

MINUTES OF
BUDGET AND CONTROL BOARD
MEETING

June 23, 1994

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

June 23, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Budget and Control Board Office Directors
FROM: Donna Kaminer Williams, Board Secretary
SUBJECT: Summary of Board Actions at June 23, 1994, Meeting

This listing of actions is an unofficial **summary** of the Board actions taken at the referenced meeting. The minutes of the meeting are presented in a separate, more detailed document which becomes official when approved by the Board at a subsequent meeting.

1. Acting as the Educational Facilities for Private, Nonprofit Institutions of Higher Learning, adopted a resolution authorizing a public hearing to be held jointly by Spartanburg County and the Educational Facilities Authority for Private, Nonprofit Institutions of Higher Learning with respect to the issuance by the Authority of not exceeding \$4,859,000 Authority revenue bonds (Wofford College project);
2. Adopted the Budget and Control Board agenda after adding executive session item #11, relating to a Governor's Office legal briefing and after having been advised that the following items had been withdrawn: regular session item #9, relating to an appeal of a decision denying a permit to construct a causeway and bridge; and executive session item #9, relating to a Piedmont TEC proposed property purchase;
3. Approved the minutes of the May 10, 1994, meeting of the Budget and Control Board; and, acting as the Educational Facilities for Private, Nonprofit Institutions of Higher Learning, approved the minutes of the May 10, 1994, Authority meeting;
4. Approved the transfer of 1.064 acres at Highway 555, Midlands Center in Columbia, from the Budget and Control Board to the Department of Transportation for the construction of a turning lane at Midlands Center;

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5. Approved the release of \$1,000,000 in capital improvement bond funds for PRT's Recreation Land Trust Fund in Priority Group 25 (July-December 1994);
6. Approved the following Summary 11-94 permanent improvement project establishment requests and budget revisions which had been reviewed favorably by the Joint Bond Review Committee:
 - (a) Item 1: Adjutant General
Project: 9639, Leesburg Training Site Washrack/Fuel Facility Construction
Request: Establish project and budget (\$1,009,800 federal funds) to construct a 30,000 ft² concrete washrack and a 20,000 ft² fueling facility with one 10,000 gallon diesel storage tank, one 2,000 gallon MOGAS storage tank, and a fuel card dispensing system for servicing tracked and large wheeled vehicles. Leesburg Training Site currently does not have facilities to handle the types of vehicles in the inventory. Project is 100% federally funded.
 - (b) Item 2: Mental Health
Project: 9544, Waccamaw CMHC Central Facility Construction
Request: Increase budget to \$3,998,000 (add \$400,000 excess debt service funds) to complete the building as designed. In order to accept the bid which was higher than expected, equipment funds were deleted from the project budget and an alternate was accepted to construct a shell of a portion of the building for the Living Skills program. The increase will cover the expected cost of equipment and furnishings and allow for completing the Living Skills portion of the building as previously designed.
7. Approved the following easements in accord with Code Sections 1-11-80, 1-11-90 and 1-11-100:
 - (a) County Location: Charleston County
From: Budget and Control Board
To: Southern Bell
Description/Purpose: To install a fiber optic cable beneath the Stono River (AIWW) adjacent to Limehouse Bridge crossing near Johns Island
Consideration: \$200

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- (b) County Location: Lexington County
From: Budget and Control Board
To: Southern Bell
Description/Purpose: To allow for an additional 2,275 ft² to be used for lines or systems of communications near Wil Lou Gray Opportunity School
Consideration: \$4,550

8. Concurred and acquiesced in the granting of the following easement in accord with Code Section 10-1-130:

County Location: Bamberg County
From: Department of Mental Health
To: South Carolina Electric & Gas Company
Description/Purpose: To place transmission lines across a 2.009-acre tract of land
Consideration: \$1

9. Received as information a report that the State Treasurer's Office has been advised of the following bond counsel assignment in conduit issues:

- (a) Jobs-Economic Development Authority: TFP, Incorporated project, Ms. Kathleen C. McKinney, McNair and Sanford law firm;
(b) Jobs-Economic Development Authority: Roller Bearing Company of American, Incorporated project, Mr. Robert S. Galloway, Sinkler and Boyd law firm;
(c) Jobs-Economic Development Authority: Methodist Home project, Ms. Kathleen C. McKinney, McNair and Sanford law firm;
(d) Jobs-Economic Development Authority: Alfmeier Corporation project, Ms. Kathleen C. McKinney, McNair and Sanford law firm;
(e) Jobs-Economic Development Authority: Alexander Family Partnership/Alexander Machinery, Inc. project, Ms. Kathleen C. McKinney, McNair and Sanford law firm;

10. Adopted a resolution approving the Berkeley County proposal to issue \$175,000,000 Fee-in-Lieu of Taxes Industrial Revenue Bonds on behalf of the Miles Inc. project;

11. Adopted a resolution approving the private sale of \$2,500,000 Economic Development Revenue Bonds by the Jobs-Economic Development Authority for the Alexander Machinery, Inc. project; and allocated \$2,500,000 of the state ceiling for the project;

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12. Authorized the Department of Public Safety to transfer appropriations on an as-needed basis to the Department of Transportation during fiscal year 1994-95 so that the Department of Transportation can process payments on behalf of the Department of Public Safety;
13. Authorized the operator of the Barnwell Low-level Radioactive Waste Facility to collect a disposal fee of \$2.23 per cubic foot for 1994-95, based on a volume estimate of 200,000 cubic feet of waste, and directed that the funds be remitted to the State Treasurer on a monthly basis, to allow funding for the Southeast Compact Commission budget of \$406,269 and the annual \$40,000 for administrative expenses for the Governor's Office, Division of Natural Resources;
14. Adopted a resolution making provision for the issuance and sale of \$24,335,500 State Capital Improvement Bonds, Series 1994MB;
15. Relating to the Civil Contingent Fund:
 - (a) Disencumbered the following 1993-94 Civil Contingent Fund allocations to the Attorney General's Office: Catawba Suit, \$80,000; and GA-SC boundary, \$21,401; and
 - (b) Encumbered 1993-94 Civil Contingent Funds for the following agencies:
 - (1) Commission on Higher Education: \$30,000 to pay for the current shortfall in the Southern Regional Education Board account; and
 - (2) Department of Juvenile Justice: \$50,000 in addition to previous allocation of \$75,000 (balance of \$17,599.02 remaining to date) to prepare for and complete a June trial;
16. Approved guidelines for awarding salary increases to unclassified employees in fiscal year 1994-95; and approved permanent guidelines governing medical doctors;
17. Approved a grant of \$100,000 to Anderson County on behalf of the Hammond Water and Sewer Company;
18. Carried over consideration of a request to grant management authority of the 406 state-owned acres known as the Fain property to the Department of Natural Resources;

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19. Waived the standard surplus property procedure and approved the Forestry Commission sale of one acre, previously used as the Kingstree District shop facility, to Williamsburg County for \$2,000; and approved a quit claim to the County without consideration for the Forestry Commission's interest in a 50-foot strip (0.615 acre);
20. Agreed to meet at 10:00 a.m. on Thursday, July 14, 1994, in the Governor's conference room in the State House;
21. Received legal information on the Medical University and its Medical Center;
22. Received advice on a State Personnel Regulation pertaining to the Medical University;
23. Approved a salary of \$59,967 for Ms. Suzette Surkamer as Executive Director of the South Carolina Arts Commission, based upon the recommendation of the Agency Head Salary Commission;
24. Authorized a salary of \$99,118 for Dr. Michael B. McCall as the Executive Director of the State Board for Technical and Comprehensive Education, as recommended by the Agency Head Salary Commission;
25. Approved an executive compensation system appointment above the midpoint for Dr. Norman H. Scott, President of Williamsburg Technical College, at a salary of \$78,000, effective July 1, 1994;
26. Approved the recommendation of the Agency Head Salary Commission to grant Dr. Anthony DiGiorgio, President of Winthrop University, a 4% towards midpoint salary increase, which results in a salary of \$91,436;
27. Appointed Alan L. Pollack, Ph.D., Assistant Executive Director of the Budget and Control Board, as hearing officer to hear evidence regarding sick leave and maternity leave set off against reinstatement pay (Belton v. State of South Carolina, et al.);
28. Completed performance evaluations of the Executive Director, the State Auditor, and the Director of the Retirement Systems for the July 1, 1993 - June 30, 1994, time period;
29. Authorized the State Health and Human Services Finance Commission to join with Hawaii, Tennessee, Rhode Island, Ohio, Delaware, and Missouri in responding to the NACHC suit to enjoin the administration from granting any new Medicaid waivers and to stop implementation of waivers currently being implemented; and

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19. Waived the standard surplus property procedure and approved the Forestry Commission sale of one acre, previously used as the Kingstree District shop facility, to Williamsburg County for \$2,000; and approved a quit claim to the County without consideration for the Forestry Commission's interest in a 50-foot strip (0.615 acre);
20. Agreed to meet at 10:00 a.m. on Thursday, July 14, 1994, in the Governor's conference room in the State House;
21. Received legal information on MUSC and its Medical Center;
22. Received advice on a State Personnel Regulation pertaining to the Medical University;
23. Approved a salary of \$59,967 for Ms. Suzette Surkamer as Executive Director of the South Carolina Arts Commission, based upon the recommendation of the Agency Head Salary Commission;
24. Authorized a salary of \$99,118 for Dr. Michael B. McCall as the Executive Director of the State Board for Technical and Comprehensive Education, as recommended by the Agency Head Salary Commission;
25. Approved an executive compensation system appointment above the midpoint for Dr. Norman H. Scott, President of Williamsburg Technical College, at a salary of \$78,000, effective July 1, 1994;
26. Approved the recommendation of the Agency Head Salary Commission to grant Dr. Anthony DiGiorgio, President of Winthrop University, a 4% towards midpoint salary increase, which results in a salary of \$91,436;
27. Appointed Alan L. Pollack, Ph.D., Assistant Executive Director of the Budget and Control Board, as hearing officer to hear evidence regarding sick leave and maternity leave set off against reinstatement pay (Belton v. State of South Carolina, et al.);
28. Completed performance evaluations of the Executive Director, the State Auditor, and the Director of the Retirement Systems for the July 1, 1993 - June 30, 1994, time period;
29. Authorized the State Health and Human Services Finance Commission to join with Hawaii, Tennessee, Rhode Island, Ohio, Delaware, and Missouri in responding to the NACHC suit to enjoin the administration from granting any new Medicaid waivers and to stop implementation of waivers currently being implemented; and
30. Unanimously adopted the attached resolution.

R E S O L U T I O N
O F T H E
B U D G E T A N D C O N T R O L B O A R D

WHEREAS, the South Carolina State Budget and Control Board has been advised by legal counsel that it does not have authority to determine what flags should be flown above the South Carolina State House; and

WHEREAS, the State Budget and Control Board has been further advised by legal counsel that it does not have any independent authority to remove the Confederate Battle Flag from the State House dome. The Federal District Court affirmed that the Governor had no authority over the Confederate Battle Flag, and further the State Budget and Control Board was dismissed from the lawsuit; and

WHEREAS, the State Budget and Control Board, through its Office of General Services, is charged statutorily with only the maintenance of the State House and its grounds and does not have the authority to make changes without the express approval and direction of the State House Committee and/or the General Assembly; and

WHEREAS, on June 17, 1987, and on October 18, 1993, the Attorney General of South Carolina did issue opinions which specifically stated that the State Budget and Control Board did not have the legal authority to remove the Confederate Battle Flag without direction from the above mentioned legislative entities so charged with that responsibility; and

WHEREAS, the South Carolina General Assembly has not passed any new legislation altering the legal facts regarding the flying of the Confederate Battle Flag over the State House since the issuance of the October 18, 1993, opinion of the Attorney General; and

WHEREAS, the State Budget and Control Board is unanimously in agreement that the issue of the Confederate Battle Flag over the State House needs to be resolved in as harmonious a manner as possible and that a compromise needs to be derived from a consensus of the leadership of the General Assembly which will preserve the heritage of all citizenry of this state;

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board that it endorses in principle the compromise set forth in the commonly termed Heritage Act which removes all flags from the State House dome except the United States and South Carolina flags, displays the Confederate Battle Flag at the Confederate Soldier's Monument on the State House grounds, displays the First National Flags of the Confederacy on the State House Grounds, and provides for a mechanism to build a Civil Rights Monument to honor and recognize the efforts made to afford and guarantee equal rights and opportunities to all South Carolinians irrespective of race or ethnic origin.

BE IT FURTHER RESOLVED that the State Budget and Control Board is fully prepared to implement such a compromise and to fulfill its administrative duties in regard to that compromise as soon as the proper legislation is enacted, be it by statute, joint resolution, or proviso.

ADOPTED this 23d day of June, 1994, in Columbia.

Carroll A. Campbell, Jr., Chairman

ATTEST:

Donna Kaminer Williams, Secretary

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MINUTES OF STATE BUDGET AND CONTROL BOARD MEETING

Thursday, June 23, 1994

10:00 A. M.

The Budget and Control Board met at 10:00 a.m. on Thursday, June 23, 1994, in the Governor's conference room in the State House, with the following members in attendance:

Governor Carroll A. Campbell, Jr., Chairman;
Mr. Grady L. Patterson, Jr., State Treasurer;
Mr. Earle E. Morris, Jr., Comptroller General;
Senator John Drummond, Chairman, Senate Finance Committee;
Representative William D. Boan, Chairman, Ways and Means Committee.

Also attending were Executive Director Luther F. Carter; Board Secretary Donna Kaminer Williams; Division Director Richard W. Kelly; General Counsel Joseph D. Shine; Governor's Senior Executive Assistant W. Eddie Gunn; Deputy State Treasurer Sandy A. Huey and Senior Assistant State Treasurer C. C. "Chuck" Sanders, Jr.; Assistant Comptrollers General George M. Lusk and Kinsey Jenkins; Finance Committee Chief of Staff Robert Merritt; Ways and Means Committee Director of Research Frank Fusco; and other Board staff.

[Secretary's Note: This Board meeting was held immediately following a meeting of the Educational Facilities Authority for Private, Nonprofit Institutions of Higher Learning, the members of which are Budget and Control Board members, *ex officio*.]

Adoption of Agenda

The Board without objection adopted the agenda after adding executive session item #11, relating to a Governor's Office legal briefing and after having been advised that the following items had been withdrawn: regular session item #9, relating to an appeal of a decision denying a permit to construct a causeway and bridge; and executive session item #9, relating to a Piedmont TEC proposed property purchase.

Governor Campbell advised that Attorney General Travis Medlock had requested an opportunity to speak to the Board. He said that during executive session the Board will get a legal briefing from its own counsel before it hears from Mr. Medlock.

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Minutes of Previous Meetings

Board members previously had been furnished a draft version of the minutes of the May 10, 1994, meetings of the Budget and Control Board and of the Educational Facilities Authority for Private, Nonprofit Institutions of Higher Learning.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the minutes of the May 10, 1994, meeting of the Budget and Control Board.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board, acting as the Educational Facilities for Private, Nonprofit Institutions of Higher Learning, approved the minutes of the May 10, 1994, Authority meeting.

Blue Agenda

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved all items included on the blue agenda. Blue agenda items are identified as such in these minutes.

General Services: Property Transfer(Blue Agenda #1)

The Division recommended approval of the following property transfer in accord with Code Section 1-11-65:

<u>Agency:</u>	Budget and Control Board
<u>Acreage:</u>	1.064 acres
<u>Location:</u>	Highway 555 at Midlands Center, Columbia; Richland County
<u>Purpose:</u>	Conveyance to the Department of Transportation for the construction of a turning lane at Midlands Center
<u>Appraised Value:</u>	\$1,325
<u>Sale Price/ Seller:</u>	\$1,325; State of South Carolina
<u>Source of Funds:</u>	n/a
<u>Project Number:</u>	n/a
<u>Environmental Study:</u>	n/a
<u>Approved by:</u>	Department of Mental Health and Department of Disabilities and Special Needs

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The Board was advised that this turn lane is being constructed at the request of the Department of Disabilities and Special Needs in order to increase traffic safety in the areas for both employees and clients.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the transfer of 1.064 acres at Highway 555, Midlands Center in Columbia, from the Budget and Control Board to the Department of Transportation for the construction of a turning lane at Midlands Center.

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

General Services: CIB Draw Schedule, Group 25 New Start Project (Blue Agenda #2)

On May 24, 1994, the Joint Bond Review Committee approved the release of a \$1,000,000 capital improvement bond authorization for the Department of Parks, Recreation and Tourism's Recreation Land Trust Fund. The project is a new start project scheduled for release in Priority Group 25 (July-December 1994).

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the release of \$1,000,000 in capital improvement bond funds for PRT's Recreation Land Trust Fund in Priority Group 25 (July-December 1994).

Information relating to this matter has been retained in these files and is identified as Exhibit 2.

General Services: Permanent Improvement Projects (Blue Agenda #3)

Board approval was requested for the following Summary 11-94 permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

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- (a) Item 1: Adjutant General
Project: 9639, Leesburg Training Site Washrack/Fuel Facility Construction
Request: Establish project and budget (\$1,009,800 federal funds) to construct a 30,000 ft² concrete washrack and a 20,000 ft² fueling facility with one 10,000 gallon diesel storage tank, one 2,000 gallon MOGAS storage tank, and a fuel card dispensing system for servicing tracked and large wheeled vehicles. Leesburg Training Site currently does not have facilities to handle the types of vehicles in the inventory. Project is 100% federally funded.
- (b) Item 2: Mental Health
Project: 9544, Waccamaw CMHC Central Facility Construction
Request: Increase budget to \$3,998,000 (add \$400,000 excess debt service funds) to complete the building as designed. In order to accept the bid which was higher than expected, equipment funds were deleted from the project budget and an alternate was accepted to construct a shell of a portion of the building for the Living Skills program. The increase will cover the expected cost of equipment and furnishings and allow for completing the Living Skills portion of the building as previously designed.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the referenced Summary 11-94 permanent improvement project establishment requests and budget revisions which had been reviewed favorably by the Joint Bond Review Committee.

Information relating to this matter has been retained in these files and is identified as Exhibit 3.

General Services: Easements (Blue Agenda #4)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board approved the following easements in accord with Code Sections 1-11-80, 1-11-90 and 1-11-100:

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1. County Location: Charleston County
From: Budget and Control Board
To: Southern Bell
Description/ Purpose: To install a fiber optic cable beneath the Stono River (AIWW) adjacent to the Limehouse Bridge crossing near Johns Island
Consideration: \$200

2. County Location: Lexington County
From: Budget and Control Board
To: Southern Bell
Description/ Purpose: To allow for an additional 2,275 ft² to be used for lines or systems of communications near Wil Lou Gray Opportunity School
Consideration: \$4,550

In this same motion, the Board concurred and acquiesced in the granting of the following easement in accord with Code Section 10-1-130:

County Location: Bamberg County
From: Department of Mental Health
To: South Carolina Electric & Gas Company
Description/ Purpose: To place transmission lines across a 2.009-acre tract of land
Consideration: \$1

Information relating to this matter has been retained in these files and is identified as Exhibit 4.

State Treasurer's Office: Bond Counsel Assignment, Conduit Issues (Blue Agenda #5)

The State Treasurer's Office reported that it has been advised of the following bond counsel assignment in conduit issues:

- (a) Jobs-Economic Development Authority: TFP, Incorporated project, Ms. Kathleen C. McKinney, McNair and Sanford law firm

- (b) Jobs-Economic Development Authority: Roller Bearing Company of American, Incorporated project, Mr. Robert S. Galloway, Sinkler and Boyd law firm

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- (c) Jobs-Economic Development Authority: Methodist Home project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (d) Jobs-Economic Development Authority: Alfmeier Corporation project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (e) Jobs-Economic Development Authority: Alexander Family Partnership/ Alexander Machinery, Inc. project, Ms. Kathleen C. McKinney, McNair and Sanford law firm

The Board received the report as information.

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

Berkeley County: Fee-in-Lieu of Taxes Revenue Bonds, Miles Inc. Project (B#6)

The Board was advised that the required reviews on the following proposal to issue revenue bonds have been completed with satisfactory results, that the project requires approval under State law, and that an allocation of a portion of the Ceiling is not required.

