

MINUTES OF
Budget and
Control Board
Meeting
October 27, 1981

State of South Carolina
State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

October 28, 1981

MEMORANDUM

TO: Budget and Control Board Division Directors
FROM: William A. McInnis, Secretary *WAM*
SUBJECT: Budget and Control Board Actions at October 27, 1981 Meeting

At the referenced meeting, the Budget and Control Board took the following actions:

1. Relieved the Adjutant General's Office of the requirement to certify that no additional operating costs and no additional personnel will be required as a result of the implementation and completion of the Cheraw and Camden Armory projects, after explicitly stating that it would not recommend or otherwise help provide any additional State funds to cover additional operating costs associated with these projects and released \$274,200 and \$550,600, respectively, of Capital Improvement Bond funds for these projects; and released \$307,081 of Capital Improvement Bond funds for the purchase of furnishings and equipment for the Lander College classroom building project after reviewing a certification by President Jackson and Chairman Berry that no additional operating costs and no additional personnel will be required as a result of the implementation and completion of the furnishings portion of the classroom building project;
2. Approved, on the condition that the required reviews be completed by the Attorney General's Office and by the Auditor's Office, a Charleston County proposal to issue \$1,800,000 of Hospital Revenue Notes (refunding) on behalf of the Roper Hospital project; and the following proposals to issue Industrial Revenue bonds or notes: (a) Richland County, \$1,000,000 on behalf of the Columbia Lumber and Manufacturing Company project; (b) Spartanburg County, \$1,500,000 on behalf of the Renk Corporation project; and, after adding it to the Agenda, (c) Darlington County, \$500,000 on behalf of the Hunt Development Company, Inc. project;

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Budget and Control Board Actions
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3. Reviewed a package of requests for Federal funds involving 52 projects and a total of \$22,725,933 of State, Federal and other funds and a package of 20 projects involving a total of \$92,241 of State, Federal and other funds;
4. Received as information the September activity report for the Division of State Fire Marshal;
5. Approved an easement to the City of Charleston Commissioners of Public Works for the purpose of placing and maintaining a 24-inch ductile iron water main under Church Creek in Charleston County;
6. Approved an allocation of \$2,740 from the Civil Contingent Fund to the Department of Archives and History to help pay the cost of a replacement microfilm processor;
7. Approved an allocation of \$4,298 from the Civil Contingent Fund to the Old Exchange Building Commission to provide funds to pay the Darnell Company, Inc. for inventory items;
8. Approved for immediate promulgation as an emergency regulation an amendment to Regulation 19-32 to provide for a variance procedure which would prevent situations in which the enforcement of State Fire Marshal rules and regulations would constitute a manifest injustice and would be contrary to the spirit and purpose of those regulations or the public interest, or when, in the Board's opinion, the interpretation of the State Fire Marshal should be modified or reversed;
9. Adopted a resolution approving the issuance of not exceeding \$3,000,000 of Francis Marion College student and faculty housing revenue bond anticipation notes by the State College Board of Trustees and authorizing a privately-negotiated sale of such notes;
10. Agreed that agencies and institutions planning to roll over anticipation notes should contact the Board before scheduling any rollovers of such notes for the purpose of working out a schedule for repaying part of the principal of such notes;
11. Directed Staff to remind all State agencies and institutions of the importance of the Governor's mileage report and urge them to submit these reports in a timely fashion;
12. Approved the allocation of shares of the \$500,000 appropriated for aid to planning districts after having been advised that \$250,000 of the total appropriated is distributed on an equal-share basis among the ten planning

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districts and that the remaining \$250,000 is distributed on the basis of population within the districts; and, further, that the districts had agreed with the allocations being approved by the Board;

13. Authorized the Division of General Services to apply \$2,300 in revenue for the cutting of timber located at surplus property on Boston Avenue toward the purchase of fencing for that same area;

14. Authorized the Division of General Services to purchase an IBM 3380 Disk Controller and 30 3350 Disk Spindles at a purchase price of \$486,253.50 or for sixty monthly payments of \$10,514.59; and authorized the Division to buy this installment contract when the Installment Purchase Fund has been established;

15. Carried over a proposed revision of Personnel Rules concerning Tuition-Aid assistance;

16. Authorized the Executive Director's Office to provide tort liability insurance for each member of the Budget and Control Board and for staff of that office;

17. Agreed to hold a regular business session at 10:00 A. M. on Tuesday, November 10, 1981;

18. Authorized the Division of General Services to work with attorneys representing the owner of certain properties in Beaufort County to determine the State's interest in a certain two-acre tract located in that county so as to be able to resolve this matter at the meeting scheduled for November 10;

19. Directed Staff to work with the Adjutant General's Office and the Attorney General's Office to develop a recommendation relating to the provision of sites for armories and the disposition of surplus armories;

20. Agreed to receive as information and to let the time expire on the State Employee Grievance Committee decision in a case involving the Clemson University;

21. Received legal advice on water resources problems; and

22. Ratified actions taken during Executive Session.

WAM:rd

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MINUTES OF BUDGET AND CONTROL BOARD MEETING

OCTOBER 27, 1981 11:00 A. M.

The Budget and Control Board met at 11:00 a. m. on Tuesday, October 27, 1981, in the Governor's conference room with the following members in attendance:

Governor Richard W. Riley
Mr. Grady L. Patterson, Jr.
Mr. Earle E. Morris, Jr.
Senator Rembert C. Dennis
Representative Tom G. Mangum

Staff members attending included Executive Director William T. Putnam; Board Secretary William A. McInnis; Governor's Executive Assistant Katherine M. Clarke; Finance Division Director Edgar A. Vaughn, Jr.; General Services Division Director T. M. Copeland and Attorney Malcolm E. Rentz; Senate Finance Committee staff members William Jordan and Nettie Bryan; Deputy Attorney General Frank K. Sloan; Motor Vehicle Management Division Director Allan J. Spence; and Roslyn A. Donny.

JOINT BOND REVIEW COMMITTEE - RELEASES OF CAPITAL IMPROVEMENT BOND FUND PROJECTS - Chairman Charles Hodges of the Joint Bond Review Committee advised the Board by letter that his Committee has taken the following actions:

(1) Approved the release of \$174,600 from the 1979 Bond Act, \$70,030 from the 1980 Bond Act, and \$20,570 from the 1981 Bond Act for a total of \$274,200 of capital improvement bond funds for the funding of the Cheraw Armory project of the Adjutant General's Office. Chairman Hodges further advised that his Committee had relieved the Adjutant General of the certification requirement included in Section 4 of Act 179 of 1980 "contingent upon certification

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by the Budget and Control Board and the State Auditor that no additional general fund appropriations will be necessary to operate the armory at this time or in future years." Chairman Hodges further noted that the action to relieve the Adjutant General's Office of the certification requirement was taken with the understanding that any increases in operation and personnel costs will be funded with federal funds.

(2) Approved the release of \$312,300 from the 1979 Bond Act; \$75,703 from the 1980 Bond Act, and \$162,597 from the 1981 Bond Act for a total of \$550,600 of capital improvement bond funds for the Camden Armory project of the Adjutant General's Office. Chairman Hodges advised that his Committee had relieved the Adjutant General's Office of the certification requirement contained in Section 4 of Act 179 of 1981 "contingent upon certification by the Budget and Control Board and the State Auditor that no additional general fund appropriations will be necessary to operate the armory at this time or in future years" and that this action was taken with the understanding that any increases in operation and personnel costs will be funded with federal funds.

(3) Released \$307,081 of capital improvement bond funds for the purchase of furnishings and equipment for the Lander College Learning Center I project on the condition that Lander College comply with Section 4 of Act 179 of 1981 and that this compliance be certified by the Board and by the State Auditor.

Executive Director Putnam reviewed these items, noting in particular the Committee's action which included no commitment to provide additional

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operating funds, and suggested that the Budget and Control Board take the same position in these matters..

Following this discussion, upon a motion by Mr. Patterson, seconded by Representative Mangum and Mr. Morris, the Board relieved the Adjutant General's Office of the requirement to certify that no additional operating costs and no additional personnel will be required as a result of the implementation and completion of the Cheraw and Camden Armory projects, after explicitly stating that it would not recommend or otherwise help provide any additional state funds to cover additional operating costs associated with these projects and released \$274,200 and \$550,600 of capital improvement bond funds, respectively, for these projects; and released \$307,081 of capital improvement bond funds for the purchase of furnishings and equipment for the Lander College classroom building project after reviewing a certification by President Jackson and Chairman Berry that no additional operating costs and no additional personnel will be required as a result of the implementation and completion of the furnishings portion of the classroom building project.

Information relating to this matter has been retained in these files and is identified as Exhibit 1.

ADDITION TO EXECUTIVE SESSION AGENDA - Mr. Morris observed that some additional information had been obtained on the North Charleston Armory question and, upon his motion, the Board agreed to add that matter to the executive session agenda.

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BLUE AGENDA - The Board without objection agreed to add to the agenda a Darlington County proposal to issue a \$500,000 Industrial Revenue Note on behalf of the Hunt Development Company, Inc., project. Board members were advised that the required reviews in connection with that Darlington County proposal and with blue agenda items 2, 3, and 4, relating to county proposals to issue industrial and hospital revenue bonds and notes, had not yet been completed.

Upon a motion by Senator Dennis, seconded by Mr. Patterson, the Board approved blue agenda items 2, 3, and 4, plus the Darlington County proposal which was added to the agenda, on the condition that the required reviews by the Attorney General's Office and the Auditor's Office be completed with satisfactory results, and approved all other items on the blue agenda.

Blue agenda items are identified as such in these minutes.

INDUSTRIAL REVENUE BONDS OR NOTES (BLUE AGENDA #2, #3 AND DARLINGTON COUNTY ADD-ON) - Upon a motion by Senator Dennis, seconded by Mr. Patterson, the Budget and Control Board approved the following county proposals to issue industrial revenue bonds or notes, on the condition that the required reviews by the Attorney General's Office and the Auditor's Office be completed with satisfactory results:

<u>Exhibit</u>	<u>County</u>	<u>Amount of Issue</u>	<u>Name of Project</u>
2	Darlington	\$ 500,000	Hunt Development Company, Inc.
3	Richland	\$ 1,000,000	Columbia Lumber & Mfg. Company
4	Spartanburg	\$ 1,500,000	Renk Corporation

Information relating to this matter has been retained in these files and is identified as Exhibits 2, 3, and 4, respectively.

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CHARLESTON COUNTY - HOSPITAL FACILITIES REVENUE NOTES, REFUNDING

(BLUE AGENDA #4) - Upon a motion by Senator Dennis, seconded by Mr. Patterson, the Budget and Control Board approved a Charleston County proposal to issue \$1,800,000 of hospital revenue notes (refunding) on behalf of the Roper Hospital project, on the condition that the required reviews by the Attorney General's Office and the Auditor's Office be completed with satisfactory results.

Information relating to this matter has been retained in these files and is identified as Exhibit 5.

GOVERNOR'S OFFICE (GRANTS SERVICES) - GOVERNOR'S RECOMMENDATIONS

ON GRANT AND CONTRACT REQUESTS (BLUE AGENDA #1) - The Board reviewed a package of requests for federal and other funds involving 52 projects and a total of \$22,725,933 and a package of 20 projects involving a total of \$92,241.

Mr. Putnam called the Board's attention to the revised format being used by the Governor's Office for reporting these items for the Board's review.

Information relating to this matter has been retained in these files and is identified as Exhibit 6.

STATE FIRE MARSHAL - MONTHLY REPORT (BLUE AGENDA #5) - The Board received as information the September activity report for the Division of State Fire Marshal.

Information relating to this matter has been retained in these files and is identified as Exhibit 7.

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GENERAL SERVICES - EASEMENT (BLUE AGENDA #6) - Upon a motion by Senator Dennis, seconded by Mr. Patterson, the Budget and Control Board approved an easement to the City of Charleston Commissioners of Public Works for the purpose of placing and maintaining a 24-inch ductile iron water main under Church Creek in Charleston County.

Information relating to this matter has been retained in these files and is identified as Exhibit 8.

ARCHIVES AND HISTORY - CIVIL CONTINGENT FUND ALLOCATION - Archives and History Director Charles Lee advised the Board that a microfilm processor purchased by his agency from the Picker Corporation did not perform as required and has now been returned. Dr. Lee further notes that 80% of the cost of that item had been paid and that that amount now has been refunded and that the refunded amount of \$10,936.06 was deposited in a special account to assist in paying for the new processor once the bid process for it had been completed again. He further indicated that a check for the balance due (\$2,739.89) had been drawn but was retained by his agency pending acceptance finally of the original processor. He now reports that his agency's attempt to deposit that check for \$2,739.89 into the same special account with the refunded amount could not be done and that the Treasurer's Office had advised him that it had to be deposited into the general fund.

Mr. Putnam expressed the view that the position taken by the Treasurer's Office is a correct one and he recommended that the Board allocate \$2,740 to Archives and History to cover the funds deposited to the general fund.

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Following a brief discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved an allocation of \$2,740 from the Civil Contingent Fund to the Department of Archives and History to help pay the cost of a replacement microfilm processor.

Information relating to this matter has been retained in these files and is identified as Exhibit 9.

OLD EXCHANGE BUILDING COMMISSION - CIVIL CONTINGENT FUND ALLOCATION -

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved an allocation of \$4,298 from the Civil Contingent Fund to the Old Exchange Building Commission to provide funds to pay the Darnell Company, Inc., for inventory items.

Information relating to this matter has been retained in these files and is identified as Exhibit 10.

FIRE COMMISSION - VARIANCE PROCEDURE - Chairman David A. MacLellan

of the State Fire Commission, by letter, advised the Board that his Commission unanimously approved the emergency rules and regulations to incorporate a variance procedure for the Fire Marshal's Appeals Board. A draft amendment to accomplish that prepared by Assistant Attorney General C. Havird Jones, Jr., was presented for Board consideration.

Upon a motion by Mr. Patterson, seconded by Representative Mangum, the Board approved for immediate promulgation as an emergency regulation an amendment to Regulation 19-32 to provide for a variance procedure which would prevent situations in which the enforcement of State Fire Marshal rules and

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regulations would constitute a manifest injustice and would be contrary to the spirit and purpose of those regulations or the public interest, or when, in the Board's opinion, the interpretation of the State Fire Marshal should be modified or reversed.

Information relating to this matter has been retained in these files and is identified as Exhibit 11.

STATE COLLEGE BOARD OF TRUSTEES (FRANCIS MARION COLLEGE) - ROLL-OVER OF \$3,000,000 OF DORMITORY NOTES - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution approving the issuance of not exceeding \$3,000,000 of Francis Marion College student and faculty housing revenue bond anticipation notes by the State College Board of Trustees and authorizing a privately-negotiated sale of such notes.

Governor Riley urged that the Board take a more active involvement in the revenue bond activities of the several boards and institutions and urged that it require that something be paid on the principal of these notes at each roll-over.

[Secretary's Note: It was later determined that Francis Marion College did retire \$50,000 of these notes at the time of roll-over.]

Governor Riley urged that staff contact all boards and institutions involved in anticipation notes and attempt to work out plans for paying off something on the principal at each roll-over.

Senator Dennis inquired about the fees paid at each of these occasions and Mr. Patterson indicated that they are negligible.

Information relating to this matter has been retained in these files and is identified as Exhibit 12.

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MOTOR VEHICLE MANAGEMENT DIVISION - GOVERNOR'S MILEAGE REPORTS -

The Board without objection directed staff to remind all state agencies and institutions of the importance of the Governor's mileage report and to urge them to submit these reports in a timely fashion.

Division Director Spence acknowledged that there have been problems in complying with the requirements of that report in the past and noted that the next report is due for the period ending December 26, 1981.

FINANCE DIVISION - ALLOCATIONS TO PLANNING DISTRICTS - Finance Division

Director Vaughn advised the Board that the ten councils of governments comprising the planning districts for which \$500,000 is appropriated in Aid to Subdivisions have agreed on the calculation of their respective shares. One-half of the funds is divided on an equal shares basis with the remaining \$250,000 being distributed on the basis of population in each of the several districts.

Following this discussion, upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the allocation of shares of the \$500,000 appropriated for aid to planning districts.

Information relating to this matter has been retained in these files and is identified as Exhibit 13.

GENERAL SERVICES - USE OF TIMBER PROCEEDS - Upon a motion by Senator

Dennis, seconded by Mr. Morris, the Board authorized the Division of General Services to retain \$2,300 received for the cutting of timber at the site of the surplus property operation on Boston Avenue and to expend it for the acquisition of fencing for that same area.

Information relating to this matter has been retained in these files and is identified as Exhibit 14.

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BCB Meeting
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GENERAL SERVICES - INSTALLMENT PURCHASE - Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the Division of General Services to purchase an IBM 3380 disk controller and thirty 3350 disk spindles at a purchase price of \$486,253.50 or for sixty monthly payments of \$10,514.59 and authorized the Division to buy this installment contract when the installment purchase program has been established.

Information relating to this matter has been retained in these files and is identified as Exhibit 15.

PERSONNEL DIVISION - TUITION AID ASSISTANCE RULES - The Board without objection carried over its consideration of a proposed revision of the personnel rule concerning tuition aid assistance.

Information relating to this matter has been retained in these files and is identified as Exhibit 16.

EXECUTIVE DIRECTOR'S OFFICE - TORT LIABILITY INSURANCE - The Board authorized the Executive Director's Office to provide tort liability insurance coverage for each member of the Budget and Control Board (\$1,000,000 limit on liability) and for the staff of the Executive Director's Office.

Information relating to this matter has been retained in these files and is identified as Exhibit 17.

FUTURE MEETING - The Board agreed to hold a regular business session at 10:00 A. M. on Tuesday, November 10, 1981.

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BCB Meeting
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EXECUTIVE SESSION - Mr. Putnam advised the Board that two items involving legal advice, one grievance and one contractual matter had been proposed for executive session.

Upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board agreed to consider these matters in executive session whereupon Governor Riley declared the meeting to be in executive session.

RATIFICATION OF EXECUTIVE SESSION ACTIONS - Following consideration of executive session items, the meeting was opened and, upon a motion by Mr. Patterson, seconded by Senator Dennis, the Board ratified the following actions taken in executive session:

(1) Authorized the Division of General Services to work with attorneys representing the owner of certain properties in Beaufort County to determine the state's interest in that two-acre tract located in that County so as to be able to resolve this matter at the meeting scheduled for November 10;

(2) Directed staff to work with the Adjutant General's Office and the Attorney General's Office to develop a recommendation relating to the provision of sites for armories and the disposition of surplus armories;

(3) Agreed to receive as information and to let the time expire on the State Employee Grievance Committee decision in a case involving Clemson University; and

(4) Received legal advice on Water Resources problems.

The meeting was adjourned at 1:15 p.m.

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[Secretary's Note: In compliance with Section 9 of Act 593 of 1978 (the Freedom of Information Act), public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary in the State House and near the Board Secretary's Office in the Wade Hampton Office Building at 9:00 A. M. on Monday, October 26, 1981.]

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EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO.

1 REGULAR SESSION AGENDA

MEETING OF October 27, 1981

ITEM NUMBER

1

STATE BUDGET & CONTROL BOARD

Agency: Joint Bond Review Committee

Subject: Releases of Capital Improvement Bond Fund Projects

Chairman Hodges of the Joint Bond Review Committee advises that his Committee has taken the following actions:

- (1) Approved the release of \$174,600 from the 1979 Bond Act, \$70,030 from the 1980 Bond Act and \$20,570 from the 1981 Bond Act for a total of \$274,200 of Capital Improvement Bond funds for the funding of the Cheraw Armory project. He also advises that his Committee relieved the Adjutant General of the certification requirement of Section 4 of Act 179 of 1981, "contingent upon certification by the Budget and Control Board and the State Auditor that no General Fund Appropriations will be necessary to operate the Armory at this time or in future years." He further notes that the action to relieve the Adjutant General's Office of the certification requirement was taken with the understanding that any increases in operation and personnel costs will be funded with Federal funds.
- (2) Approved the release of \$312,300 from the 1979 Bond Act; \$75,703 from the 1980 Bond Act and \$162,597 from the 1981 Bond Act for a total of \$550,600 of Capital Improvement Bond funds for the Camden Armory project. Chairman Hodges also advises that his Committee relieved the Adjutant General's Office of the certification requirement of Section 4 of Act 179 of 1981, contingent upon certification by the Budget and Control and the State Auditor that no additional General Fund Appropriations will be necessary to operate the Armory at this time or in future years. He also indicated that this action to relieve the Adjutant General of the certification requirement was taken with the understanding that any increases in operation and personnel costs will be funded with Federal funds.
- (3) Released \$307,081 of Capital Improvement Bond funds for the purchase of furnishings and equipment for the Lander College Learning Center I project on the condition that Lander College comply with Section 4 of Act 179 of 1981 and that this compliance be certified by the Board and by the State Auditor.

Board Action Requested:

Approve releases of bond funds and grant waivers for Adjutant General's Cheraw and Camden projects and approve release of funds for Lander College Learning Center furnishings and equipment after determining compliance with Section 4 of Act 179 of 1981.

Attachments:

Hodges October 22 letters to McInnis (3).

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Capital Improvements
Joint Bond Review Committee

OCT 23 1981

Charles E. Hodges
House of Representatives
Chairman

Horace C. Smith
Senate
Vice Chairman

Scott R. Inkley
Director of Research and Administration/
Budget and Control Board Liaison

Lib Croft
Administrative Assistant



P.O. BOX 142 TELEPHONE: (803) 758-5088 or -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29211

October 22, 1981

Senate Members:

Horace C. Smith
James M. Waddell, Jr.
William W. Doar, Jr.
Jeff R. Richardson, Jr.
Hugh K. Leatherman

EXHIBIT
OCT 27 1981 NO. 1
STATE BUDGET & CONTROL BOARD

House Members:

Charles E. Hodges
Tom G. Mangum
Marion P. Carnell
Jennings G. McAbee
Bill Campbell

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
212 Wade Hampton Bldg.
Columbia, South Carolina 29201

In Re: Lander College - Learning Center I

Dear Mr. McInnis:

This is to advise that the Joint Bond Review Committee, at its meeting held October 20, 1981 approved the release of the amount of \$307,081 from the authorization contained in Act #646 of 1978 for the Lander College Learning Center I construction and equipment project for the purchase of furnishings and equipment.

The Committee granted approval for the release of these funds because of a bid deadline of November 15 for the furnishings and equipment. It is the Committee's understanding that this will complete the project.

The Committee's approval of this request was contingent upon compliance by Lander College with Section 4 of the 1981 Bond Act being certified by the Budget and Control Board and the State Auditor's Office.

With kind regards,

Sincerely,

Charles E. Hodges
Charles E. Hodges, Chairman
Joint Bond Review Committee

CEH:lc

09726

OCT 26 1981

Lander

COLLEGE

Greenwood, South Carolina 29646

Telephone (803) 229-8300

Office of the President

EXHIBIT

OCT 27 1981

NO. 1

STATE BUDGET & CONTROL BOARD

October 26, 1981

Mr. William T. Putnam
Executive Director
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Dear Bill:

It is our understanding that the Joint Bond Review Committee at its October 20, 1981 meeting gave its conditional approval of our request to proceed with purchase orders for \$307,081 in furnishings for our Classroom Building which is nearing completion. Bids for these furnishings were opened on September 15, 1981, and were good for 30 days. We subsequently obtained an extension of the bids for an additional 30 days.

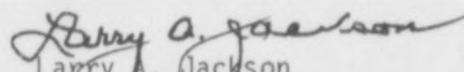
As we understand the new procedure, the Committee's approval was contingent upon our submitting a certification to the Budget and Control Board that release of funds for this project would NOT require an increase in operating expenses or in personnel. Please consider this letter as our certification. The "project" in question here is furnishings for the building which in themselves will not require an increase in operating expenses or personnel. Funds for construction of the building itself have been encumbered since July, 1979 and the building will be completed by May, 1982.

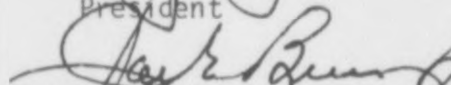
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MR. WILLIAM T. PUTNAM
October 26, 1981
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We would sincerely appreciate Budget and Control Board approval on this matter so that we can accept the bids and issue purchase orders as soon as possible.

Sincerely,


Larry A. Jackson
President


Joe E. Berry, Jr.
Chairman, State College
Board of Trustees

LAJ:csb

09727-A

Capital Improvements
Joint Bond Review Committee

OCT 23 1981

Charles E. Hodges
House of Representatives
Chairman

Scott R. Inkley
Director of Research and Administration/
Budget and Control Board Liaison



Horace C. Smith
Senate
Vice Chairman

Lib Croft
Administrative Assistant

P.O. BOX 142 TELEPHONE: (803) 758-5088 or -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29211

October 22, 1981

Senate Members:

Horace C. Smith
James M. Waddell, Jr.
William W. Doar, Jr.
Jeff R. Richardson, Jr.
Hugh K. Leatherman

EXHIBIT

OCT 27 1981 NO. 1

STATE BUDGET & CONTROL BOARD

House Members: Mr. William A. McInnis
Charles E. Hodges Deputy Executive Director
Tom G. Mangum State Budget & Control Board
Marion P. Carnell 212 Wade Hampton Bldg.
Jennings G. McAbee Columbia, South Carolina 29201
Bill Campbell

In Re: Adjutant General - Cheraw Armory

Dear Mr. McInnis:

This is to advise that the Joint Bond Review Committee, at its meeting held October 20, 1981 approved the release of the following authorizations for the Cheraw Armory:

\$174,600 from the 1979 Bond Act

79,030 from the 1980 Bond Act

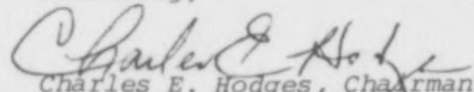
20,570 from the 1981 Bond Act

for a total of \$274,200 for funding of the Cheraw Armory project. You will note that prior approval of the 1981 Bond Act funds was transmitted to you by my letter of October 1, 1981.

The Committee also took action to relieve the Adjutant General of the certification requirement set forth by Section 4 of the 1981 Bond Act, contingent upon certification by the Budget and Control Board and the State Auditor that no additional General Fund appropriations will be necessary to operate the Armory at this time or in future years. This action was taken with the understanding that any increases in operation and personnel costs will be funded with Federal Funds.

With kind regards,

Sincerely,


Charles E. Hodges, Chairman
Joint Bond Review Committee

CEH:lc

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Capital Improvements
Joint Bond Review Committee

OCT 23 1981

Charles E. Hodges
House of Representatives
Chairman

Scott R. Inkley
Director of Research and Administration/
Budget and Control Board Liaison



Horace C. Smith
Senate
Vice Chairman

Lib Croft
Administrative Assistant

P.O. BOX 142 TELEPHONE: (803) 758-5088 or -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29211

October 22, 1981

Senate Members:

Horace C. Smith
James M. Waddell, Jr.
William W. Doar, Jr.
Jeff R. Richardson, Jr.
Hugh K. Leatherman

House Members:

Charles E. Hodges
Tom G. Mangum
Marion P. Carnell
Jennings G. McAbee
Bill Campbell

Mr. William A. McInnis
Deputy Executive Director
State Budget and Control Board
212 Wade Hampton Bldg.
Columbia, South Carolina 29201

In Re: Adjutant General - Camden Armory

Dear Mr. McInnis:

This is to advise that the Joint Bond Review Committee, at its meeting held October 20, 1981 approved the release of the following authorizations for the Camden Armory:

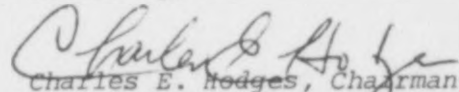
\$312,300 from the 1979 Bond Act
75,703 from the 1980 Bond Act
162,597 from the 1981 Bond Act

for a total of \$550,600 for funding of the Camden Armory project.

The Committee also took action to relieve the Adjutant General of the certification requirement set forth by Section 4 of the 1981 Bond Act, contingent upon certification by the Budget and Control Board and the State Auditor that no additional General Fund appropriations will be necessary to operate the Armory at this time or in future years. This action was taken with the understanding that any increases in operation and personnel costs will be funded with Federal Funds.

With kind regards,

Sincerely,


Charles E. Hodges, Chairman
Joint Bond Review Committee

CEH:lc

09729

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 2 BLUE AGENDA

MEETING OF October 27, 1981

STATE BUDGET & CONTROL BOARD ITEM NUMBER Supplemental No. 1

Agency: Darlington County

Subject: Petition to Issue Industrial Revenue Note
(\$500,000, Hunt Development Company, Inc. Project)

When completed, project will provide employment for about 39 persons in the warehousing and distribution of Caterpillar equipment and machinery.

Required reviews incomplete. SCN Bank is to purchase note.

Board Action Requested:

Contitutional approval of resolution approving referenced proposal.

Staff Comment:

Attachments:

09730

EXHIBIT

OCT 27 1981

NO. 2

STATE BUDGET & CONTROL BOARD

Brent Darlington County

Hunt Development Company Inc

500,000

SCN purchase

any 13
impact

warehousing + dist of
Caterpillar equip + machinery

(Notes from phone conversation with Brent Jeffcoat. as
basis for request to Board to add this request to
agenda.
WAM)

09731

OCT 27 1981

McNAIR GLENN KONDUROS CORLEY SINGLETARY PORTER & DIBBLE, P. A.

ATTORNEYS AND COUNSELORS AT LAW

EIGHTEENTH FLOOR, BANKERS TRUST TOWER

POST OFFICE BOX 11390

COLUMBIA, SOUTH CAROLINA 29211

803-799-9800

EMORY M. SNEEDEN

COUNSEL

ROBERT E. McNAIR
TERRELL L. GLENN
JAMES S. KONDUROS
O. WAYNE CORLEY
E. McLEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
RICHARD S. WOODS
RICHARD L.C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN W. CURRIE, III
EUGENE J. CARRON, I
DANIEL R. McLEOD, JR.
SCOTT Y. BARNES
BRENTON D. JEFFCOAT
M. CRAIG GARNER, JR.
* ALSO MEMBER D.C. BAR
† ALSO MEMBER N.Y. BAR
‡ ALSO MEMBER OHIO BAR
§ ALSO MEMBER FLA. BAR
|| ALSO MEMBER G.A. AND N.C. BARS
** ALSO MEMBER VA. BAR
*** ALSO MEMBER MASS. BAR

RANDALL T. BELL, II
PETER CONNOR MURPHY
THEODORE J. HOPKINS, JR.
WILLIAM S. ROSE, JR., II
M. ELIZABETH CRUM
ROBERT T. BOCKMAN, II
C. ALAN RUNYAN
ELIZABETH H. VAN DOREN
ROBERT E. STEPP
APRIL C. LUCAS
WILMOT B. IRVIN
KATHLEEN E. CRUM
J. SIMON FRASER
E. RUSSELL JETER, JR.
JANE A. BRUNO
WILLIAM E. CRAVER, III

October 27, 1981

HILTON HEAD ISLAND OFFICE

106 SAPELO BUILDING

ISLAND OFFICE PARK

POST OFFICE BOX 5914

HILTON HEAD ISLAND, S.C.

29938

803-785-1169

EXHIBIT

OCT 27 1981 NO. 2

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
State Budget and Control Board
Room 209
Wade Hampton Office Building
Columbia, South Carolina 29202

Re: Darlington County, South Carolina, Industrial
Development Revenue Note (Hunt Development
Company Project) 1981

Dear Mr. McInnis:

Enclosed please find the following for consideration
at the Budget and Control Board's meeting today:

Financing Agreement
Indenture
Guaranty
Ordinance
Resolution and Assistance Agreement
Resolution and Petition
10 copies of a Resolution and Notice for Budget
and Control Board approval.

We will be sending a letter from The South Carolina
National Bank in lieu of certain financial information
either today or tomorrow.

Yours truly,

Brenton D. Jeffcoat

Brenton D. Jeffcoat

BDJ/bgm
Enclosures

*I understand this may not be considered. Thank you,
either way — Buf*

09732

EXHIBIT

OCT 27 1981

NO. 2

STATE BUDGET & CONTROL BOARD

*Received
after agenda
materials were
prepared.
WTH*

A RESOLUTION APPROVING THE ISSUANCE BY DARLINGTON COUNTY, SOUTH CAROLINA, OF APPROXIMATELY \$500,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (HUNT DEVELOPMENT COMPANY, INC. PROJECT) 1981, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Darlington County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Darlington County (the "County") pursuant to the Act of its Industrial Development Revenue Note (Hunt Development Company, Inc. Project) in the aggregate principal amount of approximately \$500,000 (the "Note"); and

WHEREAS, the County proposes to issue the Note for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for the purpose of selling Caterpillar equipment, replacement parts and providing service for such equipment; and

WHEREAS, the Project is to be made available to Hunt Development Company, Inc. (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal, premium, if any, and interest on the Note and which secure the obligation of the Corporation by a mortgage and security interest in the Project; and

WHEREAS, the Note will be payable from and secured by an assignment of the obligations of the Corporation and the mortgage and security interest in the Project; and

WHEREAS, the County has submitted with the Petition (i) drafts of the documents to be entered into by the County in connection with the issuance of the Note, for review by the State Budget and Control Board, (ii) an Assistance Agreement by and between the Corporation and the County executed by the Corporation on August 17, 1981, and executed by the Governing Board, on August 17, 1981, and (iii) a copy of a resolution and petition adopted by the County on October 19, 1981, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 4-29-140 of the Act; and

(c) The Project subject of the Petition of the Governing Board is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Note, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Financing Agreement, and a mortgage and security interest in the Project, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Corporation, and do not make inaccurate, except as to dates and amounts, the summaries of the Financing Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in THE STATE, which is a newspaper having general circulation in Darlington County.

Section 4. The Notice, required in Section 3 above to be published, shall be in substantially the form set forth in Exhibit "A" of this Resolution.

Section 5. This Resolution shall take effect immediately.

09734

EXHIBIT A

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

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session 1980 (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Darlington County, South Carolina, has given its approval to the following undertaking by Darlington County, South Carolina:

The issuance by Darlington County of its Industrial Development Revenue Note (Hunt Development Company, Inc. Project) in the original principal amount of approximately \$500,000 (the "Note"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings by Hunt Development Company, Inc., a South Carolina, to be used as an industrial facility for the purpose of selling Caterpillar equipment, replacement parts and providing service for such equipment (the "Project") to be located in Darlington County. The Project will be made available to Hunt Development Company, Inc. which will unconditionally covenant to make payments sufficient to pay the principal, premium, if any, and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by Hunt Development Company, Inc. for the use of the Project, and is to be additionally secured by a mortgage and security interest in the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Note by Darlington County to finance the same, by action de novo instituted in the Circuit Court for Darlington County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: October 27, 1981.

09735

NOV 2 1981

The State of South Carolina

EXHIBIT



OCT 27 1981

NO. 3

STATE BUDGET & CONTROL BOARD

Office of the Attorney General

KAREN LeCRAFT HENDERSON
Senior Assistant Attorney General

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA S. C. 29211
TELEPHONE 803-758-8667

DANIEL R. McLEOD
ATTORNEY GENERAL

October 29, 1981

Honorable William T. Putnam
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina

Re: \$1,000,000 Richland County, South Carolina,
Industrial Revenue Bonds, 1981 (Columbia
Lumber & Manufacturing Co. Project)

Dear Mr. Putnam:

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

With kind regards,

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

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh
Enclosures

09736

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of 10/27/81]

EXHIBIT

1. Local Government: Richland County OCT 27 1981 NO. **3**
2. Bond Counsel:
- (a) Firm Boyd Knowlton STATE BUDGET & CONTROL BOARD
- (b) Contact Person John Foster Phone 779-3080
- (c) Address Columbia
3. Project Name: Columbia Lumber + Manufacturing Co.
4. Issue Amount: \$ 1,000,000 Type: Industrial / bonds
5. Employment Impact of Project: approx 75
6. Type/Nature of Business of Firm Involved: building materials manufacture and distribution

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	JF 10/27	KH 10/27
(b) Documents on issuance/securing of bonds	JF 10/27	KH 10/27
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: <u>E+S Bank</u>)	<i>called for orig rec'd</i> JF 10/27	JO EAV 10/27
(3) Review by State Auditor's Office (memo)	OK EAV 10/27	XXXXXXXXXX
(d) Health and Environmental Control certification		
(e) B&C Board Resolution and Notice (<u>4</u> copies for certification for bond counsel)	JF 10/27	1 to KH 10/27
(f) Review by Attorney General's Office (letter)	OK 11/2/81 KH	XXXXXXXXXX

Motion: RCD
 Second: GLP
 Absent: None
 Vote: For 5 ; Against 0

Certificates signed: 11/2

Resolutions mailed: Called 11/2

Sandra Brooks

09737

OCT 27 1981

OK 10-27-81

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, COLUMBIA, S.C. 29222
A SUBSIDIARY OF THE CITIZENS AND SOUTHERN CORPORATION

October 22, 1981

EXHIBIT

OCT 27 1981 NO. 3

STATE BUDGET & CONTROL BOARD

State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29211

Re: Richland County, South Carolina
Industrial Revenue Bonds (Columbia
Lumber and Manufacturing Company
Project), 1981 - \$1,000,000

Gentlemen:

We have made a commitment to purchase the above referenced issue of Richland County, South Carolina. In connection with our commitment, we have requested and been provided with certain financial information by the Company and the information to the extent that it has been furnished and the balance of the information to be furnished in satisfaction of our commitment are satisfactory to us. Our agreement to purchase this issue is made for own investment as loan purposes and we do not presently contemplate the resale, distribution or redistribution of the issue.

Sincerely,



Henry H. Dorn
Senior Vice President

beh

09738

EXHIBIT

OCT 27 1981

NO. 3

STATE BUDGET & CONTROL BOARD

A RESOLUTION APPROVING THE ISSUANCE BY RICHLAND COUNTY, SOUTH CAROLINA OF NOT EXCEEDING \$1,000,000 PRINCIPAL AMOUNT INDUSTRIAL REVENUE BONDS OR NOTES, SERIES 1981 (COLUMBIA LUMBER AND MANUFACTURING COMPANY PROJECT) PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976).

WHEREAS, the County Council of Richland County, South Carolina (the "County Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976) (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Richland County (the "County") pursuant to the Act of its Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981, in the aggregate principal amount of not exceeding \$1,000,000 (the "Bonds"); and

WHEREAS, the County proposes to issue the Bonds for the purpose of defraying the costs of acquiring by construction and purchase, certain land and buildings and improvements thereon and certain other machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used in a building materials manufacturing and distribution center; and

WHEREAS, Columbia Lumber and Manufacturing Company (the "Company") is to make payments sufficient to pay the principal of and premium, if any, and interest on the Bonds and the costs and expenses related to the issuance of the Bonds; and

WHEREAS, it is proposed that the Bonds will be secured by a pledge of the revenues to be derived from the Project, and in addition by a first mortgage on the Project; and

WHEREAS, the County has submitted with the Petition (i) drafts of the documents to be entered into by the County in connection with the issuance of the Bonds, for review by the State Budget and Control Board, (ii) an Inducement Agreement by and between the Company and the County, and (iii) a certified copy of a resolution adopted by the County Board on May 20, 1981 and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, By the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the County Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 4-29-140 of the Act; and

(c) The Project subject of the Petition of the County Board is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. In consequence of the foregoing, the proposal of the County to finance the Project by the issuance of Bonds secured by a pledge of the revenues to be derived from the Project and a first mortgage on the Project, be and the same is hereby in all respects approved.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in The State, which is a newspaper having general circulation in Richland County.

Section 4. The Notice, required in Section 3 above to be published, shall be in substantially the form set forth in Exhibit "A" of this Resolution.

Section 5. This Resolution shall take effect immediately.

09740

EXHIBIT A

NOTICE PURSUANT TO THE PROVISIONS
OF SOUTH CAROLINA CODE ANNOTATED,
TITLE 4, CHAPTER 29

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, as amended (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Richland County, South Carolina, has given its approval to the following undertaking by Richland County, South Carolina:

The issuance by Richland County of its Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981, in the aggregate principal amount of not exceeding \$1,000,000 (the "Bonds"), to defray the costs of acquiring, by construction and purchase, certain land and buildings and improvements thereon, and certain other machinery, apparatus, equipment, office facilities and furnishings to be used as a building materials manufacturing and distribution center (the "Project") to be located in Richland County. The Project will be owned by Columbia Lumber and Manufacturing Company, a South Carolina corporation which will unconditionally covenant to pay the principal of, premium (if any) and interest on the Bonds. The Bonds will be payable solely and exclusively out of revenues to be derived from such payments, and are to be additionally secured by a pledge of the Financing Agreement with respect to the Project and a first mortgage on the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Bonds by Richland County to finance the same, by action de novo instituted in the Circuit Court for Richland County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A McINNIS, Secretary

Dated: _____, 1981

09741

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, WILLIAM A. McINNIS, Secretary to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

The Honorable Earl E. Morris, Jr., Comptroller General;

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at _____, October 27, 1981, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

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

FOR MOTION

AGAINST MOTION

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

Secretary

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, WILLIAM A. McINNIS, Secretary to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 11:00 a.m., Tuesday, October 27, 1981, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

None

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

FOR MOTION

5

AGAINST MOTION

0

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

William A. McInnis

Secretary

November 2, 1981

69743

EXHIBIT

OCT 27 1981

NO. 3

RESOLUTION

STATE BUDGET & CONTROL BOARD

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF RICHLAND COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL REVENUE BONDS (COLUMBIA LUMBER AND MANUFACTURING COMPANY PROJECT) 1981, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$1,000,000.

WHEREAS, Richland County, South Carolina (the "County") acting by and through its County Council is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act") to finance properties through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds, payable solely from the revenues from the financing agreement with respect to any such project and secured by a pledge of said revenues; and

WHEREAS, the County and Columbia Lumber and Manufacturing Company, a South Carolina corporation (the "Company"), entered into an Inducement Agreement (the "Inducement Agreement") executed on May 21, 1981, pursuant to which and in order to implement the public purposes enumerated in the Act, the County proposes to issue its Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981 (the "1981 Bonds") in the principal amount of not exceeding \$1,000,000 under and pursuant to the Act to defray the costs of acquiring by construction and purchase certain buildings and improvements and other machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be located in the County, and subject to the approval of the State Budget and Control Board of South Carolina, to finance the Project under and pursuant to the terms of the Financing Agreement to be entered into between the County and the Company; and

09744

WHEREAS, it is now deemed advisable by the County Board to file with the State Budget and Control Board of South Carolina, in compliance with Section 4-29-140 of the Act, the Petition of the County requesting approval of the proposed financing by the State Budget and Control Board;

NOW, THEREFORE, BE IT RESOLVED by the County Council of Richland County, South Carolina, as follows:

Section 1. It is hereby found, determined and declared as follows:

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10(3) of the Act, and the issuance of the 1981 Bonds in the principal amount of not exceeding \$1,000,000 to finance the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) Neither the Project, the 1981 Bonds proposed to be issued by the County to finance the Project, nor any documents or agreements entered into by the County in connection therewith will constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

(c) The issuance of the 1981 Bonds by the County in the principal amount of \$1,000,000 will be required to defray the cost of the Project.

(d) Inasmuch as the Company is a company with established credit, the establishment of reserve funds in connection with the retirement of the 1981 Bonds and the maintenance of the Project is deemed unnecessary.

(e) The Project will be financed by the County upon terms which will require the Company, at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto.

(f) The Project will consist of the items described on Exhibits A and B to the Financing Agreement and Indenture submitted with the Petition.

(g) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is in excess of \$1,000,000.

(h) In addition to the employment provided for those engaged in the construction of the Project, it is anticipated that after the Project has been

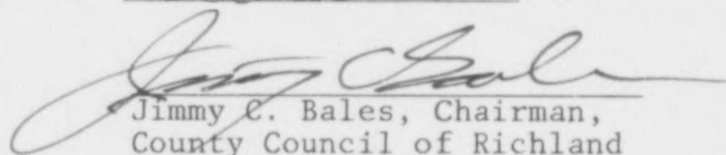
completed and placed in operation, the Project will provide additional permanent employment for citizens of the County with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County, of a Petition by this County Council requesting the approval of the proposed financing by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto as Exhibit A.

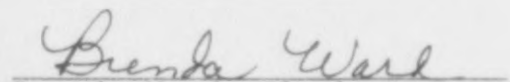
Section 3. The Chairman of the County Council be and is hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the Clerk be and is hereby authorized and directed to affix the seal of the County to said Petition and to attest the same and thereafter to submit an executed copy of this resolution to the State Budget and Control Board in Columbia, South Carolina.

Section 4. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved October 7, 1981.


Jimmy C. Bales, Chairman,
County Council of Richland
County, South Carolina

ATTEST:


Brenda Ward, Clerk
County Council of Richland
County, South Carolina

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

TO THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

P E T I T I O N

This Petition of Richland County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"), and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Richland County (the "County Council") is the governing body of the County and as such is the "County Board" of the County referred to in the Act.

2. The Act empowers the County, subject to obtaining the approval of the State Budget and Control Board: (i) To acquire or cause to be acquired, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects which shall be located within the County; (ii) enter into a financing agreement with such industry prescribing the terms and conditions of the payments to be made by the industry to the issuer, or its assignee, to meet payments that shall become due on bonds; and (iii) to issue revenue bonds for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project, and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist Columbia Lumber and Manufacturing Company, a South Carolina corporation (the "Company") by issuing its revenue bonds for the purpose of defraying the cost of acquiring certain facilities more fully described in Exhibits A and B to the Financing Agreement and Indenture attached hereto, located in the County (the "Project").

4. The County has been advised by the Company that the estimated cost of the Project will be in excess of \$1,000,000 and it has requested the County to execute and deliver its Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981 (the "1981 Bonds") in the principal amount of not exceeding \$1,000,000 to defray such costs.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the principal amount of the 1981 Bonds required to finance the Project is expected to be \$1,000,000; (iv) the amount necessary in each year to pay the principal of and the interest on the 1981 Bonds is set forth in the drafts of bond documents submitted to the State Budget and Control Board; (v) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the Bonds and the maintenance of the Project; and (vi) the terms under which the Project is to be financed provide that the Company shall maintain the Project and carry all proper insurance with respect thereto.

6. Pursuant to Section 4-29-140 of the Act, the County sets forth the following information:

(a) The Project, described in detail on Exhibits A and B to the drafts of Financing Agreement and Indenture submitted herewith, consists of land, buildings, improvements thereon and certain other machinery, apparatus, equipment, office facilities and furnishings to be used in a building materials manufacturing and distribution center. It is anticipated that, upon completion, the Project will provide stimulation to the economy of the County and areas adjacent thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be in excess of \$1,000,000.

(c) Copies of drafts of the Financing Agreement and the Indenture are being submitted herewith. The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves.

(i) The proposed Financing Agreement between the Company and the County provides in general:

(A) Proceeds derived from the placement of the 1981 Bonds, except any premium paid by the lender, will be used and applied by the County upon request of the Company solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) Under the terms of the Financing Agreement, the Company obligates itself: to effect the completion of the Project if the proceeds derived from the sale of the Bonds prove insufficient therefor without diminution of any payments to the County required by the Company, to pay principal, interest and premium, if any, on the 1981 Bonds as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Indenture.

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

(ii) The proposed Indenture (the "Indenture") between the County and The Citizens and Southern National Bank of South Carolina, as Lender (the "Lender") provides in general:

(A) An irrevocable pledge and assignment for the benefit of the holder of the 1981 Bonds of the County's right, title and interest in and to the Project, the Financing Agreement and all payments, receipts and revenues which the County has a right to receive under the Financing Agreement or any lease or the sale of the Project (except payments and rights to payments of certain indemnification payments and administration expenses), and all the moneys and securities in funds created under the Indenture.

(B) The terms of the 1981 Bonds, the provisions for exchange and transfer of the 1981 Bonds, the redemption provisions, the means of disbursement and investment of the proceeds thereof, provisions for issuance of additional parity bonds, default provisions and remedies therefor and various other matters relating to the 1981 Bonds.

(C) The execution of the Indenture imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

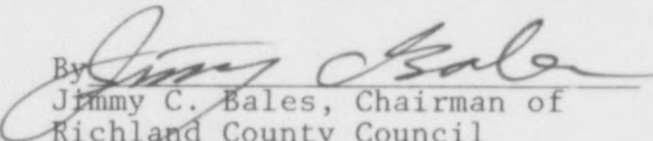
Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents submitted

herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the proposed financing of the cost thereof by the County through the issuance of the 1981 Bonds pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

RICHLAND COUNTY, SOUTH CAROLINA

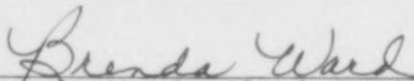
By


Jimmy C. Bales, Chairman of
Richland County Council

Dated: October 15, 1981

(SEAL)

ATTEST:


Brenda Ward, Clerk Richland
County Council, Richland County,
South Carolina

COLUMBIA LUMBER...A SHORT HISTORY

The population of Columbia was only 21,000 in 1898 when William M. Otis came here from Atlanta, Georgia to found the Columbia Lumber and Manufacturing Company with Mr. W. H. Heath. The Company manufactured hardwood and yellow pine finish, sash doors, blinds, cabinets and railroad waiting station furniture for which it was awarded a gold medal at the Jamestown Centennial Exposition in 1905. The 1904 Illustrated Brochure of Columbia says: "This is the largest industry of its kind in Columbia, its plant covering seven acres. Though only established here a few years, it has easily taken the leading position in its line." Mr. Otis set high standards for the company which became known through the years for quality, dependability and responsibility.

William L. Otis became President of Columbia Lumber in 1928, and kept it going through the depths of the depression with the aid of his loyal employees who accepted city scrip and orders of coal and groceries in part payment of salaries. Under Mr. Otis' management, the company expanded the facilities of the special millwork plant and during World War II furnished manufactured woodwork for many military installations in the Southeast, including Fort Jackson. In 1942, Secretary of War, Stimson, personally awarded the Army and Navy "E" to Columbia Lumber Company for excellence in the performance of its contract for the material for Camp McColl at Hoffman, North Carolina. A retail department was established in 1952 and opened at the main office at 500 Hampton Street.

William L. Otis, Jr. became Chief Executive Officer in 1963 and progressing with the growing metropolitan area across the river, established the West Columbia Branch at 4245 Augusta Road in March 1965.

Columbia Lumber entered the Commercial Gypsum market in 1971, later expanding that department into specialty commercial interior products. In 1973, the Commercial Building Material Sales department was formed, serving general contractors in many areas of South Carolina. In 1977 the Millwork Manufacturing Division opened a sales contact in Charlotte, North Carolina which was expanded into a two man sales office in 1981 serving the Charlotte and North Carolina markets. Columbia Lumber has manufactured special millwork and hospital casework for projects in South and North Carolina, Tennessee, Virginia and Maryland. Projects in South Carolina include the Governor's Offices in the State House and the Supreme Court Building remodeling.

Columbia Lumber's subsidiary, Columbia Wood Preserving Company purchased Greenville Wood Preserving Company in Greenville, South Carolina in 1966. In 1978, a new facility was constructed on Flintlake Road for the Columbia pressure treatment plant and the name of both plants was changed to Colwood Company in 1979. Colwood continues to manufacture quality pressure treated southern yellow pine lumber for its expanding customer base. These products are shipped to customers from South Carolina through the New York, Pennsylvania area and into the Midwest.

HISTORY...COLUMBIA LUMBER

Columbia Lumber, its subsidiaries, and one hundred forty employees, have continued to grow and prosper based on its original standards of quality, dependability and responsibility.

09752

OCT 27 1981

CHARLES W. KNOWLTON
H. SIMMONS TATE, JR.
KIRKMAN FINLAY, JR.
WILLIAM C. BOYD, III
FRANCIS P. MOOD
J. DONALD DIAL, JR.
JOHN H. LUMPKIN, JR.
MANTON M. GRIER
GEORGE S. KING, JR.
THOMAS R. GOTTSALL
HAMILTON OSBORNE, JR.
EARL D. HEWLETTE, JR.
HARDWICK STUART, JR.
DARYL L. WILLIAMS
HENRY L. MOISE
ROBERT M. NETTLES, JR.
JOHN W. FOSTER
JOHN C. BRUTON, JR.
WALTER W. THEUS, JR.
ELIZABETH A. CARPENTIER
BENTON D. WILLIAMSON

BOYD, KNOWLTON, TATE & FINLAY

ATTORNEYS AT LAW
TWELFTH FLOOR SCN CENTER
1122 LADY STREET
COLUMBIA, SOUTH CAROLINA 29201

October 23, 1981

TELEPHONE 803 779-3080
CABLE ADDRESS:
PALMETTO

W. C. BOYD 1904-1975
JOHN C. BRUTON 1907-1969

JOHN H. LUMPKIN, SR.
OF COUNSEL

EXHIBIT

OCT 27 1981 NO. 3

STATE BUDGET & CONTROL BOARD

State Budget and Control Board
of South Carolina
Post Office Box 1244
Columbia, S.C. 29211

Re: Richland County, South Carolina Industrial
Revenue Bonds (Columbia Lumber and Manu-
facturing Project) 1981

Gentlemen:

You will find enclosed a Petition and Resolution by the Richland County Council respectfully requesting your approval, pursuant to S.C. Code Ann. §4-29-140 of the above-referenced revenue bond issue.

The revenue bonds will be used to finance a building materials manufacturing and distribution center and processing facility which will constitute a "project" within the meaning of Title 4 Chapter 29 of the S.C. Code. As the Resolution and Petition state, the Project will employ citizens of the County and alleviate unemployment in the County.

The following information responds to S.C. Code Ann. §4-29-140:

(a) The Project will consist of a building materials manufacturing and distribution center to be located in Richland County. The Company and its affiliates presently employ approximately 130 people in the County.

09753

State Budget and Control Board
of South Carolina
October 23, 1981
Page Two

(b) The Project is reasonably estimated to have an initial cost of over \$1,000,000. Citizens and Southern National Bank of South Carolina has agreed to purchase the revenue bonds. The Company will grant a first mortgage lien on the project to the County pursuant to the Financing Agreement, which the County will assign to the Bank pursuant to the Indenture. Both the Financing Agreement and Indenture provide that the County will incur no pecuniary liability or any charge upon its general credit or against its taxing powers.

On the basis of the foregoing, it is respectfully requested that this Board approve the transaction described above and that it publish the notice required by S.C. Code Ann. 4-29-140.

Very truly yours,



John W. Foster

JWF/lb
Enclosures

09754

EXHIBIT

OCT 27 1981 NO. 3

STATE BUDGET & CONTROL BOARD

\$1,000,000

RICHLAND COUNTY, SOUTH CAROLINA

INDUSTRIAL REVENUE BONDS

(COLUMBIA LUMBER AND MANUFACTURING COMPANY PROJECT) 1981

CLOSING AGREEMENT

_____, 1981

09755

Richland County, South Carolina (the "County") has agreed to issue its Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981 (the "1981 Bonds") in the original principal amount of \$1,000,000 in accordance with, and pursuant to the provisions of an Ordinance adopted by the County Council on _____, 1981 and a Resolution adopted by the County Council on May 20, 1981 (hereinafter collectively referred to as the "Ordinance"). The 1981 Bonds shall mature, bear interest, be subject to prepayment and payment of the principal, premium, if any, and interest thereon, and be secured as provided in an Indenture dated as of November 1, 1981 (the "Indenture") between the County and The Citizens and Southern National Bank of South Carolina as Lender (the "Lender"). Columbia Lumber and Manufacturing Company, a South Carolina corporation (the "Company"), has agreed to pay the principal, premium, if any, and interest on the 1981 Bonds to the holder thereof for the account of the County under the terms of a Financing Agreement dated as of November 1, 1981 (the "Financing Agreement"). The Lender has agreed to acquire the 1981 Bonds and pay the County the sum of \$1,000,000, plus accrued interest, if any, in consideration therefor (the "Purchase Price") upon the basis of the representations, warranties and covenants contained herein and in the Financial Information (as such term is defined hereinafter), all subject, nevertheless, to the conditions hereinafter stated.

I. CLOSING DATE AND PAYMENT

The County shall execute and deliver the 1981 Bonds and the Lender shall pay the Purchase Price at a closing which shall take place on _____, 1981 at 10:00 A.M. Eastern Standard Time at the offices of Boyd, Knowlton, Tate & Finlay in the City of Columbia, South Carolina, or at such other time or place as may be agreed upon by the Company, the Lender and the County (hereinafter such date and time is referred to as the "Closing"). At Closing the Lender shall make payment to the County by federal funds or other acceptable medium of immediately available funds for deposit to the account of the County or as the County may otherwise direct.

II. REPRESENTATION AND WARRANTIES BY THE COUNTY

The County makes the following representations and warranties to the Lender:

2.1 The County is a body politic and corporate and a political subdivision of the State of South Carolina created pursuant to and existing under Article VII of the Constitution of the State of South Carolina, 1895. The County is authorized and empowered by the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976), as amended (the "Act"): (i) to finance the Project (as defined in the Indenture); (ii) to assign

its right, title and interest in the Financing Agreement (with certain exceptions described in the Indenture) to the Lender in the manner and under the terms set forth in the Indenture; and (iii) to execute and deliver the 1981 Bonds for the purpose of defraying the cost of acquiring, by construction and purchase, the Project and to secure the payment of the 1981 Bonds in the manner provided for in the Indenture.

2.2 The County has full legal right, power and authority (i) to adopt the Ordinance, (ii) to enter into this Closing Agreement, the Indenture and the Financing Agreement, (iii) to execute and deliver the 1981 Bonds to the Lender as provided herein, and (iv) to carry out and consummate all other transactions contemplated by the Ordinance and each of such documents, and the County has complied with all applicable provisions of law, including the Act, in all matters relating to such transactions.

2.3 The County has duly authorized (i) the execution, delivery and due performance of this Closing Agreement, the 1981 Bonds, the Indenture and the Financing Agreement, (ii) the taking of any and all such action as may be required on the part of the County to carry out, give effect to and consummate the transactions contemplated by such instruments and (iii) the execution and delivery of the 1981 Bonds to the Lender on the terms set forth herein and in the Indenture.

2.4 No approval, permit, consent, or authorization of, or registration of filing with, any governmental or public agency, authority or person not already obtained or made (other than any approvals that might be required under the securities laws of any jurisdiction) is required on the part of the County in connection with the execution and delivery of the 1981 Bonds or the execution and delivery by the County of, or the performance of its obligations under, the 1981 Bonds, the Indenture, the Financing Agreement and this Closing Agreement.

2.5 The adoption of the Ordinance, the execution and delivery by the County of this Closing Agreement, the 1981 Bonds, the Indenture and the Financing Agreement, and compliance with the provisions of each of such instruments, will not conflict with, or constitute a breach of, or a default under, any indenture, commitment, agreement or other instrument to which the County is a party or by which it is bound, or under any provisions of the South Carolina Constitution or any existing law, rule, regulation, ordinance, judgment, order or decree to which the County (or any of its officers in their respective capacities as such) is subject.

2.6 There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body, or which, to the best of the knowledge of the County, is threatened against the County (nor to the best of the knowledge of the County is there any basis therefor), which

in any way questions the validity of the Act, the powers of the County referred to in paragraphs 2.1 and 2.2 above, or the validity of any proceeding taken by the County in connection with the execution and delivery of the 1981 Bonds or wherein an unfavorable decision, ruling or finding would in any way adversely affect the transactions contemplated by this Closing Agreement or which in any way would adversely affect the validity or enforceability of the 1981 Bonds, the Indenture and the Financing Agreement or this Closing Agreement (or of any other instrument required or contemplated for use in consummating the transactions contemplated thereby).

III. REPRESENTATIONS AND WARRANTIES BY THE COMPANY

The Company makes the following representations and warranties to the County and the Lender:

3.1 The Company and each of its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which each was incorporated, and each has the corporate power and authority to own its property and to carry on its business as now being conducted and each is duly qualified to do business and is in good standing in every jurisdiction where such qualification is necessary. The Company has full power, authority and legal right to engage in the business and activities conducted or proposed to be conducted by it with respect to the Project, to execute and deliver the Financing Agreement and this Closing Agreement and to perform its obligations under each including the making of payment as provided in the Financing Agreement.

3.2 The Company has duly authorized the execution and delivery of the Financing Agreement and this Closing Agreement and has taken all actions necessary or appropriate to insure that such documents, when executed and delivered by the Company, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, except to the extent that their enforceability may be limited by bankruptcy, insolvency or other laws affecting creditor's rights generally.

3.3 The Company's consolidated audited financial statements for the fiscal year ended December 31, 1980 and the unaudited consolidated interim financial statements for the six-month period ended June 30, 1981 have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and fairly present the financial position of the Company and its subsidiaries and the results of their operations at the dates and for the periods indicated (the statements and other information mentioned in this paragraph are collectively referred to as the "Financial Information").

3.4 Since the date of the interim financial statements of the Company referred to in subparagraph 3.3 above, there has

been no material adverse change in the condition, financial or otherwise, business or operations of the Company and its subsidiaries. The Company and its subsidiaries have no liabilities, direct or contingent, and have made no investment in, advance to, or guaranty of the obligations of any corporation, individual or other entity, disclosed in the Financial Information.

3.5 The execution and delivery of this Closing Agreement and the Financing Agreement, and the compliance with the provisions of each, do not and will not conflict with or constitute on the part of the Company a violation of, breach of, or default under, (i) the articles of incorporation or bylaws of the Company, (ii) any indenture, mortgage, deed of trust, lease, note agreement or other agreement or instrument to which the Company is a party or by which the Company is bound, or (iii) any constitutional provision or statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its activities or property; and all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated by this Closing Agreement have been duly obtained and remain in full force and effect or will be obtained prior to the Closing.

3.6 There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Company or any of its subsidiaries nor to the best of the knowledge of the Company is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Closing Agreement or which would adversely affect the validity or enforceability of the 1981 Bonds, the Financing Agreement or this Closing Agreement, which would materially adversely affect the Company's financial position or business.

3.7 The Project (as defined in the Indenture) is subject to no mortgage, lien or encumbrance prior to the lien of the Indenture and Financial Agreement, except as may be disclosed in the title insurance policy described in Section 5.03 of the Financing Agreement.

3.8 The Company and its subsidiaries are not subject to the renegotiation of any government contract in any material amount.

3.9 The Company and its subsidiaries have timely filed all required federal, state and local tax returns and reports. Federal income taxes have been audited or accepted as filed through the tax year 19____, and no claims have been assessed and are unpaid with respect to such taxes except as shown in the Financial Information.

IV. CONDITIONS AND REQUIREMENTS FOR CLOSING

4.1 The obligations of the Lender hereunder shall be subject to (i) the compliance with and performance by the County of its obligations and agreements to be complied with and performed under the Indenture, the Financing Agreement and this Closing Agreement at or prior to the Closing; (ii) the compliance with and performance by the Company of the obligations and agreements to be complied with and performed by it, at or prior to the Closing, under the Financing Agreement and this Closing Agreement; and (iii) the accuracy and completeness as of the date hereof and on the Closing date of the representations and warranties of the Company contained in the Financing Agreement and the Closing Agreement.

4.2 The obligations of the Lender hereunder are subject to the following further conditions:

(a) On or prior to the Closing, the Lender shall have received:

(i) Opinions, dated as of the date of Closing, of (A) J. Lewis Cromer, counsel for the County, in the form attached hereto as Appendix A; (B) Messrs. Boyd, Knowlton, Tate & Finlay bond counsel, in the form attached hereto as Appendix B; and (C) Messrs. Boyd, Knowlton, Tate & Finlay, counsel for the Company, in the form attached hereto as Appendix C; in each case with such changes as the Lender shall approve.

(ii) A certificate, dated the date of Closing, signed by the Chairman of the County Council of the County or other appropriate official, to the effect that each of the representations and warranties of the County set forth in Article II hereof is accurate and complete as if made on and as of the Closing and that all agreements to be complied with and obligations to be performed by the County hereunder and under the Financing Agreement and the Indenture on or prior to the Closing Date have been complied with and performed.

(iii) A certificate, dated the date of Closing, of the Chairman of the County Council of the County or other appropriate official, setting forth the facts, estimates and circumstances as to the use of the proceeds of the 1981 Bonds in sufficient detail to establish that the 1981 Bonds are not "arbitrage bonds" within the meaning of Section 103 of the Internal Revenue Code of 1954, as amended.

(iv) A copy of the Ordinance certified by the Chairman of the County Council of the County or other appropriate official, and an executed copy of the Financing Agreement and the Indenture, which shall be in form and substance satisfactory to the Lender.

(v) A certificate, dated the date of Closing, of the President of the Company, to the effect that each of the representations and warranties of the Company set forth in Article III hereof is accurate and complete as if made on and as of the Closing and that all agreements to be complied with and obligations to be performed by the Company hereunder and under the Financing Agreement on or prior to the Closing date have been complied with and performed.

(vi) Such additional certificates (including appropriate no litigation certificates and certified copies of ordinances, resolutions or other proceedings, adopted by the County), instruments or other documents as the Lender may reasonably request.

(b) The State Budget and Control Board of South Carolina (the "State Board") shall have approved the Project and the proposal of the County to execute and deliver the 1981 Bonds, which approval shall remain in full force and effect; notice of such approval shall have been published at least once by the State Board in a newspaper having general circulation in the County; at least twenty days shall have elapsed since the date of publication of such notice during which no interested party shall have, by appropriate legal proceedings, challenged the validity of such approval; and a copy of such approval and an affidavit of such publication shall have been furnished to the Lender together with a certificate of the Managing Partner of the Company that the description of the Project upon which such approval is based does not deviate in any material respect from the description of the Project contained in the Financing Agreement.

(c) The County and the Company shall have registered and recorded the Financing Agreement and the Indenture and filed financing statements (or made provisions therefor) under the Uniform Commercial Code of the State of South Carolina, if such are required, in such manner and in such places as may be required in order to establish, protect or preserve the interest of the Lender in the rights assigned to it under the Indenture and the Financing Agreement; evidence of such filings, registration and recordations shall have been furnished to the Lender; and a binder with respect to the title insurance policy described in Section 5.03 (a)(i) of the Financing Agreement in form and content satisfactory to Lender shall have been delivered.

(d) All matters relating to this Closing Agreement, the 1981 Bonds and the sale thereof, the Indenture and the Financing Agreement and the consummation of the transactions contemplated by this Closing Agreement shall be satisfactory to and approved by the Lender.

V. COVENANTS OF COUNTY

The County covenants as follows:

(a) To apply the proceeds from the 1981 Bonds as provided in and subject to all of the terms and provisions of the Indenture, the Ordinance and the Financing Agreement and, except as provided in the Indenture, not to issue or sell any bonds or obligations other than the 1981 Bonds, the principal, premium, if any, and interest on which are payable in whole or in part from payments or revenues derived under the Financing Agreement.

(b) Not to take or omit to take any action which will adversely affect the exemption from Federal or South Carolina income taxation of the interest on the 1981 Bonds (or the revenues to be derived under the Financing Agreement).

(c) Promptly to register and record, or reregister and rerecord, the Financing Agreement, the Indenture, any amendments or supplements to any thereof, and file or refile financing statements or continuation statements under the Uniform Commercial Code of the State of South Carolina, at such times and in such places as may be required, in order to maintain, protect or preserve the interest of the Lender in the rights assigned to it under the Indenture.

The agreements contained in this Article VI and the representations and warranties of the County set forth in this Closing Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Closing Agreement, (ii) any investigation made by or on behalf of the Lender or any person controlling the Lender and (iii) acceptance of and payment for the 1981 Bonds; provided, nevertheless, that the County shall not be liable hereunder or in respect of the 1981 Bonds beyond the extent of the security pledged under the Indenture or any recovery made by it from any other person liable to the County as a consequence of the transactions contemplated by the Closing Agreement.

VI. COVENANTS OF COMPANY

The Company covenants and agrees that it will:

(a) Take no action or omit to take any action, which action or omission will result in the 1981 Bonds ceasing to be exempt from registration under the Securities Act of 1933, as amended, or which will adversely affect the exemption from Federal or South Carolina income taxation of the interest on the 1981 Bonds (or the revenues to be derived from the Financing Agreement);

(b) Pay or cause to be paid, either directly or from the proceeds of the 1981 Bonds, all expenses and costs incident

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to the authorization, issuance, printing, sale and delivery, as the case may be, of the 1981 Bonds, the Financing Agreement and the Indenture, including without limitation (i) all filing, registration and recording fees and expenses; (ii) Lender's fees and expenses; and (iii) fees and expenses of bond counsel and fees and expenses of the County. The obligation of the Company to make the payments provided herein shall apply whether or not the 1981 Bonds are delivered by and on behalf of the County;

(c) Promptly to register and record, or reregister and rerecord, the Financing Agreement, the Indenture, any amendments or supplements to any thereof, and file or refile financing statements or continuation statements under the Uniform Commercial Code of the State of South Carolina, at such times and in such places as may be required, in order to maintain, protect or preserve the interest of the Lender in the rights assigned to it under the Indenture.

All representations, warranties and covenants of the Company contained herein shall remain operative and in full force and effect and shall survive (i) the execution and delivery of the Closing Agreement, (ii) any investigation made by or on behalf of the Lender, and (iii) acceptance of and payment for the 1981 Bonds.

