hereinafter set forth, the following:

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The real property and interests therein situated in Beaufort County, State of 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 Bonds issued under and secured by this Indenture, 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 Indenture; 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, dated as of December 1, 1967, between the County and The Blake & Johnson Company, and all lease rentals, revenues and receipts received or to be received under said Lease Agreement, except amounts paid by the Lessee thereunder to the County and other local taxing authorities in lieu of taxes pursuant to Section 5.5 thereof.

### IV

All lease rentals, revenues and receipts arising out of or in connection with the ownership of the Project, except amounts paid under Section 5.5 of the aforementioned Lease Agreement.

### 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 Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders of the Bonds and interest coupons thereto appertaining issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds or interest coupons thereto appertaining over any of the others of the Bonds or interest coupons;

PROVIDED, HOWEVER, that if the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of Coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement,

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then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said lease rentals, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the County has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the said Bonds and the bearers of the interest coupons thereto appertaining, or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Bond" or "Bonds" means the Beaufort County Industrial Revenue Bonds, Series 1967-B & J, to be issued hereunder.

"Bond Fund" or "Beaufort County Industrial Revenue Bond Fund - The Blake & Johnson Project" means the fund created in Section 502 hereof.

"Bondholder" or "holder" or "owner" or "owner of the Bonds" means the bearer of any Bond not registered as to principal otherwise than to bearer and the person in whose name any Bond shall be registered as to principal.

"Construction Fund" or "Beaufort County Industrial Construction Fund - The Blake & Johnson Project" means the fund created by Section 602 hereof.

"County" means Beaufort County, South Carolina, a body politic and corporate, and its successors and assigns.

"County Board" means the Board of Directors of Beaufort County and any successor body.



"Coupon" means any of the coupons issued hereunder evidencing the semi-annual installments of interest on the applicable Bond or Bonds.

The term "default" means any of those defaults specified in and defined by Section 1001 hereof.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all expenses incurred under the Indenture other than Ordinary Services and Ordinary Expenses.

"Indenture" means these presents and other indentures supplemental hereto with the Trustee in pursuance hereof.

"Lease Agreement" means the Lease Agreement executed by and between the County and the Lessee dated as of December 1, 1967, and any amendments thereto.

"Lessee" means The Blake & Johnson Company and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease Agreement.

"Mortgaged Property" means the properties conveyed as security hereunder in paragraphs I, II, III, IV and V of the granting clause preceding this Article.

"Ordinary Services and "Ordinary Expenses" means those services normally rendered and those expenses normally incurred by a trustee under instruments similar to this Indenture.

The term "outstanding" or "Bonds outstanding" means all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or theretofore delivered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which cash funds shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 207 hereof, unless proof satisfactory to the Trustee is presented to the Trustee that any such Bonds are held by bona fide holder in due course.

"Person" means natural persons, firms, associations, corporations and public bodies.

"Project" means the land, buildings, machinery, equipment and other facilities leased under the Lease Agreement.

"Trust estate" means the Mortgaged Property.

"Trustee" means The South Carolina National Bank, the party of the second part hereto, and any successor trustee pursuant to Sections 1105 or 1108 hereof at the time serving as successor trustee hereunder.



ARTICLE II

THE BONDS

SECTION 201, Restriction on Issuance of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued is hereby expressly limited to \$700,000.

SECTION 202, Issuance of Bonds. The Bonds in the aggregate principal amount of \$700,000, dated December 1, 1967, shall be designated "Beaufort County Industrial Revenue Bonds, Series 1967- B & J." They shall bear interest from the date thereof at the respective rates per annum as set forth in the following schedule, payable June 1, 1968, and semiannually thereafter on December 1 and June 1 of each year. They shall be in the denomination of \$5,000 each, and shall be numbered consecutively from 1 upward and shall mature in numerical order on December 1 in each of the years set forth in and in the principal amount set opposite each year in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1968	\$ 35,000	4.50%
1969	35,000	4.50%
1970	35,000	4.50%
1971	35,000	4.50%
1972	35,000	4.50%
1973	35,000	4.75%
1974	35,000	4.75%
1975	35,000	4.75%
1976	35,000	4.75%
1977	35,000	5.00%
1978	35,000	5.00%
1979	35,000	5.00%
1987	280,000	5.60%

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The interest on the Bonds shall be evidenced by interest Coupons. The principal of, premium, if any, and interest on the Bonds, shall be payable to the holder upon presentation and surrender of the Bonds or Coupons as they respectively become due at the principal office of the Trustee in the City of Columbia, South Carolina. Payment as aforesaid shall be made in lawful money of the United States of America.

SECTION 203, Execution; Limited Obligation. The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County or a fac-  
impressed or  
simile thereof shall be reproduced thereon and attested by the Secretary of the County Board. The Coupons attached to the Bonds shall be executed by the facsimiles of the official signatures of said Chairman and Secretary and such facsimiles shall have the same force and effect as if said Chairman and Secretary had manually signed each of the Coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the lease rentals, revenues and receipts from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by the lien of the Indenture on the Project), which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are hereby pledged and assigned for the equal and ratable payment of the Bonds and the Coupons and shall be used for no other purpose than to pay  
r the principal of, premium, if any, and interest on the Bonds,

except as may be otherwise expressly authorized in this Indenture. The Bonds and Coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

In case any officer whose signature or facsimile of whose signature shall appear on the Bonds or Coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

SECTION 204, Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no Coupon appertaining to any Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same

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officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured Coupons, if any, appertaining thereto, and such cancelled Coupons shall be cremated by the Trustee.