Issuing Authority:	Berkeley County
Amount of Issue:	\$175,000,000 Fee-in-Lieu of Taxes Industrial Revenue Bonds
Allocation Amount:	-0-
Name of Project:	Miles Inc.
Employment Impact:	485 total employees with 150 resulting from new bond issuance
Project Description:	fiber manufacturing facilities

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution approving the Berkeley County proposal to issue \$175,000,000 Fee-in-Lieu of Taxes Industrial Revenue Bonds on behalf of the Miles Inc. project.

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

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JEDA: Economic Development Bonds, Alexander Machinery, Inc. Project (Blue #7)

The Jobs-Economic Development Authority requested Board approval of the private sale of Economic Development Revenue Bonds for the following project and asks that an allocation of a portion of the State Ceiling be made for the project:

Name of Project:	Alexander Machinery, Inc.
Location:	Greenville County
Principal Amount:	\$2,500,000
Allocation Amount:	\$2,500,000
Employment Impact:	maintain existing employment for 82 persons
Purpose:	manufacture of cloth handling equipment

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution approving the private sale of \$2,500,000 Economic Development Revenue Bonds by the Jobs-Economic Development Authority for the Alexander Machinery, Inc. project; and allocated \$2,500,000 of the state ceiling for the project.

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

Executive Director: Appropriations Transfers (Regular Session #1)

The Board was advised that the Department of Public Safety has acquired a new financial system, but additional testing is needed to ensure that payments are processed timely and accurately.

The Board was asked to authorize the Department of Public Safety to transfer appropriations on an as-needed basis to the Department of Transportation during fiscal year 1994-95 so that the Department of Transportation can process payments on behalf of the Department of Public Safety.

The Department of Public Safety will make the necessary journal entries by June 30, 1995, so that appropriations and expenditures will conform with the Appropriations Act.

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At the meeting, Dr. Carter advised that the Comptroller General's Office has been working diligently with the Department of Public Safety in efforts to bring the Department's accounting system on-line. He said that the accounting system will not be fully certified by the Comptroller General's Office by the first of July, so the Budget Division has asked that the Board authorize the Department of Public Safety to transfer appropriations on an as-needed basis to the Department of Transportation during the upcoming fiscal year so that Transportation can process accounting payments on behalf of Public Safety until such time as the accounting system is fully-installed, tested, and certified by the Comptroller General's Office. Mr. Morris advised that it will take about six months to get the system certified.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board authorized the Department of Public Safety to transfer appropriations on an as-needed basis to the Department of Transportation during fiscal year 1994-95 so that the Department of Transportation can process payments on behalf of the Department of Public Safety.

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

Southeast Compact Commission: 1994-95 Southeast Compact Commission Budget (R2)

The Board was advised that the Southeast Interstate Low-level Radioactive Waste Management Compact and the Atomic Energy and Radiation Control Act provide that South Carolina, as host state for the regional disposal facility, must levy a special fee on all users of the facility to provide sufficient funds to cover the annual budget of the Southeast Compact Commission.

The Commission has approved a budget of \$406,269 for 1994-95. The Board is asked to authorize the operator of the Barnwell facility to collect a disposal fee of \$2.23 per cubic foot for 1994-95 and to remit the funds to the State Treasurer on a monthly basis. This fee, which is based on a volume estimate of 200,000 cubic feet of regional waste, should allow funding for the Commission budget of \$406,269 and the annual

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\$40,000 for administrative expenses for the Governor's Office, Division of Natural Resources. Out-of-region access will end on June 30, 1994.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the operator of the Barnwell Low-level Radioactive Waste Facility to collect a disposal fee of \$2.23 per cubic foot for 1994-95, based on a volume estimate of 200,000 cubic feet of waste, and directed that the funds be remitted to the State Treasurer on a monthly basis, to allow funding for the Southeast Compact Commission budget of \$406,269 and the annual \$40,000 for administrative expenses for the Governor's Office, Division of Natural Resources.

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

Capital Improvement Bonds, Series 1994MB (Regular Session #3)

The Board was asked to adopt a resolution making provision for the issuance and sale of \$24,335,500 State Capital Improvement Bonds, Series 1994MB. The proceeds of the bonds will be used to pay costs of permanent improvement projects authorized by Act 1377.

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board adopted a resolution making provision for the issuance and sale of \$24,335,500 State Capital Improvement Bonds, Series 1994MB.

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

Executive Director: Civil Contingent Fund (Regular Session #4)

The Board had been advised by the Attorney General's Office that the following encumbrances will not be needed this fiscal year and may be released: Catawba Suit, \$80,000; and GA-SC boundary, \$21,401. The Board was asked to disencumber those amounts.

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The Board also was asked to make the following allocations from the 1993-94 Civil Contingent Fund:

- (a) Commission on Higher Education: \$30,000 to pay for the current shortfall in the Southern Regional Education Board account. SREB funds are used to pay for the contract the State has with the SREB to send South Carolina students to schools of optometry and veterinary in the southeast.
- (b) Department of Juvenile Justice: \$50,000 in addition to previous allocation of \$75,000 (balance of \$17,599.02 remaining to date) to prepare for and complete a June trial.

Civil Contingent Fund Status:

Unencumbered balance as of 6/16/94	\$29,277.67
Allocations disencumbered:	
Attorney General/Catawba lawsuit	80,000.00
Attorney General/GA-SC Boundary	<u>21,401.00</u>
CCF Balance Available	130,678.67

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board

- (a) disencumbered the following 1993-94 Civil Contingent Fund allocations to the Attorney General's Office: Catawba Suit, \$80,000; and GA-SC boundary, \$21,401; and
- (b) encumbered 1993-94 Civil Contingent Funds for the following agencies:
 - (1) Commission on Higher Education: \$30,000 to pay for the current shortfall in the Southern Regional Education Board account; and
 - (2) Department of Juvenile Justice: \$50,000 in addition to previous allocation of \$75,000 (balance of \$17,599.02 remaining to date) to prepare for and complete a June trial.

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

Human Resources: Unclassified Employees' 1994-95 Salary Increases (R#5)

Section 17G.25.B of the 1994-95 Appropriations Act provides for variable annual salary increases for all unclassified employees effective the first pay day which occurs on

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or after August 16, 1994. Funds for increases are based on an annual average 4.36% increase. The Act further states that the Office of Human Resources' approval must be obtained before any unclassified employee may be granted an annual pay increase in excess of the guidelines established by the Budget and Control Board.

The Board was asked to approve the following guidelines governing unclassified employee pay increases:

(a) Proposed 1994-95 Guidelines Governing Unclassified Employee Pay Increases

- (1) Executive compensation and other non-academic unclassified employees: Authorize agencies to award annual pay increases to Executive Compensation System and other non-academic unclassified employees from 0% to 8%. Only the prorated amount shall be paid for the period of August 16, 1994, through June 30, 1995.
- (2) Unclassified faculty employees: Authorize agencies to award annual pay increases to faculty employees from 0% to 10% and any increases which would not place a faculty member's salary above \$52,000. In addition, authorize the Office of Human Resources to approve increases greater than 10% when the new salary is above \$52,000. For exceptional increases, agencies must submit to the Office of Human Resources a list of faculty members who would receive exceptional increases, the amount of the increase, and the reason for awarding the increase. Only the prorated amount shall be paid for the period of August 16, 1994, through June 30, 1995.

(b) Permanent Proposed Guidelines Governing Medical Doctors

Exempt medical doctors from Section 8-11-165 of the 1976 Code of Laws of South Carolina, as amended, which states that, "No employee of agencies reviewed by the Agency Head Salary Commission may receive in excess of ninety-five percent of the midpoint of the agency head salary range or the agency head actual salary, whichever is greater, except on approval of the Budget and Control Board.

605400

Minutes of Budget and Control Board Meeting
June 23, 1994 – Page 12

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved guidelines for awarding salary increases to unclassified employees in fiscal year 1994-95; and approved permanent guidelines governing medical doctors.

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

Local Government: Anderson County Grant Program Request (Regular Session #6)

The Board was advised that Anderson County has requested \$180,000 on behalf of the Hammond Water and Sewer Company to assist in the relocation and replacement of 17,500 linear feet 10" water main along South Carolina Highway 81 due to the widening of the highway. The cost of the project is estimated to be \$402,500. This is a new total given by Mr. Ed Chamblee of The Hammond Water & Sewer Company.

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved a grant of \$100,000 to Anderson County on behalf of the Hammond Water and Sewer Company.

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

General Services: Natural Resources Authority over Property in ACE Basin (R7)

The Board was advised that, in *State v. Fain*, the Supreme Court confirmed that certain tideland was property of the State of South Carolina. This tideland is covered by water at high tide and has not been considered to be under the jurisdiction of any particular state agency.

The 406 acres is in two parcels, both of which are contiguous to the ACE Basin. The Wildlife and Marine Resources Department and the Water Resources Commission requested that management authority of the Fain property be granted to the Department of Natural Resources to be managed consistent with its management responsibilities for the ACE Basin.

605401

Minutes of Budget and Control Board Meeting
June 23, 1994 – Page 13

At Mr. Boan's request, the Board without objection carried over consideration of this item.

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

General Services: Forestry Commission Property Sale, Williamsburg County (R8)

The Board was advised that, in 1951, the Forestry Commission purchased one acre of land in Williamsburg County from W. H. Kinder for \$75. In 1987, Williamsburg County conveyed a 50-foot wide strip (0.615 acre) that was being used as an access road to the Forestry Commission for \$5. This property served as the site for Commission's Kingstree District shop facility.

The Commission advised that this facility has not been used in approximately ten years. Williamsburg County has expressed an interest in purchasing the one-acre site for its appraised value of \$2,000. The County also has requested that the Commission quit claim its interest in the 50-foot strip (0.615 acre) back to the County. The Forestry Commission has approved the sale and requests Board approval. The Board was advised that Property Management has reviewed the appraisal and concurs with the value.

Upon a motion by Senator Drummond, seconded by Mr. Patterson, the Board waived the standard surplus property procedure and approved the Forestry Commission sale of one acre, previously used as the Kingstree District shop facility, to Williamsburg County for \$2,000; and approved a quit claim to the County without consideration for the Forestry Commission's interest in a 50-foot strip (0.615 acre).

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

Future Meeting

The Board agreed to meet at 10:00 a.m. on Thursday, July 14, 1994, in the Governor's conference room in the State House.

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Minutes of Budget and Control Board Meeting
June 23, 1994 - Page 14

Executive Session

Upon a motion by Mr. Patterson, seconded by Mr. Boan, the Board agreed to consider the following items, which had been published previously, in executive session, whereupon Governor Campbell declared the meeting to be in executive session.

- | | | |
|----|-------------------|--|
| 1 | MUSC | Contractual Arrangement (Medical Center) |
| 2 | Human Resources | Legal Advice (MUSC) |
| 3 | Human Resources | Compensation (Arts Commission) |
| 4 | Human Resources | Compensation (State Board for Technical and Comprehensive Education) |
| 5 | Human Resources | Compensation (Williamsburg Technical College) |
| 6 | Human Resources | Compensation (Winthrop College) |
| 7 | Attorney General | Legal Advice (Belton v. State of SC) |
| 8 | Exec. Director | Legal Advice |
| 10 | B&C Board | Personnel Matter (Agency Head Performance Evaluation) |
| 11 | Governor's Office | Legal Briefing |

Report on Matters Discussed in Executive Session

Following the executive session, the meeting was opened, and the Board voted on the following items which had been discussed during executive session:

(a) Medical University: Contractual Matter (Medical Center) (Exec.#1)

The Board received legal information on the Medical University and its Medical Center.

605403

Minutes of Budget and Control Board Meeting
June 23, 1994 – Page 15

(b) Human Resources: Legal Advice (MUSC) (Executive Session #2)

The Board received advice on a State Personnel Regulation pertaining to the Medical University.

(c) Human Resources: Compensation (Arts Commission) (Exec. #3)

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved a salary of \$59,967 for Ms. Suzette Surkamer as Executive Director of the South Carolina Arts Commission, based upon the recommendation of the Agency Head Salary Commission.

(d) Human Resources: Compensation (State Board for Technical and Comprehensive Education) (Executive Session #4)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized a salary of \$99,118 for Dr. Michael B. McCall as the Executive Director of the State Board for Technical and Comprehensive Education, as recommended by the Agency Head Salary Commission.

(e) Human Resources: Compensation (Williamsburg TEC) (Exec. #5)

Upon a motion by Mr. Patterson, seconded by Senator Drummond, the Board approved an executive compensation system appointment above the midpoint for Dr. Norman H. Scott, President of Williamsburg Technical College, at a salary of \$78,000, effective July 1, 1994.

(f) Human Resources: Compensation (Winthrop University) (Exec. #6)

Upon a motion by Mr. Morris, seconded by Mr. Patterson, the Board approved the recommendation of the Agency Head Salary Commission to grant Dr. Anthony DiGiorgio, President of Winthrop University, a 4% towards midpoint salary increase, which results in a salary of \$91,436.

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Minutes of Budget and Control Board Meeting
June 23, 1994 - Page 16

(g) Attorney General: Legal Advice (Belton v. State of SC) (X#7)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board appointed Alan L. Pollack, Ph.D., Assistant Executive Director of the Budget and Control Board, as hearing officer to hear evidence regarding sick leave and maternity leave set off against reinstatement pay (Belton v. State of South Carolina, et al.).

(h) B&C Bd.: Personnel Matter (Agency Head Performance Evaluation) (X10)

The Board completed performance evaluations of the Executive Director, the State Auditor, and the Director of the Retirement Systems for the July 1, 1993 - June 30, 1994, time period.

(i) Governor's Office: Legal Briefing (Executive Session #11)

Upon a motion by Mr. Patterson, seconded by Mr. Morris, the Board authorized the State Health and Human Services Finance Commission to join with Hawaii, Tennessee, Rhode Island, Ohio, Delaware, and Missouri in responding to the NACHC suit to enjoin the administration from granting any new Medicaid waivers and to stop implementation of waivers currently being implemented.

(h) Executive Director: Legal Advice (Executive Session #8)

After having received legal advice on the Confederate Battle Flag issue, upon a motion by Mr. Morris, seconded by Senator Drummond, the Board unanimously adopted the following resolution:

WHEREAS, the South Carolina State Budget and Control Board has been advised by legal counsel that it does not have authority to determine what flags should be flown above the South Carolina State House; and

WHEREAS, the State Budget and Control Board has been further advised by legal counsel that it does not have any independent authority to remove the Confederate Battle Flag from the State House dome. The Federal District Court affirmed that the Governor had no authority over the Confederate Battle Flag, and further the State Budget and Control Board was dismissed from the lawsuit; and

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Minutes of Budget and Control Board Meeting
June 23, 1994 - Page 17

WHEREAS, the State Budget and Control Board, through its Office of General Services, is charged statutorily with only the maintenance of the State House and its grounds and does not have the authority to make changes without the express approval and direction of the State House Committee and/or the General Assembly; and

WHEREAS, on June 17, 1987, and on October 18, 1993, the Attorney General of South Carolina did issue opinions which specifically stated that the State Budget and Control Board did not have the legal authority to remove the Confederate Battle Flag without direction from the above mentioned legislative entities so charged with that responsibility; and

WHEREAS, the South Carolina General Assembly has not passed any new legislation altering the legal facts regarding the flying of the Confederate Battle Flag over the State House since the issuance of the October 18, 1993, opinion of the Attorney General; and

WHEREAS, the State Budget and Control Board is unanimously in agreement that the issue of the Confederate Battle Flag over the State House needs to be resolved in as harmonious a manner as possible and that a compromise needs to be derived from a consensus of the leadership of the General Assembly which will preserve the heritage of all citizenry of this state;

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board that it endorses in principle the compromise set forth in the commonly termed Heritage Act which removes all flags from the State House dome except the United States and South Carolina flags, displays the Confederate Battle Flag at the Confederate Soldier's Monument on the State House grounds, displays the First National Flags of the Confederacy on the State House Grounds, and provides for a mechanism to build a Civil Rights Monument to honor and recognize the efforts made to afford and guarantee equal rights and opportunities to all South Carolinians irrespective of race or ethnic origin.

BE IT FURTHER RESOLVED that the State Budget and Control Board is fully prepared to implement such a compromise and to fulfill its administrative duties in regard to that compromise as soon as the proper legislation is enacted, be it by statute, joint resolution, or proviso.

ADOPTED this 23d day of June, 1994, in Columbia.

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June 23, 1994 - Page 18

Governor Campbell advised that the Attorney General had requested an opportunity to address the Board, the news media, and the public of South Carolina. He also advised that the Board's legal counsel and documents would be available.

Governor Campbell reiterated that he is willing to call the General Assembly back into session if the majority of the members would agree to support the resolution. He pointed out that the resolution had been passed by the Senate but was not heard in the House. He said the Board feels this is the appropriate way to address the issue and expressed his belief that each Board member feels there must be consensus on this matter.

Governor Campbell then introduced Attorney General Medlock who he said would explain some of the possible confusion about his recent legal opinion pertaining to the Budget and Control Board.

Mr. Medlock expressed his intention to offer information that would help clarify any misunderstanding about what he had been saying to the Budget and Control Board. He then offered the following precise chronology of his actions relative to the Confederate Flag.

In 1987, Mr. Medlock had ruled that the official not having independent authority to remove the flag was the Governor and pointed out that the Governor is chairman of the Budget and Control Board. He said he had ruled that the legislature did have the authority to remove the flag. By *dictum*, he had recognized that the Budget and Control Board may not have the authority to do either. He said the issue of the Board's authority had not been squarely addressed as it had not been asked.

Mr. Medlock said his 1993 opinion reaffirmed the 1987 opinion in all respects. The opinion added that the Budget and Control Board does not have the independent authority to remove the flag. He said that, though the Board question was not asked, it had been squarely addressed. He said that he had ruled that the State House Committee, as well as the legislature, had the authority to remove the flag. He said that the State House Committee had been given that authority subsequent to his 1987

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June 23, 1994 - Page 19

opinion. He stressed that the two opinions are absolutely consistent. He added that he had ruled that the flag has no legal authority to fly, that is, that the flag right now is unlawfully flying on the dome of the Capitol.

Mr. Medlock said that thereafter a federal suit had been brought and that he had refused to defend the flying of the flag and that he will not support an unlawful activity after it has been declared so by the State Attorney General. He said that he had reaffirmed in open court that the Governor does not independently have the authority to remove the flag. Today, by way of clarification, Mr. Medlock said that his is reaffirming all of those opinions and actions on his part, each being absolutely consistent with the other.

Mr. Medlock then addressed his opinion of June 16, 1994, which he said some persons did not like or apparently did not understand. He pointed out that all previous opinions had been prior to any litigation being brought. He reiterated that his June opinion had been after much litigation. He noted that subsequent to previous opinions, the following suits have been brought or are threatened: federal court suit, state court suit (dismissed), threatened Mayor Coble suit, threatened NAACP suit. He said that previous opinions had addressed the Board standing alone and not involved in litigation while the June opinion addresses the Board in litigation and under threat of litigation and, therefore, involved the Office of the State Attorney General, by law. Mr. Medlock said that previously he had rendered legal advice upon request, hoping that such advice would be responsibly acted upon and that the divisive and expensive litigation involved would be avoided. He said that he had truly hoped that someone would read the opinions and act in accordance with state law.

Mr. Medlock said that no such responsible action had been taken. He pointed out that, in his June opinion, he wore an entirely different hat in that he was not answering a legal question but was advising what he intended to do about the litigation pursuant to the powers of the office he holds and which he has held for twelve years. He pointed out that statutory law and common law imposes on the South Carolina State

005408

Minutes of Budget and Control Board Meeting
June 23, 1994 – Page 20

Attorney General the responsibility of managing and controlling state litigation. He said that, pursuant to that authority and responsibility, he is offering the Budget and Control Board an opportunity, which is said seems a little late, to join the Attorney General to end for all time the troublesome and divisive litigation currently pending and threatened involving the flag which flies unlawfully on the dome of the State House.

Mr. Medlock said that, today, in his last year as Attorney General, he is where he was in 1983 when Governor Dick Riley called him to the State House regarding the issue of the Highway Patrol arresting truck drivers. He said that state law had said the trucks could not roll but federal law had said they could roll. He had concluded that the federal law obviously overrode and superseded the state law, but the governor had a legal obligation under law to enforce the law. He said that he had advised that Governor Riley did not have to enforce the law because to enforce it would be frivolous, spurious, foolish, and would have no common sense. He said that, as Attorney General of South Carolina, who manages and controls litigation and tries to prevent it where possible, he advised that the Governor had the authority to not enforce the law and that the Highway Patrol did not have to arrest the truck drivers. He added that the matter had been resolved in accordance with law.