VII. INDEMNIFICATION OF COUNTY

7.1. The Company agrees to indemnify and hold harmless the County and each person, if any, who controls the County within the meaning of Section 20 of the Securities Exchange Act of 1934 or Section 15 of the Securities Act of 1933, from and against any and all losses, claims, damages and liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in any of the information or materials furnished to the Lender by the Company or its agents or caused by any omission or alleged omission to state in such information or materials a material fact necessary to make the statements in such information or materials not misleading.

7.2. In case any action shall be brought against the County or any person controlling the County based upon any of the information or materials furnished to the Lender by the Company or its agents in respect of which indemnity may be sought against the Company hereunder, the County shall promptly notify the Company in writing, and the Company shall assume the defense thereof including the employment of counsel and the payment of all expenses. The County or any such controlling person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the County unless (i) the employment of such counsel has been specifically authorized by the Company or (ii) the named parties to any such action (including any impleaded parties) include both the County or such controlling person and the Company and the County or such con-

trolling person shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Company (in which case the Company shall not have the right to assume the defense of such action on behalf of the County or such controlling person, it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same allegations or circumstances, be liable for the reasonable fees and expenses of more than one firm of attorneys for the County and controlling persons, which firm shall be designated in writing by the County). The Company shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Company or if there be a final judgement for the plaintiff in any such action, the Company agrees to indemnify and hold harmless the County and any such controlling person from and against any loss or liability by reason of such settlement or judgement.

VIII. REPRESENTATIONS AND COVENANTS OF LENDER

8.1. The Lender represents and warrants to the County and the Company as follows:

(a) The Lender is acquiring the 1981 Bonds as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be under its control) and is familiar with the meaning of such representation and warranty under the Federal securities laws.

(b) The Lender is acquiring the 1981 Bonds solely for its own account and no other person has or will have any direct or indirect beneficial ownership or interest therein.

(c) The Lender considers itself to be a knowledgeable and sophisticated institutional investor and is cognizant to the extent it deems necessary of the financial and business conditions of the Company. The Lender has a net worth substantially in excess of the cost of the 1981 Bonds and in the event it should incur the loss of the entire value of the 1981 Bonds, such loss would not materially adversely affect its financial condition.

(d) The Lender acknowledges that, except for the Financial Information concerning the financial position of the Company, no other representations have been made to it as to the financial condition of the Company. The Lender has made such investigation as it deems necessary to make its investment decision as to the Company and all information, books and records requested by it have been furnished to it.

(e) The Lender has reviewed all documents furnished to it and the documents, as reviewed by it, satisfy its requirements.

8.2. The Lender covenants that it will not voluntarily dispose of all or any portion of the 1981 Bonds unless it procures from the assignee thereof representations and covenants in form and content substantially the same as those made by the Lender in this Section VIII of the Closing Agreement.

IX. MISCELLANEOUS

9.1. This Closing Agreement is made solely for the benefit of the County, the Lender, the Company and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Closing Agreement. The terms "successors" and "assigns" shall not include any purchaser of the 1981 Bonds from the Lender merely because of such purchase.

9.2. This Closing Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

9.3. This Closing 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.

CLMC CA JWF 10/26/81

WITNESS our hands and seals this ____ day of ____
1981.

RICHLAND COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Jimmy C. Bales, Chairman,
Richland County Council

ATTEST:

Brenda Ward, Clerk
Richland County Council

COLUMBIA LUMBER AND
MANUFACTURING COMPANY
(SEAL)

By: _____
Its

By: _____
Its

THE CITIZENS AND SOUTHERN
NATIONAL BANK OF SOUTH CAROLINA

By: _____
Its

(SEAL)

ATTEST:

Its _____

APPENDIX A

_____, 1981

Citizens and Southern National Bank of
South Carolina
Post Office Box 727
Columbia, S.C. 29222

Columbia Lumber and Manufacturing Company
Post Office Drawer 2688
Columbia, S.C. 29202

Richland County Council
Post Office Box 192
Columbia, S.C. 29202

Re: \$1,000,000 Richland County, South Carolina
Industrial Revenue Bonds (Columbia Lumber
and Manufacturing Company Project) 1981

Gentlemen:

I am counsel for Richland County, South Carolina, (the "County") and have acted as such in connection with the loan by Citizens and Southern National Bank of South Carolina (the "Lender") on this date of \$1,000,000 to the County and the receipt of the County's Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981 (the "1981 Bonds") as evidence thereof. This opinion is being rendered to you pursuant to the Closing Agreement dated _____, 1981 (the "Closing Agreement") among the Lender, the County, and Columbia Lumber and Manufacturing Company, a South Carolina corporation (the "Company").

I am of the opinion that:

1. Title 4, Chapter 29, Code of Laws of the State of South Carolina (1976) (the "Act"), is a validly existing law of the State of South Carolina and the 1981 Bonds have been issued in conformity therewith.

2. The County is a body politic and corporate and a political subdivision of the State of South Carolina created pursuant to and existing under Article VII of the Constitution of the State of South Carolina. The County is authorized and empowered by the provisions of the South Carolina Constitution and the laws of the State of South Carolina, including particularly the Act, to finance projects such as the Project (as such

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term is defined in the Financing Agreement between the County and the Company dated as of November 1, 1981 (the "Financing Agreement")) to issue bonds for the purpose of obtaining funds to defray the costs of acquiring such facilities and to secure such bonds in the manner contemplated by the Indenture dated as of November 1, 1981 (the "Indenture") between the County and the Lender.

3. The County has fully legal right, power and authority (i) to adopt the Ordinance dated _____, 1981 and the Resolution adopted May 20, 1981 (hereinafter collectively referred to as the "Ordinance") pertaining to the 1981 Bonds, (ii) to enter into the Indenture, the Financing Agreement and the Closing Agreement, (iii) to issue, sell, execute and deliver the 1981 Bonds to the Lender as provided in the Indenture and the Closing Agreement, and (iv) to carry out and consummate all other transactions contemplated by the Ordinance and each of such documents, and the County has complied with all applicable provisions of law, including the Act, in all matters relating to such transactions.

4. The Ordinance has been duly adopted by the County and is in full force and effect. The Indenture, the Financing Agreement and the Closing Agreement have each been duly authorized, executed and delivered by the County, and assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the County enforceable in accordance with their respective terms.

5. The County has duly authorized (i) the issuance, sale, execution, delivery and due performance of the 1981 Bonds, the Indenture, the Financing Agreement and the Closing Agreement, and (ii) the taking of any and all such action as may be required by the County to carry out, give effect to and consummate the transactions provided for by each of such instruments.

6. The adoption of the Ordinance, the issuance, sale, execution and delivery by the County of the 1981 Bonds, the Indenture, the Financing Agreement and the Closing Agreement, and compliance with the provisions of each of such instruments, will not conflict with, result in any breach of any provision of, or constitute a default under, any indenture, commitment, agreement, or instrument to which the County is a party or by which it is bound, or under any provision of the South Carolina Constitution or any existing law, rule, regulation, ordinance, judgment, order or decree to which the County (or any of its officers in their respective capacities as such) is subject or any provision of South Carolina law relating to counties or their affairs.

7. The Project, all revenues to be derived therefrom by the County, and the rights of the County including the right to receive payments pursuant to the Financing Agreement (except for indemnification rights and the rights of the County to receive

reimbursement of its expenses) have been duly and legally mortgaged, assigned and pledged to the Lender pursuant to the Indenture as security for the payment of the 1981 Bonds.

8. All authorizations, consents and approvals of, and registrations or filings with, governmental bodies or agencies (other than approvals that might be required under the securities laws of any jurisdiction) required in connection with the execution, delivery, issuance and sale of the 1981 Bonds, the Indenture and the Financing Agreement, and the adoption of the Ordinance, or in connection with the carrying out by the County of its obligations thereunder, have been obtained or made and are in full force and effect including, without limitation, the approval of the State Budget and Control Board of the State of South Carolina of the Project and the proposal of Richland County Council to issue the 1981 Bonds.

9. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board, or public body which, to my knowledge, is threatened against the County (nor to the best of my knowledge is there any basis therefor), which in any way questions the validity of the Act, the powers of the County referred to above, or the validity of any proceeding taken by the County in connection with the issuance and sale of the 1981 Bonds, or wherein an unfavorable decision, ruling or finding would in any way adversely affect the transactions contemplated by, or which in any way would adversely affect the validity or enforceability of the 1981 Bonds, the Indenture, the Financing Agreement or any other instrument required or contemplated for use in consummating the transactions contemplated by the foregoing, or the exemption of the interest on the 1981 Bonds from Federal income taxation, or the present exemption from all taxation in the State of South Carolina (except for applicable South Carolina inheritance, estate and transfer taxes) of the interest on the 1981 Bonds, or payments under, or income of the character to be derived under, the Indenture, the Financing Agreement or the 1981 Bonds. It is understood that payments made in respect of the 1981 Bonds after an Event of Taxability, as that term is defined in the Indenture are subject to taxation.

10. Neither the existence of the County nor the title of any of the officials or members of the County Council of the County to their office is being contested.

11. All legal action taken by the County in connection with the 1981 Bonds, the Indenture and the Financing Agreement is satisfactory to me, and none of the proceedings had, or actions taken, with respect to any of the foregoing have been repealed, rescinded or revoked.

It is to be understood that the enforceability of the obligations of the County under the 1981 Bonds, the Indenture and the Financing Agreement and of the Company under the Financing Agree-

APP A JWF 10/26/81

ment are subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

Very truly yours,

J. Lewis Cromer
Richland County Attorney

APPENDIX B

_____, 1981

Citizens and Southern National Bank
of South Carolina
Post Office Box 727
Columbia, S.C. 29222

Columbia Lumber and Manufacturing Company
Post Office Drawer 2688
Columbia, S.C. 29202

Richland County Council
Post Office Box 192
Columbia, S.C. 29202

Re: \$1,000,000 Industrial Revenue Bonds
(Columbia Lumber and Manufacturing
Company Project) 1981

Gentlemen:

At your request, we have examined the validity of \$1,000,000 principal amount Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981 (the "1981 Bonds") of Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina the ("County").

The 1981 Bonds are dated _____, 1981. The 1981 Bonds are issued in definitive form in the denomination of \$1,000,000, and are fully registered.

Payments of principal and interest are payable monthly on the first day of each month beginning December 1, 1981 and ending November 1, 1996, unless sooner paid, in amounts and at rates provided in the Indenture.

The 1981 Bonds are subject to prepayment prior to their stated maturity upon the terms and conditions and at the prices set forth in the Indenture.

The 1981 Bonds recite that they are issued under and secured by an Indenture by and between the County and Citizens and Southern National Bank of South Carolina (the "Lender") dated as of November 1, 1981 (the "Indenture") and pursuant to the Constitution and laws of the State of South Carolina, particularly Title 4, Chapter 29, Code of Laws of South Carolina, 1976, for

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the purpose of assisting Columbia Lumber and Manufacturing Company (the "Company") in acquiring certain land, buildings, machinery and other improvements located thereon in the County to be used for the purpose of a building materials manufacturing and distribution center (the "Project").

We have examined (i) the Constitution and laws of the State of South Carolina; (ii) a duplicate executed copy of the Indenture; (iii) a duplicate executed copy of the Financing Agreement dated as of November 1, 1981 (the "Financing Agreement") by and between the County and the Company whereby the County has financed the Project; (iv) certified or duplicate executed copies of proceedings of the State Budget and Control Board with respect to the Project and the issuance of the 1981 Bonds; (v) certified or duplicate executed copies of the County Council authorizing the issuance of the 1981 Bonds and the execution and delivery by the County of the Indenture and the Financing Agreement; and (vi) such other papers, instruments and documents in this matter as we have deemed necessary or advisable. We have examined the 1981 Bonds as executed.

In our opinion:

1. The 1981 Bonds have been duly authorized and issued in accordance with the Constitution and laws of the State of South Carolina and constitute valid and legally binding limited obligations of the County, the principal, premium, if any, and interest on which are payable solely out of the revenues and receipts derived by the County from or in connection with the Financing Agreement, and are secured by a pledge of said revenues and receipts and by the Indenture.

2. The Indenture has been duly authorized, executed and delivered by the County and constitutes a valid and binding agreement of the County enforceable in accordance with its terms, and the 1981 Bonds are entitled to the security and benefits of the Indenture for the payment thereof.

3. The Financing Agreement has been duly authorized, executed and delivered by the County and subject to the due authorization, execution and delivery thereof by the Company, constitutes a valid and legally binding agreement enforceable in accordance with the terms thereof, and the rights of the County under the Financing Agreement as permitted thereby have been duly and legally assigned by the County to the Lender under the Indenture as security for the 1981 Bonds.

4. Interest on the 1981 Bonds is exempt from federal income taxes under existing statutes, court decisions and regulations, except that under Section 103(b)(8) of the Internal Revenue Code such exemption shall not apply with respect to the 1981 Bonds for any period during which such Bonds are held by a "substantial user" of the Project or a "related person" (as those terms are defined in Section 103 of the Internal Revenue Code).

Under the laws of the State of South Carolina the 1981 Bonds and income therefrom are presently exempt from all taxation in said State, except for inheritance, estate or transfer taxes. The original issue and subsequent transfer of the 1981 Bonds are presently exempt under existing statutes from all South Carolina documentary stamp and transfer taxes.

It is to be understood that the rights of the parties under the Indenture and the Financing Agreement and of the Lender under the 1981 Bonds and the Indenture and the enforceability of the Financing Agreement, the Indenture and the 1981 Bonds, as the case may be, are subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

As Bond Counsel, we have been retained solely for the purpose of examining the validity and legality of the 1981 Bonds and of rendering certain specific opinions hereinbefore stated and stated in an additional opinion being delivered to you today and for no other purpose. We have not verified the accuracy, completeness or fairness of any representations or information concerning the business or financial condition of the Company in connection with the sale of the 1981 Bonds. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representations and information.

Very truly yours,

APPENDIX C

_____, 1981

Columbia Lumber and Manufacturing Company
Post Office Drawer 2688
Columbia, S.C. 29202

Citizens and Southern National Bank
of South Carolina
Post Office Box 727
Columbia, S.C. 29222

Richland County Council
Post Office Box 192
Columbia, S.C. 29202

Re: \$1,000,000 Industrial Revenue Bonds
(Columbia Lumber and Manufacturing
Company Project) 1981

Gentlemen:

You have requested this opinion pursuant to the Closing Agreement (the "Agreement") entered into among Columbia Lumber and Manufacturing Company, a South Carolina corporation (the "Company"), Richland County, South Carolina (the "County"), and Citizens and Southern National Bank of South Carolina (the "Lender"), dated _____, 1981, relating to the issuance and sale by the County of \$1,000,000 Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) 1981 (the "Bonds").

We have examined the various records relating to the organization of the Company, the records of actions taken by the officers of the Company, and such other documents, certificates, records and instruments as we have deemed necessary for purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Company and its subsidiary, Colwood Company, Inc. have each been duly organized and are validly existing in good standing under the laws of the State of South Carolina, and each is duly qualified to do business in the State of South Carolina in the manner in which their businesses are presently conducted.

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2. The Company has full corporate power and authority to execute and deliver, and to perform its obligations under, the Financing Agreement dated as of November 1, 1981 (the "Financing Agreement") between the Company and the County, and the Agreement and each has been duly authorized, executed and delivered by the Company, and is a valid and legally binding obligation of the Company enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and except that we express no opinion with respect to the enforceability of the covenant to indemnify set forth in Article VIII of the Agreement.

3. The execution and delivery of the Financing Agreement and the Agreement and compliance with the provisions of each will not conflict with or constitute on the part of the Company a breach of or a default under the Company's articles of incorporation or bylaws, or under any indenture, mortgage, deed of trust, commitment, agreement or other instrument, known to us, to which the Company is a party or by which it is bound, or under any existing law, rule, regulation, judgment, order, or decree, known to us, to which the Company is subject.

4. There is no action, suit, proceeding, inquiry or investigation, known to us, at law or in equity, before or by any court, public board or body, pending or, threatened against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the 1981 Bonds, the Indenture dated as of November 1, 1981 (the "Indenture") between the County and the Lender, the Financing Agreement or the Agreement.

5. No additional or further approval, consent or authorization of any Federal, State or local governmental or public agency or authority, not already obtained, is required by the Company in connection with the entering into and performing its obligations under the Financing Agreement or the Agreement.

6. The 1981 Bonds constitute exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, Section 304(a)(4)(B) of the Trust Indenture Act of 1939, as amended and Section 35-1-310 of the Code of Laws of South Carolina, as amended; and in connection with the offering and sale of the 1981 Bonds it is not necessary to register any security under the Securities Act of 1933, as amended or the Uniform Securities Act of South Carolina, as amended; or to qualify any indenture under the Trust Indenture Act of 1939, as amended.

In rendering the foregoing opinion, we have, with your approval, relied as to certain matters on information and representations obtained from public officials, officers or the Company and other sources believed by us to be responsible, and, as to all matters relating to the County, upon the opinion of J.

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Lewis Cromer, County Attorney, being delivered to you today. Finally, we have assumed that the signatures on all documents examined by us were genuine.

Very truly yours,

EXHIBIT

OCT 27 1981

NO. 3

STATE BUDGET & CONTROL BOARD

RICHLAND COUNTY, SOUTH CAROLINA

and

COLUMBIA LUMBER AND MANUFACTURING COMPANY

FINANCING AGREEMENT

Dated as of November 1, 1981

09777

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT, made and entered into as of November 1, 1981, by and between RICHLAND COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, (hereinafter referred to as the "Issuer"), and Columbia Lumber and Manufacturing Company, a corporation organized and existing under the laws of the State of South Carolina (hereinafter referred to as the "Company"),

WITNESSETH:

WHEREAS, the Act (as hereinafter defined) authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry to construct, operate, maintain and improve such a project, to enter into financing agreements with such an industry; to issue revenue bonds, and to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such bonds in the manner authorized in the Act; and

WHEREAS, the Company has requested the Issuer to issue its revenue bonds and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, buildings and equipment, which facilities are deemed necessary, suitable or useful by the Company for the purpose of operating a lumber manufacturing and distribution center (hereinafter referred to as the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action authorized the issuance of its revenue bonds pursuant to the Act and agreed to make the proceeds thereof available to defray the cost of acquiring and constructing the Project to be made available to the Company pursuant to the terms of this Financing Agreement (hereinafter called the "Agreement") under the terms of which the Company is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal, premium, if any, and interest on such revenue bonds as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer in connection with the Indenture (hereinafter defined), this Agreement or the Project.

NOW, THEREFORE, (a) to secure the performance and observance by the Company of all covenants and conditions contained in the Bonds, in any renewal, extension or modification thereof, including the issuance of Additional Bonds, and in this Financing Agreement and in all other instruments securing the

Bonds; and (b) also in order to charge the properties, interests and rights hereinafter described with such payment, performance and observance; and (c) for and in consideration of valuable consideration, the receipt of which is hereby acknowledged, the Company does hereby grant, bargain, sale, alien, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, deliver, setover, warrant and confirm unto the County, its successors and assigns forever all right, title and interest of the Company in and to the following property, real and personal, (said property being herein sometimes referred to as the "Project") to wit:

THE LAND

All of the land located within the jurisdiction of the Issuer described in Exhibit A attached hereto and made a part hereof;

THE IMPROVEMENTS

The items described in Exhibit B hereto, together with all other machinery, equipment, fixtures or personal property (a) the acquisition of which was financed in whole or in part from the proceeds of the Bonds; or (b) which will be installed in the Project in substitution or replacement of machinery, equipment, fixtures or personal property described in the preceding subparagraph; or (c) which will be installed in the Project in substitution or replacement of the substitutions or replacements described in the preceding subparagraph.

ASSIGNMENT OF RENTS

All rents, royalties, issues, profits, revenue, income and other benefits from the Project to be applied against the indebtedness and other sums secured hereby, provided, however, that permission is hereby given to the Company so long as no event of default has occurred hereunder, to collect, receive, take, use and enjoy such rents, royalties, issues, profits, revenue, income and other benefits as they become due and payable, but not in advance thereof; the foregoing assignment shall be fully operative without any further action on the part of any party and specifically the Issuer or its assignee shall be entitled, at its option upon the occurrence of an Event of Default hereunder, to all rents, royalties, issues, profits, revenue, income and other benefits from the Project whether or not the Issuer or its assignee takes possession of the Project; and neither the exercise of any rights under this paragraph nor the application of any such rents, royalties, issues, profits, revenue, income or other benefits to the indebtedness and other sums secured hereby shall cure or waive any Event of Default hereunder or invalidate any act done pursuant hereto, but shall be cumulative of all other rights and remedies.

TO HAVE AND TO HOLD the Project and all parts thereof unto the Issuer, its successors and assigns, to it own proper use and benefit forever, subject, however, to the terms and conditions herein:

PROVIDED, HOWEVER, that if the Company shall promptly pay or cause to be paid all amounts payable under the Bonds, at the times and in the manner stipulated herein, and in all other instruments securing the Bonds, all without any deduction or credit for taxes or other similar charges paid by the Company, and shall keep, perform and observe all of the covenants and promises in the Bonds, and any renewal, extension or modification thereof (including, without limitation, Additional Bonds), and in this Agreement and in all other instruments securing the Bonds, to be kept, performed or observed by the Company, then this mortgage, and all the properties, interests and rights hereby granted, conveyed and assigned shall cease and be void, but shall otherwise remain in full force and effect.

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ARTICLE I
DEFINITIONS

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended to and including the date herof.

"Additional Bonds" shall mean Bonds, other than the 1981 Bond, duly executed and delivered pursuant to the Indenture.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Issuer with respect to the Project, this Agreement and the Indenture, and the compensation and expenses paid to or incurred by the Lender or the Depositary under this Agreement or the Indenture; provided, however, that no such expense shall be considered an Administration Expense until the Issuer, the Lender or the Depositary, as the case may be, has furnished to the Company a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Agreement" shall mean this Financing Agreement dated as of November 1, 1981, between the Issuer and the Company, and any and all modifications, alterations amendments and supplements hereto made in accordance with the provisions hereof and of the Indenture.

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Company by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Company by the person or persons signing this Agreement on behalf of the Company or by such other persons who have the legal authority to bind the Company. Such certificate may designate an alternate or alternates, and may designate different Authorized Company Representatives to act for the Company with respect to different sections of this Agreement. An Authorized Company Representative may be an employee of the Company. Lender or Issuer may require additional certificates, opinions of counsel, indemnities or other instruments to assure either of them to the satisfaction of either of them as to the authority of any Authorized Company Representative to legally bind the Company.

"Bond" or "Bonds" shall mean any or all, as the case may be, of the Richland County, Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project) authorized, executed and delivered by the Issuer and delivered under the Indenture and any notes executed and delivered under the Indenture in lieu of or in substitution therefor.

"Bond Counsel" shall mean legal counsel experienced in matters relating to municipal obligations and the exemption from taxation of the interest thereon.

"Bondholder" or "Holder of the Bonds" or "Holder" shall mean the Registered Owner of any Bond.

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 hereof.

"Construction Fund" shall mean the fund created under Section 4.01 of the Indenture.

"Company Office" shall mean the principal office of the Company at which, at any particular time, its business records shall be principally administered and maintained.

"Company" shall mean Columbia Lumber and Manufacturing Company, a South Carolina corporation, and any surviving, resulting or transferee entity in any merger, consolidation, transfer of assets or incorporation permitted under Section 7.02 of this Agreement.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction or purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) obligations of the Company incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Company for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender, the Issuer and the Depositary, legal, accounting, financial and printing expenses, and all other expenses incurred in connection with the execution and delivery of the Bond; (e) all other costs which the Company shall be required to pay under the terms of any contract or contracts for the acquisition, construction and installation of the Project; (f) any sums required to reimburse the Company for advances made by it for any of the above items, or for any of the work done and costs incurred by the Company, which are properly chargeable to the capital account of the Project for federal income tax purposes or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts; and (g) any amount specified for the payment of interest on Bonds to the Completion Date.

"Depository" shall mean The Citizens and Southern National Bank of South Carolina, a national banking association, organized and existing under the laws of the United States.

"Event of Default" shall mean, with reference to this Agreement, any of the occurrences described in Section 9.01 hereof.

"Indenture" shall mean the Indenture, dated as of the date of this Agreement, between the County and the Lender, as the same may be amended, modified or supplemented in accordance with the provisions thereof.

"Interest Payment Date" shall mean each date specified in the Bonds for the payment of interest thereon.

"IRC" shall mean the Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder by the Department of the Treasury as such code and regulations apply to any particular Bond.

"Issuer" shall mean Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina and its successors and assigns.

"Lender" shall mean The Citizens and Southern National Bank of South Carolina, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns as the Holder of the 1981 Bond.

"Mortgage" shall mean the lien created by this Agreement, or contemplated herein.

"Neutral Costs" shall mean, with respect to any Bond, that amount of the proceeds from the sale of such Bond used for (i) the payment of the reasonable expenses of issuing such Bond including, without limitations, advertising, recording and printing costs; accountants, financial advisor's and counsel fees; rating agency fees, initial fees of the Depository, charges of the Lender and all similar expenses; and (ii) the provision of any reasonably required debt service reserve fund with respect to the Bonds.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel satisfactory to the Lender.

"Outstanding" or "Outstanding under the Indenture" when used with reference to the Bonds shall mean, at any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all such Bonds authorized, executed and delivered under the Indenture, except:

(a) Bonds canceled or surrendered to the Company or the Issuer for cancellation upon payment;

(b) Bonds in substitution for which another Bond or Bonds shall have been executed and delivered pursuant to the Indenture.

In determining whether the Holders of the requisite aggregate principal amount of the Bond Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Agreement, Bonds which are owned by the Issuer or the Company shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"Permitted Encumbrances" shall mean as of any particular time: (i) liens for ad valorem taxes and special assessments not then delinquent; (ii) liens for ad valorem taxes and special assessments which are delinquent but the validity of which is being contested in accordance with Section 5.02 of this Agreement; (iii) the mortgage and lien created by this Agreement or any Supplementary Financing Agreement; (iv) utility, access and other easements and rights of way, flood rights, leases, restrictions and exceptions that an Independent Engineer and the Authorized Company Representative each certify will not interfere with or impair the operations being conducted therein, the operations for which the Project was designed or last modified; (v) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as do not, in the aggregate, in the opinion of counsel satisfactory to the Lender, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Company; (vi) mechanic's and materialman's liens not filed or perfected in the manner prescribed by law in effect on the date of execution hereof and; (vii) any mortgage, lease or security interest with respect to machinery and equipment not constituting part of the Project granted in the ordinary course of business; (viii) such other leases, liens and encumbrances which are subordinate to the lien of the mortgage and lien created by this Agreement or any Supplementary Financing Agreement granted in the ordinary course of business.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision.

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Company Office, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.07 of this Agreement. The Plans and Specifications shall be made available to the Lender and the Issuer for inspection at such times as the Lender or the Issuer may reasonably request.

"Principal Payment Date" shall mean any date on which any payment of the principal of any Bond shall become due, whether at maturity or by prepayment or acceleration.

"Project" shall mean the land and a building or buildings or other improvements thereon described on Exhibit A hereto and all other machinery, apparatus, equipment, office facilities and furnishings to be installed therein more particularly described on Exhibit B hereto and to the Agreement, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications, but not including the Company's own machinery and equipment installed at the Plant under the provisions of Section 8.03 of this Agreement.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, and shall include all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Company or any related person, as such term is employed in IRC Section 103, after June 4, 1981.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register.

"State" shall mean the State of South Carolina.

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplemental to or amendatory of the Indenture as originally executed which is duly entered into in accordance with the provisions of the Indenture.

"1981 Bond" shall mean the Bond in the original principal amount of \$1,000,000 initially issued under the Indenture.

ARTICLE II
REPRESENTATIONS

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

(a) The Issuer is a duly constituted political subdivision of the State and is duly authorized under the laws of the State, including the Act, to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. By proper action the Issuer has duly authorized the execution and delivery of this Agreement, the Indenture and all agreements collateral hereto and thereto.

(b) The South Carolina State Budget and Control Board has duly approved the proposal of the Issuer to issue the 1981 Bond and to finance the Project. No other consent or approval is required by any governmental authority as a condition to the performance by the Issuer of its obligations under this Agreement or the Indenture or to the issuance of the 1981 Bond.

(c) The Issuer is entering into this Agreement and the Indenture, issuing the 1981 Bond and defraying the Cost of the Project for the purpose of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of the State.

(d) The Issuer is not in default under any of the provisions of the laws of the State, where any such default would affect the issuance, validity or enforceability of the 1981 Bond, or the transactions contemplated by this Agreement or the Indenture.

(e) The authorization, execution and delivery of this Agreement and the Indenture, and the compliance by the Issuer with the provisions hereof and thereof, will not conflict with or constitute a breach of, or a default under, any existing law, court or administrative regulation, decree, order or any provision of the Constitution or laws of the State relating to the establishment of the Issuer or its affairs, or any agreement, mortgage, lease or other instrument to which the Issuer is subject or by which it is bound.

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SECTION 2.02. Representations by the Company. The Company makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Company is a corporation duly organized and validly existing under the laws of the State of South Carolina, has power to enter into this Agreement and by proper action has duly authorized the execution and delivery of this Agreement;

(b) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, or the fulfillment of or compliance with the terms and conditions of this Agreement is not prevented or limited by, does not conflict with, does not result in a breach or contravention of, and does not constitute a default under, the Company's articles of incorporation or bylaws or any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Company is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree binding upon it, and will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company prohibited under the terms of any such instrument or agreement;

(c) The issuance of the 1981 Bond by the Issuer and the use by the Company of the proceeds thereof to defray the costs of the acquisition, by construction and purchase, of the Project, as provided by this Agreement, has induced the Company to locate and remain in the County;

(d) Acquisition and construction of the Project was commenced subsequent to May 20, 1981;

(e) The Company intends to operate the Project as a building materials manufacturing and distribution center and use the Project for such other purposes permitted under the Act as the Company deems appropriate.

ARTICLE III

COMMENCEMENT AND COMPLETION OF THE PROJECT BY
THE COMPANY; ISSUANCE OF THE 1981 BOND

SECTION 3.01. Acquisition of Project. Pursuant to the Act, the Issuer authorizes the Company and the Company agrees to acquire, or cause to be acquired by construction and purchase, the Project. The Company agrees to effect such acquisition in accordance with the Plans and Specifications with all reasonable dispatch; and will use its best efforts to cause such acquisition to be completed as soon as may be practicable, delays incident to strikes, riots, acts of God, the public enemy or any delay beyond the reasonable control of the Company only excepted; but if for any reason such acquisition is delayed or the Project shall not be completed there shall be no resulting decrease in liability or postponement of the amounts payable under Section 4.01 hereof by the Company. The Project shall belong to and be the property of the Company.

Anything in this Agreement to the contrary notwithstanding, the Company shall not be obligated to complete the acquisition of the Project upon the prepayment of all amounts to be paid by it under this Agreement with respect to all Outstanding Bonds pursuant to the provisions of Section 10.01 hereof and the making of any such payments in the amounts required by, and in accordance with the terms of, this Agreement. If the Company elects to prepay the Outstanding Bonds pursuant to the provisions of Section 10.01 hereof, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project shall be used to effect such prepayment at the direction of an Authorized Company Representative.

The Company will maintain such records in connection with the acquisition of the Project as to permit ready identification thereof.

SECTION 3.02. Issuance of 1981 Bond. In order to provide funds to defray a portion of the Cost of the Project, the Issuer will issue, execute and deliver the 1981 Bond and deposit the proceeds thereof with the Depositary.

SECTION 3.03. Disbursements from the Construction Fund. So long as no Event of Default has occurred and is continuing the Depositary has been authorized under Section 4.03 of the Indenture to make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depositary of requisitions (upon which both the Depositary and the Issuer shall rely and shall be protected in relying) signed by an Authorized

Company Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) that no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) that the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) that at least 90% of the amount, exclusive of amounts requisitioned for the payment of Neutral Costs, requisitioned from the Construction Fund, including the amount being requisitioned, has been and, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) that the person signing such requisition has no notice of any vendor's, mechanic's or other liens or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which should be satisfied or discharged before such payment is made; (viii) that such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; and (ix) with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof.

SECTION 3.04. Cooperation as to Documents. The Company and the Issuer agree to cooperate in furnishing to the Depositary the documents referred to in Section 3.03 hereof that are required to effect payments out of the Construction Fund and to cause such orders to be directed by the Authorized Company Representative to the Depositary as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.03 hereof. Such obligation is subject to any provision of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

SECTION 3.05. Completion Date. The Completion Date shall be evidenced to the Lender and Depositary by a certificate of an Authorized Company Representative stating that the acquisition, construction and installation of the Project has been

completed substantially in accordance with the Plans and Specifications and that payment of the Cost of the Project or provision therefor has been made except for any Cost of the Project not then due and payable or the liability for payment of which is being contested or disputed by the Company. The Company shall cause such certificate to be furnished to Lender and Depositary as soon as the Project shall have been completed. 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 3.06. Completion of Project; Use of Surplus Funds. If the moneys in the Construction Fund available for payment for the Cost of the Project (including moneys from the proceeds of any Additional Bonds issued pursuant to the terms and provisions of the Indenture to finance the completion of the Project) shall not be sufficient to pay the Cost of the Project in full, the Company will complete the Project, or cause the Project to be completed and pay or cause to be paid all the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The Issuer makes no warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Company shall pay any portion of the Cost of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the Issuer (except from the proceeds of Additional Bonds), the Lender or the Holders of any of the Bonds, nor shall it be entitled to any diminution or postponement of the payments required under Section 4.01 hereof. Upon the completion of the Project, if there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Cost of the Project, such funds shall be applied in prepayment, or in payment (if any payment then be due and payable) of the Bonds.

SECTION 3.07. Revision of Plans and Specifications. The Corporation may revise the Plans and Specifications at any time and from time to time prior to the Completion Date provided that in the case of any change that would render materially inaccurate the description of the Project contained in Exhibits A and B hereto, there shall first be delivered to the Depositary, the Lender and the Issuer (i) revised Exhibits A and B containing a description of the Project as revised by the revision in the Plans and Specifications, the accuracy of which shall have been certified by an Authorized Company Representative, (ii) an Opinion of Counsel who shall be Bond Counsel that the Project described in the revised Exhibits A and B is such that the expenditure of substantially all of the proceeds of the Bonds

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for the Cost of the Project described therein would not impair the exemption of interest on Outstanding Bonds from Federal income taxation; and (iii) an Opinion of Counsel that all approvals required by law, including the Act, necessary in connection with the Project described in the revised Exhibits A and B have been obtained and remain in full force and effect.

SECTION 3.08. Investment of Moneys in the Construction Fund. Any moneys held as part of the Construction Fund and not required for immediate disbursement and withdrawal may be invested or reinvested by the Depositary as provided in Section 4.07 of the Indenture.

SECTION 3.09. Additional Bonds. Upon written request from the Company and the Lender to the Issuer to issue Additional Bonds to (i) defray the cost of completion of the Project, (ii) defray the cost of enlargements, improvements or expansions of the Project, or (iii) refund all or any part of the Bonds, the Issuer shall use its best efforts to issue such Bonds for such purposes; provided, however, that the failure of the Issuer to issue Additional Bonds shall not release the Company from any of the provisions of this Agreement, regardless of the reason for such failure.

SECTION 3.10. Amendment of Agreement upon Issuance of Additional Bonds. The Company agrees that in the event the Issuer shall, at the request of the Corporation: (i) issue one or more Additional Bonds under the Indenture for the purpose of (A) completing the payment of the Cost of the Project or (B) enlarging, improving or expanding the Project, or (ii) issue one or more Additional Bonds pursuant to the Indenture for the purpose of refunding any Bonds, the Company will, if necessary, enter into an amendment to this Agreement containing such provisions as shall be required in respect of the issuance of such Additional Bonds including without limitation the provisions required pursuant to Section 3.03 of the Indenture. The amount of the payments required to be made by the Company pursuant to Section 4.01 hereof shall be adjusted or increased, if necessary, by the amount required to pay in full as and when due the principal, premium, if any, and interest payable on each Additional Bond.

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ARTICLE IV

PAYMENTS BY COMPANY TO ISSUER

SECTION 4.01. Payments to be made by Company. In consideration of the application of the proceeds of the sale of each Bond to defray the Cost of the Project or for the purposes specified in Section 3.06 hereof, the Company absolutely and unconditionally obligates itself to pay to or to the order of the Issuer at the time and places required the amounts required to pay when due the principal, premium, if any, and interest on all the Bonds Outstanding together with the Administration Expenses and any other amounts required to be paid under the terms hereof or by the Issuer under the Indenture. Without limiting the generality of the foregoing, the Company agrees to pay to, or to the order of, the Issuer in immediately available funds, as payment of such amounts a sum equal to the aggregate principal amount of each Bond issued under the Indenture, together with interest on the unpaid balances on each Bond, and any premium thereon, in the amounts and on the dates as follows:

(a) On or before the last business day before each Interest Payment Date with respect to each Bond, the sum which will equal the interest to be paid on such Bond on such Interest Payment Date; and

(b) On or before the last business day before each Principal Payment Date, the sum which will equal the sum of (i) the principal of each Bond which will become due and payable on such Principal Payment Date, and (ii) any applicable prepayment premium which will become due and payable on such Principal Payment Date.

In addition to the options and obligations of the Company under Article X hereof to prepay the entire unpaid balance payable under this Section 4.01, the Company shall have the option to make from time to time prepayments in part of any installment due as aforesaid on account of such payments, together with interest accrued to the date of such payment and to accrue, and premium, if any, to be paid on the Bonds if such prepayment is to be used for the prepayment of such Bonds. The Lender shall apply such prepayments in such manner consistent with the provisions of the Indenture as may be directed by an Authorized Company Representative.

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The Company agrees to pay to the Issuer, the Lender and the Depositary the amount of Administration Expenses not theretofore provided for which have then accrued and become payable.

In the event the Company should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon (to the extent permitted by law) at the rate per annum, which is equal to the highest rate per annum borne by any of the Bonds, until paid.

SECTION 4.02. Assignment and Pledge by the Issuer to the Lender. It is understood and agreed that this Agreement and all revenues and receipts derived by the Issuer pursuant to this Agreement (except payment of Administration Expenses payable to the Issuer pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement) and the moneys held in the funds and accounts established under the indenture, including the investment income thereon, are to be pledged and assigned by the Issuer to the Lender pursuant to the Indenture. The Company assents to such pledge and assignment and agrees that its obligation to make payments required hereunder to the Lender shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Issuer of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer. The Issuer directs the Company, and the Company agrees, to pay to the Lender, as holder of the 1981 Bond at the address of the Lender as it last appears on the Bond Register, all payments payable by the Company to the Issuer pursuant to this Agreement by reason of the issuance of the 1981 Bond (except payment of Administration Expenses payable to the Issuer pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement).

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ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

SECTION 5.01. Maintenance and Modification of Project by Company. The Company will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair, replacement or renewal of which becomes uneconomic to the Company because of damage or destruction by a cause not within the control of the Company or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Project, or if the Company prepays all amounts due under the provisions of Section 10.01 hereof.

The Company will maintain management capable of conducting the affairs of its business effectively and consistently with past management capabilities.

Subsequent to the Completion Date, the Company shall, subject to the provisions of Section 6.03, have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitution, modifications and improvements shall be paid by the Company, and the same shall be the property of the Company and except as provided in Section 8.03 hereof be included under the terms of this Agreement as part of the Project.

The Company covenants that so long as any Bond is Outstanding the Project will be maintained and operated as a "project" within the meaning of the Act. The Company will also pay or cause to be paid, in addition to all other payments required under this Agreement, the expenses of operation of the Project.

SECTION 5.02. Taxes, other Governmental Charges and Utility Charges. The Company will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any Federal, state or any municipal government upon the Issuer or the Company with respect to or upon the Project or any part thereof or upon any payments hereunder or with respect to or upon any funds held under the Indenture when the same shall become due;

(b) duly observe and comply with all valid requirements of any governmental authority relative to the Project; (c) not create or suffer to be created any lien or charge upon the payments to be made by the Company pursuant to Section 4.01 of this Agreement other than as provided in Section 4.02 hereof to the Lender. If the Company shall contest any such tax, assessment, lien or charge, such action by the Company shall not be considered as a breach by it of any of its covenants under this Agreement; provided, however, that in such case an amount sufficient to pay such tax or assessment or discharge such lien or charge shall be deposited by the Company in escrow or the Company shall make other arrangements satisfactory to the Issuer and the Lender to secure such payments.

SECTION 5.03. Insurance. (a) The Tenant shall at its expense continuously maintain or cause to be maintained insurance with specific reference to the Project under valid and enforceable policies with insurers of recognized responsibility insuring against such risks as are customarily insured against by businesses of like size and character, paying as and when the same become due all premiums with respect thereto, including but not necessarily limited to:

(i) Title Insurance: Mortgagee title insurance on all real property included in the Project issued by a company approved by the Lender insuring the priority of the lien of the Mortgage as a first mortgage lien upon the Project, subject to no encumbrances other than Permitted Encumbrances (provided, however, that the title policy may not be subject to the encumbrances which may exist at the date of the closing described in subparagraph (vi) of the definition of Permitted Encumbrances), in an amount not less than \$_____. The net proceeds of such insurance shall be used, at the direction of the Company: (i) to remedy any title defect, resulting in the payment thereof and, to the extent not required to remedy such defect, to effect the prepayment of installments of principal on the Bonds in accordance with the terms of this Agreement and the Indenture or (ii) to effect the prepayment of installments of principal on the Bonds in accordance with the terms of this Agreement and the Indenture.

(ii) Fire and Extended Coverage. Policies of insurance against loss or damage to the Project by fire, with standard extended coverage endorsement covering loss or damage, by lightning, windstorm, explosion, aircraft, smoke damage, vehicle damage, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered under such endorsement with deductible provisions not exceeding \$10,000. Such policy shall contain an agreed value endorsement (which value shall be not less than the principal amount of the Bonds Outstanding in any year) or a co-insurance provision not greater than 80%. During the construction of any improvements constituting a part of the

Project, the Company shall keep, or cause the contractor doing the construction to keep, any improvements constituting a part of the Project insured under "builders risk" insurance (or similar insurance) in such amount as is required in this paragraph.

(iii) Public Liability. General comprehensive public liability insurance against liability for bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project and the adjoining sidewalks and passageways, or in any way related to the operations of the Project, in the minimum amounts of \$1,000,000 for death of or bodily injury to any one person, \$5,000,000 for aggregate death and bodily injury claims resulting from any one occurrence, and \$1,000,000 for property damage.

(iv) Business Interruption. Standard business interruption insurance insuring against loss of not less than \$_____ of revenues per year.

(b) All policies of insurance required pursuant to this Section may be in the form of blanket policies of insurance. So long as any of the Bonds remain Outstanding, policies of insurance required by paragraph (a) (ii) of this Section shall contain standard mortgagee clauses requiring that all net proceeds of insurance in excess of \$10,000 resulting from any claim for loss or damage covered thereby be paid to the Lender. The net proceeds of all policies required by paragraph (a) (ii) of this Section shall be applied as provided in Section 6.01 hereof. The net proceeds of all policies required by paragraph (a) (iii) of this Section shall be applied toward extinguishment of satisfaction of the liability with respect to which such insurance proceeds may be paid. All such policies shall, to the extent obtainable, provide that any loss shall be payable notwithstanding any act of negligence of the Company which might otherwise result in forfeiture of said insurance.

The policies of insurance required by this Section shall contain an undertaking by the respective insurers, to the extent obtainable, that such policies shall not be modified adversely to the interests of the Issuer or the Lender or cancelled without at least 10 days' prior written notice to the Issuer and the Lender.

The Company covenants to furnish to the Issuer or Lender, promptly upon request, certificates from the insurers evidencing the existence of all insurance policies required by Section; and prior to the expiration of any such policy the Company shall furnish the Issuer or Lender with evidence satisfactory to them, that the policy has been renewed or replaced or is no longer required by this Agreement.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 6.01 Damage and Destruction. If at any time Bonds are Outstanding, all or any part of the Project shall be destroyed or damaged, the Company, at its sole cost and expense (whether or not the insurance proceeds hereinafter mentioned are sufficient for this purpose), shall (unless the Company determines that the rebuilding, restoration, replacement or repair of the Project is not practicable or desirable and the Company exercises its option to prepay the Bonds pursuant to Section 10.01 hereof), promptly and diligently rebuild, restore, replace and repair the same in such manner as to restore the Project to either the value thereof immediately prior to such damage or destruction or to such extent as is necessary to resume use of the Project as it was being used immediately prior thereto. The Company shall apply the net proceeds of insurance carried pursuant to Section 5.03 (a)(ii) hereof received as a result of such damage or destruction of the Project either to the required rebuilding, restoration, replacement or repair of the Project, or, if the Company exercises its option to prepay the Bonds pursuant to Section 10.01 hereof, to the prepayment of the Bonds. In the event the insurance proceeds available therefor are not sufficient to pay the costs of rebuilding, replacing, restoring or repairing the Project and the excess costs thereof are paid by the Company, the Company shall not be entitled to any reimbursement of such excess costs from the Issuer or the Lender or any abatement, postponement or diminution of the amounts payable under Article IV hereof. If the estimated cost of rebuilding, replacing, restoring or repairing the Project after any particular incident shall exceed \$10,000, the Company shall promptly notify the Issuer and the Lender of the occurrence of such incident and the completion of the required rebuilding, replacement, restoration or repair.

The net proceeds of insurance carried pursuant to Section 5.03(a)(ii) hereof received by the Lender shall be available to the Company to pay the cost of the required rebuilding, restoration, replacement or repair of the Project or, if the Company exercises its option to prepay the bonds pursuant to Section 10.01 hereof, to prepay the bonds. Upon the Company's compliance with the provisions of the Indenture including without limitation Section 4.03 thereof, and the receipt by the Lender of the certificates, instruments and opinions referred to in the aforesaid Section 4.03, the Company shall be paid from the insurance proceeds received and held by the Lender on account of such damage or destruction, the cost of the repairs, rebuilding or restoration, as certified to the Lender in accordance with Section 4.03 of the Indenture, up to the full amount of such insurance proceeds and the balance, if any, of such insurance proceeds shall be applied to the prepayment of the Bonds as

provided in the Indenture. Any balance of such insurance proceeds exceeding the amount necessary to prepay all the Bonds then Outstanding, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

SECTION 6.02. Condemnation. If at any time Bonds are Outstanding, title to, or the temporary use of all or part of the Project shall be taken by the exercise of the power of eminent domain or condemnation by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall notify the Issuer and the Lender as to the nature and extent of such loss. The Issuer and the Company shall, subject to all the terms of this Agreement, be entitled to, and shall receive, the entire award for the taking as their interests may appear. So long as any of the Bonds remain Outstanding, the Issuer and the Company hereby irrevocably assign all their right title and interest in and to such award or awards to the Lender under the Indenture, and the Issuer and the Company shall immediately pay the same to the Lender, and any such award or awards shall be held and disbursed as provided in the Indenture.

If after such taking, the Company does not exercise an option to prepay the Bonds under Section 10.01 hereof, this Agreement shall nevertheless continue in full force and effect without abatement (except such credit against as is expressly provided pursuant to Section 4.01 hereof as a result of the prepayment of all or a portion of the Bonds). If such taking shall have caused damage to, or necessitated restoration or rebuilding of any of the Project, unless the Tenant exercises its option to prepay the Bonds pursuant to Section 10.01 hereof, the Company, at its sole cost and expense, shall promptly and diligently restore and rebuild the Project to such condition as shall be reasonable in view of the nature of the taking and the then intended use of the Project by the Company, whether or not the award is sufficient for this purpose.

The award held by the Lender as a result of such taking shall be available to the Company to pay the cost of the required restoration or rebuilding of the Project or, if the Company exercises its option to prepay the Bonds pursuant to Section 10.01 hereof, to pay the prepayment price thereof. Upon the Company's compliance with the provisions of the Indenture, including without limitation Section 4.03 thereof, and the receipt by the Lender of the certificates, instruments and opinions referred to in the aforesaid Section 4.03, shall be paid from the award received and held by the Lender on account of such taking, the cost of the repairs or restoration as certified to the Lender in accordance with Section 4.03 of the Indenture, up to the full amount of such award and the balance, if any, of such award shall be applied to the prepayment of the Bonds as provided in the Indenture. Any balance of such award exceeding the amount

necessary to prepay all the Bonds then Outstanding, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company.

The Issuer shall cooperate fully with the Company 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 Company to litigate in any such proceeding in the name and behalf of the Issuer. In no event will the Issuer voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project without the consent of the Company.

The Company shall be solely entitled to receive and hold any condemnation award or portion thereof or proceeds thereof, made, given or received for damages to or takings of its own property, including but not limited to such buildings, improvements, machinery, equipments and fixtures which do not constitute part of the Project, or for damages on account of the taking of or interference with the Company's right to possession or occupancy of the Project.

In any case, any balance of the net award exceeding the amount necessary to prepay all of the Bonds then Outstanding, together with the premium, if any, and interest due and to become due thereon and to pay all other amounts due hereunder shall be paid to the Company by the Lender in accordance with the provisions of the Indenture.

ARTICLE VII
SPECIAL COVENANTS

SECTION 7.01. No Warranty of Design, Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Company's purposes or needs.

SECTION 7.02. Maintenance of Existence. The Company agrees that so long as any Bond is Outstanding it will maintain its existence, and will not dissolve or sell, lease, convey or otherwise dispose of any of its property or assets, except in the ordinary course of business, and will not redeem or retire any shares of its own stock or that of any subsidiary, all except as expressly provided herein. The Company may merge into another entity if the Company is the surviving Person in the case of a merger or consolidation, and the merger or consolidation is with one of its domestic subsidiaries.

SECTION 7.03. Covenants with Respect to Tax Exemption. The Company represents, warrants and covenants to the Issuer, for the benefit of any Person who shall at any time be or become a Holder of any Bond issued under the Indenture, the interest on which is excludable from the gross incomes of such Holders when such Bonds were issued (except such Holders as are "substantial users" of the Project or related thereto under IRC Section 103) that it has taken no action and will take no action or fail to take any required action the consequence of which would be to forego, jeopardize or terminate such exemption of interest.

Without limiting the generality of the foregoing, the Company covenants that it will not make, or give its consent for the Depository to make any use of the proceeds of any of the Bonds or of any moneys which may be deemed to be the proceeds of the Bonds pursuant to section 103(c) of the IRC and the applicable regulations thereunder, which, if such use had been reasonably expected on the date of issuance of the Bonds, would have caused any of the Bonds to be an "arbitrage bond" within the meaning of said section 103(c) of the IRC and said regulations, as in effect at the time of such use and applicable to obligations issued on the date of issuance of the Bonds.

SECTION 7.04. Indemnification. The Company releases Issuer including the members of the governing body, employees, officers and agents of the Issuer (herein collectively referred to as the "Indemnified Parties") from, agrees that Indemnified Parties shall not be liable for, and agrees to hold Indemnified Parties harmless against, any loss or damage to property, or any injury to or death of any person, that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof except for that occasioned by acts of an Indemnified Party which

are unrelated to the utilization of the Project and except for any wanton or willful misconduct of an Indemnified Party; provided, that the indemnity in this sentence shall be effective only to the extent of any loss that may be sustained by an Indemnified Party in excess of the net proceeds, if any, received by an Indemnified Party from any insurance carried by the Company with respect to the loss sustained. The Company further agrees to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities, expenses and claims arising from any breach or default on the part of the Company in the performance of any covenant or agreement on the part of the Company to be performed pursuant to the terms of this Agreement or arising from any act or negligence of or failure to act by the Company, or any of its agents, contractors, servants, employees, or licensees, or arising from any accident, injury or damage whatsoever caused to any Person occurring during the term of this Agreement, in or about the Project, and from and against all cost, liability and expenses incurred in or in connection with any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against an Indemnified Party by reason of any such claim, the Company upon notice from such Indemnified Party covenants to resist or defend such action or proceedings at the Company's expense.

SECTION 7.05. Company Information. Within 90 days after the close of its fiscal year, the Company shall furnish the Lender with copies of its audited consolidated financial statements for the preceding fiscal year. Within 30 days after the close of the six-month period ending June 30 in each year, the Company shall furnish the Lender with copies of its unaudited consolidated interim financial statements for such period, accompanied with a certificate executed by an officer of the borrower that such statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. Concurrently with the delivery of each such annual and semi-annual statement, there shall also be delivered a certificate, executed by the certified public accountants with respect to the annual financial statements and by an officer of the Company with respect to the semi-annual financial statements, to the effect that the covenants contained in Sections 7.13 and 7.14 of this Agreement have been complied with as of the end of such period. The Company shall also furnish such information with respect to it or the Project as may reasonably be requested by the Issuer or the Lender.

The Company shall notify the Lender promptly upon the occurrence of any Event of Default hereunder or under any other agreement or contract to which it is a party or by which it is bound.

SECTION 7.06. Applications and Licenses. In the event it may be necessary, for the proper performance of this Agreement, on the part of the Issuer or the Company, that any application or applications for any permit or license to do or to

perform certain things be made to any governmental or other agency by the Company or the Issuer, the Company and the Issuer each agree to execute upon the request of the other such application or applications.

SECTION 7.07. Recording, Filing and Registering. The Company covenants that it will take all action required to effect the recording, filing and registering required under the provisions of Section 6.09 of the Indenture.

SECTION 7.08. Inspection of Project. The Company agrees that the Issuer, the Lender and their authorized agents shall have the right at all reasonable times to enter upon and examine and inspect the Project to determine whether the Project continues to constitute a Project under the Act. The Issuer, the Lender and their authorized agents shall also be permitted, at all reasonable times, to examine the Plans and Specifications and the other books and records of the Company with respect to the Project. The aforesaid rights of examination and inspection shall be exercised only upon such reasonable and necessary terms and conditions as the Company shall prescribe which conditions shall be deemed to include, but not limited to, those necessary to protect the Company's trade secrets and proprietary rights.

SECTION 7.09. Qualification in State. The Company warrants that it is duly qualified to do business in the State and covenants that it will continue to be so qualified so long as any of the Bonds remain Outstanding under the Indenture. The Company agrees that it will always be subject to service of process in the State and, during such time as there is no agent for service of process listed in the office of the Secretary of State, the Company hereby designates and appoints the Secretary of State of the State, as its agent for service of process in the State. The aforesaid agents shall serve as the respective agents of the Company upon whom may be served all process, pleadings, notices or other papers which may be served upon the Company as a result of any of its obligations under this Agreement. The Company hereby waives any and all objections to the placing of venue in any court in the State of South Carolina in any action or proceeding involving this Agreement or the Bonds.

SECTION 7.10. No Liability of Issuer's Personnel. All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member of the governing body of the Issuer or any officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the Issuer herein contained or for any claims based thereon against any member of the governing body of the Issuer or any officer, agent, servants or employee of the Issuer.

SECTION 7.11. Liens. Subject to Section 7.12 hereof, the Company will not create or permit to be created or to remain, and will discharge, any lien, encumbrance or charge (other than Permitted Encumbrances) upon the Project, any part thereof, or any other property owned by the Company on the date the Bonds are executed and delivered.

SECTION 7.12. Permitted Contests. The Company shall not be required to pay, discharge or remove any tax, lien, or assessment, or any mechanic's, laborer's or materialman's lien or encumbrance, or any other imposition or charge against the Project or any part thereof, or comply with any law, ordinance, order, rule, regulation or requirement, so long as the Company shall, after prior written notice to the Issuer and the Lender, at the Company's expense, contest the same or the validity thereof in good faith, by action or inaction which shall operate to prevent the collection of the tax, lien, assessment, encumbrance, imposition or charge so contested, or the enforcement of such law, ordinance, order, rule, regulation or requirement, as the case may be, and the sale of said Project or any part thereof to satisfy the same or to enforce such compliance. Such contest may be made by the Company in the name of the Issuer or, of the Company, or both, as the Company shall determine, and the Issuer agrees that it will, at Company's expense, cooperate with the Company in any such contest to such extent as the Company may reasonably request. It is understood, however, that the Issuer shall not be subject to any liability for the payments of any costs or expenses in connection with any such proceeding brought by the Company, and the Company covenants to pay, and indemnify and save harmless the Issuer from any such costs or expenses. Pending any such proceeding the Issuer shall not have the right to pay, remove or cause to be discharged any such tax, lien, assessment, encumbrance, imposition or charge, thereby being contested, provided that the Company shall have given reasonable security as may be demanded by the Issuer or the Lender, or both to insure such payment and prevent any sale or forfeiture of the Project or any part thereof by reason of such nonpayment or noncompliance, and provided further that the Issuer would not be in substantial danger of civil or any danger of criminal liability by reason of such nonpayment or noncompliance.

SECTION 7.13. Affirmative Financial Covenants. The Company shall at all times during the term of this Agreement maintain:

(a) current assets in excess of current liabilities of not less than \$1,500,000;

(b) consolidated tangible net worth of not less than \$2,500,000 ("consolidated tangible net worth" shall mean the sum of shareholders equity plus all indebtedness subordinated to the indebtedness created by this Agreement by subordination agreements in form and substance satisfactory to the Lender less all intangible assets; and

(c) current assets of not less than 2.5 times current liabilities;

in all cases, as such terms are used under generally accepted accounting principles as applied to the Company's consolidated financial statements.

SECTION 7.14. Negative Financial Covenants. The Company shall not, and shall not permit any subsidiary to, at any time during the term of this Agreement:

(a) Become liable, directly or indirectly, contingently or otherwise, for any obligation of any person, firm or corporation, by guarantee, endorsement, or otherwise except as follows: (i) in the ordinary course of business; (ii) for the debt created by this Agreement; (iii) for current liabilities incurred for seasonal purposes not exceeding \$1,500,000, provided that the Company and its subsidiaries be free of all such debt for a period of 30 consecutive days during each period of 12 consecutive calendar months; and (iv) for financial obligations owed in connection with leased property not exceeding in the aggregate \$200,000, excluding obligations to pay operating costs, taxes, licenses, repairs or maintenance.

(b) Make loans or advances to any Person except: (i) loans to its subsidiaries not exceeding \$500,000 in the aggregate outstanding; (ii) loans or advances to employees not exceeding \$50,000 in the aggregate outstanding; and (iii) deposits required by government agencies or public utilities.

(c) Make additional investment for cumulative amounts in excess of 10% of the consolidated stockholders equity of the Company at the end of the preceding fiscal year.

(d) Expend for property, buildings and equipment in any fiscal year an amount in excess of the amount charged to operations during the preceding fiscal year or depreciation.

(e) Declare or pay cash dividends in any fiscal year except from consolidated net income after providing for debt service, except that any whollyowned subsidiary may pay dividends to the Company, provided that after giving pro forma effect to the payment of any such dividend, the Company will be in full compliance with all the terms of this Agreement.

(f) Increase the aggregate compensation of its officers who are directors in any fiscal year above the compensation paid in the preceding year plus 10%, excluding any incentive compensation plan in effect as of the date the Bonds are executed.

ARTICLE VIII

ASSIGNMENT, LEASING AND SELLING

SECTION 8.01. Assignment, Leasing and Selling of Project. So long as any Bond is Outstanding, the Company will not sell, lease or otherwise dispose of or encumber its interest in the Project except as provided in this Section 8.01. Subject to the requirements of Section 5.01 of this Agreement, the Company may from time to time sell or otherwise dispose of any item constituting part of the Project. This Agreement may be assigned in whole or in part, and the Company's interest in the Project may be sold or leased as a whole or in part, by the Company without the necessity of obtaining the consent of the Issuer or the Lender, subject, however, to the following conditions:

(a) No sale, assignment or leasing shall relieve the Company from primary liability for any of its obligations hereunder, and in the event of any such sale, assignment or leasing the Company shall continue to remain primarily liable for the payments of all amounts specified in Section 4.01 hereof and for performance and observance of the other agreements on its part herein provided; and

(b) The Company shall, within 15 days after the delivery thereof, furnish or cause to be furnished to the Issuer and the Lender a true and complete copy of each such sale agreement, assignment or lease, as the case may be.

SECTION 8.02. Limitations on Issuer. Except as provided in Section 4.02 hereof, the Issuer will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement or the receipts and revenues derived by the Issuer from the Company pursuant to this Agreement.

SECTION 8.03. Other Property of Company. The Company may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other items of personal property or fixtures on the Project. All machinery, equipment and personal property or fixtures so installed by the Company shall remain the sole property of the Company in which neither the Issuer nor the Lender shall have any interest, and may be modified or removed by the Company at any time.

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ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01. Events of Default Defined. An "Event of Default" or a "Default" shall mean, whenever such terms are used in this Agreement, any one or more of the following events, the occurrence of any one of which, without presentation, demand, protest, or notice of any kind (except as expressly provided), shall give rise to the remedies described in this Agreement:

(a) Failure by the Company to make any payment in respect of principal on the Bonds when due;

(b) Failure by the Company to make any payment in respect of interest on the Bonds or any other payment of money required under this Agreement within ten days after such payment shall be due;

(c) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) and (b) of this Section 9.01, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Company by the Issuer or the Lender by certified mail, unless the Issuer and the Lender shall agree in writing to an extension of such time prior to its expiration;

(d) The event that any representation or warranty of the Company contained in this Agreement or in any other document delivered in connection with the transactions contemplated herein shall have become false or erroneous;

(e) The commencement by the Company of any case, proceeding or other action relating to it in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the application by the Company for a receiver, custodian or trustee of it or for all or a substantial part of its property; or the making by the Company of an assignment for the benefit of creditors; or the inability by the Company or the admission in writing of its inability to pay its debts as they become due; or a general suspension of business by the Company; or the existence of a judgment in the amount of \$5,000 or more which is not promptly paid or promptly appealed and secured pending appeal; or any insolvency of the Company, however evidenced; or a default by the Company in payment of any other indebtedness, or acceleration in

time of payment of any other indebtedness; or the taking of any action by the Company indicating its consent to approve of or acquiescence in, or in the furtherance of, any of the foregoing.

(f) The commencement against the Company of any case, proceeding or other action in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the appointment of a receiver, custodian or trustee of the Company or for all or a substantial part of its property or the issuance of a warrant of attachment, execution or restraint, or similar process against any substantial part of the property of the Company.

(g) The Lender in good faith considers the prospects of payment on the Bonds to be impaired.

SECTION 9.02. Remedies. Whenever any Event of Default referred to in Section 9.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken:

(a) The Issuer or the Lender as provided in the Indenture may, at its option, declare all unpaid amounts payable under Section 4.01 hereof to be immediately due and payable.

(b) The Issuer, or the Lender, may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement or any other document delivered in connection with these transactions.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture.

SECTION 9.03. Mandatory Waiver of Default. Notwithstanding the provisions of Section 9.06 hereof limiting the authority of the Issuer to waive a Default hereunder, if, after the maturity of the Outstanding Bonds shall have been accelerated by the Lender upon occurrence of an event of default under the Indenture (i) all arrears of interest in the Outstanding Bonds and interest on overdue installments of principal, premium, if any, and (to the extent permitted by law) interest, at a rate per annum which is equal to the highest rate per annum borne by any of the Bonds, and the principal, premium, if any, on all Bonds

then Outstanding which have become due and payable otherwise than by acceleration, and all other sums payable under the Indenture, except the principal and interest on such Bonds which by such acceleration shall have become due and payable, shall have been paid, (ii) all other things shall have been performed in respect of which there was a Default, (iii) there shall have been paid the reasonable fees and expenses, including Administration Expenses, of the Lender and of the Holders of such Bonds, including reasonable attorney's fees paid or incurred; and (iv) such event of default under the Indenture shall have been waived by the Lender with the consequence that such acceleration is rescinded, then the Company's Default hereunder shall be waived without further action by the Lender or the Issuer.

SECTION 9.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Lender 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 Issuer or the Lender 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.

SECTION 9.05. Attorney's Fees and Expenses. In the event under any of the provisions of this agreement the Issuer or the Lender should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to the Issuer or the Lender the reasonable fees of such attorneys and such other expenses so incurred.

SECTION 9.06. Nonwaiver. 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. In view of the assignment of the rights of the Issuer under and its interest in this Agreement to the Lender by the provisions of the Indenture, the Issuer shall have no power to waive any default hereunder by the Company without the consent of the Lender to such waiver.

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ARTICLE X
PREPAYMENTS

SECTION 10.01. Optional Prepayment. The Company shall have, and is hereby granted, the option to prepay, at any time, in whole or in part, the amounts payable under Section 4.01 hereof with respect to one or more Bonds.

In the event the Company exercises the option granted pursuant to this Section, the Company shall pay a sum sufficient, together with other funds held by the Lender and available for such purpose (i) to prepay at the earliest practicable date the Bonds to be prepaid at a prepayment price equal to the principal amount thereof, (ii) to pay the interest which will become due on such Bonds to the date or dates fixed for prepayment and (iii) to pay all Administration Expenses relating to such Bonds accrued and to accrue through the date or dates fixed for prepayment.

SECTION 10.02. Notice of Exercise of Option. If prepayment of amounts payable under Section 4.01 hereof is made pursuant to Section 10.01 hereof, the Company shall give the Issuer and the Lender written notice of the date of such prepayment, which date shall not be less than three days from the date the notice is mailed.

SECTION 10.03. Mandatory Prepayment. Upon notice being received by the Company that a Determination of Taxability (as defined in the Indenture) has occurred, the Company shall make all payments necessary to redeem the Bonds in the manner provided in the Indenture.

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ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination. This Agreement shall terminate upon (i) payment in full of the Bonds (including interest and premium, if any, thereon); (ii) payment or satisfaction of all other obligations incurred by the Issuer or the Company under this Agreement, including (without limitation) interest, premiums and other charges, if any, thereon; and (iii) the payment of all Administration Expenses due and to become due.

SECTION 11.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

(a) if to the Issuer,

Richland County Council
Post Office Box 4069
Columbia, South Carolina 29226
Attention: County Attorney;

(b) if to the Company,

Columbia Lumber and Manufacturing Company
Post Office Drawer 1418
Columbia, South Carolina 29202
Attention: William E. Otis, Jr.

copy to,

John W. Foster
Boyd, Knowlton, Tate & Finlay
1200 SCN Center
Columbia, South Carolina 29201

(c) if to the Lender,

The Citizens and Southern National Bank of
South Carolina
Post Office Box 727
Columbia, South Carolina 29222
Attention: Henry Dorn

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

SECTION 11.03. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and their respective successors and assigns, subject, however, to the limitations contained in Sections 7.02, 8.01 and 8.02 hereof.

SECTION 11.04. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court for any reasons, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as to most closely legitimately effectuate its intent. In case any agreement or obligation contained in this Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Company, as the case may be, to the full extent permitted by law.

SECTION 11.05. Amendments. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Issuer and the Company and consented to in writing by the Lender.

SECTION 11.06. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.07. Limited Obligation of the Issuer. Anything herein to the contrary notwithstanding: (a) any obligation the Issuer may incur hereunder including for the payment of money, shall not be deemed to constitute a debt or general obligation of the Issuer but shall be payable solely and exclusively from the proceeds of the Bonds available therefor and other available moneys derived by the Issuer pursuant to this Agreement; (b) the Issuer may require as a condition to the participation by it with the Company in obtaining any license or permit or other legal approvals a deposit by the Company of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in excess of such costs to be returned to the Company; and (c) the liability of the Issuer for any breach of any of the representations or warranties by it or any covenant or agreement set forth herein shall be limited solely and exclusively to the proceeds of the Bonds available therefor and other available moneys derived by the Issuer pursuant to this Agreement.

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CLMC FA JWF 10/26/81

SECTION 11.08. State Law to Govern. The laws of the State shall govern the construction of this Agreement.

SECTION 11.09. Rights of Lender. The agreements or obligations made herein by the Company to or for the benefit of the Lender are intended by the Company to be specifically enforceable by the Lender and the Company acknowledges that the acquisition of the 1981 Bond by the Lender is consideration for any such agreements or obligations.

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IN WITNESS WHEREOF, Richland County, South Carolina, has executed this Financing Agreement by causing its name to be hereunto subscribed by the Chairman of the County Council and the official seal of said County Council to be impressed hereon and attested by the Clerk of its County Council and Columbia Lumber and Manufacturing Company has executed this Financing Agreement by causing its name to be hereunto subscribed by its _____ and, _____, all as of the date first above written.

Richland County, South Carolina

By: _____
Chairman, County Council of
Richland County, South Carolina

SEAL

ATTEST:

Clerk, Richland County Council
South Carolina

In the presence of:

Columbia Lumber and Manufacturing
Company

By: _____
Its: _____

By: _____
Its: _____

SEAL

In the presence of:

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CLMC FA JWF 10/26/81

EXHIBIT B

CLMC FA JWF 10/26/81

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

Before me, the undersigned notary public personally appeared _____
_____, who being duly sworn, deposed and said that _he
saw Columbia Lumber and Manufacturing Company by _____ its
_____ and by _____ its
_____ sign, seal and deliver the foregoing Financing
Agreement and that _he together with _____
witnessed the execution thereof.

SWORN TO and subscribed before
me this _____ day of _____
_____, 1981.