SECTION 205, Form of Bonds. The Bonds issued under this Indenture and the Coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 206, Delivery of Bonds. Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the Bonds to be issued in the aggregate principal amount of \$700,000 and deliver them to the purchaser as may be directed by the County as hereinafter in this Section 206 provided.

Prior to the authentication by the Trustee of any of the Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement.

2. An original executed counterpart of the Lease Agreement.

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officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured Coupons, if any, appertaining thereto, and such cancelled Coupons shall be cremated by the Trustee.

SECTION 205, Form of Bonds. The Bonds issued under this Indenture and the Coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 206, Delivery of Bonds. Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the Bonds to be issued in the aggregate principal amount of \$700,000 and deliver them to the purchaser as may be directed by the County as hereinafter in this Section 206 provided.

Prior to the authentication by the Trustee of any of the Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement.
2. An original executed counterpart of the Lease Agreement.

3. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of this Indenture and the issuance of the \$700,000 aggregate principal amount of the Bonds to be issued.

4. The written opinion of counsel for the County, or other counsel satisfactory to the Trustee, expressing the conclusion that upon payment of the purchase price of the lands described in Exhibit A attached hereto and acceptance of the instruments of conveyance, all as theretofore agreed upon, the County will have title free and clear of liens and encumbrances upon said lands (except for Permitted Encumbrances as defined in the Lease Agreement).

5. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Secretary of the County Board to authenticate and deliver the Bonds to be issued in the aggregate principal amount of \$700,000 to the purchaser therein identified upon payment to the Trustee but for account of the County of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

SECTION 207, Mutilated, Lost, Stolen or Destroyed Bonds or Coupons. In the event any Bond is mutilated, lost, stolen



or destroyed, the County may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto Coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond together with all Coupons (if any) appertaining thereto shall first be surrendered to the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond or Coupon shall have matured, instead of issuing a duplicate Bond or Coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

SECTION 208, Registration of Bonds; Persons Treated as Owners. Each of the Bonds issued hereunder shall be fully negotiable and pass by delivery but shall be subject to registration (as hereinafter provided) as to principal only in the name of the owner on registration books to be provided for that purpose by the County at the principal office of the Trustee, as Bond Registrar. Upon presentation at said office any of the Bonds may be registered as to principal only and such registration shall be evidenced by notation to that effect by the

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Bond Registrar in the registration blank on the reverse side thereof, after which no transfer thereof shall be valid unless made at the written request of the registered owner or his legal representative, on said registration books and similarly endorsed thereon. Such registered Bonds may be thus transferred to bearer whereupon transferability by delivery shall be restored but the Bonds may again, from time to time, be registered or transferred to bearer as before. Such registration of any of the Bonds shall not affect the transferability by delivery only of the Coupons thereunto appertaining. No charge shall be made to any Bondholder for the privilege of registration hereinabove granted. As to any Bond registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, or his legal representative, and neither the County, the Trustee, any paying agent nor the Bond Registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County, the Trustee, the Bond Registrar and any paying agent may deem and treat the bearer of any Bond which shall not at the time be registered as to principal (except to bearer), and the bearer of any Coupon appertaining to any Bond, whether such Bond be

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registered as to principal or not, as the absolute owner of such Bond or Coupon, as the case may be, whether such Bond or Coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the County, the Bond Registrar, any paying agent nor the Trustee shall be affected by any notice to the contrary.



ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301, Redemption Dates and Prices. The \$700,000 in aggregate principal amount of Bonds issued in the first instance are noncallable for redemption prior to December 1, 1977, except in the event of (1) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement or (2) exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement. If called for redemption in either of such events, such Bonds shall be subject to redemption at the principal amount thereof plus accrued interest to the redemption date by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee).

Bonds maturing after December 1, 1977, are also subject to redemption by the County prior to maturity on any interest payment date on or after December 1, 1977, in whole or in part in inverse order of their maturity (less than all of such Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

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<u>Redemption Date</u> <u>(dates inclusive)</u>	<u>Redemption Price</u>
December 1, 1977 to June 1, 1978	102.25%
December 1, 1978 to June 1, 1979	102%
December 1, 1979 to June 1, 1980	101.75%
December 1, 1980 to June 1, 1981	101.50%
December 1, 1981 to June 1, 1982	101.25%
December 1, 1982 to June 1, 1983	101%
December 1, 1983 to June 1, 1984	100.75%
December 1, 1984 to June 1, 1985	100.50%
December 1, 1985 to June 1, 1986	100.25%
December 1, 1986 to June 1, 1987	100%

SECTION 302, Notice of Redemption. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by publication at least once in a newspaper or financial journal of general circulation published in the City of New York, New York, published not less than thirty days nor more than sixty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer), upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of said Bonds

to be redeemed are at that time registered as to principal (except to bearer), notice by mailing given by first class mail to the registered owner or owners thereof at the addresses shown on the registration books not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond.

Prior to the date fixed for redemption, funds shall be placed with the Trustee to pay the Bonds called and accrued interest thereon to the redemption date and the premium, if any. Upon the happening of the above conditions, the Bonds thus called shall not thereafter bear interest, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

If, because of the temporary or permanent suspension of the publication or general circulation of newspapers or financial journals published in the City of New York, New York, or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.