Mr. Medlock said that this is the same principle he is bringing to the Board today. He said there is no question on his part whatsoever and that the matter has been thoroughly researched by his staff – the Budget and Control Board, in conjunction with the State Attorney General, absolutely, clearly, unequivocally, has the authority to resolve the litigation, put down the issue, stop the mischief, and comply with the law. He reiterated that the Board and the Attorney General have that right. He added that he will not try to persuade the Board because it has made its resolution.

Mr. Medlock expressed his resentment that Governor Campbell's office had said that he had flip-flopped on the opinions. He pointed out that he and Governor Campbell had worked together on BMW and Mack Truck and said that there had been a good alliance between a Republican Governor and a Democratic Attorney General

G05409

Minutes of Budget and Control Board Meeting
June 23, 1994 - Page 21

working together for progress in the state. He said, however, that, regardless of what Governor Campbell's staff says about him, he is available to work with the Governor for progress and that he is available to represent the interests of the state. He added that he is not interested in any bickering and squabbling over this very important issue.

Governor Campbell expressed his view that neither he nor the Attorney General is bickering over semantics. He said that Mr. Medlock's opinion states that the Governor, and the Budget and Control Board, has a right to ignore the fact that there may be law contrary. He said that, in the case Mr. Medlock cited concerning the trucks, there was a superseding federal law. He said he has no knowledge of any federal law that says the flag cannot fly. He said that the Board had sought the opinion of its counsel in efforts to resolve the problem.

Governor Campbell said that Senator Drummond had probably said it best when he said that the Board seeks to find a consensus to solve the problem. He said that Mr. Medlock had offered that the Board has the right to take down a flag but offered no other solution. He stressed that the Board cannot write a law and that it cannot pass the Heritage Act amendment that had been agreed to by the Senate and that it cannot authorize the Civil Rights Monument that had been generally agreed upon to recognize the efforts in civil rights. He said the Board can, at best, in a moment of crisis, take down a flag. He expressed his appreciation for Mr. Medlock's opinion but questioned its practicality in the eleventh hour of a lawsuit. Governor Campbell expressed his doubt that the Board has the right to ignore the law every time it is sued.

Mr. Medlock said that Board cannot ignore the law unless it is tearing the state apart, dividing our people, threatening its economic development. He said that is a different matter. He added, in closing, that he respects the Board's legal counsel but that he is absolutely convinced that the chief legal office of the state which represents about three million people is right on this matter. He reiterated that the Board and the Attorney General have the authority at this moment to retire the flag.

G05410

Minutes of Budget and Control Board Meeting
June 23, 1994 - Page 22

Senator Drummond expressed the opinion that there are two ways to take the flag down. He said that, if someone goes up there today and just snatches the flag down, there will be two opposing sides with a lot of conflict. He said that he had watched the discussions evolve in the Senate and had thought the sides would never come together. He said that after much discussion, the sides had begun to come together and compromise and that, when the vote was called, there had not been one dissenting vote. He expressed the view that, given time, the House would resolve the issue just as it had been resolved on the Senate floor. He also expressed the view that, when that happens, the public will say that the state has addressed the matter in the proper manner. He pointed out that the state has health care issues and education issues that must be addressed and that it does not need to be divided by the issue of the flag. He commended the Attorney General for his efforts and commended his colleagues on the Board for adopting the resolution.

Governor Campbell expressed his appreciation for the Attorney General's presence at the Board meeting today. He added, as a point of information, that he has had many meetings with legislators on both sides of this issue, all of whom were trying to find a way to work together. He concurred with Senator Drummond's view that the way to solve the problem is through a consensus.

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

Adjournment

The meeting was adjourned at 1:45 p.m.

[Secretary's Note: In compliance with Code §30-4-80, public notice of and the agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, near the Board Secretary's office in the Wade Hampton Building, and in the lobby of the Wade Hampton Office Building at 10:00 a.m. on Friday, June 17, 1994.]

005411

EXHIBIT

JUN 23 1994

1

STATE BUDGET AND CONTROL BOARD

MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

ITEM NUMBER

/

AGENCY: General Services

SUBJECT: Property Transfer

The Division recommends approval of the following property transfer in accord with Code Section 1-11-65:

<u>Agency:</u>	Budget and Control Board
<u>Acreage:</u>	1.064 acres
<u>Location:</u>	Highway 555 at Midlands Center, Columbia; Richland County
<u>Purpose:</u>	Conveyance to the Department of Transportation for the construction of a turning lane at Midlands Center
<u>Appraised Value:</u>	\$1,325
<u>Sale Price/Seller:</u>	\$1,325; State of South Carolina
<u>Source of Funds:</u>	n/a
<u>Project Number:</u>	n/a
<u>Environmental Study:</u>	n/a
<u>Approved by:</u>	Department of Mental Health and Department of Disabilities and Special Needs

This turn lane is being constructed at the request of the Department of Disabilities and Special Needs in order to increase traffic safety in the areas for both employees and clients.

BOARD ACTION REQUESTED:

Approve the transfer of 1.064 acres at Highway 555, Midlands Center in Columbia, from the Budget and Control Board to the Department of Transportation for the construction of a turning lane at Midlands Center.

ATTACHMENTS:

Agenda item worksheet; Code Section 1-11-65

605412

STATE BUDGET AND CONTROL BOARD

BLUE AGENDA

MEETING OF June 23, 1994

ITEM NUMBER

AUTHORIZED OFFICIAL SIGNATURE _____

AGENCY:

General Services

Helen J. Zedler

SUBJECT:

Real Property Sale

The Office of General Services recommends approval of the following property transfer in accord with Code Section 1-11-65;

Agency:

Budget and Control Board

Acreage:

1.064 acres

Location:

Highway 555 at Midlands Center

County:

Richland

Purpose:

Conveyance to the Department of Transportation for the construction of a turning lane at Midlands Center

Appraised Value:

\$1,325.00

Price/Seller:

\$1,325.00/State of South Carolina

Source of Funds:

N/A

Project Number:

N/A

Environmental Study:

N/A

Approved by:

DMH and DDSN

Special Note:

This turn lane is being constructed at the request of DDSN in order to increase traffic safety in the area for both employees and clients.

BOARD ACTION REQUESTED:

Approval

ATTACHMENTS:

1. Code 1-11-65

G05413

EXHIBIT

JUN 23 1994

1

STATE BUDGET & CONTROL BOARD

"Section 1-11-65. (A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution."

G05414

EXHIBIT

JUN 23 1994

2

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 2

AGENCY: General Services

SUBJECT: CIB Draw Schedule, Group 25 New Start Project

On May 24, 1994, the Joint Bond Review Committee approved the release of a \$1,000,000 capital improvement bond authorization for the Department of Parks, Recreation and Tourism's Recreation Land Trust Fund. The project is a new start project scheduled for release in Priority Group 25 (July-December 1994).

BOARD ACTION REQUESTED:

Approve the release of \$1,000,000 in capital improvement bond funds for PRT's Recreation Land Trust Fund in Priority Group 25 (July-December 1994).

ATTACHMENTS:

Agenda item worksheet; Carnell May 24 letter

005415

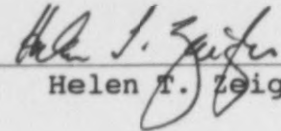
BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 23, 1994

Blue Agenda

1. **Submitted by:**

- (a) Agency: Office of General Services
(b) Authorized Official Signature


Helen T. Zeigler

2. **Subject:**

Capital Improvement Bond Draw Schedule, Group 25 New Start Project

3. **Summary Background Information**

At its meeting of May 24, 1994, the Joint Bond Review Committee approved the release of a \$1 million Capital Improvement Bond authorization for the Department of Parks, Recreation and Tourism's Recreation Land Trust Fund. The project is a "new start" project which is scheduled for release in Priority Group 25 (July - Dec 1994).

4. **What is Board asked to do?**

Approve the release of \$1 million in Capital Improvement Bond funds for PRT's Recreation Land Trust Fund in Priority Group 25.

5. **What is the recommendation of Board Division involved?**

Recommend approval of the "new start" project for Group 25.

6. **Recommendation of other Division/agency (as required)?**

- (a) Authorized Signature:
(b) Division/Agency Name:
-

7. **List of Supporting Documents:**

- (a) Attached: JBRC Letter, dated May 24, 1994

605416

EXHIBIT

JUN 23 1994

2

Capital Improvements Joint Bond Review Committee

STATE BUDGET & CONTROL BOARD

MARION P. CARNELL
HOUSE OF REPRESENTATIVES
CHAIRMAN

HUGH K. LEATHERMAN
SENATE
VICE CHAIRMAN

SENATE MEMBERS
HUGH K. LEATHERMAN
THOMAS L. MOORE
J. VERNE SMITH
PHIL P. LEVENTIS
JOHN DRUMMOND

SUE HOOKS
DIRECTOR OF RESEARCH
BUDGET AND CONTROL BOARD LIAISON
803-734-2774

HOUSE MEMBERS
MARION P. CARNELL
JENNINGS G. McABEE
WILLIAM D. BOAN
HENRY E. BROWN, JR.
JEAN L. HARRIS

LIB CROFT
ADMINISTRATIVE ASSISTANT
803-734-3098



May 24, 1994

Ms. Carol P. Routh
Executive Manager
Div. of Gen. Services-Capital Improvements
1201 Main St. - #830
Columbia, South Carolina 29201

In Re: Priority Group #25 Schedule - PRT-Rec. Land Trust Fund

Dear Ms. Routh:

The Joint Bond Review Committee, at its meeting of 5/24/94, approved the release of the \$1 million authorization for the SC Department of Parks, Recreation and Tourism Recreation Land Trust Fund. This is a new-start project which is scheduled in Priority Group #25 (July-Dec'94).

With kind regards, I am

Sincerely,

Marion P. Carnell

Rep. Marion P. Carnell, Chairman
Joint Bond Review Committee



MPC/lc

cc: Mr. William R. Jennings
Deputy Director
SC Dept. of Parks, Recreation & Tourism

605417

JUN 23 1994

3

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 3

AGENCY: General Services

SUBJECT: Permanent Improvement Projects

Budget and Control Board approval is requested for the following Summary 11-94 permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee:

- (a) Item 1: Adjutant General
Project: 9639, Leesburg Training Site Washrack/Fuel Facility Construction
Request: Establish project and budget (\$1,009,800 federal funds) to construct a 30,000 ft² concrete washrack and a 20,000 ft² fueling facility with one 10,000 gallon diesel storage tank, one 2,000 gallon MOGAS storage tank, and a fuel card dispensing system for servicing tracked and large wheeled vehicles. Leesburg Training Site currently does not have facilities to handle the types of vehicles in the inventory. Project is 100% federally funded.
- (b) Item 2: Mental Health
Project: 9544, Waccamaw CMHC Central Facility Construction
Request: Increase budget to \$3,998,000 (add \$400,000 excess debt service funds) to complete the building as designed. In order to accept the bid which was higher than expected, equipment funds were deleted from the project budget and an alternate was accepted to construct a shell of a portion of the building for the Living Skills program. The increase will cover the expected cost of equipment and furnishings and allow for completing the Living Skills portion of the building as previously designed.

BOARD ACTION REQUESTED:

Approve the referenced permanent improvement project establishment requests and budget revisions which have been reviewed favorably by the Joint Bond Review Committee.

ATTACHMENTS:

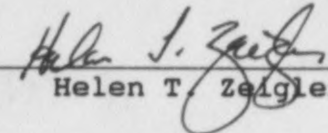
G05418

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 23, 1994

JUN 23 1994
STATE BUDGET & CONTROL BOARD
Blue Agenda1. Submitted by:

- (a) Agency: Office of General Services
(b) Authorized Official Signature


Helen T. Zeigler2. Subject:

Permanent Improvement Projects

3. Summary Background Information(a) Summary 11-94: Item 1. Adjutant General

Project: 9639, Leesburg Training Site Washrack/Fuel Facility Construction
Request: Establish project and budget (\$1,009,800 Federal funds) to construct a 30,000 square foot concrete washrack and a 20,000 square foot fueling facility with one 10,000 gallon diesel storage tank, one 2,000 gallon MOGAS storage tank, and a fuel card dispensing system for servicing tracked and large wheeled vehicles. Currently, the Leesburg Training Site does not have facilities to handle the types of vehicles in the inventory. This project is 100% federally funded.

(b) Summary 11-94: Item 2. Mental Health

Project: 9544, Waccamaw CMHC Central Facility Construction
Request: Increase budget to \$3,998,000 (add \$400,000 Excess Debt Service funds) to complete the building as designed. In order to accept the bid, which was higher than expected, equipment funds were deleted from the project budget and an alternate was accepted to construct a shell of a portion of the building for the Living Skills program. This increase will cover the expected cost of equipment and furnishings and allow for completing the Living Skills portion of the building as previously designed.

4. What is Board asked to do?

Approve permanent improvement project establishment request and budget revision. Both items have been reviewed favorably by the Joint Bond Review Committee.

5. What is the recommendation of Board Division involved?

Recommend approval of permanent improvement project establishment request and budget revision.

6. Recommendation of other Division/agency (as required)?

- (a) Authorized Signature:
(b) Division/Agency Name:

7. List of Supporting Documents:

- (a) Attached:

G05419

JUN 23 1994

4

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 4

AGENCY: General Services

SUBJECT: Easements

A. General Services recommends approval of the following easements in accord with Code Sections 1-11-80, 1-11-90 and 1-11-100:

1. County Location: Charleston County
From: Budget and Control Board
To: Southern Bell
Description/Purpose: To install a fiber optic cable beneath the Stono River (AIWW) adjacent to the Limehouse Bridge crossing near Johns Island
Consideration: \$200
2. County Location: Lexington County
From: Budget and Control Board
To: Southern Bell
Description/Purpose: To allow for an additional 2,275 ft² to be used for lines or systems of communications near Wil Lou Gray Opportunity School
Consideration: \$4,550

B. General Services recommends that the Board concur and acquiesce in the granting of the following easement in accord with Code Section 10-1-130:

County Location: Bamberg County
From: Department of Mental Health
To: South Carolina Electric & Gas Company
Description/Purpose: To place transmission lines across a 2.009-acre tract of land
Consideration: \$1

BOARD ACTION REQUESTED:

- A. Approve the referenced easements as recommended by General Services.
- B. Concur and acquiesce in the referenced easement.

ATTACHMENTS:

G05420

STATE BUDGET AND CONTROL BOARD

BLUE AGENDA

MEETING OF June 23, 1994

ITEM NUMBER _____

AUTHORIZED OFFICIAL SIGNATURE

AGENCY: General Services

Helen J. Ziegler

SUBJECT: Easements

A. The Office of General Services recommends approval of the following easements in accord with Code Sections 1-11-80, 1-11-90, and 1-11-100:

1. County Location: Charleston County
From: B&CB
To: Southern Bell
Consideration: \$200.00
Description/purpose: To install a fiber optic cable beneath the Stono River (AIWW) at a location adjacent to the Limehouse Bridge crossing near Johns Island
2. County Location: Lexington County
From: B&CB
To: Southern Bell
Consideration: \$4,550.00
Description/purpose: To allow for an additional 2,275 square feet to be used for lines or systems of communications near Wil Lou Gray Opportunity School

B. The Division recommends that the Board concur and acquiesce in the granting of the following easements in accord with Code Section 10-1-130:

County Location: Bamberg County
From: Dept. of Mental Health
To: South Carolina Electric and Gas Company
Consideration: \$1.00
Description/purpose: To place transmission lines across a 2.009 acre tract of land

BOARD ACTION REQUESTED:

- A. Approve the referenced easements as recommended by the Office of General Services.
- B. Concur and acquiesce in the referenced easement.

ATTACHMENTS:

Code Sections

605421

"Section 1-11-65. (A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution."

§ 1-11-80. Board authorized to grant easements for public utilities on vacant State lands.

The State Budget and Control Board is authorized to grant easements and rights of way to any person for construction and maintenance of power lines, pipe lines, water and sewer lines and railroad facilities over, on or under such vacant lands or marshland as are owned by the State, upon payment of the reasonable value thereof.

HISTORY: 1962 Code § 1-357.1; 1963 (53) 177.

Cross references—

As to sale or donation of, or rights of way over, public lands, see SC Const. Art 3, § 31.

§ 1-11-90. Board authorized to grant rights of way over State marshlands for roads or power or pipe lines to State agencies or political subdivisions.

The State Budget and Control Board may grant to agencies or political subdivisions of the State, without compensation, rights of way through and over such marshlands as are owned by the State for the construction and maintenance of roads, streets and highways or power or pipe lines, if, in the judgment of the Budget and Control Board, the interests of the State will not be adversely affected thereby.

HISTORY: 1962 Code § 1-357.2; 1963 (53) 177.

Cross references—

As to sale or donation of, or rights of way over, public lands, see SC Const. Art 3, § 31.

605422

§ 1-11-100. Execution of instruments conveying rights of way or easements over marshlands or vacant lands.

Deeds or other instruments conveying such rights of way or easements over such marshlands or vacant lands as are owned by the State shall be executed by the Governor in the name of the State, when authorized by resolution of the Budget and Control Board, duly recorded in the minutes and records of such Board and when duly approved by the office of the Attorney General; deeds or other instruments conveying such easements over property in the name of or under the control of State agencies, institutions, commissions or other bodies shall be executed by the majority of the governing body thereof, shall name both the State of South Carolina and the institution, agency, commission or governing body as grantors, and shall show the written approval of the majority of the members of the State Budget and Control Board.

HISTORY: 1962 Code § 1-357.3; 1963 (53) 177.

Cross References—

As to authority of State institutions and agencies to grant easements and rights of way, see § 10-1-130.

Research and Practice References—

63A Am Jur 2d, Public Lands § 115.

73B CJS, Public Lands §§ 178, 180.

17 Am Jur Legal Forms 2d, States, Territories, and Dependencies § 239:21 (agricultural lease-provision-reservation of right to grant easements).

§ 10-1-130. State institutions and agencies may grant easements and rights of way on consent of Budget and Control Board.

The trustees or governing bodies of State institutions and agencies may grant easements and rights of way over any property under their control, upon the concurrence and acquiescence of the State Budget and Control Board, whenever it appears that such easements will not materially impair the utility of the property or damage it and, when a consideration is paid therefor, any such amounts shall be placed in the State Treasury to the credit of the institution or agency having control of the property involved.

HISTORY: 1962 Code § 1-49.3; 1963 (53) 177.

Cross references—

As to composition, powers and duties of State Budget and Control Board generally, see Chapter 11 of Title 1.

As to the State Budget and Control Board, generally, see §§ 1-11-10 et seq.

As to execution of conveyances of such easements, see § 1-11-100.

§ 25-1-1660. Transfer of surplus armories to political subdivisions.

The State Budget and Control Board may transfer to a political subdivision ownership of a national guard armory being replaced and declared surplus if the political subdivision has donated real property for use as a site for a replacement armory.

HISTORY: 1985 Act No. 201, Part II, § 12, eff June 20, 1985.

STATE BUDGET & CONTROL BOARD

JUN 23 1994

EXHIBIT

4

EXHIBIT

JUN 23 1994

4

STATE OF SOUTH CAROLINA,

County of _____

ss

STATE BUDGET & CONTROL BOARD

Personally appeared before me _____

and made oath that he saw the within named _____

sign, seal and

as his act and deed deliver the within easement for the uses and purposes therein mentioned, and that he with _____

in the presence of each other, witnessed the due execution thereof.

Sworn to before me this _____

day of _____

A. D., 19____

Notary Public for S. C.

STATE OF SOUTH CAROLINA,

County of _____

ss

Personally appeared before me _____

and made oath that he saw the within named _____

sign, seal and

as his act and deed deliver the within easement for the uses and purposes therein mentioned, and that he with _____

in the presence of each other, witnessed the due execution thereof.

Sworn to before me this _____

day of _____

A. D., 19____

Notary Public for S. C.

STATE OF SOUTH CAROLINA,

RICHLAND County.