(SEAL)
Notary Public for South Carolina
My commission expires _____

* CLMC FA JWF 10/26/81

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PROBATE

Before me, the undersigned notary public personally appeared _____
_____, who being duly sworn, deposed and said that _he
saw _____ by Jimmy C. Bales, the Chairman of its
County Council and by Brenda Ward, the Clerk of its County Council, sign, seal
and deliver the foregoing Financing Agreement and that _he together with
_____ witnessed the execution thereof.

SWORN TO and subscribed before
me this _____ day of _____
_____, 1981.

(SEAL)
Notary Public for South Carolina
My commission expires _____

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* CLMC FA JWF 10/26/81

EXHIBIT A

[Property Description]

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CLMC FA JWF 10/26/81

EXHIBIT B

[Equipment Description]

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EXHIBIT

OCT 27 1981 NO. 3

STATE BUDGET & CONTROL BOARD

RICHLAND COUNTY, SOUTH CAROLINA

and

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA

INDENTURE

Dated as of November 1, 1981

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THIS INDENTURE, dated as of November 1, 1981 (hereinafter called the "Indenture"), is entered into by and between Richland County South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called the "Issuer"), and The Citizens and Southern National Bank of South Carolina, an association, organized and existing under the laws of the United States and having its principal office and place of business in Columbia, South Carolina (hereinafter called the "Lender"), as Lender.

WITNESSETH:

WHEREAS, Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended (hereinafter said Chapter and amendments are collectively referred to as the "Act") authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry to construct, operate, maintain and improve such a project, to enter into a financing agreement with such industry; to issue revenue bonds and apply the proceeds thereof to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such bonds in the manner authorized in the Act; and

WHEREAS, Columbia Lumber and Manufacturing Company, a South Carolina corporation (hereinafter called the "Company"), has requested the Issuer to issue its revenue bonds and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, a building or buildings and other improvements thereon and all other machinery, apparatus, equipment, office facilities and furnishings deemed necessary, suitable or useful by the Company for the purpose of operating a building materials manufacturing and distribution center (hereinafter referred to as the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action authorized the issuance of its revenue bonds pursuant to the Act and to make the proceeds thereof available to defray the cost of acquiring the Project to be made available to the Company pursuant to the terms of a Financing Agreement dated as of November 1, 1981 (thereinafter called the "Agreement") between the Issuer and the Company under the terms of which the Company is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal, premium, if any, and interest on such revenue bonds as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer or the Lender in connection with this Indenture, the Agreement or the Project; and

WHEREAS, the Issuer has determined to issue hereunder an initial bond to be designated "Richland County, South Carolina, Industrial Revenue Bond (Columbia Lumber and Manufacturing Company Project) 1981" (herein sometimes called the "Bond") in the original principal amount of \$ 1,000,000 for the purpose of providing funds to defray the cost of acquiring the Project to be made available to the Company pursuant to the Agreement; and

WHEREAS, in order to secure the payment of the principal, premium, if any, and interest on the Bond, and to establish and declare the terms and conditions upon which the Bond is to be issued, the Issuer has duly authorized and directed the execution and delivery of this Indenture; and

WHEREAS, the Issuer has duly authorized the execution and delivery of the Agreement and the execution and delivery hereunder of the Bond upon and subject to the terms and conditions hereinafter set forth; and

WHEREAS, all acts and things have been done and performed, which are necessary to make the Bond, when executed and delivered by the Issuer, the legal, valid and binding limited obligation of the Issuer in accordance with its terms and to make this Indenture a valid and binding agreement for the security of the Bond and any other bonds executed and delivered hereunder; and

WHEREAS, the Bond is to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

[Form of Bond]

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
RICHLAND COUNTY
INDUSTRIAL REVENUE BOND
(Columbia Lumber and Manufacturing Company Project)

1981

\$1,000,000

_____, 1981

09827

Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), for value received, hereby promises to pay to The Citizens and Southern National Bank of South Carolina or registered assigns, the principal sum of One Million Dollars (\$1,000,000) payable in monthly installments of Five Thousand Five Hundred Fifty Five and 56/100 Dollars (\$5,555.56) on the first day of each month, commencing December 1, 1981, to and including November 1, 1996, together with interest (calculated on the basis of a 360-day year for the actual number of days elapsed) on the unpaid principal balance until paid, payable on the first days of each month, commencing December 1, 1981, to and including November 1, 1996. The interest rate on this bond shall be a rate per annum equal to seventy two per cent (72%) of the prime interest rate charged by The Citizens and Southern National Bank of South Carolina in Columbia, South Carolina, computed as hereinafter provided, for the period during which the interest on this bond to be determined has accrued, but solely from the revenues and receipts of the Issuer derived pursuant to the Financing Agreement (hereinafter referred to) as provided in the Indenture (hereinafter referred to). For purposes of computing the prime interest rate described above, the prime interest rate for each month shall be the average prime interest rate in effect for that particular month. The installments of principal, premium, if any, and interest on this bond are payable in any coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts. The final installment of principal and premium, if any, on this bond is payable, upon surrender hereof, to the Company. The interest on this bond and all other payments of principal and premium, if any, when due and payable, shall be paid to the registered owner hereof by check or draft mailed to such person at his address last appearing on the Bond Register.

This bond is duly authorized and issued by the Issuer and designated as "Richland County, South Carolina, Industrial Revenue Bond (Columbia Lumber and Manufacturing Company Project) 1981" (the "1981 Bond"), issued in the original principal amount of \$1,000,000 under and pursuant to the Constitution and Laws of the State of South Carolina, particularly Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended (the "Act") and under and secured by an Indenture by and between the Issuer and The Citizens and Southern National Bank of South Carolina (the "Lender"), dated as of November 1, 1981. The Bond is being issued to defray the costs of acquiring a building or buildings and other improvements thereon and all machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of operating a building materials manufacturing and distribution center (the "Project"). The owner of the Project will be Columbia Lumber and Manufacturing Company, a South Carolina corporation (the "Company"), pursuant to the terms of a Financing Agreement dated as of November 1, 1981 (the "Agreement") between the Issuer and the Company. As provided in the Indenture, additional bonds may be issued for the purpose of

(a) defraying the cost of completing the Project or the cost of enlarging, improving or expanding the Project, or (b) refunding any bonds issued and outstanding under the Indenture (said additional bonds and the 1981 Bond and all bonds issued and outstanding under the Indenture being referred to as the "Bonds").

Pursuant to the terms of the Agreement, the Company has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal, premium, if any, and interest on the Bonds. Pursuant to the Indenture, the Issuer has assigned and pledged its rights to receive payments under the Agreement (except for certain rights of indemnification and reimbursement of expenses) to the Lender to secure payment of the Bonds. As further security for the payment of the Bonds, the Issuer has assigned its rights under the Agreement.

Copies of the Indenture and the Agreement are on file at the principal corporate office of the Lender and in the Office of the Clerk of Court for Richland County, South Carolina, and reference is made to the Indenture (and all indentures supplementary thereto and amendatory thereof) and the Agreement (and all amendments or supplements thereto) for the provisions relating, among other things, to the terms and security for the Bonds, the collection and disposition of the revenues and receipts of the Issuer derived pursuant to the Agreement, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of Bonds, the rights, duties and obligations of the Issuer, the Company and the Lender and the modification or amendment of any of the foregoing.

The 1981 Bond and the Bonds are and will be equally and ratably secured, to the extent provided in the Indenture, solely by a pledge of the revenues and receipts derived by the Issuer pursuant to the Agreement and by an assignment of the rights of the Issuer under the Agreement. THE BONDS AND THE INTEREST PAYMENTS BECOMING DUE HEREON AND THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE ISSUER PURSUANT TO THE AGREEMENT, AND DO NOT AND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. THE FULL FAITH, CREDIT AND TAXING POWER OF THE ISSUER ARE NOT PLEDGED FOR THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

The transfer of this bond is registrable, as provided in the Indenture, upon the Bond Register kept for that purpose at the principal office of the Company, by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of

transfer satisfactory to the Company duly executed by the registered owner or his attorney duly authorized in writing, thereupon shall be reissued to the transferee with a notation as to the principal amount outstanding as of the date of such transfer as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer and the Company may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 1981 Bond will be subject to prepayment prior to the stated maturity hereof:

(a) As a whole or in part at any time upon the exercise by the Company of its option under the Agreement to prepay in whole or in part the payments required to be paid under the Agreement, but if in part only in multiples of \$25,000 with such partial prepayments to apply to principal payments in inverse order of maturity.

(b) As a whole upon the occurrence of a Determination of Taxability with respect to the 1981 Bond on the Interest Payment Date next succeeding a Determination of Taxability.

(c) In part upon the completion of the Project from moneys remaining in the Construction Fund not needed for the payment of the Cost of the Project.

In each such case, the 1981 Bond shall be prepaid at a prepayment price equal to the principal amount thereof, together with unpaid interest accrued to the date fixed for prepayment, in the manner and subject to the provisions of the Indenture.

The Lender or any subsequent holder of this bond shall have the right to institute any suit, action or proceeding for the enforcement of the Indenture or hereunder as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the outstanding principal balance of the Bonds may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

As provided in the Indenture, modifications or alterations of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the holder of the Bonds in any particular may be made only with the consent of the Company and the holders of each of the affected Bonds then outstanding under the Indenture. Any such consent by the holder of this bond shall be conclusive and binding upon such holder and all future holders and owners of this bond irrespective of whether any notation of such consent is made upon this bond.

CLMC Ind JWF 10/26/81

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the Constitution and laws of the State of South Carolina.

IN WITNESS WHEREOF, Richland County, South Carolina has caused this bond to be executed in its name and on its behalf by the manual signature of the Chairman of its County Council and its seal to be impressed, imprinted, engraved or otherwise affixed or reproduced hereon and attested by the manual signature of the Clerk of its County Council, as of _____, 1981.

RICHLAND COUNTY, SOUTH CAROLINA

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

(SEAL)

ATTEST:

By _____
Clerk, County Council of
Richland County, South
Carolina

09831

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

The Issuer, in consideration of the premises and of the purchase and acceptance of the Bond issued and secured hereunder by the holder and owner thereof, and of the execution and delivery by the Company of the Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal, premium, if any, and interest on the Bond according to its tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bond, does hereby, subject to the terms and provisions of the Agreement, sell, assign, convey and pledge unto The Citizens and Southern National Bank of South Carolina, as holder of the Bonds, and unto its successors and assigns forever, all of the right, title and interest of the Issuer in and to the Agreement (except for the rights of the Issuer to receive payments, if any, of administration expenses pursuant to Section 4.01 of the Agreement and indemnification payments pursuant to Section 7.04 of the Agreement), the Revenues (as hereinafter defined), all moneys and securities in the Construction Fund (as hereinafter defined), and all of the right, title and interest of the Issuer in and to the following property:

THE LAND

Subject to Permitted Encumbrances as defined in the Agreement all of the land located within the jurisdiction of the Issuer described in Exhibit A attached hereto and made a part hereof;

THE IMPROVEMENTS

Subject to Permitted Encumbrances as defined in the Agreement the items described in Exhibit B hereto, together with all other machinery, equipment, fixtures or personal property (a) the acquisition of which was financed in whole or in part from the proceeds of the Bonds; or (b) which will be installed in the Project in substitution or replacement of machinery, equipment, fixtures or personal property described in the preceding subparagraph; or (c) which will be installed in the Project in substitution or replacement of the substitutions or replacements described in the preceding subparagraph.

ASSIGNMENT OF RENTS

Subject to Permitted Encumbrances as defined in the Agreement, all rents, royalties, issues, profits, revenue, income and other benefits from the Project to be applied against the indebtedness and other sums secured hereby, provided, however, that permission is hereby given to the Company so long as no event of default has occurred under the Agreement, to collect,

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receive, take, use and enjoy such rents, royalties, issues, profits, revenue, income and other benefits as they become due and payable, but not in advance thereof; the foregoing assignment shall be fully operative without any further action on the part of any party and specifically the Lender shall be entitled, at its option upon the occurrence of an Event of Default under the Agreement, to all rents, royalties, issues, profits, revenue, income and other benefits from the Project whether or not the Lender takes possession of the Project; and neither the exercise of any rights under this paragraph nor the application of any such rents, royalties, issues, profits, revenue, income or other benefits to the indebtedness and other sums secured hereby shall cure or waive any Event of Default hereunder or under the Agreement or invalidate any act done pursuant hereto, but shall be cumulative of all other rights and remedies.

TO HAVE AND TO HOLD the same pledged, conveyed and assigned, or agreed or intended so to be, to the Lender and its successors and its assigns forever;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal, premium, if any, and interest on the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Lender all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void, otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all bonds issued and secured hereunder are to be issued and delivered and all moneys and securities hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Lender and with its successors and assigns as the holder and owner, from time to time, of the Bonds, or any part thereof as follows, that is to say:

ARTICLE I

DEFINITIONS

The terms defined in this Article I shall for all purposes of this Indenture have the meanings herein specified, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended to and including the date hereof.

"Additional Bonds" shall mean Bonds other than the 1981 Bond, duly executed and delivered pursuant to this Indenture.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Issuer with respect to the Project, the Agreement and this Indenture, and the compensation and expenses paid to or incurred by the Lender or the Depositary under the Agreement or this Indenture; provided, however, that no such expense shall be considered an Administration Expense until the Issuer, the Lender or the Depositary, as the case may be, has furnished to the Company a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Agreement" shall mean the Financing Agreement dated as of November 1, 1981, between the Issuer and the Company, and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions of the Agreement and of this Indenture.

"Authorized Company Representative" shall mean any person at the time designated to act on behalf of the Company by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Company by the person or persons signing the Agreement on behalf of the Company or by such other persons who have the legal authority to bind the Company. Such certificate may designate an alternate or alternates, and may designate different Authorized Company Representatives to act for the Company with respect to different sections of the Agreement and this Indenture. An Authorized Company Representative may be an employee of the Company. Lender or Issuer may require additional certificates, opinions of counsel, indemnities or other instruments to assure either of them to the satisfaction of either of them as to the authority of any Authorized Company Representative to legally bind the Company.

"Bond" or "Bonds" shall mean any or all, as the case may be, of the Richland County, South Carolina Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company, Inc. Project)" authorized, executed and delivered by the Issuer, under this Indenture whether called bonds or notes and any bonds or notes executed and delivered under this Indenture in lieu of or in substitution therefor.

"Bond Counsel" shall mean legal counsel experienced in matters relating to municipal obligations and the exemption from taxation of the interest thereon.

"Bondholder" or "Holder of the Bonds" or "Holder" shall mean the Registered Owner of the Bond.

"Bond Register" and "Bond Registrar" shall have the respective meanings specified in Section 2.06 hereof.

"Company" shall mean Columbia Lumber and Manufacturing Company, a South Carolina corporation and any surviving, resulting or transferee entity in any merger, consolidation, transfer of assets or incorporation permitted under Section 7.02 of the Agreement.

"Company Office" shall mean the principal office of the Company, at which at any particular time its business records shall be principally administrated and maintained.

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 of the Agreement.

"Construction Fund" shall mean the fund created under Section 4.01 of this Indenture.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction or purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of the Agreement, (a) obligations of the Company incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Company for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender, the Issuer and the Depositary, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the

execution and delivery of the Bonds; (e) all other costs which the Company shall be required to pay under the terms of any contract of contracts for the acquisition, construction and installation of the Project; (f) any sums required to reimburse the Company for advances made by it for any of the above items, or for any other work done and costs incurred by the Company, which are properly chargeable to the capital account of the Project for Federal income tax purposes or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts; and (g) any amount specified for the payment of interest on a Bond to the Completion Date.

"Depository" shall mean The Citizens and Southern National Bank of South Carolina, an association organized and existing under the laws of the United States.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Bond is includable in the gross income of a holder or former holder thereof; (b) the issuance of a statement by the Company to the effect that it has taken or intends to take some action with the effect of exceeding the limit set forth under IRC Section 103(b)(6)(A); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Bond has become includable in the gross income of the holder thereof for any reason other than that such holder is a substantial user of the project or a related person within the meaning of IRC Section 103(b)(9); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Company, either directly, or with the cooperation of any holder or former holders of the Bond, a protest being actively prosecuted in good faith by the Company which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service.

"Event of Default" shall mean, with reference to this Indenture, any of the occurrences described in Section 7.01 hereof.

"Financing Statement" shall mean a financing statement or a continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State or such other jurisdiction the laws of which are applicable.

"Indenture" shall mean this Indenture, as the same may be amended, modified or supplemented in accordance with the terms hereof.

"Interest Payment Date" shall mean each date specified in the Bonds for the payment of interest thereon.

"IRC" shall mean the Internal Revenue Code of 1954 as amended and the regulations promulgated thereunder by the Department of the Treasury as such code and regulations apply to any particular Bond.

"Issuer" shall mean Richland County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina and its successors and assigns.

"Lender" shall mean The Citizens and Southern National Bank of South Carolina, an association organized and existing under the laws of the United States and its successors and assigns as the Holder of the Bond.

"Neutral Costs" shall mean, with respect to any Bond, that amount of the proceeds from the sale of such Bond used for (i) the payment of the reasonable expenses of issuing such Bond including, without limitation, advertising, recording and printing costs; accountants, financial advisor's and counsel fees; rating agency fees, initial fees of the Depositary, charges of the Lender and all similar expenses; and (ii) the provision of any reasonably required debt service reserve fund with respect to the Bonds.

"Officer's Certificate" shall mean a certificate signed by the Chairman of the County Council of the Issuer and the Clerk of the County Council of the Issuer.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel satisfactory to the Lender.

"Outstanding" or "Outstanding under this Indenture" when used with reference to the Bonds, shall mean at any date as of which the amount of Outstanding Bonds is to be determined, the aggregate of all Bonds authorized, executed and delivered under this Indenture, except:

(a) Bonds canceled or surrendered to the Company for cancellation on or prior to such date;

(b) Bonds in substitution for which another Bond or Bonds shall have been executed and delivered pursuant to this Indenture.

In determining whether the Holders of the requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds which are owned by the Issuer or the Company shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"Permitted Investments" shall mean any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for

moneys proposed to be invested therein: (i) direct and general obligations of the United States of America or obligations for which the United States of America has unconditionally guaranteed or assumed the obligation of the payment of the principal and interest thereon; (ii) obligations of the Federal Land Bank, Federal Home Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Corporation, Federal Bank for Cooperatives, International Bank for Reconstruction and Development, Asian Development Bank, and direct and general obligations of any agency of the United States of America not included in the foregoing listing; (iii) direct and general full faith and credit obligations of any political unit in the State; (v) obligations of savings and loan associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (vi) certificates of deposit of any bank or trust company if such certificates are collaterally secured by investments of the type described in clauses (i), (ii) or (iii) above held by another bank or trust company as escrow agent or custodian, of a market value not less than the amount, including interest, of the certificates so secured; (vii) certificates of deposit or other obligations of banks or trust companies organized under the laws of the United States of America or any state thereof, to the extent such certificates or other obligations are insured by an agency of the United States of America; and (viii) any other investment permitted by law.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision.

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Company Office, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.07 of the Agreement. The Plans and Specifications shall be made available to the Lender and the Issuer for inspection at such times as the Lender and the Issuer may reasonably request.

"Principal Payment Date" shall mean any date on which any payment of the principal or any Bond shall become due, whether at maturity or by prepayment or acceleration.

"Project" shall mean the land and buildings or other improvements thereon described on Exhibit A hereto and to the Agreement and all other machinery, apparatus, equipment, office facilities and furnishings to be installed therein more particularly described in Exhibit B hereto and to the Agreement, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications, but not including the Company's own machinery and equipment installed under the provisions of Section 8.03 of the Agreement.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, and shall include all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Company or any related person, as such terms is employed in IRC Section 103, after June 4, 1981.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Bond shall be registered on the Bond Register.

"Revenues" shall mean all payments, receipts and revenues which the Issuer has a right to receive under or pursuant to the Agreement (other than payment of Administration Expenses and indemnification payments pursuant to Section 4.01 and 7.04, respectively, of the Agreement and the proceeds of the Bonds).

"State" shall mean the State of South Carolina.

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplemental to or amendatory of this Indenture as originally executed which is duly entered into in accordance with the provisions of this Indenture.

"1981 Bond" shall mean the Bond in the original principal amount of \$1,000,000 initially authorized to be issued pursuant to Section 2.02 of this Indenture.

ARTICLE II

DESCRIPTION, AUTHORIZATION, MANNER OF EXECUTION,
REGISTRATION AND TRANSFER OF BONDS

SECTION 2.01. Authorization and Designation of Bonds. The Bonds shall be designated generally as "Richland County, South Carolina, Industrial Revenue Bonds (Columbia Lumber and Manufacturing Company Project)," with such further appropriate and particular designations added to or incorporated in such title for the Bonds as the Issuer may determine. Each Bond shall bear upon the face thereof the designation so selected.

SECTION 2.02. Details of Bond. There shall be issued under and secured by this Indenture a Bond to be designated "Richland County, South Carolina, Industrial Revenue Bond, (Columbia Lumber and Manufacturing Company Project) 1981" in the original principal amount of \$1,000,000. The Bond shall be dated the date of delivery and shall bear interest from such date until maturity or until the date fixed for prepayment (whichever occurs first), at a rate per annum equal to seventy-two per cent (72%) of the prime interest rate charged by The Citizens and Southern National Bank of South Carolina in Columbia, South Carolina, computed as hereinafter provided, for the period during which the interest on the 1981 Bond to be determined has accrued, payable on the first day of each month together with installments of principal as set out in the 1981 Bond commencing December 1, 1981. For purposes of computing the prime interest rate described above, the prime interest rate for each month shall be the average prime interest rate in effect for that particular month.

The final installment of principal on the 1981 Bond upon maturity or prepayment shall be payable to the Registered Owner thereof or his assigns upon surrender thereof at the Corporate Office for such purpose. The interest on the Bond and all other payments of principal or premium, if any, when due and payable shall be paid to the Registered Owner thereof by check or draft mailed to such Person at his address last appearing on the Bond Register. All payments of principal, prepayment premium, if any, and interest on the 1981 Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the manner and with the effect provided in this Indenture, the 1981 Bond will be subject to prepayment prior to the stated maturity thereof:

(a) As a whole or in part at any time upon the exercise by the Company of its option under the Agreement to prepay in whole or in part the payments required to be paid

under the Agreement, but if in part only in multiples of \$25,000 with such partial prepayments to apply to principal payments in inverse order of maturity.

(b) As a whole at any time upon the occurrence of a Determination of Taxability with respect to the 1981 Bond on the Interest Payment Date next succeeding a Determination of Taxability, at a prepayment price equal to the principal amount thereof plus unpaid interest accrued to the prepayment date.

(c) In part upon the completion of the Project from moneys remaining in the Construction Fund not needed for the payment of the Cost of the Project.

SECTION 2.03. Terms of Additional Bonds. At any time while an Event of Default does not exist or is not continuing hereunder, and subject to the terms and conditions hereof and of the Agreement, the Issuer may, with the consent of the Lender, issue from time to time Additional Bonds pursuant to one or more Supplemental Indentures and such Additional Bonds shall be subject to the terms and conditions established by the Lender in such Supplemental Indenture.

SECTION 2.04. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Outstanding Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and deliver a new Bond of the same principal amount and maturity and of like tenor as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for such mutilated Bond or in lieu of the substitution for such lost, stolen or destroyed Bond.

Application for exchange and substitution of a mutilated, lost, stolen or destroyed Bond shall be made to the Company at the Company Office. In every case the applicant for a substitute Bond shall furnish to the Issuer and to the Company such security or indemnity as may be required by them to save each of them harmless. In every case of loss, theft or destruction of a Bond, the applicant shall also furnish to the Issuer and to the Company evidence to their satisfaction of the loss, theft or destruction and of the ownership of such Bond. In every case of mutilation of a Bond, the applicant shall surrender the Bond so mutilated.

Notwithstanding the foregoing provisions of this Section 2.04, in the event any such Bond shall have matured or be about to mature and no default has occurred which is then continuing in the payment of the principal, premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same, without surrender thereof except in the case of a mutilated

Bond instead of issuing a substitute Bond, provided security or indemnity is furnished as above provided in this Section 2.04.

Upon the issuance of any substitute Bond, the Issuer and the Company may charge the Holder of such Bond with their reasonable fees and expenses in connection therewith. Every substitute Bond issued pursuant to the provisions of this Section 2.04 by virtue of the fact that any Bond is mutilated, lost, stolen or destroyed shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Indenture to the same extent as the Bond in substitution for which such Bond was issued.

The provisions of this Section 2.04 are exclusive and shall preclude, to the extent lawful, all of the rights and remedies with respect to the payment of mutilated, lost, stolen or destroyed Bonds, including those granted by any law or statute now existing or hereafter enacted.

SECTION 2.05. Execution of Bonds. All the Bonds shall, from time to time, be executed on behalf of the Issuer by the manual signature of the Chairman of the County Council of the Issuer and its corporate seal shall be impressed, imprinted, engraved or otherwise affixed or reproduced thereunto and attested by the manual signature of the Clerk of the County Council of the Issuer.

If any of the officials who shall have signed or sealed any Bond shall cease to be such officials of the Issuer before the Bond so signed and sealed shall have been actually delivered by the Issuer, such Bond nevertheless may be issued and delivered with the same force and effect as though the person or persons who signed or sealed such Bond has not ceased to be such officials of the Issuer; and also any such Bond may be signed and sealed on behalf of the Issuer by those persons who, at the actual date of the execution of such Bond, shall be the proper officials of the Issuer, although at the date of such Bond any such person shall not have been such official of the Issuer.

SECTION 2.06. Negotiability, Registration and Transfer. Ownership of each Bond shall be registered on the Bond Register, which shall be kept for this purpose at the Company Office, by the Company which is hereby designated Bond Registrar upon surrender of any Bond for transfer thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the Registered Owner or his attorney duly authorized in writing and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid as provided in Section 2.07 of this Indenture. Upon any such registration of transfer, the Issuer shall issue in the name of the transferee the Bond so transferred.

The Issuer and the Company may deem and treat the Registered Owner of any Bond as the absolute owner of such Bond for the purpose of receiving any payment on such Bond and for all other purposes of this Indenture and the Agreement, whether such Bond shall be overdue or not, and neither the Issuer nor the Company shall be affected by any notice to the contrary. Payment of, or on account of, the principal, premium, if any, and interest on any Bond shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

All Bonds issued under this Indenture shall have such attributes of negotiability as are provided for under the laws of the State.

SECTION 2.07. Regulations with Respect to Transfer. In all cases in which the privilege of registering the transfer of Bonds is exercised, the Issuer shall execute and deliver Bonds in accordance with the provisions of this Indenture. There shall be no charge for any such registration of transfer of a Bond, but the Issuer may require the payment of a sum sufficient to pay any tax or other governmental charge required to be paid with respect to any such registration of transfer.

SECTION 2.08. Bonds Limited Obligations of Issuer. The Bonds shall be limited obligations of the Issuer, the principal, premium, if any, and interest on which shall be payable solely out of the revenues and receipts derived by the Issuer pursuant to the Agreement including, without limiting the generality of the foregoing, all money included or to be included in the property pledged herein. The Bonds and the premium, if any, and interest thereon do not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The principal, premium, if any, and interest on the Bonds shall be secured solely by the aforesaid revenues and receipts and by this Indenture, including, without limiting the foregoing, by the pledge to the Lender made herein of said revenues and receipts and the Agreement.

No breach by the Issuer of this Indenture or of any provision or condition hereof or in the Bonds or of any agreement contained herein or in the Bonds shall result in the imposition of any pecuniary liability upon the Issuer of any charge upon its general credit or against its taxing power. The liability of the Issuer under this Indenture and the Bonds or any provision or condition hereof or thereof or of any agreement herein or in the Bonds contained or of any warranty herein or in the Bonds included or for any breach or default by the Issuer of any of the foregoing shall be limited solely and exclusively to the property pledged herein. The issuer shall not be required to execute or perform any of its duties, obligations, powers or covenants

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hereunder or under the Bonds except to the extent of the property pledged herein available therefor.

The provisions of this Section 2.08 shall control every other provision of this Indenture, anything in such other provisions to the contrary notwithstanding.

ARTICLE III

EXECUTION AND DELIVERY OF BONDS

SECTION 3.01. Limitation of Principal Amount of Bonds; Bonds Equally and Ratably Secured. The original principal amount of Bonds which may be executed and delivered by the Issuer and secured by this Indenture is not limited, except as is or may hereafter be provided in this Indenture or as may be limited by law. All Bonds issued and to be issued hereunder are, and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the execution or delivery or maturity of the Bonds at any time Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall have been authorized to be executed and delivered under Section 3.02 or may be authorized to be executed and delivered hereafter pursuant to Sections 2.04, 3.03 or any other relevant section of this Indenture.

SECTION 3.02. Execution and Delivery of Bond. The 1981 Bond, being the first Bond issued under this Indenture, shall forthwith be executed by the Issuer and delivered to the Lender, and thereupon the 1981 Bond shall be accepted by the Lender, but only upon the deposit by the Lender of the aforesaid proceeds of sale of the 1981 Bond in the Construction Fund. Prior to acceptance of the Bond the Lender shall also have received the following:

(a) A copy of the ordinance adopted by the Issuer authorizing the execution and delivery of the Agreement and this Indenture and the issuance and delivery of the 1981 Bond, duly certified by the Clerk of the County Council of the Issuer under its corporate seal to have been duly enacted by the Issuer and to be in full force and effect on the date of such certification;

(b) An original executed counterpart of the Agreement and this Indenture; and

(c) A certificate of the Chairman of the County Council of the Issuer to the effect that on the basis of the facts, estimates and circumstances in existence on the date of delivery of the 1981 Bond, it is not expected that the proceeds of the 1981 Bond will be used in a manner that would cause the 1981 Bond to be an arbitrage bond

within the meaning of Section 103(c) of the IRC had such use been reasonably expected on the date of issuance of the 1981 Bond, and such certificate shall set forth such facts, estimates, and circumstances, which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of the officer signing such certificate there are no other facts, estimates or circumstances that would materially change such expectation.

SECTION 3.03. Authentication and Delivery of Additional Bonds. Subsequent to the execution and delivery of the 1981 Bond, one or more Additional Bonds may be issued for the purpose of providing funds to (i) finance the Cost of completion of the Project; (ii) finance the Cost of enlargements, improvements or expansions to the Project; or (iii) to refund any Bonds then Outstanding. Any such Additional Bonds shall be on a parity with and secured in the same manner as all other Bonds then Outstanding. The issuer may execute and deliver such Additional Bonds to the purchaser thereof, provided that, prior to such delivery:

(a) The Issuer shall adopt or enact such resolution, resolutions, ordinance or ordinances authorizing such Additional Bonds and the execution and delivery by the Issuer of a Supplemental Indenture providing for the terms and conditions upon which such Additional Bonds are to be issued, as are then required;

(b) The Issuer shall adopt or enact such resolution, resolutions, ordinance or ordinances authorizing the execution and delivery by the Issuer of any agreement which is necessary to amend the Agreement to (i) increase or adjust the payments to be made under the Agreement to an amount sufficient to pay, as and when the same mature or become due, the principal, premium, if any, and interest on all Outstanding Bonds, including such Additional Bonds, (ii) include as part of the Project all land and any building or buildings or other improvements thereon and any machinery, apparatus, equipment, office facilities or furnishings, the cost of which is being defrayed by the issuance and sale of such Additional Bonds, and (iii) make such other revisions to the Agreement as are necessitated by the issuance of such Additional Bonds (provided, however, that such other revisions shall not prejudice the rights of the Holders of Outstanding Bonds as granted them under the terms of this Indenture) as are required by the Act or other statutes of the State;

(c) The Issuer shall receive a written statement by the Company (i) approving the issuance of such Additional Bonds and (ii) certifying that it is not then in default under the Agreement;

(d) The Issuer shall receive a written statement signed by the Lender approving the issuance of such Additional Bonds;

(e) The Issuer shall have received an Opinion of Bond Counsel addressed to the Issuer and the Lender, to the effect that all the conditions precedent to the issuance of such Additional Bonds set forth in this Indenture and the Supplemental Indenture authorizing such Additional Bonds have been satisfied and such issuance will not impair the exemption of interest on the 1981 Bond and any other Additional Bonds previously issued as a "tax exempt" bond from Federal income taxation;

(f) The Issuer shall have made provision satisfactory to the Lender for the application of the proceeds of such Additional Bonds as is required by the Act, this Indenture and the Supplemental Indenture pursuant to which such Additional Bonds are issued; and

(g) There shall have been delivered to the Lender and the holder of any other Bond then Outstanding a duplicate copy of all the documents used in connection with the issuance of the Additional Bonds and an Opinion of Counsel satisfactory to the Lender stating that the Indenture and the lien and security interest created or assigned hereunder will continue to have the priority accorded hereto prior to the issuance of such Additional Bonds.

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ARTICLE IV

CONSTRUCTION FUND

SECTION 4.01. Creation of Construction Fund. There is hereby created and established with the Depositary a special and separate trust fund of the Issuer to be known and designated as the "Richland County, South Carolina, Industrial Revenue Bond Construction Fund (Columbia Lumber and Manufacturing Company Project)." The Issuer shall pay to the Depositary the proceeds from the sale by the Issuer of the Bonds, and the Depositary shall deposit the same in the Construction Fund.

SECTION 4.02. Application of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Depositary and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Bonds until paid out as herein provided.

SECTION 4.03. Requisitions. So long as no Event of Default (as defined in the Agreement) has occurred and is continuing the Depositary shall make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depositary of requisitions (upon which both the Depositary and the Issuer shall rely and shall be protected in relying) signed by an Authorized Company Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) at least 90% of the proceeds received from the Bond issue (after payment of Neutral Costs) theretofore requisitioned from the Construction Fund, including the amount requisitioned, has been or, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) the person signing such requisition has no notice of any vendor's, mechanic's or other liens, or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which would be satisfied or discharged before such payment is made; (viii) such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; and (ix) with respect to any such requisition for payment for labor,

services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof.

SECTION 4.04. Retention of Requisitions. For a minimum of five years from the date thereof the Depositary shall retain in its possession all requisitions received by it as in this Indenture required, subject to the inspection of the Issuer, its agents and representatives, the Corporation and Bondholders and their representatives at all reasonable times.

SECTION 4.05. Disposition of Balances Remaining in Construction Fund. Upon completion of the Project or completion of any enlargements, improvements or expansions thereof the cost of which has been defrayed out of the proceeds of one or more Bonds, in accordance with the Plans and Specifications, the Depositary shall be furnished with a certificate of an Authorized Company Representative showing such completion and the date thereof and the payment of the Cost thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied to the payment of the principal of the Bond the issuance of which resulted in such deposit.

SECTION 4.06. Moneys to be Continuously Secured. All moneys received by the Depositary under this Indenture shall be continuously held for the benefit of the Issuer and the Holders of the Bonds.

SECTION 4.07. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund or Depositary may be retained uninvested as trust funds and shall, upon written direction from the Company if an Event of Default (as defined in the Agreement) shall not then exist or be continuing or upon written directions from the Issuer if such an Event of Default shall then exist or be continuing, be invested by the Depositary in Permitted Investments.

Any securities purchased with the moneys in the Construction Fund shall be deemed a part of such fund and, for the purpose of determining the amount of moneys therein, the securities therein shall be valued at their cost or market value, excluding accrued interest, whichever is lower. The interest, including realized increment on securities purchased at a discount, received on all such securities (after deduction for accrued interest, commissions, if any, and premium paid from the

Construction Fund, at time of purchase) shall be deposited by the Depositary in the Construction Fund and any loss resulting from such investments will not be charged to the Construction Fund. The Depositary shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as in this Indenture authorized. If at any time it shall become necessary that some or all of the securities purchased with the moneys in the Construction Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Indenture, the Depositary shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method.

ARTICLE V

PREPAYMENT OF BONDS

SECTION 5.01. Bonds to be Prepaid only in Manner Provided in Article V. Any prepayment of all or any part of the Bonds which are subject to prepayment shall be made in the manner provided in this Article V. A prepayment of Bonds issued under the provisions of this Indenture and then Outstanding shall be either (i) a prepayment of the whole or any part of one or more Bonds from the proceeds of Additional Bonds issued under the provisions of Section 3.03 of this Indenture; (ii) a prepayment of the whole or any part of one or more Bonds from any funds available to the Issuer for that purpose; (iii) a prepayment pursuant to the provisions of Section 2.02 of this Indenture or any other relevant provision of this Indenture; or (iv) a prepayment pursuant to the provisions of a Supplemental Indenture.

SECTION 5.02. Notice of Prepayment. In the case of any prepayment, the Company shall give in its own name, or in the name of the Issuer notice as hereinafter in this Section 5.02 provided. Such notice shall state that a particular Bond or portion thereof has been called for prepayment or if all the Outstanding Bonds are to be prepaid, so stating, that the Bond to be prepaid will be due and payable on the date fixed for prepayment (specifying such date) upon surrender thereof at the Company Office at the applicable prepayment price (specifying such price), together with accrued interest to such date, and that all interest on the Bonds, or portions thereof to be prepaid will cease to accrue on and after such date.

Such notice shall be mailed by first class mail, postage prepaid, to the Registered Owner of such Bond or portion thereof so called, at the address on the Bond Register.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice to the Registered Owner of the Bond of any event when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Issuer and the Company shall be deemed to be a sufficient giving of such notice.

SECTION 5.03. Procedure for Mandatory Prepayment. Promptly after receipt by it of notice of the occurrence of a Determination of Taxability the Lender shall send written notification to the Issuer and the Company that the Outstanding Bonds shall be prepaid pursuant to the requirements of Section 2.02(b) and the date upon which such Bonds are to be so prepaid. The date for prepayment shall be the next Interest Payment Date. The prepayment price may include any damages suffered by any Bondholders as a result of any breach by the Company of any covenant in the Agreement, including Section 7.03 of the Agreement.

ARTICLE VI

PARTICULAR COVENANTS OF THE ISSUER

SECTION 6.01. Payment of Principal, Premium, if any, and Interest on the Bonds. Subject to the provisions of Section 2.08 hereof, the Issuer covenants that it shall promptly pay or cause to be paid the principal, premium, if any, and interest on every Bond issued under and secured by this Indenture at the places, on the dates and in the manner specified in this Indenture and in said Bonds according to the true intent and meaning thereof.

SECTION 6.02. Maintenance of Corporate Existence of Issuer. The Issuer will at all times maintain its corporate existence and will use its best efforts to maintain, preserve and renew all its rights, powers, privileges and franchises; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Agreement or this Indenture.

SECTION 6.03. Covenants with Respect to Agreement. So long as any of the Bonds are Outstanding, the Issuer will require the Company to pay, or cause to be paid, all the payments and other costs and charges payable by the Company under the Agreement. The Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the Holders of the Bonds then Outstanding, or in case less than all the Bonds then Outstanding are affected by the modifications or amendments, the Holders of the Bonds so affected then Outstanding.

SECTION 6.04. Execution of Documents in Connection with Additional Bonds. (a) Prior to the issuance of any Additional Bonds under the provisions of this Indenture, the Issuer will, if necessary, enter into an appropriate amendment to the Agreement. Such amendatory agreement shall increase, if necessary, the payments to be made under the Agreement by an amount which, including any provision included therein for payment of Administration Expenses, shall be sufficient to provide for payment of the principal, premium, if any, and interest on such Additional Bonds as the same shall become due and payable in accordance with their terms. Such amendment, also, shall include in the Project as defined in the Agreement, if necessary, all land and any building or buildings and any other improvements thereon and any machinery, apparatus, equipment, office facilities or furnishings the cost of which is being defrayed by the issuance and sale of such Additional Bonds, if any, and made such other revisions in the Agreement as are necessitated by the issuance of such Additional Bonds; provided, however, that such other revisions shall not adversely affect the rights of the Holders of Outstanding Bonds, as granted them under the terms of this Indenture.

(b) The Issuer shall not issue any Additional Bonds under the provisions of Section 3.03 of this Indenture unless the payments under the Agreement, after deducting therefrom any amounts included therein for the payment of Administration Expenses, shall be sufficient to provide for payment of the principal, premium, if any, and interest on all Bonds which will be Outstanding upon the issuance of such Additional Bonds as the same become due and payable.

SECTION 6.05. Maintenance of Project. The Issuer shall at all times cause the Company to maintain, preserve and keep, or cause to be maintained, preserved and keep, the Project, in good repair, working order and condition, in accordance with the requirements of the Agreement and the Act.

SECTION 6.06. Insurance. The Issuer shall cause the Company, so long as any of the Bonds are outstanding, to keep the Project properly insured in accordance with the provisions of the Agreement and the Act.

SECTION 6.07. Execution and Delivery of Instruments. The Issuer covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Indenture; provided, however, that such instruments or actions shall never create or constitute an indebtedness of the Issuer within the meaning of any state constitutional provisions or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power or pledge the credit or taxing power of the State, or any other political subdivision of the State.

SECTION 6.08. Damage, Destruction and Condemnation. In the event that all or any part of the Project shall be destroyed or damaged, or that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any Person acting under governmental authority, the Agreement provides that there shall be no abatement or reduction in the payments required under Section 4.01 of the Agreement to be made by the Company. Immediately after the occurrence of any such event, the Company is required by the terms of the Agreement to notify the Issuer and the Lender as to the nature and extent of such event and, as soon as practicable thereafter, notify the Issuer and the Lender whether it is practicable and desirable to restore the Project. If the Company shall determine that such restoration is practicable and desirable, the Company has agreed to forthwith proceed with such restoration and to notify the Issuer and the Lender upon the completion thereof. Any proceeds received from any insurance proceeds or any award in respect of the Project or any part thereof in such condemnation or eminent domain proceedings,

after payment of all expenses incurred in the collection thereof, shall be used by the Company for payment or reimbursement of the costs of restoring the Project or any portion thereof pursuant to the Agreement. Any proceeds received from any insurance proceeds or any award in respect to the Project or any part thereof not expended in restoring the Project, or if no such restoration shall be made all such proceeds, shall be applied by the Company to the prepayment of Bonds pursuant to the Agreement.

SECTION 6.09. Recording and Filing. The Issuer covenants and agrees to file, record, register, rerecord, reregister or refile or cause so to be if required by law, the Agreement, this Indenture, and amendments to either thereof, and any Financing Statement or Statements or other documents in the manner and at the places and time necessary to create, perfect, protect and maintain the lien of this Indenture and the rights created hereunder in and to the Revenues, the Agreement, and any rights of the Issuer created under the Agreement. The Issuer agrees to record, register, file, rerecord, reregister, or refile or cause so to be such documents and Financing Statements at and before the delivery of the Bond and each Additional Bond issued hereunder. On or before the delivery of the Bond, each Additional Bond and the fifth anniversary date of the filing of any Financing Statements, the Issuer agrees that it will provide or cause to be provided to the Lender an Opinion of Counsel stating that all recordation, registration and filing, and indexing thereof have been accomplished which is necessary to the creation, perfection, protection or maintenance of the lien of this Indenture, the rights created hereunder to the Revenues, the Agreement and any rights of the Issuer created under the Agreement or specifying such action as must be taken to accomplish the same and any such further action which may be required prior to the date the next such opinion will be required. Promptly after such recordation, registration or filing, the Issuer shall provide or cause to be provided the Lender an Opinion of Counsel stating that no further recording, registering or filing is then required to create, perfect, protect or maintain such interests. The Lender acknowledges that the obligations of the Issuer hereunder have been agreed to be performed by the Company pursuant to Section 7.07 of the Agreement and acknowledges that the sole responsibility of the Issuer hereunder shall be to execute promptly such documents and Financing Statements as are requested of it.

SECTION 6.10. Enforcement of Agreement. The Issuer agrees that the Lender, as assignee of the Agreement may enforce in its name or in the name of the Issuer all rights of the Issuer and all obligations of the Company under and pursuant to the Agreement for an on behalf of itself as holder of the Bond, whether or not the Issuer is in default hereunder.

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SECTION 6.11. Not to Impair Tax Exemption of Interest.
The Issuer will not engage in any activity or take any action, or omit to take any action the consequences of which action or omission might result in the Revenues being taxable to it or in the loss of the exemption of interest from Federal income taxation provided by IRC Section 103 to the holders of the Bond.

In pursuance and not limitation of the foregoing, the Issuer covenants that no use shall be made of the proceeds of the Bonds which will cause the Bonds to be "arbitrage bonds" as defined in IRC Section 103, and to this end the Issuer shall comply with the regulations promulgated by the United States Department of the Treasury as such regulations apply to the Bonds.

ARTICLE VII

DEFAULTS AND REMEDIES

SECTION 7.01. Events of Default; Acceleration; Waiver.
In case one or more of the following events, in this Indenture referred to as the "Events of Default," shall happen and be continuing, that is to say, if

(a) payment of the principal of any of the Bonds or premium, if any, shall not be made when the same shall become due and payable at maturity, upon redemption or otherwise; or

(b) payment of an installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) the Issuer shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Bonds or this Indenture on the part of the Issuer to be performed, and such default shall continue for 90 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the Company by the Lender by certified mail; provided, however, if said default be such that it cannot be corrected within the 90 day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Company within the 90 day period and diligently pursued until the default is corrected;

(d) there shall have occurred an Event of Default under the Agreement;

then in each such case, unless the principal of all the Bonds shall have become due and payable otherwise than by acceleration, the Lender may, by written notice given to the Issuer and the Company, declare the Bonds then Outstanding to be due and payable immediately, and upon such declaration the entire principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in the said notice, anything in this Indenture or in said Bonds to the contrary notwithstanding.

With regard to any Event of Default concerning which notice is given to the Issuer and the Company under Section 7.01(c), the Issuer hereby grants the Company full authority for the account of the Issuer to the extent permitted by law to cure such default.

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SECTION 7.02. Enforcement of Agreement. In any case in which under the provisions of Section 7.01 of this Indenture the Lender has the right to declare the principal of all Bonds then Outstanding to be due and payable immediately, or when the Bonds by their terms mature (upon prepayment or otherwise) and are not paid, the Lender, as the assignee and pledgee of all the right, title and interest of the Issuer in and to the Agreement, may enforce each and every right granted to the Issuer under the Agreement.

SECTION 7.03. Legal Proceedings by Lender. Upon the happening and continuance of any Event of Default, then and in every such case the Lender in its discretion may:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all of its rights and require the Issuer or the Corporation to carry out any agreements with or for its benefit and to perform its or their duties under the Act, the Agreement and this Indenture;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Issuer to account as if it were the trustee of any express trust for the Lender; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of its rights.

SECTION 7.04. Remedies Not Exclusive. No remedy in this Indenture conferred upon or reserved to the Lender or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Indenture or not or hereafter existing at law or in equity or by statute.

SECTION 7.05. Nonwaiver. No delay or omission of the Lender or of any Holder of the Bonds 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 an acquiescence therein; and every power and remedy give by this Article VII to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

SECTION 7.06. Application of Moneys upon Event of Default. Any moneys received by the Lender pursuant to this Article VII shall, after payment of all Administration Expenses be applied as follows:

09857

(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, with interest on overdue installments of interest, to the extent permitted by law, at the highest rate per annum borne by 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 of such interest then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second--To the payment to the Persons entitled thereto of the unpaid principal or premium, if any, on any of the Bonds which shall have become due, other than Bonds previously called for redemption for the payment of which money is held pursuant to the provisions of the Indenture, with interest as aforesaid on such principal and premium, if any, from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal and premium, if any, due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal, premium, if any, and interest thereon, 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 or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest thereon, as aforesaid, without preference or priority of principal and premium, if any, over interest or of interest over principal and premium, if any, 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, premium, if any, 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 VII, then, subject to the provisions of paragraph (b) of this Section 7.06 which shall be applicable in the event that the 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 7.06.

CLMC Ind JWF 10/26/81

Whenever moneys are to be applied pursuant to the provisions of this Section 7.06, such moneys shall be applied at such times, and from time to time, as the Lender 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 Lender 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 date shall cease to accrue. The Lender shall give such notice by mail as it may deem appropriate of the receipt by it of any such moneys and of the fixing of such date.

ARTICLE VIII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND
PROOF OF OWNERSHIP OF BONDS

SECTION 8.01. Execution of Instruments; Proofs. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by duly authorized attorney-in-fact. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Issuer or the Company with regard to any action taken, suffered or omitted by any of them under such instrument if made in the following manner:

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

(b) The ownership of a Bond shall be proved by the Bond Register.

Nothing contained in this Article VIII shall be construed as limiting the Company or the Issuer to such proof, it being intended that the Company or the Issuer may accept any other evidence of the matters in this Article VIII stated which to them may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond and any Bond or Bonds issued in substitution therefor in respect of anything done by the Issuer or the Company in pursuance of such request or consent.

09860

ARTICLE IX

DEFEASANCE

SECTION 9.01. Discharge of Indenture. If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through prepayment as provided in this Indenture, or otherwise, and the whole amount of the principal, premium, if any, and interest so due and payable upon all the Bonds shall be paid, or provision shall have been made for the payment of the same, together with the whole amount of all other sums payable under this Indenture by the Issuer, and all Administration Expenses shall have been paid or provided for, then and in that case, the right, title and interest of the Lender under this Indenture shall thereupon cease, terminate and become void, and the Lender shall assign and transfer to or upon the order of the Company all property (in excess of the amounts required for the foregoing) then held by the Lender (including the Agreement and all payments thereunder and all balances in the Construction Fund created under this Indenture) and shall execute such documents as may be reasonably required by the Company in this regard.

When a portion of a Bond or Bonds shall have been paid and if, at the time of such payment, the Issuer shall have kept, performed and observed all the covenants and promises in such Bond or Bonds and in this Indenture required or contemplated to be kept performed and observed by the Issuer or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bond or Bonds and such Bond or Bonds shall cease to be entitled to the lien of this Indenture.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Successors and Assigns. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer, shall be transferred.

SECTION 10.02. Provisions of Indenture for Sole Benefit of the Company, the Issuer, the Lender and the Bondholders. Except as in this Indenture otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person other than the Company, the Issuer, the Lender and the Holders of the Bonds issued under this Indenture, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Company, the Issuer, the Lender and the Holders of the Bonds issued under this Indenture.

SECTION 10.03. Severability. In case any one or more of the provisions of this Indenture or of the Bonds issued under this Indenture shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds, and this Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

SECTION 10.04. No Liability for Personnel of Issuer. No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member, agent, or employee of the Issuer or its governing body in his individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 10.05. Notice. All notices, certificates, requests or other communications under this Indenture shall be sufficiently given and shall be deemed given, unless otherwise required by this Indenture, when mailed by certified or registered mail (except as otherwise provided in this Indenture), postage prepaid, addressed as follows:

09862

(a) if to the Issuer,

Richland County Council
Post Office Box 4069
Columbia, South Carolina 29226

(b) if to the Company,

Columbia Lumber and Manufacturing Company
P.O. Drawer 1418
Columbia, South Carolina 29202
Attention: William L. Otis, Jr.

(c) if to the Lender,

The Citizens and Southern National Bank
of South Carolina
P.O. Box 727
Columbia, South Carolina 29222
Attention: Henry H. Dorn

A duplicate copy of each notice, certificate, request or other communication given under this Indenture to the Issuer, the Company or the Lender shall also be given to the others. The Company, the Issuer and the Lender may, by notice given under this Section 10.05, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 10.06. Applicable Law. The laws of the State shall govern the construction of this Indenture.

SECTION 10.07. Counterparts. This Indenture may be executed in any number of counterparts, each of which when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IT WITNESS WHEREOF, Richland County, South Carolina, has caused this Indenture to be executed by the Chairman of its County Council and its corporate seal to be hereunto affixed and attested by the Clerk of its County Council and The Citizens and Southern National Bank of South Carolina has caused this Indenture to be executed by one of its authorized officers and its corporate seal to be hereunto affixed, attested by one of its authorized officers, all as of the day and year first above written.

(SEAL)

RICHLAND COUNTY, SOUTH CAROLINA

ATTEST:

By _____

WITNESSES:

(SEAL)

THE CITIZENS AND SOUTHERN
NATIONAL BANK OF SOUTH
CAROLINA, as Lender

ATTEST:

By _____
Its _____

By _____
Its _____

WITNESSES:

09864

ACKNOWLEDGMENT OF ISSUER

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Richland County, South Carolina, affixed to the foregoing
Indenture and that he also saw _____ as Chairman
of the County Council of Richland County, South Carolina and
Brenda Ward, as Clerk of the County Council of Richland County,
South Carolina, sign and attest the same and that he with
_____ witnessed the execution and delivery
thereof as the act and deed of said Richland County, South
Carolina.

SWORN to and subscribed before me

this _____ day of _____, 1981.

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

My Commission Expires: _____

ACKNOWLEDGMENT OF LENDER

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

PERSONALLY appeared before me _____,
who being duly sworn says that (s)he saw the corporate seal of
The Citizens and Southern National Bank of South Carolina, as
Lender, affixed to the foregoing Indenture, and that (s)he also
saw _____, as its
_____, sign, and _____, as
its _____ attest the same, and that she with
_____, witnessed the execution and
delivery thereof as the act and deed of The Citizens and Southern
National Bank of South Carolina, as Lender.

SWORN to and subscribed before me
this _____ day of _____, 1981.

(L.S.)
Notary Public for South Carolina

My Commission Expires: _____

09866

CLMC Ind JWF 10/26/81

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

Before me, the undersigned notary public personally appeared _____
_____, who being duly sworn, deposed and said that he
saw _____ by _____,
its President and by _____, its Secretary sign, seal
and deliver the foregoing Indenture and that he together with
_____ witnessed the execution thereof.

SWORN TO and subscribed before
me this _____ day of
June, 1981.

(SEAL)
Notary Public for South Carolina
My commission expires _____

CLMC Ind JWF 10/26/81

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PROBATE

Before me, the undersigned notary public personally appeared _____
_____, who being duly sworn, deposed and said that he
saw _____ by Jimmy C. Bales, the Chairman of its
County Council and by Brenda Ward, the Clerk of its County Council, sign, seal
and deliver the foregoing Indenture and that he together with
_____ witnessed the execution thereof.

SWORN TO and subscribed before
me this _____ day of _____
June, 1981.

(SEAL)
Notary Public for South Carolina
My commission expires _____

CLMC Ind JWF 10/26/81

EXHIBIT A

[Property Description]

CLMC Ind JWF 10/26/81

EXHIBIT B

The following improvements to the land described in
Exhibit A hereto:

The State of South Carolina

NOV 2 1981



EXHIBIT

OCT 27 1981

NO. 4

Office of the Attorney General

STATE BUDGET & CONTROL BOARD

KAREN LeCRAFT HENDERSON
Senior Assistant Attorney General

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-8667

DANIEL R. McLEOD
ATTORNEY GENERAL

October 26, 1981

Honorable William T. Putnam
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina

Re: \$1,500,000 Spartanburg County, South
Carolina, Industrial Revenue Note, 1981
(Renk Corporation Project)

Dear Mr. Putnam:

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

With kind regards,

A handwritten signature in cursive script, reading "Karen LeCraft Henderson".

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh

Enclosures

09871

REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of 10/27/81]

EXHIBIT

1. Local Government: Spartanburg County OCT 27 1981 NO. 4
2. Bond Counsel: STATE BUDGET & CONTROL BOARD
- (a) Firm McNair
- (b) Contact Person Kathleen E. Crum Phone 799-9800
- (c) Address _____
3. Project Name: RENK Corporation Project
4. Issue Amount: \$ 1,500,000 Type: Industrial Note
5. Employment Impact of Project: appx 75
6. Type/Nature of Business of Firm Involved: _____
- manufacture of slide bearings

* * * * *

7. Processing Checklist	Rec'd. From	Sent To
(a) Governing body resolution/ordinance/ petition	KC 10/22	KH 10/23
(b) Documents on issuance/securing of bonds	KC 10/22	KH 10/23
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: <u>First National Bank</u>)	KC 10/22	EAV 10/23
(3) Review by State Auditor's Office (memo)	OIC EAV 10/22	XXXXXXXXXX
(d) Health and Environmental Control certification		
(e) B&C Board Resolution and Notice (<u>019</u> copies for certification for bond counsel)	KC 10/22	KH 1 10/23
(f) Review by Attorney General's Office (letter)	KH 11/2 OIC	XXXXXXXXXX

Motion: RED
 Second: GLP
 Absent: None
 Vote: For 5 ; Against 0

Certificates signed: 11/2/81
 Resolutions mailed: Called 11/2

09872

OCT 22 1981



First National Bank of South Carolina

Post Office Box 5707
Spartanburg, South Carolina 29301

*OK W
10-21-81*

October 21, 1981

EXHIBIT

OCT 27 1981

NO. 4

State Budget and Control Board
P. O. Box 12444
Columbia, SC 29211

STATE BUDGET & CONTROL BOARD

Re: Spartanburg County, South Carolina, Industrial Development
Revenue Note (Renk Corporation Project) 1981

Gentlemen:

We have made a commitment to purchase the above referenced issue of Spartanburg County, South Carolina. In connection with our commitment, we have requested and been provided with certain financial information by Renk Corporation and the information to the extent that it has been furnished and the balance of the information to be furnished in satisfaction of our commitment are satisfactory to us. Our agreement to purchase this issue is made for our own investment for loan purposes and we do not presently contemplate the resale, distribution or redistribution of the issue.

Sincerely,

Bruce O. Hunt, Jr.

Bruce O. Hunt, Jr.
Vice President

BOHjr:tf

RECEIVED

OCT 22 1981

THE McNAIR FIRM

09873

A RESOLUTION APPROVING THE ISSUANCE BY SPARTANBURG COUNTY, SOUTH CAROLINA, OF APPROXIMATELY \$1,500,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE NOTE (RENK CORPORATION PROJECT) 1981 PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976), AS AMENDED.

WHEREAS, the County Council of Spartanburg County, South Carolina (the "Governing Board") has heretofore, by submitting a petition (the "Petition"), under and pursuant to the provisions of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the "Act"), requested the approval by the State Budget and Control Board of the issuance by Spartanburg County (the "County") pursuant to the Act of its Industrial Development Revenue Note (Renk Corporation Project) in the aggregate principal amount of approximately \$1,500,000 (the "Note"); and

WHEREAS, the County proposes to issue the Note for the purpose of defraying the cost of acquiring, by construction and purchase, certain land and a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for the purpose of manufacturing slide bearings; and

WHEREAS, the Project is to be made available to Renk Corporation (the "Corporation") upon terms which require the Corporation to make payments to or for the account of the County in amounts sufficient to pay the principal, premium, if any, and interest on the Note; and

WHEREAS, the Notes will be payable from and secured by an assignment of the obligations of the Corporation; and

WHEREAS, the County has submitted with the Petition (i) drafts of the documents to be entered into by the County in connection with the issuance of the Note, for review by the State Budget and Control Board, (ii) an Assistance Agreement by and between the Corporation and the County executed by the Corporation on April 8, 1981, and executed by the County on April 8, 1981, and (iii) a copy of a resolution and petition adopted by the County on October 14, 1981, and this Board has reviewed and considered each of said documents in its consideration of said Petition by the County;

NOW, THEREFORE, BE IT RESOLVED, by the State Budget and Control Board of the State of South Carolina, as follows:

Section 1. The Board has made an independent investigation of the matters set forth in the Petition, and on the basis of such investigation it is hereby found, determined and declared:

(a) The facts set forth in the Petition, and in the preamble hereto, are in all respects true and correct;

(b) The Petition filed by the Governing Board contains all matters required by law and the rules of this Board to be set forth therein, and that in consequence thereof the jurisdiction of this Board has been properly invoked under and pursuant to Section 4-29-140 of the Act; and

(c) The Project subject of the Petition of the Governing Board is intended to promote the purposes of the Act and is reasonably anticipated to effect such result.

Section 2. In consequence of the foregoing, the proposal of the County to defray the cost of acquiring the Project, to make the Project available to the Corporation, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Note, in substantially the form set forth in the Indenture, secured by an assignment of the revenues to be derived from the Financing Agreement, be and the same is hereby in all respects approved. This approval shall not be affected by any changes in the details of the proposal of the County so long as such changes do not impose a pecuniary liability upon the County or its general credit or taxing power, are approved by the County Council and the Corporation, and do not make inaccurate, except as to dates and amounts, the summaries of the Financing Agreement and the Indenture and the description of the Project.

Section 3. Notice of the action taken by this Board in approving the above described undertaking of the County shall be published in the Spartanburg Herald, which is a newspaper having general circulation in Spartanburg County.

Section 4. The Notice, required in Section 3 above to be published, shall be in substantially the form set forth in Exhibit "A" of this Resolution.

Section 5. This Resolution shall take effect immediately.

09875

EXHIBIT A

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

Notice is hereby given pursuant to the provisions and requirements of Section 4-29-140 of South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session 1980 (the "Act"), that the State Budget and Control Board of South Carolina, pursuant to a Petition filed by the County Council of Spartanburg County, South Carolina, has given its approval to the following undertaking by Spartanburg County, South Carolina:

The issuance by Spartanburg County of its Industrial Development Revenue Note (Renk Corporation Project) in the original principal amount of approximately \$1,500,000 (the "Note"), to defray the costs of acquiring, by construction and purchase, certain land and a building or buildings and improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings by Renk Corporation, a Delaware, to be used as an industrial facility for the purpose of manufacturing slide bearings (the "Project") to be located in Spartanburg County. The Project will be made available to Renk Corporation, which will unconditionally covenant to make payments sufficient to pay the principal, premium, if any, and interest on the Note. The Note will be payable solely and exclusively out of payments to be made by or on behalf of Renk Corporation for the use of the Project.

Notice is further given that any interested party may, within twenty (20) days after the date of the publication of this notice, but not afterwards, challenge the validity of the State Budget and Control Board's approval of the Project and the issuance of the Note by Spartanburg County to defray the cost thereof, by action de novo instituted in the Circuit Court for Spartanburg, County, South Carolina.

STATE BUDGET AND CONTROL BOARD

BY: WILLIAM A. McINNIS, Secretary

Dated: October 27, 1981.

09876

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, WILLIAM A. McINNIS, Secretary to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 11:00 a.m., Tuesday, October 27, 1981, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

None

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

FOR MOTION

5

AGAINST MOTION

0

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

William A. McInnis

Secretary

November 2, 1981

09877

EXHIBIT

OCT 27 1981 NO. 4

11

STATE BUDGET & CONTROL BOARD

RESOLUTION

A RESOLUTION MAKING APPLICATION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE BY SPARTANBURG COUNTY, SOUTH CAROLINA, OF ITS INDUSTRIAL DEVELOPMENT REVENUE NOTE (RENK CORPORATION PROJECT) 1981, PURSUANT TO THE PROVISIONS OF SOUTH CAROLINA CODE ANNOTATED, TITLE 4, CHAPTER 29 (1976) AS AMENDED IN THE PRINCIPAL AMOUNT OF APPROXIMATELY \$1,500,000.

WHEREAS, Spartanburg County, South Carolina (the "County"), acting by and through its County Council is authorized and empowered under and pursuant to the provisions of South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the "Act"), to acquire and cause to be acquired properties that are projects under the Act through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing industrial enterprises to locate in and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is further authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely from revenues and receipts from any financing agreement with respect to such project and secured by a pledge of said revenues and receipts and by an assignment of such financing agreement; and

WHEREAS, the County and Renk Corporation, a Delaware corporation (the "Corporation"), entered into an Assistance Agreement (the "Assistance Agreement") executed by the Corporation on April 8, 1981, and executed by the County on April 8, 1981, pursuant to which and in order to implement the public purposes enumerated in the Act and in furtherance thereof to comply with the undertakings of the County pursuant to the Assistance Agreement, the County proposes to issue its Industrial Development Revenue Note (Renk Corporation Project) in the principal amount of approximately \$1,500,000 (the "Note") under and pursuant to the Act to defray the costs of acquiring by construction and purchase certain land, a building or buildings and other improvements thereon, and machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be located in the jurisdiction of the County and, subject to the approval of the State Budget and Control Board of South Carolina, to make the Project available to the Corporation under and pursuant to the terms of a Financing Agreement

(the "Agreement") to be entered into between the County and the Corporation; and

WHEREAS, it is now deemed advisable by the County Council to file with the State Budget and Control Board of South Carolina, in compliance with Section 4-29-140 of the Act, the Petition of the County requesting approval of the proposed financing by the State Budget and Control Board;

NOW, THEREFORE, BE IT RESOLVED by the County Council of Spartanburg County, South Carolina, as follows:

Section 1. It is hereby found, determined and declared as follows:

(a) The Project will constitute a "project" as said term is referred to and defined in Section 4-29-10 of the Act, and the issuance of the Note in the principal amount of approximately \$1,500,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(b) The Project, the Note proposed to be issued by the County to defray the cost of the Project, or any documents or agreements entered into by the County in connection therewith will not constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

(c) The issuance of the Note by the County in the principal amount of approximately \$1,500,000 will be required to defray the cost of the Project.

(d) Inasmuch as the Corporation is a corporation with established credit, the establishment of reserve funds in connection with the retirement of the Note and the maintenance of the Project is deemed unnecessary.

(e) The Project will be made available by the County to the Corporation upon terms which will require the Corporation, at its own expense, to maintain the Project in good repair and to carry all proper insurance with respect thereto.

(f) The Project will consist of the items described in Exhibits A and B to the Agreement and the Indenture (the "Indenture") to be entered into between the County and First National Bank of South Carolina, as Lender (the "Lender"), all such documents to be submitted with the Petition.

(g) A reasonable estimate of the cost of the Project including necessary expenses incident thereto is \$1,500,000.

(h) In addition to the employment provided for those engaged in the construction of the Project, it is anticipated that after the Project has been completed and the Project placed in operation, the Project will provide additional permanent employment for approximately 75 people from the County and areas adjacent thereto with a resulting alleviation of unemployment, and a substantial increase in payrolls and other public benefits incident to the conducting of industrial operations.

Section 2. There be and is hereby authorized and directed the submission on behalf of the County, of a Petition requesting the approval of the proposal of the County to issue the Note by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 4-29-140 of the Act, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in substantially the form attached hereto.

Section 3. The County Administrator be and is hereby authorized and directed to execute said Petition in the name and on behalf of the County; and the Clerk of the County Council be and is hereby authorized and directed to affix the seal of the County to said Petition and to attest the same and thereafter to submit an executed copy of this resolution, to the State Budget and Control Board, in Columbia, South Carolina.

Section 4. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its passage and approval.

Passed and approved October 14, 1981.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By K. L. Westmoreland
K. L. Westmoreland, County
Administrator of Spartanburg
County, South Carolina

(SEAL)

ATTEST:

C. P. Parris
C. P. Parris, Clerk of
County Council,
Spartanburg County, South Carolina

EXHIBIT

OCT 27 1981 NO. 4

STATE OF SOUTH CAROLINA)
)
SPARTANBURG COUNTY)

STATE BUDGET & CONTROL BOARD

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

P E T I T I O N

This Petition of Spartanburg County, South Carolina (the "County"), pursuant to South Carolina Code Annotated, Title 4, Chapter 29 (1976) as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the "Act"), and specifically Section 4-29-140 thereof, respectfully shows:

1. The County Council of Spartanburg County (the "County Council"), is the governing body of the County and as such is the "governing board" of the County referred to in the Act.

2. The Act, among other things, empowers the County, subject to obtaining the approval of the State Budget and Control Board, pursuant to Section 4-29-140 of the Act: (i) to acquire or cause to be acquired, and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more projects (as defined in the Act) which shall be located within the jurisdiction of the County; (ii) to make available to any industry or industries any or all of its projects for such payments and upon such terms and conditions as the governing board may deem advisable and as shall not conflict with the provisions of the Act; and (iii) to issue revenue bonds, as defined in the Act to include notes, for the purpose of defraying the cost of acquiring, by construction and purchase, and in connection with any such acquisition, to enlarge, improve and expand any project and to secure the payment of such bonds all as in the Act provided.

3. The County has agreed to assist Renk Corporation, a Delaware corporation qualified to do business as a corporation in South Carolina (the "Corporation"), by issuing its revenue note for the purpose of defraying the cost of acquiring certain facilities located in the County (the "Project") more fully described in Exhibits A and B to the Financing Agreement and the Indenture, copies of which are attached hereto.

4. The County has been advised by the Corporation that the estimated cost of the Project will be \$1,500,000

and it has requested the County to execute and deliver its Industrial Development Revenue Note (Renk Corporation Project) (the "Note") in the principal amount of approximately \$1,500,000 to defray such costs.

5. Pursuant to Section 4-29-60 of the Act, the County Council has made the requisite findings that: (i) the Project will subserve the purposes of the Act; (ii) the Project will give rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the principal amount of the Note required to finance the Project is expected to be approximately \$1,500,000; (iv) the County does not deem it necessary to establish any reserve funds in connection with the retirement of the proposed Note and the maintenance of the Project; and (v) the terms under which the Project is to be made available to the Corporation provide that the Corporation shall maintain the Project and carry all proper insurance with respect thereto, and as a part of the proceedings of the County, the County Council will make the requisite finding as to the amount necessary in each year to pay the principal, premium, if any, and the interest on the Note proposed to be issued to defray the cost of the Project.