SECTION 303, Cancellation. All Bonds which have been redeemed shall be cancelled and cremated by the Trustee together with the unmatured Coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of cremation evidencing such cremation shall be furnished by the Trustee to the County and the Lessee.

SECTION 304, Unpaid Coupons. All unpaid Coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such Coupons.

ARTICLE IV.

GENERAL COVENANTS

SECTION 401, Payment of Principal and Interest. The County covenants that it will promptly pay the principal of and interest and premium, if any, on every Bond issued under this Indenture at the place, on the dates, from the source and in the manner provided herein and in said Bonds and in the Coupons appertaining thereto according to the true intent and meaning thereof; provided, however, that the principal, premium, if any, and interest are payable solely from the lease rentals, revenues and receipts derived from the leasing or sale of the project, which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are hereby specifically pledged to the payment thereof in the manner and to the extent herein in this Indenture specified, and nothing in the Bonds or Coupons or in this Indenture should be considered as pledging any other funds or assets of the County.

SECTION 402, Performance of Covenants; Authority of County. The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The County covenants that it

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is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and that the Bonds in the hands of the holders and owners thereof and the Coupons appertaining thereto in the hands of the bearers thereof are and will be valid and enforceable obligations of the County according to the import thereof.

SECTION 403, Ownership; Instruments of Further Assurance.

The County covenants that it lawfully owns and is lawfully possessed of the lands described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances as defined in the Lease Agreement), and that it will defend the title thereto and every part thereof to the Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the Coupons appertaining thereto against the claims and demands of all persons whomsoever. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring conveying,

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pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall, ipso facto, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

SECTION 404, Payment of Taxes, Charges, Etc. Pursuant to the provisions of Section 6.3 of the Lease Agreement the Lessee has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, failure to pay which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Section 404 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

SECTION 405, Maintenance and Repair. Pursuant to the provisions of Section 6.1 of the Lease Agreement the Lessee has agreed at its own expense to cause the Project to be kept in as reasonably safe condition as its operations shall permit, and that it will from time to time cause to be made all needed repairs so that the Project shall at all times be kept in good repair and in good operating condition, and that the Lessee may, at its own expense, make from time to time additions, modifications and improvements to the Project under the terms and conditions set forth in Section 6.1 of the Lease Agreement.

SECTION 406, Recording and Filing. This Indenture shall be recorded and indexed as a mortgage of real property in the office of the Clerk of Court of Beaufort County, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this Indenture in the personal property and fixtures which are to be part of the Project, shall be perfected by the filing in the office of the Secretary of State of South Carolina in the City of Columbia, South Carolina, of financing statements which fully comply with the South Carolina Uniform Commercial Code--Secured Transactions. This Indenture shall be rerecorded and reindexed as a chattel mortgage whenever in the opinion of an Independent Counsel (as defined in the Lease Agreement) such action is necessary to preserve the lien hereof and in addition, such financing or continuation statements as in the opinion of such Counsel become necessary to preserve the lien of this Indenture shall be filed in said  
r office of the Secretary of State of South Carolina.

The Trustee covenants and agrees that it will cause the Lessee to comply with the obligations of the Lessee set forth in Section 13.4 of the Lease Agreement.

SECTION 407, Inspection of Project Books. The County covenants and agrees that all books and documents in its possession relating to the Project and the lease rentals, revenues and receipts derived from the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

SECTION 408, List of Bondholders. To the extent that such information shall be made known to the County, under the terms of this Section 408, it will keep on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a written request with the County or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by holders and/or owners (or a designated representative thereof) of twenty-five per cent



or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

SECTION 409, Rights Under Lease Agreement. The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County and the Lessee, including a provision that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof the Lease Agreement may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the written consent of the Trustee and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement for and on behalf of the Bondholders, whether or not the County is in default hereunder.

ARTICLE V

REVENUES AND FUNDS

SECTION 501, Source of Payment of Bonds. The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are limited obligations payable solely from the lease rentals, revenues and receipts derived from the Project and as authorized and provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the County and deposited in the Bond Fund. Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon said lease rentals, revenues and receipts of the Project other than the lien hereby created.

SECTION 502, Creation of the Bond Fund. There is hereby created by the County and ordered established with the Trustee

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a trust fund to be designated "Beaufort County Industrial Revenue Bond Fund - The Blake & Johnson Project" (which is sometimes referred to herein as the "Bond Fund"), which shall be used to pay the principal of, premium, if any, and interest on the Bonds.

SECTION 503, Payments into the Bond Fund. There shall be deposited into the Bond Fund all accrued interest derived from the sale of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (a) any amount remaining in the Construction Fund to the extent provided in the third paragraph of Section 4.3 of the Lease Agreement except as otherwise directed pursuant to the third paragraph of said Section 4.3; (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. The County hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from lease rentals, revenues and receipts derived from the Project promptly to meet and pay the principal of, interest and premium, if any, on the Bonds as the same become due and payable and to this end the County covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and efficiently leased as

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a revenue and income producing undertaking, and that, should there be a default under the Lease Agreement with the result that the right of possession of the Project under the Lease Agreement is returned to the County, the County shall fully cooperate with the Trustee and with the Bondholders to the end of fully protecting the rights and security of the Bondholders and the bearers of Coupons appertaining to the Bonds and shall diligently proceed in good faith and use its best efforts to secure another tenant for the premises to the end that at all times sufficient lease rentals, revenues and receipts will be derived from the Project promptly to meet and pay the principal of, interest and premium, if any, on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project. Nothing herein shall be construed as requiring the County to operate the Project or to use any funds or revenues from any source other than lease rentals, revenues and receipts derived from the Project.