Personally appeared before me _____

Miriam M. Bland

and made oath that _____ saw the within named _____

S. C. Department of Mental Health

by the hand of John A. Morris, Jr.

sign, affix the

corporate seal, and as the act and deed of said corporation deliver the within written instrument for the uses and purposes therein

mentioned, and that she with Linda B. Malone

witnessed the execution thereof and

subscribed their names as witnesses thereto.

Sworn to and subscribed before me this 3rd

day of June

A. D., 1994

Barbara B. Clary (L. S.)

Barbara B. Clary

My Commission Expires: Notary Public for S. C.

9/19/2000

In accordance with provisions of 1-11-65 and 10-1-130 Code of Laws of South Carolina, as amended, at its meeting held on June 23, 1994, 1994, approval is given by the STATE BUDGET AND CONTROL BOARD to the easement granted herein.

S/ Donna K. Williams

Donna K. Williams, Secretary to the Board

Line S. C. Dept. of Mental Health

County Bamberg

RIGHT OF WAY GRANT

R/W File No. 7017 Block No. TF

S. C. Dept. of Mental Health

by: John A. Morris, Jr., Acting

State Director of Mental Health
and Acting Secretary of the
Mental Health Commission
TO

**South Carolina Electric & Gas
Company**

Dated _____, 19____

Received in the Clerk's Office of the County

of _____

South Carolina, on the _____

day of _____ A. D. 19____

at _____ o'clock in the _____ noon

and recorded in Book _____ of Deeds

for said County on Page _____

005423

INDENTURE, made this _____ day of _____, 19 94
by and between S. C. Department of Mental Health

of _____, County of _____ and State of South Carolina
(hereinafter called Grantors), and the SOUTH CAROLINA ELECTRIC & GAS COMPANY, a South Carolina corporation, having
its principal office in Columbia, South Carolina (hereinafter called Grantee).

WITNESSETH:

That, in consideration of the sum of One Dollar (\$1.00) received from Grantee, Grantors, owning a tract or development known
as _____
situate in the County of Bamberg, State of South Carolina, shown on a certain plat or various plats filed
or to be filed in the office of the Clerk of said County and generally described as follows: Being a tract or lot of land containing 2.009
acres, more or less, and being lands conveyed to grantor by deed ~~XXXX~~ of S & S Associates
dated February 16, 1994, and recorded in
the R. M. C. ~~Records Office~~ Office for Bamberg
County in Deed Book 88, Page 66.

Right-of-Way granted to serve Grantor's 2.009 acre tract of land. All lines
to be agreed upon by Grantor and Grantee. This easement cancels and replaces
any previous Agreements.

The Grantor hereby grants and conveys to Grantee, its successors and assigns, the right, privilege and authority, from time to time,
to enter upon, construct, extend, inspect, operate, replace, relocate, repair and perpetually maintain upon, over, under, along, across
and through any and all property shown on the plat of land referred to above, and upon, over, under, along, across and through any
and all streets, alleys, roads or other public ways or places of the said development now existing or hereafter laid out, various pole
lines with such wires, cross arms, guy wires, push braces, underground cables, conduits, transformer pads, and other usual fixtures
and appurtenances as may from time to time be or become convenient to the transaction of its business or that of municipal, public, or
private systems for the communication of intelligence, together with the right of ingress, egress, and access to and from such right of
way, across and upon the lands of Grantor, as may be necessary or convenient for the purposes connected therewith.

Together also with the right to lay, construct, maintain, operate, repair, alter, replace and remove pipe lines, together with valves,
tieovers and appurtenant facilities for the transportation of gas, oil petroleum products or any other liquids, gases or substances which
can be transported through a pipe line.

Together with the right, from time to time, to install guy wires upon lots in said development near the lot lines, to overhang lots
with conductors, cross arms and service wires with the right from time to time to trim, cut or remove trees, underbrush and other
obstructions that are within, over, under or through a strip of land extending ten (10)
feet on each side of the center of said lines, cables, conduits, or pipes as they may be located now or in the future; provided, however,
any damage to the property of Grantors (other than that caused by trimming, cutting or removing) caused by Grantee in maintaining
or repairing said lines, shall be borne by Grantee; provided further, however that Grantors agree for themselves, their successors and
assigns, not to build or allow any structure to be placed on the premises in such a manner that any part thereof will exist within the
above specified number of feet of any wire strung on the said lines or over any such cables, pipes, conduits, or other associated
facilities, and in case such structure is built, then the Grantor, or such successor and assign as may be in possession and control of the
premises at the time, will promptly remove the same upon demand of the Grantee herein.

Grantee's rights shall be subject to the lien of the mortgage indenture dated January 1, 1945 and supplements thereto, entered into
between Grantee and Central Hanover Bank and Trust Company (now Manufacturers Hanover Trust Company) which mortgage
indenture is recorded in the office of the R. M. C. or Clerk of Court in the County and State aforesaid.

The words "Grantors" and "Grantee" shall include their heirs, executors, administrators, successors and assigns, as the case
may be.

IN WITNESS WHEREOF, Grantors have caused this indenture to be duly executed the day and year first above written.
WITNESS:

Miriam M. Bland
Linda B. Malone

S. C. Dept. of Mental Health (SEAL)

by: [Signature] (SEAL)

John A. Morris, Jr., Acting
State Director of Mental Health (SEAL)

and Acting Secretary of the
Mental Health Commission (SEAL)

605424

EXHIBIT

JUN 23 1994

4

STATE OF SOUTH CAROLINA

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)

STATE BUDGET & CONTROL BOARD
EASEMENT

COUNTY OF CHARLESTON

THIS EASEMENT, made and entered into this _____ day of _____, 1994, by and between the State of South Carolina, Budget and Control Board, as Grantor (hereinafter "STATE"), and SOUTHERN BELL as Grantee (hereinafter "GRANTEE").

WITNESSETH

WHEREAS, GRANTEE is a TELECOMMUNICATIONS COMPANY, and GRANTEE's mailing address is 5900 Rivers Avenue, North Charleston, South Carolina 29405; and

WHEREAS, GRANTEE proposes to install a fiber optic cable beneath the Stono River (AIWW) at a location adjacent to the Limehouse Bridge crossing near Johns Island in Charleston County, South Carolina. The fiber optic cable and easement are more particularly shown and delineated on a drawing entitled, **PLAT SHOWING A 40' UTILITY EASEMENT ON THE STONO RIVER, JOHNS ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA (Dated 4/28/94)**, which is attached hereto and incorporated herein.

WHEREAS, pursuant to 1-11-80 of the South Carolina Code of Laws, 1976, as amended, the STATE is empowered to grant certain rights-of-way or easements through and over riverbeds and marshlands for construction, operation, and maintenance of power lines, pipe lines, water and sewer lines over, on or under such vacant lands or marshlands as are owned by the STATE; and

WHEREAS, GRANTEE is desirous of obtaining the hereinafter described easement through and over riverbeds and marshlands in Charleston County, and the STATE considers the granting of such an easement to be in the public interest.

605425

NOW, THEREFORE, the STATE as Grantor, in consideration of the sum of TWO HUNDRED DOLLAR(S) (\$200.00), receipt of which is hereby acknowledged, does hereby grant, remise, and release unto GRANTEE 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.

This easement of right-of-way shall be used solely for the purposes incidental with the installation, operation and maintenance of the fiber optic cable. The easement area is more particularly described as follows:

A utility easement 40 feet wide running from the mean high water on the southerly bank to the intersection of the easterly right-of-way line of main Road (S10-20) of the Stono River, Johns Island, Charleston County, South Carolina, more particularly described as follows:

Beginning at a point on the Southerly bank of the Stono River at the mean high water line, said point being the centerline of a 40 foot wide utility easement and being N35°52'29"E, a distance of 228.83 feet from a national oceanic and atmospheric administration survey disk stamped 5475 D 1977 located in the Southeast corner of Limehouse Bridge, set flush in the bridge foundation. Said point being the point of beginning, continuing thence, S77°50'57"W, a distance of 20.10 feet to a point on the mean high water line of the Stono River, thence N17°53'26"W, a distance of 222.72 feet to an angle point in said easement, thence N35°29'46"W, a distance of 288.21 feet to the intersection of the Easterly right-of-way line of main Road (S10-20), thence N16°26'00"W, a distance of 122.47 feet along said right-of-way line to a point, thence S35°29'46"E, a distance of 410.16 feet leaving said right-of-way line to an angle point in said easement, thence S17°53'26"E, a distance of 262.25 feet to a point on the mean high water line of the Stono River, thence N50°27'11"W, a distance of 37.16 feet to the point and place of beginning (containing 23,374 +/- sq. ft.).

The easement area is more particularly shown and delineated on a drawing entitled **PLAT SHOWING A 40' UTILITY EASEMENT ON THE STONO RIVER, JOHNS ISLAND, CHARLESTON COUNTY, SOUTH CAROLINA (Dated 4/28/94)**, attached hereto and incorporated herein.

This easement of right-of-way is subject to all easements and rights-of-way of record or which may be revealed by inspection of the property and extends only to the STATE's prima facie ownership.

The vertical clearance of all electrical wire, conductors, cables and live parts of equipment across all navigable waters and/or waters of the State of South Carolina shall be constructed in accordance with National Electric Safety Code (ANSI-C2-1981) Part 2, Section 23, as amended.

005426

EXHIBIT

JUN 23 1994

4

GRANTEE hereby agrees and covenants with the STATE that GRANTEE, 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. GRANTEE shall use the easement area solely for the purpose incidental with the construction, operation, and maintenance of said fiber optic cable and shall maintain such easement area and fiber optic cable in good condition.

GRANTEE further agrees and covenants that GRANTEE 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 of attorney fees, resulting from bodily 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, affecting the bed of the waterway, the South Carolina Coastal Council and the South Carolina Water Resources Commission shall be notified in writing prior thereto.

GRANTEE will comply with and be bound by any and all applicable State statutes, regulations, and terms and conditions of any permits or agreements concerning this project and any and all lands and waters involved therewith.

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 GRANTEE, its successors and assigns: (1) quits and abandons all use of such fiber optic cable 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 of any of the terms and conditions herein.

It is further 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. This easement is subject to all easements, permits, restrictions and covenants of record, or of plats of record, or which may be revealed upon inspection of the property.

G05427

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 23rd day of
June, 1994.

WITNESSES:

Florence B. Carter
Sallie B. Spade

WITNESSES:

Carol L. Jefferson
CAROL L. JEFFERSON
Terry O. Demaris
TERRY O. DEMARIS

Approved
OFFICE OF THE ATTORNEY GENERAL

BY: Kenneth P. Woodington
Kenneth P. Woodington

DATE: 5/23/94

STATE OF SOUTH CAROLINA
BUDGET & CONTROL BOARD

BY: Carroll A. Campbell, Jr.
Governor Carroll A. Campbell, Jr.
Chairman, Budget and Control Board

SOUTHERN BELL

BY: J.H. Simpson III
J.H. SIMPSON III
Senior Director
TITLE

EXHIBIT

JUN 23 1994

4

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD

PERSONALLY appeared before me Carol L. Jefferson and made oath that he/she saw the within named State of South Carolina, Budget and Control Board, by its Chairman, Governor Carroll A. Campbell, Jr., sign, seal, and as its act and deed deliver the within written Easement, and that he/she, along with Sallie B. Spade, witnessed the execution thereof.

Sallie B. Spade

SWORN to before me this 30th

day of June, 1994.

Michael R. Thompson (L.S.)
Notary Public for South Carolina

My Commission expires: 01/26/99

STATE OF SOUTH CAROLINA)

COUNTY OF CHARLESTON)

PERSONALLY appeared before me Carol L. Jefferson and made oath that he/she saw the within named SOUTHERN BELL, by J.H. Simpson III, its Senior Director, sign, seal, and as its act and deed deliver the within written Easement, and that he/she, along with Terry O. Odom, witnessed the execution thereof.

Carol L. Jefferson

SWORN to before me this 1st

day of June, 1994.

[Signature] (L.S.)
Notary Public for South Carolina

My Commission Expires: August 29, 1999

H. D. MATHISEN JR.
NOTARY PUBLIC
STATE OF SOUTH CAROLINA
MY COMMISSION EXPIRES

G05429

INFORMATION ON CERTAIN DOCUMENTS MAY BE ILLEGIBLE DUE TO
FAINT TYPING/WRITING AND IT MAY NOT BE POSSIBLE TO OBTAIN A
SATISFACTORY PHOTOGRAPHIC IMAGE OF THOSE RECORDS.

EXHIBIT

JUN 23 1994

4

RIGHT-OF-WAY- EASEMENT

STATE BUDGET & CONTROL BOARD

THIS AGREEMENT, made this day of , 1994 between the BellSouth Telecommunications, Inc., Grantee, a corporation organized and existing under the laws of the State of Georgia, having its principal place of business in Atlanta, Georgia and The State of South Carolina by Its State Budget and Control Board hereinafter Grantor.

WHEREAS, the Grantor is the owner in fee simple of certain property in the County of Lexington, South Carolina described as follow:

"All that certain piece, parcel or tract of land, situate, lying and being on the North side of Columbia Circle in the County of Lexington, State of South Carolina, approximately seven (7) miles southwest of the City of Columbia. This being a portion of a tract deeded to The State of South Carolina by deed dated September 3, 1947, recorded in Deed Book 6-0, Pages 1,2 in the RMC office of Lexington County, Lexington, South Carolina" and contiguous to a right-of-way easement granted by Grantor to Grantee on April 29, 1987 and recorded in the Lexington County RMC office in Deed Book 909 PAGE 162 and a right-of-way easement granted by Grantor to Grantee on July 14th, 1993 and recorded in the Lexington County RMC office in Deed Book 2627, Page 022.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That the Grantor, for and in consideration of the sum of FOUR THOUSAND FIVE HUNDRED FIFTY DOLLARS AND NO/100'S (\$ 4,550 .00) DOLLARS paid to Grantor by Grantee, the receipt of which is hereby acknowledged, does hereby grant and release unto Grantee, its licensees, agents, successors, assigns, and allied and associated companies, an easement and right-of-way upon, over, and under a strip of land of some 2,275 square feet across the above described lands in the County of Lexington, South Carolina to construct, operate, maintain, add to, remove such lines or systems of communications or related services as the Grantee may require, consisting of:

- 1) poles, guys, anchors, aerial cables and wires;
- 2) buried cables and wires, cable terminals; markers, splicing boxes and pedestals;
- 3) conduits, manholes, markers, underground cables and wires;
- 4) other amplifiers, boxes, appurtenances or devices; and
- 5) telecommunication equipment enclosure or building

605431

together with the right of ingress and egress to said premises at all times. Said strip of land being more fully described on the attached plat commissioned by Grantee and said plat is expressly made a part hereof by reference thereto and is designated as Exhibit A.

The following rights are also granted:

- 1) Grantee may allow any other person or company to attach wires or lay cable or conduit within the right-of-way for communications or electric power transmission or distribution;
- 2) To clear the land and keep it cleared of all trees, undergrowth or other obstructions within the easement area;
- 3) To trim and cut and keep trimmed and cut all dead, weak leaning or dangerous trees or limbs outside of the easement area which might interfere with or fall upon the lines or systems of communications or power transmissions or distribution.

Grantee shall landscape and maintain landscape according to a plan developed mutually with Grantor. The Grantor for himself, his successors and assigns, will warrant and defend the grant and easement with the land, and shall be binding upon and in favor of the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties have caused these presents to be duly executed on the day of , 1994.

The State Of South Carolina
The State Budget and Control
Board

Florence R. Carter
Witness (Grantor)

Carroll A. Campbell, Jr.
Title: Carroll A. Campbell, Jr.
Chairman

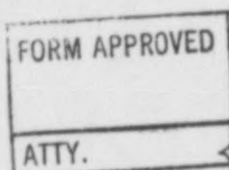
Salvatore B. Spade
Witness (Grantor)

BELLSOUTH TELECOMMUNICATIONS,
INC.

Chad A. [Signature]
Witness (Grantee)

John R. [Signature]
Director - Property Management
NC/SC

Daniel L. Ellenberg
Witness (Grantee)



605432

STATE OF SOUTH CAROLINA)
COUNTY OF)

Personally appeared before me the undersigned witness
and made oath that (s)he saw the within-named Grantor(s) sign,
and as the Grantor's(s') act and deed deliver the within easement
and that (s)he, along with the other witness subscribed above,
witnessed the due execution thereof.

Willie B. Spade

Sworn to before me this 30th
day of June, 1994

Michael R. Thompson
Notary Public
My Commission Expires: 01/26/99

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Personally appeared before me the undersigned witness
and made oath that (s)he saw the within-named Grantee sign, and
as the Grantee's act and deed deliver the within easement and
that (s)he, along with the other witness subscribed above,
witnessed the due execution thereof.

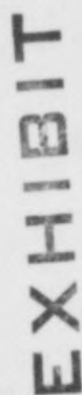
Clyde

Sworn to before me this 27th
day of May, 1994

Jamesenia B. Ruffin
Notary Public
My Commission Expires:

My Commission Expires June 10, 2002

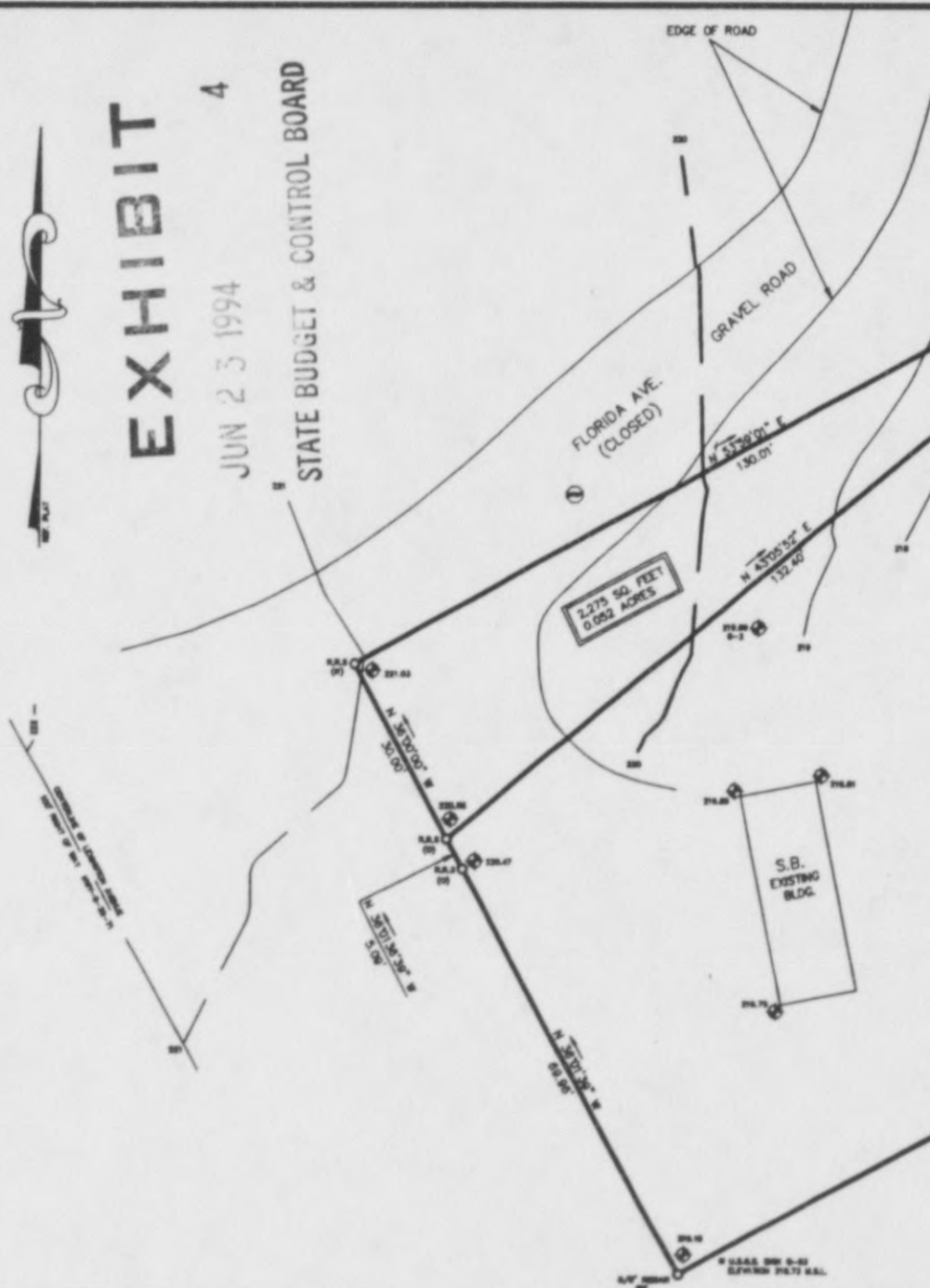
G05433



JUN 23 1994

4

STATE BUDGET & CONTROL BOARD



LOCATION MAP N.T.S.