6. Pursuant to Section 4-29-140 of the Act, the County sets forth the following information:

(a) The Project, described in detail on Exhibits A and B to the Financing Agreement and the Indenture submitted herewith, consists of land, a building or buildings and other improvements thereon and certain machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of manufacturing slide bearings. It is anticipated that, upon completion, the Project will provide directly 75 additional full time jobs in the County and neighboring areas and that the Project will provide stimulation to the economy of the County and neighboring areas thereto by increased payrolls, capital investment and tax revenues.

(b) It is estimated that the cost of the Project, including the items of cost authorized in the Act, will be \$1,500,000.

(c) Copies of the Financing Agreement and the Indenture are being submitted herewith. The following summary of terms is in no wise intended to affect or alter the actual terms of the documents themselves:

(i) The proposed Financing Agreement between the Corporation and the County provides in general:

(A) Proceeds derived from the placement of the Note, except accrued interest paid by the initial holder thereof, will be used and applied by the County upon request of the Corporation solely for the payment of the costs (as that term is defined in the Act) incident to the acquisition, by construction and purchase, of the Project.

(B) The Corporation obligates itself: to effect the completion of the Project if the proceeds derived from the placement of the Note prove insufficient therefor without diminution of any payments to the County required by the Financing Agreement; to meet the payments of principal, premium, if any, and interest on the Note as the same become due; and to pay the cost of maintaining and insuring the Project to the extent and in the manner provided in the Financing Agreement.

(C) The County does not incur any pecuniary liability or create a charge upon its general credit or taxing powers.

(ii) The proposed Indenture between the County and First National Bank of South Carolina, as Lender (the "Lender"), provides in general:

(A) An irrevocable pledge and assignment for the benefit of the Lender or its assigns as holder of the Note of the County's right, title and interest in and to the Financing Agreement and all payments, receipts and revenues which the County has a right to receive under the Financing Agreement or any other financing agreement with respect to the Project in favor of the County (except payments and rights to indemnification payments and administration expenses), and all the moneys and securities in funds created under the Indenture.

(B) The terms of the Note, the provisions for exchange and transfer of the Note, the prepayment provisions, the means of disbursement and investment of the proceeds thereof, default provisions and remedies therefor and various other matters relating to the Note.

(C) The execution of the Indenture imposes no pecuniary liability on the County and does not create a charge upon the general credit or taxing power of the County.

Upon the basis of the foregoing, the County respectfully prays that the State Budget and Control Board (i) accept the filing of this Petition and the documents

submitted herewith, (ii) make such investigation as it deems advisable, (iii) if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the Project and the execution and delivery of the Note by the County pursuant to the Act (including changes in any details of the said financing as finally consummated which do not materially affect the undertaking of the County), and (iv) give published notice of its approval in the manner set forth in Section 4-29-140 of the Act.

Respectfully submitted,

SPARTANBURG COUNTY, SOUTH
CAROLINA

By K. L. Westmoreland
K. L. Westmoreland, County
Administrator, Spartanburg
County, South Carolina

Dated: October 14, 1981.

(SEAL)

ATTEST:

C. P. Parris
C. P. Parris, Clerk,
County Council,
Spartanburg County, South Carolina

EXHIBIT

OCT 27 1981 NO. 4

STATE BUDGET & CONTROL BOARD

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN ASSISTANCE AGREEMENT BY AND BETWEEN SPARTANBURG COUNTY, SOUTH CAROLINA AND RENK CORPORATION, WHEREBY, UNDER CERTAIN CONDITIONS, SPARTANBURG COUNTY WILL ISSUE NOT EXCEEDING SEVEN MILLION DOLLARS (\$7,000,000) INDUSTRIAL REVENUE BONDS OR NOTES.

WHEREAS, Spartanburg County, South Carolina (the "County") acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the "Act"), to acquire, or cause to be acquired, properties (which such properties constitute "projects" as defined in the Act) and to enter into agreements with any industry to construct, operate, maintain and improve such projects; to enter into financing agreements with respect to such projects; to issue revenue bonds to defray the costs of such projects; and to accept any grants for such projects through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State of South Carolina and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, the County is authorized by the Act to issue revenue bonds, as defined in the Act to include notes, payable solely out of the revenues derived from a financing agreement with respect to such project and may further be secured by a pledge of said revenues, a trust indenture or indenture covering all or any part of such project, and a pledge of any financing agreement with respect to such project; and

WHEREAS, Renk Corporation, a Delaware corporation (the "Corporation"), has requested the County to issue not exceeding \$7,000,000 of its Industrial Revenue Bonds or Notes (Renk Corporation Project) pursuant to the Act for the purpose of defraying the cost of acquiring by construction and purchase certain land, a building or buildings or improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the purpose of manufacturing slide bearings, constituting an industrial facility (the "Project"), all as

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more fully set forth in the Assistance Agreement attached hereto; and

WHEREAS, the County has determined on the basis of the information supplied to it by the Corporation that the Project would be a "project" as that term is defined in the Act and that the Project would subserve the purposes of the Act.

NOW, THEREFORE, BE IT RESOLVED, by the County Council as follows:

Section 1. Pursuant to the authority of the Act and subject to the approval by the State Budget and Control Board, and for the purpose of defraying a portion of the cost (as defined in the Act) of acquiring the Project there is hereby authorized to be issued revenue bonds or notes of the County in the principal amount of not exceeding Seven Million Dollars (\$7,000,000) to be designated "Spartanburg County, South Carolina, Industrial Development Revenue Bonds or Notes (Renk Corporation Project)" (the "Bonds").

Section 2. The provisions, terms and conditions of the financing agreement by and between the County and the Corporation, the provisions, terms and conditions of the trust indenture or indenture by and between the County and the Trustee or Bondholder, yet to be named, and the form, details, rate or rates of interest, maturity and redemption provisions, if any, of the Bonds shall be prescribed by subsequent resolution or ordinance of the County Council.

Section 3. The County Administrator of the County is hereby authorized and directed to execute the Assistance Agreement attached hereto in the name and on behalf of the County, and the Clerk of the County Council is hereby authorized and directed to affix thereto the seal of the County and to attest the same; and the County Administrator of the County is hereby further authorized and directed to deliver said executed Assistance Agreement to the Corporation.

Section 4. Prior to the issuance of any Bonds, the County Council will comply with the provisions of the Home Rule Act regarding the procedural requirements for adopting ordinances and resolutions.

Section 5. All orders, resolutions, ordinances and parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This resolution shall take effect and be in full force from and after its passage by the County Council.

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Section 6. It is the intention of the County Council that ~~this~~ resolution shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

Done in meeting duly assembled this 8th day of April 1981.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, County
Administrator, Spartanburg
County, South Carolina

(SEAL)

ATTEST:

By: C. P. Parris
C. P. Parris, Clerk to County
Council, County Council of
Spartanburg County, South Carolina

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ASSISTANCE AGREEMENT

THIS AGREEMENT made and entered into by and between Spartanburg County, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and Renk Corporation, a Delaware corporation (the "Corporation").

W I T N E S S E T H:

ARTICLE I

RECITATION OF FACTS

As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

Section 1.01. 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 Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the "Act"), to acquire, or cause to be acquired, and to enlarge, improve, expand, equip, furnish, own, lease and dispose of properties through which the industrial development of the State will be promoted and trade developed by inducing new industries to locate in South Carolina and by encouraging industries now located in South Carolina to expand their investments and thus utilize and employ manpower and other resources of South Carolina.

Section 1.02. The Corporation desires to acquire certain land located within the jurisdiction of the County, and a building or buildings and other improvements thereon and all machinery, apparatus, equipment, office facilities and furnishings to be used as an industrial facility for the purpose of manufacturing slide bearings (the "Project"). The Project when completed and in operation will provide additional permanent employment in the County for approximately 75 people.

Section 1.03. The Corporation has requested the County to assist it with its contemplated program through the sale of Industrial Development Revenue Bonds (or Notes) pursuant to the Act, whereby the County would defray a portion of the cost of the Project.

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Section 1.04. The County has given due consideration to all the proposals and requests of the Corporation and has agreed to endeavor to effect the issuance of the bonds or notes at the time and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

The County agrees as follows:

Section 2.01. The County will, subject to the approval by the State Budget and Control Board required by the Act, authorize the issuance of not exceeding Seven Million Dollars (\$7,000,000) Spartanburg County, South Carolina, Industrial Development Revenue Bonds (or Notes) (Renk Corporation Project) (the "Bonds"), at such time as the Corporation may request the County to do so.

Section 2.02. The County will permit the Corporation to arrange for the sale of the Bonds to defray the cost of the Project as aforesaid and if successful marketing arrangements can be made, it will adopt such proceedings and enter into such agreements as are necessary for the issuance and securing of the Bonds.

Section 2.03. The proceeds of any sale of the Bonds shall be applied to the payment of the costs of the Project as determined under the Act including, without limitation, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisition by construction and purchase of the Project including land, buildings, necessary machinery and equipment and other items permitted by the Act, and the repayment of any funds advanced or loans incurred by the Corporation for such purposes.

Section 2.04. Prior to issuing any Bonds, the County may enter into a trust indenture with a trustee bank to be selected by the Corporation or an indenture with the purchasers of the Bonds pursuant to which the Bonds will be issued. Such trust indenture or indenture shall be substantially in the form used in connection with the issuance of other South Carolina industrial revenue bonds and may constitute a lien on the Project and the revenues derived from the financing agreement with respect to the Project to secure the payment of the Bonds.

Section 2.05. If requested by the Corporation and in order to provide interim financing pending the issuance of the Bonds, the County will adopt the necessary

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proceedings and provide for the issuance of bond anticipation notes pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, in anticipation of the issuance of the Bonds.

Section 2.06. The County will perform such other acts and adopt such further proceedings as may be required to faithfully implement its undertakings and to consummate the proposed financing.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE CORPORATION

Section 3.01. The Corporation agrees that the County will have no obligation to find a purchaser of the Bonds.

Section 3.02. The Corporation further agrees, if the plan proceeds as contemplated:

(a) to acquire by construction and purchase the land, buildings, equipment and machinery constituting the Project;

(b) to enter into a financing agreement with the County under the terms of which the Corporation will obligate itself to pay to the County sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable, said financing agreement shall be in such form and contain such provisions as shall be satisfactory to the County and to the Corporation;

(c) to obligate itself to make the additional payments required by the Act, including, but not limited to, payments in lieu of taxes if necessary;

(d) to hold the County harmless from all pecuniary liability and to reimburse it for all expenses to which it might be put in the fulfillment of its obligations under this Agreement in the implementation of its terms and provisions;

(e) to perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing; and

(f) to covenant and agree in the financing agreement referred to hereinbefore to install in the buildings which are to become a part of the Project all

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necessary equipment and machinery and thereafter to operate the Project as a facility for the purpose of manufacturing slide bearings or for such other purposes as may hereafter be deemed appropriate.

ARTICLE IV

GENERAL PROVISIONS

Section 4.01. All commitments of the County under Article II hereof are subject to all of the provisions of the Act and the condition that nothing contained in this Agreement shall constitute or give rise to a pecuniary liability of the County or a charge against its general credit or taxing power.

Section 4.02. The parties hereto agree that the Corporation may proceed with the Project including the construction of a building or buildings and acquisition and installation of the equipment and machinery prior to the issuance of the Bonds.

Section 4.03. All commitments of the County and the Corporation hereunder are subject to the condition that the County and the Corporation do agree on acceptable terms and conditions of all documents the execution and delivery of which are contemplated by provisions hereof.

Section 4.04. The parties understand that the Corporation may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

Section 4.05. It is the intention of the parties hereto that this Agreement shall constitute an official action on the part of the County within the meaning of the applicable regulations of the United States Treasury Department relating to the issuance of industrial revenue bonds.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement on the respective dates indicated below.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By: K. L. Westmoreland
K. L. Westmoreland, County
Administrator, Spartanburg
County, South Carolina

(SEAL)

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ATTEST:

By: C. P. Parris
C. P. Parris, Clerk to County
Council, County Council of
Spartanburg County, South Carolina

Dated: April 8, 1981.

RENK CORPORATION

By: [Signature]
Its President

(SEAL)

ATTEST:

[Signature]
Its Herbe Vice President
Dated: April 9, 1981.

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OCT 22 1981

McNAIR GLENN KONDUROS CORLEY SINGLETARY PORTER & DIBBLE, P. A.

ROBERT E. McNAIR
TERRELL L. GLENN
JAMES S. KONDUROS
O. WAYNE CORLEY
E. McLEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN W. CURRIE *
EUGENE J. CARRON *
DANIEL R. McLEOD, JR.
SCOTT Y. BARNES
BRENTON D. JEFFCOAT
M. CRAIG GARNER, JR.
THEODORE J. HOPKINS, JR.
WILLIAM S. ROSE, JR. *
PETER CONNOR MURPHY
C. ALAN RUNYAN
ELIZABETH H. VAN DOREN
ROBERT E. STEPP
KATHLEEN E. CRUM
J. SIMON FRASER
E. RUSSELL JETER, JR. *
JANE A. BRUNO
WILLIAM E. CRAVER III

* ALSO MEMBER D. C. AND VA. BARS
* ALSO MEMBER N. Y. BAR
* ALSO MEMBER OHIO AND D. C. BARS
* ALSO MEMBER FLA. BAR

ATTORNEYS AND COUNSELORS AT LAW
EIGHTEENTH FLOOR, BANKERS TRUST TOWER
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
803-799-9800

October 21, 1981

RANDALL T. BELL
COUNSEL

HILTON HEAD ISLAND OFFICE
108 SAPELO BUILDING
ISLAND OFFICE PARK
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S. C.
29938
803-785-5169

EXHIBIT

OCT 27 1981 NO. 4

STATE BUDGET & CONTROL BOARD

Mr. William A. McInnis
State Budget and Control Board
Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: \$1,500,000 Spartanburg County, South Carolina,
Industrial Development Revenue Note (Renk
Corporation Project) 1981

Dear Mr. McInnis:

Please place the above captioned industrial development
note issue on the agenda for the October 27 meeting of the State
Budget and Control Board. Enclosed for review are the following:

1. Copy of Resolution authorizing Assistance Agreement and Assistance Agreement;
2. Copy of Indenture;
3. Copy of Guaranty;
4. Copy of Financing Agreement;
5. The Resolution and Petition to the Budget and Control Board executed by the County;
6. The original and nine copies of the Resolution of the Budget and Control Board along with form of notice.

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OCT 22 1981

Mr. William A. McInnis
October 21, 1981
Page 2

7. Letter from First National Bank of South Carolina as purchaser as required by paragraph 2(c) of the procedures of the Board.

Renk Corporation is a Delaware corporation qualified to do business as a corporation in South Carolina which manufactures slide bearings. The project when completed and in operation will provide additional permanent employment in Spartanburg County for approximately 75 people. Please call if there is any additional information that you need.

Thanking you for your assistance in this matter, I
am

Sincerely,

McNAIR GLENN KONDUROS CORLEY
SINGLETERY PORETER & DIBBLE, P.A.

Kathleen E. Crum/ss

Kathleen E. Crum

KEC/sss
Enclosure

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EXHIBIT

OCT 27 1981 NO. 4

STATE BUDGET & CONTROL BOARD 2

SPARTANBURG COUNTY, SOUTH CAROLINA

and

FIRST NATIONAL BANK OF SOUTH CAROLINA, as Lender

INDENTURE

Dated as of November 1, 1981

Securing
Spartanburg County, South Carolina, Industrial Development
Revenue Note
(Renk Corporation Project) 1981

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

MGKCSP&D, P.A.

Draft: October 22, 1981

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SIGNATURES AND SEALS

EXHIBIT A

ACKNOWLEDGMENTS

THIS INDENTURE, dated as of November 1, 1981 (hereinafter called the "Indenture"), between Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter called the "Issuer"), party of the first part, and First National Bank of South Carolina, organized and existing under the laws of the United States of America and the State of South Carolina and having its principal office and place of business in Columbia, South Carolina (hereinafter called the "Lender"), as Lender, party of the second part.

WITNESSETH:

WHEREAS, Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (hereinafter said Chapter and amendments are collectively referred to as the "Act") authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry to construct, operate, maintain and improve such a project, to enter into a financing agreement with such an industry; to issue revenue bonds (as defined in the Act to include notes) and apply the proceeds thereof to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such notes in the manner authorized in the Act; and

WHEREAS, Renk Corporation, a Delaware corporation (hereinafter called the "Corporation"), has requested the Issuer to issue its revenue note and make the proceeds thereof available to defray the cost of acquiring, by purchase, certain land, a building or buildings or improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings deemed necessary, suitable or useful by the Corporation for the purpose of manufacturing slide bearings (hereinafter referred to as the "Project") all to be located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action authorized the issuance of its revenue note pursuant to the Act and to make the proceeds thereof available to defray the cost of acquiring the Project to be made available to the Corporation pursuant to the terms of a Financing Agreement dated as of November, 1981 (hereinafter called the "Agreement") between the Issuer and the Corporation under the terms of which the Corporation is obligated to make payments to or for the account of the Issuer in the amount

necessary to pay the principal, premium, if any, and interest on such revenue note as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer or the Lender in connection with this Indenture, the Agreement or the Project; and

WHEREAS, the Issuer has determined to issue hereunder a note to be designated "Spartanburg County, South Carolina, Industrial Development Revenue Note (Renk Corporation Project) 1981" (hereinafter called the "Note") in the original principal amount of \$1,500,000 for the purpose of providing funds to defray the cost of acquiring the Project to be made available to the Corporation pursuant to the Agreement; and

WHEREAS, in order to secure the payment of the principal, premium, if any, and interest on the Note, and to establish and declare the terms and conditions upon which the Note is to be issued, the Issuer has duly authorized and directed the execution and delivery of this Indenture; and

WHEREAS, the Issuer has duly authorized the execution and delivery of the Agreement and the execution and delivery hereunder of the Note upon and subject to the terms and conditions hereinafter set forth; and

WHEREAS, all acts and things have been done and performed, which are necessary to make the Note, when executed and delivered by the Issuer, the legal, valid and binding limited obligation of the Issuer in accordance with its terms and to make this Indenture a valid and binding agreement for the security of the Note; and

WHEREAS, the Note is to be in substantially the following form with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

[Form of Note]

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
SPARTANBURG COUNTY
INDUSTRIAL DEVELOPMENT REVENUE NOTE
(RENK CORPORATION PROJECT) 1981

\$1,500,000

November __, 1981

Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), for value received, hereby

promises to pay to First National Bank of South Carolina or registered assigns, on the _____ day of November, 1991, upon the presentation and surrender hereof, the principal sum of

One Million Five Hundred Thousand Dollars (\$1,500,000)

but solely from the revenues and receipts of the Issuer derived pursuant to the Financing Agreement (hereinafter referred to) as provided in the Indenture (hereinafter referred to) and to pay but solely from such revenues and receipts interest on the outstanding balance of said principal sum from the date hereof at the rate per annum of sixty percent (60%) of the Prime Rate. "Prime Rate" means the prime rate of interest as announced publicly from time to time at First National Bank of South Carolina at Columbia, South Carolina including all changes in such rate as in effect from time to time. Upon a Determination of Taxability (as such term is defined in the Indenture hereinafter mentioned), the interest rate on this note shall be increased as of the date of the Event of Taxability (as such term is defined in the Indenture hereinafter mentioned) giving rise to such a Determination to the rate per annum equal to one hundred fifteen percent (115%) of the Lender's Prime Rate during that taxable period. In the event the maximum tax rate imposed on corporations under Section 11(b)(5) of the Internal Revenue Code of 1954, as amended, declines from 46%, the interest rate on this Note applicable prior to the date of an Event of Taxability shall be increased on the effective date of such decline by substituting for 60 a number arrived at by dividing 60 by 54 and multiplying the result by the difference between 100 and the new maximum tax rate (disregarding the statement of said rate as a percentage). Interest on this note shall be payable

beginning on _____, _____. Principal on this note shall be payable in _____ installments of \$ _____ each on _____, commencing November __, 1983. All payments of principal or interest on this note shall be made to the Lender, or subsequent holder hereof, in immediately available funds at any account designated by such holder maintained in a bank or similar financial institution that either clears through the federal reserve or has arrangements permitting items handled for such bank or financial institution to be so cleared through the federal reserve on the due date for such payment. If no account is designated such payments may be made by any instrument drawn on or certified by a bank and mailed to the address of the holder hereof as such address appears on the hereinafter mentioned Note Register.

This note is duly authorized and issued by the Issuer and designated as "Spartanburg County, South Carolina, Industrial Development Revenue Note (Renk Corporation Project) 1981" (the "Note"), issued in the original principal amount of \$1,500,000 under and pursuant to the Constitution and Laws of the State of South Carolina, particularly Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980 (the "Act"), and under and secured by an Indenture by and between the Issuer and First National Bank of South Carolina, a national banking association (the "Lender"), dated as of November 1, 1981 (the "Indenture"). This note is being issued to defray the costs of acquiring certain land, a building or buildings or improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of manufacturing slide bearings (the "Project"). The Project will be made available to Renk Corporation, a Delaware corporation (the "Corporation"), pursuant to the terms of a Financing Agreement dated as of November 1, 1981 (the "Agreement") between the Issuer and the Corporation.

Pursuant to the terms of the Agreement, the Corporation has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal, premium, if any, and interest on this note. Pursuant to the Indenture, the Issuer has assigned and pledged its rights to receive payments under the Agreement (except for certain rights of indemnification and reimbursement of expenses) to the Lender to secure payment of this note. As further security for the payment of this note, the Issuer has assigned its rights under the Agreement. The Corporation has further agreed to guarantee the payment of the principal, premium, if any, and interest on this note pursuant to the terms of a Guaranty dated as of November 1, 1981 (the "Guaranty").

Copies of the Indenture, the Agreement and the Guaranty are on file at the principal corporate office of the Lender and in the Office of the Clerk of Court for Spartanburg County, South Carolina, and reference is made to the Indenture (and all indentures supplementary thereto and amendatory thereof) and the Agreement (and all amendments or supplements thereto) for the provisions relating, among other things, to the terms and security for this note, the collection and disposition of the revenues and receipts of the Issuer derived pursuant to the Agreement, the custody and application of the proceeds of this note, the rights and remedies of the holders of this note, the rights, duties and obligations of the Issuer, the Corporation and the Lender and the modification or amendment of any of the foregoing.

This note is secured, to the extent provided in the Indenture, by a pledge of the revenues and receipts derived by the Issuer pursuant to the Agreement and by an assignment of the rights of the Issuer under the Agreement. This note is further secured by an unconditional irrevocable letter of credit from Bayerische Hypotheken Und Wechsel Bank in the amount of \$1,500,000 or the outstanding principal balance of this note plus accrued interest. This note and the interest payments becoming due hereon are limited obligations of the Issuer payable solely from the revenues and receipts derived by the Issuer pursuant to the Agreement, and do not and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power. The full faith, credit and taxing power of the Issuer are not pledged for the payment of the principal, premium, if any, or interest on this note.

The transfer of this note is registrable, as provided in the Indenture, upon the Note Register kept for that purpose at the principal corporate office of the Corporation, by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this note together with a written instrument of transfer satisfactory to the Corporation duly executed by the registered owner or his attorney duly authorized in writing, and thereupon shall be reissued to the transferee with a notation as to the principal amount outstanding as of the date of such transfer as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer and the Corporation may deem and treat the person in whose name this note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or prepayment price hereof and interest due hereon and for all other purposes.

This note may be prepaid without premium or penalty of any kind prior to the stated maturity hereof: (i) as a whole at any time or in part at any time or from time to time upon the exercise by the Corporation of its option to prepay any and all amounts payable by the Corporation pursuant to the provisions of the Agreement provided that; the Corporation shall give the Issuer and the Lender written notice of the date and amount of such prepayment, which date shall not be less than thirty days after the date the notice is mailed; and (ii) in part upon the completion of the Project from moneys remaining in the Construction Fund (as that term is defined in the Indenture) not needed for the payment of the cost of the Project. All partial prepayments

shall be in the minimum amount of \$20,000 of principal and the interest accrued thereon to the date fixed for prepayment. All partial prepayments shall be applied to installments of principal in inverse order of the due dates thereof.

The Lender or any subsequent holder of this note shall have the right to institute any suit, action or proceeding for the enforcement of the Indenture or hereunder as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the outstanding principal balance of the 1981 Note and all additional notes issued under the Indenture may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

As provided in the Indenture, modifications or alterations of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the holder of this note in any particular may be made only with the consent of the Corporation and the holder hereof. Any such consent by the holder of this note shall be conclusive and binding upon such holder and all future holders and owners of this note irrespective of whether any notation of such consent is made upon this note.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this note, exist, have happened and have been performed in due time, form and manner, and that the issuance of this note are within every debt and other limit prescribed by the Constitution and laws of the State of South Carolina.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this note to be executed in its name and on its behalf by the manual signature of the Chairman of the County Council and its seal to be impressed, imprinted, engraved or otherwise affixed or reproduced hereon and attested by the manual signature of the Administrator of the county, as of November __, 1981.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By _____
R. G. Rowell, Chairman,
County Council of Spartanburg
County, South Carolina

(SEAL)

ATTEST:

By
K. L. Westmoreland, Admin-
istrator of Spartanburg
County, South Carolina

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

The Issuer, in consideration of the premises and of the purchase and acceptance of the Note issued and secured hereunder by the holder and owner thereof, and of the execution and delivery by the Corporation of the Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal, premium, if any, and interest on the Note according to its tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Note, and does hereby, subject to the terms and provisions of the Agreement, sell, assign, convey and pledge unto First National Bank of South Carolina, as holder of the Note, and unto its successors and assigns forever, all of the right, title and interest of the Issuer in and to the Agreement (except for the rights of the Issuer to receive payments, if any, of administration expenses pursuant to Section 4.01 of the Agreement and indemnification payments pursuant to Section 7.04 of the Agreement), the Revenues (as hereinafter defined), and all moneys and securities in the Construction Fund (as hereinafter defined).

TO HAVE AND TO HOLD the same pledged, conveyed and assigned, or agreed or intended so to be, to the Lender and its successors and its assigns forever;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal, premium, if any, and interest on the Note and the interest due or to become due thereon, at the times and in the manner mentioned in the Note, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Lender all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void, otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all notes issued and secured hereunder are to be issued and delivered and all moneys and securities hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Lender and with its successors and assigns as the holder and owner, from time to time, of the Note, or any part thereof as follows, that is to say:

ARTICLE I

DEFINITIONS

The terms defined in this Article I shall for all purposes of this Indenture have the meanings herein specified, unless the context clearly otherwise requires. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa.

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980, and all future acts supplemental thereto and amendatory thereof.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Issuer with respect to the Project, the Agreement and this Indenture, and the compensation and expenses paid to or incurred by the Lender or the Depositary under the Agreement or this Indenture; provided, however, that no such expense shall be considered an Administration Expense until the Issuer, the Lender or the Depositary, as the case may be, has furnished to the Corporation a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Agreement" shall mean the Financing Agreement dated as of November __, 1981, between the Issuer and the Corporation, and any and all modifications, alterations, amendments and supplements thereto made in accordance with the provisions of the Agreement and of this Indenture.

"Authorized Corporation Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Corporation by its President or one of its Vice Presidents. Such certificate may designate an alternate or alternates, and may designate different Authorized Corporation Representatives to act for the Corporation with respect to different sections of the Agreement and this Indenture. An Authorized Corporation Representative may be an employee of the Corporation.

"Bond Counsel" shall mean legal counsel experienced in matters relating to municipal obligations and the exemption from taxation of the interest thereon.

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 of the Agreement.

"Construction Fund" shall mean the fund created under Section 3.01 of this Indenture.

"Corporation" shall mean Renk Corporation, a Delaware corporation, and any surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 7.02 of the Agreement.

"Corporate Office" shall mean the principal office of the Corporation, at which at any particular time its business and corporate records shall be principally administrated and maintained.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction and purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of the Agreement, (a) obligations of the Corporation incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender and the Depositary, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the execution and delivery of the Note; (e) all other costs which the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition, construction and installation of the Project; (f) costs incurred by the Corporation for the acquisition of the land upon which the Project is located; (g) any sums required to reimburse the Corporation for advances made by it for any of the above items, or for any other work done and costs incurred by the Corporation, which are for the acquisition of land or property of a character subject to the allowance for depreciation provided for under IRC Section 167 included in the Project; and (h) any amount for the payment of interest on the Note accruing prior to

the Completion Date and for which a requisition may be made under Section 3.03 hereof.

"Depository" shall mean First National Bank of South Carolina, a national banking corporation, organized and existing under the laws of the United States of America.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Note is includable in the gross income of a holder or former holder thereof as a result of either (i) the limitations prescribed in IRC Section 103(b)(6)(D) having been exceeded or (ii) any other action or failures to act by the Corporation; (b) the issuance of a statement by the Corporation to the effect that it has exceeded or intends to exceed the maximum amount of capital expenditures permitted under IRC Section 103(b)(6)(D); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Note has become includable in the gross income of a holder thereof for any reason other than that such holder is a substantial user of the project or a related person within the meaning of IRC Section 103(b)(9); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Corporation, either directly, or with the cooperation of any holder or former holders of the Note, a protest being actively prosecuted in good faith by the Corporation which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service. Such a Determination of Taxability shall be deemed for all purposes of this Indenture to have occurred on the date borne by said statutory notice of deficiency or the date borne by said statement as the case may be.

"Event of Default" shall mean, with reference to this Indenture, any of the occurrences described in Section 6.01 hereof.

"Event of Taxability" shall mean (i) the occurrence of the circumstances described in IRC Section 103(b)(6)(D); (ii) such other acts or failures to act by the Corporation, or (iii) the occurrence of the circumstances resulting in the delivery of the opinion specified in clause (c) of the definition of Determination of Taxability; which circumstances result in a Determination of Taxability with the result that the interest payable on the Note becomes includable in the gross income of a holder or former holder of the Note other than a holder who is a "substantial user" of the Project or a "related person" as such terms are used in IRC Section 103.

"Financing Statement" shall mean a financing statement or a continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State or such other jurisdiction the laws of which are applicable.

"Indenture" shall mean this Indenture, as the same may be amended, modified or supplemented in accordance with the terms hereof.

"Interest Payment Date" shall mean each date specified in the Note for the payment of interest thereon.

"IRC" shall mean the Internal Revenue Code of 1954 as amended and the regulations proposed or promulgated thereunder by the Department of the Treasury as such code and regulations apply to any particular Note.

"Issuer" shall mean Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina and its successors and assigns.

"Lender" shall mean First National Bank of South Carolina, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns as the Holder of the Note.

"Letter of Representation" shall mean that certain letter of the Corporation addressed to the Issuer and to Bond Counsel for the Note, dated the date of delivery to, and payment for, the Note by the initial purchaser thereof, wherein the Corporation has set forth, among other things, certain information relating to the nature and cost of the facilities comprising the Project.

"Neutral Costs" shall mean that amount of the proceeds from the sale of the Note used for (i) the payment of the reasonable expenses of issuing the Note including, without limitation, advertising, recording and printing costs; accountants, financial advisor's and counsel fees; rating agency fees, initial fees of the Depositary, charges of the Lender and all similar expenses; and (ii) the provision of any reasonably required debt service reserve fund with respect to the Note.

"Note" shall mean the \$1,500,000 "Spartanburg County, South Carolina Industrial Development Revenue Note (Renk Corporation Project) 1981" authorized, executed and delivered by the Issuer, under this Indenture.

"Noteholder" or "Holder" shall mean the Registered Owner of the Note.

"Note Register" and "Note Registrar" shall have the respective meanings specified in Section 2.05 hereof.

"Officer's Certificate" shall mean a certificate signed by the Administrator of the Issuer and the Clerk of the County Council of the Issuer.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel satisfactory to the Lender.

"Permitted Investments" shall mean any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein: (i) direct and general obligations of the United States of America or obligations for which the United States of America has unconditionally guaranteed or assumed the obligation of the payment of the principal and interest thereon; (ii) obligations of the Federal Land Bank, Federal Home Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Corporation, Federal Bank for Cooperatives, International Bank for Reconstruction and Development, Asian Development Bank, and direct and general obligations of any agencies of the United States of America not included in the foregoing listing; (iii) direct and general full faith and credit obligations of the State; (iv) direct and general full faith and credit obligations of any political unit in the State; (v) obligations of savings and loan associations to the extent that the same are insured by the Federal Savings and Loan Insurance Corporation; (vi) certificates of deposit or repurchase agreements of any bank or trust company if such certificates or agreements are collaterally secured by investments of the type described in clauses (i), (ii) or (iii) above held by another bank or trust company as escrow agent or custodian, of a market value not less than the amount, including interest, of the certificates so secured; (vii) certificates of deposit or other obligations of banks or trust companies organized under the laws of the United States of America or any state thereof, to the extent such certificates or other obligations are insured by an agency of the United States of America; and (viii) any other investment permitted by law.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision.

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Plant, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.07 of the Agreement. The Plans and Specifications shall be made available to the Lender and the Issuer for inspection at such times as the Lender and the Issuer may reasonably request.

"Plant" shall mean the industrial facility of the Corporation located in the jurisdiction of the Issuer.

"Principal Payment Date" shall mean any date on which the principal of the Note shall become due, whether at maturity or by prepayment or acceleration.

"Project" shall mean the land, building or buildings or improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings more particularly described on Exhibits A and B hereto and to the Agreement, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications, but not including the Corporation's own machinery and equipment installed at the Plant under the provisions of Section 8.03 of the Agreement.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, and shall include all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Corporation or any related person, as such term is employed in IRC Section 103, after August 3, 1981.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Note shall be registered on the Note Register.

"Revenues" shall mean all payments, receipts and revenues which the Issuer has a right to receive under or pursuant to the Agreement or in respect of the mortgage agreement given hereunder (other than payment of Administration Expenses and indemnification payments pursuant to Section 4.01 and 7.04, respectively, of the Agreement and the proceeds of the Notes).

"State" shall mean the State of South Carolina.

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplemental to or amendatory of this Indenture as originally executed which is duly entered into in accordance with the provisions of this Indenture.

ARTICLE II

DESCRIPTION, AUTHORIZATION, MANNER OF EXECUTION, REGISTRATION AND TRANSFER OF THE NOTE

SECTION 2.01. Authorization and Designation of the Note. The Note shall be designated as "Spartanburg County, South Carolina, Industrial Development Revenue Note (Renk Corporation Project) 1981."

SECTION 2.02. Details of the Note. The Note shall be issued in the original principal amount of \$1,500,000. The Note shall be dated November __, 1981, and shall bear interest from such date until maturity or until the date fixed for prepayment (whichever occurs first), at the rate per annum of sixty percent (60%) of the Prime Rate. "Prime Rate" means the prime rate of interest as announced publicly from time to time at First National Bank of South Carolina at Columbia, South Carolina including all changes in such rate as in effect from time to time. Upon a Determination of Taxability, the 1981 Note shall bear interest from the Event of Taxability at the rate per annum equal to one hundred fifteen percent (115%) of the Lender's Prime Rate during that taxable period. In the event the maximum tax rate imposed on corporations under Section 11(b)(5) of the Internal Revenue Code of 1954, as amended, declines from 46%, the interest rate on this Note applicable prior to the date of an Event of Taxability shall be increased on the effective date of such decline by substituting for 60 a number arrived at by dividing 60 by 54 and multiplying the result by the difference between 100 and the new maximum tax (disregarding the statement of said rate as a percentage). The interest on the Note shall be payable _____ commencing _____. Principal on the Note shall be payable in _____ installments of \$ _____ each on _____ commencing _____, 1983. All payments of principal or interest on the Note shall be made to the Lender, or subsequent holder thereof, in immediately available funds at any account designated by such maintained in a bank or similar financial institution that either clears through the federal reserve or has arrangements permitting items handled for such bank or financial institution to be so cleared through the federal reserve on the due date for such payment. If no account is designated such payments may be made by any instrument drawn on or certified by a bank and mailed to the address of the holder thereof as such address appears on the Note Register. The Note shall mature (subject to the right of prepayment on dates and upon the terms and conditions hereinafter set forth) on November __, 1991.

The Note will be subject to prepayment without premium or penalty of any kind prior to the stated maturity thereof:

(a) As a whole at any time or in part at any time and from time to time upon the exercise by the Corporation of its option under the Agreement to prepay any and all amounts payable by it thereunder provided that; the Corporation shall give the Issuer and the Lender written notice of the date and amount of such prepayment, which date shall not be less than thirty days after the date the notice is mailed; and

(b) In part upon the completion of the Project from moneys remaining in the Construction Fund not needed for the payment of the Cost of the Project.

All partial prepayments shall be in the minimum amount of \$20,000 of principal and the interest accrued thereon to the date fixed for prepayment. All partial prepayments shall be applied to installments of principal in inverse order of the due dates thereof.

SECTION 2.03. Replacement for the Note if Mutilated, Lost, Stolen or Destroyed. In the event the Note is mutilated, lost, stolen or destroyed, the Issuer may execute and deliver a new Note of the same principal amount and maturity and of like tenor as the Note in exchange and substitution for such mutilated Note or in lieu of the substitution for such lost, stolen or destroyed Note.

Application for exchange and substitution of a mutilated, lost, stolen or destroyed Note shall be made to the Corporation at the Corporate Office. In every case the applicant for a substitute Note shall furnish to the Issuer and to the Corporation such security or indemnity as may be required by them to save each of them harmless. In every case of loss, theft or destruction of the Note, the applicant shall also furnish to the Issuer and to the Corporation evidence to their satisfaction of the loss, theft or destruction and of the ownership of the Note. In every case of mutilation of the Note, the applicant shall surrender the Note so mutilated.

Notwithstanding the foregoing provisions of this Section 2.03, in the event any such Note shall have matured or be about to mature and no default has occurred which is then continuing in the payment of the principal, premium, if any, or interest on the Note, the Issuer may authorize the payment of the same, without surrender thereof except in the case of a mutilated Note instead of issuing a substitute Note, provided security or indemnity is furnished as above provided in this Section 2.03.

Any cost, expenses' or fees incurred in connection with the issuance of any substitute Note shall be an Administration Expense, payable by the Corporation pursuant to the Financing Agreement. Every substitute Note issued pursuant to the provisions of this Section 2.03 by virtue of the fact that the Note is mutilated, lost, stolen or destroyed shall constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, lost, stolen or destroyed Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Indenture to the same extent as the Note in substitution for which such Note was issued.

The provisions of this Section 2.03 are exclusive and shall preclude, to the extent lawful, all of the rights and remedies with respect to the payment of mutilated, lost, stolen or destroyed Notes, including those granted by any law or statute now existing or hereafter enacted.

SECTION 2.04. Execution of the Note. The Notes shall be executed on behalf of the Issuer by the manual signature of the Chairman of the Issuer and its corporate seal shall be impressed, imprinted, engraved or otherwise affixed or reproduced thereunto and attested by the manual signature of the Administrator of the Issuer.

If any of the officers who shall have signed or sealed the Note shall cease to be such officer of the Issuer before the Note so signed and sealed shall have been actually delivered by the Issuer, such Note nevertheless may be issued and delivered with the same force and effect as though the person or persons who signed or sealed such Note had not ceased to be such officer or officers of the Issuer; and also any such Note may be signed and sealed on behalf of the Issuer by those persons who, at the actual date of the execution of such Note, shall be the proper officers of the Issuer, although at the date of such Note any such person shall not have been such officer of the Issuer.

SECTION 2.05. Negotiability, Registration and Transfer. Ownership of the Note shall be registered on the Note Register, which shall be kept for this purpose at the Corporate Office, by the Corporation which is hereby designated Note Registrar. Upon surrender of the Note for transfer thereof by the Registered Owner in person or by his attorney duly authorized in writing together with a written instrument of transfer in form satisfactory to the Note Registrar duly executed by the Registered Owner or his attorney duly authorized in writing and upon payment by such Registered Owner of a sum sufficient to cover any governmental tax or charge required to be paid. Upon any such

registration of transfer, the Issuer shall issue in the name of the transferee the Note so transferred.

The Issuer and the Corporation may deem and treat the Registered Owner of the Note as the absolute owner of such Note for the purpose of receiving any payment on such Note for the purpose of receiving any payment on such Note and for all other purposes of this Indenture and the Agreement, whether such Note shall be overdue or not, and neither the Issuer nor the Corporation shall be affected by any notice to the contrary. Payment of, or on account of, the principal, premium, if any, and interest on the Note shall be made to such Registered Owner or upon his written order. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

SECTION 2.06. Note Limited Obligation of Issuer. The Note shall be a limited obligation of the Issuer, the principal, premium, if any, and interest on which shall be payable solely out of the revenues and receipts derived by the Issuer pursuant to the Agreement including, without limiting the generality of the foregoing, all moneys included or to be included in the property pledged herein. The Note and the premium, if any, and interest thereon do not and shall never constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and do not and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers. The principal, premium, if any, and interest on the Note shall be secured solely by the aforesaid revenues and receipts and by this Indenture, including, without limiting the foregoing, by the pledge to the Lender made herein of said revenues and receipts and the Agreement.

No breach by the Issuer of this Indenture or of any provision or condition hereof or in the Note or of any agreement contained herein or in the Note shall result in the imposition of any pecuniary liability upon the Issuer or any charge upon its general credit or against its taxing power. The liability of the Issuer under this Indenture and the Note or any provision or condition hereof or thereof or of any agreement herein or in the Note contained or of any warranty herein or in the Note included or for any breach or default by the Issuer of any of the foregoing shall be limited solely and exclusively to the property pledged herein. The Issuer shall not be required to execute or perform any of its duties, obligations, powers or covenants hereunder or under the Note except to the extent of the property pledged herein available therefor.

The provisions of this Section 2.06 shall control every other provision of this Indenture, anything in such other provisions to the contrary notwithstanding.

SECTION 2.07. Execution and Delivery of Note. The Note in the original principal amount of \$1,500,000 shall forthwith be executed by the Issuer and delivered to the Lender, together with a statement as to the amount and disposition of the proceeds of the sale of such principal amount of the Note, and thereupon the Note shall be accepted by the Lender, but only upon the deposit by the Lender of the aforesaid proceeds of sale of the Note in the Construction Fund. Prior to acceptance of the Note the Lender shall also have received the following:

(a) A copy of the ordinance adopted by the Issuer authorizing the execution and delivery of the Agreement and this Indenture and the issuance and delivery of the Note, duly certified by the Clerk of the County Council of the Issuer under its corporate seal to have been duly enacted by the Issuer and to be in full force and effect on the date of such certification;

(b) A certificate of the Administrator of the Issuer to the effect that on the basis of the facts, estimates and circumstances in existence on the date of delivery of the 1981 Note, it is not expected that the proceeds of the 1981 Note will be used in a manner that would have caused the 1981 Note to be an arbitrage bond within the meaning of Section 103(c) of the IRC had such use been reasonably expected on the date of issuance of the 1981 Note, and such certificate shall set forth such facts, estimates and circumstances, which may be in brief and summary terms, and shall state that to the best of the knowledge and belief of the officer signing such certificate there are no other facts, estimates or circumstances that would materially change such expectation;

(c) Opinions, dated as of the date of Closing, of (A) Roy McBee Smith, Esquire, counsel for the Issuer; (B) Messrs. McNair Glenn Konduros Corley Singletary Porter & Dibble, P.A., bond counsel, and (C) _____, counsel for the Corporation, in each case in such form as the Lender shall approve;

(d) A copy of the Ordinance certified by the Clerk of the County Council or other appropriate official, and an executed copy of the Financing Agreement and the Indenture, which shall be in form and substance satisfactory to the Lender; and

(e) Such additional certificates (including appropriate no-litigation certificates and certified copies of ordinances, resolutions or other proceedings adopted by the Issuer and the Corporation instruments or other documents as the Lender may reasonably request to evidence the authority of the Lender to act as Depositary under the Indenture or the authority of the Corporation to execute and deliver the Agreement, and the due performance and satisfaction by the Issuer and the Corporation at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by each of them in connection with this Indenture, the Guaranty and the Agreement.

ARTICLE III

CONSTRUCTION FUND

SECTION 3.01. Creation of Construction Fund.

There is hereby created and established with the Depositary a special and separate trust fund of the Issuer to be known and designated as the "Spartanburg County, South Carolina, Industrial Development Construction Fund (Renk Corporation Project)." The Issuer shall pay to the Depositary the proceeds from the sale by the Issuer of the Note, and the Depositary shall deposit the same in the Construction Fund.

SECTION 3.02. Application of Moneys in Construction Fund. The moneys in the Construction Fund, until applied in payment of any item of the Cost of the Project, shall be held in trust by the Depositary and, pending such application, shall be subject to a lien and charge in favor of the Holder of the Note and for the further security of such Note until paid out as herein provided.

SECTION 3.03. Requisitions. So long as no Event of Default (as defined in the Agreement) has occurred and is continuing the Depositary shall make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depositary of requisitions (upon which both the Depositary and the Issuer shall rely and shall be protected in relying) signed by an Authorized Corporation Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) at least 90% of the amount, exclusive of amounts requisitioned for the payment of Neutral Costs, requisitioned from the Construction Fund, including the amount being requisitioned, has been or, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) the person signing such requisition has no notice of any vendor's, mechanic's or other liens, or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which should be satisfied or discharged before such payment is made; (viii) such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; and (ix) with

respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof.

SECTION 3.04. Retention of Requisitions. For a minimum of five years from the date thereof the Depositary shall retain in its possession all requisitions received by it as in this Indenture required, subject to the inspection of the Issuer, its agents and representatives, the Corporation and Noteholders and their representatives at all reasonable times.

SECTION 3.05. Disposition of Balances Remaining in Construction Fund. Upon completion of the Project in accordance with the Plans and Specifications, the Depositary shall be furnished with a certificate of an Authorized Corporation Representative showing such completion and the date thereof and the payment of the Cost thereof or the provisions necessary to be made for payment thereof. Thereupon, any balance in the Construction Fund not reserved for the payment of any remaining part of the Cost of any of the foregoing shall be applied to the payment of the principal of the Note.

SECTION 3.06. Moneys to be Continuously Secured. All moneys received by the Depositary under this Indenture and not invested by the Depositary pursuant to the provisions of Section 3.07 of this Indenture shall be continuously secured for the benefit of the Issuer and the Holder of the Note to the extent and in the manner required by law.

SECTION 3.07. Investment of Moneys. Moneys on deposit to the credit of the Construction Fund or Depositary may be retained uninvested as trust funds and shall, upon written or oral direction from the Corporation if an Event of Default (as defined in the Agreement) shall not then exist or be continuing, or upon written or oral direction from the Issuer if such an Event of Default shall then exist or be continuing, be invested by the Depositary in Permitted Investments.

Any securities purchased with the moneys in the Construction Fund, shall be deemed a part of such fund and,

for the purpose of determining the amount of moneys therein, the securities therein shall be valued at their cost or market value, excluding accrued interest, whichever is lower. The interest, including realized increment on securities purchased at a discount, received on all such securities (after deduction for accrued interest, commissions, if any, and premium paid from the Construction Fund, at time of purchase) shall be deposited by the Depositary in the Construction Fund and any loss resulting from such investments will be charged to the Construction Fund. The Depositary shall not be liable or responsible for any loss resulting from any such investment or resulting from the redemption, sale or maturity of any such investment as in this Indenture authorized. If at any time it shall become necessary that some or all of the securities purchased with the moneys in the Construction Fund be redeemed or sold in order to raise moneys necessary to comply with the provisions of this Indenture, the Depositary shall effect such redemption or sale, employing, in the case of a sale, any commercially reasonable method.

ARTICLE IV

REPRESENTATIONS AND COVENANTS OF THE ISSUER

SECTION 4.01. Payment of Principal, Premium, if any, and Interest on the Note. Subject to the provisions of Section 2.06 hereof, the Issuer covenants that it shall promptly pay or cause to be paid the principal, premium, if any, and interest on the Note at the places, on the dates and in the manner specified in this Indenture and in the Note according to the true intent and meaning thereof.

SECTION 4.02. Maintenance of Corporate Existence of Issuer. The Issuer will at all times maintain its corporate existence and will use its best efforts to maintain, preserve and renew all its rights, powers, privileges and franchises; and it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Agreement or this Indenture.

SECTION 4.03. Covenants with Respect to Agreement. So long as any of the Note is outstanding, the Issuer will require the Corporation to pay, or cause to be paid, all the payments and other costs and charges payable by the Corporation under the Agreement. The Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the Holder of the Note.

SECTION 4.04. Maintenance of Project. The Issuer shall at all times cause the Corporation to maintain, preserve and keep, or cause to be maintained, preserved and kept, the Project, in good repair, working order and condition, in accordance with the requirements of the Agreement and the Act.

SECTION 4.05. Insurance. The Issuer shall cause the Corporation, so long as any of the Note is outstanding, to keep the Project properly insured in accordance with the provisions of the Agreement and the Act.

SECTION 4.06. Execution and Delivery of Instruments. The Issuer covenants that it will from time to time execute and deliver such further instruments and take such further action as may be reasonable and as may be required to carry out the purpose of this Indenture; provided, however, that such instruments or actions shall never create or constitute an indebtedness of the Issuer within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing power or pledge the credit or

taxing power of the State, or any other political subdivision of the State.

SECTION 4.07. Condemnation. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any Person acting under governmental authority, the Agreement provides that there shall be no abatement or reduction in the payments required under Section 4.01 of the Agreement to be made by the Corporation. Immediately after the occurrence of any such taking, the Corporation is required by the terms of the Agreement to notify the Issuer and the Lender as to the nature and extent of such taking and, as soon as practicable thereafter, notify the Issuer and the Lender whether it is practicable and desirable to restore the Project. If the Corporation shall determine that such restoration is practicable and desirable, the Corporation has agreed to forthwith proceed with such restoration and to notify the Issuer and the Lender upon the completion thereof.

SECTION 4.08. Recording and Filing. The Issuer covenants and agrees to file, record, register, rerecord, reregister or refile or cause so to be if required by law, the Agreement, this Indenture, and amendments to either thereof, and any Financing Statement or Statements or other documents in the manner and at the places and times necessary to create, perfect, protect and maintain the lien of this Indenture and the rights created hereunder in and to the Revenues, the Agreement, and any rights of the Issuer created under the Agreement. The Issuer agrees to record, register, file, rerecord, reregister, or refile or cause so to be such documents and Financing Statements at and before the delivery of the Note. On or before the delivery of the Note and the fifth anniversary date of the filing of any Financing Statements, the Issuer agrees that it will provide or cause to be provided to the Lender an Opinion of Counsel stating that all recordation, registration and filing, and indexing thereof have been accomplished which is necessary to the creation, perfection, protection or maintenance of the lien of this Indenture, the rights created hereunder to the Revenues, the Agreement and any rights of the Issuer created under the Agreement or specifying such action as must be taken to accomplish the same and any such further action which may be required prior to the date the next such opinion will be required. Promptly after any such recordation, registration or filing, the Issuer shall provide or cause to be provided the Lender an Opinion of Counsel stating that no further recording, registering or filing is then required to create, perfect, protect or maintain such interests. The Lender acknowledges that the obligations of the Issuer hereunder have been agreed to be

performed by the Corporation pursuant to Section 7.07 of the Agreement and acknowledges that the sole responsibility of the Issuer hereunder shall be to execute promptly such documents and Financing Statements as are requested of it.

SECTION 4.09. Enforcement of Agreement. The Issuer agrees that the Lender, as assignee of the Agreement may enforce in its name or in the name of the Issuer all rights of the Issuer and all obligations of the Corporation under and pursuant to the Agreement for and on behalf of itself as holder of the Note, whether or not the Issuer is in default hereunder.

SECTION 4.10. Not to Impair Tax Exemption of Interest. The Issuer will not engage in any activity or take any action, or omit to take any action the consequences of which action or omission might result in the Revenues being taxable to it or in the loss of the exemption from Federal income taxation provided by IRC Section 103 to the holder of the Note.

In pursuance and not limitation of the foregoing, the Issuer covenants that no use shall be made of the proceeds of the Note which will cause the Note to be an "arbitrage bond" as defined in IRC Section 103, and to this end the Issuer shall comply with the regulations proposed or promulgated by the United States Department of the Treasury as such regulations or proposed regulations apply to the Note.

SECTION 4.11. Representations of Issuer. The Issuer represents and warrants to the Lender that:

(a) The Issuer is a body politic and corporate and a political subdivision of the State of South Carolina.

(b) The Issuer has full power, authority and legal right under the Constitution and laws of the State, including the Act, (i) to issue the Note, which is a revenue bond, and to use the proceeds thereof to defray the cost of acquiring, by construction and purchase, the Project, (ii) to execute and deliver this Indenture and the Financing Agreement and to issue the Note, and (iii) to perform and observe all of the terms and provisions of this Indenture, the Financing Agreement and the Note.

(c) The Issuer has by proper corporate action duly adopted the Ordinance referred to in Section 2.07(a) hereof in accordance with the laws of the State, including the Act, and has, by the adoption of said Ordinance, duly authorized the execution and delivery of this Indenture and the Financing Agreement and the issuance of the Note.

(d) This Indenture and the Financing Agreement have been each duly executed and delivered and, assuming the due execution and delivery by the other party or parties to each, each constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms except as enforcement thereof may be limited by valid bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally.

(e) Subject only to the requirements of Section 2.07 hereof, the Note has been duly executed, issued and delivered and constitutes the legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms except as enforceability thereof may be limited by valid bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally.

(f) The execution and delivery of this Indenture, the Financing Agreement and the Note, the adoption of the Ordinance referred to in Section 2.07(a) hereof, and performance of the transactions contemplated hereby and thereby do not and will not conflict with, or result in the violation or breach of, or constitute a default or require any consent under, or create any lien, charge or encumbrance under the provisions of, (i) the Constitution of the State or any law, rule or regulation of any governmental authority, (ii) any agreement, indenture, bond agreement, resolution, instrument or other document to which the Issuer is a party or by which the Issuer or any of its assets may be bound or affected, or (iii) any order, writ, judgment, injunction, decree, determination or award of any court, government or governmental authority applicable to the Issuer or any of its assets.

(g) All consents, approvals, authorizations and orders of, or filings or registrations with, any governmental or regulatory authorities or public bodies, which are required for the execution and delivery of this Indenture, the Financing Agreement and the Note and the performance of the transactions contemplated hereby and thereby have been duly obtained or made.

(h) All requirements and conditions specified in the Act and in any other applicable law or regulation which are required to be fulfilled prior to the execution and delivery of this Indenture and the Financing Agreement, the adoption of the Ordinance referred to in Section 2.07(a) hereof and the issuance and delivery of the Note have been fulfilled.

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, by or before any court, public board or body, pending or known to be threatened against or affecting the Issuer, calling into question the creation, organization or existence of the Issuer or its governing body or the power of the Issuer to enter into the transactions contemplated hereby or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or would affect the validity, or adversely affect the enforceability, of this Indenture, the Financing Agreement, the Note or any other agreement or instrument to which the Issuer is a party and which is to be used in connection with or is contemplated by this Indenture, nor to the best knowledge of the Issuer is there any basis therefor.

ARTICLE V

REPRESENTATIONS AND COVENANTS OF LENDER

SECTION 5.01. Representations. The Lender represents to the Issuer as follows:

(a) The Lender is acquiring the Note as a vehicle for making a commercial loan and without a present view to the distribution thereof (subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be under its control) and is familiar with the meaning of such representation and warranty under the federal securities laws.

(b) The Lender is acquiring the Note solely for its own account and no other person now has any direct or indirect beneficial ownership or interest therein.

(c) The Lender is a bank and is cognizant to the extent it deems necessary of the financial and business conditions of the Corporation. The Lender has a net worth substantially in excess of the cost of the Note and in the event it should incur the loss of the entire value of the Note, such loss would not materially adversely affect its financial condition.

(d) The Lender acknowledges that, except for the financial information received by it from the Corporation concerning the financial position of the Corporation, no other representations have been made to it as to the financial condition of the Corporation. No representations have been made by the Issuer to the Lender as to the financial position of the Corporation. The Lender has made such investigation as it deems necessary to make its investment decision as to each of such persons and all information, books and records requested by it have been furnished to it.

SECTION 5.02. Covenant. The Lender covenants that it will not voluntarily dispose of all or any portion of the Note unless it procures from each assignee thereof representations and covenants in form and content substantially the same as those made by the Lender in this Article V of the Indenture.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default; Acceleration; Waiver. In case one or more of the following events, in this Indenture referred to as the "Events of Default," shall happen and be continuing, that is to say, if

(a) payment of the principal of any of the Notes or premium, if any, shall not be made when the same shall become due and payable; or

(b) payment of an installment of interest on the Note shall not be made when the same shall become due and payable; or

(c) an event of default under the Agreement or the Guaranty shall occur; or

(d) the Issuer shall default in the due and punctual performance of any covenant, condition, agreement or provision contained in the Notes or this Indenture on the part of the Issuer to be performed, and such default shall continue for 45 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the Corporation by the Lender by certified mail; provided, however, if said default be such that it cannot be corrected within the 45 day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Corporation within the 90 day period and diligently pursued until the default is corrected;

then, in each such case, unless the principal of the Note shall have become due and payable otherwise than by acceleration, the Lender may by written notice given to the Issuer and the Corporation declare the Note to be due and payable immediately, and upon such declaration the principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided in the said notice, anything in this Indenture or in the Note to the contrary notwithstanding.

With regard to any Event of Default concerning which notice is given to the Issuer and the Corporation under Section 6.01(d), the Issuer hereby grants the Corporation full authority for the account of the Issuer to the extent permitted by law to cure such default.

SECTION 6.02. Enforcement of Agreement. In any case in which under the provisions of Section 6.01 of this Indenture the Lender has the right to declare the principal of the Note to be due and payable immediately, or when the Note by terms matures (upon prepayment or otherwise) and is not paid, the Lender, as the assignee and pledgee of all the right, title and interest of the Issuer in and to the Agreement, may enforce each and every right granted to the Issuer under the Agreement.

SECTION 6.03. Legal Proceedings by Lender. Upon the happening and continuance of any Event of Default, then and in every such case the Lender in its discretion may:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all of its rights and require the Issuer or the Corporation to carry out any agreements with or for its benefit and to perform its or their duties under the Act, the Agreement and this Indenture;

(b) bring suit upon the Note;

(c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Lender; or

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of its rights.

SECTION 6.04. Remedies Not Exclusive. No remedy in this Indenture conferred upon or reserved to the Lender or to the Holder of the Note is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

SECTION 6.05. Nonwaiver. No delay or omission of the Lender or of any Holder of the Note 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 an acquiescence therein; and every power and remedy given by this Article VI to the Holder of the Note may be exercised from time to time and as often as may be deemed expedient.

SECTION 6.06. Application of Moneys upon Event of Default. Any moneys received by the Lender pursuant to this Article VI shall, after payment of all Administration Expenses be applied at the sole discretion of the Lender to the principal or interest of the Note or to both in such amounts as the Lender in its sole discretion determines.

ARTICLE VII

DEFEASANCE

SECTION 7.01. Discharge of Indenture. If and when the Note shall become due and payable in accordance with its terms or through prepayment as provided in this Indenture, or otherwise, and the whole amount of the principal, premium, if any, and interest so due and payable upon the Note shall be paid, or satisfactory provision shall have been made for the payment of the same, together with the whole amount of all other sums payable under this Indenture by the Issuer, and all Administration Expenses shall have been paid or provided for, then and in that case, the right, title and interest of the Lender under this Indenture shall thereupon cease, terminate and become void, and the Lender shall assign and transfer to or upon the order of the Corporation all property (in excess of the amounts required for the foregoing) then held by the Lender (including the Agreement and all payments thereunder and all balances in the Construction Fund created under this Indenture) and shall execute such documents as may be reasonably required by the Corporation in this regard.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Successors and Assigns. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer, shall be transferred.

SECTION 8.02. Provisions of Indenture for Sole Benefit of the Corporation, the Issuer, the Lender and the Holder of the Note. Except as in this Indenture otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person other than the Corporation, the Issuer, the Lender and the Holder of the Note issued under this Indenture, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Corporation, the Issuer, the Lender and the Holder of the Note.

SECTION 8.03. Severability. In case any one or more of the provisions of this Indenture or of the Note shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of the Note, and this Indenture and the Note shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

SECTION 8.04. No Liability for Personnel of Issuer or Lender. No covenant or agreement contained in the Note or in this Indenture shall be deemed to be the covenant or agreement of any member, agent, or employee of the Issuer or its governing body or the Lender or any of its officers, employees or agents in his individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Note shall be liable personally on the Note or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 8.05. Notice. All notices, certificates, requests or other communications under this Indenture shall be sufficiently given and shall be deemed given, unless otherwise required by this Indenture, when mailed by certified or registered mail (except as otherwise provided in this Indenture), postage prepaid, addressed as follows:

- (a) if to the Issuer, at
Spartanburg County Council
Spartanburg County Courthouse
Spartanburg, South Carolina 29301
Attention: County Administrator;
- (b) if to the Corporation, at
Renk Corporation
2735 Tanager Drive
Wilmington, Delaware 19808
Attention: President; and
- (c) if to the Lender, at
First National Bank of South Carolina
Post Office Box 5707
Spartanburg, South Carolina 29301
Attention: Commercial Loan Department.

A duplicate copy of each notice, certificate, request or other communication given under this Indenture to the Issuer, the Corporation or the Lender shall also be given to the others. The Corporation, the Issuer and the Lender may, by notice given under this Section 8.05, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 8.06. Applicable Law. The laws of the State shall govern the construction of this Indenture.

SECTION 8.07. Counterparts. This Indenture may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this Indenture to be executed by the Administrator of the County and its corporate seal to be hereunto affixed and attested by the Clerk of its County Council and First National Bank of South Carolina has caused this Indenture to be executed by one of its authorized officers and its corporate seal to be hereunto affixed, attested by one of its authorized officers, all as of the day and year first above written.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By
K. L. Westmoreland, Admini-
strator of Spartanburg County

(SEAL)

ATTEST:

C. P. Parris, Clerk,
County Council

WITNESSES:

(SEAL)

FIRST NATIONAL BANK OF SOUTH
CAROLINA, as Lender

ATTEST:

By _____
Its _____

By _____
Its _____

WITNESSES:

EXHIBIT A

[Description of Realty]

09935

EXHIBIT B

[Description of Personalty]

09936

ACKNOWLEDGMENT OF ISSUER

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

PERSONALLY appeared before me _____,
who being duly sworn says that he saw the corporate seal of
Spartanburg County, South Carolina, affixed to the foregoing
Indenture and that he also saw K. L. Westmoreland, as
Administrator of Spartanburg County, South Carolina, and C.
P. Parris, as Clerk of the County Council of Spartanburg
County, South Carolina, sign and attest the same and that he
with _____ witnessed the execution
and delivery thereof as the act and deed of said Spartanburg
County, South Carolina.

SWORN to before me this

_____ day of November, 1981

_____(L.S.)
Notary Public for the State of
South Carolina
My Commission Expires: _____

09937

ACKNOWLEDGMENT OF LENDER

STATE OF SOUTH CAROLINA)
)
COUNTY OF SPARTANBURG)

PERSONALLY appeared before me _____,
who being duly sworn says that (s)he saw the coporate seal
of First National Bank of South Caorlina, as Lender, affixed
to the foregoing Indenture, and that (s)he also saw
_____, as its _____,
sign, and _____, as its _____,
attest the same, and that (s)he with _____,
witnessed the execution and delivery thereof as the act and
deed of First National Bank of South Carolina, as Lender.

SWORN to before me this

_____ day of November, 1981

_____(L.S.)
Notary Public for the State of _____
My Commission Expires: _____

09938

EXHIBIT

OCT 27 1981 NO. 4

STATE BUDGET & CONTROL BOARD

GUARANTY

between

RENK CORPORATION

and

FIRST NATIONAL BANK OF SOUTH CAROLINA

Dated as of November 1, 1981

Relating to

\$1,500,000

Spartanburg County, South Carolina

Industrial Development Revenue Note

(Renk Corporation Project) 1981

09939

GUARANTY

THIS GUARANTY, dated as of November 1, 1981, is by and between Renk Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware (herein called the "Corporation"), and First National Bank of South Carolina, a banking association organized and existing under and by virtue of the laws of the United States of America (herein, together with its successors and assigns as the holder of the 1981 Note hereinafter mentioned under the Indenture (hereinafter defined), called the "Lender").

WITNESSETH:

WHEREAS Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "Issuer"), has agreed to defray the costs of certain facilities (the "Project") and to make the Project and the funds required to defray the cost of acquiring, by construction and purchase, the Project available to the Corporation, under a Financing Agreement dated as of November 1, 1981 (the "Agreement"); and

WHEREAS the Issuer intends to defray the cost of acquiring, by construction and purchase, the Project by the issuance of its Industrial Development Revenue Note, (Renk Corporation Project) 1981 in the original principal amount of \$1,500,000 (the "Note"), pursuant to an Indenture dated as of November 1, 1981 (the "Indenture"), by and between the Issuer and the Lender; and

WHEREAS the Corporation specifically approves the terms and conditions of the Agreement and the Indenture; and

WHEREAS the Corporation desires the Issuer to issue the Note and is willing to enter into this Guaranty in order to enhance the marketability of the Note and thereby achieve reduced interest costs and other savings to the Corporation and as an inducement to the acquisition of the Note by each person who shall at any time become a holder thereof;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Corporation does hereby covenant and agree with the Lender as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

Section 1.1. The Corporation hereby represents and warrants that it is a corporation duly incorporated, validly

existing and in good standing under the laws of the State of Delaware, is duly qualified to do business and is in good standing in the State of South Carolina, has power to enter into this Guaranty, by proper corporate action has duly authorized the execution and delivery of this Guaranty. The execution and delivery of this Guaranty, the consummation of the transactions contemplated hereby, or the fulfillment of or compliance with the terms and conditions of this Guaranty is not prevented or limited by, does not conflict with or result in a breach of, does not contravene or constitute a default under the Corporation's articles of incorporation, bylaws or any evidence of indebtedness, indenture, commitment, agreement or other instrument to which the Corporation is a party or by which it is bound or any existing law, rule, regulation, judgment, order or decree binding upon it.

ARTICLE II

GUARANTEE

Section 2.1. Guarantee of Payment. (a) The Corporation hereby irrevocably and unconditionally guarantees to the Lender, and its successors and assigns as holders from time to time of the Note (i) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or call for prepayment or otherwise; (ii) the full and prompt payment of the premium, if any, due on any Note as and when the same shall become due; (iii) the full and prompt payment of any interest on any Note when and as the same shall become due; and (iv) the full and prompt payment of any other sum due and payable by the Issuer pursuant to the terms of the Note or the Indenture. The Corporation hereby irrevocably and unconditionally agrees that upon any default by the Issuer in the payment, when due, of the principal, premium, if any, or interest on any Note or of any sum payable by the Issuer under the Note or the Indenture, the Corporation will promptly pay the same.

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

(c) Each and every default in payment of the principal, premium, if any, or interest on the Note or any other sum due under the Note or the Indenture shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder by the Lender as each cause of action arises.

(d) The Corporation shall pay to the Lender all reasonable costs and expenses (including attorney's fees) incurred by the Lender in the protection of any of its rights or in the pursuit of any of its remedies in respect of the Indenture, the Note or this Guaranty.

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

(a) the waiver, surrender, compromise, settlement, discharge, release or termination of any or all of the obligations, covenants or agreements of the Issuer contained in the Indenture or in the Note;

(b) the failure to give notice to the Corporation of the occurrence of a default under this Guaranty or an event of default under the terms and provisions of the Indenture or the Agreement;

(c) the transfer, assignment, mortgaging, leasing or the purported transfer, assignment, mortgaging or leasing of all or any part of the interest of the Issuer or the Corporation in the Project or any failure of title with respect to the Issuer's or the Corporation's interest in the Project or the invalidity, unenforceability or termination of the Agreement;

(d) the waiver, surrender, compromise, settlement, release or termination of the Issuer's obligations, covenants or agreements contained in the Agreement;

(e) the waiver, surrender, compromise, settlement, release or termination of any of the obligations, covenants or agreements of the Corporation under the Agreement or of any other obligor under the Agreement;

(f) the extension of the time for payment of any principal, premium, if any, or interest owing or payable on the Note or of the time for performance of any obligation, covenant or agreement under or arising out of the Agreement or the Indenture or any extension or renewal of either thereof;

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

(h) the taking or the omission of any action referred to in the Agreement or the Indenture or of any action under this Guaranty;

(i) any failure, omission, delay or lack of diligence on the part of the Issuer, the Lender or any other person in the enforcement, assertion or exercise of any right, power or remedy conferred on the Issuer or the Lender under the Agreement or the Indenture, or conferred on the Lender in this Guaranty, or the inability of the Issuer or the Lender to enforce any provision of the Agreement or the Indenture or this Guaranty for any other reason, or any other act or omission on the part of the Issuer, the Lender or any of the holders from time to time of the Note.