SECTION 504, Use of Moneys in the Bond Fund. Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and for the redemption of the Bonds at or prior to maturity; provided that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon prior to such redemption, the County covenants and agrees to take and cause to be taken the necessary steps to redeem

all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund other than rental payments may be used at the request of the County to redeem a part of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payments of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or Coupons have not been presented for payment.

SECTION 505, Custody of the Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the County, and the County hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the Bonds and interest thereon and premium, if any, as the same become due and payable and to use said funds so withdrawn for the purpose of paying said principal and interest, and premium, if any, and for no other purpose, which authorization and direction the Trustee hereby accepts.

SECTION 506, Non-presentment of Bonds or Coupons. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any Coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or Coupons shall

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have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or Coupon, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to the provisions of Section 1407, to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such Coupon, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, or to a claim against the Lessee pursuant to Section 1407, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or Coupon.

SECTION 507, Trustee's and Paying Agent's Fees, Charges and Expenses. Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest and premium, if any, on the Bonds shall have been fully paid or provisions for the payment thereof shall have been made in accordance with the provisions of this Indenture: (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as trustee, and its Ordinary Expenses incurred, as trustee, under this Indenture, as and when the same becomes due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, as and when the same become due, and (iii) the reasonable fees and charges for the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due.

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It is further understood and agreed that the initial or acceptance fees of the Trustee and the fees, charges and expenses of the Trustee which become due prior to the Completion Date (as defined in the Lease Agreement) will be paid to the Trustee from the Construction Fund as and when the same shall become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any of the fees, charges or expenses referred to herein.

SECTION 508, Moneys to Be Held in Trust. All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 509, Insurance and Condemnation Proceeds. Reference is hereby made to the Lease Agreement whereunder it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

SECTION 510, Repayment to the Lessee from the Bond Fund.  
Any amounts remaining in the Bond Fund after payment in full of

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the principal of, interest and premium, if any, on Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder shall be paid to the Lessee upon the expiration or sooner termination of the term of the Lease Agreement as provided in Section 13.7 of the Lease Agreement.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601, Deposits in the Bond Fund. From the proceeds of the issuance and delivery of Bonds there shall be deposited in the Bond Fund all accrued interest received upon the sale of the Bonds.

SECTION 602, Construction Fund; Disbursements. There is hereby created and established with the Trustee a trust fund in the name of the County to be designated "Beaufort County Industrial Construction Fund - The Blake & Johnson Project." The balance of the proceeds of the issuance and delivery of Bonds remaining after the deduction provided by Section 601 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project shall have been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the County and with the Lessee.



SECTION 603, Completion of the Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate of the Project Supervisor required by the provisions of Section 4.4 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), which certificate shall state that all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Lessee and the Project Supervisor for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and in any event after sixty days from the date of the certificate referred to in clause (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee and referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with the third paragraph of Section 4.3 of the Lease Agreement.

ARTICLE VII

INVESTMENTS

SECTION 701, Investment of Construction Fund Moneys. Any moneys held as part of the Construction Fund shall, in the discretion of the Trustee, be invested and reinvested by the Trustee in accordance with the provisions of Section 4.8 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Construction Fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

SECTION 702, Investment of Bond Fund Moneys. Any moneys held as part of the Bond Fund shall, in the discretion of the Trustee, be invested or reinvested by the Trustee in any bonds or other obligations which as to principal and interest constitute obligations of the United States of America or any agency thereof. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit realized therefrom shall be

credited to such fund and any loss resulting from such investments shall be charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the current interest and principal requirements. The Trustee may make any and all investments permitted by the provisions of Section 701 and this Section 702 through its own Bond Department.



ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED PROPERTY

SECTION 801, Subordination to Rights of the Lessee. This Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds and bearers of Coupons appertaining thereto are specifically made subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement. So long as not otherwise provided in this Indenture the County shall be suffered and permitted to possess, use and enjoy the Mortgaged Property and appurtenances so as to carry out its obligations under the Lease Agreement.

SECTION 802, Release of Leased Land. Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.3 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such land upon compliance with the provisions of the Lease Agreement.

SECTION 803, Release of Leased Equipment. Reference is made to the provisions of the Lease Agreement, including without limitation Section 6.2 thereof, whereby the Lessee may withdraw certain items of Leased Equipment (as defined in the Lease Agreement) upon compliance with the terms and conditions

of the Lease Agreement. The Trustee shall at the request of the County or the Lessee confirm that any such equipment is no longer included in the Lease Agreement subject to the lien of this Indenture upon compliance with the provisions of the Lease Agreement and shall release said equipment from the lien of this Indenture.

SECTION 804, Granting of Easements. Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 8.6 thereof, whereby the Lessee may grant easements and take other action upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights of way and other rights and privileges permitted by Section 8.6 thereof upon compliance with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901, Discharge of Lien. If the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of Coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds.