LOCATION MAP N.T.S.

605434

FILE: PLAT FOR SOUTHERN BELL
TELECOMMUNICATIONS, INC.
DEC. 14, 1992



NOT FOR RECORDATION

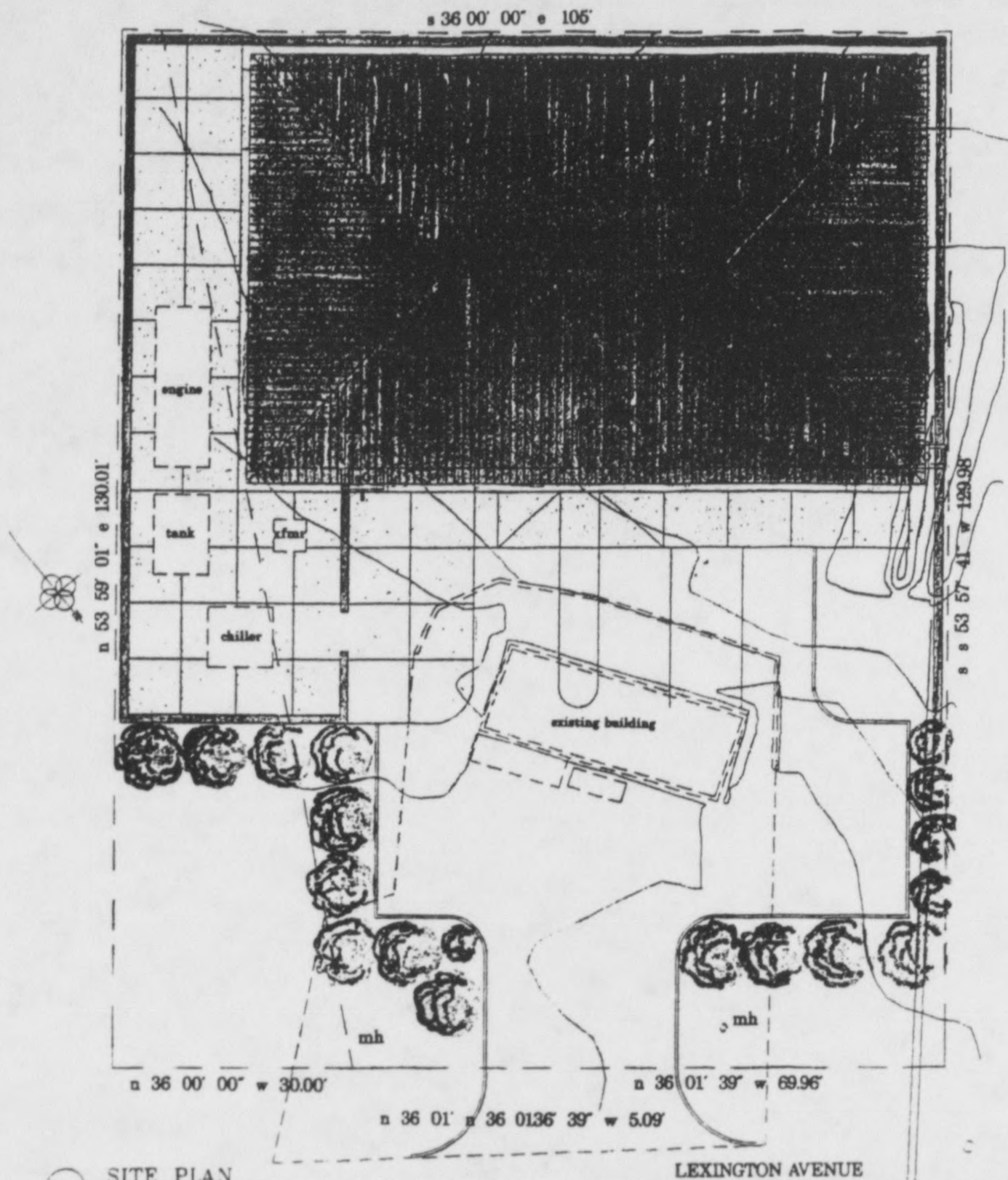
STATE OF SOUTH CAROLINA
LEXINGTON COUNTY
MIDLAND TECH AIRPORT CAMPUS

**SURVEY
FOR
BELLSOUTH
TELECOMMUNICATIONS,
INC.**

[illegible]

GRAPHIC SCALE

(20 2007)
1. 2007 年 1 月 1 日



SITE PLAN
SCALE: 1" = 20' - 0"

PROPOSED CENTRAL OFFICE

MCA

MARSHALL CLARKE
ARCHITECTS, INC.

5 CENTURY DRIVE • SUITE 110
CENTURY AT KEITH OFFICE PARK
GREENVILLE, SC 29607 • (803) 232-8204

A NEW EQUIPMENT FACILITY FOR

BELLSOUTH
TELECOMMUNICATIONS 

CAYCE, SOUTH CAROLINA

EXHIBIT

G05435

JUN 23 1994

4

STATE BUDGET & CONTROL BOARD

EXHIBIT

JUN 23 1994

5

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 5

AGENCY: State Treasurer's Office

SUBJECT: Bond Counsel Assignment, Conduit Issues

The State Treasurer's Office has been advised of the following bond counsel assignment in conduit issues:

- (a) Jobs-Economic Development Authority: TFP, Incorporated project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (b) Jobs-Economic Development Authority: Roller Bearing Company of American, Incorporated project, Mr. Robert S. Galloway, Sinkler and Boyd law firm
- (c) Jobs-Economic Development Authority: Methodist Home project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (d) Jobs-Economic Development Authority: Alfmeier Corporation project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (e) Jobs-Economic Development Authority: Alexander Family Partnership/Alexander Machinery, Inc. project, Ms. Kathleen C. McKinney, McNair and Sanford law firm

BOARD ACTION REQUESTED:

Receive as information a report that the State Treasurer's Office has been advised of the following bond counsel assignment in conduit issues:

- (a) Jobs-Economic Development Authority: TFP, Incorporated project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (b) Jobs-Economic Development Authority: Roller Bearing Company of American, Incorporated project, Mr. Robert S. Galloway, Sinkler and Boyd law firm
- (c) Jobs-Economic Development Authority: Methodist Home project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (d) Jobs-Economic Development Authority: Alfmeier Corporation project, Ms. Kathleen C. McKinney, McNair and Sanford law firm
- (e) Jobs-Economic Development Authority: Alexander Family Partnership/Alexander Machinery, Inc. project, Ms. Kathleen C. McKinney, McNair and Sanford law firm

ATTACHMENTS:

005436

STATE OF SOUTH CAROLINA
OFFICE OF STATE TREASURER

COLUMBIA 29211

GRADY L. PATTERSON, JR.
TREASURER

P. O. DRAWER 11778

June 1, 1994

C Mr. Elliott E. Franks, III
Chief Executive Officer
South Carolina Jobs-Economic Development Authority
O 1201 Main Street, Suite 1750
Columbia, SC 29201

P RE: Bond Issue for TPF, Incorporated,
Greenville County, South Carolina

Dear Mr. Franks:

Y We have received your letter dated May 26, 1994, regarding
assignment of Ms. Kathleen C. McKinney, of the law firm of McNair
and Sanford to serve as bond counsel on the above-described conduit
issue.

Pursuant to the procedure adopted by the Budget and Control Board at
its meeting February 25, 1993 concerning assignment of bond counsel
on conduit issues, and as the bond counsel selected by the agency
and the obligor is on the current list of approved bond counsel for
conduit issues, we will notify the Board by copy of this letter of
your selection.

With kindest regards, I am

Very truly yours,

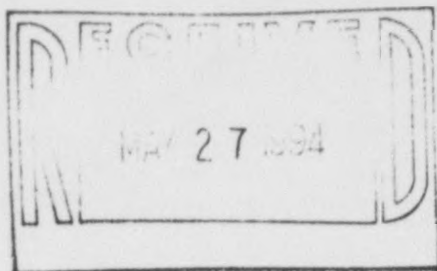
Grady L. Patterson, Jr.
State Treasurer

GLPJr:fm

CC: ✓ Ms. Donna Williams
Assistant Executive Director

G05437

South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer

May 26, 1994

The Honorable Grady L. Patterson, Jr.
Treasurer
State of South Carolina
Post Office Drawer 11778
Columbia, South Carolina 29211

RE: BOND ISSUE FOR TFP, INCORPORATED
GREENVILLE COUNTY, SOUTH CAROLINA

Dear Mr. Patterson:

Pursuant to your memorandum dated March 15, 1993, referencing bond counsel selection for Conduit Debt Issues, please be advised that per the desires of the client, Kathleen C. McKinney, Esquire, of the law firm of McNair & Sanford, P.A., will serve as bond counsel.

Please give me a call if you have any questions regarding this bond counsel selection. Thank you, as always, for your cooperation and support.

Yours sincerely,

Elliott E. Franks, III

EEF:dg

605438

STATE OF SOUTH CAROLINA
OFFICE OF STATE TREASURER
COLUMBIA 29211

GRADY L. PATTERSON, JR.
TREASURER

EXHIBIT
JUN 23 1994 5
STATE BUDGET & CONTROL BOARD

P. O. DRAWER 11778

June 2, 1994

Mr. Elliott E. Franks, III
Chief Executive Officer
SC Jobs-Economic Development Authority
1201 Main Street, Suite 1750
Columbia, SC 29201

RE: Bond Counsel Selection For Conduit Debt Issues

O Dear Mr. Franks:

P We have received your letter dated June 1, 1994, regarding
assignment of bond counsel as follows:

Y Mr. Robert S. Galloway, Sinkler and Boyd, to serve as bond
counsel on Roller Bearing Company of America,
Incorporated, Hartsville, South Carolina.

Ms. Kathleen C. McKinney, McNair and Sanford, to serve as bond
counsel on the Methodist Home, Orangeburg, South Carolina.

Pursuant to the procedure adopted by the Budget and Control Board at
its meeting February 25, 1993, concerning assignment of bond counsel
on conduit issues, and as the bond counsel selected by the agency
and the obligor is on the current list of approved bond counsel, we
will notify the Board by copy of this letter of your selection.

With kindest regards, I am

Very truly yours,

Grady L. Patterson, Jr.
State Treasurer

GLPJr:fm

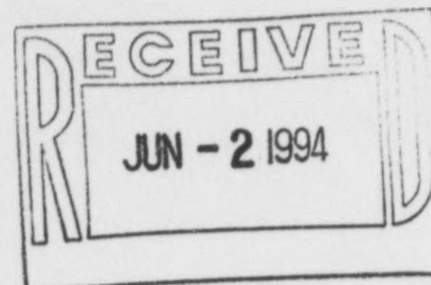
CC: Ms. Donna Williams
Assistant Executive Director

G05439

South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer



June 1, 1994

The Honorable Grady L. Patterson, Jr.
Treasurer
State of South Carolina
Post Office Drawer 11778
Columbia, South Carolina 29211

RE: BOND ISSUE FOR ROLLER BEARING COMPANY
OF AMERICA, INCORPORATED
HARTSVILLE, SOUTH CAROLINA

Dear Mr. Patterson:

Pursuant to your memorandum dated March 15, 1993, referencing bond counsel selection for Conduit Debt Issues, please be advised that per the desires of the client, Robert S. Galloway, III, Esquire, of the law firm of Sinkler & Boyd, P.A., will serve as bond counsel.

Please give me a call if you have any questions regarding this bond counsel selection. Thank you, as always, for your cooperation and support.

Yours sincerely,

Elliott E. Franks, III

EEF:dg

South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer

June 1, 1994

The Honorable Grady L. Patterson, Jr.
Treasurer
State of South Carolina
Post Office Drawer 11778
Columbia, South Carolina 29211

RE: BOND ISSUE FOR THE METHODIST HOME
ORANGEBURG, SOUTH CAROLINA

Dear Mr. Patterson:

Pursuant to your memorandum dated March 15, 1993, referencing bond counsel selection for Conduit Debt Issues, please be advised that per the desires of the client, Kathleen Crum McKinney, Esquire, of the law firm of McNair & Sanford, P.A., will serve as bond counsel.

Please give me a call if you have any questions regarding this bond counsel selection. Thank you, as always, for your cooperation and support.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Elliott E. Franks, III".

Elliott E. Franks, III

EEF:dg

STATE OF SOUTH CAROLINA
OFFICE OF STATE TREASURER
COLUMBIA 29211

GRADY L. PATTERSON, JR.
TREASURER

EXHIBIT

JUN 23 1994

5

STATE BUDGET & CONTROL BOARD

P. O. DRAWER 11778

June 9, 1994

Mr. Elliott E. Franks, III
Chief Executive Officer
SC Jobs-Economic Development Authority
1201 Main Street, Suite 1750
Columbia, SC 29201

RE: Bond Counsel Selection For Conduit Debt Issues

Dear Mr. Franks:

We have received your recent letters regarding assignment of bond counsel as follows:

Ms. Kathleen C. McKinney, McNair and Sanford, to serve as bond counsel for Alfmeier Corporation, Greenville, South Carolina.

Ms. Kathleen C. McKinney, McNair and Sanford, to serve as bond counsel on the Alexander Family Partnership/Alexander Machinery, Inc., Simpsonville, South Carolina.

Pursuant to the procedure adopted by the Budget and Control Board at its meeting February 25, 1993, concerning assignment of bond counsel on conduit issues, and as the bond counsel selected by the agency and the obligor is on the current list of approved bond counsel, we will notify the Board by copy of this letter of your selections.

With kindest regards, I am

Very truly yours,

Grady L. Patterson, Jr.
State Treasurer

GLPJr:fm

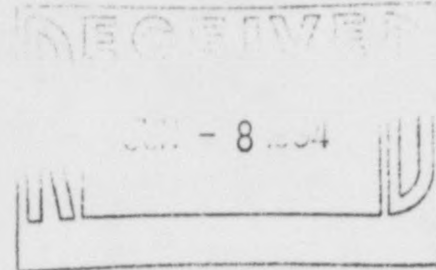
CC: Ms. Donna Williams
Assistant Executive Director

G05442

South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer



EXHIBIT

JUN 23 1994

5

STATE BUDGET & CONTROL BOARD

June 7, 1994

The Honorable Grady L. Patterson, Jr.
Treasurer
State of South Carolina
Post Office Drawer 11778
Columbia, SC 29211

RE: BOND ISSUE FOR ALFMEIER CORPORATION
GREENVILLE, SOUTH CAROLINA

Dear Mr. Patterson:

Pursuant to your memorandum dated March 15, 1993, referencing bond council selection for Conduit Debt Issues, please be advised that per the desires of the client, Kathleen C. McKinney, McNair & Sanford, P.A. Law Firm will serve as bond counsel.

Please give me a call if you have any questions regarding this bond council selection. Thank you, as always, for your cooperation and support.

Yours sincerely,

Elliott E. Franks, III

EEF:skb

605443

South Carolina Jobs-Economic Development Authority



Elliott E. Franks, III
Chief Executive Officer

EXHIBIT

JUN 23 1994

5

STATE BUDGET & CONTROL BOARD

June 6, 1994

The Honorable Grady L. Patterson, Jr.
Treasurer
State of South Carolina
P. O. Drawer 11778
Columbia, South Carolina 29211

RE: BOND ISSUE FOR THE ALEXANDER FAMILY
PARTNERSHIP/ALEXANDER MACHINERY, INC.
SIMPSONVILLE, SOUTH CAROLINA

Dear Mr. Patterson:

Pursuant to your memorandum dated March 15, 1993, referencing bond counsel selection for Conduit Debt Issues, please be advised that per the desires of the client, Kathleen Crum McKinney, Esquire, of the law firm of McNair & Sanford, P.A. will serve as bond counsel.

Please give me a call if you have any questions regarding this bond counsel selection. Thank you, as always, for your cooperation and support.

Yours sincerely,

Elliott E. Franks, III

EEF:dlm

EXHIBIT

JUN 23 1994

6

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA
ITEM NUMBER 6

AGENCY: Berkeley County

SUBJECT: Fee-in-Lieu of Taxes Revenue Bonds, Miles Inc. Project

The required reviews on the following proposal to issue revenue bonds have been completed with satisfactory results. The project requires approval under State law. An allocation of a portion of the Ceiling is not required.

Issuing Authority:	Berkeley County
Amount of Issue:	\$175,000,000 Fee-in-Lieu of Taxes Industrial Revenue Bonds
Allocation Amount:	-0-
Name of Project:	Miles Inc.
Employment Impact:	485 total employees with 150 resulting from new bond issuance
Project Description:	fiber manufacturing facilities

BOARD ACTION REQUESTED:

Adopt a resolution approving the Berkeley County proposal to issue \$175,000,000 Fee-in-Lieu of Taxes Industrial Revenue Bonds on behalf of the Miles Inc. project.

ATTACHMENTS:

Resolution

005445

JUN 7 1994

9:30 a.m.

TRANSMITTAL FORM, REVENUE BONDS

Date: June 6, 1994
 Submitted for BCB Meeting on:
 June 23, 1994

TO: Donna K. Williams, Secretary
 State Budget and Control Board
 601 Wade Hampton Office Building
 Columbia, SC 29201
 OR P. O. Box 12444, Columbia, SC 29111

FROM:

Wyche, Burgess, Freeman & Parham, P.A.
 Name of Law Firm
 Greenville, SC 29602
 City, State, Zip Code

P.O. Box 728
 Street Address/Box Number
 803 - 242-8200
 Telephone Area Code and Number

RE: \$175,000,000

Amount of Issue
 Berkeley County

Issuing Authority Name

Fee-in-lieu of Taxes Bond

Type of Bonds or Notes
 12/31/94

Projected Issue Date

Project Name: Miles Inc. - Fibers Project (Expansion of current Bond Project)

Project Description: Expansion of Miles Inc.'s current operations in Berkeley County
 through the acquisition, construction, expansion and improvement of fiber manufacturing
 facilities

Employment as result of project: 485 total employees with 150 resulting from
 new bond issuance

CEILING ALLOCATION REQUIRED

Yes (\$) XX No
 Amount

REFUNDING INVOLVED

Yes (\$) XX No
 Amount

PROJECT APPROVED PRELIMINARILY

XX Yes (October 23, 1990) NO
 and Date

January 12, 1993

DOCUMENTS ENCLOSED (executed original and three copies of each):

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. ☒ Petition
 B. ☒ Resolution or ordinance
 C. ☒ Inducement Resolution or comparable preliminary approval
 D. ☒ Standard Form Investment Letter from bonds purchaser (executed original)
 (Purchaser: Miles Inc.)
 OR ☐ Audited financial statements for three most recent years
 E. ☐ Department of Health and Environmental Control certificate IF REQUIRED
 F. ☒ Budget and Control Board Resolution and Public Notice (original)
 [Plus 4 copies for certification and return to counsel]
 G. ☒ Processing fee
 Amount \$ 5,000 Check No. *
 Payor Miles Inc.

H. ☐ Draft bond counsel opinion letter

Bond Counsel: Wyche, Burgess, Freeman & Parham, P.A.

Typed Name of Counsel

Signature

* - These items are being provided separately by Miles Inc. and are not enclosed
 herewith.

5/91

605446

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

Miles Inc.

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and Chairman of the Board;

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, June 23, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 10:00 a.m. on Friday, June 17, 1994.

That all members of the Board were present at the meeting.

That, at the meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by Mr. Patterson, who moved its adoption; the 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 adopted and the original thereof has been duly entered in the permanent records of minutes of meetings of the Board in my custody as its Secretary.