(j) the dissolution, sale or other disposition of all or substantially all the assets, liquidation, the marshaling of assets and liabilities, receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, arrangement, adjustment, composition or other similar proceedings affecting the Corporation or any obligor under the Agreement or any of the assets of any of them, or any allegation or contest of the validity of this Guaranty or the Agreement or the disaffirmance of the Agreement in any such proceeding;

(k) the illegality, invalidity or unenforceability of, or any defect in, the Agreement, the 1981 Note or the Indenture;

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

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

(n) the release, sale, exchange, surrender or other change in any security for payment of the Note;

(o) the extension of the time for payment of any principal, premium, if any, or interest on the Note or any part thereof owing or payable on such Note or under

this Guaranty or of the time for performance of any other obligations, covenants or agreements under or arising out of the Agreement, the Note, the Indenture or this Guaranty or the extension or the renewal of any thereof;

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

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

(r) to the extent permitted by law, any event or action that would, in the absence of this clause, result in the release or discharge by operation of law of the Corporation from the performance or observance of any obligation, covenant or agreement contained in this Guaranty.

Section 2.3. Waiver of Notice. The Corporation waives notice of the issuance of the Note and notice from the Lender of the acceptance and reliance on the benefits of this Guaranty. The Corporation also waives presentment, demand for payment, protest and notice of nonpayment or dishonor and all other notices and demands whatsoever relating to the Note.

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

Section 2.5. No Set-off by Corporation. No set-off, counterclaim, reduction or diminution of any obligation, or any defense of any kind or nature (other than performance by the Corporation of its obligations hereunder) which the Issuer may have or assert, or which the Corporation may have or assert against the Issuer or the Lender or any holder of the Note, shall be available hereunder to the Corporation against the Lender.

ARTICLE III

COVENANTS OF CORPORATION

Section 3.1. Affirmative Covenants. So long as the Note is outstanding, the Corporation agrees that it shall:

(a) Maintain an irrevocable Letter of Credit issued by Bayerische Hypotheken and Wechselbank AG from its New York City branch in the amount of \$1,500,000 or the outstanding principal balances plus accrued interest on the Note to the Lender (the "Letter of Credit");

(b) Maintain its principal account relationship with the Lender at its Spartanburg, South Carolina branch office.

ARTICLE IV

DEFAULT AND REMEDIES

Section 4.1. Events of Default. Any of the following occurrences shall constitute an event of default hereunder:

(a) default in the due and punctual payment of any amount due under Section 2.1 hereof.

(b) failure to cure within 30 days after notice by the Lender any other default or the breach of any other agreement or covenant on the part of the Corporation contained herein.

Section 4.2. Remedies. The Lender shall have the right, power and authority to do all things it deems necessary or advisable to enforce the provisions of this Guaranty and protect its interests as the holder of the 1981 Note and, in the event of a default the Lender may institute or appear in such appropriate judicial proceedings as the Lender shall deem most effectual to protect and enforce any of its rights, whether for the specific enforcement of any covenant or agreement in this Guaranty or the Indenture or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy. Without limiting the generality of the foregoing, in the event of a default in payment of the principal, premium, if any, or interest on the Note when due, the Lender may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Corporation and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Corporation, wherever situated.

Section 4.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Lender herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall

be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity.

Section 4.4. Separate Causes of Action. Each and every default in payment of the principal, premium, if any, or interest on the Note shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises. In the event of such a default, the Lender shall have the right to proceed first and directly against the Corporation under this Guaranty without proceeding against the Issuer or any other person or exhausting any other remedies which it may have and without resorting to any other security held by the Issuer or the Lender.

Section 4.5. Recovery of Costs. The Corporation agrees to pay all costs, expenses and fees, including all reasonable attorney's fees, which may be incurred by the Lender in enforcing or attempting to enforce this Guaranty or protecting the rights of the Lender hereunder following any default on the part of the Corporation hereunder, whether the same shall be enforced by suit or otherwise.

Section 4.6. No Waiver. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

Section 4.7. Service of Process. The Corporation hereby designates and appoints, without power of revocation so long as any of the principal, premium, if any, or interest on the 1981 Note remains unpaid, the Secretary of State of the State of South Carolina as the agent of the Corporation upon whom may be served all process, pleadings, notices or other papers which may be served upon the Corporation as a result of any of its obligations under this Guaranty.

Section 4.8. Consent to Jurisdiction and Venue. The Corporation irrevocably, so long as any of the principal, premium, if any, or interest on the Note remains unpaid, (i) agrees that any suit, action or other legal proceeding arising out of this Guaranty may be brought in any court in the State of South Carolina or the courts of the United States located in each of such States, (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding, and (iii) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts.

ARTICLE V

GENERAL

Section 5.1. Corporation to Maintain Corporate Existence. The Corporation agrees that, as long as any principal, premium, if any, or interest on the Note remains unpaid, it will maintain its separate 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 or become a subsidiary of any other corporation.

Section 5.2. Obligations of Corporation Arise on Sale of Note. The obligations of the Corporation under this Guaranty shall arise absolutely and unconditionally upon the issue, sale and delivery of the Note. This Guaranty is separate and independent of the Agreement, and any modification, limitation, or discharge of the Corporation's liability under the Agreement arising out of or by virtue of any bankruptcy, arrangement, reorganization or similar proceeding shall not modify, limit, discharge or otherwise affect the liability of the Corporation under this Guaranty in any manner whatsoever.

Section 5.3. Application of Moneys. All moneys recovered by the Lender pursuant to this Guaranty (other than those provided for in Section 4.5 hereof) shall be applied to the payment of the principal, premium, if any, and interest on the Note. This Guaranty is entered into by the Corporation for the benefit of the Lender, and its successors and assigns as the holder from time to time of the Note and may be enforced by any such holder of the Note in accordance with the provisions of this Guaranty. This Guaranty shall not be deemed to create any right in, or to be in whole or in part for the benefit of any person other than such holders, the Corporation, the Issuer and their permitted successors and assigns.

Section 5.4. Amendments. The Corporation and the Lender may, without the consent of or any notice to any other party amend, change or modify this Guaranty to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provision contained herein or to make provision with respect to matters arising hereunder for any other purpose if such provisions are necessary or desirable and are not inconsistent with the provisions of the Agreement, the Indenture and this Guaranty.

Section 5.5. Survival. All warranties, representations and covenants made by the Corporation herein shall

be deemed to have been relied upon by the Lender in acquiring the 1981 Note and shall survive the delivery to the Lender of this Guaranty regardless of any investigation made by the Lender or any other holder from time to time of the 1981 Note or on their behalf.

Section 5.6. Notices. All communications under this Guaranty shall be in writing and shall be deemed given when delivered and, if delivered by mail, shall be mailed by registered or certified first class mail, postage prepaid, and addressed as follows:

To the Corporation:

Renk Corporation
2735 Tanager Drive
Wilmington, Delaware 19808
Attention: President

To the Lender:

First National Bank of South Carolina
Post Office Box 5707
Spartanburg, South Carolina 29301
Attention: Commercial Loan Department

To the Issuer:

Spartanburg County Council
Spartanburg County Courthouse
Spartanburg, South Carolina 29301
Attention: County Administrator

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

Section 5.7. Miscellaneous. This Guaranty (i) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (ii) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; (iii) may be modified only by an instrument in writing signed by the duly authorized representatives of the parties and only if the modification is made for the purposes and in accordance with Section 5.4 hereof; and (iv) shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the law of the State of South Carolina. If any provision of this Guaranty shall be held to be invalid by any court of competent

jurisdiction, the invalidity of such provision shall not affect any of the remaining provisions.

IN WITNESS WHEREOF, the Corporation has caused this Guaranty to be executed in its name and behalf by its President or a Vice President and its corporate seal to be impressed hereon and attested by its Secretary or an Assistant Secretary, and the Lender has accepted the same by causing these presents to be signed in its name and behalf by a _____ and its corporate seal to be impressed hereon and attested by a _____, all as of the date first above written.

RENK CORPORATION

By: _____

Its _____

ATTEST:

By: _____
Its _____

(SEAL)

Accepted as of this _____ day
of November, 1981

FIRST NATIONAL BANK OF SOUTH
CAROLINA

By: _____

Its _____

(SEAL)

ATTEST:

By: _____
Its _____

EXHIBIT

OCT 27 1981 NO. 4

STATE BUDGET & CONTROL BOARD 1

SPARTANBURG COUNTY, SOUTH CAROLINA

and

RENK CORPORATION

FINANCING AGREEMENT

Dated as of November 1, 1981

PRELIMINARY DRAFT
FOR DISCUSSION PURPOSES ONLY

MGKCSP&D, P.A.
Draft: October 22, 1981

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT, made and entered into as of November 1, 1981, by and between SPARTANBURG COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, (hereinafter referred to as the "Issuer"), and RENK CORPORATION, a corporation organized and existing under the laws of the State of Delaware (hereinafter referred to as the "Corporation"),

WITNESSETH:

WHEREAS, Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session, 1980 (hereinafter said Chapter and amendments are collectively referred to as the "Act") authorizes the several counties and incorporated municipalities of the State of South Carolina to acquire or cause to be acquired one or more projects (as such term is defined in the Act), to enter into agreements with an industry to construct, operate, maintain and improve such a project, to enter into financing agreements with such an industry; to issue revenue bonds (as defined in the Act to include notes), and to defray the cost of acquiring, enlarging, improving and expanding such a project and to secure such bonds in the manner authorized in the Act; and

WHEREAS, the Corporation has requested the Issuer to issue its revenue note and make the proceeds thereof available to defray the cost of acquiring, by construction and purchase, certain land, a building or buildings or improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings deemed necessary, suitable or useful by the Corporation for the purpose of manufacturing slide bearings (hereinafter referred to as the "Project") as an expansion to its existing facility located within the jurisdiction of the Issuer; and

WHEREAS, the Issuer has, by due corporate action authorized the issuance of its revenue note pursuant to the Act and agreed to make the proceeds thereof available to defray the cost of acquiring the Project to be made available to the Corporation pursuant to the terms of this Financing Agreement (hereinafter called the "Agreement") under the terms of which the Corporation is obligated to make payments to or for the account of the Issuer in the amount necessary to pay the principal, premium, if any, and

interest on such revenue note as and when the same becomes due and payable and all other expenses and costs incurred by the Issuer in connection with the Indenture (hereinafter defined), this Agreement or the Project.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I
DEFINITIONS

"Act" shall mean Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended by Section 10 of Act Number 518 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1980, and all future acts supplemental thereto and amendatory thereof.

"Administration Expenses" shall mean the reasonable and necessary expenses incurred by the Issuer with respect to the Project, this Agreement and the Indenture, and the compensation and expenses paid to or incurred by the Lender or the Depositary under this Agreement or the Indenture; provided, however, that no such expense shall be considered an Administration Expense until the Issuer, the Lender or the Depositary, as the case may be, has furnished to the Corporation a statement in writing indicating the amount of such expense and the reason it has been or will be incurred.

"Agreement" shall mean this Financing Agreement dated as of November 1, 1981, between the Issuer and the Corporation, and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof and of the Indenture.

"Authorized Corporation Representative" shall mean any person at the time designated to act on behalf of the Corporation by a written certificate furnished to the Issuer and the Lender containing the specimen signature of each such person, and signed on behalf of the Corporation by its President or one of its Vice Presidents. Such certificate may designate an alternate or alternates, and may designate different Authorized Corporation Representatives to act for the Corporation with respect to different sections of this Agreement and the Indenture. An Authorized Corporation Representative may be an employee of the Corporation.

"Bond Counsel" shall mean legal counsel experienced in matters relating to municipal obligations and the exemption from taxation of the interest thereon.

"Completion Date" shall mean the date of completion of the acquisition, construction and installation of the Project, as that date shall be certified pursuant to Section 3.05 hereof.

"Construction Fund" shall mean the fund created under Section 3.01 of the Indenture.

"Corporate Office" shall mean the principal office of the Corporation at which, at any particular time, its business and corporate records shall be principally administered and maintained.

"Corporation" shall mean Renk Corporation, a Delaware corporation, and any surviving, resulting or transferee corporation in any merger, consolidation or transfer of assets permitted under Section 7.02 of this Agreement.

"Cost" or "Cost of the Project" shall mean the cost of acquiring, by construction and purchase, the Project and shall be deemed to include, whether incurred prior to or after the date of this Agreement, (a) obligations of the Corporation incurred for labor, materials and other expenses to contractors, builders and materialmen in connection with the acquisition, construction and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which is not paid by the contractor or contractors or otherwise provided for; (c) the expenses of the Corporation for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction and installation of the Project; (d) compensation and expenses of the Lender and the Depositary, legal, accounting, financial and printing expenses, fees and all other expenses incurred in connection with the execution and delivery of the Note; (e) all other costs which the Corporation shall be required to pay under the terms of any contract or contracts for the acquisition, construction and installation of the Project; (f) costs incurred by the Corporation for the acquisition of the land upon which the Project is located; (g) any sums required to reimburse the Corporation for advances made by it for any of the above items, or for any other work done and costs incurred by the Corporation, which are for the acquisition of land or property of a character subject to the allowance for depreciation provided for under IRC Section 167 included in the Project; and (h) any amount for the payment of interest on the Note accruing prior to the Completion Date and for which a requisition may be made under Section 3.03 of the Indenture.

"Depositary" shall mean First National Bank of South Carolina, a national banking association, organized and existing under the laws of the United States.

"Determination of Taxability" shall mean (a) the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds in effect that the interest paid or payable on any portion of the Note is includable in the gross income of a holder or former holder thereof as a result of either (i) the limitations prescribed in IRC Section 103(b)(6)(D) having been exceeded or (ii) any other action or failures to act by the Corporation; (b) the issuance of a statement by the Corporation to the effect that it has exceeded or intends to exceed the maximum amount of capital expenditures permitted under IRC Section 103(b)(6)(D); or (c) the receipt of an opinion by the Lender from Bond Counsel stating that the interest on the Note has become includable in the gross income of a holder thereof for any reason other than that such holder is a substantial user of the project or a related person within the meaning of IRC Section 103(b)(9); provided, nevertheless, that no Determination of Taxability under clause (a) hereof shall occur if there is available to the Corporation, either directly, or with the cooperation of any holder or former holders of the Note, a protest being actively prosecuted in good faith by the Corporation which, if successful, would result in a revocation, rescission, or retraction of any such statutory notice of deficiency by the Internal Revenue Service. Such a Determination of Taxability shall be deemed for all purposes of this Indenture to have occurred on the date borne by said statutory notice of deficiency or the date borne by said statement as the case may be.

"Event of Default" shall mean, with reference to this Agreement, any of the occurrences described in Section 9.01 hereof.

"Event of Taxability" shall mean (i) the occurrence of the circumstances described in IRC Section 103(b)(6)(D); (ii) such other acts or failures to act by the Corporation; or (iii) the occurrence of the circumstances resulting in the delivery of the opinion specified in clause (c) of the definition of Determination of Taxability; which circumstances result in a Determination of Taxability with the result that the interest payable on the Note becomes includable in the gross income of a holder or former holder of the Note other than a holder who is a "substantial user" of the Project or a "related person" as such terms are used in IRC Section 103.

"Financing Statement" shall mean a financing statement or a continuation statement filed pursuant to the provisions of the Uniform Commercial Code of the State or such other jurisdiction the laws of which are applicable.

"Indenture" shall mean the Indenture, dated as of the date of this Agreement, between the County and the Lender, as the same may be amended, modified or supplemented in accordance with the provisions thereof.

"Interest Payment Date" shall mean each date specified in the Note for the payment of interest thereon.

"IRC" shall mean the Internal Revenue Code of 1954 as amended and the regulations proposed or promulgated thereunder by the Department of the Treasury as such code and regulations apply to any particular Note.

"Issuer" shall mean Spartanburg County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina and its successors and assigns.

"Letter of Representation" shall mean that certain letter of the Corporation addressed to the Issuer and to bond counsel for the 1981 Note, dated the date of delivery to, and payment for, the 1981 Note by the initial purchaser thereof, wherein the Corporation has set forth, among other things, certain information relating to the nature and cost of the facilities comprising the Project.

"Lender" shall mean First National Bank of South Carolina, an association organized and existing under the laws of the United States, and its successors and assigns as the Holder of the 1981 Note.

"Neutral Costs" shall mean that amount of the proceeds from the sale of the Note used for (i) the payment of the reasonable expenses of issuing the Note including, without limitation, advertising, recording and printing costs; accountants, financial advisor's and counsel fees; rating agency fees, initial fees of the Depositary, charges of the Lender and all similar expenses; and (ii) the provision of any reasonably required debt service reserve fund with respect to the Note.

"Note" shall mean the \$1,500,000 "Spartanburg County, South Carolina, Industrial Development Revenue Note (Renk Corporation Project) 1981 " authorized, executed and delivered by the Issuer and delivered under the Indenture.

"Noteholder" or "Holder" shall mean the Registered Owner of any Note.

"Note Register" and "Note Registrar" shall have the respective meanings specified in Section 2.05 of the Indenture.

"Officer's Certificate" shall mean a certificate signed by the Administrator of the Issuer and the Clerk of the County Council of the Issuer.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel satisfactory to the Lender.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision.

"Plans and Specifications" shall mean the plans and specifications prepared for the Project, on file at the Plant, as the same may be implemented and detailed from time to time and as the same may be revised from time to time prior to the completion of the acquisition, construction and installation of the Project in accordance with Section 3.07 of this Agreement. The Plans and Specifications shall be made available to the Lender and the Issuer for inspection at such times as the Lender or the Issuer may reasonably request.

"Plant" shall mean the industrial facility of the Corporation located in the jurisdiction of the Issuer.

"Principal Payment Date" shall mean any date on which the principal of the Note shall become due, whether at maturity or by prepayment or acceleration.

"Project" shall mean the land, building or buildings or improvements thereon, and all machinery, apparatus, equipment, office facilities and furnishings more particularly described on Exhibits A and B hereto and to the Indenture, including any modification thereof, substitutions therefor and additions thereto and excluding deletions therefrom, all as provided in the Plans and Specifications, but not including the Corporation's own machinery and equipment installed under the provisions of Section 8.03 of this Agreement.

"Qualifying Costs" shall mean those Costs of the Project which: (i) are not Neutral Costs; (ii) are for the acquisition of land or property of a character subject to the allowance for depreciation under IRC Section 167, and shall include all amounts paid or payable and incurred which are chargeable to the capital account for the Project or which would be so chargeable either with a proper election by a taxpayer or but for a proper election by a taxpayer to deduct such amounts; and (iii) are paid or incurred by the Corporation or any related person, as such term is employed in IRC Section 103, after August 3, 1981.

"Registered Owner" shall mean the Person or Persons in whose name or names a particular Note shall be registered on the Note Register.

"State" shall mean the State of South Carolina.

"Supplemental Indenture" or "indenture supplemental hereto" shall mean any indenture supplemental to or amendatory of the Indenture as originally executed which is duly entered into in accordance with the provisions of the Indenture.

ARTICLE II
REPRESENTATIONS

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

(a) The Issuer is a duly constituted political subdivision of the State and is duly authorized under the laws of the State, including the Act, to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. By proper action the Issuer has duly authorized the execution and delivery of this Agreement, the Indenture and all agreements collateral hereto and thereto.

(b) The South Carolina State Budget and Control Board has duly approved the proposal of the Issuer to issue the 1981 Note and the Project. No other consent or approval is required by any governmental authority as a condition to the performance by the Issuer of this Agreement or the Indenture or to the issuance of the 1981 Note.

(c) The Issuer is entering into this Agreement and the Indenture, issuing the Note and defraying the Cost of the Project for the purpose of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of the State.

(d) The Issuer is not in default under any of the provisions of the laws of the State, where any such default would affect the issuance, validity or enforceability of the Note, or the transactions contemplated by this Agreement or the Indenture.

(e) The authorization, execution and delivery of this Agreement and the Indenture, and the compliance by the Issuer with the provisions hereof and thereof, will not conflict with or constitute a breach of, or a default under, any existing law, court or administrative regulation, decree, order or any provision of the Constitution or laws of the State relating to the establishment of the Issuer or its affairs, or any agreement, mortgage, lease or other instrument to which the Issuer is subject or by which it is bound.

SECTION 2.02. Representations by the Corporation.
The Corporation makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Corporation is a corporation duly incorporated under the laws of the State of Delaware and qualified to do business and is in good standing in the State of South Carolina, has corporate power to enter into this Agreement and by proper corporate action has duly authorized the execution and delivery of this Agreement;

(b) The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, or the fulfillment of or compliance with the terms and conditions of this Agreement is not prevented or limited by, does not conflict with, does not result in a breach or contravention of and does not constitute a default under the Corporation's Articles of Incorporation or Bylaws or any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree binding upon it, and will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation prohibited under the terms of any such instrument or agreement;

(c) The issuance of the Note by the Issuer and the use by the Corporation of the proceeds thereof to defray the costs of the acquisition, by construction and purchase, of the Project, as provided by this Agreement, has induced the Corporation to locate and remain in the State;

(d) Acquisition and construction of the Project was commenced subsequent to April 8, 1981;

(e) The Corporation intends to operate the Project as a facility for the purpose of manufacturing slide bearings and for such other purposes permitted under the Act as the Corporation deems appropriate; and

(g) The information and estimates set forth in the Letter of Representation are true and correct to the best of the Corporation's information and belief and the Letter of Representation does not omit any statement the omission of which would render any of the statements made therein misleading under the circumstances in which they were made.

ARTICLE III

COMMENCEMENT AND COMPLETION OF THE PROJECT BY THE CORPORATION; ISSUANCE OF THE NOTE

SECTION 3.01. Acquisition of Project. Pursuant to the Act, the Issuer authorizes the Corporation to and the Corporation agrees to acquire, or cause to be acquired by construction and purchase, the Project. The Corporation agrees to effect such acquisition in accordance with the Plans and Specifications with all reasonable dispatch; and will use its best efforts to cause such acquisition to be completed as soon as may be practicable, delays incident to strikes, riots, acts of God, the public enemy or any delay beyond the reasonable control of the Corporation only excepted; but if for any reason such acquisition is delayed or the Project shall not be completed there shall be no resulting liability on the part of the Issuer and no diminution or postponement of the amounts payable under Section 4.01 hereof by the Corporation. The Project shall belong to and be the property of the Corporation.

Anything in this Agreement to the contrary notwithstanding, the Corporation shall not be obligated to complete the acquisition of the Project upon prepayment of all amounts to be paid by it under this Agreement pursuant to the provisions of Section 10.01 or 10.03 hereof and the making of any such payments in the amounts required by, and in accordance with the terms of, this Agreement. If the Corporation elects or is required to prepay the payments required to be made by it pursuant to the provisions of Section 10.01 or 10.03 hereof, any sums remaining in the Construction Fund and not otherwise required to pay the Cost of the Project shall be used to effect such prepayment at the direction of an Authorized Corporation Representative.

The Corporation will maintain such records in connection with the acquisition of the Project as to permit ready identification thereof.

SECTION 3.02. Issuance of Note. In order to provide funds to defray the payment of the Cost of the Project, the Issuer will issue, execute and deliver the Note and deposit the proceeds thereof with the Depositary.

SECTION 3.03. Disbursements from the Construction Fund. So long as no Event of Default (as defined in the Agreement) has occurred and is continuing the Depositary has been authorized under Section 3.03 of the Indenture to make payments from the Construction Fund to pay the Cost of the Project upon receipt by the Depositary of requisitions (upon

which both the Depositary and the Issuer shall rely and shall be protected in relying) signed by an Authorized Corporation Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the Person to whom payment is due or has been made; (iii) the amount to be paid; (iv) that no obligation, item of cost or expense mentioned therein has been the basis of any previous withdrawal; (v) that the payment of such amount is a proper charge against the Construction Fund and specifying the purpose and circumstances of such obligation in reasonable detail, accompanied by a bill or statement of account for such obligation; (vi) that at least 90% of the amount, exclusive of amounts requisitioned for the payment of Neutral Costs, requisitioned from the Construction Fund, including the amount being requisitioned, has been and, when applied as stated in the requisition, will have been expended for Qualifying Costs; (vii) that the person signing such requisition has no notice of any vendor's, mechanic's or other liens or rights to liens or conditional sales contracts, or other contracts or obligations, which have not been released or will not be released simultaneously with such payment and which should be satisfied or discharged before such payment is made; (viii) that such requisition contains no item representing payment on account of any retained percentages under any contract which, as of the date of such requisition, is not required to be paid; and (ix) with respect to any such requisition for payment for labor, services, materials, supplies, furnishings, apparatus or equipment, that such labor or services were actually performed or such materials, supplies, furnishings, apparatus or equipment were actually used in or about the construction or installation of the Project or delivered at the site thereof for such purpose, or delivered for storage or fabrication at a place or places approved by the signer or the signers or if not so used or delivered, that an advance payment therefor is required by the supplier thereof.

SECTION 3.04. Cooperation as to Documents. The Corporation and the Issuer agree to cooperate in furnishing to the Depositary the documents referred to in Section 3.03 hereof that are required to effect payments out of the Construction Fund and to cause such orders to be directed by the Authorized Corporation Representative to the Depositary as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.03 hereof. Such obligation is subject to any provision of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

SECTION 3.05. Completion Date. The Completion Date shall be evidenced to the Lender and Depositary by a certificate of an Authorized Corporation Representative stating that the acquisition, construction and installation of the Project has been completed substantially in accordance with the Plans and Specifications and that payment of the Cost of the Project or provision therefor has been made except for any Cost of the Project not then due and payable or the liability for payment of which is being contested or disputed by the Corporation. The Corporation shall cause such certificate to be furnished to Lender and Depositary as soon as the Project shall have been completed. 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 3.06. Completion of Project; Use of Surplus Funds. If the moneys in the Construction Fund available for payment of the Cost of the Project shall not be sufficient to pay the Cost of the Project in full, the Corporation will complete the Project, or cause the Project to be completed and pay or cause to be paid all the Cost of the Project in excess of the moneys available therefor in the Construction Fund. The Issuer makes no warranty, either express or implied, that the moneys which will be paid into the Construction Fund will be sufficient to pay the Cost of the Project. If the Corporation shall pay any portion of the Cost of the Project pursuant to this Section, it shall not be entitled to any reimbursement therefor from the Issuer or the Lender nor shall it be entitled to any diminution or postponement of the payments required under Section 4.01 hereof. Upon the completion of the Project, if there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Cost of the Project, such funds shall be applied in prepayment of the Note.

SECTION 3.07. Revision of Plans and Specifications. The Corporation may revise the Plans and Specifications at any time and from time to time prior to the Completion Date provided that in the case of any change that would render materially inaccurate the description of the Project contained in Exhibits A and B hereto, there shall first be delivered to the Depositary, the Lender and the Issuer (i) a revised Exhibits A and B containing a description of the Project as revised by the revision in the Plans and Specifications, the accuracy of which shall have been certified by an Authorized Corporation Representative, (ii) an Opinion of Counsel who shall be Bond Counsel that the Project described in the revised Exhibits A and B is such that the expenditure of substantially all of the

proceeds of the Note for the Cost of the Project described therein would not impair the exemption of interest on the Note from Federal income taxation; and (iii) an Opinion of Counsel that all approvals required by law, including the Act, necessary in connection with the Project described in the revised Exhibits A and B have been obtained and remain in full force and effect.

SECTION 3.08. Investment of Moneys in the Construction Fund. Any moneys held as part of the Construction Fund and not required for immediate disbursement and withdrawal, may be invested or reinvested by the Depositary as provided in Section 3.07 of the Indenture.

ARTICLE IV

PAYMENTS BY CORPORATION TO ISSUER

SECTION 4.01. Payments to be Made by Corporation.

In consideration of the application of the proceeds of the Note to defray the Cost of the Project the Corporation absolutely and unconditionally obligates itself to pay to or to the order of the Issuer at the times and places required the amounts required to pay the principal, premium, if any, and interest on the Note together with the Administration Expenses and any other amounts required to be paid under the terms hereof or by the Issuer under the Indenture. The principal amount of such payments shall be equal to the principal amount of the Note. The Corporation agrees to pay to, or to the order of, the Issuer in immediately available funds, as payment of such amounts a sum equal to the principal amount of the Note together with interest on the unpaid balances thereof, at the interest rate or rates payable by the Issuer on the Note, and any premium thereon, in the amounts and on the dates as follows:

(a) On or before the last business day before each Interest Payment Date with respect to the Note, the sum which will equal the interest to be paid on the Note on such Interest Payment Date; and

(b) On or before the last business day before each Principal Payment Date, the sum which will equal the sum of (i) the principal of the Note which will become due and payable on such Principal Payment Date, (ii) any applicable prepayment premium and; (iii) any accrued interest which will become due and payable on such Principal Payment Date.

In addition to the options and obligations of the Corporation under Article X hereof to prepay the entire unpaid balance payable under this Section 4.01, the Corporation shall have the option to make from time to time prepayments in part of any installment due as aforesaid on account of such payments, together with interest accrued to the date of such payment and to accrue and premium, if any, to be paid on the Notes if such prepayment is to be used for the prepayment of the Note. The Lender shall apply such prepayments in such manner consistent with the provisions of the Indenture as may be directed by an Authorized Corporation Representative.

The Corporation agrees to pay to the Issuer, the Lender and the Depositary the amount of Administration Expenses not theretofore provided for which have then accrued and become payable.

In the event the Corporation should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation agrees to pay the same with interest thereon (to the extent permitted by law) at the rate per annum, which is equal to the highest rate per annum borne by the Note, until paid.

SECTION 4.02. Assignment and Pledge by the Issuer to the Lender. It is understood and agreed that this Agreement and all revenues and receipts derived by the Issuer pursuant to this Agreement (except payment of Administration Expenses pursuant to Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement) and the moneys held in the funds and accounts established under the Indenture, including the investment income thereon, are to be pledged and assigned by the Issuer to the Lender pursuant to the Indenture. The Corporation assents to such pledge and assignment and agrees that its obligation to make payments required hereunder to the Lender shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim or recoupment arising out of any breach by the Issuer of any obligation to the Corporation, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Corporation by the Issuer. The Issuer directs the Corporation, and the Corporation agrees, to pay to the Lender, as holder of the Note at the address of the Lender as it last appears on the Note Register, all payments payable by the Corporation to the Issuer pursuant to this Agreement (except payment of Administration Expenses pursuant to this Section 4.01 of this Agreement and indemnification payments pursuant to Section 7.04 of this Agreement).

ARTICLE V

MAINTENANCE, TAXES AND INSURANCE

SECTION 5.01. Maintenance and Modification of Project by Corporation. The Corporation will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Corporation will have no obligation to maintain, repair, replace or renew any element or unit of the Project the maintenance, repair, replacement or renewal of which becomes uneconomic to the Corporation because of damage or destruction by a cause not within the control of the Corporation or obsolescence or change in economic or business conditions, or change in government standards and regulations applicable to the Project, or if the Corporation prepays all amounts due under the provisions of Section 10.01 or 10.03 hereof.

Subsequent to the Completion Date, the Corporation shall, subject to the provisions of Section 6.03, have the privilege of remodeling the Project or making substitutions, modifications and improvements to the Project from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes, the cost of which remodeling, substitution, modifications and improvements shall be paid by the Corporation, and the same shall be the property of the Corporation and except as provided in Section 8.03 hereof be included under the terms of this Agreement as part of the Project.

The Corporation covenants that so long as the Note is outstanding the Project will be maintained and operated as a "project" within the meaning of the Act. The Corporation will also pay or cause to be paid, in addition to all other payments required under this Agreement, the expenses of operation of the Project.

SECTION 5.02. Taxes, Other Governmental Charges and Utility Charges. The Corporation will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any Federal, state or any municipal government upon the Issuer or the Corporation with respect to or upon the Project or any part thereof or upon any payments hereunder or with respect to or upon any funds held under the Indenture when the same shall become due; (b) duly

observe and comply with all valid requirements of any governmental authority relative to the Project; (c) not create or suffer to be created any lien or charge upon the payments to be made by the Corporation pursuant to Section 4.01 of this Agreement other than as provided in Section 4.02 hereof to the Lender; and (d) pay, satisfy or cause to be discharged or make adequate provision to pay, satisfy or cause to be discharged, within 60 days after the same shall come into force, any lien or charge upon the Project, this Agreement or any payments hereunder. If the Corporation shall contest any such tax, assessment, lien or charge, such action by the Corporation shall not be considered as a breach by it of any of its covenants under this Agreement.

SECTION 5.03. Insurance. The Corporation shall maintain public liability insurance with specific reference to the Project and shall otherwise keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due and payable all premiums with respect thereto. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies. Insurance policies may be written with deductible amounts and exceptions and exclusions comparable to those of businesses of like size and type.

All proceeds of insurance against property damage to the Project shall be made payable to the Corporation and the Corporation shall collect and retain such proceeds, except as provided in Section 6.01 hereof, and all claims under any insurance policy referred to in this Agreement may be settled by the Corporation without the consent of the Issuer or the Lender.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 6.01. Damage and Destruction. Immediately after the occurrence of any damage or loss to the Project in excess of \$25,000, the Corporation shall notify the Issuer and the Lender as to the nature and extent of such damage or loss. If the Corporation shall determine that rebuilding, repairing or restoring is practicable and desirable, the Corporation shall forthwith proceed with such rebuilding, repairing or restoring and shall notify the Issuer and the Lender upon the completion thereof. In such case, any property damage insurance proceeds received in respect of such damage or loss shall be used by the Corporation for payment of, or reimbursement for, the costs of such rebuilding, repairing or restoring. In the event any insurance proceeds are not sufficient to pay in full the costs of such rebuilding, repair or restoration, the Corporation will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the amount of said proceeds.

The Corporation shall not, by reason of the payment of such excess costs, be entitled to any reimbursement from the Issuer, the Lender or any abatement or diminution of the amounts payable under Section 4.01 hereof.

SECTION 6.02. Condemnation. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any Person, there shall be no abatement or reduction in the payments required under Section 4.01 hereof to be made by the Corporation. Immediately after the occurrence of any such taking of the Project, the Corporation shall notify the Issuer and the Lender as to the nature and extent of such taking and, as soon as practicable thereafter, notify the Issuer and the Lender whether it is practicable and desirable to restore such taking. If the Corporation shall determine restoration is practicable and desirable, the Corporation shall forthwith proceed with such restoration and shall notify the Issuer and the Lender upon the completion thereof.

SECTION 6.03. Property Not in Project. The Corporation shall be solely entitled to receive and hold any insurance proceeds and each condemnation award or portion thereof or proceeds thereof, made, given or received for damages to or takings of property which does not constitute a part of the Project.

ARTICLE VII
SPECIAL COVENANTS

SECTION 7.01. No Warranty of Design, Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the design, capabilities or condition of the Project or that it will be suitable for the Corporation's purposes or needs.

SECTION 7.02. Maintenance of Corporate Existence. The Corporation agrees that so long as the Note is outstanding it will maintain its separate 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 or become a subsidiary of another corporation.

If consolidation, merger or sale or other transfer is made as permitted by this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

SECTION 7.03. Covenants with Respect to Tax Exemption. The Corporation represents, warrants and covenants to the Issuer, for the benefit of any Person who shall at any time be or become a Holder of the Note that it has taken no action and will take no action or fail to take any required action the consequence of which would be to forego, jeopardize or terminate such exemption of interest.

The Corporation covenants that it will comply with all requirements of the Act and the IRC with respect to the use of the proceeds of the Note and that it will file, or cause to be filed, all statements or notices required thereby including but not limited to the statement or statements required under Treasury Regulations Section 1.103-10(b)(2) (vi)(c) at the times and in the places and in the manner stated therein.

SECTION 7.04. Indemnification. The Corporation releases the Issuer and the Lender including the members of the governing body of the Issuer and employees, officers and agents of the Issuer (herein collectively referred to as the "Indemnified Parties") from, agrees that Indemnified Parties shall not be liable for, and agrees to hold Indemnified Parties harmless against, any loss or damage to property, or any injury to or death of any person, that may be occasioned

by any cause whatsoever pertaining to the Project or the use thereof except for that occasioned by acts of an Indemnified Party which are unrelated to the utilization of the Project and except for any wanton or willful misconduct of an Indemnified Party; provided, that the indemnity in this sentence shall be effective only to the extent of any loss that may be sustained by an Indemnified Party in excess of the net proceeds, if any, received by an Indemnified Party from any insurance carried by the Corporation with respect to the loss sustained. The Corporation further agrees to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities, expenses and claims arising from any breach or default on the part of the Corporation in the performance of any covenant or agreement on the part of the Corporation to be performed pursuant to the terms of this Agreement or arising from any act or negligence of or failure to act by the Corporation, or any of its agents, contractors, servants, employees, or licensees, or arising from any accident, injury or damage whatsoever caused to any Person occurring during the term of this Agreement, in or about the Project, and from and against all cost, liability and expenses incurred in or in connection with any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against an Indemnified Party by reason of any such claim, the Corporation upon notice from such Indemnified Party covenants to resist or defend such action or proceedings at the Corporation's expense.

SECTION 7.05. Corporate Information. The Corporation shall furnish such information with respect to it or the Project as may reasonably be requested by the Issuer or the Lender.

SECTION 7.06. Applications and Licenses. In the event it may be necessary, for the proper performance of this Agreement, on the part of the Issuer or the Corporation, that any application or applications for any permit or license to do or to perform certain things be made to any governmental or other agency by the Corporation or the Issuer, the Corporation and the Issuer each agree to execute upon the request of the other such application or applications.

SECTION 7.07. Recording, Filing and Registering. The Corporation covenants with the Issuer, for the benefit of the Lender and all who shall at any time be Holders of the Note, that the Corporation will take all action required to effect the recording, filing and registering required under the provisions of Section 4.08 of the Indenture.

SECTION 7.08. Inspection of Project. The Corporation agrees that the Issuer, the Lender and their authorized agents shall have the right at all reasonable times to enter upon and examine and inspect the Project to determine whether the Project continues to constitute a Project under the Act. The Issuer, the Lender and their authorized agents shall also be permitted, at all reasonable times, to examine the Plans and Specifications and the other books and records of the Corporation with respect to the Project. The aforesaid rights of examination and inspection shall be exercised only upon such reasonable and necessary terms and conditions as the Corporation shall prescribe which conditions shall be deemed to include, but not limited to, those necessary to protect the Corporation's trade secrets and proprietary rights.

SECTION 7.09. Qualification in State. The Corporation warrants that it is duly qualified to do business in the State and covenants that it will continue to be so qualified so long as it operates the Project. The Corporation agrees that it will always be subject to service of process in the State and, during such time as there is no agent for service of process listed in the office of the Secretary of State, the Corporation hereby designates and appoints the Secretary of State of the State, as its agent for service of process in the State. The aforesaid agents shall serve as the respective agents of the Corporation upon whom may be served all process, pleadings, notices or other papers which may be served upon the Corporation as a result of any of its obligations under this Agreement.

SECTION 7.10. No Liability of Issuer's Personnel. All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member of the governing body of the Issuer or any officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the Issuer herein contained or for any claims based thereon against any member of the governing body of the Issuer or any officer, agent, servants or employee of the Issuer.

ARTICLE VIII

ASSIGNMENT, LEASE AND SALE

SECTION 8.01. Assignment, Lease and Sale of Project. Subject to the requirements of Section 5.01 of this Agreement, the Corporation may from time to time sell or otherwise dispose of any item constituting part of the Project. This Agreement may be assigned in whole or in part, and the Corporation's interest in the Project may be sold or leased as a whole or in part, by the Corporation without the necessity of obtaining the consent of the Issuer or the Lender; provided, nevertheless that no sale, assignment or leasing (other than pursuant to Section 7.02 hereof) shall relieve the Corporation from primary liability for any of its obligations hereunder, and in the event of any such sale, assignment or leasing the Corporation shall continue to remain primarily liable for the payments of all amounts specified in Section 4.01 hereof and for performance and observance of the other agreements on its part herein provided.

SECTION 8.02. Limitations on Issuer. Except as provided in Section 4.02 hereof, the Issuer will not sell, assign, transfer, convey or otherwise dispose of its interest in this Agreement or the receipts and revenues derived by the Issuer from the Corporation pursuant to this Agreement.

SECTION 8.03. Other Property of Corporation. The Corporation may from time to time, in its sole discretion and at its own expense, install additional machinery, equipment and other items of personal property on the Project. All machinery, equipment and personal property so installed by the Corporation shall remain the sole property of the Corporation in which neither the Issuer nor the Lender shall have any interest, and may be modified or removed by the Corporation at any time.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 9.01 Events of Default Defined. An "Event of Default" or a "Default" shall mean, whenever such terms are used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to pay or cause to be paid when due any payment required to be made under Section 4.01 hereof;

(b) Failure by the Corporation to pay when due any payment required to be made under this Agreement other than payments under Section 4.01 hereof, which failure shall continue for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Issuer or the Lender by certified mail;

(c) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a) and (b) of this Section 9.01, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the Issuer or the Lender by certified mail, unless the Issuer and the Lender shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Lender will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Corporation within the applicable period and diligently pursued until the default is corrected;

(d) The dissolution or liquidation of the Corporation. The term "dissolution" or "liquidation" as used in this Section 9.01 shall not be construed to include the cessation of the corporate existence of the Corporation resulting either from a merger or consolidation of the Corporation into or with another corporation or dissolution or liquidation of the Corporation following a transfer of all or substantially all of its assets as an entirety under the conditions permitting such actions with respect to the Corporation contained in section 7.02 hereof;

(e) The commencement by the Corporation of any case, proceeding or other action relating to it in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or for any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the application by the Corporation for a receiver, custodian or trustee of it or for all or a substantial part of its property; or the making by the Corporation of an assignment for the benefit of creditors; or the inability by the Corporation or the admission in writing of its inability to, pay its debts as they become due; or the taking of any action by the Corporation indicating its consent to, approval of or acquiescence in, or in the furtherance of, any of the foregoing;

(f) The commencement against the Corporation of any case, proceeding or other action in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts, or any other relief, under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or other similar act or law of any jurisdiction, now or hereafter existing; or the appointment of a receiver, custodian or trustee of the Corporation or for all or a substantial part of its property or the issuance of a warrant of attachment, execution or restraint, or similar process against any substantial part of the property of the Corporation; and in each such case such condition shall continue for a period of 60 days undismissed, undischarged or unbonded.

The provisions of subsection (c) of this Section 9.01 are subject to the following limitations: If by reason of 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 the State or any department, agency, political subdivision or official of either of them or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes, blizzards, or other storms; breakage or accident to machinery; partial or entire failure of utilities; or any cause or event not reasonably within the control of the Corporation, the Corporation is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Corporation contained in Sections 4.01 and hereof, the Corporation shall not be deemed in default

during the continuance of such inability. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Corporation, and the Corporation 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 Corporation unfavorable to the Corporation. The occurrence of any of the events described in paragraphs (a), (b), (d), (e) and (f) of this Section 9.01 shall constitute an Event of Default regardless of the reason for such failure to perform.

SECTION 9.02. Remedies. Whenever any Event of Default referred to in Section 9.01 hereof shall have happened and be subsisting, any one or more of the following remedial steps may be taken, and provided that no remedial steps shall be taken by the Issuer or the Lender the effect of which would be to entitle the Issuer to funds necessary for the payment of principal and interest on Notes which have not yet matured unless such principal and interest shall have been declared due and payable in accordance with the Indenture and such declaration shall not have been rescinded:

(a) The Issuer or the Lender as provided in the Indenture may, at its option, declare all unpaid amounts payable under Section 4.01 hereof to be immediately due and payable.

(b) The Issuer, or the Lender, may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Corporation under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the provisions of the Indenture or, if the Note has been fully paid (or provision for payment thereof has been made in accordance with the Indenture) to the Corporation.

SECTION 9.03. Mandatory Waiver of Default. Notwithstanding the provisions of Section 9.06 hereof limiting the authority of the Issuer to waive a Default hereunder, if, after the maturity of the Note shall have been accelerated by the Lender upon occurrence of an event of default under the Indenture (i) all arrears of interest

on the Note and interest on overdue installments of principal, premium, if any, and (to the extent permitted by law) interest, at a rate per annum which is equal to the highest rate per annum borne by the Note, and the principal, premium, if any, on the Note which have become due and payable otherwise than by acceleration, and all other sums payable under the Indenture, except the principal and interest on the Note which by such acceleration shall have become due and payable, shall have been paid, (ii) all other things shall have been performed in respect of which there was a Default, (iii) there shall have been paid the reasonable fees and expenses, including Administration Expenses, of the Lender including reasonable attorney's fees paid or incurred; and (iv) such event of default under the Indenture shall have been waived by the Lender with the consequence that such acceleration is rescinded, then the Corporation's Default hereunder shall be waived without further action by the Lender or the Issuer.

SECTION 9.04. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Lender 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 Issuer or the Lender 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.

SECTION 9.05. Attorney's Fees and Expenses. In the event under any of the provisions of this Agreement the Issuer or the Lender should employ attorneys or incur other expenses for the collection of amounts due hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Issuer or the Lender the reasonable fees of such attorneys and such other expenses so incurred.

SECTION 9.06. Nonwaiver. 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. In view of the assignment of the rights of the Issuer under and its interest in this Agreement to the Lender by the

provisions of the Indenture, the Issuer shall have no power to waive any default hereunder by the Corporation without the consent of the Lender to such waiver.

ARTICLE X

PREPAYMENTS

SECTION 10.01. Optional Prepayment. The Corporation shall have, and is hereby granted, options to prepay, in whole at any time or in part at any time and from time to time, the amounts payable under Section 4.01 hereof. All partial prepayments shall be in a minimum amount equal to or exceeding the amount necessary to pay \$20,000 of principal on the Note and interest accrued thereon to the date of such prepayment.

SECTION 10.02. Notice of Exercise of Option. If prepayment of amounts payable under Section 4.01 hereof is made pursuant to Section 10.01 hereof, the Corporation shall give the Issuer and the Lender written notice of the date of such prepayment, which date shall not be less than three days after the date the notice is mailed.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination. This Agreement shall terminate upon (i) payment in full of the Note (including interest and premium, if any, thereon); (ii) payment or satisfaction of all other obligations incurred by the Issuer or the Corporation under this Agreement, including (without limitation) interest, premiums and other charges, if any, thereon; and (iii) the payment of all Administration Expenses due and to become due.

SECTION 11.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

(a) if to the Issuer,

Spartanburg County Council
Spartanburg County Courthouse
Spartanburg, South Carolina 29301
Attention: County Administrator

(b) if to the Corporation,

Renk Corporation
2735 Tanager Drive
Wilmington, Delaware 19808
Attention: President; and

(c) if to the Lender,

First National Bank of South Carolina
Post Office Box 5707
Spartanburg, South Carolina 29301
Attention: Commercial Loan Department

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

SECTION 11.03. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Corporation and their respective

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successors and assigns, subject, however, to the limitations contained in Sections 7.02, 8.01 and 8.02 hereof.

SECTION 11.04. Severability. If any clause, provision or section of this Agreement be held illegal or invalid by any court for any reason, the remaining clauses, provisions or sections shall be unimpaired and such illegal or invalid provisions shall be construed and applied so as to most closely legitimately effectuate its intent. In case any agreement or obligation contained in this Agreement be held by any court to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Issuer or the Corporation, as the case may be, to the full extent permitted by law.

SECTION 11.05. Amendments. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written instrument signed by the Issuer and the Corporation and consented to in writing by the Lender.

SECTION 11.06. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.07. Limited Obligation of the Issuer. Anything herein to the contrary notwithstanding: (a) any obligation the Issuer may incur hereunder including for the payment of money, shall not be deemed to constitute a debt or general obligation of the Issuer but shall be payable solely and exclusively from the proceeds of the Note available therefor and other available moneys derived by the Issuer pursuant to this Agreement; (b) the Issuer may require as a condition to the participation by it with the Corporation in obtaining any license or permit or other legal approvals a deposit by the Corporation of such amount as determined by the Issuer to be reasonable to assure the reimbursement to the Issuer of the costs incurred by it in such participation, with any amount of such deposit in excess of such costs to be returned to the Corporation; and (c) the liability of the Issuer for any breach of any of the representations or warranties by it or any covenant or agreement set forth herein shall be limited solely and exclusively to the proceeds of the Notes available therefor and other available moneys derived by the Issuer pursuant to this Agreement.

SECTION 11.08. State Law to Govern. The laws of the State shall govern the construction of this Agreement.

SECTION 11.09. Rights of Lender. The agreements or obligations made herein by the Corporation to or for the benefit of the Lender are intended by the Corporation to be specifically enforceable by the Lender and the Corporation acknowledges that the acquisition of the Note by the Lender is consideration for any such agreements or obligations.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has executed this Financing Agreement by causing its name to be hereunto subscribed by the County Supervisor of the County and the official seal of said County to be impressed hereon and attested by the Clerk of its County Council and Renk Corporation has executed this Financing Agreement by causing its corporate name to be hereunto subscribed by its President or a Vice President and its corporate seal to be impressed hereon and attested by its Secretary or an Assistant Secretary, all as of the date first above written.

SPARTANBURG COUNTY, SOUTH
CAROLINA

By _____
Administrator of Spartanburg
County, South Carolina

SEAL

ATTEST:

Clerk of County Council of
Spartanburg County, South Carolina

In the Presence of:

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RENK CORPORATION

By _____
Its _____

SEAL

ATTEST:

Its _____

In the Presence of:

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EXHIBIT A

[Description of Realty]

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EXHIBIT B

[Description of Personalty]

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STATE OF SOUTH CAROLINA

)

PROBATE

)

SPARTANBURG COUNTY

)

PERSONALLY appeared before me
who on oath says that (s)he saw the within Spartanburg
County by K. L. Westmoreland, the Administrator of
Spartanburg County and C. P. Parris, the Clerk of the County
Council of Spartanburg County, sign the within Financing
Agreement and the said County, by said officers, seal by its
act and deed and deliver the within Financing Agreement and
that (s)he with _____ witnessed the
execution thereof.

Witness

SWORN to before me this

_____ day of November, 1981.

(L.S.)

Notary Public for South Carolina

My Commission Expires: _____

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STATE OF _____)
COUNTY OF _____)

PERSONALLY appeared before me
who on oath says that (s)he saw the within named Renk
Corporation, by _____, its
and _____, its
_____, sign the within Financing Agreement and
the said Renk Corporation by said officers, seal said
Financing Agreement and as its act and deed, deliver the
within Financing Agreement and that (s)he with
_____ witnessed the execution thereof.

Witness

SWORN to before me this

_____ day of November, 1981.

(L.S.)
Notary Public for _____
My Commission Expires: _____

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The State of South Carolina



Office of the Attorney General

KAREN LeCRAFT HENDERSON
Senior Assistant Attorney General

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA S C 29211
TELEPHONE 803-758-8667

October 26, 1981

NOV 2 1981

EXHIBIT

OCT 27 1981 NO. 5

STATE BUDGET & CONTROL BOARD

DANIEL R. McLEOD
ATTORNEY GENERAL

Honorable William T. Putnam
Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, South Carolina

Re: \$1,800,000 Charleston County, South
Carolina, Hospital Facilities Refunding
Note, Series 1981 (Roper Hospital Project)

Dear Mr. Putnam:

Regarding the above-referenced note, we have reviewed the
Petition and other documents submitted to the State Budget and Control
Board for its approval pursuant to Sections 44-7-1410 et seq., CODE OF
LAWS OF SOUTH CAROLINA, 1976, as amended, and the same appear, in our
opinion, to be in order.

With kind regards,

A handwritten signature in cursive script, reading "Karen LeCraft Henderson".

Karen LeCraft Henderson
Senior Assistant Attorney General

KLH/jvh

Enclosures

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REVENUE BOND ISSUE PETITION PROCESSING CHECKLIST

[Item for Board meeting of 10/27/81]

EXHIBIT

1. Local Government: Charleston County
2. Bond Counsel: Senkler Youngblood STATE BUDGET & CONTROL BOARD
 (a) Firm Senkler
 (b) Contact Person Youngblood Phone _____
 (c) Address _____
3. Project Name: Roper Hospital Project
4. Issue Amount: \$ 1,800,000 refunding Type: Hospital Note
5. Employment Impact of Project: _____
6. Type/Nature of Business of Firm Involved: _____

* * * * *

7. Processing Checklist	Rec'd From	Sent To
(a) Governing body resolution/ordinance/ petition	<i>Original by copy petition 10/28 WBY</i>	<i>KH 10/28</i>
(b) Documents on issuance/securing of bonds		
(c) Financial Information: (1) Audited Statements (3 most recent years) OR (2) If private placement, "investment letter" (Purchaser: <u>First National Bank</u>) (3) Review by State Auditor's Office (memo)	<i>Commitment letter BY 10/30 Bank 11/6 OK EAU 11/9</i>	<i>EAU 11/9 XXXXXXXXXX</i>
(d) Health and Environmental Control certification		
(e) B&C Board Resolution and Notice (<u>6</u> copies for certification for bond counsel)	<i>BY</i>	
(f) Review by Attorney General's Office (letter)	<i>KH 11/2/81 OK</i>	<i>XXXXXXXXXX</i>

Motion: RCB
 Second: GUP
 Absent: None
 Vote: For 5 ; Against 0

Certificates signed:

Resolutions mailed:

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EXHIBIT

OCT 27 1981 NO. 5

STATE BUDGET & CONTROL BOARD

A RESOLUTION

APPROVING THE UNDERTAKING OF CHARLESTON COUNTY TO ISSUE A \$1,800,000 CHARLESTON COUNTY, SOUTH CAROLINA, HOSPITAL FACILITIES REFUNDING NOTE, SERIES 1981 (ROPER HOSPITAL PROJECT) PURSUANT TO ARTICLE 11, CHAPTER 7, TITLE 44, CODE OF LAWS OF SOUTH CAROLINA, 1976.

WHEREAS, the County Council of Charleston County (County Council) pursuant to Article 11, Chapter 7, Title 44, Code of Laws of South Carolina 1976 (the Act) has petitioned the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the Charleston County, South Carolina (the County) pursuant to the Act; and

WHEREAS, heretofore the State Board approved the issuance of a \$2,400,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) (the 1981 Note) the proceeds of which were used to pay the costs of the acquisition, construction and equipping of certain improvements to Roper Hospital in the City of Charleston, South Carolina which hospital is owned and operated by The Medical Society of South Carolina (the Medical Society), a non-profit South Carolina corporation; and

WHEREAS, the undertaking now proposed is a refunding of the 1981 Note to be financed in part through the issuance of a Charleston County, South Carolina, Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project) (the Refunding Note) by the County pursuant to the Act, the proceeds of which will be loaned to the Medical Society

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and used to defray a portion of the price of the 1981 Note at maturity; and

WHEREAS, the County and the Medical Society propose to enter into a Loan Agreement (the Refunding Loan Agreement) pursuant to which the Medical Society will agree to make payments sufficient to provide for the payment of the principal of and interest on the Refunding Note; and

WHEREAS, the proceeds of the Refunding Note will be deposited into and disbursed from the Note Fund created pursuant to the Refunding Loan Agreement under the terms and conditions therein prescribed; and

WHEREAS, the Refunding Loan Agreement will be in substantially the form presented to this Board;

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

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

A. That the statement of facts set forth in the recitals of this Resolution is in all respects true and correct.

B. That County Council has filed a proper petition with the State Board in accordance with the provisions of the Act setting forth a general summary of the terms and conditions of the Refunding Loan Agreement.

C. The issuance of the Refunding Note by the County will promote the purposes of the Act.

2. On the basis of the foregoing findings, the proposed undertaking of the County (i) to loan the proceeds of the Refunding Note to the Medical

Society to be used to defray a portion of the price of the 1981 Note at maturity; and (ii) to enter into the Refunding Loan Agreement, providing for the payment of the Refunding Note, which shall be payable by the County solely from the revenues to be derived by the County under the Refunding Loan Agreement, both pursuant to the Act (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking) be, and the same is hereby approved, and the County may proceed therewith.

3. Notice of the action taken by the State Board in giving approval to the above described undertaking of Charleston County shall be published in THE NEWS & COURIER, a newspaper having general circulation in the County.
4. That the Notice to be published shall be in form substantially as set forth in EXHIBIT A of this Resolution.

EXHIBIT A

NOTICE PURSUANT TO ARTICLE 11, CHAPTER 7, TITLE 44,
CODE OF LAWS OF SOUTH CAROLINA, 1976

NOTICE IS HEREBY GIVEN that following the filing of a Petition by the County Council of Charleston County (the County Board) as the governing body of Charleston County, South Carolina (the County) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking (including changes in any details of the said undertaking as finally consummated which do not materially affect the said undertaking), viz:

The issuance by the County of a \$1,800,000 Hospital Facilities Refunding Note, Series 1981, (Roper Hospital Project) (the Note) pursuant to Article 11, Chapter 7, Title 44, Code of Laws of South Carolina 1976 (the Act) the proceeds of which will be loaned by the County to The Medical Society of South Carolina (the Medical Society) and used to provide a portion of the funds necessary to pay the \$2,400,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) previously issued pursuant to the Act; and the execution and delivery of a Loan Agreement between the County and the Medical Society, pursuant to which the Medical Society will unconditionally agree to make payments sufficient to repay the principal of and interest on the Note when due.

Copies of the Loan Agreement are on file at the office of County Council, located in the Charleston County Office Building, Charleston, South Carolina.

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

THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

By: William A. McInnis

PUBLICATION DATE:

November __, 1981.

EXHIBIT

STATE OF SOUTH CAROLINA

OCT 27 1981 NO. 5

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, Secretary to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 11:00 a.m., Tuesday, October 27, 1981, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

None

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

FOR MOTION

5

AGAINST MOTION

0

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

William A. McInnis

Secretary

November 9, 1981

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First National Bank of South Carolina

Post Office Box 959
Charleston, South Carolina 29402

NOV 9 1981

Handwritten: 11-9-81

EXHIBIT

OCT 27 1981 NO. 5

STATE BUDGET & CONTROL BOARD

November 2, 1981

Mr. William A. McInnis,
Secretary of the South Carolina
Budget and Control Board
Post Office Box 12444
Columbia, S. C. 29411-2444

Dear Sirs:

In connection with our proposed purchase of a \$1.8 million Charleston County, South Carolina Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project), we wish to advise that we have received all financial and other information requested by us in order to make an informed investment decision.

We are purchasing the note for investment with no present intention to distribute the note or any of our interest therein to the general public although we would reserve the right to do so should our portfolio needs so require.

If you should desire any further information from us, please advise.

Sincerely,

Handwritten signature: J. Walker Coleman, Jr.

J. Walker Coleman, Jr.,
Senior Vice President

JWC/jk

cc: Scott Tucker,
Vice President

09999

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

EXHIBIT

OCT 27 1981 NO. 5

TO THE STATE BUDGET AND CONTROL)
BOARD OF SOUTH CAROLINA)

STATE BUDGET & CONTROL BOARD
P E T I T I O N

The Petition of the County Council of Charleston County (County Council) pursuant to Article 11, Chapter 7, Title 44, Code of Laws of South Carolina 1976 (the Act), respectfully shows:

1. County Council is the governing body of Charleston County, South Carolina (the County).

2. The Act authorizes the County, subject to obtaining the approval of the State Budget and Control Board, to issue its bonds to refund other bonds previously issued under the Act.

3. Heretofore the County issued its \$12,500,000 Charleston County, South Carolina, Hospital Facilities Revenue Bonds, Series 1979 (Roper Hospital Project) and its \$2,400,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) (the 1981 Note) for the purpose of financing certain improvements to Roper Hospital, and in connection with both issues, County Council did submit its Petition to the State Budget and Control Board of South Carolina (the State Board) setting forth the information required under the Act and the State Board did give its approval.

4. County Council did heretofore agree with The Medical Society of South Carolina (the Medical Society), a

non-profit corporation, that the County would undertake to provide part of the funds necessary to pay the 1981 Note at maturity through the issuance and sale of a not exceeding \$1,800,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) (the Refunding Note) the proceeds of which sale would be loaned to the Medical Society pursuant to a Loan Agreement (the Refunding Loan Agreement) between the County and the Medical Society.

5. The proposed Refunding Loan Agreement, a copy of which is enclosed with this Petition, provides in general:

(a) To finance a portion of the cost of payment of the 1981 Note at maturity, the County will issue at this time the \$1,800,000 Refunding Note which will be secured by a pledge of the payments to be made by the Medical Society pursuant to the Refunding Loan Agreement.

(b) Proceeds derived from the sale of the Refunding Note will be deposited with First National Bank of South Carolina and will be applied together with other funds of the Medical Society to the payment of the 1981 Note.

(c) Under the terms of the Refunding Loan Agreement, the Medical Society obligates itself to pay the amount necessary to meet the payment of the principal of and interest on the Refunding Note as the same become due, and to pay the cost of maintaining the Project financed with the proceeds of the 1981 Note in

good repair and the cost of keeping it properly insured.

(d) As permitted by the Act, the Refunding Loan Agreement provides that the Project is to become the property of the Medical Society and the County shall have no interest therein.

(e) The Refunding Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge against its general credit or taxing powers.

6. It is the intent of County Council that the Refunding Loan Agreement shall be finally executed and delivered in substantially the form enclosed, and there will be no changes which will substantially affect the undertaking of the County as now outlined therein.

Upon the basis of the foregoing, County Council respectfully prays that the State Board accept the filing of this Petition and the documents enclosed herewith above described, that the State Board as soon as practical make such investigation as it deems advisable, and if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the proposed undertaking by the County through the issuance of the Refunding Note pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County and give published notice of

its approval in the manner set forth in Section 18 of the
Act.

Respectfully submitted,
CHARLESTON COUNTY, SOUTH
CAROLINA

By Quentin T. Wallace
Chairman, County Council
of Charleston County

Attest:

By James B. Greider
Clerk, County Council
of Charleston County

October 20, 1981

10003

EXHIBIT

OCT 27 1981

NO. 5

A RESOLUTION

STATE BUDGET & CONTROL BOARD

APPROVING THE REFUNDING OF THE \$2,400,000 CHARLESTON COUNTY, SOUTH CAROLINA, HOSPITAL FACILITIES REVENUE NOTE, SERIES 1981 (ROPER HOSPITAL PROJECT) THROUGH THE ISSUANCE OF A ONE MILLION EIGHT HUNDRED THOUSAND DOLLAR (\$1,800,000) CHARLESTON COUNTY, SOUTH CAROLINA, HOSPITAL FACILITIES REFUNDING NOTE, SERIES 1981 (ROPER HOSPITAL PROJECT) AND AUTHORIZING A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF SUCH UNDERTAKING PURSUANT TO ARTICLE 11, CHAPTER 7, TITLE 44, CODE OF LAWS OF SOUTH CAROLINA 1976.

BE IT RESOLVED BY THE COUNTY COUNCIL OF CHARLESTON COUNTY, IN MEETING DULY ASSEMBLED:

ARTICLE I

Findings

Incident to the adoption of this Resolution, the County Council of Charleston County (County Council), as the governing body of Charleston County, South Carolina (the County) has made the following findings:

1. The Medical Society of South Carolina (the Medical Society), a non-profit corporation which operates Roper Hospital, a general acute care hospital in the City of Charleston, in the County, and County Council have heretofore agreed that the County would undertake to provide a portion of the funds necessary for the payment of the \$2,400,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) (the 1981 Note) which was issued for the purpose of financing certain improvements to Roper Hospital through the issuance of a Charleston County, South Carolina, Hospital Facilities Refunding Note, Series 1981 (the Refunding Note) in an amount not to exceed One Million Eight Hundred

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Thousand Dollars (\$1,800,000) pursuant to the authorization of Article 11, Chapter 7, Title 44, Code of Laws of South Carolina 1976. It is anticipated that the balance due on the 1981 Note at maturity will be paid from other funds of the Medical Society.

2. Because of the restrictive provisions of the Loan Agreement (1979 Loan Agreement) dated as of September 1, 1979 between the County and the Medical Society relating to the \$12,500,000 Charleston County, South Carolina, Hospital Facilities Revenue Bonds, Series 1979 (Roper Hospital Project) (the 1979 Bonds) the obligation of the Medical Society to provide for the payment of the 1981 Note were, and for the Refunding Note will be, junior and subordinate to the comparable obligation of the Medical Society with respect to the 1979 Bonds.

3. County Council finds that the issuance of the Refunding Note will not give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers and that the Refunding Note will be payable solely out of the moneys to be derived by the County pursuant to the Refunding Loan Agreement hereinafter described.

4. County Council has been presented with financial information relating to the Medical Society and its operations and, on the basis of this information, County Council finds that the Medical Society is financially responsible and will be capable of fulfilling its obligations under the Refunding Loan Agreement.

5. The Medical Society is providing from other sources a portion of the funds necessary to pay the 1981 Note at maturity. The balance required to be financed by the sale of the Refunding Note is One Million Eight Hundred Thousand Dollars (\$1,800,000).

6. The proceeds derived from the sale of the Refunding Note will be loaned by the County to the Medical Society, and the Medical Society will agree in a Loan Agreement (the Refunding Loan Agreement) to repay such loan by making payments in the amount necessary to provide for the payment of principal of and interest on the Refunding Note as the same become due.

7. The Medical Society has advised County Council that it has arranged for the sale of the Refunding Note directly to the Bank.

ARTICLE II

Determination of Sufficiency of Facts

County Council finds that the facts set forth above are in all respects true and correct and on such basis has determined to authorize the sale of the Refunding Note.

ARTICLE III

Petition Authorized

A Petition in form substantially as attached hereto shall be presented to the State Budget and Control Board of South Carolina to seek the approval required by the Act; and said Petition shall be duly executed by the Chairman of County Council and the same shall be attested by the Clerk of County Council.

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

TO THE STATE BUDGET AND CONTROL)
BOARD OF SOUTH CAROLINA)

P E T I T I O N

The Petition of the County Council of Charleston County (County Council) pursuant to Article 11, Chapter 7, Title 44, Code of Laws of South Carolina 1976 (the Act), respectfully shows:

1. County Council is the governing body of Charleston County, South Carolina (the County).

2. The Act authorizes the County, subject to obtaining the approval of the State Budget and Control Board, to issue its bonds to refund other bonds previously issued under the Act.

3. Heretofore the County issued its \$12,500,000 Charleston County, South Carolina, Hospital Facilities Revenue Bonds, Series 1979 (Roper Hospital Project) and its \$2,400,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) (the 1981 Note) for the purpose of financing certain improvements to Roper Hospital, and in connection with both issues, County Council did submit its Petition to the State Budget and Control Board of South Carolina (the State Board) setting forth the information required under the Act and the State Board did give its approval.

4. County Council did heretofore agree with The Medical Society of South Carolina (the Medical Society), a

non-profit corporation, that the County would undertake to provide part of the funds necessary to pay the 1981 Note at maturity through the issuance and sale of a not exceeding \$1,800,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) (the Refunding Note) the proceeds of which sale would be loaned to the Medical Society pursuant to a Loan Agreement (the Refunding Loan Agreement) between the County and the Medical Society.

5. The proposed Refunding Loan Agreement, a copy of which is enclosed with this Petition, provides in general:

(a) To finance a portion of the cost of payment of the 1981 Note at maturity, the County will issue at this time the \$1,800,000 Refunding Note which will be secured by a pledge of the payments to be made by the Medical Society pursuant to the Refunding Loan Agreement.

(b) Proceeds derived from the sale of the Refunding Note will be deposited with First National Bank of South Carolina and will be applied together with other funds of the Medical Society to the payment of the 1981 Note.

(c) Under the terms of the Refunding Loan Agreement, the Medical Society obligates itself to pay the amount necessary to meet the payment of the principal of and interest on the Refunding Note as the same become due, and to pay the cost of maintaining the Project financed with the proceeds of the 1981 Note in

good repair and the cost of keeping it properly insured.

(d) As permitted by the Act, the Refunding Loan Agreement provides that the Project is to become the property of the Medical Society and the County shall have no interest therein.

(e) The Refunding Loan Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge against its general credit or taxing powers.

6. It is the intent of County Council that the Refunding Loan Agreement shall be finally executed and delivered in substantially the form enclosed, and there will be no changes which will substantially affect the undertaking of the County as now outlined therein.

Upon the basis of the foregoing, County Council respectfully prays that the State Board accept the filing of this Petition and the documents enclosed herewith above described, that the State Board as soon as practical make such investigation as it deems advisable, and if it finds that the Project is intended to promote the purposes of the Act and may be reasonably anticipated to effect such result, that it approve the proposed undertaking by the County through the issuance of the Refunding Note pursuant to the Act, including changes in any details of the said financing as finally consummated which do not materially affect the said undertaking of the County and give published notice of

its approval in the manner set forth in Section 18 of the
Act.

Respectfully submitted,
CHARLESTON COUNTY, SOUTH
CAROLINA

By _____
Chairman, County Council
of Charleston County

Attest:

By _____
Clerk, County Council
of Charleston County

October __, 1981

10010

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

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

That the foregoing is a true, correct and verbatim copy of a Resolution unanimously adopted by said County Council at a duly called and regularly held meeting at which all members attended and remained throughout on October 20, 1981.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of October, 1981.

Clerk, County Council of
Charleston County

10011

NOV 5 1981

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION

ATTORNEYS & COUNSELLORS AT LAW

160 EAST BAY STREET

CHARLESTON, S. C. 29401

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

November 3, 1981

EXHIBIT

OCT 27 1981 NO. 5

William A. McInnis
Secretary,
S.C. State Budget & Control Board
Post Office Box 12444
Columbia, SC 29211-2444

STATE BUDGET & CONTROL BOARD

Re: \$1.8 Million Hospital Facilities Refunding Note,
Series 1981 (Roper Hospital Project)

Dear Bill:

Enclosed is the original Petition executed on behalf of Charleston County by the Chairman and Clerk of County Council. If you should need anything further in connection with this issue please give me a call.