Bonds and Coupons for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon

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or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this Article; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE  
AND BONDHOLDERS

SECTION 1001, Defaults; Events of Default. If any of the following events occur, subject to the provisions of Sections 1012 and 1013 hereof, it is hereby defined as and declared to be and to constitute an "event of default":

(a) Default in the due and punctual payment of any interest on any Bond; or

(b) Default in the due and punctual payment of the principal of any Bonds (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration; or

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the County in this Indenture or in the Bonds contained; or

(d) The occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

The term "default" shall mean default by the County in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, exclusive of any period of grace required to constitute a default an "event of default" as in this Article X provided and shall mean the occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

SECTION 1002, Acceleration. Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

SECTION 1003, Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies. Upon the occurrence of an event of default the County, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property together with the books, papers and accounts of the County pertaining thereto, and including the rights and the position of the County under the Lease Agreement, and to hold, operate and



manage the same, and from time to time to make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof in the name and for the account of the County and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the County; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render annually to the County and the Lessee and also to the Bondholders, at their addresses set forth in the list required by Section 408 hereof and to the holders of all Bonds then registered as to principal (except to bearer) at their addresses shown by the registration books, a summarized statement of income and expenditures in connection therewith.

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Upon the occurrence of an event of default the lien on the Project created and vested by this Project may be foreclosed either by sale at public outcry if then permitted by the laws of South Carolina or by proceedings in equity, and the Trustee or the holder or holders of any of the Bonds then outstanding, whether or not then in default of payment of principal or interest, may become the purchaser at any foreclosure sale if the highest bidder.

Upon the occurrence of an event of default, the Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of South Carolina, as it may deem best, including any suit, action or special proceeding in equity or at law for the special performance of any covenant or agreement contained herein or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Mortgaged Property, of a receiver for all or any part of the Mortgaged Property and the earnings, rents and income thereof; the rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers.

SECTION 1004, Rights of Bondholders. If an event of default shall have occurred, and if requested so to do by

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the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section and by Section 1003 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder 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 or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

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SECTION 1005, Right of Bondholders to Direct Proceedings.

Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 1006, Appointment of Receivers. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the bearers of the Coupons under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and of the rents, revenues, issues, earnings, income, product and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 1007, Foreclosure of Indenture. Upon the occurrence of an event of default, to the extent that such rights may then lawfully be waived, neither the County, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisalment, valuation, stay, extension or

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redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the indenture or the foreclosure of the Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and redemption to which it may then be entitled under the laws of South Carolina.

SECTION 1008, Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST -- To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

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SECOND -- To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the

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principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the bearer of any unpaid Coupon or the holder of any Bond until such Coupon or such Bond and all unmatured Coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and the interest thereon shall have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as  
r provided in Section 510 hereof.

SECTION 1009, Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds or Coupons may be enforced by the Trustee without the possession of any of the Bonds or Coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of Coupons, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and the bearers of the outstanding Coupons.

SECTION 1010, Rights and Remedies of Bondholders. No holder or bearer of any Bond or Coupon, as the case may be, shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless also a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor

unless also they have offered to the Trustee indemnity as provided in Section 1101 nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or bearers of the Bonds or Coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds and the bearers of all Coupons then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the Coupons the time, place, from the source and in the manner in said Bonds and the Coupons expressed.



SECTION 1011, Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 1012, Waivers of Events of Default. The Trustee may, subject to the provisions of Sections 1004 and 1005, in its discretion, waive any event of default hereunder and its consequences, and rescind any declaration of maturity of principal of and interest on the Bonds. The Trustee shall, subject to the provisions of Sections 1004 and 1005, waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the holders of one-half in aggregate principal amount of all the Bonds then outstanding in respect of which default in the payment of principal and/or interest exists; and notwithstanding the provisions of Sections 1004 and 1005, the Trustee shall waive any event of default and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, upon the written request of the holders of one-half in aggregate principal amount of all Bonds then outstanding in the case of any other default.

PROVIDED, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or (b) any default in the payment when due of the interest or premium on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium when due, as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, Trustee and Bondholders and bearers of Coupons shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

SECTION 1013, Notice of Defaults; Opportunity of the County and Lessee to Cure Defaults. Anything herein to the contrary notwithstanding, no default specified in Section 1001(a), Section 1001(b) or Section 1001(c) hereof shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five per cent of the aggregate principal amount of Bonds then outstanding to the Lessee and

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the County, and the County shall have had ten days in the case of a default specified in Sections 1001(a) and 1001(b), or shall have had thirty days in the case of a default specified in Section 1001(c), after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, in the case of a default specified in Section 1001(c), if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the County, as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1013, the County hereby grants the Lessee full authority for account of the County to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the County with full power to do any and all things and acts to the same extent that the County could do and perform any such things and acts and with power of substitution.

In the event that the Trustee fails to receive, at least seven days prior to any semi-annual interest payment date, the rental payable by the Lessee under Section 5.3 of the Lease Agreement, the Trustee shall immediately give notice by telegram, or if telegraphic service is not available then by mail, r to the Lessee specifying such failure.



ARTICLE XI

THE TRUSTEE

SECTION 1101, Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the County or the Lessee). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) (i) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the

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security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County or on the part of the Lessee under the Lease Agreement, except as herein expressly set forth; but the Trustee may require of the County or the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the County, as lessor, under the Lease Agreement.