August 2, 1994

Donna Kaminer Williams

005447

RESOLUTION
OF
STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

APPROVING THE ISSUANCE OF ADDITIONAL BERKELEY COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE BONDS IN THE AGGREGATE ADDITIONAL PRINCIPAL AMOUNT OF NOT MORE THAN \$175,000,000 PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA AS AMENDED TO ASSIST IN FINANCING CERTAIN CAPITAL ASSETS FOR THE CONSTRUCTION, IMPROVEMENT AND EXPANSION OF MILES INC.'S FACILITIES IN BERKELEY COUNTY, SOUTH CAROLINA, THE PURCHASE BY BERKELEY COUNTY, SOUTH CAROLINA OF THESE CAPITAL ASSETS AND THE LEASE BY BERKELEY COUNTY, SOUTH CAROLINA TO MILES INC. OF THE ASSETS SO PURCHASED (INCLUDING THE GRANT OF AN OPTION TO MILES INC.); APPROVING THE INCREASE IN THE SIZE OF AND A CLARIFICATION OF THE DESCRIPTION OF THE PROJECT TO BE FINANCED; APPROVING THE PROJECT; APPROVING THE CLARIFICATION THAT MILES INC., AS SUCCESSOR TO MOBAY CORPORATION, AGFA CORPORATION AND BAYER USA INC. IS THE "COMPANY" IN CONNECTION WITH THE PROJECT; AND APPROVING OTHER RELATED MATTERS.

WHEREAS, the County Council of Berkeley County, South Carolina (the "County Council"), pursuant to Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board"), seeking approval from the State Board of a financial undertaking proposed by Berkeley County, South Carolina ("the County"); and

WHEREAS, by resolution adopted on October 23, 1990, the State Board approved the issuance pursuant to the Act by the County of Berkeley County, South Carolina, Industrial Revenue Bonds in the aggregate principal amount not to exceed \$125,000,000 (the "Original Bonds"), the proceeds of which Original Bonds would be used to purchase certain capital assets for the acquisition, construction, improvement and expansion of the chemical manufacturing, processing, warehousing and distribution facility in the County (the "Original Project") of Mobay Corporation, a New Jersey corporation ("Mobay") and a subsidiary of Bayer USA Inc., a Delaware corporation ("Bayer USA"), and their subsidiaries and affiliates;

WHEREAS in connection with the issuance of the Original Bonds, the Company and the County entered into certain agreements, including, a lease purchase agreement dated as of February 12, 1990 (the "Lease Purchase Agreement") which provided for, among other things, the lease of the original Project by the County to the Company and the option of the Company to purchase the original Project.

WHEREAS, by resolution adopted on January 12, 1993, the State Board approved (i) the clarification of the Original Project to include chemical and imaging technology facilities and related facilities, including, without limitation, those related to rubber

chemicals (such Original Project as amended and clarified being hereinafter referred to as the "Amended Project"), (ii) the clarification of the definition of the "Company" to include Agfa Corporation, a New York corporation and a subsidiary of Bayer USA ("Agfa"), (iii) the increase in the size of the Project from \$125,000,000 to \$250,000,000 and the financing of such increase by \$125,000,000 in additional fee-in-lieu-of-taxes industrial revenue bonds (the "First Additional Bonds"), and (iv) the increase in the number of bonds to be issued from five to a maximum of ten;

WHEREAS, effective January 1, 1992, Mobay, Agfa and Bayer USA were merged with and into Miles Inc. (the "Company");

WHEREAS, the County proposes (i) to clarify the description of the Amended Project to include fiber manufacturing facilities (the Amended Project so clarified being hereinafter referred to as the "Project"), (ii) to clarify that Miles Inc., as successor to Mobay, Agfa and Bayer USA, is the "Company" in connection with the Project, (iii) to increase the size of the Project from \$250,000,000 to \$425,000,000 and to finance this increase with additional fee-in-lieu-of-taxes industrial revenue bonds of up to \$175,000,000 (the "Second Additional Bonds") and (iv) to specifically provide that the period of time during which the Project must be completed is the five-year period ending December 31, 1995 (which is the five-year period following the end of the property tax year as of which the Lease Purchase Agreement was executed) is approved.

WHEREAS, the Company has agreed to purchase the Second Additional Bonds;

WHEREAS, the County will use the proceeds from the Second Additional Bonds to purchase certain capital assets comprising the Project;

WHEREAS, the County will lease these assets to the Company and grant the Company an option to purchase these assets;

WHEREAS, certain revenues from such lease will secure repayment of the Second Additional Bonds;

WHEREAS, the State Board has made such independent investigations as it has deemed advisable;

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

1. That it has been found and determined by the State Board that the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect this result.
2. That on the basis of the foregoing findings: (i) the Project is approved; (ii) the proposed undertaking of the

County to finance the Project through the issuance of the Second Additional Bonds in the aggregate principal amount of up to \$175,000,000, in addition to the Original Bonds and the First Additional Bonds, pursuant to the Act and the entering into of the other transactions as set forth above (including changes in any details of the financing as finally consummated which do not materially affect the undertaking) is hereby approved; (iii) the clarification of the definition of the Company as set forth above, the clarification of the Project as set forth above, and the increase in the size of the Project to approximately \$425,000,000 are approved, and (iv) the provision that the Project must be completed by December 31, 1995.

3. That notice of this action taken by the State Board shall be published in the News and Courier, which is a newspaper published in Charleston, South Carolina and having general circulation in the County.
4. That notice to be published shall be in form substantially as set forth as Exhibit "A" of this Resolution.

JUN 7 1994

RECEIVED

MILES 

JUN 07 1994

STATE AUDITOR'S OFFICE

June 6, 1994

Miles Inc.
One Mellon Center
500 Grant Street
Pittsburgh, PA 15219-2502
Phone: 412 394-5500

EXHIBIT

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

JUN 23 1994

61

STATE BUDGET & CONTROL BOARD

Re: Sale by Berkeley County, South Carolina
Of its Fee-in-lieu of taxes industrial bonds
On behalf of Miles Inc.

(the "Issuer")
(the "Bonds")
(the "Company")

For its chemical manufacturing, processing,
warehousing and distribution facilities,
including chemical and imaging technology
facilities and related facilities, including,
without limitation, those relating to rubber
chemicals and fiber manufacturing facilities

To Miles Inc.

(the "Project")
(the "Purchaser")

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and

5. The bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

PURCHASER:

Name: Miles Inc.
Address: One Mellon Center
500 Grant Street
Pittsburgh, PA 15219-2502

SWORN to and subscribed before me
this 6 day of JUNE, 1994.

By: Melvin G. Henninger
Melvin G. Henninger
Vice President
JUNE 6, 1994

Claudia M. Tomaszewski
Notary Public
Commission Expires: _____

Notarial Seal
Claudia M. Tomaszewski, Notary Public
Pittsburgh, Allegheny County
My Commission Expires Sept. 1, 1997
Member, Pennsylvania Association of Notaries

APPROVED

Edgar A. Vaughn, Jr.
EDGAR A. VAUGHN, JR., State Auditor
Date 6-15-94

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

ATTORNEYS AT LAW

44 EAST CAMPERDOWN WAY

POST OFFICE BOX 728

GREENVILLE, SOUTH CAROLINA 29602-0728

C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES C. PARHAM, JR.
JAMES M. SHOEMAKER, JR.
WILLIAM W. KEHL
CHARLES W. WOFFORD
LARRY D. ESTRIDGE
D. ALLEN GRUMBINE
CARY H. HALL, JR.
CARL F. MULLER
HENRY L. PARR, JR.

BRADFORD W. WYCHE
ERIC B. AMSTUTZ
MARSHALL WINN
WALLACE K. LIGHTSEY
LESLEY R. MOORE
WILLIAM D. HERLONG
JO WATSON HACKL
WILLIAM P. CRAWFORD, JR.
J. THEODORE GENTRY
GREGORY J. ENGLISH

June 6, 1994

C. GRANVILLE WYCHE
1890-1988
ALFRED F. BURGESS
1906-1992
TELEFAX 803-235-8900
TELEPHONE 803-242-8200
WRITER'S DIRECT NUMBER
242-8265

BY FEDERAL EXPRESS

Ms. Donna K. Williams
Secretary, State Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

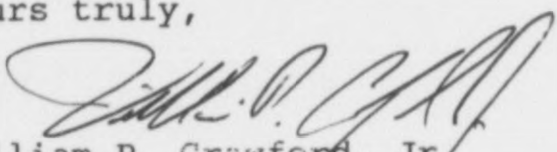
RE: Miles, Inc./Berkeley County, South Carolina Bond
Project

Dear Ms. Williams:

Enclosed please find the Petition and related documents of Miles Inc. which are being submitted to the State Budget and Control Board for its June meeting. Please note that the Investor's Letter and the \$5,000 filing fee will be received via separate federal express package from Miles Inc. in Pittsburgh.

If you have any questions or need additional documentation, please give me a call. Thanks for your help.

Yours truly,


William P. Crawford, Jr.

Enclosure

005453

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

ATTORNEYS AT LAW

44 EAST CAMPERDOWN WAY

POST OFFICE BOX 728

GREENVILLE, SOUTH CAROLINA 29602-0728

C. THOMAS WYCHE
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June 6, 1994

C. GRANVILLE WYCHE
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ALFRED F. BURGESS
1906-1992
TELEFAX 803-235-8900
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WRITER'S DIRECT NUMBER
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Ms. Donna K. Williams
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601 Wade Hampton Office Building
Columbia, South Carolina 29201

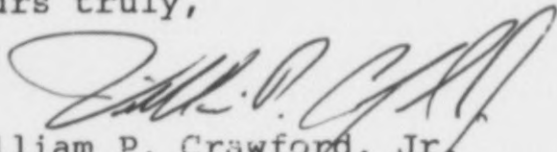
RE: Miles, Inc./Berkeley County, South Carolina Bond
Project

Dear Ms. Williams:

Enclosed please find the Petition and related documents of Miles Inc. which are being submitted to the State Budget and Control Board for its June meeting. Please note that the Investor's Letter and the \$5,000 filing fee will be received via separate federal express package from Miles Inc. in Pittsburgh.

If you have any questions or need additional documentation, please give me a call. Thanks for your help.

Yours truly,


William P. Crawford, Jr.

Enclosure

005453

Resolution

Executed Petition is attached to the Resolution

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880
(803) 737-0592 Fax

HELEN T. ZEIGLER
DIRECTOR

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

June 13, 1994

The Honorable Donna K. Williams
Secretary
S.C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Berkeley County
\$175,000,000 Fee-in-lieu of Taxes Bonds
Miles, Inc. Project

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form and other items regarding the referenced proposed bonds.

These documents have been submitted by Bond Counsel, Wyche, Burgess, Freeman & Parham, P.A. and upon review of the Petition to the Budget and Control Board, the proposed Resolution of the Budget and Control Board and the draft of the Opinion of Bond Counsel appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

Wayne F. Rush
Wayne F. Rush
General Counsel

005455

RESOLUTION
OF
STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

APPROVING THE ISSUANCE OF ADDITIONAL BERKELEY COUNTY, SOUTH CAROLINA INDUSTRIAL REVENUE BONDS IN THE AGGREGATE ADDITIONAL PRINCIPAL AMOUNT OF NOT MORE THAN \$175,000,000 PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA AS AMENDED TO ASSIST IN FINANCING CERTAIN CAPITAL ASSETS FOR THE CONSTRUCTION, IMPROVEMENT AND EXPANSION OF MILES INC.'S FACILITIES IN BERKELEY COUNTY, SOUTH CAROLINA, THE PURCHASE BY BERKELEY COUNTY, SOUTH CAROLINA OF THESE CAPITAL ASSETS AND THE LEASE BY BERKELEY COUNTY, SOUTH CAROLINA TO MILES INC. OF THE ASSETS SO PURCHASED (INCLUDING THE GRANT OF AN OPTION TO MILES INC.); APPROVING THE INCREASE IN THE SIZE OF AND A CLARIFICATION OF THE DESCRIPTION OF THE PROJECT TO BE FINANCED; APPROVING THE PROJECT; APPROVING THE CLARIFICATION THAT MILES INC., AS SUCCESSOR TO MOBAY CORPORATION, AGFA CORPORATION AND BAYER USA INC. IS THE "COMPANY" IN CONNECTION WITH THE PROJECT; AND APPROVING OTHER RELATED MATTERS.

WHEREAS, the County Council of Berkeley County, South Carolina (the "County Council"), pursuant to Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act"), has petitioned the State Budget and Control Board of South Carolina (the "State Board"), seeking approval from the State Board of a financial undertaking proposed by Berkeley County, South Carolina ("the County"); and

WHEREAS, by resolution adopted on October 23, 1990, the State Board approved the issuance pursuant to the Act by the County of Berkeley County, South Carolina, Industrial Revenue Bonds in the aggregate principal amount not to exceed \$125,000,000 (the "Original Bonds"), the proceeds of which Original Bonds would be used to purchase certain capital assets for the acquisition, construction, improvement and expansion of the chemical manufacturing, processing, warehousing and distribution facility in the County (the "Original Project") of Mobay Corporation, a New Jersey corporation ("Mobay") and a subsidiary of Bayer USA Inc., a Delaware corporation ("Bayer USA"), and their subsidiaries and affiliates;

WHEREAS in connection with the issuance of the Original Bonds, the Company and the County entered into certain agreements, including, a lease purchase agreement dated as of February 12, 1990 (the "Lease Purchase Agreement") which provided for, among other things, the lease of the original Project by the County to the Company and the option of the Company to purchase the original Project.

WHEREAS, by resolution adopted on January 12, 1993, the State Board approved (i) the clarification of the Original Project to include chemical and imaging technology facilities and related facilities, including, without limitation, those related to rubber

chemicals (such Original Project as amended and clarified being hereinafter referred to as the "Amended Project"), (ii) the clarification of the definition of the "Company" to include Agfa Corporation, a New York corporation and a subsidiary of Bayer USA ("Agfa"), (iii) the increase in the size of the Project from \$125,000,000 to \$250,000,000 and the financing of such increase by \$125,000,000 in additional fee-in-lieu-of-taxes industrial revenue bonds (the "First Additional Bonds"), and (iv) the increase in the number of bonds to be issued from five to a maximum of ten;

WHEREAS, effective January 1, 1992, Mobay, Agfa and Bayer USA were merged with and into Miles Inc. (the "Company");

WHEREAS, the County proposes (i) to clarify the description of the Amended Project to include fiber manufacturing facilities (the Amended Project so clarified being hereinafter referred to as the "Project"), (ii) to clarify that Miles Inc., as successor to Mobay, Agfa and Bayer USA, is the "Company" in connection with the Project, (iii) to increase the size of the Project from \$250,000,000 to \$425,000,000 and to finance this increase with additional fee-in-lieu-of-taxes industrial revenue bonds of up to \$175,000,000 (the "Second Additional Bonds") and (iv) to specifically provide that the period of time during which the Project must be completed is the five-year period ending December 31, 1995 (which is the five-year period following the end of the property tax year as of which the Lease Purchase Agreement was executed) is approved.

WHEREAS, the Company has agreed to purchase the Second Additional Bonds;

WHEREAS, the County will use the proceeds from the Second Additional Bonds to purchase certain capital assets comprising the Project;

WHEREAS, the County will lease these assets to the Company and grant the Company an option to purchase these assets;

WHEREAS, certain revenues from such lease will secure repayment of the Second Additional Bonds;

WHEREAS, the State Board has made such independent investigations as it has deemed advisable;

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

1. That it has been found and determined by the State Board that the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect this result.
2. That on the basis of the foregoing findings: (i) the Project is approved; (ii) the proposed undertaking of the

County to finance the Project through the issuance of the Second Additional Bonds in the aggregate principal amount of up to \$175,000,000, in addition to the Original Bonds and the First Additional Bonds, pursuant to the Act and the entering into of the other transactions as set forth above (including changes in any details of the financing as finally consummated which do not materially affect the undertaking) is hereby approved; (iii) the clarification of the definition of the Company as set forth above, the clarification of the Project as set forth above, and the increase in the size of the Project to approximately \$425,000,000 are approved, and (iv) the provision that the Project must be completed by December 31, 1995.

3. That notice of this action taken by the State Board shall be published in the News and Courier, which is a newspaper published in Charleston, South Carolina and having general circulation in the County.
4. That notice to be published shall be in form substantially as set forth as Exhibit "A" of this Resolution.

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

June 10, 1994

RECEIVED

JUN 14 1994

Budget and Control Board
Office of the Executive Director

Ms. Donna K. Williams
Secretary
State Budget & Control Board
P. O. Box 12444
Columbia, SC 29211

Re: Berkeley County
\$175,000,000 Fee-in-lieu of Taxes Industrial Revenue Bonds
Miles, Inc., Project

Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval pursuant to §4-29-140 S.C. Code Ann. (1986). The documents appear to comply with the requirements of the Code sections referenced therein that certain specific information be addressed in these documents.

This letter addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

OFFICE OF THE ATTORNEY GENERAL

BY: Alice C. Broadwater

ACB/rho

005459

JUN 7 1994

MILES 

June 6, 1994

Miles Inc.
One Mellon Center
500 Grant Street
Pittsburgh, PA 15219-2502
Phone: 412 394-5500

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

Re: Sale by Berkeley County, South Carolina	(the "Issuer")
Of its Fee-in-lieu of taxes industrial bonds	(the "Bonds")
On behalf of Miles Inc.	(the "Company")
For its chemical manufacturing, processing,	
warehousing and distribution facilities,	
including chemical and imaging technology	
facilities and related facilities, including,	
without limitation, those relating to rubber	
chemicals and fiber manufacturing facilities	(the "Project")
To Miles Inc.	(the "Purchaser")

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and

5. The bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

PURCHASER:

Name: Miles Inc.
Address: One Mellon Center
500 Grant Street
Pittsburgh, PA 15219-2502

SWORN to and subscribed before me
this 6 day of JUNE, 1994.

By:

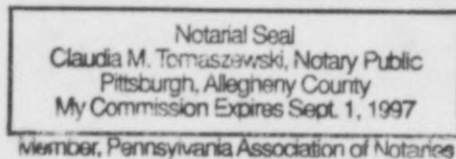
Melvin G. Henninger
Melvin G. Henninger

Vice President

JUNE 6, 1994

Claudia M. Tomaszewski
Notary Public

Commission Expires: _____



JUN 23 1994

RECORDATION OF
MILLAGE RATE AND INDUCEMENT AGREEMENTS STATE BUDGET & CONTROL BOARD

THIS RECORDATION OF MILLAGE RATE AND INDUCEMENT AGREEMENTS, signed on March 31, 1993 by Berkeley County, South Carolina and on March 30, 1993 by Miles Inc. (but effective as stated below) by and between BERKELEY COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), and MILES INC. (the "Company"), an Indiana corporation which is the successor by merger to Mobay Corporation, a New Jersey corporation ("Mobay"), and Agfa Corporation, a New York corporation ("Agfa").

WHEREAS, the County and Mobay entered into that certain Lease purchase Agreement (the "Lease Purchase Agreement") dated as of February 12, 1990 in connection with fee-in-lieu-of-taxes industrial revenue bonds to be issued to finance a chemical manufacturing, processing, warehousing and distribution enterprise in Berkeley County, South Carolina (the "Project") for Mobay and the subsidiaries and affiliates of Mobay and Bayer USA Inc., a Delaware corporation ("Bayer USA"); and

WHEREAS, in June 1991, Agfa (an affiliate of Mobay and a subsidiary of Bayer USA, Bayer USA being also the parent corporation of Mobay) and Mobay, on the one hand, and the County, on the other hand, agreed (the "1991 Agreement"), among other things, that (a), subject to receiving the approvals required by Title 4, Chapter 29 of the 1976 Code of Laws of South Carolina, as amended (the "Act"), the County would issue additional fee-in-lieu-of-taxes industrial revenue bonds in an aggregate principal amount not to exceed \$125,000,000 with respect to an expansion (the "Agfa Expansion") of the Project (which term was agreed to be clarified in the manner set forth in the Ordinance hereinafter defined), (b) the Agfa Expansion would be deemed part of the same Project as originally contemplated by the Lease Purchase Agreement, (c) the five year investment period of the Project would apply to the Agfa Expansion and (d) the payments in lieu of taxes to be paid with respect to the Agfa Expansion would be calculated in all respects, including millage rate, in the same manner as set forth in the Lease Purchase Agreement; and pursuant to this agreement the County adopted Ordinance No. 91-12-30 on December 17, 1991 (the "Ordinance") and a Resolution on December 17, 1991; and

WHEREAS, effective January 1, 1992, Agfa, Mobay and Bayer USA were merged with and into Miles Inc., an Indiana corporation; and

WHEREAS, in October 1992, the Company and the County agreed (the "1992 Agreement"), among other things, that (a), subject to receiving the approvals required by the Act, the County would issue additional fee-in-lieu-of-taxes industrial revenue bonds in an aggregate principal amount not to exceed \$170,000,000 with respect to another expansion (the "Fibers Expansion") of the Project (which term was agreed to be clarified to expressly include fiber manufacturing facilities), (b) the Fibers Expansion would be deemed part of the same Project as originally contemplated by the Lease Purchase Agreement, (c) the five year investment period of the Project would apply to the Fibers Expansion and (d) the payments in lieu of taxes to be paid with respect to the Fibers Expansion would be calculated in all respects, including millage rate, in

e same manner as set forth in the Lease Purchase Agreement; and

WHEREAS, the parties desire to record herein certain aspects of the 1991 Agreement and the 1992 Agreement and certain other matters;

NOW, THEREFORE, IN CONSIDERATION of the respective agreements of the parties and other good and valuable consideration, the receipt and efficiency of which are hereby acknowledged, the parties hereto declare that they have agreed as follows:

1. Effective as of June 1991, the parties agreed that (a), subject to receiving the approvals required by the Act, the County shall assist in the financing of the Agfa Expansion of the Project (as defined in the Lease Purchase Agreement) by the issuance of additional fee-in-lieu-of-taxes industrial revenue bonds in an aggregate principal amount not to exceed \$25,000,000, by the acquisition with the proceeds of such bonds of the Agfa Expansion and by the lease thereof to the Company (as such term was defined in the Ordinance), (b) the Agfa Expansion shall be deemed part of the same Project as originally contemplated by the Lease Purchase Agreement, (c) the five year investment period of the Project shall apply to the Agfa Expansion and (d) the payments in lieu of taxes to be paid with respect to the Agfa Expansion shall be calculated in all respects, including (without limitation) millage rate, in the same manner as set forth in the Lease Purchase Agreement.