With warm personal regards,

Bill Youngblood / kbf

M. William Youngblood, Jr.

MWY/kbf

Enclosure

10012

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION
ATTORNEYS & COUNSELLORS AT LAW
160 EAST BAY STREET
CHARLESTON, S. C. 29401

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

EXHIBIT

October 20, 1981

OCT 27 1981 NO. 5

Karen L. Henderson
Assistant Attorney General
P.O. Box 11549
Columbia, S.C. 29211

STATE BUDGET & CONTROL BOARD

Re: \$1,800,000 Charleston County, South Carolina,
Hospital Facilities Refunding Note, Series
1981 (Roper Hospital Project)

Dear Karen:

Enclosed are initial working drafts of documents for the captioned Hospital Facilities Revenue Note. It is contemplated that the State Board will consider this financing at its meeting of October 27, 1981. If you should have any question about the materials before that day please give me a call.

With warm personal regards,

Bill Youngblood

M. William Youngblood, Jr.

MWY/kbf

10013

OCT 30 1981

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION
ATTORNEYS & COUNSELLORS AT LAW
160 EAST BAY STREET
CHARLESTON, S. C. 29401

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

October 29, 1981

EXHIBIT

OCT 27 1981 NO. 5

STATE BUDGET & CONTROL BOARD

William A. McInnis
Secretary,
South Carolina State Budget
and Control Board
Post Office Box 12444
Columbia, SC 29211-2444

Dear Bill:

Enclosed for your file is an executed copy of the Commitment Letter dated October 20, 1981 by which First National Bank of South Carolina agrees to purchase the \$1.8 million Charleston County, South Carolina Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project). I understand that the bank is also sending an investment letter to you.

With warm personal regards,

Bill Youngblood
M. William Youngblood, Jr.

MWY/kbf

Enclosure

10014

OCT 30 1981



First National Bank of South Carolina

Post Office Box 959
Charleston, South Carolina 29402

EXHIBIT

OCT 27 1981

NO. 5

STATE BUDGET & CONTROL BOARD

October 20, 1981

Charleston County, South Carolina
c/o Charleston County Council
2 Courthouse Square
Charleston, South Carolina 29401

Re: Proposed \$1,800,000 Charleston County, South
Carolina, Hospital Facilities Refunding Note,
Series 1981 (Roper Hospital Project)

Dear Sirs:

First National Bank of South Carolina (the Bank) hereby offers to purchase, when and if issued, from Charleston County, South Carolina (the County) its Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project) (the Refunding Note) in a principal amount not exceeding \$1,800,000 on the following terms and conditions:

1. The Refunding Note shall be issued on or before January 20, 1982.

2. The Refunding Note shall be expressed to mature on a date two (2) years from the date of its issuance and to bear interest, payable annually, at the rate of 10-1/2% per annum. The Refunding Note shall be prepayable at any time on five (5) days notice to the Bank at par plus interest accrued to the prepayment date.

3. The Refunding Note shall be secured by an assignment to the Bank of the County's interest in a Loan Agreement (the Refunding Loan Agreement) between the County and the Medical Society of South Carolina (the Medical Society) obligating the Medical Society to pay amounts necessary to provide for the payment of the principal of and interest on the Refunding Note. The obligations of the Medical Society under the Refunding Loan Agreement shall be junior and subordinate, subject only to the Medical Society's obligation to make provision for the payment of the \$12,500,000 Charleston County, South Carolina, Industrial Revenue Bonds, Series 1979 (Roper Hospital Project).

4. The Bank shall have received the unqualified approving opinion of Messrs. Sinkler Gibbs & Simons as to

10015

Charleston County, South Carolina
October 20, 1981
Page Two

both the validity of the Refunding Note and the exclusion of interest thereon from the gross income of the holder thereof and shall have received such additional proofs and opinions as shall be reasonably requested by the Bank.

Please indicate your acceptance of this purchase offer by signing the acceptance set forth below.

Very truly yours,

FIRST NATIONAL BANK OF SOUTH CAROLINA

By Scott Tucker
Scott Tucker,
Vice President

Accepted by Charleston County,
South Carolina

By Charles Z. Wallace
Chairman, County Council of
Charleston County

Approved by the Medical Society of
South Carolina

By W. H. McCall
President

10016

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION

ATTORNEYS & COUNSELLORS AT LAW

160 EAST BAY STREET

CHARLESTON, S. C. 29401

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

October 27, 1981

William A. McInnis
Secretary,
South Carolina State Budget
and Control Board
P.O. Box 12444
Columbia, S.C. 29211-2444

EXHIBIT

OCT 27 1981 NO. 5

STATE BUDGET & CONTROL BOARD

Dear Bill:

Enclosed is a copy of the original blue-backed petition of Charleston County executed on behalf of the County by Charles T. Wallace, Chairman of Charleston County Council. The Clerk of County Council is presently on vacation and will return next Monday. We will have her execute the original petition and forward it to you at that time so that your file will be complete.

With warm personal regards,

Bill Youngblood

M. William Youngblood, Jr.

MWY/kbf

10017

OCT 22 1981

SINKLER GIBBS & SIMONS

PROFESSIONAL ASSOCIATION
ATTORNEYS & COUNSELLORS AT LAW
160 EAST BAY STREET
CHARLESTON, S. C. 29401

POST OFFICE BOX 340

TELEPHONE 722-3366
AREA CODE 803

October 20, 1981

EXHIBIT

OCT 27 1981 NO. 5

William A. McInnis
Secretary,
S.C. State Budget and Control Board
P.O. Box 12440
Columbia, S.C. 29211-2444

STATE BUDGET & CONTROL BOARD

Dear Bill:

Enclosed is a proposed form of resolution for presentation to the Budget and Control Board concerning a \$1.8 million Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project). Under separate cover I am furnishing Karen Henderson with copies of the basic documents. I understand that First National Bank of South Carolina will furnish an investment letter. If you should have any questions please give me a call.

With warm personal regards,

Bill Youngblood

M. William Youngblood, Jr.

MWY/kbf

10018

DRAFT 10/19/81

1

¹
EXHIBIT

2

LOAN AGREEMENT

OCT 27 1981

NO. 5

STATE BUDGET & CONTROL BOARD

3

CHARLESTON COUNTY, SOUTH CAROLINA

4

AND

5

THE MEDICAL SOCIETY OF SOUTH CAROLINA

6

relating to the

7

\$1,800,000

8

CHARLESTON COUNTY, SOUTH CAROLINA,

9

HOSPITAL FACILITIES REFUNDING NOTE,

10

SERIES 1981

11

(ROPER HOSPITAL PROJECT)

12

DATED NOVEMBER __, 1981

10019

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1 LOAN AGREEMENT

2 THIS LOAN AGREEMENT dated November __, 1981 (the Loan
3 Agreement) between CHARLESTON COUNTY, SOUTH CAROLINA (the
4 County), a body politic and corporate and a political
5 subdivision of the State of South Carolina, acting by and
6 through the County Council of Charleston County (the County
7 Board) as the governing body of the County, party of the
8 first part, and THE MEDICAL SOCIETY OF SOUTH CAROLINA (the
9 Medical Society), a nonprofit corporation organized and
10 existing under the laws of the State of South Carolina,
11 party of the second part.

12 WITNESSETH:

13 WHEREAS, Article 11, Chapter 7, Title 44, Code of Laws
14 of South Carolina 1976 (the Act) authorizes and empowers the
15 counties of the State of South Carolina to issue revenue
16 bonds and lend the proceeds thereof to a hospital agency for
17 the purpose of refunding any obligations previously issued
18 pursuant to the Act; and

19 WHEREAS, heretofore the County issued its \$12,500,000
20 Charleston County, South Carolina, Hospital Facilities
21 Revenue Bonds, Series 1979 (Roper Hospital Project) (the
22 1979 Bonds) and its \$2,400,000 Charleston County, South
23 Carolina, Hospital Facilities Revenue Note, Series 1981
24 (Roper Hospital Project) (the 1981 Note) for the purpose of
25 financing certain improvements to Roper Hospital; and

26 WHEREAS, at the time the 1981 Note was issued, it was
27 anticipated that long term financing would take place and

1 that a portion of the money so raised would be used to
2 retire the 1981 Note; and

3 WHEREAS, it is no longer planned to issue long term
4 debt at this time, and the Medical Society has determined to
5 make other provisions for the payment of the 1981 Note at
6 maturity and, to that end, has reached an agreement with
7 First National Bank of South Carolina (the Bank) for the
8 sale to the Bank of a refunding note in the principal amount
9 of \$1,800,000 (the Refunding Note) to provide part of the
10 funds necessary to pay the 1981 Note at maturity; and

11 WHEREAS, the Refunding Note will constitute valid
12 Nonparity Debt as defined in Section 8.02 (b) of the Loan
13 Agreement (the 1979 Loan Agreement) dated as of September 1,
14 1979 relating to the 1979 Bonds,

15 NOW THEREFORE, in consideration of the respective
16 representations and agreements hereinafter contained, the
17 parties hereto agree as follows; provided, that in the
18 performance of the agreements of the party of the first part
19 herein contained, any obligation it may hereby incur for the
20 payment of money shall not create a pecuniary liability or
21 charge against its general credit or taxing powers but shall
22 be payable solely out of the proceeds derived from this
23 Agreement and the issuance of the note referred to in
24 Section 2.1 hereof:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

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

SECTION 1.2. Terms used in this Loan Agreement and appearing with initial capitals but not defined herein shall have the same meaning as set forth in the 1979 Loan Agreement or in the Trust Agreement unless the context herein clearly indicates a contrary meaning. The following terms are defined terms under this Loan Agreement:

"ACT" means Article 11, Chapter 7, Title 44, Code of Laws, South Carolina 1976.

"AGREEMENT" or "LOAN AGREEMENT" means the within Loan Agreement between the County and the Medical Society.

"ASSIGNMENT" means the Assignment of Loan Agreement, of even date herewith, pursuant to which the County's interest in this Agreement is assigned and pledged to the Bank as security for the payment of the principal of and interest on the Refunding Note.

"AUTHORIZED REPRESENTATIVE" means the person at the time designated to act in behalf of the Medical Society by written certificate furnished to the County and the Bank containing the specimen signature of such person and signed on behalf of the Medical Society by its President. Such

1 certificate may designated one or more alternative
2 representatives.

3 "BANK" means First National Bank of South Carolina as
4 purchaser of the 1981 Note and the Refunding Note.

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

10 "CLERK" means the Clerk of the County Board. The term
11 shall also include the Assistant Clerk or Acting Clerk of
12 the County Board whenever, by reason of absence, illness or
13 other reason, the person who is the Clerk is unable to act.

14 "CODE" means the Internal Revenue Code of 1954, as
15 amended, and the applicable Treasury Regulations thereunder.

16 "COUNTY" means Charleston County, South Carolina, a
17 body politic and corporate, and its successors and assigns.

18 "COUNTY BOARD" means the County Council of the County
19 and any successor body.

20 "DEPOSITARY" means First National of South Carolina as
21 custodian of the Note Fund and its successors and assigns.

22 "MEDICAL SOCIETY" means the party of the second part
23 hereto, its successors and assigns and any surviving,
24 resulting or transferee entity.

25 "1979 BONDS" means the \$12,500,000 Charleston County,
26 Hospital Facilities Revenue Bonds, Series 1979 (Roper
27 Hospital Project).

1 "1979 LOAN AGREEMENT" means the Loan Agreement dated as
2 of September 1, 1979 between the County and the Medical
3 Society.

4 "1981 NOTE" means the \$2,400,000 Charleston County,
5 South Carolina, Hospital Facilities Revenue Note, Series
6 1981 (Roper Hospital Project) the proceeds of which have
7 been and will be used to acquire, construct and equip the
8 Project.

9 "NOTE FUND" means the fund established pursuant to the
10 Note Ordinance into which the proceeds from the sale of the
11 Refunding Note are to be deposited pursuant to this
12 Agreement.

13 "NOTE ORDINANCE" means the Ordinance adopted on
14 _____, 1981 by the County Board, as the same may be
15 amended or supplemented from time to time in accordance with
16 the terms thereof, authorizing the issuance and delivery of
17 the Refunding Note and providing for the terms and
18 provisions of the Refunding Note.

19 "PLEDGED REVENUES" means all of the payments and
20 receipts derived from this Agreement (excepting only
21 payments made pursuant to Article VIII hereof) which are
22 pledged to payment of the Refunding Note.

23 "PROJECT" means the Hospital Building additions and new
24 machinery and hospital equipment financed with proceeds of
25 the 1981 Note.

26 "REFUNDING NOTE" means the \$1,800,000 Charleston
27 County, South Carolina, Hospital Facilities Refunding Note,
28 Series 1981 (Roper Hospital Project) of the County (and any

1 note or notes issued in exchange therefor), the proceeds of
2 which will be used to provide a portion of the funds
3 necessary for the payment of the 1981 Note at maturity.

4 "TRUST AGREEMENT" means the Trust Agreement dated
5 September 1, 1979 between the County and the Trustee,
6 providing, inter alia, for the issuance of the 1979 Bonds.

7 "TRUSTEE" means The South Carolina National Bank, as
8 Trustee under the Trust Agreement.

9 SECTION 1.3. Unless the context clearly indicates to
10 the contrary, the following rules shall apply to the
11 construction of this Agreement:

12 (a) Words importing the singular number shall
13 include the plural number and vice versa.

14 (b) All references herein to particular articles
15 or sections are references to articles or sections of
16 this Agreement.

17 (c) The headings in this Agreement are solely for
18 convenience of reference and shall not constitute a
19 part of this Agreement nor shall they affect its
20 meaning, construction or effect.

21 (d) The words "hereof," "herein," "hereunder,"
22 and other words of similar import refer to this Agree-
23 ment as a whole.

1 ARTICLE II

2 REPRESENTATIONS

3 SECTION 2.1. Representations by the County. The

4 County makes the following representations as the basis for
5 the undertaking on its part herein contained:

6 (A) The County is a body politic and corporate and a
7 political subdivision of the State of South Carolina and is
8 authorized and empowered by the provisions of the Act to
9 enter into the transactions contemplated by this Agreement,
10 the Assignment and the Refunding Note and to carry out its
11 obligations hereunder and thereunder. The Project
12 constitutes and will constitute "hospital facilities" within
13 the meaning of the Act. By proper action by the County
14 Board and the State Budget and Control Board of South
15 Carolina, the County has been duly authorized to execute and
16 deliver this Agreement and the Assignment and to issue and
17 deliver the Refunding Note.

18 (B) The County Board has taken all action and has
19 complied with all provisions of law with respect to the
20 execution and delivery of this Agreement, the Assignment and
21 the Refunding Note, the performance of its obligations
22 hereunder and thereunder and the due authorization of the
23 consummation of the transactions contemplated hereby, and
24 this Agreement, the Assignment and the Refunding Note have
25 been duly executed and delivered by, and constitute legal,
26 valid and binding obligations of, the County.

27 (C) The execution and delivery of this Agreement, the
28 Assignment and the Refunding Note, the consummation of the

1 transactions contemplated hereby and thereby and the
2 fulfillment of or compliance with the terms and conditions
3 hereof and thereof do not and will not conflict with or
4 constitute on the part of the County a violation of, breach
5 of or default under any constitutional provision or statute
6 or any agreement or instrument to which the County is a
7 party or by which it is bound, or any order, rule,
8 regulation or ordinance of any court, government or
9 governmental authority having jurisdiction over the County
10 or any of its activities or property; and all consents,
11 approvals, authorizations and orders of governmental or
12 regulatory authorities, if any, which are required for the
13 consummation of the transactions contemplated in this
14 Agreement, the Assignment and the Refunding Note have been
15 obtained.

16 (D) There is no litigation pending, or to the best of
17 its knowledge threatened, against the County relating to the
18 issuance and delivery of the Refunding Note, or to the
19 execution and delivery of this Agreement or the Assignment.

20 SECTION 2.2. Representations by the Medical Society.
21 The Medical Society makes the following representations as
22 the basis for the undertaking on its part herein contained:

23 (A) The Medical Society is a nonprofit Corporation
24 organized under the laws of the State of South Carolina and
25 presently is an organization described in Section 501(c)(3)
26 of the Code and is now exempt from federal income tax under
27 Section 501(a) of the Code.

1 (B) By proper corporate action, the Medical Society
2 has duly authorized the execution and delivery of this
3 Agreement, and the consummation of the transactions
4 contemplated hereby, and this Agreement has been duly
5 executed and delivered by, and constitutes a legal, valid
6 and binding agreement of, the Company.

7 (C) The execution and delivery of this Agreement, the
8 consummation of the transactions contemplated hereby and the
9 fulfillment of or compliance with the terms and conditions
10 hereof do not and will not conflict with or constitute on
11 the part of the Medical Society a violation of, a breach of
12 or default under any of the terms, conditions or provisions
13 of its corporate charter or its bylaws or any agreement or
14 instrument to which the Medical Society is now a party or by
15 which it is bound or result in the creation or imposition of
16 any lien, charge or encumbrance of any nature whatsoever
17 upon any of the property or assets of the Medical Society
18 under the terms of any instrument or agreement to which the
19 Medical Society is now a party or by which it is bound and
20 do not and will not violate any provision of law or
21 regulation applicable to the Medical Society or any writ,
22 decree or order of any court, government or governmental
23 authority having jurisdiction over the Medical Society or
24 any of its activities or property.

25 (D) The Refunding Note constitutes valid Nonparity
26 Debt permitted by Section 8.02(b) of the 1979 Loan
27 Agreement, but the obligations of the Medical Society to
28 make the payments required of it hereunder are junior and

1 subordinate in all respects to the obligations of the
2 Medical Society to the County under the 1979 Loan Agreement.

3 (E) The proceeds from the sale of the Refunding Note
4 will be used to pay the 1981 Note at maturity.

1 ARTICLE III

2 COMPLETION OF THE PROJECT;

3 ISSUANCE OF THE NOTE;

4 NOTE FUND

5 SECTION 3.1. Agreement to Complete the Project. The
6 Medical Society agrees to complete the acquisition,
7 construction and equipping of the Project as promptly as
8 practicable but in no event later than February 1, 1984.

9 SECTION 3.2. Agreement to Issue the Note; Application
10 of Note Proceeds. In order to provide a portion of the
11 funds for the payment of the 1981 Note at maturity, the
12 County agrees that it will execute and deliver the Refunding
13 Note and cause it to be delivered to the Bank and it will
14 thereupon deposit in the Note Fund the proceeds received
15 from said sale.

16 SECTION 3.3. Disposition of Moneys in the Note Fund.
17 Proceeds derived from the sale of the Note may be invested
18 in accordance with Section 3.4 hereof, but, prior to the
19 payment of the 1981 Note, shall be withdrawn from the Note
20 Fund at the direction of the Authorized Representative only
21 to pay the 1981 Note at maturity. Any moneys remaining in
22 the Note Fund after payment of the 1981 Note shall be paid
23 to the Medical Society.

24 SECTION 3.4 Investment of Note Fund Moneys Permitted.
25 Any moneys held as a part of the Note Fund shall at the
26 direction of the Authorized Representative (which direction
27 may be oral, but, if oral, shall be confirmed in writing)
28 and as specified by the Authorized Representative, be

1 invested or reinvested by the Depositary for the account of
2 the Medical Society in: direct obligations of, or
3 obligations guaranteed by, the United States of America, or
4 obligations of the Federal National Mortgage Association,
5 the Federal Intermediate Credit Banks, Federal Banks for
6 Cooperatives, Federal Land Banks, Federal Home Loan Banks,
7 Government National Mortgage Association, Export-Import Bank
8 of the United States, United States Postal Service,
9 Tennessee Valley Authority or any other agency or
10 corporation which is or may hereafter be created by or
11 pursuant to an Act of the Congress of the United States as
12 an agency or instrumentality thereof; or direct obligations
13 of, or obligations guaranteed by, any state of the United
14 States that are rated in any of the three highest rating
15 categories by either Moody's Investors Service, Inc. or
16 Standard & Poor's Corporation; or Public Housing Bonds, or
17 Project Notes, fully secured by contracts with the United
18 States; or commercial or corporate or finance company paper
19 rated Prime-1 by Moody's Investors Service, Inc., or A-1 by
20 Standard & Poor's Corporation; or negotiable or
21 non-negotiable certificates of deposit or bankers
22 acceptances issued by the Depositary, or by any bank, trust
23 company or national banking association which is a member of
24 the Federal Reserve System and which has capital stock and
25 undivided profits aggregating at least \$25,000,000.

26 SECTION 3.5. Incorporation by Reference of Certain
27 Obligations Imposed by the 1979 Loan Agreement. The 1979
28 Loan Agreement imposes upon the Medical Society certain

1 obligations respecting the use and operation of the Hospital
2 Facilities (as therein defined) for the purposes stated
3 therein, the maintenance and repair of the Hospital
4 Facilities, the carrying of insurance with respect to the
5 Hospital Facilities, the operation and maintenance of the
6 Hospital (as therein defined), and the fixing, charging,
7 revision and collection of rates, fees and charges for the
8 use of and for services furnished by the Hospital
9 Facilities. All of such provisions are incorporated herein
10 by reference to the same extent as if set forth herein and
11 the Medical Society reaffirms its obligations with respect
12 thereto.

1 ARTICLE IV

2 EFFECTIVE DATE OF THIS AGREEMENT; DURATION OF TERM;
3 AND UNCONDITIONAL OBLIGATIONS OF THE MEDICAL SOCIETY

4 SECTION 4.1. Effective Date of this Agreement;
5 Duration of Term. This Agreement shall become effective
6 upon its delivery, and shall continue in full force and
7 effect until the principal of and interest on the Refunding
8 Note shall have been fully paid.

9 SECTION 4.2. The Loan. The County agrees, upon the
10 terms and conditions in this Loan Agreement, to lend to the
11 Medical Society the proceeds received by the County from the
12 sale of the Refunding Note by depositing such proceeds in
13 the Note Fund. Such proceeds shall be thereafter invested
14 and disbursed as permitted by this Agreement.

15 SECTION 4.3. Repayment of Loan and Other Amounts
16 Payable. On the annual interest payment date, the Medical
17 Society shall pay to the Bank in Federal or other
18 immediately available funds for the account of the County a
19 sum equal to the amount payable on such date as interest
20 upon the Refunding Note and on the maturity date of the
21 Refunding Note the amount then due by way of principal and
22 interest as provided in the Refunding Note.

23 SECTION 4.4. Obligations of the Medical Society
24 Hereunder Unconditional. The obligations of the Medical
25 Society to make the payments required in Section 4.3 hereof
26 and to perform and observe the other agreements on its part
27 contained herein shall be absolute and unconditional and
28 until such time as the principal of and interest on the

1 Refunding Note shall have been duly paid or provisions for
2 the payment thereof shall have been made in accordance
3 therewith, the Medical Society shall perform and observe all
4 of its agreements contained in this Agreement and except as
5 provided in Section 6.1 hereof will not terminate this
6 Agreement for any cause including, without limiting the
7 generality of the foregoing, failure of the Medical Society
8 to complete the Project, any acts or circumstances that may
9 constitute failure of consideration, eviction, destruction
10 of or damage to the Project, condemnation, commercial
11 frustration of purpose, any change in the tax or other laws
12 of the United States of America or of South Carolina or any
13 political subdivision of either thereof or any failure of
14 the County to perform and observe any agreement, whether
15 express or implied, or any duty, liability or obligation
16 arising out of or connected with this Agreement.

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ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1. 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 Medical Society to pay when due the sums required by Section 4.3 hereof at the time specified therein.

(B) The occurrence of an Event of Default under the Trust Agreement or under the 1979 Loan Agreement.

(C) Failure of the Medical Society to comply with any provision of this Agreement other than as referred to in paragraph (A) of this Section after written notice of such failure has been given to the Medical Society.

SECTION 5.2. Remedies on Default. Whenever any event of default referred to in Section 5.1 shall have happened and be continuing, the Bank may proceed in its own name to enforce payment of the Refunding Note by acceleration of the payments due thereunder and by the enforcement of any remedy available at law or in equity or granted to a secured party under the Uniform Commercial Code as in effect in the State of South Carolina.

1 ARTICLE VI

2 OPTION IN FAVOR OF THE MEDICAL SOCIETY

3 SECTION 6.1. Option to Prepay the Refunding Note
4 Without Penalty. The Medical Society shall have, and is
5 hereby granted, the option to prepay the Refunding Note, in
6 whole or in part, without penalty, upon five (5) days
7 written notice to the Bank.

1 ARTICLE VII

2 ASSIGNMENT

3 SECTION 7.1. Assignment to the Bank. The County
4 shall assign all of its rights hereunder to the Bank as
5 security for the payment of the Refunding Note save and
6 except the rights of the County to receive moneys pursuant
7 to Article VIII hereof.

1 ARTICLE VIII2 INDEMNIFICATION; PAYMENT OF ATTORNEY'S FEES3 SECTION 8.1. Indemnification. Notwithstanding the

4 fact that it is the intention of the parties that the County
5 shall not incur pecuniary liability by reason of the terms
6 of this Agreement or the undertakings required of the County
7 hereunder, by reason of the issuance of the Refunding Note,
8 by reason of the performance of any acts requested of it by
9 the Medical Society, including all claims, liabilities or
10 losses arising in connection with the violation of any
11 statute or regulation pertaining to the foregoing,
12 nevertheless, if the County should incur any such pecuniary
13 liability, then in such event the Medical Society shall
14 indemnify and hold harmless the County against all claims by
15 or on behalf of any person, firm, or corporation, arising as
16 aforesaid, and all costs and expenses incurred in connection
17 with any such claim or in connection with any action or
18 proceeding brought thereon, and upon notice from the County,
19 the Medical Society shall defend the County in any such
20 action or proceeding.

21 SECTION 8.2. Agreement to Pay Attorney's Fees and

22 Other Expenses. In the event the Medical Society should
23 default under any of the provisions of this Agreement and
24 the County or the Bank should employ attorneys or incur
25 other expenses for the collection of payments due on the
26 Refunding Note or the enforcement or performance or
27 observance of any obligation or agreement on the part of the
28 Medical Society herein contained, the Medical Society agrees

1 that it will on demand therefor pay to the County or the
2 Bank the reasonable fees of such attorneys and such other
3 expenses so incurred by the County or the Bank.

1 ARTICLE IX

2 MISCELLANEOUS

3 SECTION 9.1. Notices. (A) All notices, certificates
4 or other communications hereunder shall be sufficiently
5 given and shall be deemed given when mailed by certified
6 mail, postage prepaid, or given when dispatched by a
7 telegram when telegraphic notice is permitted by express
8 provisions of this Agreement, addressed as follows:

9 (1) If to the County, to the County Council of
10 Charleston County, County Office Building, 2 Courthouse
11 Square, Charleston, South Carolina 29402;

12 (2) If to the Medical Society, at 316 Calhoun
13 Street, Charleston, South Carolina 29403; and

14 (3) If to the Bank, at Post Office Box 959,
15 Charleston, South Carolina 29402.

16 (B) The County, the Medical Society and the Bank may,
17 by notice given to all parties to this Agreement, designate
18 any further or different addresses to which subsequent
19 notices, certificates or other communications shall be sent.

20 SECTION 9.2. Filing. (A) The assignment of the
21 Pledged Revenues shall be perfected by the filing of
22 financing statements which fully comply with the South
23 Carolina Uniform Commercial - Secured Transactions.

24 (B) The parties further agree that all necessary
25 continuation statements shall be filed by the Bank within
26 the time prescribed by the South Carolina Uniform Commercial
27 Code - Secured Transactions, in order to continue the
28 foregoing pledge of revenues, to the end that the rights of

1 the Bank shall be fully preserved as against creditors of,
2 or purchasers for value from, the County.

3 SECTION 9.3. Binding Effect. This Agreement shall
4 inure to the benefit of and shall be binding upon the
5 County, the Medical Society and their respective successors
6 and assigns.

7 SECTION 9.4. Severability. In the event any provision
8 of this Agreement shall be held invalid or unenforceable by
9 any court of competent jurisdiction, such holding shall not
10 invalidate or render unenforceable any other provision
11 hereof which shall continue to be interpreted in accordance
12 with the original intention of the parties.

13 SECTION 9.5. Amendments, Changes and Modifications.
14 This Agreement may not be amended, changed, modified, or
15 altered without in each instance the prior written consent
16 of the parties hereto.

17 SECTION 9.6. Execution of Counterparts. This Agree-
18 ment may be executed in several counterparts, each of which
19 shall be an original and all of which shall constitute but
20 one and the same instrument.

21 SECTION 9.7. Law Governing Construction of Agreement.
22 This Agreement is prepared and entered into with the
23 intention that the law of the State of South Carolina shall
24 govern its construction.

1 IN WITNESS WHEREOF, CHARLESTON COUNTY, SOUTH CAROLINA
2 has executed this Loan Agreement by causing its name to be
3 hereunto subscribed by the Chairman of the County Council of
4 Charleston County and the same to be attested by the Clerk
5 of the County Council of Charleston County and THE MEDICAL
6 SOCIETY OF SOUTH CAROLINA has executed this Loan Agreement
7 by causing its name to be hereunto subscribed by its
8 President and the same to be attested by its
9 Secretary-Treasurer, all being done as of the day and year
10 first above written.

11 CHARLESTON COUNTY, SOUTH CAROLINA

12 By _____
13 Chairman, County Council of
14 Charleston County

15 Attest:

16 By _____
17 Clerk, County Council of
18 Charleston County

10044

DRAFT 10/19/81

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THE MEDICAL SOCIETY OF
SOUTH CAROLINA

3
4

By _____
President

5

Attest:

6
7

By _____
Secretary-Treasurer

EXHIBIT

OCT 27 1981 NO. 5

STATE BUDGET & CONTROL BOARD

AN ORDINANCE

AUTHORIZING CHARLESTON COUNTY, SOUTH CAROLINA TO ISSUE AND DELIVER PURSUANT TO ARTICLE 11, CHAPTER 7, TITLE 44, CODE OF LAWS OF SOUTH CAROLINA 1976 ITS \$1,800,000 CHARLESTON COUNTY, SOUTH CAROLINA, HOSPITAL FACILITIES REFUNDING NOTE, SERIES 1981 (ROPER HOSPITAL PROJECT) THE PROCEEDS OF WHICH WILL BE LOANED TO THE MEDICAL SOCIETY OF SOUTH CAROLINA TO PROVIDE FOR THE PAYMENT IN PART OF THE \$2,400,000 CHARLESTON COUNTY, SOUTH CAROLINA, HOSPITAL FACILITIES REVENUE NOTE, SERIES 1981 (ROPER HOSPITAL PROJECT); AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE COUNTY AND THE MEDICAL SOCIETY OF SOUTH CAROLINA.

BE IT ORDAINED BY THE COUNTY COUNCIL OF CHARLESTON COUNTY:

ARTICLE I

FINDINGS OF FACT

Incident to the adoption of this Ordinance, the County Council of Charleston County (County Council) as the governing body of Charleston County, South Carolina (the County) makes the following findings of fact:

SECTION 1.1.

The County previously issued its \$2,400,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) (the 1981 Note) pursuant to Article 11, Chapter 7, Title 44, Code of Laws of South Carolina 1976 (the Act) to finance the acquisition, construction and equipping of certain improvements at Roper Hospital which are owned by The Medical Society of South Carolina (the Medical Society), a South Carolina non-profit corporation.

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The Medical Society has requested that the County issue its \$1,800,000 Charleston County, South Carolina, Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project) (the Refunding Note) also pursuant to the Act to provide part of the funds necessary to pay the 1981 Note at maturity. The remaining balance due on the 1981 Note at maturity will be paid from other funds of the Medical Society.

SECTION 1.2.

The County has authorized a Petition to the State Budget and Control Board of South Carolina (the State Board) seeking the State Board's approval, required by the Act, to the undertaking of the County. The Petition of the County Board will be presented to the State Board and its approval obtained prior to the issuance of the Note. Accordingly, all necessary findings and approvals required by the Act prior to the issuance of the Refunding Note will have been obtained, and the County Board is adopting this Ordinance for the purpose of providing for the issuance, sale and delivery of the Refunding Note, the execution and delivery of a Loan Agreement (the Refunding Loan Agreement) between the County and the Medical Society providing for a loan of the proceeds of the Refunding Note by the County to The Medical Society and for the repayment of the Refunding Note by the Medical Society.

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ARTICLE II

APPROVAL AND AUTHORIZATION OF LOAN AGREEMENT

SECTION 2.1.

The execution and delivery of the Refunding Loan Agreement in substantially the form presented at this meeting, with such changes as the officers executing the Refunding Loan Agreement shall approve (their execution to be conclusive evidence of such approval) on behalf of the County is hereby authorized. The Refunding Loan Agreement shall be executed on behalf of the County by the Chairman or Vice Chairman of County Council (the Chairman) and the same shall be attested by the Clerk of County Council (the Clerk).

SECTION 2.2.

It is recognized by County Council and it shall be acknowledged by the Bank upon the acceptance of the Refunding Note that the obligations of the Medical Society under the Refunding Loan Agreement are in all respects junior and subordinate to the obligations of the Medical Society under the Loan Agreement between the Medical Society and the County dated September 1, 1979 relating to the \$12,500,000 Charleston County, South Carolina, Hospital Facilities Revenue Bonds, Series 1979 (Roper Hospital Project).

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ARTICLE III
ISSUANCE OF NOTE

SECTION 3.1.

Upon the execution and delivery of the Refunding Loan Agreement, the Refunding Note in the principal amount of \$1,800,000 shall be issued.

SECTION 3.2.

The Refunding Note shall be designated "Charleston County, South Carolina, Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project)" and shall be in the principal amount of \$1,800,000, shall be dated as of the date of its delivery, shall mature two (2) years from the date of its issuance, and shall bear interest at the rate of ten and one-half per centum (10-1/2%) per annum. Interest shall be payable annually from the date of the Refunding Note.

SECTION 3.3.

The Refunding Note shall be in the form substantially as set forth in Exhibit A hereto and shall be executed on behalf of the County by the Chairman, under the Seal of County Council and the same shall be attested by the Clerk.

SECTION 3.4.

In order to secure the payment of the Refunding Note, such other instruments of assignment as may be necessary to transfer to the Bank the right, title and interest of the County in and to the Refunding Loan Agreement including all revenues to be received by the County pursuant to the Refunding Loan Agreement shall be executed on behalf of the

County by the Chairman and the same shall be attested by the Clerk.

ARTICLE IV

SALE OF THE REFUNDING NOTE

SECTION 4.1.

The sale of the Refunding Note by the County to the Bank is hereby approved, and the Chairman and the Clerk are fully authorized and empowered to take such further action and to execute and deliver such closing documents as may be necessary and proper to effect the delivery of the Refunding Note, and the action of such officers or any of them in executing and delivering documents in such form as the executing officer or officers shall approve is hereby fully authorized.

ARTICLE V

DISPOSITION OF PROCEEDS

SECTION 5.1.

When received, the proceeds derived from the sale of the Refunding Note shall be paid directly to the Trustee and disposed of in accordance with the Refunding Loan Agreement.

ARTICLE VI

EFFECTIVE DATE

SECTION 6.1.

This Ordinance shall take effect upon receiving third reading by County Council.

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CHARLESTON COUNTY, SOUTH CAROLINA
HOSPITAL FACILITIES REFUNDING NOTE,
SERIES 1981
(ROPER HOSPITAL PROJECT)

No. R-1

\$1,800,000

CHARLESTON COUNTY, SOUTH CAROLINA (the County), a body politic and corporate and a political subdivision of the State of South Carolina, for value received, hereby promises to pay, solely from the sources provided therefor as hereinafter set forth, to FIRST NATIONAL BANK OF SOUTH CAROLINA or its registered assigns (the Bank) on the ___ day of _____, 198_ (or earlier as hereinafter referred to) upon the presentation and surrender hereof, at the principal office of the Bank in the City of Charleston, South Carolina, the principal sum of ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from such sources, interest hereon at the rate of ten and one-half per centum (10- $\frac{1}{2}$ %) per annum on said principal sum annually from the date hereof.

This Note and the interest hereon are payable solely from payments made by The Medical Society of South Carolina (the Medical Society) pursuant to a Loan Agreement (the Loan Agreement) of even date herewith between the County and the Medical Society and not from any other fund or source. Pursuant to the provisions of the Act (hereinafter

10051

mentioned), the County has pledged all moneys to be received pursuant to the Loan Agreement for the payment of the principal of and interest on this Note. The obligations of the Medical Society to the County under the Loan Agreement are junior and subordinate to the obligations of the Medical Society to the County under a Loan Agreement (the 1979 Loan Agreement) dated as of September 1, 1979 between the Medical Society and the County to secure the \$12,500,000 Charleston County, South Carolina, Hospital Facilities Revenue Bonds, Series 1979 (Roper Hospital Project)(the 1979 Bonds) dated September 1, 1979 and any other Parity Debt (as defined in the 1979 Loan Agreement) hereafter issued pursuant to a Trust Agreement (the Trust Agreement) dated as of September 1, 1979 between the County and First National Bank of South Carolina, as Trustee (the Trustee). The County is not obligated to pay this Note or the interest hereon except from the funds pledged herefor, and neither the faith and credit nor the taxing power of the State of South Carolina or of any political subdivision thereof is pledged as security for the payment of the principal of or the interest on this Note, and this Note and the interest hereon 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. Reference is hereby made to the Loan Agreement for a description of the obligations of the County and the Medical Society with respect to the

payments to be made by the Medical Society for the payment of the principal of and interest on this Note and with respect to the rights, duties and obligations of the County and the Medical Society and the rights of the holder of this Note.

This Note, designated "Charleston County, South Carolina, Hospital Facilities Refunding Note, Series 1981 (Roper Hospital Project)" (the Note), is being issued for the purpose of paying a portion of the price of the \$2,400,000 Charleston County, South Carolina, Hospital Facilities Revenue Note, Series 1981 (Roper Hospital Project) at maturity.

This Note constitutes Nonparity Debt (as defined in Section 8.02 (b) of the 1979 Loan Agreement). Reference is made to the Loan Agreement, the 1979 Loan Agreement and to the Trust Agreement for the provisions, among others, with respect to the funds available for the payment of the principal of and interest on this Note, the nature and extent of the liens and security interests heretofore created in the hospital facilities and other assets of the Medical Society, the terms and conditions under which Parity Debt and Nonparity Debt is or may be issued, the rights, duties and immunities of the Trustee, the rights of the holders or registered owners of the 1979 Bonds, of Parity Debt and of Nonparity Debt, and the nature of the obligations of the County. By the acceptance of this Note, the Bank acknowledges that the obligations of the Medical Society to the County under the Loan Agreement are junior

and subordinate to the obligations of the Medical Society to the County under the 1979 Loan Agreement.

This Note is issued under and pursuant to the Constitution and laws of the State of South Carolina, and particularly in conformity with the provisions, restrictions and limitations of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976 as amended (the Act).

Pursuant to the Loan Agreement, the County has loaned to the Medical Society upon the terms and conditions therein provided the proceeds of this Note. The Medical Society is obligated under the Loan Agreement to make payments sufficient to pay principal of and interest on this Note as and when the same become due and payable.

The Loan Agreement also imposes upon the Medical Society certain obligations respecting the use and operation of its hospital facilities, the maintenance and repair of such hospital facilities, and the carrying of insurance covering assets of the Medical Society.

This Note is subject to prepayment, without penalty, at any time upon five (5) days written notice to the Bank.

The principal of this Note may become or may be declared due and payable before its stated maturity, together with the interest accrued thereon to such date under the circumstances set forth in the Loan Agreement.

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

IN WITNESS WHEREOF, CHARLESTON COUNTY, SOUTH CAROLINA,
has caused this Note to be executed with the manual
signatures of the Chairman and Clerk of the County Council
of Charleston County and its corporate seal to be impressed
hereon all as of this _____ day of November, 1981.

Charleston County, South
Carolina

By _____
Chairman, County Council
of Charleston County

(SEAL)

By _____
Clerk, County Council of
Charleston County

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

I, the undersigned Clerk of the County Council of Charleston County, do hereby certify that the foregoing is a true, correct and verbatim copy of an Ordinance duly adopted by the County Council of Charleston County, having been read at three duly called meetings held on October 20, 1981, _____, 1981 and _____, 1981.

WITNESS MY HAND, this _____ day of _____, 1981.

Clerk, County Council of
Charleston County

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EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 6 BLUE AGENDA

MEETING OF October 27, 1981

STATE BUDGET & CONTROL BOARD

ITEM NUMBER

1

Agency: Governor's Office (Grant Services)

Subject: Governor's Recommendations on Federal Fund Proposals

The attached package includes fifty-two projects involving \$21,003,450 of federal funds, \$819,338 of State funds and \$903,145 of other funds for a total of \$22,725,933.

Act 651 of 1978, as amended, requires that the Governor make recommendations on these requests for the concurrence of the Joint Appropriations Review Committee and for review by the Budget and Control Board.

Please refer to attachments for details.

Also attached is a second package consisting of 20 projects involving \$52,619 of Federal funds, \$2,866 of State funds and \$36,756 of other funds.

Board Action Requested:

Review.

Staff Comment:

Attachments:

Whitten October 20 memorandum to Putnam plus attachments(2).

10057



RECEIVED

OCT 21 1981

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

State of South Carolina

Office of the Governor

RICHARD W. RILEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

MEMORANDUM

TO: William T. Putnam, Executive Director
Budget and Control Board

FROM: Elmer C. Whitten *Elmer*
Grant Services

DATE: October 20, 1981

In accordance with Act 651 of 1978, as amended, the recommendations of the Governor for the projects listed in the attached summary are provided for review by the Budget and Control Board.

There are 52 projects from 21 state agencies who are requesting the following amounts from federal, state, and other sources:

Federal Funds	\$21,003,450
State Matching	819,338
Other Matching	<u>903,145</u>
Total	\$22,725,933

The total number of personnel to be hired or retained on these programs is as follows (new personnel not to exceed authorized ceiling):

New Personnel

Full-Time -	7.0
Temporary -	<u>6.5</u>
	13.5

Continuing Personnel

Full-Time -	348.5
Temporary -	<u>0.0</u>
	348.5

No action is requested on project numbers 20 and 42. These projects are not included in the above totals.

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OFFICE OF THE GOVERNOR
SUMMARY OF GRANT AND CONTRACT REQUESTS

State Agency	Project Number	Funding Source (CFDA Number)	Project Title	Project Period	Funding Summary			Positions		Governor's Recommendation	Conditions/Issues/Remarks
					\$	Match	(%)	Contin	New		
1. Energy Resources: OEPP	010-D17	Chevron USA, Inc.	Chevron's Consent Agreement on Alleged Oil Pricing Violations	10/1/81-9/30/82	O 60,900 T 60,900		100%	0	0	Approval*	
2. Public Safety: OEPP	012-D17	Office of Juvenile Justice & Delinquency Prevention (16.541)	Jail Removal Initiative	11/1/81-9/30/82	F 175,853 T 175,853		100%	0	0	Approval*	
3. Clemson	002-H12	HHS (13.386)	Nursing Capitation Grant Program	7/1/81-6/30/82	F 11,563 T 11,563		100%	0	0	Approval*	
4. Clemson	006-H12	Robert A Taft Institution	The Robert A. Taft Seminar in Government Politics	6/7/82-6/25/82	S 10,150 O 17,460 T 27,610	C	37% 63%	0.2	0	Approval*	
5. Clemson	007-H12	U.S. Dept. of Interior: Park Service	A Training Institute for Resource Managers	9/28/81-10/2/81	F 15,100 T 15,100		100%	0.1	0	Approval*	
6. Clemson	008-H12	Environ. Protection Agency (66.502)	Pesticide Enforcement Program	10/1/81-9/30/82	F 99,882 S 26,030 T 125,912	C	79% 21%	2.5	0	Approval; \$44,551 was included in agency's budget.	
7. Francis Marion College	002-H16	Natl. Endowment for the Humanities Through S.C. Committee for the Humanities (45.12)	Humanist-in-Residence Programming for the Pee Dee Region	1/1/82-12/31/82	F 19,180 S 19,186 T 38,366	IK	50% 50%	0	1 T	Conditional approval; -provided temporary employee be hired for six months or less.	
8. S.C. State College	003-H24	Dept. of Energy (81.052)	Energy Conservation Technical Assis.	4/1/81-9/30/82	F 8,625 S 8,625 T 17,250	C	50% 50%	0	0	Approval*	
9. USC - Education	012-H27	Dept. of Agri. through State Dept. of Ed. (10.564)	Impact of Current Issues in Nutrition on Feeding Children in School Food Ser. Program	9/15/81-9/14/82	F 40,000 T 40,000		100%	0.6	0	Conditional approval; -provided that indirect costs of \$2,963 are collected and returned to General Fund.	
10. USC Physical Ed.	013-H27	Nigeria - State of Anambra	Training of Coaches & Sports Organizers from Anambra	8/15/81-11/30/81	O 58,652 T 58,652		100%	0	0	Approval; this is the second year of this project.	
11. USC - School of Medicine	014-H27	Health & Human Ser. Public Health Service (13.896)	Predoctoral Training in Family Medicine	7/1/82-6/30/83	F 91,449 T 91,449		100%	1	0	Approval*	

F-Federal
S-State
O-Other
T-Total
Match:
C-Cash
IK-In-Kind

* Not included in agency's budget.

EXHIBIT
OCT 27 1981
STATE BUDGET & CONTROL BOARD
NO. 6

10059

OFFICE OF THE GOVERNOR
SUMMARY OF GRANT AND CONTRACT REQUESTS

State Agency	Project Number	Funding Source (CFDA Number)	Project Title	Project Period	Funding Summary			Positions		Governor's Recommendation	Conditions/Issues/Remarks
					\$	Match	(X)	Contin	New		
1. USC - Aiken	002-H29	U.S. Dept of Ed. (84.055)	Comprehensive Cooperative Education	10/1/81-9/30/82	F 47,979 S 6,400 T 54,379	C	78% 12%	10	2T	Conditional approval: -provided temporary employees be hired for six months or less.*	
2. USC - Spartanburg	005-H34	Dept. of Labor: Ofc. of Governor (17.332)	Unemployed School Dropout Training & Job Placement Program	10/1/81-9/30/82	F 106,816 T 106,816		100%	4	0	Approval*	
3. Winthrop	002H47	HHS through Gov's Office Developmental Disabilities Program (13.630)	Case Coordination Sys.	10/1/81-9/30/82	F 99,260 S 38,040 T 137,300	C	72% 28%	3.75	.50T	Conditional approval: -provided temporary employees be hired for six months or less.	
4. Winthrop	003-H47	Dept. of Ed. through State Dept. of Ed (84.046)	Teacher Ed. in Business, Distributive & Home Economics Education		F 58,393 S 20,653 T 79,046		74% 26%	5	0	Approval*	
5. Trident TEC	031-H59	U.S. Dept. of Education (84.064)	Veteran's Cost of Instruction Program	7/1/81-6/30/82	F 27,509 T 27,509		100%	3.5	0	Approval*	
6. Midlands TEC	016-H59	U.S. Dept. of Agriculture through State Dept. of Ed (10.564)	School Food Service Programs Training	10/1/81-9/30/82	F 50,000 T 50,000		100%	3	0	Approval*	
7. State Tec Bd.	019-H59	U.S. Dept. of Labor through Office of the Governor (17.232)	CETA Classroom Trng. Component	10/1/81-9/30/82	F 3,753,582 T 3,753,582		100%	170	0	Approval	
8. State Tec. Bd.	020-H59	Dept. of Labor through Office of the Governor (17.232)	CETA Classroom Trng. Component of Youth Employment & Trng. Program	8/24/81-7/31/81	F 46,778 T 46,778		100%	4	0	Approval	
9. State Tec. Bd.	021-H59	Dept. of Labor through Office of the Gov. (17.230)	CETA Classroom Trng. for Migrant Farmworkers	9/15/81-9/14/82	F 240,268 T 240,268		100%	0	12	No action requested pending further analysis.	
10. State Tec. Bd.	022-H59	Dept of labor through Office of the Gov. (17.232)	Classroom Trng. for City of Columbia Disadvantaged & Unemployed	10/1/81-9/30/82	F 51,746 T 51,746		100%	2	0	Approval	
11. State Tec. Bd.	023-H59	Dept. of Labor through Office of the Gov. (17.232)	CETA Private Section Initiative Programs	10/1/81-9/30/82	F 869,133 T 869,133		100%	40	0	Approval	

F-Federal
S-State
O-Other
T-Total
Match:
C-Cash
IK-In-Kind

* Not included in agency's budget.

10060

OFFICE OF THE GOVERNOR
SUMMARY OF GRANT AND CONTRACT REQUESTS

State Agency	Project Number	Funding Source (CFDA Number)	Project Title	Project Period	Funding Summary			Positions		Governor's Recommendation	Conditions/Issues/Remarks
					\$	Match	(%)	Contin	New		
23. DHEC	0-J04-073 Supplement	HHS (13.211)	Crippled Childrens Formula Grant	9/1/81-9/30/82	F 32,000 T 32,000		100%	0	0	Approval	
24. DHEC	009-J04	HHS (13.268)	Immunization Project	1/1/82-12/31/82	F 395,999 T 395,999		100%	18	1	Conditional approval: -provided new position is within the Agency's authorized headcount.	
25. Mental Health Crafts Farrow	003-J12	HHS through Comm.on Aging through Central Midlands Reg. Planning Cl. (17.235)	Senior Community Ser. Employment	7/1/81-6/30/82	F 11,156 S 1,240 T 12,396	IK	90% 10	0	3T	Conditional approval: -provided temporary employees are employed for six months or less.	
26. Mental Retard Coastal Ctr.	005-J16	HHS through Gov's Developmental Disabilities Program (13.630)	Develop. Disabilities Case Coordination	10/1/81-9/30/82	F 104,000 S 44,017 T 148,017	IK		1	0	Approval*	
27. DSS	017-L04	HHS (13.766)	Utilization of AFDC Recipients as Home-makers/Home Health Aides	10/1/81-9/30/82	F 480,326 S 53,370 T 533,696	C	90% 10%	0	1	Conditional approval: -provided new position is within the Agency's authorized headcount.	
28. Comm. on Aging	003-L28	HHS (13.634)	Advocacy Assistance Program-Nursing Home & Legal Services	10/1/81-9/30/82	F 56,855 T 56,855		100%	1	0	Approval; \$6,855 are carryover FY 81 funds.	
29. Comm. on Aging	005-L28	HHS (13.633)	State Plan on Aging	10/1/81-9/30/82	F 6,674,394 S 343,580 112,200 O 686,560 T 7,816,734	C IK IK	85% 5% 1% 9%	11.8	0	Approval	
30. Comm.on Aging	006-L28	Dept. of Agriculture (10.550)	U.S.D.A. Nutrition Program	10/1/81-9/30/82	F 828,750 T 828,750		100%	0	0	Approval	
31. Parole & Corr. Corrections	002-N08	Nat. Institute of Corrections(16.603)	Implementation of Probation & Parole Classification Management Information System	10/1/81-9/30/82	F 20,000 T 20,000		100%	0	0	Approval*	
32. Youth Ser. (JPA)	003-M12	U.S. Dept. of Ed. through State Dept of Ed. (84.074)	Career Ed. Integrated Program	10/1/81-9/30/82	F 13,242 T 13,242		100%	0	0	Approval*	

F-Federal
S-State
O-Other
T-Total
Match:
C=Cash
IK-In-Kind

* Not included in agency's budget.

10061

OFFICE OF THE GOVERNOR
SUMMARY OF GRANT AND CONTRACT REQUESTS

e Agency	Project Number	Funding Source (CFDA Number)	Project Title	Project Period	Funding Summary			Positions		Governor's Recommendation	Conditions/ Issues/Remarks
					S	Match	(%)	Contin	New		
Youth Ser. (JPA)	002-N16	LEAA through Div. of Public Safety (16.530)	MIS Equip. for Aiken & Richland County	11/1/81-10/31/82	F 29,116		90%	0	0	Approval*	
					S 3,235	C	10%				
					T 32,351						
Youth Ser. (JPA)	003-N16	LEAA through Div. of Public Safety (16.540)	Accounting ADP Equip. Terminal & Printer	11/1/81-6/30/82	F 20,600		100%	0	0	Approval*	
					T 20,600						
Criminal Justice Academy	001-N20	LEAA through Div. of Public Safety (16.530)	Radar Trng. for Instructors	11/1/81-6/30/82	F 26,910			0.2	0	Approval*	
					S 2,990	C					
					T 29,900						
Land Resources	001-P08	Dept. of Interior: U.S. Geological Survey (15.801)	Aerial Photography Inventory of S.C.	10/1/81-6/30/82	F 15,795		68%	3	17	Conditional approval subject to -provided that temporary employees be hired for six months or less.*	
					S 7,364	IK	32%				
					T 23,159						
Land Resources	002-P08	U.S. Dept. of Agriculture (17.973)	Accelerated Soil Survey and Mapping	10/15/81-6/30/82	F 50,000		100%	0	0	Approval*	
					T 50,000						
Employment Security	023-R60	Dept. of Labor through Office of Gov. (17.232)	CETA City of Columbia Certification of Applicants	10/1/81-9/30/82	F 10,977		100%	.5	0	Approval	
					T 10,977						
Employment Security	024-R60	Dept. of Labor through Office of Gov. (17.232)	CETA City of Columbia Title II-B Enrollment	10/1/81-9/30/82	F 24,694		100%	1.1	0	Approval	
					T 24,694						
Employment Security	025-R60	Dept. of Labor through Office of Gov. (17.232)	CETA City of Columbia Certification of Title II-B Applicants	10/1/81-9/30/82	F 16,458		100%	.7	0	Approval	
					T 16,458						
Employment Security	026-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Spartanburg Job Search	10/1/81-9/30/82	F 46,259		100%	2.2	0	Approval	
					T 46,259						
Employment Security	027-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Contract Admin. for Anderson County	10/1/81-9/30/82	F 54,000		100%	0	2.0	Project Cancelled; No Action.	
					T 54,000						
Employment Security	028-R60	Dept. of Labor through Office of Gov. (17.232)	Occupational Information Service for CETA Participants	10/1/81-9/30/82	F 54,508		100%	0	0	Approval	
					T 54,508						

F-Federal
S-State
O-Other
T-Total
Match:
C-Cash
IK-In-Kind

STATE BUDGET & CONTROL BOARD
OCT 27 1981 NO. 6

EXHIBIT

10062

OFFICE OF THE GOVERNOR
SUMMARY OF GRANT AND CONTRACT REQUESTS

DATE: AUGUST 2, 1981

State Agency	Project Number	Funding Source (CFDA Number)	Project Title	Project Period	Funding Summary			Positions		Governor's Recommendation	Conditions/Issues/Remarks
					\$	Match	(%)	Contin	New		
44. Employment Security	029-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Greenville Cty. Classroom Training	10/1/81-9/30/82	F 454,440 T 454,440		100%	.4	0	Approval	
45. Employment Security	030-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Greenville Cty. Intake Service	10/1/81-9/30/82	F 164,544 T 164,544		100%	7.9	0	Approval	
46. Employment Security	031-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Greenville Cty. On-The-Job Training and Administration	10/1/81-9/30/82	F 62,310 T 62,310		100%	1.1	0	Approval	
47. Employment Security	022-R60	Dept. of Labor through Office of Gov. (17.232)	CETA City of Columbia Title IV Enrollment	10/1/81-9/30/82	F 16,458 T 16,458		100%	.7	0	Approval	
48. Employment Security	032-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Charleston Cty Classroom Trng. Allowable Payments	10/1/81-9/30/82	F 602,745 T 602,745		100%	.8	0	Approval	
49. Employment Security	033-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Charleston Cty Outreach, Intake, & Certification of Eligibility	10/1/81-9/30/82	F 189,997 T 189,997		100%	11.5	0	Approval	
50. Employment Security	034-R60	Dept. of Labor through Office of Gov. (17.232)	CETA Charleston Cty On-The-Job Training	10/1/81-9/30/82	F 90,353 T 90,353		100%	2.2	0	Approval	
51. Mental Health Greenville	001-J12	HHHS (13.295)	Consultation and Education	11/1/81-10/30/82	F 83,300 S 63,574 O 79,573 T 232,447			7.5	0	Approval: -this project may be funded out of FY 81 Categorical Funds. Therefore approval is requested.	
52. Housing Authority	001-L32	HHUD (14.156)	Section 8, Housing Assistance Payments	7/1/81-6/30/82	F 4,477,324 T 4,477,324		100%	14	4	Conditional approval: -provided that proportional share of the costs from the Statewide Cost Allocation Plan be returned to the General Fund. -provided new positions are within the agency's authorized headcount.	
53. MUSC	1-H31-003	HHHS (13.359)	MSN Facilitation for Working Registered Nurses	9/1/81-8/31/82	F 94,168 S 20,021 P 114,189		82% IK 18%	4.25	0	Conditional Approval: -project was disapproved on Nov. 5, 1980 because of the new positions for the project. The new positions originally proposed will be within the University's authorized headcount.	
	021-L04	HHHS (13.812)	AFDC-Food Stamp Consolidation	10/1/81-9/30/82	F 282,924 S 32,663 T 315,587		90% IK 10%	9	0	Approval	

F-Federal
S-State
C-Cash
IK-Interest

10663



State of South Carolina

Office of the Governor

RICHARD W. RILEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

MEMORANDUM

TO: William T. Putnam, Executive Director
Budget and Control Board

FROM: Elmer C. Whitten *Elmer*
Grant Services

DATE: October 20, 1981

In accordance with Act 651 of 1978, as amended, the recommendations of the Governor for the projects listed in the attached summary are provided for review by the Budget and Control Board.

There are 20 projects from state agencies who are requesting the following amounts from federal, state, and other sources:

Federal	\$52,619
State	2,866
Other	<u>36,756</u>
Total	\$92,241

10064

OFFICE OF THE GOVERNOR
SUMMARY OF GRANT AND CONTRACT REQUESTS

DATE October 8, 1981

State Agency	Project Number	Funding Source (CFDA Number)	Project Title	Project Period	Funding Summary			Positions		Governor's Recommendation	Conditions/Issues/Remarks
					\$	Match	(%)	Contin	New		
1. Energy Resources OEPP	011-D17	Department of Energy (81.055)	Modification of Small Scale Hydro Prog. to Include Const. Financing Workshop	9/30/81-1/30/82	F 4,001 T 4,001		100%	0	0	Approval	
2. Div. of Trans. OEPP	013-D17	Dept. of Trans. through Div of Public Safety (20.600)	Reduction of Serious Accidents Involving Public Transportation	11/1/81-4/30/82	F 8,000 T 8,000		100%	0	0	Approval	
3. Finance & Gnts. OEPP	014-D17	Confer. Registration	Reg. Fees for Conference	10/15/81-6/30/82	O 9,000 T 9,000		100%	0	0	Approval	
4. Finance & Gnts. OEPP	015-D17	Other State Agencies	Dual Employment	10/15/81-6/30/82	O 9,000 T 9,000		100%	0	0	Approval	
5. USC-Main	011-H27	Pine Grove School	Psychological Ser. for Pine Grove School in Columbia	9/1/81-8/30/82	O 4,256 T 4,256		100%	0	0	Approval	
6. USC-Aiken	001-H29	HHS (13.386)	Nursing Capitation Program	7/1/81-6/30/82	F 6,625 T 6,625		100%	0	0	Approval	
7. USC-Spartanburg	002-H34	Nat. Endowment For the Arts S.C.thru Arts. Commission (45.007)	Edmund Burke Feldman Presentations-Human Approach To Art	10/1/81-11/15/82	F 419 S 473 T 892	IK	47% 53%	0	0	Approval	
8. USC-Salkehatchie	001-H38	U.S. Dept. of Agriculture (10.558)	Food Service for Child Dev. Ctr.	10/1/81-9/30/82	F 9,720 T 9,720		100%	0	0	Approval	
9. USC-Sumter	001-H39	Nat. Endowment For the Humanities thru S.C. Committee for the Humanities (45.129)	The Culture, Heritage, and Folklore of Sumter County	1/1/82-12/31/82	F 1,800 S 1,880 T 3,680	C	49% 51%	0	0	Approval	
10. Williamsburg Tec.	012-H59	U.S. Dept. of Ed. (84.005)	College Library Resources	10/1/81-9/30/82	F 5,000 T 5,000		100%	0	0	Approval	

F=Federal
S=State
O=Other
T=Total
Match:
C=Cash
IK=In-Kind

EXHIBIT
OCT 27 1981 NO. 6
STATE BUDGET & CONTROL BOARD

10065

DATE October 8, 1981

OFFICE OF THE GOVERNOR
SUMMARY OF GRANT AND CONTRACT REQUESTS

State Agency	Project Number	Funding Source (CFDA Number)	Project Title	Project Period	Funding Summary			Positions		Governor's Recommendation	Conditions/Issues/Remarks
					\$	Match	(%)	Contin	New		
11. Greenville Tec.	024-H59	U.S. Dept. of Ed. (84.005)	College Library Resources	10/1/81-9/30/82	F 10,000		100%	0	0	Approval	
					T 10,000						
12. Williamsburg Tec.	028-H59	S.C. Real Estate Commission	Real Estate Library Resources Fund	7/1/81-6/30/82	F 1,000		100%	0	0	Approval	
					T 1,000						
13. DHEC	0-J04-001 Amendment	HHS	Vital Records Data Tapes	7/1/79-10/31/81	F 748		100%	0	0	Approval	
					T 748						
14. Comm. on Aging	004-L28	Fees for Summer Schl of Gerontology	Fees for Summer Schl. of Gerontology	7/1/81-6/30/82	O 7,500		100%	0	0	Approval	
					T 7,500						
15. Comm. on Aging	007-L28	Registration Fees	Reg. & Confer.Fees	7/1/81-6/30/82	O 3,500		100%	0	0	Approval	
					T 3,500						
16. Comm. on Aging	008-L28	Donations	Donations for Aging Program	7/1/81-6/30/82	O 3,500		100%	0	0	Conditional Approval: -provided adjustments to authorized budget for 81-82 are approved on individual basis as donations are received.	
					T 3,500						
17. Dept. of Corrections	002-N04	LEAA thru Div. of Public Safety (16.530)	Stress & Violence in Corrections Seminar	9/23/81-10/23/82	F 201		50%	0	0	Approval	
					S 202	C	50%				
					T 403						
18. Dept. of Corrections	003-N04	Dept. of Ed. thru State Dept of Ed. (13.570)	Purchase of Instructional Material & Equipment	10/1/81-9/30/82	F 2,594		100%	0	0	Approval	
					T 2,594						
19. Dept. of Corrections	004-N04	LEAA thru Div of Pub Safety (16.350)	Seminar:Sexual Assault Profile of the Offender	10/1/81-10/21/81	F 311		50%	0	0	Approval	
					S 311	C	50%				
					T 622						
20. Employment Security	1-R60-002 Amendment	Dept of Labor (17.207)	Employment Services	7/1/81-9/30/81	F 2,200		100%	0	0	Approval	
					T 2,200						

F=Federal Match:
S=State C=Cash
O=Other IK=In-Kind
T=Total

10068

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO.

7 BLUE AGENDA

MEETING OF October 27, 1981

STATE BUDGET & CONTROL BOARD

ITEM NUMBER

5

Agency: Division of State Fire Marshal

Subject: Monthly report

The attached report is for the month of September.

Board Action Requested:

Receive as information.

Staff Comment:

Report showing inspections, daily activities, etc. of the Deputy State Fire Marshals and the LP-Gas Inspectors.

Attachments:

Division of State Fire Marshal's monthly report

10067

SEPTEMBER 1981

MONTHLY REPORT

DIVISION OF STATE FIRE MARSHAL

1109 Belleview Street

Columbia, S. C.

EXHIBIT

OCT 27 1981 NO. 7

STATE BUDGET & CONTROL BOARD

The State Fire Marshal's Office has the responsibility of fire prevention and fire protection of lives and property from fire and through the assistance of local officials and other state agencies. Through our concentrated efforts in fulfilling these responsibilities, we have obtained ----- 851----- full compliances in conditions which were ruled hazards to life. In conjunction with the

	<u>SEPTEMBER</u>	<u>YEAR TO DATE</u>
I. CONFERENCES AND INVESTIGATIONS	<u>417</u>	<u>1289</u>
a. Fire Drills Held	<u>34</u>	<u>60</u>
b. Fire Extinguisher Demonstrations	<u>52</u>	<u>104</u>
II. EDUCATIONAL:		
a. Schools	<u>365</u>	<u>709</u>
b. Universities	<u> </u>	<u>46</u>
c. Colleges	<u> </u>	<u>98</u>
d. Academies	<u> </u>	<u>7</u>
e. Nursery Schools	<u>38</u>	<u>109</u>
f. Kindergartens	<u>28</u>	<u>40</u>
III. RESIDENTIAL:		
a. Hotels	<u> </u>	<u>1</u>
b. Motels	<u>1</u>	<u>30</u>
IV. REQUESTED INSPECTIONS:		
a. Homes for Aged	<u>24</u>	<u>71</u>
b. Boarding Homes	<u>2</u>	<u>63</u>
c. Orphanages	<u>20</u>	<u>29</u>
V. SERVICE STATIONS:		
a. Self Service and Full Service	<u> </u>	<u>-</u>

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EXHIBIT

-2-

OCT 27 1981 NO. 7

STATE BUDGET & CONTROL BOARD

VI. PUBLIC ASSEMBLIES:

a. Lounges, Restaurants, & Recreation Halls, etc.	9	52
b. Conferences & Investigations	7	49

VII. INSTITUTIONAL & EDUCATIONAL TRAINING PROGRAMS:

a. Training Programs Presented	57	110
b. Hospitals Visited	6	15
c. Nursing Care Facilities Visited	4	16
d. Total Number of Persons in Attendance	1624	3120
e. Special Areas, Civic Groups, Schools, etc.	2	13

VIII. PLANS:

a. Plans & Specifications Reviewed	5	18
b. Conferences & Investigations	9	20

OTHER:

a. Prisons, Detention Centers, etc.		1
b. Foster Homes	9	9
c. Condominiums	3	3

10069

EXHIBIT

OCT 27 1981 NO. 7

STATE BUDGET & CONTROL BOARD

LIQUEFIED PETROLEUM GAS DIVISION

DIVISION OF STATE FIRE MARSHAL

The following are statistics on the inspections made by the LP-Gas Division during the month of September 1981.

	<u>September</u>	<u>Year-to-Date</u>
Bulk Plants	66	170
Bulk Trucks	77	145
Cylinder Trucks	36	71
Transports	4	14
Motor Fuel Installations	47	100
Cylinder Charging Plants	44	108
Individual Installations	2195	5943
Conferences	186	476
Reinspections	477	1106
Total Inspections	<u>3132</u>	<u>8133</u>
Faulty Installations	327	982

10070

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 8 BLUE AGENDA

MEETING OF October 27, 1981

STATE BUDGET & CONTROL BOARD ITEM NUMBER

6

Agency: Division of General Services

Subject: Right-of-Way Easement to Commissioners of Public Works

The Division of General Services requests approval of an easement for the purpose of placing and maintaining a 24" ductile iron water main under Church Creek in Charleston County, South Carolina.

The easement has been approved by the Attorney General and executed on behalf of Commissioners of Public Works by its Chariman, Randell C. Stoney.

Board Action Requested:

Approve.

Staff Comment:

Attachments: Easement

10071

EXHIBIT

OCT 27 1981

NO. 8

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

EASEMENT STATE BUDGET & CONTROL BOARD

THIS EASEMENT, made and entered into this _____ day of _____, 1981, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and Commissioner of Public Works, as Grantee (hereinafter "PUBLIC WORKS").

WITNESSETH

WHEREAS, PUBLIC WORKS, a statutory corporation organized and existing under and by virtue of the laws of the State of South Carolina to supply potable water for public and private use in Charleston, Dorchester and Berkeley Counties from their office located at 14 George Street, Charleston, South Carolina; and,

WHEREAS, PUBLIC WORKS proposes to place and maintain a 24" ductile iron water main under Church Creek west of S.C. Highway #61 within a South Carolina Electric and Gas Company transmission line right-of-way near Pierpoint, in Charleston County, South Carolina. Said 24" ductile iron water main being more particularly shown and delineated on a Plat prepared by George A. Z. Johnson, Jr., Inc., dated September 1, 1981, which is attached hereto and incorporated herein as Exhibit A.

WHEREAS, the STATE is the prima facie owner, in trust, of the beds of navigable streams in the State as well as marshlands lying below the mean high water line; and,

WHEREAS, pursuant to §1-11-90 of the Code of Laws of South Carolina, 1976, as amended, the STATE is empowered to grant certain right-of-ways or easements through and over riverbeds and marshlands for construction and maintenance of pipelines over, on, or under such land or marshland as are owned by the State; and,

WHEREAS, PUBLIC WORKS is desirous of obtaining the hereinafter described easement through and over riverbeds and marshlands situate in Charleston County, and the STATE considers the granting of such an easement to be in the public interest.