(ii) The Trustee shall not be bound to ascertain nor inquire as to the financial condition of the Lessee, nor to take any action as a result of any such information as may come to the attention of the Trustee.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds and Coupons secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the County Board by its Chairman and attested by its Secretary as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (g) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the County Board under its seal to the effect that a resolution in the form therein set forth has been adopted by the County as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.



(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the County to cause to be made any of the payments to the Trustee required to be made by Article V unless the Trustee shall be specifically notified in writing of such default by the County or by the holders of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Mortgaged Property as in this Indenture provided.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any

and all of the Project, including all books, papers and records of the County pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect to the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the County to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

(l) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

SECTION 1102, Fees, Charges and Expenses of Trustee.

The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder, and all advances, counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Bond Registrar and paying agent for the Bonds and Coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs and expenses incurred.

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SECTION 1103, Notice to Bondholders If Default Occurs.

If a default occurs of which the Trustee is by subsection (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and the County as is specified in Section 1013 hereof in order to have such default mature as an event of default upon the passage of the period of time therein specified and shall give written notice thereof by mail to the last known holders or owners of all Bonds then outstanding shown by the list of Bondholders required by the terms of Section 408 hereof to be kept at the office of the Trustee and by the registration books maintained by the Trustee pursuant to Section 208 hereof.

SECTION 1104, Intervention by Trustee. In any judicial proceeding to which the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

SECTION 1105, Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with

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which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 1106, Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the County and by registered or certified mail to each holder of Bonds as shown by the list of Bondholders required by Section 408 hereof to be kept at the office of the Trustee, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the Bondholders or by the County. Such notice to the County may be served personally or sent by registered mail.

SECTION 1107, Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the County, and signed by the owners of a majority in aggregate principal amount of all Bonds then outstanding.

SECTION 1108, Appointment of Successor Trustee by the Bondholders; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the County by an instrument executed and signed by the Chairman of the County Board and attested by the Secretary of the County Board under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$10,000,000 or four times the aggregate principal amount of the Bonds then outstanding, whichever is less, if there be such an institution willing, qualified and able to accept the trust upon reasonable or  
r customary terms.



SECTION 1109, Concerning Any Successor Trustees. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the County an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

SECTION 1110, Right of Trustee to Pay Taxes and Other Charges. In case any tax, assessment or governmental or other

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charge upon any part of the property herein conveyed is not paid as required herein, the Trustee may pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of six per cent per annum, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per cent in the aggregate principal amount of all Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1111, Trustee Protected in Relying Upon Resolutions, etc. The resolutions, opinion, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

SECTION 1112, Successor Trustee as Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee the predecessor

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Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such trustee, paying agent and Bond Registrar.

SECTION 1113, Trust Estate May Be Vested in Separate or Co-Trustee. It is the purpose of this indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that there may be a Corporate Trustee hereunder which shall not be qualified to transact business in South Carolina, and that in case of litigation under this Indenture or the Lease Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the Mortgaged Property, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 1113 are adapted to these ends.

The Trustee may for any reason, including those set forth in the first paragraph of this Section 1113, appoint an additional

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individual or institution as a separate or co-trustee. In such event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the County be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the County. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

ARTICLE XII

SUPPLEMENTAL INDENTURES

SECTION 1201, Supplemental Indentures Not Requiring Consent of Bondholders. The County and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;
- (c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral; and
- (d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

The County and the Trustee shall without the consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture (i) to the extent necessary with respect to the land and interests in land, machinery and equipment forming a part of the Project and generally described in Exhibits A and B attached hereto so as to more precisely identify the same or to substitute or add additional land or interests in land, machinery and equipment, and (ii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301.

SECTION 1202, Supplemental Indentures Requiring Consent of Bondholders. Exclusive of indentures supplemental hereto covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the County and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed

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as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the holder of such Bond, or (b) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (c) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (d) modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the County and in any event one time in a newspaper or financial journal of general circulation published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the final

publication of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any Coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least thirty days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture

if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P.M., EST, of the thirtieth day after the mailing of said notice and a copy of the proposed supplemental indenture.



ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

SECTION 1301, Amendments, etc., to Lease Agreement Not Requiring Consent of Bondholders. The County and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with the land and interests in land, machinery and equipment described in Exhibits A and B to the Lease Agreement so as to identify more precisely the same or substitute or add additional land or interests in land or machinery and equipment, or (iv) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

SECTION 1302, Amendments, etc., to Lease Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any other amendment, change or modification of the Lease Agreement without publication of notice and the written approval or consent of the holders of not less than two-thirds in aggregate principal amount of the Bonds at the time outstanding given and procured as in Section 1202 provided. If at any time the County

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and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be published in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders.

ARTICLE XIV

MISCELLANEOUS

SECTION 1401, Consents, etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of the holding by any person of Bonds and/or Coupons transferable by delivery and the amounts and numbers of such Bonds, and the date of the holding of the same, may be proved by a certificate

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executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the Bonds and/or Coupons therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Bonds and/or Coupons have been deposited with a bank, bankers or trust company, before taking any action based on such ownership. In lieu of the foregoing the Trustee may accept other proofs of the foregoing as it shall deem appropriate.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the holder of such Bond and/or Coupon until the Trustee shall have received notice in writing to the contrary.