2. Effective as of October 1992, the parties agreed that (a), subject to receiving the approvals required by the Act, the County shall assist in the financing of the Fibers Expansion of the Project (which term was agreed to be clarified to expressly include fiber manufacturing facilities) by the issuance of additional fee-in-lieu-of-taxes industrial revenue bonds in an aggregate principal amount not to exceed \$10,000,000, by the acquisition with the proceeds of such bonds of the Fibers Expansion and by the lease thereof to the Company, (b) the Fibers Expansion shall be deemed part of the same Project as originally contemplated by the Lease Purchase Agreement, (c) the five year investment period of the Project shall apply to the Fibers Expansion and (d) the payments in lieu of taxes to be paid with respect to the Fibers Expansion shall be calculated in all respects, including (without limitation) millage rate, in the same manner as set forth in the Lease Purchase Agreement.

3. Effective as of January 1993, the parties agreed that the fee-in-lieu-of-taxes provision of the Lease Purchase Agreement shall be amended to read as set forth in the attached Section 4.6.

4. Effective as of January 1993, the parties agreed that the provisions of the attached Section 4.11 shall apply with respect to all aspects of the Project (as originally described and as such term has been previously defined and will be clarified from time to time).

5. Section 1 hereof shall be effective as of June 1991 (the month in which the parties entered into the 1991 Agreement), section 2 hereof shall be effective as of October 1992 (the month in which the parties

entered into the 1992 Agreement), section 3 hereof shall be effective as of January 1993 (with the understanding, however, that the attached section 4.6 reflects the parties' original intent respecting all periods commencing February 12, 1990) and section 4 hereof shall be effective as of January 1993.

6. This recordation of agreements may be signed in one or more counterparts by separate parties, all of which taken together shall constitute one document.

IN WITNESS WHEREOF, BERKELEY COUNTY, SOUTH CAROLINA, and MILES INC. (individually and as successor by merger to Mobay, Agfa and Bayer USA) have duly executed this Recordation of Millage Rate and Inducement Agreements, all as of the date first above written.

[Signature]
Witness

Yolanda C. Ellis
Witness

BERKELEY COUNTY, SOUTH CAROLINA

By: *[Signature]*
County Supervisor/Chairman of
County Council

Attest: *[Signature]* (SEAL)
Clerk of County Council

MILES INC. (as successor by merger
to Mobay, Agfa and Bayer USA)

[Signature]
Witness

By: *[Signature]*
Title: Vice President

Claudia Porezowski
Witness

Attest: *[Signature]* (SEAL)
Title: Vice President
and assistant secretary

ATTACHMENT

Section 4.6. Payments in Lieu of Taxes. In addition to the Lease rentals set forth in Section 4.4 hereof, the Company shall be required to make payments to the County in lieu of taxes. Such amounts shall be calculated and payable as follows: On the third day of January of each year of the Lease Term, beginning with the second calendar year following the calendar year in which any Leased Land, Building, or Equipment is placed into service, and on the third day of January immediately following the termination of the Lease Term, the Company shall pay the County an amount equal to the sum of (a) the amount that would be due as taxes on any undeveloped property if it were taxable, and (b) the product of multiplying [i] the millage rate component calculated as provided herein, by [ii] six percent (6%) of the fair market value of each asset that was included on January 1 of the immediately preceding year within the Leased Land, Building, or Equipment and that had been placed into service prior to such January 1 (determined as though title to such assets were in the name of the Company and subject to ad valorem taxes), determined at the time of payment and including all deductions for depreciation allowed by the tax laws and Section 4-29-67 of the Code of Laws of South Carolina, as amended, and all applicable ad valorem tax exemptions except the exemption allowed pursuant to Section 3(g) of Article X of the Constitution of the State and the exemption allowed pursuant to Section 12-37-220B(32) and (34) of the Code of Laws of South Carolina, 1976, as amended. The millage rate component referred to in subsection (b)[i] of this Section 4.6 shall be determined as follows: The millage rate is set at 170 mills for the five years following the year in which each asset included within any Leased Land, Building, or Equipment is placed into service. Thus, for property placed in service in 1991 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1993 through 1997, for property placed in service in 1992 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1994 through 1998, for property placed in service in 1993 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1995 through 1999, for property placed in service in 1994 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1996 through 2000, and for property placed in service in 1995 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1997 through 2001, shall be based on a millage rate of 170 mills. Each five years thereafter (i.e., at the beginning of the sixth, eleventh, and sixteenth years following the year in which each asset included within any Leased Land, Building, or Equipment was placed into service), the millage rate will be adjusted to the average millage rate in effect in the County from 1991 through the year preceding the adjustment. In no event shall such adjustments result in an applicable millage rate that is less than 170 mills. The payments required by this Section 4.6 shall apply with respect to each item of property comprising part of the Project for a period of twenty years commencing on December 31 of the year in which such item of property was placed into service. This Section 4.6 shall apply only to property comprising part of the Project which is placed into service prior to January 1, 1996.

The parties hereto agree that all variations in the language of the first paragraph of this Section 4.6 of this Amended and Restated Lease

purchase Agreement from the language of Section 4.6 of the original Lease Purchase Agreement are in the nature of clarifications, and do not constitute amendments. If it is determined that any such variations constitute amendments and are invalid, such invalid variations shall be deemed to have never been made in, or been a part of, this Amended and Restated Lease Purchase Agreement.

Section 4.11 of this Agreement sets forth the Payments-In-Lieu-Of-Taxes rules applicable to Disposed Equipment or Replacement Equipment (as such terms are defined in such section).

Section 4.11. Equipment Disposed of or Replaced.

(a) In the event that the Company determines that any portion of the Equipment should be scrapped or sold (hereinafter the "Disposed Equipment"):

(1) The Company shall promptly notify the County and the holders of the Bonds of the Company's decision to dispose of the Disposed Equipment, and shall, at its expense, prepare all such agreements, instruments and other documents as may be necessary or desirable to cause the transfer of title, without consideration, from the County to the Company of the Disposed Equipment. The County agrees that it shall execute and deliver any such agreements, instruments and other documents which, in its reasonable judgment, conform to this Agreement. Upon transfer from the County to the Company of title to any Disposed Equipment, such Disposed Equipment shall no longer constitute Equipment under this Agreement, and the Payments-In-Lieu-Of-Taxes payable under Section 4.6 hereof shall be reduced in accordance with the provisions of Section 4-29-67(F)(1) of the Act.

(2) No disposal of Disposed Equipment shall under any circumstance alter the amounts due and payable by the Company pursuant to Section 4.4 hereof.

(b) In the event that the Company desires that machinery or equipment be placed in service as a replacement for Disposed Equipment hereinafter the "Replacement Equipment"):

(1) The Company shall promptly notify the County and the holders of the Bonds of the Company's decision to replace Disposed Equipment with Replacement Equipment, and shall, at its expense, prepare all such agreements, instruments and other documents as may be necessary or desirable to cause the transfer of title, without consideration, to the County of the Replacement Equipment. The County agrees that it shall execute and deliver any such agreements, instruments and other documents which, in its reasonable judgment, conform to this Agreement. Upon transfer to the County of title to any Replacement Equipment, such Replacement Equipment shall constitute Equipment under this Agreement, and the Payments-In-Lieu-Of-Taxes payable under Section 4.6 hereof shall be increased in accordance with the provisions of Section 4-29-67(F)(2) of the Act.

(2) No acquisition by the County of Replacement Equipment

shall under any circumstance alter the amounts due and payable by the Company pursuant to Section 4.4 hereof.

(3) Replacement Equipment need not serve the same function as the Disposed Equipment it replaces. More than one piece of property can constitute Replacement Equipment in replacement of Disposed Equipment.

(4) Replacement Equipment shall have the same five-year millage rate period and the same lease term as did the Disposed Equipment which it replaces for purposes of Section 4.6 hereof.

RESOLUTION

TO AUTHORIZE A PETITION TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR ITS APPROVAL OF THE ISSUANCE AND SALE OF BERKELEY COUNTY, SOUTH CAROLINA FEE-IN-LIEU-OF-TAXES INDUSTRIAL REVENUE BONDS (MILES INC. PROJECT) IN THE PRINCIPAL AMOUNT OF AN ADDITIONAL \$175,000,000 PURSUANT TO CHAPTER 29 OF TITLE 4 OF THE 1976 CODE OF LAWS OF SOUTH CAROLINA, AS AMENDED;

AND TO PROVIDE FOR OTHER MATTERS RELATING TO THESE RESOLUTIONS AND THE ACTIONS CONTEMPLATED THEREIN.

BE IT RESOLVED BY THE COUNTY COUNCIL OF BERKELEY COUNTY, SOUTH CAROLINA, IN MEETING DULY ASSEMBLED:

ARTICLE I
FINDINGS OF FACT

As an incident to the adoption of this Resolution, the County Council of Berkeley County, South Carolina (the "County Council") has made the following findings and determinations:

1. Miles Inc., an Indiana corporation and successor by merger to Mobay Corporation, a New Jersey corporation, Bayer USA Inc., a Delaware corporation, and Agfa Corporation, a New York corporation (the "Company"), has proposed that Berkeley County, South Carolina (the "County") assist in financing the acquisition, construction, expansion and improvement in the County of fiber manufacturing facilities as part of a project of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities, including, without limitation, those relating to rubber chemicals (collectively, the "Project"). The Project has been and will be financed in part by the issuance and sale by the County of its industrial revenue bonds (the "Bonds"), in the aggregate principal amount of up to \$425,000,000, pursuant to the authorization of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act"). Of this \$425,000,000 principal amount of Bonds, \$250,000,000 principal amount of the Bonds have already been authorized as described below. The Bonds have been and will be purchased by the Company. The proceeds of the Bonds have been and will be used by the County to acquire title to the Project.

2. On February 12, 1990, the County, acting through its County Council, adopted Ordinance 90-2-3, which authorized the issuance of approximately \$125,000,000 principal amount of Bonds in connection with the Project (the "Original Bonds"). The issuance of the Original Bonds was approved by the State Budget and Control Board of South Carolina on October 23, 1990. In connection with the issuance of the Original Bonds, Mobay Corporation

(as predecessor to the Company) and the County entered into certain agreements, including, a lease purchase agreement dated as of February 12, 1990 (the "Lease Purchase Agreement").

3. On December 17, 1991, the County, acting through its County Council, adopted Ordinance 91-12-30, which clarified the description of the Project to include chemical and imaging technology facilities and related facilities, increased the size of the Project from approximately \$125,000,000 to approximately \$250,000,000, provided that the increase should be financed with \$125,000,000 principal amount of additional Bonds (the "First Additional Bonds"), and provided that this increase should be undertaken by Agfa Corporation, a New York corporation. The issuance of the First Additional Bonds was approved by the State Budget and Control Board of South Carolina on January 12, 1993. In connection with the issuance of the First Additional Bonds, the Company and the County amended certain of their existing agreements, including the Lease Purchase Agreement (as amended the "Amended and Restated Lease Purchase Agreement").

4. On March 31, 1993, the Company and the County entered into that certain Recordation of Millage Rate and Inducement Agreements, dated as of March 31, 1993 (the "Inducement Agreement"), which the County Council approves and which, among other things: (i) provided that the County would assist in the financing of the Agfa Expansion (as defined therein) through the issuance of the First Additional Bonds and that the Agfa Expansion would be deemed a part of the Project, (ii) provided that the County would assist in the financing of the Fibers Expansion (as defined therein) through the issuance of additional bonds and that the Fibers Expansion would be deemed a part of the Project, and (iii) clarified Sections 4.6 and 4.11 of the Lease Purchase Agreement with respect to certain matters relating to payments in lieu of taxes and equipment to be disposed of or replaced.

5. The Company proposes to expand the description of the Project to include fiber manufacturing, increase the size of the Project from approximately \$250,000,000 to approximately \$425,000,000 and to finance the increase with additional Bonds in the principal amount of up to \$175,000,000 (the "Second Additional Bonds").

6. The Project will be owned by the County and leased to the Company. The Bonds have been and will be issued for the purpose of defraying the cost of acquiring, by construction and purchase, and, in connection with such acquisition, to enlarge, improve and expand, the Project. The County will lease the Project to the Company under the terms of a Second Amended and Restated Lease Purchase Agreement, which will have substantially the same terms as the current Amended and Restated Lease Purchase Agreement between the Company and the County, except that such

Second Amended and Restated Lease Purchase Agreement will reflect the changes described in paragraph 5 above.

7. The Project serves and, as expanded, will serve the purposes of the Act. The Project, when completed, will create approximately 485 jobs in the County, including approximately 150 jobs related to the Fibers Expansion to be financed by the Second Additional Bonds. The anticipated economic effect upon the County of that portion of the Project to be financed with the Second Additional Bonds is as set forth in the County's Community Development Block Grant Program Application attached to the Petition.

8. Neither the Project nor the Bonds will give rise to any pecuniary liability of the County or a charge against its general credit or taxing powers.

9. The amount necessary to finance the Project is approximately \$425,000,000 according to the Company's reasonable estimates, of which \$175,000,000 would relate to that portion of the Project to be financed with the Second Additional Bonds. The amount of the Bonds shall be up to \$425,000,000, issued in series over up to five years, and the Bonds shall be issued and sold at no discount. Principal of the Bonds shall be repaid each year in such amounts as will equal the sum of the depreciation, investment tax credits and other income tax benefits that the Company would have received in the prior year had title to the Project been vested in the Company's name, except that the final payment of principal on each Bond shall be equal to all unpaid principal on that Bond. Interest shall be payable at the rate of ten percent per annum. Lease payments to the County by the Company shall be sufficient to allow the County to meet the repayment schedules on the Bonds.

10. No reserve fund shall be established in connection with the Bonds or in connection with the maintenance and insurance of the Project in view of the financial stability of the Company and the Company's purchase of the Bonds.

11. The Company shall pay or cause to be paid all costs required to keep the Project in good repair and to keep the Project properly insured.

12. The Amended and Restated Lease Purchase Agreement (and the proposed Second Amended and Restated Lease Purchase Agreement) obligates the Company unconditionally to pay the County the amounts necessary to pay all principal and interest when and as they become due on the Bonds and similarly to pay all other costs in connection with those instruments. The Amended and Restated Lease Purchase Agreement (and the proposed Second Amended and Restated Lease Purchase Agreement) unconditionally obligates the

Company to complete the Project even if the proceeds from the Bonds are insufficient.

13. The passage of this Resolution was not made in consideration of any bribe, gift, gratuity or direct or indirect contribution to any political campaign.

ARTICLE II
PETITION TO THE STATE BUDGET AND CONTROL BOARD

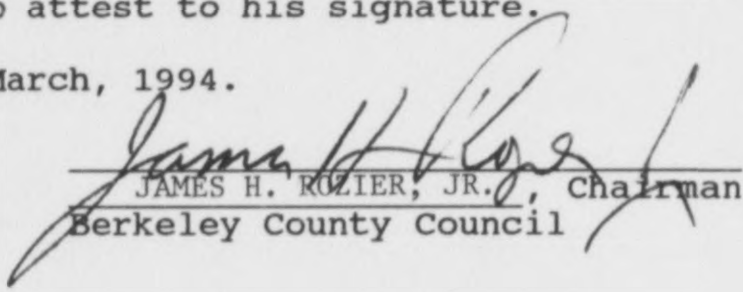
The County is hereby authorized and committed to submit a Petition to the State Budget and Control Board of South Carolina to seek the approval required by the Act. No allocation pursuant to the Internal Revenue Code is required inasmuch as the Bonds will not be issued as securities having interest which is exempt from federal income taxation. This Petition shall be substantially upon the terms of the Petition attached as Exhibit A to this Resolution.

ARTICLE III
EXECUTION

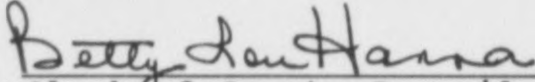
The County Supervisor/Chairman of County Council (or anyone authorized to act in his stead) is hereby authorized and empowered to execute all documents required to effectuate the intent of these Resolutions, and the Clerk of County Council is hereby authorized and empowered to attest to his signature.

ADOPTED this 28th day of March, 1994.

(SEAL)


JAMES H. ROZIER, JR., Chairman
Berkeley County Council

Attest:


Betty Lou Hanna
Clerk of County Council

MEMBERS OF COUNTY COUNCIL

Milton Farley
MILTON FARLEY Voting yes

Steve M. Vaughn
STEVE M. VAUGHN Voting yes

Judith K. Spooner
JUDITH K. SPOONER Voting yes

F. Marion Peagler
F. MARION PEAGLER Voting yes

Robert O. Call, Jr.
ROBERT O. CALL, JR. Voting yes

Julius Barnes
JULIUS BARNES Voting yes

James E. Dangerfield
JAMES E. DANGERFIELD Voting yes

Bernice S. Friendly
BERNICE S. FRIENDLY Voting yes

005472

EXHIBIT A TO RESOLUTION OF COUNTY COUNCIL OF BERKELEY COUNTY

Petition of Berkeley County to the State Budget and Control Board of South Carolina, together with forms of Lease Purchase Agreement and Bond Issuance and Purchase Agreements attached thereto.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BERKELEY)

PETITION

TO: THE STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA

The County Council of Berkeley County (the "County Council") would respectfully report unto the State Budget and Control Board of South Carolina the following findings:

1. The County Council is the governing body of Berkeley County, South Carolina (the "County") as established by law and, as such, is the "governing board" described in Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended (the "Act").

2. The Act authorizes and empowers the County, acting through the County Council, if it shall comply with the provisions set forth in the Act, to assist industrial enterprises in the financing of land, buildings, equipment, machinery and other improvements deemed necessary, suitable or useful for the manufacture, processing, warehousing or distribution of agricultural or manufactured products and, for that purpose, to issue industrial development revenue bonds.