10072

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of One (\$1.00) Dollar and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant, remise, and release unto PUBLIC WORKS, its successors and assigns, a right-of-way easement, in, to, upon, and over the below described portion of riverbed and marshland, such riverbed and marshland situate in Charleston County and lying below the mean high water line.

Said easement of right-of-way shall be used solely for the purposes incidental with the construction, placing, operation or maintenance of a 24" ductile iron water main under Church Creek west of S.C. Highway #61 within a South Carolina Electric and Gas Company transmission line right-of-way near Pierpoint, in Charleston County, South Carolina. Said easement being more particularly described as follows:

Said 24" ductile iron water main being contained in 75' easement of South Carolina Electric and Gas Company on a bearing of N 27°13'10" W. at 3 different locations within said easement being 5' wide. Said utility easement runs from the mean high water line of the bank of a tributary of Church Creek to the high water line of the west bank of Church Creek. Said easement is more completely shown and delineated on a plat by George A.Z. Johnson, Jr., Inc., dated September 1, 1981, which is made a part of this description by reference and attached hereto as Exhibit A.

EXHIBIT

OCT 27 1981 NO. 8

STATE BUDGET & CONTROL BOARD

PUBLIC WORKS hereby agrees and covenants with the STATE that PUBLIC WORKS, its successors and assigns, shall not block or obstruct navigable waters or cause unreasonable adverse impact on fish, wildlife, or water quality in its use of the easement area. PUBLIC WORKS shall use the easement area solely for the purposes incidental with the construction, operation, or maintenance of said 24" ductile iron water main and shall maintain such easement area and water main in good condition. PUBLIC WORKS further agrees and covenants that PUBLIC WORKS shall indemnify and hold harmless the STATE from and against any and all liabilities, claims, causes of action and expenses including but not limited to reasonable costs and attorney fees resulting in personal injury or death to any person or persons or damage

to any property at any time that arises from or is incident to the construction, operation, maintenance, or use of the easement granted herein.

In the event of major maintenance, after construction, effecting the bed of the waterway the South Carolina Coastal Council and the South Carolina Water Resources Commission will be notified in writing prior thereto.

This easement may be terminated by the STATE in its discretion and such interests as the STATE may have shall revert to the STATE, if PUBLIC WORKS, its successors and assigns:

(1) quits and abandons all use of such ductile iron water main, in which case this easement of right-of-way shall terminate thirty (30) days after the date of such abandonment; or (2) continues an uncorrected violation or breach, provided further, it is understood and agreed that this easement is not to be construed as an easement granted to the exclusion of the STATE, or to others later granted a similar right.

Any and all rights granted herein are subject to any rights that the South Carolina Electric and Gas Company may have in the property covered by this easement.

IN WITNESS WHEREOF, this instrument is being executed in accordance with the action of the South Carolina Budget and Control Board at its meeting held on the 27 day of October, 1981.

WITNESSES:

William A. McInnis

Kathleen A. Ramsey

L. Lewis S. Trapp
Mary F. O'Neil

STATE OF SOUTH CAROLINA
SOUTH CAROLINA BUDGET & CONTROL BOARD

BY:

Richard W. Riley
Governor Richard W. Riley

COMMISSIONERS OF PUBLIC WORKS

BY:

Randell C. Stoney
Randell C. Stoney, Chairman

ATTORNEY GENERAL OF SOUTH CAROLINA

APPROVED BY:

Daniel R. McLeod
Daniel R. McLeod

EXHIBIT

OCT 27 1981 NO. 8

STATE BUDGET & CONTROL BOARD
10074

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me William A. McInnis
and made oath that he/~~she~~ saw the within named State of South
Carolina, Budget and Control Board, by Govenor Richard W. Riley,
sign, seal, and as their act and deed deliver the within written
Easement, and that he/~~she~~, along with Roslyn A. Donny,
witnessed the execution thereof.

William A. McInnis

SWORN to before me this
27th day of October, 1981.
Naomi S. Kellum (L.S.)
Notary Public for South Carolina
My Commission Expires: 11/28/82

EXHIBIT

OCT 27 1981 NO. 8

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

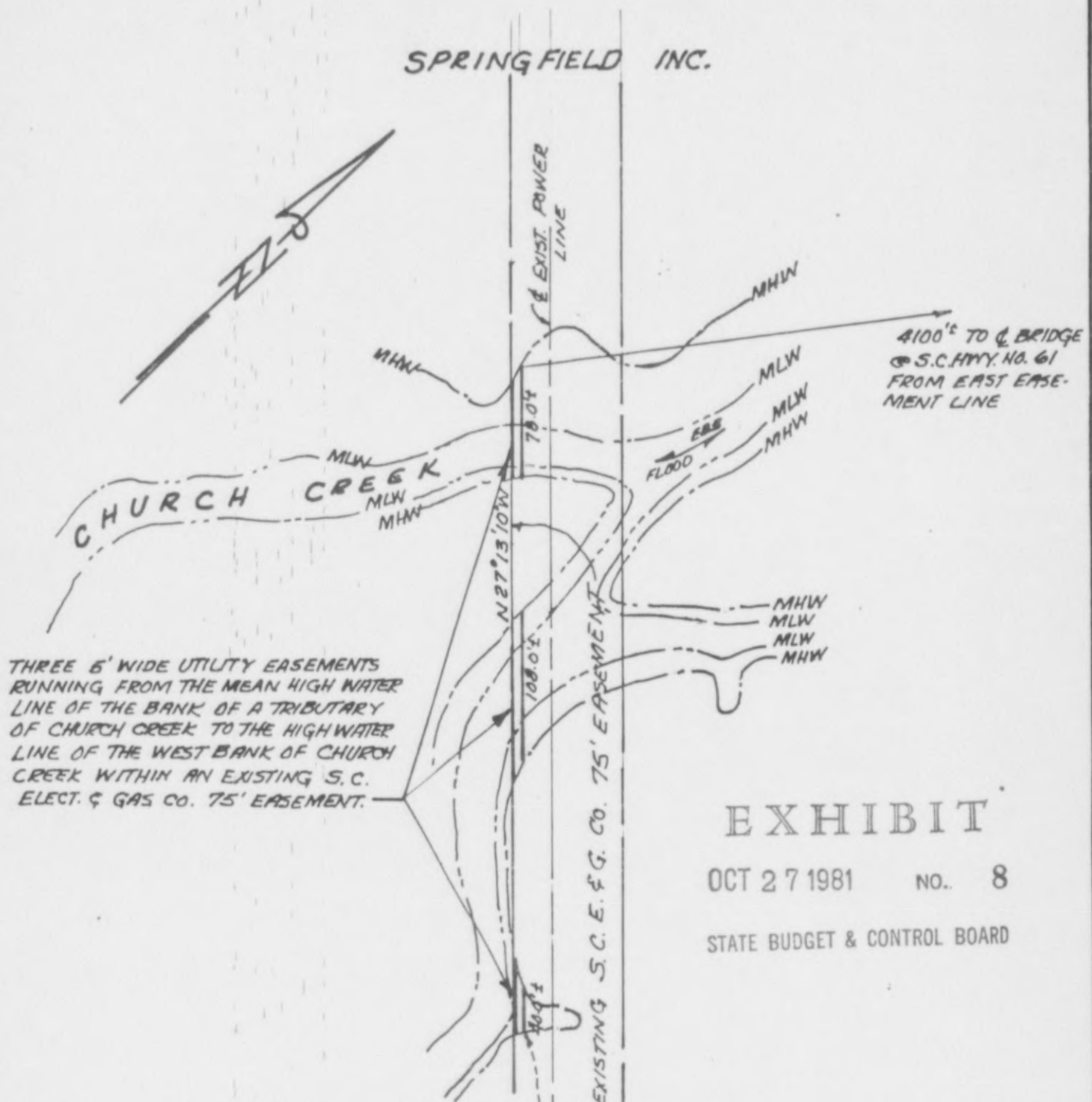
PERSONALLY appeared before me Steve W. Fumal
and made oath that he/she saw the within named Commissioner of
Public Works by its Chairman, Randell C. Stoney, sign, seal, and
as their act and deed deliver the within written Easement, and that
he/she, along with Mary F. Ayler, witnessed the
execution thereof.

Steve W. Fumal

SWORN to before me this
15th day of October, 1981.
John H. Bittner (L.S.)
Notary Public for South Carolina
My Commission Expires: 28 JAN 1990

10075

Exhibit A



A PLAT SHOWING PIPELINE
EASEMENTS CROSSING CHURCH
CREEK IN ST. ANDREWS PARISH,
CHARLESTON CO., S.C.

PREPARED FOR: CITY OF CHARLESTON,
COMMISSIONERS OF PUBLIC
WORKS.

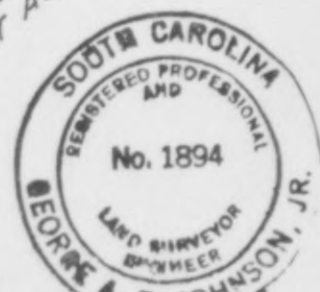
DATE: SEPT. 1, 1981

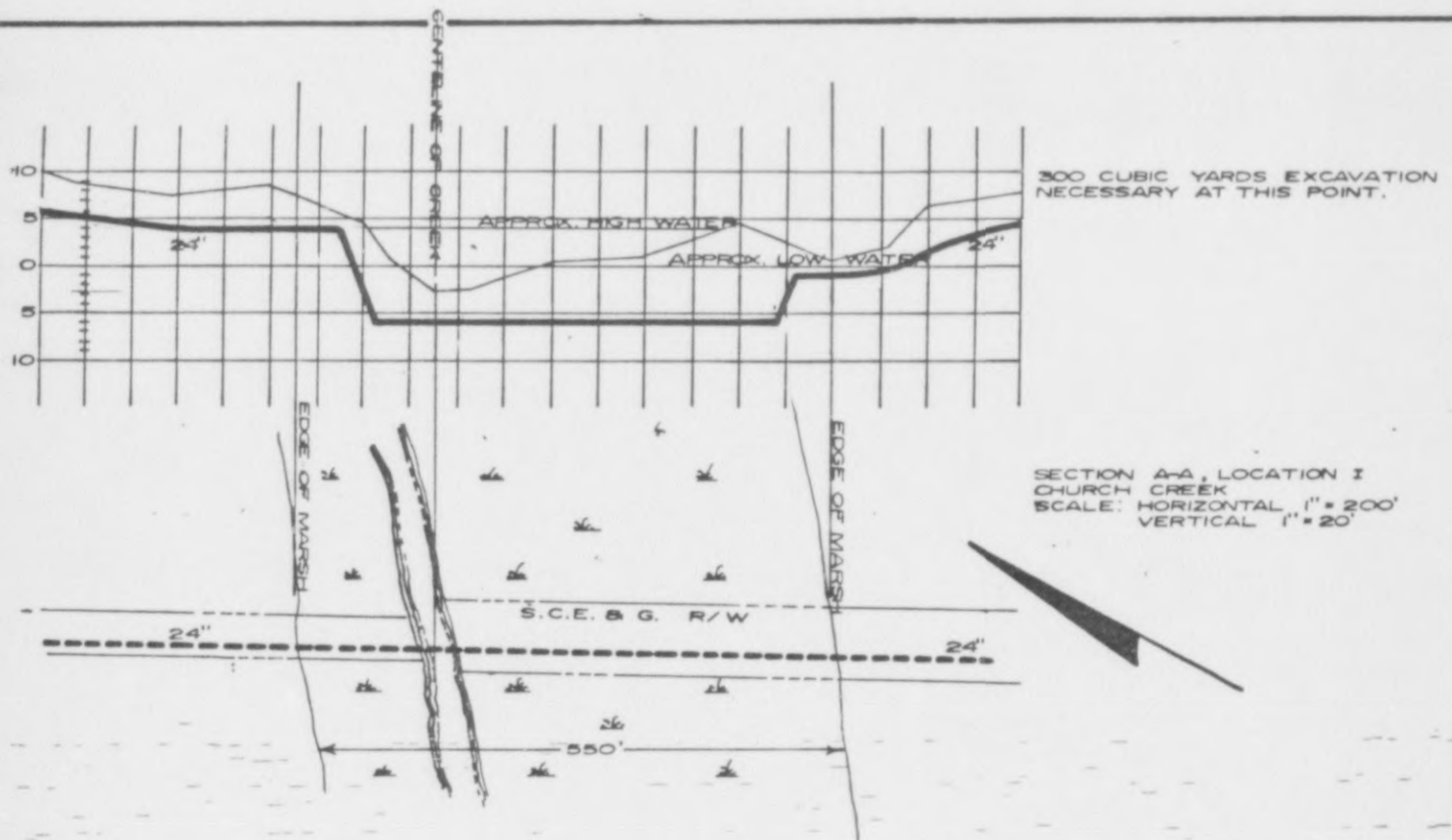
SCALE: 1" = 100'

GEORGE A. Z. JOHNSON, JR., INC.
ENGINEERS · PLANNERS · LAND SURVEYORS
207 CALHOUN ST. CHARLESTON, S.C.

10076

George A. Z. Johnson, Jr.
S.C. REG. NO. 1894





EXHIBIT

OCT 27 1981 NO. 8

STATE BUDGET & CONTROL BOARD

10077

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 9

REGULAR SESSION AGENDA

MEETING OF October 27, 1981

ITEM NUMBER 2

STATE BUDGET & CONTROL BOARD

Agency: Department of Archives and History

Subject: Civil Contingent Fund Allocation Request

Dr. Lee advises that a microfilm processor purchased by his Agency from the Picker Corporation did not perform as required and has since been returned. He notes that 80% of the cost of that item had been paid and has now been refunded. He further advises that this \$10,936.06 was deposited in a special account to assist in paying for the new processor once the bid process had been completed. Dr. Lee also indicates that a check for the balance due (\$2,739.89) had been requested but was retained by his Agency pending satisfactory work by the processor. He reports that his Agency's attempt to deposit that check for \$2,739.89 into the same special account with the refund could not be done and that the Treasurer's Office had advised that that amount had to be deposited in the General Fund.

Board Action Requested:

Consider allocation of \$2,740.00 to Department of Archives and History for referenced purpose.

Staff Comment:

Attachments:

Lee October 21 letter to Putnam plus attachments.

10078



South Carolina Department of Archives and History
1430 Senate Street
Columbia, S. C.

EXHIBIT

OCT 27 1981

NO. 9

P. O. Box 11,669
Capitol Station 29211
803 — 758-5816

STATE BUDGET & CONTROL BOARD

RECEIVED

October 21, 1981

OCT 23 1981

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

Mr. William T. Putnam, Executive Director
State Budget and Control Board
Wade Hampton Office Building
Columbia, SC

Dear Mr. Putnam:

In June, 1980, this department purchased a microfilm processor (made by the Hollywood Film Company, Los Angeles, Calif.) from the Picker Corp. of Charlotte, N.C. This machine did not perform as required. After much time and effort was expended by our personnel and the company, it was determined that this processor could not do the work we required of it, and the manufacturer agreed to take the machine back and refund our money (see incl. 1 & 2), which they have now done.

When we originally purchased this machine we agreed to pay 80% of the cost of the processor when it was received and the remainder when it was operating to our satisfaction. Approximately 80% (\$10,936.06) was paid to the Picker Corp. from 1980 funds. Anticipating no problems in getting the processor to operate properly, we also requested a check for \$2,739.89 which was to be released to the Picker Corp. when the machine was installed and operated to our satisfaction. We retained this check in our possession pending satisfactory work by the microfilm processor—which never happened.

We fully intend to purchase another microfilm processor as it is desperately needed by our Central Microfilming Unit. We have deposited the check (\$10,936.06) refunded by Picker Corp. in a special account to assist in paying for the new processor once the bid has gone out and a new supplier is found. We attempted to deposit the check for \$2,739.89 into the same account and were informed by the Treasurer's Office that this money had to be deposited in the General Fund (see incl. 3). Per instructions in this letter we contacted our budget analyst (Allan Kincaid) who suggested that I write to you stating our need to retain the \$2,739.89 to be used toward the purchase price of the new microfilm processor that will cost approximately \$15,000. Mr. Kincaid suggested that this money could possibly come from the Civil Contingency Fund.

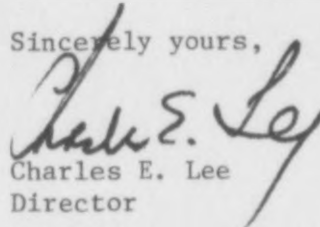
10079

Mr. William T. Putnam, Executive Director
Page 2
October 21, 1981

I would appreciate your doing whatever you can to get these funds restored to us. Our budget, as you know, has already been reduced to a point where it is almost impossible to pick up any additional obligations. Even if our original funds are restored, we will have to pick up any additional cost as the result inflation from 1980 to date--an estimated \$1,500 to \$2,000.

I shall appreciate your usual fine cooperation in this matter, and if you need any additional information please let me know.

Sincerely yours,



Charles E. Lee
Director

CEL:ab

Enclosures

EXHIBIT

OCT 27 1981 NO. 9

STATE BUDGET & CONTROL BOARD

10080

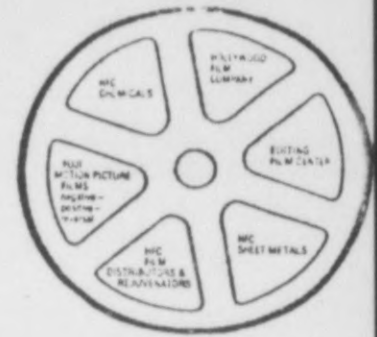
HOLLYWOOD FILM COMPANY

P.O. Box 2317
Los Angeles, California 90051

Telephone: (213) 462-3284

Cable: Benhar

Telex: 67-3505



March 31, 1981

EXHIBIT

OCT 27 1981 NO. 9

STATE BUDGET & CONTROL BOARD

Picker Corporation
Medical Marketing Division
P. O. Box 26368
Charlotte, NC 28213

Gentlemen:

Attached please find a copy of a letter received from Mr. Charles E. Lee, Director of Dept. of Archives.

We sold this Processor to you for delivery to them.

We have spent a substantial amount of time and money and have sent a technical specialist to resolve the problems they had but to date it appears they still have them.


I believe the proper solution now is for the machine to be returned to us at our expense so that we can go over the machine in our factory and do what is necessary to make it operate properly. We agree to return the machine thereafter at our expense.

I don't feel that sending a technician will give us the ability to do the job properly since he will not have the equipment at hand to do fourth echelon work of either a mechanical or electronic nature.

If after you talk to the customer you find this proposal acceptable, send the Processor to us by truck. If your customer finds this unacceptable and you prefer a refund, please use this as your authority to return the Processor to us for full credit.

Sincerely,

HOLLYWOOD FILM COMPANY


Harry Teitelbaum
President

HT:ps

cc: Mr. Jerry Stewart ✓
W. A. Cushman

Enclosure

Incl 1

10081

May 1, 1981

EXHIBIT

OCT 27 1981 NO. 9

STATE BUDGET & CONTROL BOARD

Mr. Garth Hawkins, Film Systems Supervisor
Medical Marketing Division
Picker Corporation
Post Office Box 26368
Charlotte, North Carolina

Dear Mr. Hawkins:

Based on a letter from Mr. Harry Teitelbaum, President, Hollywood Film Company, Los Angeles, California, and a telephone conversation between you and Mr. Jerry M. Stewart of this Department on April 10, 1981 regarding the options for resolving the problems with the M-3 Microfilm Processor purchased by this Department in June, 1980, I have decided that it would be in the best interest of the State of South Carolina to return the processor to the manufacturer, Hollywood Film Company, upon refund of the amount paid toward the purchase price.

In line with this decision I propose the following:

1. Picker Corporation, Charlotte, N. C. will issue a check in the amount of \$10,890.84 to the South Carolina Department of Archives and History representing the full amount paid by this Department toward the full purchase price of the processor.
2. Upon receipt of the check in the amount shown in sub-paragraph 1 above, this Department will arrange for crating and shipping of the processor to Hollywood Film Company, Los Angeles, California. The processor will be shipped by commercial truck transportation to Hollywood Film Company by Collect on Delivery invoice. This Department will also arrange to have the processor insured for the original purchase price during shipment.
3. After the processor has been crated and shipped, this Department will bill Picker Corporation, Charlotte, N. C. for the full cost of insurance coverage, preparation and crating of the processor for shipment.
4. If Picker Corporation would prefer to send representatives to Columbia, S. C. to arrange for the preparation, crating, insurance coverage, and shipping of the processor we would be pleased to work with you. In this event, however, Picker Corporation would assume full responsibility for the processor.

10082

INCL 2

Mr. Garth Hawkins, Film Systems Supervisor

May 1, 1981

5. Upon receipt by this Department of the \$10,890.84 paid toward the full purchase price of the processor and the amount paid by this Department for insurance coverage and preparation and crating of the processor for shipping, the sale of the processor entered into by the Department of Archives and History and Picker Corporation, Charlotte, North Carolina, shall be void, and any express or implied contract between the Department of Archives and History and Picker Corporation for the sale of said processor or a similar unit, shall be rescinded.

If I have not heard from you regarding this matter by May 13, 1981 I will assume your concurrence and shall await the receipt of a check in the amount stated in this letter that was paid toward the purchase price of the processor before taking any action to return the processor.

Sincerely,

Charles E. Lee
Director

CEL:dc

CC: Mr. Paul League, Assistant Attorney General
Mr. Harry Teitelbaum, President, Hollywood Film Co.
Mr. Horace Sharpe, Purchasing Section,
S.C. Division of General Services.

EXHIBIT

OCT 27 1981 NO. 9

STATE BUDGET & CONTROL BOARD

10083

STATE OF SOUTH CAROLINA

OFFICE OF STATE TREASURER

GRADY L. PATTERSON, JR.
TREASURER



P. O. DRAWER 11776

COLUMBIA
29211

October 12, 1981

RECEIVED

OCT 14 1981

S. C. DEPARTMENT OF
ARCHIVES & HISTORY
EXHIBIT

OCT 27 1981

NO. 9

STATE BUDGET & CONTROL BOARD

Mr. Harold W. Perry
Assitant Director for Administration
South Carolina Department of Archives and History
Post Office Box 11669
Columbia, South Carolina 29211

Dear Mr. Perry:

We are in receipt of your letter dated October 1, 1981 with a check made payable to the Picker Corporation dated July 25, 1980 which you requested be deposited to Archives and History Operating Revenue Account.

The only provision by law that a prior fiscal year expenditure from an appropriated account can be cancelled or deposited, is for it to go back to the General Fund of the State.

If these funds are needed to purchase equipment, we suggest you be in touch with your budget analyst for assistance in this matter.

Very truly yours,

J. Ralph Rabon
Sr. Assistant State Treasurer-
Banking Operations

JRR:slr

10084

Incl 3

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 10

REGULAR SESSION AGENDA

MEETING OF October 27, 1981

ITEM NUMBER

3

STATE BUDGET & CONTROL BOARD

Agency: Old Exchange Building Commission

Subject: Civil Contingent Fund Allocation Request

The Old Exchange Building Commission asks that \$4,298 be allocated to it from the Civil Contingent Fund. They indicate that this request, if approved, would enable them to pay a voucher which was not paid from funds available last fiscal year through error.

Board Action Requested:

Consider.

Staff Comment:

Attachments:

Shirley McGinnis October 16 letter to Putnam plus attachment.

10085



THE OLD EXCHANGE *and Provost Dungeon*

East Bay at Broad Streets
Charleston, South Carolina 29401
Telephone: 803/792-5020

EXHIBIT

October 16, 1981

OCT 27 1981

NO. 10

STATE BUDGET & CONTROL BOARD

Mr. Bill Putnam, Executive Director
Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29201

Dear Mr. Putnam:

A request is being made of the Budget and Control Board to transfer to the Old Exchange Building \$4,298.00 from the Civil Contingent Fund. Through an oversight during the change over in fiscal years a voucher which should have been processed was not. Had I been aware that the voucher was being held up I could have simply included this money in my carry-over funds. There was a proviso allowing me to carry forward up to \$20,000.

I mistakenly did not show the carry-over monies in my 81-82 budget request but had counted heavily on them. This is a small agency that is trying very hard to make a success out of a national landmark. Because the restoration of the Exchange Building was behind schedule we have missed a large expected source of revenue, the summer tourist in Charleston.

I realize that this may not seem like very much money, but to a small and relatively new agency it means a great deal.

Your positive recommendation on this matter would be deeply appreciated.

Sincerely,

Shirley V. McGinnis
Administrative Assistant

10086

"One of the three great public buildings of Colonial America."

Restored and administered by The Old Exchange Building Commission, an agency of the South Carolina state government.

AGENCY VOUCHER NUMBER

STATE OF SOUTH CAROLINA

VOUCHER

COMPTROLLER GENERAL'S WARRANT

286

CIRCLE IF SPECIAL TYPE

- 1 VENDOR TRAVEL
2 DESCRIPTIVE RECORD
3 LISTING ATTACHED

To THE COMPTROLLER GENERAL,

The attached bills are approved for payment as follows:

P48 Ded Exchange Bldg Comm 6/24/81 81
AGENCY NO AGENCY NAME DATE FY

3961

D. Lovell

I hereby certify that the articles purchased or services rendered as shown
received and are in accordance with law, and that the payee is entitled to p
by the State of South Carolina

Parnell Co. Inc

PAYEE

VENDOR NO SOCIAL SECURITY NO

V. S.

1099

P.O. Box 522

STREET ADDRESS

VENDOR REFERENCE NO

C C D CODE

CITY COUNTY DISTRICT NAME

Columbia

CITY

SC 29202

STATE

ZIP

CHECK NUMBER

\$ 4298.00

AMOUNT

Shirley U. McBurnie 6/2

SIGNATURE

DATE

Administrative Asst

OFFICIAL TITLE

FM	TRANS CODE	MINI CODE	SUB FUND CODE	SUBSIDIARY ACCOUNT	ENCUMBRANCE NUMBER	W O D	PROJECT CODE	PH	AGENCY REFERENCE	OBJECT CODE	D E T A I L	TRANSACTION AMOUNT	MULTI PURPOSE CODE	TRAVEL			C G R
				SOCIAL SECURITY NUMBER	TRAVELER'S LAST NAME	FI MI								S L N	NO MILES	NO TRIPS	
1	12	640	2106	1001					280	0626		1,248.00	11814981				
2	12	640	2106	1001					281	0901		3,050.00	11814981				
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
TOTAL										1527		4,298.00					

STARS FORM 60 10/1/80

C.G. AUDITOR

10087

EXHIBIT
OCT 27 1981
NO. 10
STATE BUDGET & CONTROL BOARD

darnell company inc.

P.O. BOX 522

COLUMBIA, S.C. 29202

(803) 779-4011

INVOICE

Order number: 9818

Invoice number: 16281

Date received:

Invoice date: 6/18/81

Sold to: The Exchange Building Commission
Mr. John Hills, Director
10 North Atlantic Wharf
Charleston, S. C. 29401

Customer's order:

Terms: Net 30 days

Date wanted by cust'r:

Date shipped: 6/16/81

Ship via: UPS

Ship to

Same

Sold by: Darnell

FINANCE CHARGE: A finance charge applicable to previous months unpaid balance will be applied by computing a periodic rate of 2% per month, corresponding to an annual percentage rate of 24%.

QUANTITY		ITEM NO.	DESCRIPTION	PRICE	AMOUNT
ORDERED	SHIPPED				
1,000	1,000		S. C. Design goldtone jewelry		
			600 Lapel pins	2.60	\$1560.00
			200 Pendants	3.55	710.00
			100 Ladies Pins	3.30	330.00
			100 Stick Pins	3.10	310.00
			Art & Die Charge		140.00
			Sales or use tax		Resale
			Federal tax		
			Shipping charges		To follow
			TOTAL		\$3,050.00

Since careful inspection at the factory often results in some imprinted pieces being discarded, it is understood that an underrun or overrun of not more than 10%, to be allowed for. Quoted prices do not include shipping charges or any applicable taxes. All claims must be made within 10 days after receipt of shipment. No returns can be made without our permission.

10088

STATE BUDGET & CONTROL BOARD

OCT 27 1981 NO. 10

EXHIBIT

darnell company inc.

INVOICE

P.O. BOX 522

COLUMBIA, S.C. 29202

(803) 779-4011

Order number:

Invoice number: 16282

Date received:

Invoice date: 6/18/81

Sold to

The Exchange Building Commission
Mr. John Hills, Director
10 north Atlantic Wharf
Charleston, S. C. 29401

Customer's order:

Terms: Net 30 days

Date wanted by cust'r:

Date shipped: 6/10/81

Ship to

Same

Ship via: UPS

Sold by: Darnell

FINANCE CHARGE: A finance charge applicable to previous months unpaid balance will be applied by computing a periodic rate of 2% per month, corresponding to an annual percentage rate of 24%.

QUANTITY		ITEM NO.	DESCRIPTION	PRICE	AMOUNT
ORDERED	SHIPPED				
50	50	5300570	Unit size Property Flag Stands		\$850.00
50	50	5730440	1 1/2" Diameter varnished wood poles		350.00
<p>By: <u>Shirley McGinnis</u> Date: <u>6/24/81</u> Account: <u>Equipment</u> Line item: <u>Project</u></p>					
				Sales or use tax	48.00
				Federal tax	To follow
				Shipping charges	
				TOTAL	\$1248.00

Since careful inspection at the factory often results in some imprinted pieces being rejected, it is understood that an overrun or overrun of not more than 10%, to be billed pro-rata, is acceptable by the customer. Quoted prices do not include shipping charges or any applicable taxes. All claims must be made within 10 days after receipt of shipment. No returns can be made without our permission.

STATE BUDGET & CONTROL BOARD

OCT 27 1981 NO. 10

EXHIBIT

10089

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 11 REGULAR SESSION AGENDA

MEETING OF October 27, 1981

ITEM NUMBER

4

STATE BUDGET & CONTROL BOARD

Agency: State Fire Commission

Subject: Variance Procedure

Chairman David A. MacLellan of the State Fire Commission now has advised that the Fire Commission took an action of October 22 which "unanimously approved the emergency rules and regulations to incorporate a variance procedure for the Fire Marshal's Appeals Board."

Board Action Requested:

Consider.

Staff Comment:

Attachments:

MacLellan October 22 letter to Putnam.

10C90

State of South Carolina

STATE FIRE COMMISSION



1109 Bellevue Street
Columbia 29201

RECEIVED

OCT 22 1981

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

EXHIBIT

October 22, 1981

OCT 27 1981 NO. 11

STATE BUDGET & CONTROL BOARD

David A. MacLellan, Chairman
Chief, Sea Pines-Forest Beach
Hilton Head Island

S.K. Brockington, Jr.
Vice Chairman - Asst. Chief
Lower Florence County
Lake City

Captain Lewis B. Lee, Secretary
Newberry

Captain Robert M. Baker
Sumter

Bn Chief James A. Bartley
Columbia Fire Dept.
Cayce

Chief John R. Buckner, Jr.
Hardeeville

Chief Glenn T. Cogdill
New Prospect

Brunson L. Cromer
Aiken

Chief C.E. Denny
Hartsville

Carl R. Dickert
Piedmont

Asst. Chief Robert Ellison
Blythewood

Joseph R. Floyd
Director of Codes
Sumter

Alex Gundry
Starr

Chief Wilmot E. Guthrie
Charleston

Mrs. Priscilla Mayes
Columbia

Chief Eddie Rivers
Pageland

Donald J. Simons
Eastover

H. Harold Tarleton, Jr.
FAIA
Greenville

Chief Robert L. White, Jr.
Piedmont Park Fire District
Greenville

Mr. William T. Putnam, Executive Director
Budget and Control Board
P. O. Box 12444
Columbia, South Carolina 29211

Dear Mr. Putnam:

The South Carolina Fire Commission on October 22, 1981,
unanimously approved the Emergency Rules and Regulations
to Incorporate a Variance Procedure for the Fire Marshal's
Appeals Board.

Sincerely,

David A. MacLellan, Chief
Chairman
STATE FIRE COMMISSION

DAM/cm

10091

The State of South Carolina



Office of the Attorney General

C. HAVIRD JONES JR.
ASSISTANT ATTORNEY GENERAL

WADE HAMPTON OFFICE BUILDING
POST OFFICE BOX 11549
COLUMBIA, S. C. 29211
TELEPHONE 803-758-2081

DANIEL R. McLEOD
ATTORNEY GENERAL

September 29, 1981

RECEIVED

SEP 30 1981
BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR
file

EXHIBIT

OCT 27 1981 NO. 11

STATE BUDGET & CONTROL BOARD

Honorable William T. Putnam
Executive Director
Budget & Control Board
P. O. Box 12444
Columbia, SC 29211

RE: Amendment to the State Fire Marshal's
Rules and Regulations to Incorporate
A Variance Procedure

Dear Mr. Putnam:

Enclosed please find in accordance with § 1-23-130 of the "Administrative Procedure Act", Code of Laws, South Carolina, 1976, as amended, a request for an emergency amendment to Regulation 19-32, State Budget & Control Board, Article 3, State Fire Marshal, Volume 23, Code of Laws, South Carolina, 1976, as amended, in order to incorporate a variance procedure to allow the State Budget & Control Board to vary the application of any provision of the rules and regulations of the State Fire Marshal to any particular case, when, in the Board's opinion, the enforcement thereof would do manifest injustice, and would be contrary to the spirit and purpose of the rules and regulations or public interest, or when, in the Board's opinion the interpretation of the State Fire Marshal should be modified or reversed.

Also please find as required by § 1-23-130 an "AGENCY STATEMENT AS TO THE NECESSITY OF IMMEDIATE PROMULGATION."

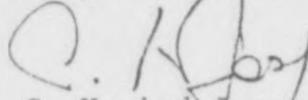
It is my understanding per a conversation of today's date with Lynn P. Bartlett of the Legislative Council that this regulation will be effective upon your filing it with her agency.

10092

Page 2
Honorable William T. Putnam
September 29, 1981

If there are any questions concerning this matter,
please do not hesitate to contact me.

Very truly yours,



C. Havird Jones, Jr.
Assistant Attorney General

CHJ/bh

Enclosures

CC: Frank K. Sloan, Esquire
Richard Campbell, Fire Marshal

10092-A

EMERGENCY REGULATION

STATE FIRE COMMISSION

STATUTORY AUTHORITY: §§ 23-8-30 and 1-23-130

CODE OF LAWS, SOUTH CAROLINA,

1976, AS AMENDED

EXHIBIT

OCT 27 1981 NO. 11

CHAPTER 19

STATE BUDGET & CONTROL BOARD

STATE BUDGET AND CONTROL BOARD

ARTICLE 3
STATE FIRE MARSHAL

SUBARTICLE 1. Fire Prevention and Life Safety - Buildings

REGULATION

19-32

Adjustments and Appeals

Whenever any municipality, county, state agency or any owner or occupant of premises directly affected by a decision of the State Fire Marshal, enforcing or interpreting these Rules and Regulations and any subsequent Rules and Regulations filed with the Secretary of State, feels he has been aggrieved by such decision, he may appeal such decision to the State Budget and Control Board. Notice of such appeal shall be in writing, containing the specific grounds of appeal, and shall be served by mail or otherwise on the State Fire Marshal within thirty (30) days after the decision appealed from is rendered. This shall not, however, be construed as preventing any appeal to the appropriate courts of this State as already provided by law or equity.

10093

Upon receipt of such appeal, the State Fire Marshal shall furnish the Board with all papers and documents relating to such appeal. The Board will, thereafter, select a special group or committee composed of individuals knowledgeable with the requirements and rules of the State Fire Marshal pertaining to construction and fire prevention, and request said group or committee to hold a hearing to consider the appeal and report its findings and recommendations to the Board. Said group or committee upon hearing the appeal may recommend a variance in the application of any provision of said rules and regulations in any particular case when, in its opinion, the enforcement thereof would do manifest injustice, and would be contrary to the spirit and purpose of the rules and regulations or public interest, or when in its opinion, the interpretation of the State Fire Marshal should be modified or reversed. Based upon such findings and recommendations, the Board may vary the application of any provision of the rules and regulations to any particular case, when, in its opinion, the enforcement thereof would do manifest injustice, and would be contrary to the spirit and purpose of the rules or regulations or public interest, or when, in its opinion the interpretation of the State Fire Marshal should be modified or reversed.

The decision of the Board to vary the application of any provision of the rules and regulations or to modify an Order of the State Fire Marshal shall specify in what manner such variance or modification is made, the conditions upon which it is made and the reasons therefor.

10094

EXHIBIT

- 3 -

OCT 27 1981

NO. 11

STATE BUDGET & CONTROL BOARD

AGENCY STATEMENT AS TO THE NECESSITY OF IMMEDIATE PROMULGATION

It is the determination of the State Budget and Control Board that an imminent peril to the public health, safety or welfare requires immediate promulgation of this emergency regulation, which is an amendment to Regulation 19-32, State Budget and Control Board, Article 3, State Fire Marshal, Volume 23, Code of Laws, South Carolina, 1976, as amended, prior to compliance with the procedures prescribed in § 1-23-10, et seq, Code of Laws, South Carolina, 1976, as amended, in that providing for said variance procedure would prevent situations in which the enforcement of said rules and regulations would constitute a manifest injustice and would be contrary to the spirit and purpose of said rules and regulations or public interest, or when, in its opinion the interpretation of the State Fire Marshal should be modified or reversed.

WILLIAM A. McINNIS
Deputy Executive Director
State Budget & Control Board

10C95

A SYNOPSIS OF THE STATE FIRE MARSHAL EMERGENCY AMENDMENT
TO REGULATION 19-32, STATE BUDGET & CONTROL BOARD,
ARTICLE 3, STATE FIRE MARSHAL, VOLUME 23,
CODE OF LAWS, SOUTH CAROLINA, 1976, AS AMENDED

The following is a synopsis of the proposed emergency amendment to Regulation 19-32:

1. Regulation 19-32. This Regulation is amended to provide for a variance procedure in order that the application of any provision of the State Fire Marshal's Rules and Regulations to any case may be varied when, in the opinion of the State Budget & Control Board, the enforcement thereof would do manifest injustice, and would be contrary to the spirit and purpose of said rules and regulations or public interest, or when, in the opinion of the State Budget & Control Board, the interpretation of the State Fire Marshal shall be modified or reversed.

10C96

EXHIBIT

STATE BUDGET AND CONTROL BOARD

REGULAR SESSION AGENDA

MEETING OF October 27, 1981

OCT 27 1981

NO. 12

ITEM NUMBER

5

STATE BUDGET & CONTROL BOARD

Agency: State College Board of Trustees (Francis Marion College)

Subject: Roll-over of \$3,000,000 of Dormitory Notes

Board Action Requested:

Adopt resolution approving the issuance of not exceeding \$3,000,000 Francis Marion College Student and Faculty Housing Revenue Bond Anticipation Notes by the State College Board of Trustees and authorizing a privately-negotiated sale of such notes without public advertisement.

Staff Comment:

Attachments:

Referenced resolution.

10097

A RESOLUTION APPROVING THE ISSUANCE BY THE STATE COLLEGE BOARD OF TRUSTEES OF THE STATE OF SOUTH CAROLINA OF NOT EXCEEDING THREE MILLION DOLLARS (\$3,000,000) AGGREGATE PRINCIPAL AMOUNT OF ITS FRANCIS MARION COLLEGE, STUDENT AND FACULTY HOUSING REVENUE BOND ANTICIPATION NOTES, SERIES D PURSUANT TO THE PROVISIONS OF ACT NO. 653 OF THE ACTS AND JOINT RESOLUTIONS OF THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA, REGULAR SESSION OF 1978 AND CHAPTER 17 OF TITLE 11 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

EXHIBIT

OCT 27 1981 NO. 12

STATE BUDGET & CONTROL BOARD

WHEREAS, the State College Board of Trustees of the State of South Carolina (the "Board of Trustees") is authorized pursuant to the provisions of Act No. 653 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978 (the "Act") to borrow from time to time, not exceeding in aggregate principal amount, the sum of Three Million Dollars (\$3,000,000) for the purpose of acquiring, by purchase, construction, reconstruction or renovating, student and faculty housing at Francis Marion College, a state supported institution of higher learning located in Florence County, South Carolina (the "College"); and

WHEREAS, pursuant to such authorization the Board of Trustees adopted on July 18, 1979, a resolution authorizing the issuance of not exceeding Three Million Dollars (\$3,000,000) principal amount of Student and Faculty Housing Revenue Bonds of Francis Marion College (the "Bonds"), which resolution has not been amended, modified, repealed or rescinded and remains in full force and effect; and

WHEREAS, pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, as amended (the "Bond Anticipation Note Act"), the Board of Trustees is authorized to issue bond anticipation notes in anticipation of the sale of the bonds and to apply the proceeds of such notes to the purpose for which the Bonds are to be issued; and

WHEREAS, pursuant to a resolution duly adopted by the Board of Trustees on March 20, 1981, and pursuant to a resolution duly adopted by this State Budget and Control Board on March 24, 1981, the Board of Trustees has issue Three Million Dollars (\$3,000,000) aggregate principal amount of its Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series C (the "Outstanding Bond Anticipation Notes"), pursuant to the provisions of the Act and the Bonds Anticipation Note Act; and

WHEREAS, all of said principal amount of Outstanding Bond Anticipation Notes remain outstanding; and

WHEREAS, the principal of and interest on the Outstanding Bond Anticipation Notes shall become due and payable on October 30, 1981; and

WHEREAS, the Bond Anticipation Note Act provides that the purpose for which the Bonds are to be issued shall be deemed to include the moneys required to meet the payment of the principal and interest on the Outstanding Bond Anticipation Notes; and

EXHIBIT

OCT 27 1981

NO. 12

STATE BUDGET & CONTROL BOARD

WHEREAS, by resolution duly adopted by the Board of Trustees on October __, 1981, (a copy of which resolution is annexed hereto and hereinafter referred to as the "Bond Anticipation Note Resolution"), the Board of Trustees has authorized the issuance of not exceeding Three Million Dollars (\$3,000,000) aggregate principal amount of its Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series D (the "Bond Anticipation Notes") pursuant to the provisions of the Act and the Bond Anticipation Note Act; and

WHEREAS, the Bond Anticipation Note Act provides that notes issued thereunder may from time to time be reviewed or refunded; and

WHEREAS, the proceeds of the Bond Anticipation Notes are to be applied to the payment of the principal of and interest on the Outstanding Bond Anticipation Notes as provided in the Act, the Bond Anticipation Note Act and the Bond Anticipation Note Resolution; and

WHEREAS, Section 4 of the Act provides that no bonds shall be issued thereunder nor shall notes be sold at a privately negotiated sale without public advertisement unless this State Budget and Control Board, by resolution, shall have first approved the issuance thereof and such sale; and

WHEREAS, Section 11-17-60 of the Bond Anticipation Note Act requires that any consent or approval required for

the issuance of the Bonds must also be obtained prior to the issuance of the Bond Anticipation Notes.

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board of the State of South Carolina as follows:

Section 1. The issuance of the Bond Anticipation Notes on the terms and conditions set forth in the Bond Anticipation Note Resolution is hereby approved by this Board as required by the Act and the Bond Anticipation Note Act.

Section 2. The sale of the Notes on the terms and conditions permitted in Section ____ of the Bond Anticipation Note Resolution, including the sale of the Notes pursuant to a privately negotiated sale without public advertisement, is hereby approved by this Board as required by the Act and the Bond Anticipation Note Act.

Section 3. The application of the proceeds of the Bond Anticipation Notes as provided in Section 5 of the Bond Anticipation Note Resolution is hereby approved by this Board as required by the Act.

Section 4. This resolution shall take effect immediately.

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

I, WILLIAM A. McINNIS, Secretary to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 11:00 A.M., Tuesday, October 27, 1981, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

NONE

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

FOR MOTION

5

AGAINST MOTION

0

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

Secretary

October 27, 1981

10102

McNAIR GLENN KONDUROS CORLEY SINGLETARY PORTER & DIBBLE, P. A.

ROBERT E. McNAIR
TERRELL L. GLENN
JAMES S. KONDUROS
O. WAYNE CORLEY
E. McLEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
RICHARD L. C. SULLIVAN
RICHARD S. WOODS
M. JOHN BOWEN, JR.
DANIEL R. McLEOD, JR.
SCOTT Y. BARNES
KATHLEEN E. CRUM
J. SIMON FRASER
M. CRAIG GARNER, JR.
THEODORE J. HOPKINS, JR.
BRENTON D. JEFFCOAT
PETER CONNOR MURPHY
C. ALAN RUNYAN
ROBERT E. STEPP
ELIZABETH H. VAN DOREN
EUGENE J. CARRON
JOHN W. CURRIE
E. RUSSELL JETER, JR.

ATTORNEYS AND COUNSELORS AT LAW
EIGHTEENTH FLOOR, BANKERS TRUST TOWER
POST OFFICE BOX 11390
COLUMBIA, SOUTH CAROLINA 29211
803-799-9800

RANDALL T. BELL
COUNSEL
HILTON HEAD ISLAND OFFICE
108 SAPELO BUILDING
ISLAND OFFICE PARK
POST OFFICE BOX 5914
HILTON HEAD ISLAND, S. C.
29928
803-785-5169

October 26, 1981

William A. McInnis
Deputy Executive Director
State Budget and Control Board
Post Office Box 12444
Columbia, South Carolina 29202

Re: State College Board of Trustees, Francis
Marion College, Student and Faculty
Housing Revenue Bond Anticipation Notes,
Series D

Dear Bill:

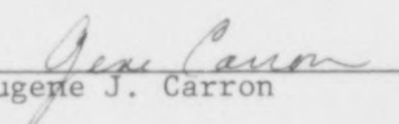
Enclosed herewith please find copies of the minutes
of a meeting of the State College Board of Trustees at which
the resolution previously forwarded to you was approved. I
am also providing you ten copies of the Budget and Control
Board resolution approving issuance of the notes for your
convenience.

Thank you for your assistance in getting this matter
before the Budget and Control Board. Best personal regards.

Yours very truly,

McNAIR GLENN KONDUROS CORLEY
SINGLETARY PORTER & DIBBLE, P.A.

By


Eugene J. Carron

EJC/eab
Enclosures

10103

A RESOLUTION APPROVING THE ISSUANCE BY THE STATE COLLEGE BOARD OF TRUSTEES OF THE STATE OF SOUTH CAROLINA OF NOT EXCEEDING THREE MILLION DOLLARS (\$3,000,000) AGGREGATE PRINCIPAL AMOUNT OF ITS FRANCIS MARION COLLEGE, STUDENT AND FACULTY HOUSING REVENUE BOND ANTICIPATION NOTES, SERIES D PURSUANT TO THE PROVISIONS OF ACT NO. 653 OF THE ACTS AND JOINT RESOLUTIONS OF THE GENERAL ASSEMBLY OF THE STATE OF SOUTH CAROLINA, REGULAR SESSION OF 1978 AND CHAPTER 17 OF TITLE 11 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED

WHEREAS, the State College Board of Trustees of the State of South Carolina (the "Board of Trustees") is authorized pursuant to the provisions of Act No. 653 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978 (the "Act") to borrow from time to time, not exceeding in aggregate principal amount, the sum of Three Million Dollars (\$3,000,000) for the purpose of acquiring, by purchase, construction, reconstruction or renovating, student and faculty housing at Francis Marion College, a state supported institution of higher learning located in Florence County, South Carolina (the "College"); and

WHEREAS, pursuant to such authorization the Board of Trustees adopted on July 18, 1979, a resolution authorizing the issuance of not exceeding Three Million Dollars (\$3,000,000) principal amount of Student and Faculty Housing Revenue Bonds of Francis Marion College (the "Bonds"), which resolution has not been amended, modified, repealed or rescinded and remains in full force and effect; and

WHEREAS, pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, as amended (the "Bond Anticipation Note Act"), the Board of Trustees is authorized to issue bond anticipation notes in anticipation of the sale of the bonds and to apply the proceeds of such notes to the purpose for which the Bonds are to be issued; and

WHEREAS, pursuant to a resolution duly adopted by the Board of Trustees on March 20, 1981, and pursuant to a resolution duly adopted by this State Budget and Control Board on March 24, 1981, the Board of Trustees has issue Three Million Dollars (\$3,000,000) aggregate principal amount of its Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series C (the "Outstanding Bond Anticipation Notes"), pursuant to the provisions of the Act and the Bonds Anticipation Note Act; and

WHEREAS, all of said principal amount of Outstanding Bond Anticipation Notes remain outstanding; and

WHEREAS, the principal of and interest on the Outstanding Bond Anticipation Notes shall become due and payable on October 30, 1981; and

WHEREAS, the Bond Anticipation Note Act provides that the purpose for which the Bonds are to be issued shall be deemed to include the moneys required to meet the payment of the principal and interest on the Outstanding Bond Anticipation Notes; and

WHEREAS, by resolution duly adopted by the Board of Trustees on October __, 1981, (a copy of which resolution is annexed hereto and hereinafter referred to as the "Bond Anticipation Note Resolution"), the Board of Trustees has authorized the issuance of not exceeding Three Million Dollars (\$3,000,000) aggregate principal amount of its Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series D (the "Bond Anticipation Notes") pursuant to the provisions of the Act and the Bond Anticipation Note Act; and

WHEREAS, the Bond Anticipation Note Act provides that notes issued thereunder may from time to time be reviewed or refunded; and

WHEREAS, the proceeds of the Bond Anticipation Notes are to be applied to the payment of the principal of and interest on the Outstanding Bond Anticipation Notes as provided in the Act, the Bond Anticipation Note Act and the Bond Anticipation Note Resolution; and

WHEREAS, Section 4 of the Act provides that no bonds shall be issued thereunder nor shall notes be sold at a privately negotiated sale without public advertisement unless this State Budget and Control Board, by resolution, shall have first approved the issuance thereof and such sale; and

WHEREAS, Section 11-17-60 of the Bond Anticipation Note Act requires that any consent or approval required for

the issuance of the Bonds must also be obtained prior to the issuance of the Bond Anticipation Notes.

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board of the State of South Carolina as follows:

Section 1. The issuance of the Bond Anticipation Notes on the terms and conditions set forth in the Bond Anticipation Note Resolution is hereby approved by this Board as required by the Act and the Bond Anticipation Note Act.

Section 2. The sale of the Notes on the terms and conditions permitted in Section ____ of the Bond Anticipation Note Resolution, including the sale of the Notes pursuant to a privately negotiated sale without public advertisement, is hereby approved by this Board as required by the Act and the Bond Anticipation Note Act.

Section 3. The application of the proceeds of the Bond Anticipation Notes as provided in Section 5 of the Bond Anticipation Note Resolution is hereby approved by this Board as required by the Act.

Section 4. This resolution shall take effect immediately.

EXHIBIT

STATE OF SOUTH CAROLINA

OCT 27 1981 NO. 12

COUNTY OF RICHLAND

STATE BUDGET & CONTROL BOARD

I, WILLIAM A. McINNIS, Secretary to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Richard W. Riley, Governor and Chairman of the Board;

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

The Honorable Earle E. Morris, Jr., Comptroller General;

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

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

That due notice of a meeting of the Board, called to be held in Columbia, South Carolina at 11:00 A.M., Tuesday, October 27, 1981, was given to all members in writing, and at least four (4) days prior to said meeting; that all members of said Board were present at said meeting, with the exception of:

NONE

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

FOR MOTION

5

AGAINST MOTION

0

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

William A. McInnis

Secretary

October 27, 1981

10108

EXHIBIT

OCT 27 1981 NO. 12

STATE BUDGET & CONTROL BOARD

A RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING THREE MILLION DOLLARS (\$3,000,000) PRINCIPAL AMOUNT OF STUDENT AND FACULTY HOUSING REVENUE BOND ANTICIPATION NOTES, SERIES D OF FRANCIS MARION COLLEGE; PROVIDING FOR THE FORM AND DETAILS OF SAID NOTES; PROVIDING FOR THE PAYMENT OF SAID NOTES; PROVIDING FOR THE DISPOSITION OF SAID NOTES; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE STATE COLLEGE BOARD OF TRUSTEES AS FOLLOWS:

Section 1. Findings. The State College Board of Trustees (the "Board of Trustees"), hereby finds and determines:

(a) Act No. 653 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978 (the "Act") authorizes the Board of Trustees to issue, subject to State Budget and Control Board approval, not exceeding Three Million Dollars (\$3,000,000) aggregate principal amount of bonds for the purpose of acquiring by purchase, construction, reconstruction or renovation, student and faculty housing facilities at Francis Marion College (the "College").

(b) Pursuant to a resolution (the "Bond Resolution") entitled "A Resolution Providing For The Issuance and Sale of Student and Faculty Housing Revenue Bonds of Francis Marion College, and Other Matters Relating Thereto", the Board of Trustees has authorized the issuance of Three Million Dollars (\$3,000,000) aggregate principal amount of Francis Marion College Student and Faculty Housing

Revenue Bonds, Series A (the "Bonds"), the proceeds of which will be used for the purpose of acquiring by purchase, construction, reconstruction or renovation, certain student and faculty housing facilities at the College.

(c) Title 11, Chapter 17, code of Laws of South Carolina, 1976, as amended (the "Bond Anticipation Note Act"), provides "Any borrower whenever authorized by general or special law, to issue bonds, may, pending the sale and issuance thereof, but within the limitations set forth in § 11-17-60 of this chapter, borrow in anticipation of the receipt of the proceeds of bonds from any person, and evidence the debt by a not duly executed by the officers of the borrower authorized by the governing body of the borrower."

(d) Pending the issuance and sale of the Bonds, the Board of Trustees has issued, and there remains outstanding, Three Million Dollars (\$3,000,000) aggregate principal amount of Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series C (the "Outstanding Bond Anticipation Notes").

(e) The Outstanding Bond Anticipation Notes bear interest at the rate of ten and one-fourth percent (10-1/4%) per annum, payable at maturity, and mature on October 30, 1981.

(f) The Bond Anticipation Note Act provides that "[i]t shall be the duty of the governing body to apply the proceeds of any notes issued pursuant to this chapter to the

purpose for which bonds are to be issued" and provides further that "[w]henever any borrower shall be authorized to issue bonds for any specific purpose, the purpose shall be deemed to include the moneys required to meet the payment of the principal and interest of notes issued pursuant to this chapter."

(g) The College has proceeded with the acquisition, by purchase, construction, reconstruction or renovation, of student and faculty housing facilities at the College, as provided in the Act and the Bond Resolution, and has applied the proceeds of the Outstanding Bond Anticipation Notes to the renewal of a series of bond anticipation notes of the College, the proceeds of which have been applied to such purpose.

(h) The Bond Anticipation Note Act provides that all notes issued pursuant thereto may from time to time be renewed or refunded.

(i) Pending the issuance and sale of the Bonds, it is necessary and in the best interest of the College for the Board of Trustees to provide for the issuance of bond anticipations notes in an amount not to exceed Three Million Dollars (\$3,000,000) in anticipation of the issuance of the Bonds and receipt of the proceeds of the sale thereof and to apply the proceeds of such bond anticipation notes to the renewal of the Outstanding Bond Anticipation Notes.

Section 2. Authorization of Notes. In anticipation of the issuance and delivery of the Bonds and pursuant

to the provisions of the Bond Anticipation Note Act, in order to provide funds for the payment of the principal of and interest on the Outstanding Bond Anticipation Notes, bond anticipation notes in the aggregate principal amount of not exceeding Three Million Dollars (\$3,000,000) (the "Notes").

Each Note shall be designated "South Carolina State Board of Trustees, Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series D". The Chairman is hereby authorized to determine the date of the Notes, the maturity date thereof (provided that the Notes shall be expressed to mature not later than one year from the date of their issuance), the redemption provisions and registration privileges with respect thereto, if any, the place or places where the principal of and interest on the Notes shall be payable, the rate or rates of interest to be borne by the Notes, which may be evidenced by coupons attached thereto, the date or dates when such interest shall be payable and the number and denominations of the Notes.

The Notes shall be signed in the name of the Board of Trustees by the manual or facsimile signature of the Chairman and the President of the College (provided that one such signature shall be a manual signature) and shall have the seal of the Board of Trustees (or a facsimile thereof) impressed, imprinted or otherwise reproduced thereon and attested by the manual or facsimile signature of the

Secretary of the Board of Trustees. Interest coupons, if any, to be attached to the Notes shall be signed in the name of the Board of Trustees by the manual or facsimile signature of the Chairman. The Chairman and the Secretary of the Board of Trustees and the President of the College are hereby authorized and directed to cause the Notes, and the coupons, if any, thereto appertaining, to be properly executed.

Both the principal of and interest on each Note shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debt at such office or offices (herein called the "Paying Agent"), as may be designated by the Chairman.

The Chairman is hereby authorized, either directly or through the State Treasurer of the State of South Carolina, to offer the Notes, or any portion thereof, at public sale and to sell the same at such sale or to negotiate for the sale of the Notes, or any portion thereof, and to sell the same at private sale or to exchange the Notes, or any portion thereof, for a like principal amount of the Outstanding Bond Anticipation Notes, all subject to Budget and Control Board approval or approval by the Governor, the State Treasurer, or the Comptroller General, at one time or from time to time and on such terms as the Chairman shall approve but not less than the par value

↑
and
(per Section 11
of Act 653 of
1978)

thereof, and as part of such sale to furnish the date or dates, denomination or denominations and place or places of payment, and the Chairman is further authorized to do all things necessary or convenient in accomplishing the sale of the Notes, without further action of the Board of Trustees, all in accordance with the provision of this Resolution.

The Notes shall be in registered or coupon form, and shall have such terms for exchange and transfer and shall otherwise bear such terms and conditions as shall be determined by the Chairman, except that any fees or charges in connection with any exchange or transfer of Notes shall not exceed the actual costs to the Board of Trustees or the College in connection therewith.

Section 3. Form of Notes. The Notes shall be issued in substantially the following form with such modifications, variations, additions or deletions as shall be approved by the Chairman, his execution of the Notes to conclusively evidence such approval:

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE COLLEGE BOARD OF TRUSTEES
FRANCIS MARION COLLEGE
STUDENT AND FACULTY HOUSING REVENUE
BOND ANTICIPATION NOTE
SERIES D

NO. R-

\$ _____

THE STATE COLLEGE BOARD OF TRUSTEES (herein called the "Board of Trustees"), a body politic and corporate and the governing body of Francis Marion College, a State-owned

institution of higher learning located in Florence, South Carolina (herein called the "College"), for value received, hereby promises to pay to or upon the order of _____

its successor and assigns, the principal sum of _____
_____ Dollars (\$_____) together with interest thereon from the date hereof until payment of said principal sum at the rate of _____ per centum (____%) per annum. Both principal of and interest on this Note are payable on _____, upon presentation and surrender of this Note, at the office of the State Treasurer of the State of South Carolina in Columbia, South Carolina, in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

This Note is one of a duly authorized issue of revenue bond anticipation notes of the Board of Trustees designated "Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series D" (the "Notes"), issued in the aggregate principal amount of \$_____ under and pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, as amended (the "Act"), and a resolution (the "Note Resolution"), duly adopted by the Board of Trustees on _____, and in anticipation of the issuance and sale of a like principal amount of Francis Marion College, Student and Faculty

EXHIBIT

OCT 27 1981 NO. 12

STATE BUDGET & CONTROL BOARD

Housing Revenue Bonds (the "Bonds") to be issued pursuant to Act No. 653 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978, and a resolution (the "Bond Resolution") duly adopted by the Board of Trustees on July 18, 1979. The Notes are payable, both as to principal and interest, from the proceeds of the Bonds. There has also been pledged to the payment of the principal of and interest on the Notes, to the extent provided in the Bond Resolution, the entire rental revenues derived by the Board of Trustees from all student and faculty housing facilities now or hereafter owned by the Board of Trustees at the College and all auxiliary and related facilities which are financed in whole or in part with the proceeds of the Notes.

Pursuant to law and the proceedings under which the Notes have been issued, the principal of and interest on the Notes are limited obligations of the Board of Trustees and shall never constitute an indebtedness of the State of South Carolina within the meaning of any state constitutional or statutory provision or limitation, but are payable solely and exclusively out of the proceeds of the Bonds to be issued pursuant to the Bond Resolution and, to the extent provided in the Bond Resolution, the rental revenues derived by the Board of Trustees from all student and faculty housing now or hereafter owned by the Board of Trustees at the College and all auxiliary and related facilities which

are financed in whole or in part with the proceeds of the Notes. The principal of or interest on the Notes do not now and shall never constitute nor give rise to a pecuniary liability of the State of South Carolina or to a charge against its general credit or taxing powers. The full faith, credit and taxing powers of the State of South Carolina are not pledged for the payment of the principal of or interest on the Notes.

This Note is transferable only upon the books of the College kept for that purpose at the office of the State Treasurer of the State of South Carolina, in Columbia, South Carolina, by the registered owner hereof in person or by his attorney duly authorized in writing upon the surrender of this Note, together with a written instrument of transfer satisfactory to said State Treasurer, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered Note or Notes, in the same aggregate principal amount, interest rate, maturity and other terms as the surrendered Note shall be issued to the transferee in exchange therefor as provided in the Note Resolution, and upon the payment of the charges, if any, therein prescribed.

Upon the terms and conditions specified in the Note Resolution, the Notes shall be deemed to have been paid and the lien and charge of the Note Resolution shall be satisfied and discharged prior to the maturity of the Notes.

Copies of the Note Resolution and the Bond Resolution are on file at the offices of the State Treasurer in Columbia, South Carolina.

Pursuant to the Act, this Note and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Note exist, have happened and have been done and performed in regular and due time, form and manner.

IN WITNESS WHEREOF, the State College Board of Trustees has caused this Note to be executed in its name by the manual signatures of the Chairman of the Board of Trustees and the President of the College, and attested by the manual signature of the Secretary of the Board of Trustees under the seal of the Board of Trustees and this Note to be dated the _____ day of _____, 1981.

STATE COLLEGE BOARD OF TRUSTEES

Chairman

(SEAL)

FRANCIS MARION COLLEGE

President

ATTEST:

Secretary, State College Board
of Trustees

ASSIGNMENT

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

the within Francis Marion College, Student and Faculty
Housing Revenue Bond Anticipation Note, Series D, of the
State College Board of Trustees and does hereby irrevocably
constitute and appoint _____
to transfer the said note on the books of the State College
Board of Trustees, with full power of substitution in the
premises.

Dated: _____

In the presence of:

Section 4. Sources of Payment. For the payment of the principal of and interest on the Notes as the same mature and become due, there are hereby pledged the proceeds of the Bonds. There are also hereby pledged to the payment of the principal of and interest on the Notes, as the same mature and become due, to the extent provided in the Bond Resolution, the entire rental revenues derived by the Board of Trustees from all student and faculty housing facilities now or hereafter owned by the Board of Trustees at the College and all auxiliary and related facilities which are financed in whole or in part with the proceeds of the Notes. The College may at its option utilize any other funds available therefor for the payment of the principal of and interest on the Notes. Upon the delivery of the Bonds sufficient of the proceeds of said Bonds shall be applied by the College to meet the payment of the principal of and interest on the Notes.

Section 5. Use of Proceeds. The proceeds of the sale of the Notes shall be deposited with the State Treasurer and applied to the payment of the principal of and interest on the Outstanding Bond Anticipation Notes.

Section 6. Exemption From Certain Taxes. Both the principal of and interest on the Notes shall, in accordance with the provisions of Section 12-1-60, Code of Laws of South Carolina, 1976, as amended, be exempt from all State, county, municipal, school district, and all other taxes or

assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer.

Section 7. Release of Lien of Resolution. If the Board of Trustees shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the Notes the principal and interest due and to become due thereon at the times and in the manner stipulated therein and in this Resolution, then and in that event the covenants, agreements and other obligations of the Board of Trustees to the owners of the Notes, and the lien created by this Resolution, shall be satisfied and discharged.

Notes for the payment of the principal of, and the interest due and to become due thereon, sufficient moneys shall be held by the Paying Agent for the Notes shall be deemed to have been paid within the meaning of, and with the effect provided in, this Section.

If the Board of Trustees shall (i) deposit, or cause to be deposited, with the Paying Agent for the Notes, direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, the principal of and interest on which when due, without any reinvestment thereof, shall be sufficient, together with any moneys held by the Paying Agent for such purpose, to pay when due the principal of and interest on the Notes; and (ii) irrevocably direct the Paying Agent to apply the

proceeds of such obligations, together with any moneys held by the Paying Agent for such purpose, to the payment when due of the principal of and interest on the Notes, then and in that event the Notes shall be deemed to have been paid within the meaning of, and with the effect provided in, this Section.

Section 8. Issuance of Bonds. Pursuant to Section 11-17-60 of the Bond Anticipation Note Act, the Board of Trustees agrees to, and shall be obligated to, issue and sell, in the manner prescribed by law, Bonds in the aggregate principal amount of Three Million Dollars in order to provide for the payment of the principal of and interest on the Notes.

Section 9. Arbitrage. The Board of Trustees covenants that it shall not make any use of the proceeds of the Notes or of any moneys which may be deemed to be the proceeds of the Notes pursuant to section 103(c) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder, which, if such use had been reasonably expected on the date of issuance of the Notes, would have caused any Note to be an "arbitrage bond" within the meaning of said section 103(c) of the Code and said regulations, as in effect at the time of such use and applicable to obligations issued on the date of issuance of the Notes.

Section 10. Official Statement. The Chairman is authorized to prepare and distribute, or cause to be prepared and distributed, to prospective purchasers of the Notes, and to execute and deliver to the original purchasers of the Notes, by and on behalf of the Board of Trustees, an Official Statement or other document describing the Notes and containing such other information in such form as the Chairman shall approve or to otherwise make available to prospective purchasers of the Notes any and all relevant information requested to enable such prospective purchasers in deciding whether or not to invest in the Notes.

Section 11. Obligations of Board of Trustees Only. All covenants, stipulations, promises, agreements and obligations of the Board of Trustees contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Board of Trustees and not of any member, officer or employee of the Board of Trustees or the College in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or on this Resolution against any member, officer or employee of the Board of Trustees or the College or any person executing said Notes or coupons, if any, attached thereto.

Section 12. General Authority. The members and officers of the Board of Trustees, the officers of the

College, and the employees, attorney, engineers and other agents of the Board of Trustees and the College are hereby authorized to do all acts and things, and to execute all such instruments and documents, as are necessary or convenient in connection with the full and complete performance of all of the terms, covenants and agreements contained in the Notes and this Resolution and in connection with the issuance and sale of the Notes.

Section 13. Powers of Vice Chairman. Whenever the reference is made in this Resolution to the Chairman, or such Chairman is authorized or directed to perform any act or determine any matter pursuant to the terms of this Resolution, such reference, authorization or direction shall be deemed for all purposes of this Resolution to include, and to apply equally to, the Vice Chairman as well as the Chairman of the Board of Trustees and either the Chairman or Vice Chairman may perform any act or determine any matter authorized or directed to be performed as determined hereunder.

Section 14. Conflicting Provisions. All resolutions, orders or other actions of the Board of Trustees in conflict with the provisions of this Resolution, to the extent of said conflict, are hereby superseded, repealed and revoked.

Section 15. Effective Date. This Resolution shall become effective immediately upon its adoption.

A RESOLUTION

PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING THREE MILLION DOLLARS (\$3,000,000) PRINCIPAL AMOUNT OF STUDENT AND FACULTY HOUSING REVENUE BOND ANTICIPATION NOTES, SERIES D OF FRANCIS MARION COLLEGE; PROVIDING FOR THE FORM AND DETAILS OF SAID NOTES; PROVIDING FOR THE PAYMENT OF SAID NOTES; PROVIDING FOR THE DISPOSITION OF SAID NOTES; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED BY THE STATE COLLEGE BOARD OF TRUSTEES AS FOLLOWS:

Section 1. Findings. The State College Board of Trustees (the "Board of Trustees"), hereby finds and determines:

(a) Act No. 653 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978 (the "Act") authorizes the Board of Trustees to issue, subject to State Budget and Control Board approval, not exceeding Three Million Dollars (\$3,000,000) aggregate principal amount of bonds for the purpose of acquiring by purchase, construction, reconstruction or renovation, student and faculty housing facilities at Francis Marion College (the "College").

(b) Pursuant to a resolution (the "Bond Resolution") entitled "A Resolution Providing For The Issuance and Sale of Student and Faculty Housing Revenue Bonds of Francis Marion College, and Other Matters Relating Thereto", the Board of Trustees has authorized the issuance of Three Million Dollars (\$3,000,000) aggregate principal amount of Francis Marion College Student and Faculty Housing

Revenue Bonds, Series A (the "Bonds"), the proceeds of which will be used for the purpose of acquiring by purchase, construction, reconstruction or renovation, certain student and faculty housing facilities at the College.

(c) Title 11, Chapter 17, code of Laws of South Carolina, 1976, as amended (the "Bond Anticipation Note Act"), provides "Any borrower whenever authorized by general or special law, to issue bonds, may, pending the sale and issuance thereof, but within the limitations set forth in § 11-17-60 of this chapter, borrow in anticipation of the receipt of the proceeds of bonds from any person, and evidence the debt by a not duly executed by the officers of the borrower authorized by the governing body of the borrower."

(d) Pending the issuance and sale of the Bonds, the Board of Trustees has issued, and there remains outstanding, Three Million Dollars (\$3,000,000) aggregate principal amount of Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series C (the "Outstanding Bond Anticipation Notes").