SECTION 1402, Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and the bearers of Coupons appertaining thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being

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for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and the bearers of such Coupons as herein provided.

SECTION 1403, Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any Constitution or statute or rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

SECTION 1404, Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, to the Board of Directors of Beaufort County, Beaufort, South Carolina; if to the Lessee, to The Blake & Johnson Company, 1495 Thomaston Avenue, Waterbury, Connecticut, 06714, Attention: President; and if to the r Trustee, to The South Carolina National Bank, 900 Assembly Street,

Columbia, South Carolina, Attention: Trust Department. The County, the Lessee, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 1405, Trustee as Paying Agent and Registrar. The Trustee is hereby designated and agrees to act as a paying agent and the Bond Registrar for and in respect to the Bonds.

SECTION 1406, Payments Due on Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Sunday or shall be in a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date in such city but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 1407, Disposition of Unclaimed Money in Hands of Trustee. Any money deposited with the Trustee in trust for the payment of the principal of (and premium, if any) or interest on any Bonds and remaining unclaimed for 6 years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Lessee; PROVIDED, HOWEVER, that



the Trustee, before being required to make any such payment, may at the expense of the Lessee cause to be published once, in a financial paper published in the City of New York, State of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Lessee.

SECTION 1408, Counterparts. This Indenture 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 1409, Laws Governing Indenture and Situs and Administration of Trust. The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the intention of the County that the situs of the trust created by this Indenture be in the state in which is located the principal office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1113 of this Indenture. It is the further intention of the County that the Trustee administer said trust in the state in which is located, from time to time, the situs of said trust.

IN WITNESS WHEREOF, Beaufort County has caused these presents to be signed in its name and behalf by the Chairman of the Board of Directors of Beaufort County and its corporate seal to be hereunto affixed and attested by the Secretary of said Board, and to evidence its acceptance of the trusts hereby created, The South Carolina National Bank has caused these presents to be signed in its name and behalf by one of its Trust Officers, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Secretaries, all as of the first day of December, 1967.

BEAUFORT COUNTY, SOUTH CAROLINA

(S E A L)

By Coleman N. Battey Jr.  
Chairman of the Board of  
Directors of Beaufort County

Attest:

AK Maffee  
Secretary of the Board of  
Directors of Beaufort County

In the presence of:

Mary L. Rogers  
John E. Bennett

THE SOUTH CAROLINA NATIONAL BANK

(SEAL)

By *Belknap*  
Trust Officer

Attest:

*Donald Nelson*  
Assistant Secretary  
*Trust Officer*

In the presence of:

*John H. ...*  
*James W. Waddell*

STATE OF South Carolina )  
COUNTY OF Beaufort )

Personally appeared before me Mary L. Rogers,  
who being duly sworn says that she saw the corporate seal of  
Beaufort County, South Carolina, affixed to the foregoing Trust  
Indenture, and that she also saw Golden R. Batley, Jr  
as Chairman of the Board of Directors of Beaufort County and  
A. L. McFar as Secretary of the Board  
of Directors of Beaufort County sign and attest the same, and



that she with Helene E. Bennett  
witnessed the execution and delivery thereof as the act and deed  
of the said Beaufort County, South Carolina.

Mary L. Rogers

Sworn to before me this  
7 day of March, 1968  
~~December~~

Helene E. Bennett (SEAL)  
Notary Public for South Carolina.  
My commission expires 1-1-70.

STATE OF South Carolina )  
COUNTY OF Richland )

Personally appeared before me Philip D. [unclear],  
who being duly sworn says that he saw the corporate seal of The  
South Carolina National Bank affixed to the foregoing Trust  
Indenture, and that he also saw J. I. Chapman,  
as Trust Officer, and [unclear], as  
Assistant Secretary of the said The South Carolina National Bank,  
sign and attest the same, and that he with James M. Addill  
witnessed the execution and delivery  
thereof as the act and deed of the said The South Carolina

National Bank.

[Signature]

Sworn to before me this

5<sup>th</sup> day of March  
December, 1968.

Karl D. Thayer (SEAL)

Notary Public for South Carolina.

My commission expires January 1, 1971.

EXHIBIT A

DESCRIPTION OF LEASED LAND ATTACHED TO AND MADE A PART OF TRUST  
INDENTURE DATED AS OF DECEMBER 1, 1967 BETWEEN BEAUFORT COUNTY,  
SOUTH CAROLINA AND THE SOUTH CAROLINA NATIONAL BANK:

ALL that certain piece, parcel or lot of land, situate, lying  
and being on Port Royal Island, Beaufort County, South  
Carolina, containing 25.3 acres, more or less, and being  
portions of Lots 5, 6, 12 and 21 of Section 27, Township 1N,  
Range 2W, according to the plat and survey of the United  
States Direct Tax Commissioners for the District of South  
Carolina. This tract of land is more particularly shown as  
being all of the land lying west of the railroad right-of-way  
on a plat dated January, 1967, as revised, prepared by Palmer  
and Malone, Inc., Civil Engineers, recorded in Plat Book 17  
at Page 11 in the records of Beaufort County, reference to  
which plat is made for a fuller and more complete description.



EXHIBIT A

DESCRIPTION OF LEASED LAND ATTACHED TO AND MADE A PART OF TRUST  
INDENTURE DATED AS OF DECEMBER 1, 1967 BETWEEN BEAUFORT COUNTY,  
SOUTH CAROLINA AND THE SOUTH CAROLINA NATIONAL BANK :

ALL that certain piece, parcel or lot of land, situate, lying  
and being on Port Royal Island, Beaufort County, South  
Carolina, containing 25.3 acres, more or less, and being  
portions of Lots 5, 6, 12 and 21 of Section 27, Township 1N,  
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States Direct Tax Commissioners for the District of South  
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being all of the land lying west of the railroad right-of-way  
on a plat dated January, 1967, as revised, prepared by Palmer  
and Malone, Inc., Civil Engineers, recorded in Plat Book 17  
at Page 11 in the records of Beaufort County, reference to  
which plat is made for a fuller and more complete description.

EXHIBIT B

DESCRIPTION OF LEASED EQUIPMENT ATTACHED TO AND MADE  
A PART OF TRUST INDENTURE DATED AS OF DECEMBER 1, 1967  
BETWEEN BEAUFORT COUNTY, SOUTH CAROLINA AND THE SOUTH  
CAROLINA NATIONAL BANK.

**SCHEDULE B**

**Lease and Rent Agreement**

Heat Treating Equipment

Electro Plating Equipment

Waste Treatment Plant

6 Tumbling Barrels

Washer & Dryer

6" Ped. Grinders (#3BA5) ..... 2

10" Ped. Grinders..... 2

10" So. Bend Lathe

14" So. Bend Drill Press..... 2

6 x 12 Eoyer-Shultz Surface Grinder

Sunnen Honing Machine

Hydraulic Press

Greenard Arbor Press #40

Radial Drill Press

Wardwell Saw Sharpener

Dividing Head (Ellis 6-1/2" Mod A)

Speed Lathes..... 2

Air Compressor (15 h.p.)

Toledo 8000 lb Scale

1000 to 1 Counting Scale

Ford Lift Truck

Battery Charger

Do-All Band Saw

Johnson Band Saw (JHW3)

## South Carolina State Board of Health

J. MARION SIMS BUILDING  
COLUMBIA, S. C. 29201

### EXECUTIVE COMMITTEE

W. R. WALLACE, M.D., CHM. - - - - CHESTER  
FRANK C. OWENS, M.D., V.-CHM. - - COLUMBIA  
JOHN B. MARTIN, JR., M.D. - - - - ANDERSON  
R. W. HANCKEL, M.D. - - - - CHARLESTON  
W. WYMAN KING, M.D. - - - - BATESBURG  
KEITH H. SMITH, M.D. - - - - GREENVILLE  
J. HOWARD STOKES, M.D. - - - - FLORENCE



### EXECUTIVE COMMITTEE

HOWARD B. HIGGINS, D.D.S. - - SPARTANBURG  
RAY G. WHITLOCK, Ph.G. - - - SPARTANBURG  
MRS. MARIE R. HARRIS, R.N. - - GREENVILLE  
L. D. RODGERS, D.V.M. - - - GREENWOOD  
DANIEL R. MCLEOD, ATTY. GEN. - - COLUMBIA  
HENRY MILLS, COMP. GEN. - - - COLUMBIA

E. KENNETH AYCOCK, M.D.  
SECRETARY AND STATE HEALTH OFFICER

December 15, 1967

Honorable Chairman and Members  
State Budget and Control Board

Through: Mr. P. C. Smith, Secretary  
Post Office Box 11333  
Columbia, South Carolina 29202

Honorable Sirs:

In accordance with the provisions of Section 78 of the General Appropriation Act for 1967-68, I hereby request approval by the State Budget and Control Board of payment by the State Board of Health of compensation and travel for occasional intermittent services to ill citizens by therapists employed by other State departments. These services will be rendered outside of the regular duty hours of these individuals and will be approved by the heads of the other State departments. The Federal Government will be billed indirectly for these services and the payments by the State Board of Health will be reimbursed by the Federal Government under the Health Insurance for the Aged Program and related programs under the Social Security Act.

The State Board of Health is attempting to make available to the residents of every county in the State home health services as defined in the Social Security Act. In order to be eligible for its citizens to receive these services under the Health Insurance for the Aged Program, each county has to provide a therapeutic service in addition to skilled nursing care. It has been quite difficult for some of the smaller counties to find qualified people who would be available even part-time for the acceptable additional services which include physical therapy, speech therapy, occupational therapy, and medical social service.

Several of the Mental Health Clinics have medical social workers on their staff and it occurred to us that these social workers might be willing to help us provide medical social service during their off-duty hours on a very limited voluntary basis. We have secured permission from the State Department of Mental Health for them to do this and we have contacted a few of these workers who are willing to help us. We may not ever actually use their services but we need to have them available to us before we can provide home nursing service in certain counties. So far, after about two years effort, only 34 of the 46 counties are eligible to provide home nursing care under the Health Insurance for the Aged Program. The aged citizens of the other 12 counties are unable to receive home health



Honorable Chairman and Members  
State Budget and Control Board

December 15, 1967  
Page 2

services even though Federal funds are available to pay for them. If you can approve this request, we will be able soon to add more counties to the eligible list. We understand that a similar request has been approved for employees of the Department of Mental Health to work during off-duty hours for the Vocational Rehabilitation Department.

Sincerely yours,

E. Kenneth Aycock, M. D.  
State Health Officer

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