(e) The Outstanding Bond Anticipation Notes bear interest at the rate of ten and one-fourth percent (10-1/4%) per annum, payable at maturity, and mature on October 30, 1981.

(f) The Bond Anticipation Note Act provides that "[i]t shall be the duty of the governing body to apply the proceeds of any notes issued pursuant to this chapter to the

purpose for which bonds are to be issued" and provides further that "[w]henever any borrower shall be authorized to issue bonds for any specific purpose, the purpose shall be deemed to include the moneys required to meet the payment of the principal and interest of notes issued pursuant to this chapter."

(g) The College has proceeded with the acquisition, by purchase, construction, reconstruction or renovation, of student and faculty housing facilities at the College, as provided in the Act and the Bond Resolution, and has applied the proceeds of the Outstanding Bond Anticipation Notes to the renewal of a series of bond anticipation notes of the College, the proceeds of which have been applied to such purpose.

(h) The Bond Anticipation Note Act provides that all notes issued pursuant thereto may from time to time be renewed or refunded.

(i) Pending the issuance and sale of the Bonds, it is necessary and in the best interest of the College for the Board of Trustees to provide for the issuance of bond anticipations notes in an amount not to exceed Three Million Dollars (\$3,000,000) in anticipation of the issuance of the Bonds and receipt of the proceeds of the sale thereof and to apply the proceeds of such bond anticipation notes to the renewal of the Outstanding Bond Anticipation Notes.

Section 2. Authorization of Notes. In anticipation of the issuance and delivery of the Bonds and pursuant

to the provisions of the Bond Anticipation Note Act, in order to provide funds for the payment of the principal of and interest on the Outstanding Bond Anticipation Notes, bond anticipation notes in the aggregate principal amount of not exceeding Three Million Dollars (\$3,000,000) (the "Notes").

Each Note shall be designated "South Carolina State Board of Trustees, Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series D". The Chairman is hereby authorized to determine the date of the Notes, the maturity date thereof (provided that the Notes shall be expressed to mature not later than one year from the date of their issuance), the redemption provisions and registration privileges with respect thereto, if any, the place or places where the principal of and interest on the Notes shall be payable, the rate or rates of interest to be borne by the Notes, which may be evidenced by coupons attached thereto, the date or dates when such interest shall be payable and the number and denominations of the Notes.

The Notes shall be signed in the name of the Board of Trustees by the manual or facsimile signature of the Chairman and the President of the College (provided that one such signature shall be a manual signature) and shall have the seal of the Board of Trustees (or a facsimile thereof) impressed, imprinted or otherwise reproduced thereon and attested by the manual or facsimile signature of the

Secretary of the Board of Trustees. Interest coupons, if any, to be attached to the Notes shall be signed in the name of the Board of Trustees by the manual or facsimile signature of the Chairman. The Chairman and the Secretary of the Board of Trustees and the President of the College are hereby authorized and directed to cause the Notes, and the coupons, if any, thereto appertaining, to be properly executed.

Both the principal of and interest on each Note shall be payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debt at such office or offices (herein called the "Paying Agent"), as may be designated by the Chairman.

The Chairman is hereby authorized, either directly or through the State Treasurer of the State of South Carolina, to offer the Notes, or any portion thereof, at public sale and to sell the same at such sale or to negotiate for the sale of the Notes, or any portion thereof, and to sell the same at private sale or to exchange the Notes, or any portion thereof, for a like principal amount of the Outstanding Bond Anticipation Notes, all subject to Budget and Control Board approval or approval by the Governor, the State Treasurer, and the Comptroller General, at one time or from time to time and, on such terms as the Chairman shall approve but for not less than the par value

thereof, and as part of such sale to furnish the date or dates, denomination or denominations and place or places of payment, and the Chairman is further authorized to do all things necessary or convenient in accomplishing the sale of the Notes, without further action of the Board of Trustees, all in accordance with the provision of this Resolution.

The Notes shall be in registered or coupon form, and shall have such terms for exchange and transfer and shall otherwise bear such terms and conditions as shall be determined by the Chairman, except that any fees or charges in connection with any exchange or transfer of Notes shall not exceed the actual costs to the Board of Trustees or the College in connection therewith.

Section 3. Form of Notes. The Notes shall be issued in substantially the following form with such modifications, variations, additions or deletions as shall be approved by the Chairman, his execution of the Notes to conclusively evidence such approval:

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE COLLEGE BOARD OF TRUSTEES
FRANCIS MARION COLLEGE
STUDENT AND FACULTY HOUSING REVENUE
BOND ANTICIPATION NOTE
SERIES D

NO. R-

\$ _____

THE STATE COLLEGE BOARD OF TRUSTEES (herein called the "Board of Trustees"), a body politic and corporate and the governing body of Francis Marion College, a State-owned

institution of higher learning located in Florence, South Carolina (herein called the "College"), for value received, hereby promises to pay to or upon the order of _____

its successor and assigns, the principal sum of _____
_____ Dollars (\$_____) together with interest thereon from the date hereof until payment of said principal sum at the rate of _____ per centum (_____%) per annum. Both principal of and interest on this Note are payable on _____, upon presentation and surrender of this Note, at the office of the State Treasurer of the State of South Carolina in Columbia, South Carolina, in any coin or currency of the United States of America which is, at the time of payment, legal tender for the payment of public and private debts.

This Note is one of a duly authorized issue of revenue bond anticipation notes of the Board of Trustees designated "Francis Marion College, Student and Faculty Housing Revenue Bond Anticipation Notes, Series D" (the "Notes"), issued in the aggregate principal amount of \$_____ under and pursuant to Title 11, Chapter 17, Code of Laws of South Carolina, 1976, as amended (the "Act"), and a resolution (the "Note Resolution"), duly adopted by the Board of Trustees on _____, and in anticipation of the issuance and sale of a like principal amount of Francis Marion College, Student and Faculty

Housing Revenue Bonds (the "Bonds") to be issued pursuant to Act No. 653 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978, and a resolution (the "Bond Resolution") duly adopted by the Board of Trustees on July 18, 1979. The Notes are payable, both as to principal and interest, from the proceeds of the Bonds. There has also been pledged to the payment of the principal of and interest on the Notes, to the extent provided in the Bond Resolution, the entire rental revenues derived by the Board of Trustees from all student and faculty housing facilities now or hereafter owned by the Board of Trustees at the College and all auxiliary and related facilities which are financed in whole or in part with the proceeds of the Notes.

Pursuant to law and the proceedings under which the Notes have been issued, the principal of and interest on the Notes are limited obligations of the Board of Trustees and shall never constitute an indebtedness of the State of South Carolina within the meaning of any state constitutional or statutory provision or limitation, but are payable solely and exclusively out of the proceeds of the Bonds to be issued pursuant to the Bond Resolution and, to the extent provided in the Bond Resolution, the rental revenues derived by the Board of Trustees from all student and faculty housing now or hereafter owned by the Board of Trustees at the College and all auxiliary and related facilities which

EXHIBIT

OCT 27 1981 NO. 12

STATE BUDGET & CONTROL BOARD

are financed in whole or in part with the proceeds of the Notes. The principal of or interest on the Notes do not now and shall never constitute nor give rise to a pecuniary liability of the State of South Carolina or to a charge against its general credit or taxing powers. The full faith, credit and taxing powers of the State of South Carolina are not pledged for the payment of the principal of or interest on the Notes.

This Note is transferable only upon the books of the College kept for that purpose at the office of the State Treasurer of the State of South Carolina, in Columbia, South Carolina, by the registered owner hereof in person or by his attorney duly authorized in writing upon the surrender of this Note, together with a written instrument of transfer satisfactory to said State Treasurer, duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new fully registered Note or Notes, in the same aggregate principal amount, interest rate, maturity and other terms as the surrendered Note shall be issued to the transferee in exchange therefor as provided in the Note Resolution, and upon the payment of the charges, if any, therein prescribed.

Upon the terms and conditions specified in the Note Resolution, the Notes shall be deemed to have been paid and the lien and charge of the Note Resolution shall be satisfied and discharged prior to the maturity of the Notes.

Copies of the Note Resolution and the Bond Resolution are on file at the offices of the State Treasurer in Columbia, South Carolina.

Pursuant to the Act, this Note and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer taxes.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this Note exist, have happened and have been done and performed in regular and due time, form and manner.

IN WITNESS WHEREOF, the State College Board of Trustees has caused this Note to be executed in its name by the manual signatures of the Chairman of the Board of Trustees and the President of the College, and attested by the manual signature of the Secretary of the Board of Trustees under the seal of the Board of Trustees and this Note to be dated the _____ day of _____, 1981.

STATE COLLEGE BOARD OF TRUSTEES

Chairman

(SEAL)

10134

FRANCIS MARION COLLEGE

President

ATTEST:

Secretary, State College Board
of Trustees

ASSIGNMENT

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

the within Francis Marion College, Student and Faculty
Housing Revenue Bond Anticipation Note, Series D, of the
State College Board of Trustees and does hereby irrevocably
constitute and appoint _____

to transfer the said note on the books of the State College
Board of Trustees, with full power of substitution in the
premises.

Dated: _____

In the presence of:

Section 4. Sources of Payment. For the payment of the principal of and interest on the Notes as the same mature and become due, there are hereby pledged the proceeds of the Bonds. There are also hereby pledged to the payment of the principal of and interest on the Notes, as the same mature and become due, to the extent provided in the Bond Resolution, the entire rental revenues derived by the Board of Trustees from all student and faculty housing facilities now or hereafter owned by the Board of Trustees at the College and all auxiliary and related facilities which are financed in whole or in part with the proceeds of the Notes. The College may at its option utilize any other funds available therefor for the payment of the principal of and interest on the Notes. Upon the delivery of the Bonds sufficient of the proceeds of said Bonds shall be applied by the College to meet the payment of the principal of and interest on the Notes.

Section 5. Use of Proceeds. The proceeds of the sale of the Notes shall be deposited with the State Treasurer and applied to the payment of the principal of and interest on the Outstanding Bond Anticipation Notes.

Section 6. Exemption From Certain Taxes. Both the principal of and interest on the Notes shall, in accordance with the provisions of Section 12-1-60, Code of Laws of South Carolina, 1976, as amended, be exempt from all State, county, municipal, school district, and all other taxes or

assessments, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate or transfer.

Section 7. Release of Lien of Resolution. If the Board of Trustees shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the Notes the principal and interest due and to become due thereon at the times and in the manner stipulated therein and in this Resolution, then and in that event the covenants, agreements and other obligations of the Board of Trustees to the owners of the Notes, and the lien created by this Resolution, shall be satisfied and discharged.

Notes for the payment of the principal of, and the interest due and to become due thereon, sufficient moneys shall be held by the Paying Agent for the Notes shall be deemed to have been paid within the meaning of, and with the effect provided in, this Section.

If the Board of Trustees shall (i) deposit, or cause to be deposited, with the Paying Agent for the Notes, direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, the principal of and interest on which when due, without any reinvestment thereof, shall be sufficient, together with any moneys held by the Paying Agent for such purpose, to pay when due the principal of and interest on the Notes; and (ii) irrevocably direct the Paying Agent to apply the

proceeds of such obligations, together with any moneys held by the Paying Agent for such purpose, to the payment when due of the principal of and interest on the Notes, then and in that event the Notes shall be deemed to have been paid within the meaning of, and with the effect provided in, this Section.

Section 8. Issuance of Bonds. Pursuant to Section 11-17-60 of the Bond Anticipation Note Act, the Board of Trustees agrees to, and shall be obligated to, issue and sell, in the manner prescribed by law, Bonds in the aggregate principal amount of Three Million Dollars in order to provide for the payment of the principal of and interest on the Notes.

Section 9. Arbitrage. The Board of Trustees covenants that it shall not make any use of the proceeds of the Notes or of any moneys which may be deemed to be the proceeds of the Notes pursuant to section 103(c) of the Internal Revenue Code of 1954, as amended, and the applicable regulations thereunder, which, if such use had been reasonably expected on the date of issuance of the Notes, would have caused any Note to be an "arbitrage bond" within the meaning of said section 103(c) of the Code and said regulations, as in effect at the time of such use and applicable to obligations issued on the date of issuance of the Notes.

Section 10. Official Statement. The Chairman is authorized to prepare and distribute, or cause to be prepared and distributed, to prospective purchasers of the Notes, and to execute and deliver to the original purchasers of the Notes, by and on behalf of the Board of Trustees, an Official Statement or other document describing the Notes and containing such other information in such form as the Chairman shall approve or to otherwise make available to prospective purchasers of the Notes any and all relevant information requested to enable such prospective purchasers in deciding whether or not to invest in the Notes.

Section 11. Obligations of Board of Trustees Only. All covenants, stipulations, promises, agreements and obligations of the Board of Trustees contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Board of Trustees and not of any member, officer or employee of the Board of Trustees or the College in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or on this Resolution against any member, officer or employee of the Board of Trustees or the College or any person executing said Notes or coupons, if any, attached thereto.

Section 12. General Authority. The members and officers of the Board of Trustees, the officers of the

College, and the employees, attorney, engineers and other agents of the Board of Trustees and the College are hereby authorized to do all acts and things, and to execute all such instruments and documents, as are necessary or convenient in connection with the full and complete performance of all of the terms, covenants and agreements contained in the Notes and this Resolution and in connection with the issuance and sale of the Notes.

Section 13. Powers of Vice Chairman. Whenever the reference is made in this Resolution to the Chairman, or such Chairman is authorized or directed to perform any act or determine any matter pursuant to the terms of this Resolution, such reference, authorization or direction shall be deemed for all purposes of this Resolution to include, and to apply equally to, the Vice Chairman as well as the Chairman of the Board of Trustees and either the Chairman or Vice Chairman may perform any act or determine any matter authorized or directed to be performed as determined hereunder.

Section 14. Conflicting Provisions. All resolutions, orders or other actions of the Board of Trustees in conflict with the provisions of this Resolution, to the extent of said conflict, are hereby superseded, repealed and revoked.

Section 15. Effective Date. This Resolution shall become effective immediately upon its adoption.

McNAIR GLENN KONDUROS CORLEY SINGLETARY PORTER & DIBBLE, P. A.

ATTORNEYS AND COUNSELORS AT LAW

EIGHTEENTH FLOOR, BANKERS TRUST TOWER

POST OFFICE BOX 11390

COLUMBIA, SOUTH CAROLINA 29211

803-799-9800

ROBERT E. McNAIR
TERRELL L. GLENN
JAMES S. KONDUROS
O. WAYNE CORLEY
E. McLEOD SINGLETARY
CHARLES PORTER
ROBERT W. DIBBLE, JR.
RICHARD S. WOODS
RICHARD L. C. SULLIVAN
M. JOHN BOWEN, JR.
JOHN W. CURRIE *
EUGENE J. CARRON†
DANIEL R. McLEOD, JR.
SCOTT Y. BARNES
BRENTON D. JEFFCOAT
M. CRAIG GARNER, JR.
THEODORE J. HOPKINS, JR.
WILLIAM S. ROSE, JR.‡
PETER CONNOR MURPHY
C. ALAN RUNYAN
ELIZABETH H. VAN DOREN
ROBERT E. STEPP
KATHLEEN E. CRUM
J. SIMON FRASER
E. RUSSELL JETER, JR.*
JANE A. BRUNO
WILLIAM E. CRAVER III

* ALSO MEMBER D. C. AND VA. BARS
† ALSO MEMBER N. Y. BAR
‡ ALSO MEMBER OHIO AND D. C. BARS
* ALSO MEMBER FLA. BAR

RANDALL T. BELL
COUNSEL

HILTON HEAD ISLAND OFFICE

108 SAPELO BUILDING

ISLAND OFFICE PARK

POST OFFICE BOX 5914

HILTON HEAD ISLAND, S. C.

29938

803-785-5169

October 21, 1981

EXHIBIT

OCT 27 1981

NO. 12

STATE BUDGET & CONTROL BOARD

William A. McInnis
Deputy Executive Director
State Budget & Control Board
Post Office Box 12444
Columbia, South Carolina 29202

Re: State College Board of Trustees, Francis
Marion College, Student and Faculty Housing
Revenue Bond Anticipation Notes, Series D

Dear Bill:

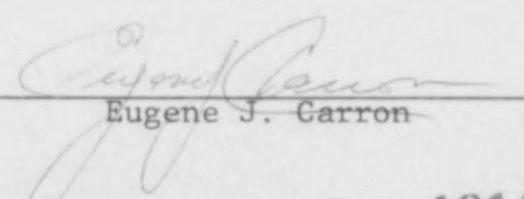
Enclosed herewith please find the form of the resolution which we anticipate the State College Board of Trustees to adopt on Thursday, October 22, 1981, with respect to the above-captioned series of renewal bond anticipation notes. Also enclosed please find the approved resolution by the Budget and Control Board required in connection with the issuance of such renewal bond anticipation notes.

I shall forward to you certified copies of the State College Board of Trustees' resolution as soon as available. Thank you for your help in this matter.

Yours very truly,

McNAIR GLENN KONDUROS CORLEY
SINGLETARY PORTER & DIBBLE, P.A.

By


Eugene J. Carron

EJC/eab
Enclosures

10141

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 13

REGULAR SESSION AGENDA

MEETING OF October 27, 1981

ITEM NUMBER

7

STATE BUDGET & CONTROL BOARD

Agency: Finance Division (Budget Development)

Subject: Aid to Planning Districts Allocations

In accord with a proviso included in Section 120, Aid to Subdivisions, the ten Councils of Government (planning districts) have submitted proposed receipts and expenditure statements for fiscal year 1981-82. The proviso authorizes the State Treasurer to remit to each district its share of the \$500,000 appropriated upon the approval of the Board.

The shares are as follows:

1. Appalachian	\$ 38,444
2. Upper Savannah	38,959
3. Catawba	42,711
4. Central Midlands	61,867
5. Lower Savannah	44,940
6. Santee-Lynches	38,918
7. Pee Dee	49,681
8. Waccamaw	39,596
9. Berkeley-Charleston- Dorchester	59,488
10. Lowcountry	<u>35,396</u>
	\$500,000

Board Action Requested:

Approve allocations.

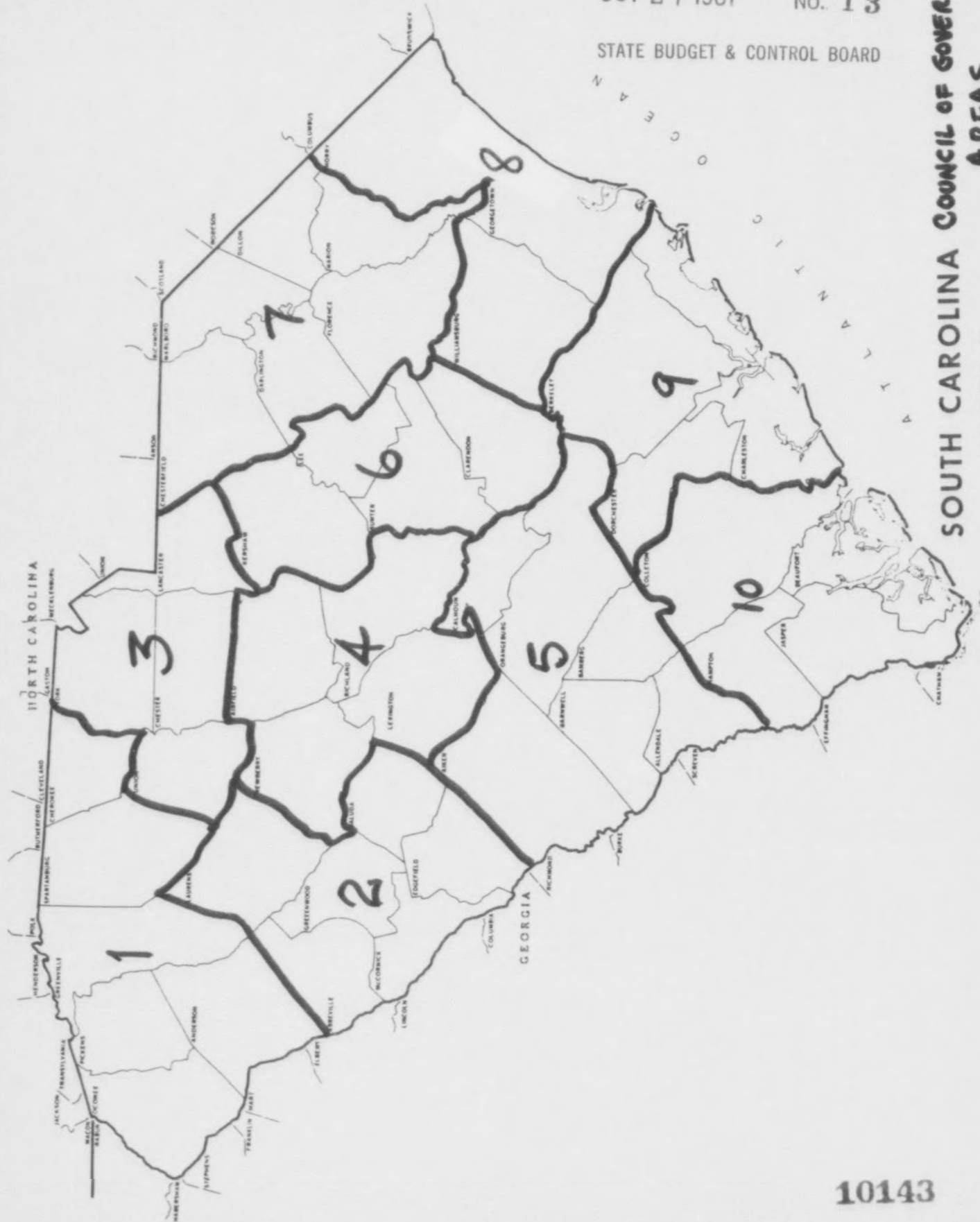
Staff Comment:

Attachments:

Dan B. Mackey October 2 letter to Cantrell plus attachments.

10142

SOUTH CAROLINA COUNCIL OF GOVERNMENT AREAS



10143

OCT 20 1981



**Upper Savannah
Council of Governments**

Post Office Box 1366
Greenwood, South Carolina 29646
Telephone 803-229-6627

October 2, 1981

EXHIBIT

OCT 27 1981 NO. 13

STATE BUDGET & CONTROL BOARD

Mr. Preston Cantrell
Office of the State Auditor
Division of Budget Development
Post Office Box 11333
Columbia, S. C. 29211

Dear Mr. Cantrell:

Enclosed are the ten Requests for Payment from the Councils of Governments for the State appropriated funds for the period of July 1, 1981 through June 30, 1982.

Each Council has attached to the request a FY-82 proposed receipts and expenditures statement in accordance with the suggested budgetary groupings.

Thank you for the continued support.

Sincerely,

A handwritten signature in cursive script, reading "Dan Mackey".

Dan B. Mackey
Executive Director

DBM/vw

10-12-81
fh

RECEIVED

OCT 5 1981

STATE AUDITOR'S OFFICE **10144**
BUDGET DIVISION



**south
carolina
appalachian
council of governments**

ANDERSON • CHEROKEE • GREENVILLE • OCONEE • PICKENS • SPARTANBURG COUNTIES

September 16, 1981

Mr. Edgar A. Vaughn, Jr.
State Auditor
State of South Carolina
P.O. Box 11333
Columbia, S.C. 29211

REQUEST FOR PAYMENT

State Appropriated Funds for the Period
of July 1, 1981 - June 30, 1982. \$88,444

William S. Millett, Executive Director

RECEIVED
OCT 5 1981
STATE AUDITOR'S OFFICE
BUDGET DIVISION

10145

SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS
PROPOSED RECEIPTS AND EXPENDITURES
FISCAL YEAR 1982

<u>REVENUES</u>	<u>AMOUNT</u>
ARC Local Development District	\$152,000
Highway Safety	3,602
Law Enforcement Assistance Administration	9,789
Department of Housing and Urban Development	99,835
Environmental Protection Agency	73,262
Evaluation and Monitoring	4,554
Commission on Aging	109,295
Economic Development Administration	29,848
ARC Interlocal Service Delivery	2,655
Community Development Contracts	38,359
Farmers Home Administration	27,000
State Aid to Council of Governments	88,444
Local Participation	228,198
Other	31,000
 TOTAL REVENUE	 \$897,841

<u>EXPENDITURES</u>	
Personnel	\$495,324
Fringe Benefits	68,704
Travel	63,371
Equipment Rental	27,256
Supplies	13,500
Audit	10,000
Consultants	40,492
Postage	11,500
Printing	24,180
Communications	33,000
Membership and Publications	7,223
Office Space Rental	43,000
Recruitment	3,000
Miscellaneous	4,989
Advertising	1,437
Computer Services	9,500
Taxes	900
Project Inspection	800
Six-County Expenses	39,665
 TOTAL EXPENSE	 \$897,841

September 23, 1981



**Upper Savannah
Council of Governments**

Post Office Box 1366
Greenwood, South Carolina 29646
Telephone 803-229-6627

Mr. Edgar A. Vaughn Jr., State Auditor
State of South Carolina
Post Office Box 11333
Columbia, South Carolina 29211

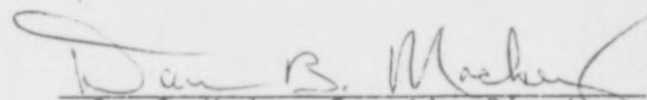
EXHIBIT

OCT 27 1981 NO. 13

STATE BUDGET & CONTROL BOARD

REQUEST FOR PAYMENT

State appropriated funds for the period of
July 1, 1981 through June 30, 1982 \$38,959.00


Dan B. Mackey, Executive Director

RECEIVED

OCT 5 1981

STATE AUDITOR'S OFFICE
BUDGET DIVISION

10147

UPPER SAVANNAH COUNCIL OF GOVERNMENTS
Proposed Receipts and Expenditures
FY-82

<u>REVENUES</u>	<u>APPROVED BUDGET FISCAL YEAR 1980</u>
Abbeville	10,556.00
Edgefield	7,846.00
Greenwood	24,843.00
Laurens	24,856.00
McCormick	4,000.00
Saluda	7,264.00
	79,365.00
EDA	23,013.00
IPA	557.00
FmHA	35,000.00
Historical Preservation	22,000.00
Community Development - Ware Shoals Administration	17,500.00
Community Development - Ware Shoals Rehabilitation	17,882.00
Ridesharing	11,000.00
ACIR	20,000.00
HUD	23,536.00
State Aid to COG	38,959.00
Local Public Administration	38,681.00
UDAG	28,500.00
Interest Earned	15,000.00
In Kind	3,000.00
Community Development - Edgefield Administration	47,000.00
Community Development - Laurens Administration	60,000.00
Community Development - Clinton Administration	30,000.00
Community Development Rehab (Edgefield, Laurens, Clinton)	23,565.00
TOTAL REVENUES	\$ 534,558.00

<u>EXPENDITURES</u>	
Personnel Cost	\$ 315,743.00
Travel & Meetings	39,500.00
Transportation Cost	15,500.00
Office Supplies	9,000.00
Postage	4,500.00
Telephone	20,800.00
Rental & Purchase Equipment	15,500.00
Rental Office Space	16,215.00
Depreciation & Amortization	21,500.00
Audit Fees	4,200.00
Dues-Subscriptions	7,000.00
Accrued Unemployment	3,000.00
Miscellaneous	8,000.00
In-Kind	3,000.00
Parking/Insurance/Main. Agree.	12,000.00
Legal Fees - Community Development	5,100.00
Equipment	14,000.00
Consultant's Fee	2,000.00
Services Rendered	18,000.00
TOTAL EXPENDITURES	\$ 534,558.00



CATAWBA REGIONAL PLANNING COUNCIL

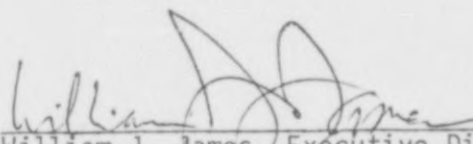
Suite 300, SCN Center 100 Dave Lyle Boulevard
P. O. Box 862 Rock Hill, S. C. 29730 Tele. (803) 327-9041

September 15, 1981

Mr. Edgar A. Vaughn, Jr.
State Auditor
State of South Carolina
P. O. Box 11333
Columbia, South Carolina 29211

REQUEST FOR PAYMENT

State appropriated funds for the period of
July 1, 1981, through June 30, 1982 \$42,711.00


William J. James, Executive Director

RECEIVED
OCT 5 1981
STATE AUDITOR'S OFFICE
BUDGET DIVISION

CATANBA REGIONAL PLANNING COUNCIL

ANNUAL BUDGETS
FISCAL YEARS 1981 AND 1982

	FY 1981 Existing	FY 1982 Approved
A. ANTICIPATED REVENUES		
1. County Membership Dues	\$ 85,302	\$ 85,302
2. State of South Carolina Grant	43,100	42,711
3. U. S. Department of HUD:		
a. Non-Metro	27,102	--
b. Local Assistance	18,737	--
4. Community Development/Technical Assistance:	50,181	31,200
a. Chester City		
b. Chester County		
c. Carlisle Town		
d. Clover Town		
e. Great Falls City		
f. Lancaster City		
g. Union City		
h. York City		
5. Urban Mass Transportation Administration	10,000	--
6. Economic Development Administration	67,938	12,600
7. FmHA Rural Development Program	45,000	--
8. Energy Management	16,436	--
9. Criminal Justice Program (LEAA)	15,199	5,200
10. Highway Safety Program	6,234	1,540
11. Historic Preservation	19,161	9,100
12. Administration on Aging:		
a. Title IIIB	48,505	49,507
b. Title IIIC	24,585	25,082
c. Title IIIC ¹	4,307	4,313
c. Title IIIC ²	--	1,200
13. Community Food & Nutrition	19,500	26,600
14. Title V Program	15,487	--
15. Title XX Program	9,636	132,793
16. Continuation Funding	15,000	25,000
17. Miscellaneous and Interest Income	\$541,410	\$452,148
B. ANTICIPATED EXPENDITURES		
1. Personnel	\$422,428	\$351,648
2. Office Rent and Maintenance	26,230	25,700
3. Telephone	11,000	11,000
4. Utilities	4,200	4,500
5. Travel (Auto, Air, and Per Diem) and Meetings	25,000	21,000
6. Office Supplies	7,500	6,000
7. Postage	3,600	3,600
8. Memberships, Dues, and Publications	3,775	3,300
9. Printing, Reproduction, and Advertising	7,600	3,600
10. Maintenance and Service Contracts	4,900	4,500
11. Employee Training	3,140	2,800
12. Capital Costs	7,600	4,500
13. Professional Services (Audit and Technical Assistance)	8,000	5,000
14. Equipment Rental	3,960	2,500
15. Insurance and Bonding	--	1,000
16. Miscellaneous	2,477	1,500
	\$541,410	\$452,148



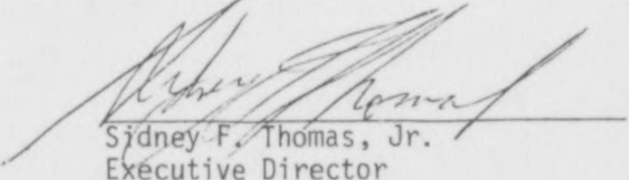
CENTRAL MIDLANDS REGIONAL PLANNING COUNCIL
DUTCH PLAZA, SUITE 155, 800 DUTCH SQUARE BLVD. COLUMBIA, SOUTH CAROLINA 29210 (803) 798-1243

September 15, 1981

Mr. Edgar A. Vaughn, Jr., State Auditor
State of South Carolina
P.O. Box 11333
Columbia, South Carolina 29211

REQUEST FOR PAYMENT

State appropriated funds for the period of
July 1, 1981 through June 30, 1982.....\$61,867.00


Sidney F. Thomas, Jr.
Executive Director

RECEIVED
OCT 5 1981
STATE AUDITOR'S OFFICE
BUDGET DIVISION

10151

CENTRAL MIDLANDS REGIONAL PLANNING COUNCIL

Proposed Receipts and Expenditures
FY 82

REVENUES

Local and State Funds		
Participating Cities and Counties	\$271,400.00	
General Assembly Appropriation	61,867.00	
State LEAP	516.00	
State Aging	<u>2,972.00</u>	\$ 336,755.00
Federal Grants through State and Local Agencies		483,344.00
Direct Federal Grants		255,802.00
Miscellaneous Income		20,808.00
Pass Through Funds		882,509.00
Nutrition Program for Elderly		<u>305,040.00</u>
Total Revenues		\$2,284,258.00

EXPENDITURES

Personnel	713,428.00
Building and Equipment	55,700.00
Office Operation	73,256.00
Insurance, Legal and Audit	15,725.00
Contractual Obligations	197,900.00
Employee Development	15,000.00
Transportation	16,700.00
Other Expenditures	9,000.00
Nutrition Program for Elderly	305,040.00
Pass Through Contracts	<u>882,509.00</u>
Total Expenditures	\$2,284,258.00



LOWER SAVANNAH COUNCIL OF GOVERNMENTS

P.O. BOX 850
AIKEN, SOUTH CAROLINA

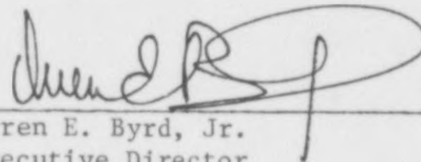
TEL. (803) 649-7981
29801

September 16, 1981

Mr. Edgar A. Vaughn, Jr.
State of South Carolina
P. O. Box 11333
Columbia, S. C. 29211

REQUEST FOR PAYMENT

State appropriated funds for the period of
July 1, 1981, through June 30, 1982.....\$44,940



Orren E. Byrd, Jr.
Executive Director

RECEIVED

OCT 5 1981

STATE AUDITOR'S OFFICE

10153

AIKEN • ALLENDALE • BAMBERG • BARNWELL • CALHOUN • ORANGEBURG

LOWER SAVANNAH COUNCIL OF GOVERNMENTS
PROPOSED RECEIPTS AND EXPENDITURES
FY '82

<u>REVENUES</u>	<u>APPROVED BUDGET FISCAL YEAR 1982</u>
Local Participation	\$ 75,003
State Aid to COG	45,700
EDA Planning	20,345
LEAP	8,550
Highway Safety	1,420
Historical Preservation	6,500
S. C. Commission on Aging	108,233
EDA - Export	13,742
HUD - CD	64,695
Transportation	10,000
Prior Years' Carryover	22,348
State Restricted Matching (COA)	11,466
Local Contract	40,000
 TOTAL REVENUES	 <u>\$428,002</u>
 <u>EXPENDITURES</u>	
Personnel Costs	\$288,358
Travel & Meetings	25,463
Council Auto Expense	9,100
Office and Printing Supplies	10,250
Postage	4,000
Telephone	18,000
Rental & Maintenance Office Equipment	8,150
Utilities	5,000
Depreciation	24,200
Advertising	100
Audit Fees	5,000
Dues - Subscriptions & Insurance	7,800
Interest Expense	6,900
Miscellaneous	9,181
Janitorial & Building Maintenance	6,500
 TOTAL EXPENDITURES	 <u>\$428,002</u>

PEE DEE REGIONAL
COUNCIL OF GOVERNMENTS

- An Economic Development District -

P. O. BOX 5719

FLORENCE, SOUTH CAROLINA 29502

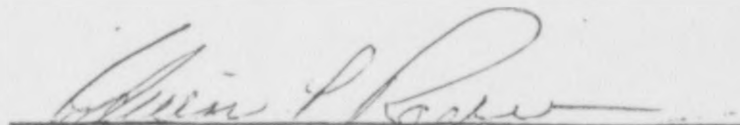
PHONE (803) 669-3138

September 29, 1981

Mr. Edgar A. Vaughn, Jr.
State Auditor
State of South Carolina
Post Office Box 11333
Columbia, South Carolina 29211

REQUEST FOR PAYMENT

State appropriated funds for the period of
July 1, 1981 through June 30, 1982.....\$ 49,681.00



Edwin P. Rogers
Executive Director

RECEIVED

OCT 5 1981

STATE AUDITOR'S OFFICE
BUDGET DIVISION

10155

PEE DEE REGIONAL COUNCIL OF GOVERNMENTS
Proposed Revenues
FY-81-82

<u>REVENUES</u>	<u>APPROVED BUDGET</u> <u>FISCAL YEAR 1982</u>
Local Participation	\$ 118,351.00
State Aid to COG	39,110.00
EDA Planning	26,400.00
Historic Preservation	16,380.00
HUD 701	32,124.00
Highway Saftey	6,240.00
Department of Social Services	18,687.00
Commission on Aging	79,006.00
Local Area Development Assistance	46,656.00
State	49,681.00
Marion CD	15,000.00
	<u>\$ 447,635.00</u>

PEE DEE REGIONAL COUNCIL OF GOVERNMENTS
Expenditures
FY-82

Personnel Costs	\$ 323,570.00
Staff & Adv. Travel	36,927.00
Travel, Per Diem & Other Council Business	13,000.00
Miscellaneous Expenses	7,201.00
Membership Dues & Registration	3,733.00
Outside Printing	1,000.00
Printing & Publications	9,000.00
Audit & Legal	6,500.00
Equipment Rental	1,300.00
Office Supplies & Other	4,820.00
Telephone	15,617.00
Postage	3,000.00
Utilities	6,000.00
Equipment Maintenance & Repairs	2,000.00
Conferences & Meetings	4,000.00
Insurance, Bonding, Workmen's Comp. & Retirement	4,000.00
Equipment Purchase	2,000.00
	<u>443,668.00</u>



SANTEE-LYNCHES COUNCIL FOR GOVERNMENTS

Serving Clarendon, Kershaw, Lee and Sumter Counties

September 22, 1981

EXHIBIT

OCT 27 1981 NO. 13

STATE BUDGET & CONTROL BOARD

Mr. Edgar A. Vaughn, Jr., State Auditor
State of South Carolina
P. O. Box 11333
Columbia, South Carolina 29211

REQUEST FOR PAYMENT

State Appropriated funds for the period of
July 1, 1981 through June 30, 1982..... \$38,918.00

RECEIVED

OCT 5 1981

10158

STATE AUDITOR'S OFFICE
BUDGET DIVISION

SANTEE-LYNCHES COUNCIL FOR GOVERNMENTS
PROPOSED RECEIPTS AND EXPENDITURES
FY'82

<u>Revenues</u>	<u>Approved Budget Fiscal Year 1982</u>
Hud Regional Planning 701	25,925
Camden Urban Development Action Grant	10,000
Transportation Ride Sharing	4,935
Bishopville Community Development	25,000
Economic Development Administration	32,750
Aging Coordination & Program Development	18,485
Aging Planning & Administration	17,274
Aging/Nutrition	19,962
Aging Home Delivered Meals	3,808
Law Enforcement Assistance Administration	3,852
Lynchburg Community Development	1,366
Historic Preservation	2,114
Summerton Community Development	1,675
Highway Safety	1,204
Aging Carry Over Funds	2,058
General Assembly Appropriation	38,918
State Funds (Aging Coordination & LEAA)	1,301
Member Government Contributions	62,284
 Total Revenues	 \$272,911
 <u>Expenditures</u>	
Personnel	197,885
Supplies	1,500
Telephone	9,000
Equipment Rental	250
Travel	10,946
Travel "Other"	1,616
Professional Development	575
Training	231
Printing	2,106
Consultant	3,500
Dues	700
Insurance (Non-Group)	2,630
Equipment Repairs	200
Rent	9,000
Auditing	3,600
Publications	250
Advertising	50
Equipment Maintenance	3,500
Interview, Moving, Recruitment	100
Auto Repairs	1,500
Postage	2,000
Subscriptions	200
Non-Project Costs	21,572
 Total Expenditures	 \$272,911

10159



WACCAMAW REGIONAL
PLANNING AND DEVELOPMENT COUNCIL

P.O. DRAWER 419, GEORGETOWN, SOUTH CAROLINA 29440

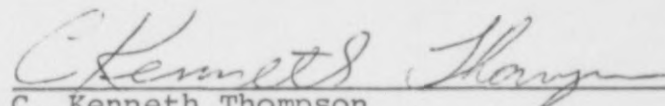
PHONE (803) 546-8502

September 16, 1981

Mr. Edgar A. Vaughn, Jr.
State Auditor
State of South Carolina
P.O. Box 11333
Columbia, SC 29211

REQUEST FOR PAYMENT

State appropriated funds for the period of July 1, 1981 through
June 30, 1982.....\$39,596.00



C. Kenneth Thompson
Executive Director

pjb

RECEIVED

OCT 5 1981

STATE AUDITOR'S OFFICE
BUDGET DIVISION

10160

WACCAMAW REGIONAL PLANNING AND DEVELOPMENT COUNCIL

PROPOSED REVENUES AND EXPENDITURES

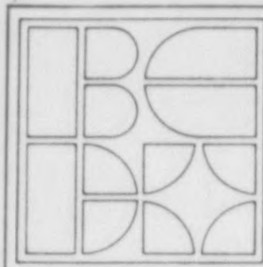
FISCAL YEAR 1982

<u>Revenues</u>	<u>Approved Budget Fiscal Year 1982</u>
Local Participation	55,000.00
State Aid	39,596.00
CETA	56,606.00
COA	71,292.00
EDA	9,139.00
EPA	125,370.00
Highway Safety	1,855.00
LEAP	1,753.00
Transportation	65,173.00
OCS	2,315.00
Andrews CD	30,000.00
Atlantic Beach CD	25,000.00
Service Contracts	93,000.00
In-Kind	4,350.00
Pass Thru Funds	567,267.00
TOTAL REVENUES	<u>\$1,147,716.00</u>

Expenditures

Personnel Costs	404,174.00
Pass Thru	567,267.00
Consultant	15,000.00
Travel-Staff	13,382.00
Per Diem-Staff	2,600.00
Travel-Board	9,000.00
Per Diem-Board	500.00
Auto Expense	34,394.00
Equip. Repairs	4,200.00
Office Supplies	3,000.00
Printing & Reprod.	15,226.00
Dues & Publication	3,800.00
Postage	2,500.00
Legal & Audit	7,500.00
Office Rent	12,600.00
Utilities	3,800.00
Phone	9,200.00
Janitor	600.00
Insurance	9,000.00
Miscellaneous	11,206.00
Furn. & Equip.	2,200.00
Depreciation	7,217.00
Equip. Rental	5,000.00
In-Kind	4,350.00
TOTAL EXPENDITURES	<u>\$1,147,716.00</u>

10161



**BERKELEY
CHARLESTON
DORCHESTER**
COUNCIL OF GOVERNMENTS

EXECUTIVE COMMITTEE MEMBERS

CHAIRMAN Robert B. Scarborough	Lonnie Hamilton, III Michael J. Heitzler
VICE CHAIRMAN Donald Handelsman	Hilda H. Jefferson
SECRETARY Johnnie T. Flynn	Beth McIntosh
TREASURER Charles Ross	Henry T. Niles
John E. Bourne, Jr. W. Paul Cantrell, Jr. John J. Dodds, Jr. George W. Flynn	Hazel Parson Joseph P. Riley, Jr. Gordan Stine McKinley Washington, Jr. George Williams
	EXECUTIVE DIRECTOR Thomas L. Hansen

September 17, 1981

Mr. Edgar A. Vaughn, Jr.
State Auditor
State of South Carolina
P.O. Box 11333
Columbia, SC 29211

REQUEST FOR PAYMENT

State appropriated funds for the period July 1, 1981 - June 30, 1982

\$59,488.00

Thomas L. Hansen, Executive Director

RECEIVED

OCT 5 1981

10162

STATE AUDITOR'S OFFICE
BUDGET DIVISION

Old Citadel Annex, Marion Square; Charleston, South Carolina 29403 803/577-6990

BERKELEY-CHARLESTON-DORCHESTER COUNCIL OF GOVERNMENTS

Proposed Revenues/Expenditures
Fiscal Year 1982

<u>REVENUES:</u>	<u>Approved Budget F.Y. 1982</u>
CHATS/TRIPOOL (UMTA and FHWA)	\$136,256
EPA 208 Water Quality	84,346
Public Safety Programs	720
Historical Survey	5,040
OCS Administration	13,961
Coal Exportation Study	24,784
Coastirs	10,608
EDA	24,750
HUD - Metro Grant	43,241
Community Development Assistance (Local Communities)	26,495
Technical Assistance Contracts (Local Communities)	15,276
Pass-Through Funds (EPA 201 SSES)	242,002
In-Kind Contributions	2,301
Berkeley County Appropriation	28,386
Charleston County Appropriation	85,000
Dorchester County Appropriation	4,000
<u>General Assembly Appropriation</u>	<u>59,488</u>
 TOTAL REVENUES	 \$806,654
 <u>EXPENDITURES:</u>	
Salaries/Benefits/Insurance	\$431,722
Professional Services	17,000
Pass-Through Funds	242,002
Travel/Training and Education/Automotive	22,430
Advertising/Publications/Memberships	5,500
Supplies	17,500
Printing	3,500
Equipment Rental/Repair/Telephone	45,000
Rent - Real Property	15,000
Capital Outlay	1,000
<u>In-Kind Services/Miscellaneous</u>	<u>6,000</u>
 TOTAL EXPENDITURES	 \$806,654



LOWCOUNTRY COUNCIL OF GOVERNMENTS • P.O. BOX 98, YEMASSEE, SOUTH CAROLINA 29945 • (803) 726-5536

September 16, 1981

EXHIBIT

OCT 27 1981 NO. 13

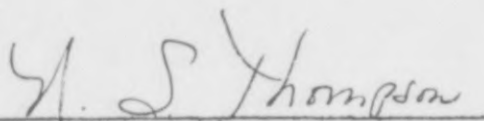
STATE BUDGET & CONTROL BOARD

Mr. Edgar A. Vaughn, Jr., State Auditor
State of South Carolina
Post Office Box 11333
Columbia, S.C. 29211

REQUEST FOR PAYMENT

State funds appropriated for the period July 1, 1981 through
June 30, 1982.

\$35,396.00



N. S. Thompson
Executive Director

RECEIVED
OCT 5 1981
STATE AUDITOR'S OFFICE
BUDGET DIVISION

10164

LCOG Anticipated Receipts & Expenditures

FY 82

Revenues

State Aid to COG	\$ 35,396
Local Gov't (unrestricted)	107,215
Personnel Services Contributed (In-kind)	30,735
Community Development	13,500
State Buy In	2,283
S.C. Commission on Aging:	
Title III, V, XX and State Aid	92,619
HUD Non Metro - Regional	15,921
Hist. Preservation	15,145
Hwy. Safety	4,640
LEAA	6,613
Solid Waste/CEIP	4,653
State Energy	8,000
EPA/Management	16,831
CEIP	10,000
EDA/Planning	52,800
EDA/Energy	18,368
FmHA III	7,930
Federal / State through LCOG to Counties:	
S.C. Commission on Aging	645,067
EPA-208-to Beaufort County	111,206

Total Anticipated Revenues

\$1,198,922

Expenditures

Salaries & Wages	270,490
Personal Salaries Contributed	30,735
FICA	15,479
Group Insurance	15,875
Workmens Compensation	800
Pension	14,621
Employee's Tax SUTA	2,015
Administration Expenses, Pension	2,300
Contractual - Pass-Through-EPA	94,541
Audit	6,000
Vehicle Cost Pool (3 LCOG automobiles)	12,086
Travel, per diem, Registration	20,000
Printing, Reproduction & Publication	3,500
Telephone	12,000
Postage	5,500
Office Supplies	4,500
Utilities	5,300
Dues, Subscription & Advertising	2,950
Space, Rent	12,000
Insurance & Bonding	813
Custodial & Security	5,000
Equipment, Service Agreements	4,700
Drafting, & Darkroom Supplies	5,000
Other, Miscellaneous	1,450
Depreciation/Use charge	6,200

TOTAL Anticipated Expenditures

\$553,855

Aging Pass Through

645,067

\$1,198,922

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 14

REGULAR SESSION AGENDA

MEETING OF October 27, 1981

ITEM NUMBER

8

STATE BUDGET & CONTROL BOARD

Agency: Division of General Services

Subject: Use of Timber Proceeds

The Division of General Services requests permission to apply the \$2,300.00 received for the cutting of timber at Surplus Property on Boston Avenue directly toward the purchase of fencing for the area where the timber will be cut.

Board Action Requested:

Staff Comment:

Attachments:

10166

ARTICLE 7

SINKING FUND

Sec.

- 11-9-610. State Budget and Control Board shall manage.
 11-9-620. Handling of funds.
 11-9-630. Sales of property not in actual public use.
 11-9-640. Vacant lands grantable only for value.
 11-9-650. Payment of purchase price; disposition.
 11-9-660. Investment of funds.
 11-9-670. Control of securities in which Sinking Fund is invested.
 11-9-680. Annual report.

§ 11-9-610. State Budget and Control Board shall manage.

The State Budget and Control Board shall receive and manage the incomes and revenues set apart and applied to the Sinking Fund of the State.

HISTORY: 1962 Code § 1-791; 1952 Code § 1-791; 1942 Code § 2138; 1932 Code § 2138; Civ. C. '22 § 99; Civ. C. '12 § 94; Civ. C. '02 § 90; G. S. 62; R. S. 84; 1870 (14) 388; 1883 (18) 380; 1950 (46) 3605.

Cross references—

As to the State Budget and Control Board, generally, see §§ 1-11-10 to 1-11-160.

§ 11-9-620. Handling of funds.

All moneys arising from the redemption of lands, leases and sales of property or otherwise coming to the State Budget and Control Board for the Sinking Fund, shall be paid into the State Treasury and shall be kept on a separate account by the Treasurer as a fund to be drawn upon the warrants of the Board for the exclusive uses and purposes which have been or shall be declared in relation to the Sinking Fund.

HISTORY: 1962 Code § 1-792; 1952 Code § 1-792; 1942 Code § 2138; 1932 Code § 2138; Civ. C. '22 § 99; Civ. C. '12 § 94; Civ. C. '02 § 90; G. S. 62; R. S. 84; 1870 (14) 388; 1883 (18) 380; 1950 (46) 3605.

§ 11-9-630. Sales of property not in actual public use.

The State Budget and Control Board shall sell and convey, for and on behalf of the State, all such real or personal property, assets and effects belonging to the State as are not in actual public use, such sales to be made from time to time in such manner and upon such terms as it may deem most advantageous to the State. This shall not be construed to authorize the sale by the Board of any property held in trust for a specific purpose by the State or the property of the State in the phosphate rocks or phosphatic deposits in the beds of the navigable streams and waters and marshes of the State.

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HISTORY: 1962 Code § 1-793; 1952 Code § 1-793; 1942 Code § 2139; 1932 Code § 2139; Civ. C. '22 § 100; Civ. C. '12 § 95; Civ. C. '02 § 91; G. S. 63; R. S. 85; 1878 (16) 558, 811; 1887 (19) 863; 1892 (21) 87; 1950 (46) 3605.

Cross references—

As to State Budget and Control Board granting easements and rights of way over vacant lands or marshlands, see §§ 1-11-80 and 1-11-90.

See 1-11-70.

Research and Practice References—

72 Am Jur 2d, States, Territories, and Dependencies §§ 67, 68.
 81 CJS, States § 107.

CASE NOTES

Duty of Board.—This section [Code 1962 § 1-793] makes it the duty of the Board to sell and convey, for and in behalf of the State, all such real and personal property of the State as is not in actual public use, the sales to be made upon such terms as they may deem most advantageous to the State. *Tindal v Wesley*, 167 US 204, 17 S Ct 770, 42 L Ed 137 (1897).

Land held for State University not to be sold.—This section [Code 1962 § 1-793], which declares that it shall not be construed to authorize the sale by the Board of any property held in trust for a specific purpose by the State, does not authorize the Board to convey lands held by the State for the use of the State University. *Trustees of University v Columbia*, 108 SC 244, 93 SE 934 (1917).

ATTORNEY GENERAL'S OPINIONS

Sale of tidelands and submerged lands not authorized.—The Budget and Control Board does not have the authority to sell tidelands and submerged lands. 1964-65 Ops. Att'y Gen., No 1855, p 115; 1965-66 Ops. Att'y Gen., No 1963, p 9.

But such lands may be leased.—The Budget and Control Board does have the authority to lease areas of tidelands and submerged lands to the Federal government when the lease in no way interferes with the public rights of navigation and fishing and other public purposes. 1964-65 Ops. Att'y Gen., No 1855, p 115.

The Budget and Control Board does not have the authority to lease the tidelands and submerged lands in any way that will interfere with the public rights of navigation and fishing and

other public purposes. 1965-66 Ops. Att'y Gen., No 1963, p 9.

And such lands may be dredged or mined.—The State Budget and Control Board has the authority to permit the United States Government to dredge or mine material (other than phosphate) in the submerged lands, i.e., lands lying below the mean low water mark, when the dredging or mining in no way interferes with the public rights of navigation and fishing and other public rights. 1965-66 Ops. Att'y Gen., No 1963, p 9.

Disposition of revenues.—In the event revenue from the sale of gravel on lands owned by the South Carolina State Penitentiary is not used for specified purposes, such revenue will become part of the State Sinking Fund. 1964-65 Ops. Att'y Gen., No 1925, p 217.

§ 11-9-640. Vacant lands grantable only for value.

No grant of vacant lands shall be issued except to actual purchasers thereof for value.

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EXHIBIT
 OCT 27 1981 NO. 14
 STATE BUDGET & CONTROL BOARD

10167

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 15 REGULAR SESSION AGENDA

MEETING OF October 27, 1981

STATE BUDGET & CONTROL BOARD

ITEM NUMBER

9

Agency: Division of General Services

Subject: Installment Purchase

The Division of General Services requests permission to purchase

- .IBM 3380 Disk Controller and 30 3350 Disk Spindles.
- .60 month installment purchase @11.25% interest
- .Taxes \$19,450.14
- .Purchase price as of Nov. 1, 1981 - \$486,253.50
- .Down payment \$909.00
- .Monthly payment \$10,514.59 for 60 months
- .Total interest over 60 months - \$145,531.40
- .Reduces monthly lease of \$20,579.00 to monthly purchase cost.

List price \$606,372 less \$120,118.50 lease accural credit trade-in allowance equals \$486,253.50 purchase price.

The Division intends to buy this installment contract once the Installment Purchase Fund has been established.

Board Action Requested:

Staff Comment:

Attachments:

10168

EXHIBIT

STATE BUDGET AND CONTROL BOARD

OCT 27 1981

NO. 16

REGULAR SESSION AGENDA

MEETING OF October 27, 1981

ITEM NUMBER 10

STATE BUDGET & CONTROL BOARD

Agency: State Personnel Division

Subject: Revision of Personnel Rule concerning Tuition-Aid Assistance.

At the October 13 meeting, the Board agreed that this revision should be included in the formal submission of Board regulations which is to be made around January 1, 1982.

This item is on this agenda to clarify the present status of the proposed revision.

Board Action Requested:

Approval of revision

Staff Comment:

See attached revision.

Attachments:

10169

EXHIBIT

OCT 27 1981 NO. 16

10.09 Tuition Assistance

STATE BUDGET & CONTROL BOARD

A. Purpose of Program

In order to encourage development through educational opportunity, the Budget and Control Board hereby establishes a Tuition-Aid Program in accordance with the provisions of 10.08. This program is designed to assist agencies in attracting current and prospective employees (hereafter referred to as candidates) into job classes for which it is difficult to recruit qualified personnel.

B. Eligibility for Program Benefits

Eligibility for the benefits of this program is determined as follows:

1. Job Classes - all job classes and the number of positions in the classes for which an agency requests tuition-aid must be approved in advance by the Budget and Control Board and must be justified by the agency to the Board.
2. Courses - each course for which tuition-aid is requested must be job related and for the future betterment of the agency as determined by the agency head.
3. Candidates - candidates for tuition-aid must be selected from the following two categories:
 - a. Prospective employees
 - b. Current agency employees
4. Prospective Employees - an agency may enter into an agreement for reimbursement of tuition with any candidate(s) currently enrolled in a program that will qualify the candidate, upon completion, to be placed in a classification for which the agency has received prior Board approval. In

EXHIBIT

-2-

OCT 27 1981 NO. 16

STATE BUDGET & CONTROL BOARD

order for reimbursement of tuition to be made, a written agreement, including the Reimbursement and Service Commitment provisions of this policy, shall be entered into and signed by an authorized representative of the agency and the candidate(s).

5. Covered Agency Employees - to be eligible for tuition reimbursement, an employee candidate must:
 - a. Provide a statement of the candidate's educational plans that has been reviewed and approved by the agency head. The statement of plans will include a listing of the specific courses the candidate intends to take to meet stated objectives. The candidate must file a new statement of plans whenever changes occur or, in the case of making minor changes in course electives, the candidate may amend the original plans in writing. The statement of educational plans will be placed in the personnel file and become a permanent part of the candidate's personnel record. Reimbursement can only be approved for courses that are included in the approved plans.
 - b. Submit a Tuition-Aid application for each course at least thirty calendar days prior to registration. The candidate will be provided a copy of the application, if approved, not later than two weeks prior to the registration date. The candidate may then enroll in the course(s).

10171

EXHIBIT

-3-

OCT 27 1981

NO. 16

STA.

C. Reimbursement

STATE BUDGET & CONTROL BOARD

When a candidate has successfully completed the course or courses specified in the written agreement for tuition reimbursement, that candidate will receive a 75% refund of tuition and/or Lab fees upon written evidence (an official transcript) from the school of successful completion ("successful completion" means at least a "C" in graded courses or a certificate of satisfactory completion or passing in non-graded courses).

D. Service Commitment

Any candidate who participates in the program shall sign an agreement to remain in the employment of the agency six (6) months for each course for which the employee is reimbursed. The service commitment begins on the first day the candidate reports to work immediately following the date of successful completion of the course(s). In the event a candidate fails to fulfill a service commitment agreement, the candidate shall repay the tuition reimbursement plus interest at the prevailing interest rate.

10172



STATE OF SOUTH CAROLINA

RECEIVED

OCT 23 1981

BUDGET AND CONTROL BOARD
OFFICE OF EXECUTIVE DIRECTOR

EXHIBIT

OCT 27 1981

M. COPELAND
DIVISION DIRECTOR
(803) 758-2226

BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVAIS STREET
COLUMBIA, S.C. 29201

MEMORANDUM

STATE BUDGET & CONTROL BOARD

TO:

*State Budget & Control Board
Office of the Executive Director*

FROM:

Beverly E. Coker, Liability Insurance Administrator

SUBJECT:

Tort Liability Renewal - Certificate No. T-763

Please be advised that your Tort Liability Certificate will expire on January 1, 1982.

In order to process your renewal promptly, an update is required on the number of personnel to be insured for the new policy period. This figure must include all employees (full and part time), all volunteers, any elective and/or appointive officials and members of the Board of Trustees, Directors and/or Commissions. In an effort to update our files, please indicate which Departments, Boards, Commissions, etc. are covered. We also request that you indicate which limit of liability you desire for your coverage. As last year, the choices are: \$500,000 per occurrence at \$7.50 per person or \$1,000,000 per occurrence at \$9.00 per person.

It is imperative that we have this information, in writing, in this office no later than November 20, 1981. Also, it is requested that we be notified in writing if your decision is not to renew this coverage.

If you have any questions concerning this, please feel free to contact me.

/bec

10173

EXHIBIT

OCT 27 1981

NO. 17

State of South Carolina

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLEE MORRIS, JR.
COMPTROLLER GENERAL



Box 12444
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

MEMORANDUM

Date: November 19, 1980

TO: Paul V. Hawkins, Chief of Insurance
FROM: Sue C. Crapps, Administrative Assistant *SC*
RE: Tort Liability Renewal - Certificate No. T.438

In reference to your memorandum dated October 31, 1980, please be advised that we do wish to increase our coverage from \$500,000 to \$1,000,000 for an additional cost of \$1.50 per person. Please renew the policy for the following list of eleven employees of the Office of Executive Director, State Budget and Control Board and also the three Board members which we have previously included.

William T. Putnam, Executive Director, Budget and Control Board
Edward P. Brophy, Management Analyst
Sue C. Crapps, Administrative Assistant III
John A. Crossscope, Jr., Chief, Special Projects
Harry M. Johnston, Jr., Management Analyst
Naomi S. Kellum, Administrative Assistant I
Sandra O. Lowe, Systems Analyst II
William A. McInnis, Deputy Executive Director
Shiann C. Owens, Secretary II
Donna K. Williams, Administrative Assistant II
Michael L. Windham, Management Analyst

The Honorable Earle E. Morris, Jr., Comptroller General
The Honorable Rembert C. Dennis, Chairman, Senate Finance Committee
The Honorable Tom G. Mangum, Chairman, Ways and Means Committee

If you have any questions concerning the above or if we can provide any further information, please feel free to call upon us.

10174

RECEIVED

NOV 13 1980



EXHIBIT

OCT 27 1981

NO. 17

STATE BUDGET & CONTROL BOARD

STATE OF SOUTH CAROLINA

BUDGET AND CONTROL BOARD
DIVISION OF GENERAL SERVICES
300 GERVASIS STREET
COLUMBIA, S.C. 29201

MEMORANDUM

T.M. COPELAND
DIVISION DIRECTOR
(803) 758-2226

Paul V. Hawkins
Chief of Insurance
(803) 758-3543

TO: *Budget & Control Board - Office of the Executive Director*
FROM: Paul V. Hawkins, Chief of Insurance
SUBJECT: Tort Liability Renewal - Certificate No. T-438

DATE: October 31, 1980

Please be advised that your Tort Liability Certificate will expire January 1, 1981.

In order to process your renewal promptly, an update is required on the number of personnel to be insured for the new policy period.

This figure must include all employees (full and part time), all volunteers, any elective and/or appointive officials and members of the Board of Trustees, Directors and/or Commissions. In an effort to update our files, you must indicate which Departments, Boards, Commissions, etc., are covered.

Through everyone's watchfulness, our claims have been held to a minimum. Continue to watch and guard against needless suits and we can keep the present premium structure.

We were able to increase the coverage from \$300,000 to \$500,000 without an additional investment of premium. We have the opportunity to raise the coverage from \$500,000 to \$1,000,000 with an additional cost of \$1.50 per person. This would bring the total to \$9.00 instead of \$7.50. With this low rate, there is a possibility that all or none must participate. We are interested in knowing how many entities would be willing to pay the additional \$1.50 for the increased coverage. Please indicate your preference.

This information must be in this office, in writing, no later than November 21, 1980. Also, it is requested that we be notified in writing if your decision is not to renew this coverage.

If there are any questions, please contact Beverly Sarullo of this office.

PVH/bcs

10175

AGENCY NUMBER F02	AGENCY BATCH NUMBER 80191	OBJECT CODE FROM TOTAL 1018	TOTAL BATCH AMOUNT \$252.00	BATCH DATE	BATCH NUMBER	FM	DOCUMENT 411
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AGENCY VOUCHER NUMBER

A124

STATE OF SOUTH CAROLINA

CG WARRANT NUMBER

AGENCY TRANSFERRED TO OR

B&C - General Services

INTERDEPARTMENTAL TRANSFER

AGENCY TRANSFERRED FROM OR

B&C - Exec. Dir.

ADDRESS

ADDRESS

TO THE COMPTROLLER GENERAL

The Attached bills are approved for payment as follows:

EXHIBIT

OCT 27 1981

NO. 17

FROM

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	STATE BUDGET & CONTROL BOARD TRANSACTION AMOUNT	MULTI PURPOSE CODE	CG R
08	450	F02	0116	1001			0418	126.00	11810797	
TOTAL							0418	126.00		

TO

FM	TRANS CODE	AGCY NO	MINI CODE	SUB FUND CODE	PROJECT CODE	AGENCY REFERENCE NUMBER	OBJECT CODE	TRANSACTION AMOUNT	MULTI PURPOSE CODE	CG R
08	400	F12					0600	126.00	24170002	
TOTAL							0600	126.00		

I hereby certify that the articles purchased or services rendered as shown herein have been received and are in accordance with law, and that the payee is entitled to payment therefor by the State of South Carolina.

SIGNATURE Lue C. Cropper OFFICIAL TITLE Adm. Asst. DATE 2/13/81 CG AUDITOR _____

02-09-81

STATE OF SOUTH CAROLINA INTERDEPARTMENTAL TRANSFER

C. G. WARRANT NUMBER

FOR
C
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L
Y

EXHIBIT

OCT 27 1981

NO. 17
AMOUNT

NCY VOUCHER NUMBER

1 OF 1

TO THE COMPTROLLER GENERAL,
THE ATTACHED BILLS ARE APPROVED
FOR PAYMENT AS FOLLOWS:

STATE BUDGET & CONTROL BOARD

NCY TRANSFERRED TO (CR)

BUDGET & CONTROL BOARD
DIV. OF GENERAL SERVICES
500 GERVAIS STREET
COLUMBIA, S.C. 29201

AGENCY TRANSFERRED FROM (DR)

NAME BUDGET AND CONTROL BOARD
OFF OF THE EXECUTIVE DIR

ADDRESS PO BOX 12444

COLUMBIA SC

29211

2

CREDIT AGENCY NO.

DEBIT AGENCY NO.

ORGANIZATION NUMBER	FY	AGENCY INVOICE OR REFERENCE	ACCOUNT NUMBER	ACCOUNT TITLE	OBJECT CODE	AMOUNT
12 05150000	81	51030011232	2 4 170002	INSURANCE RESERVE FUNDS	1 06 00	126.00

TOTAL 126.00

ORGANIZATION NUMBER	FY	AGENCY INVOICE OR REFERENCE	ACCOUNT NUMBER	ACCOUNT TITLE	OBJECT CODE	AMOUNT

THIS FORM MUST BE ACCOMPANIED BY COMPLETED INVOICE WITH PROPER ITEMIZATION
& JUSTIFICATION FOR THE EXACT AMOUNT AND PRESENTED AT THE OFFICE OF THE
COMPTROLLER GENERAL, COLUMBIA, S. C. FOR APPROVAL AND PROPER CHARGE.

TOTAL

HEREBY CERTIFY THAT THE ARTICLES PURCHASED OR SERVICES RENDERED AS SHOWN HEREIN HAVE BEEN RECEIVED AND ARE IN
ACCORDANCE WITH LAW, AND THAT THE PAYEE IS ENTITLED TO PAYMENT, THEREFORE, BY THE STATE OF SOUTH CAROLINA.

10177

SIGNATURE OFFICIAL TITLE DATE C. G. AUDITOR

Division of General Services

Insurance on Public Buildings
300 GERVAIS STREET
COLUMBIA, S. C. 29201

NOTICE OF PREMIUM DUE

DATE 02/02/81

INVOICE NUMBER 1123
1123

AGENCY S.C. STATE BUDGET AND CONTROL BOARD

POLICY NUMBER	EFFECTIVE DATE	EXPIRATION DATE
1763	01/01/81	01/01/82

FIRE & EXTENDED COVERAGE	DIFFERENCE IN CONDITIONS	BUILDERS RISK	MISCELLANEOUS
-----------------------------	-----------------------------	---------------	---------------

MEDICAL LIABILITY	TORT LIABILITY	AUTO LIABILITY	ADDITIONAL PREMIUM
	125.00		

THIS CREDIT APPLIES TO
INVOICE NUMBER

RETURN PREMIUM (CREDIT MEMO)	NET DUE
	125.00

PAY THIS AMOUNT

NET PREMIUM DUE AND PAYABLE ON OR BEFORE EFFECTIVE DATE

EXHIBIT

OCT 27 1981 NO. 17

STATE BUDGET & CONTROL BOARD

10178



CERTIFICATE NO. T-763

State Budget and Control Board
Division of General Services
of the State of South Carolina

EXHIBIT

TORT LIABILITY

OCT 27 1981

NO. 17

CERTIFICATE OF INSURANCE

STATE BUDGET & CONTROL BOARD

ITEM I. Named Insured — Employees including elective or appointive officers or members of the Board of Trustees, Directors or Governors of: S. C. State Budget and Control Board - Office of the Executive Director
Post Office Box 12444
Columbia, South Carolina 29211

ITEM II. Certificate Period: From: January 1, 1981
To: January 1, 1982
12:01 A.M. Standard Time at the address of the named Employer as stated herein.

ITEM III. This insurance applies only while the person or persons insured are acting within the scope of their duties for the Employer designated in ITEM I above.

ITEM IV. The limit of liability for personal injury and/or property damage each occurrence: ~~\$300,000.00~~ \$1,000,000.00

ITEM V. Premium Computation: (\$7.50 - ~~\$25.50~~ \$27.50)

Provisional Rate Per Employee and Other Designated ITEM I	Number of Insured Persons	Advance Premium
\$ 9.00	14	\$ 126.00

ITEM VI. The rights and liabilities of the parties insured will be governed by the terms and conditions of the original policy which may be amended by subsequent endorsements. This certificate of insurance neither affirmatively nor negatively amends, alters or extends the coverage afforded by Policy GL-0002. In the event of any material change in, or cancellation of, the policy thirty (30) days notice will be provided to the Employer to whom this certificate has been issued.

IN WITNESS WHEREOF The State Budget and Control Board of the State of South Carolina, through the Division of General Services executed and attested these presents.

DIVISION OF GENERAL SERVICES

F.E. McEachern, Jr.
Division Director

By
Chief of Insurance

10179

INSURED