3. The County, acting through the County Council, has agreed that the County will undertake, through the issuance and sale of industrial development revenue bonds pursuant to the Act, to assist Miles Inc., an Indiana corporation and successor by merger to Mobay Corporation, a New Jersey corporation, Bayer U.S.A., Inc., a Delaware corporation, and Agfa Corporation, a New York corporation (the "Company"), in financing its acquisition, construction, expansion and improvement in the County of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities, including, without limitation, those relating to rubber chemicals and fiber manufacturing facilities (collectively, the "Project"). The Project will be owned by the County and leased to the Company. The County, acting through the County Council, has agreed to issue and sell Berkeley County, South Carolina, Industrial Revenue Bonds Series 1991, 1992, 1993, 1994 and 1995 (the "Bonds," which term shall include the First Additional Bonds and the Second Additional Bonds as defined below) in the aggregate principal amount of up to \$425,000,000, pursuant to the Act in order to finance the Project, of which (1) Bonds in the principal amount of up to \$125,000,000 were authorized and approved by the State Budget and Control Board

of South Carolina on October 23, 1990 (the "Original Bonds") and (2) Bonds in the additional principal amount of up to \$125,000,000 were authorized and approved by the State Budget and Control Board of South Carolina on January 12, 1993 (the "First Additional Bonds"). The Bonds have been and will be issued for the purpose of defraying the cost of acquiring, by construction and purchase, and, in connection with such acquisition, to enlarge, improve and expand, the Project. The Bonds will not be issued as tax-exempt instruments pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. Principal of the Bonds shall be repaid each year in such amounts as will equal the sum of the depreciation, investment tax credits and other income tax benefits that the Company would have received in the prior year had title to the Project been vested in the Company's name, except that the final payment of principal on each Bond shall be equal to all unpaid principal on that Bond. The Company has purchased and will purchase the Bonds. Interest shall be payable at the rate of ten percent per annum.

4. The total cost of the Project is approximately \$425,000,000 according to the reasonable estimates of the Company, of which \$175,000,000 would relate to that portion of the Project to be financed with the Second Additional Bonds. In order to finance the cost of the Project, it is necessary for the County to issue the Bonds in the aggregate amount of up to \$425,000,000.

5. When completed, the Project will create approximately 485 jobs in the County, including approximately 150 jobs related to the fiber manufacturing facilities to be financed by the Second Additional Bonds. The anticipated economic effect upon the County of that portion of the Project financed with Second Additional Bonds is as set forth in the County's Community Development Block Grant Program Application attached to this Petition.

6. The Project will serve the purposes of the Act, and the Project will benefit the general public welfare of the County and adjacent areas by providing employment and other public benefits not otherwise provided locally.

7. The County, by providing this financial assistance to the Company for development of the Project, will incur no pecuniary liability; nor will it incur a charge against its general credit or taxing power.

8. The proposed Second Amended and Restated Bond Issuance and Purchase Agreement relating to the issuance and sale of the Bonds (the "Second Amended and Restated Bond Issuance and Purchase Agreement") and the proposed Second Amended and Restated Lease Purchase Agreement relating to the lease of the Project by the County to the Company (the "Second Amended and Restated Lease Purchase Agreement") will provide, among other things, the following:

(a) The County will use the proceeds of the Bonds to purchase title to the Project, which will then be leased by the County to the Company. The Company's lease payments will be sufficient to pay when due all amounts payable under the Bonds;

(b) The proceeds derived from the issuance and sale of the Bonds will be paid by the County to the Company solely to acquire title to the Project at a consideration equal to the costs of the Project;

(c) The issuance and sale of the Bonds by the County shall impose upon the County no pecuniary liability; nor shall this create a charge upon its general credit or taxing power;

(d) The payments to be made by the Company to the County under the Second Amended and Restated Lease Purchase Agreement will be sufficient to enable the County to make all payments (including principal and interest) required of the County under the Bonds;

(e) The Second Amended and Restated Lease Purchase Agreement will require that the Company pay for (or cause to be paid) all maintenance required to keep the Project in good repair and all insurance required to keep the Project properly insured;

(f) No reserves for payment of the Bonds or for maintenance or insurance on the Project shall be required in view of the financial stability of the Company and the Company's purchase of the Bonds; and

(g) The Company will be required to complete the Project even if the Bond proceeds are insufficient.

9. The proposed forms of the Second Amended and Restated Bond Issuance and Purchase Agreement and the Second Amended and Restated Lease Purchase Agreement are attached.

10. Revenues from the lease of the Project (including rentals under the Second Amended and Restated Lease Purchase Agreement) will be assigned to the Company as holder of the Bonds to secure repayment. This assignment specifically excludes the fee-in-lieu-of-taxes payments.

11. The proposed documents will be in the form commonly used in connection with the issuance of industrial revenue bonds.

12. The fee-in-lieu-of-taxes provisions are set forth in Sections 4.6 and 4.11 of the Second Amended and Restated Lease Purchase Agreement. They are based upon a 6% assessment and a moving average millage rate which cannot decrease below a 170 mills rate.

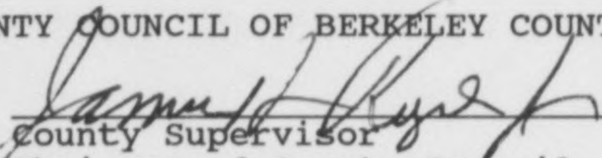
Upon the basis of the foregoing, the County, acting through the County Council, respectfully prays that the State Budget and Control Board of South Carolina accept the filing of this Petition; that it make a prompt and independent investigation of the Project;

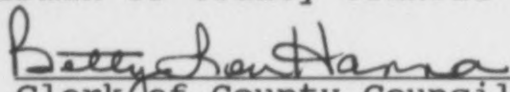
that it find that the proposed Project will promote the purposes of the Act and that the proposed Project is reasonably anticipated to effect this result; that it approve the Project and the issuance and sale of the Bonds, including changes in any details of the proposed financing as finally consummated which do not materially affect this undertaking; and that it give published notice of its approval in the manner set forth in the Act.

Respectfully submitted,

COUNTY COUNCIL OF BERKELEY COUNTY

(SEAL)

By: 
County Supervisor
Chairman of County Council

Attest: 
Clerk of County Council

March 28th, 1994

IMPORTANT: Send
original and 3 copies
of application to DED.

**SOUTH CAROLINA COMMUNITY DEVELOPMENT
BLOCK GRANT APPLICATION**

REV. 7/92 AM 1

BLOCK 1: CONTROL INFORMATION (STATE OFFICE USE ONLY)

GRANT #: _____ COV. UNIT: _____ GRANT PERIOD: _____ AWARD DATE: _____
AGENCY CODE: _____ DISTRICT: _____ COUNTY: _____ PROGRAM AREA: _____ A/R: _____

BLOCK 2: PROJECT TITLE

BLOCK 3: APPLICATION TYPE

INDIVIDUAL: ☒
JOINT: _____

BLOCK 5: APPLICANT INFORMATION

APPLICANT NAME & ADDRESS:
(Lead applicant for joint applications)

Berkeley County

223 North Live Oak Drive

Moncks Corner

S.C. ZIP CODE 29461

TELEPHONE #: _____

SECONDARY APPLICANT NAME AND ADDRESS:
(Secondary applicant for joint applications)

ZIP CODE _____

TELEPHONE #: _____

BLOCK 6: GENERAL INFORMATION

PROPOSED GRANT PERIOD:

From: 1/94 To: 1/96

CHECK ONE OF THE FOLLOWING:

☒ Advance or ☐ Reimbursable

BLOCK 4: FUNDING SOURCE

	AMOUNT	PERCENT
A. CDBG FEDERAL FUNDS REQUESTED	690,000	
B. LOCAL CASH/FORCE ACCOUNT		
C. LOCAL INKIND		
D. SUBTOTAL		
E. OTHER *	730,400	
F. GRAND TOTAL	1,420,400	

*IDENTIFY SOURCES: Miles, Inc. Contribution

BLOCK 7: PROGRAM CATEGORY

☐ Community Development ☐ Livable Communities
☐ Appalachian Regional Council ☐ Payroll Assistance
☒ Economic Development ☐ HUD Revolving Loan
☐ Other (Identify Below) _____

BLOCK 8: NATIONAL OBJECTIVE
(Check applicable)

☒ A: LMI Benefit
☐ B: Blum/Bligh
☐ C: Urgent Need

BLOCK 9: ADMINISTERING AGENCY

CONTACT PERSON: Alan Craig

ADDRESS: BCDCCG

TITLE: Technical Assistance Manager

5290 Rivers Ave., Suite 400

TELEPHONE #: (803) 529-0400

N. Chas, S.C. ZIP CODE 29406

BLOCK 10: PROJECT SUMMARY

To assist in the construction of a detention pond
and related drainage for Miles, Inc. Dorlastan Synthetic Fibers Plant in
Southern Berkeley County.

BLOCK 11: AUTHORIZED SIGNATURES

James Rozier, Jr., Supervisor

CHIEF EXECUTIVE OFFICIAL & TITLE

SIGNATURE

DATE

005478

COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION BUDGET

REV. 4/91 AJA

EXHIBIT

GRANT NUMBER

A 471

JUN 23 1994

6

ACTIVITY DESCRIPTION

DETAIL
CODE

CDBG
FEDERAL FUNDS REQUESTED
COLUMN 1

BUDGET & CONTROL BOARD
GRANTEE DETAIL
CONTRIBUTION
COLUMN 1

Acquisition	12001A	:	:	00	:	:	00			
Property Disposition	12120A	:	:	00	:	:	00			
Clearance	12055A	:	:	00	:	:	00			
Code Enforcement	12035A	:	:	00	:	:	00			
Rehabilitation-Private Property	12030A	:	:	00	:	:	00			
Rehabilitation-Commercial	12215A	:	:	00	:	:	00			
Rehabilitation-Personnel	12031A	:	:	00	:	:	00			
New Housing Construction	12250A	:	:	00	:	:	00			
Relocation	12020A	:	:	00	:	:	00			
Water Facilities	12096A	:	:	00	:	:	00			
Sewer Facilities	12097A	:	:	00	:	:	00			
Flood and Drainage Facilities	12085A	650	:	000	:	730	:	400	:	00
Street Improvements	12005A	:	:	00	:	:	00			
Community Center/Facility	12145A	:	:	00	:	:	00			
Other Public Facilities and Improvements	12125A	:	:	00	:	:	00			
Identify:										
Removal of Architectural Barriers	12180A	:	:	00	:	:	00			
Interim Assistance	12015A	:	:	00	:	:	00			
Public Services	12170A	:	:	00	:	:	00			
Economic Development Assistance to "Non-Profit"	12220A	:	:	00	:	:	00			
Economic Development Assistance to "For Profit"	12255A	:	:	00	:	:	00			
Other Activities	12260A	:	:	00	:	:	00			
Identify:										
Engineering	12240A	:	:	00	:	:	00			
Planning Only	12075A	:	:	00	:	:	00			
General Administration	12040A	40	:	000	:	:	00			
GRAND TOTAL		690	:	000	:	730	:	400	:	00

NARRATIVE

1. Describe the problem and the need for CDBG assistance. Include a description of existing conditions and/or capacity.

Berkeley County is located in the lowcountry of South Carolina near Charleston. This facility is located in Southern Berkeley County on a peninsula formed by the convergence of the Cooper River and Back Rivers. Most of this area, known as the Bushy Park Industrial Corridor, is near sea level. Existing environmental regulations require that storm runoffs be diverted and detained rather than draining directly in either of the two rivers.

Bushy Park was developed in the 1960's and was one of the first industrial zones in the tri-county area. It is bordered on one side by the Cooper River and on the other side by the Back River. Several companies have facilities in the park, including Dupont, Mobay Chemical Corporation, General Dynamics, S.C. Electric & Gas and S.C. Pipeline. This will be the second facility for Miles, Inc., (a sister company of Mobay Chemical) which has received economic development assistance for its AGFA facility. The AGFA plant is now under construction.

2. Describe how the need will be addressed.

Berkeley County is requesting \$650,000 from the Governor's Office, Division of Economic Development, to assist with the construction of a detention pond and related drainage for the Miles, Inc., Dorlastan Fibers Sewer plant off Highway 503 in the Bushy Park Industrial Corridor. These improvements are necessary for Miles, Inc. to locate this facility at this site. As a result of these improvements, Miles, Inc. intends to create 130 new jobs.

005480

3. Provide the following information regarding the impact of the project:

Current unemployment rate for county in which project will be located and source of data:

5.9% (12/93, S.C. Employment Security Commission)

Describe recent area layoffs or plant closings:

General Dynamics, located in Bushy Park, has announced its intention to lay-off 600 employees.

Reliance Comm/Tec Corp., located in St. Stephen, has announced it will close by 6/94 causing the loss of approximately 230 jobs.

Annual payroll of company to be assisted:

\$6,000,000

Estimated annual state taxes and corporate income taxes (If expanding existing corporation, give estimated increase):

Sales Tax: \$ 125,000

Property Tax: \$1,700,000

Estimated local taxes for Property, Sales/Use, and Schools (If expanding existing corporation, give estimated increase):

Berkeley County will provide Dorlastan Fibers with a fee in lieu of taxes. The fee is estimated to be \$1,700,000 the first year of operation.

Other:

4. In addition to job creation or retention, identify any other direct beneficiaries of CDBG-funded activity.

None. These improvements are located at the plant site and will not have any other beneficiaries.

5. Does the grantee propose to utilize an eligible subrecipient to implement the project activities? YES or X NO

If yes, name the subrecipient:

N/A

6. Location of Project Activities: City N/A County Berkeley
Location of Business: City N/A County Berkeley

If the attached project area map is not sufficiently detailed to identify the exact location of the business, provide a brief description of the business location (i.e., 1/2 mile east of the intersection of State Highway 77 and Industrial Road.) If the location of the business is not in the jurisdiction of the applicant, contact DED immediately.

Plant will be located near Goose Creek, SC in the Bushy Park Industrial Corridor. It is directly off of Highway 503. (see attached maps).

List the district number(s) where the business is located, and the persons representing each respective district.

DIST. #	STATE REPRESENTATIVE	DIST. #	STATE SENATOR	DIST. #	CONGRESSMAN
#100	James N. Law	#37	William C. Mescher	#1	Arthur Ravenel

GRANT ACTIVITIES AND BUDGET ANALYSIS

Provide a detailed description of all activities in the project area and the source of funding. For CDBG-funded activities, use the budget category title from the CDBG Budget of this application (page 2). State specific quantities of materials to be used and the estimated costs. Include engineering report if available. For non-CDBG funding (local funds, FmHA, EDA, etc.), attach proof of the funding commitment.

Each CDBG proposed activity must be eligible under Title I of the Housing and Community Development Act of 1974, as amended. Select the activities being addressed in this project and identify the appropriate section number from the CDBG Application Guidelines. For example, water line construction is eligible under Section 105 (a)(2), and assistance to Local Development Corporations for economic development projects is eligible under Section 105(a)(15).

* Note: Application preparation, development of the environmental assessment, and general administration costs must be separately detailed. Total general administration costs may not exceed 15% of the subtotal for CDBG activity costs.

Example of CDBG activity description:

ACTIVITY NAME	ELIGIBILITY SECTION #	FUNDING SOURCE	CDBG AMOUNT	Non-CDBG AMOUNT
Water Facilities				
1) 2200 lf, 6", PVC pipe @ \$X per lf = \$XXX,XXX	105(a)(2)	CDBG	\$100,000	0
2) 1 pump station @ lump sum of \$X = \$ XX,XXX				

ACTIVITY NAME (Use CDBG Budget Category Title)	ELIGIBILITY SECTION # (CDBG Activity)	FUNDING SOURCE	CDBG AMOUNT	Non-CDBG AMOUNT
Detention Pond and Related Drainage (see attached estimate)	105(a)17	CDBG	650,000	730,000
	105(a)13			
* ADMINISTRATION Environmental			1,300	
Application Preparation			2,000	
Equipment			6,000	
General Project Admin.			30,700	

PROVIDE COST ESTIMATE DATE AND SOURCE:

Miles, Inc. 11/30/93

Page 6

CDBG TOTAL 690,000

Non-CDBG TOTAL 730,400

TOTAL PROJECT COST 1,420,400

005483

COMPANY INFORMATION

Note: Complete for each company to be assisted.

1. Company: Miles Inc.
Address: Bushy Park Plant
P.O. Box 10288
Charleston, SC 29411-0288

Contact Person: Al Castilow
Title: Manager Administration
Phone Number: (803) 820-6000

Business type: ☐ Individual Proprietorship ☒ Corporation
☐ Partnership ☐ Other

2. If the business is incorporated, please list the State where incorporated: **INDIANA**
Opening a new facility - corred.
3. Is the company ☒ new or ☒ expanding or ☐ retaining jobs ? Put an X by all applicable.
4. What product or service does the company offer? SIC Code(s):
Fibers, 2824; Dyes & Pigments, 2865; Organic Chemicals, 2869.
5. What is the total capital investment being made by this company? \$
Describe the capital investment, including an estimated dollar amount (i.e. 100,000 sq. ft. building @ \$2,500,000;
new equipment @ \$500,000).
\$183 Million

6. SCHEDULE

Date for CDBG project activities to begin (other than administrative): 3/94
Date for CDBG project activities to be completed: 12/94
Date CDBG funds will be needed (other than funds for administration): 3/94
Date for beginning new or expanded operations: 12/94

Note: Prior to the release of Environmental Conditions:

- no CDBG funds may be disbursed and no CDBG project costs may be incurred without specific approval from DED.
- there may not be an expenditure of non-CDBG funds for activities which may have an environmental impact.

JOB CREATION AND RETENTION

1. Complete the following chart.

Note: Submit current payroll or employment list, if the project involves job retention or expansion.

A # NEW FULL TIME JOBS CREATED	B # FULL TIME JOBS RETAINED	C # CDBG QUALIFYING JOBS	D JOB CLASSIFICATION OR DESCRIPTION	E REQUIRED SKILLS OR EXPERIENCE	F TRAINING	G HIRING SCHEDULE
9	0	-	MANAGEMENT (Manufacturing Management Requiring Technical Background)	BACHELOR DEGREE or Higher-Chemist 6 Engineers, Min. 3yrs Experience	SPECIAL MGT. Train. & Technical Transfer	4TH QTR '94
8	0	-	SALARIED (Exempt) (Supervisory Skills Required)	5+ yrs Chem. Manag. Exp. for supervisors	"	1ST QTR '94
5	0	-	SALARIED (Non-exempt) (Laboratory Technicians Office and Clerical)	Basic Educational Skills plus special Technical or Business Skills or AA Degree	State Special Schools	3RD QTR '94
108	0	66	PLANT SALARIED (Operators, Warehousemen Mechanics)	BASIC EDUCATIONAL Skills Acquired through High School Education	"	3RD & 4TH QTR '94
130 Total New	0 Total Retained	66 Total Qualifying				

GUIDANCE:

A = What is the total number of permanent, full-time positions to be created when the facility is operational?

B = What is the total number of permanent, full-time positions to be retained?

C = What is the total number of "CDBG qualifying jobs" expected? These are jobs available to unskilled workers with less than 1 year experience and/or high school graduates whose family income is less than 80% of the median income for families of similar size.

D = List the job and briefly describe the job responsibility.

E = List any special skills, training, or experience required for entry level at this position. For example, 0-3 years of experience, high school diploma, or 2 year degree in electronics.

F = Will training be provided? If so, by whom? (For example, YES - on the job training; YES - local technical college; NO.)

G = What is the projected hiring schedule for this job classification?

EXHIBIT

JUN 23 1994

6

SECOND AMENDED AND RESTATED LEASE PURCHASE AGREEMENT STATE BUDGET & CONTROL BOARD

THIS SECOND AMENDED AND RESTATED LEASE PURCHASE AGREEMENT, dated as of February 12, 1990 (as amended and restated as of _____, 1994) by and between BERKELEY COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through its County Council as the governing body of said County, and MILES INC., an Indiana corporation (the "Company") (which is the successor by merger to Mobay Corporation, a New Jersey corporation ("Mobay"), Bayer USA, Inc., a Delaware corporation, and Agfa Corporation, a New York corporation), hereby amends, restates and replaces that certain Amended and Restated Lease Purchase Agreement dated as of February 12, 1990 and amended and restated as of July 15, 1993 (as such had been amended by Amendment No. 1 to Amended and Restated Lease Purchase Agreement dated as of December 31, 1993 and entered into by and between the Company and Berkeley County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), such Amended and Restated Lease Purchase Agreement being hereinafter referred to as the "Amended and Restated Lease Purchase Agreement."

WITNESSETH:

WHEREAS Mobay Corporation (as predecessor to the Company) and the County entered into that certain Lease Purchase Agreement dated as of February 12, 1990 (the "Lease Purchase Agreement") to reflect and accommodate the transactions contemplated in that certain Bond Ordinance No. 90-2-3 of the County dated February 12, 1990;

WHEREAS the Company and the County entered into the Amended and Restated Lease Purchase Agreement to reflect and accommodate the transactions contemplated in that certain Bond Ordinance No. 91-12-30 of the County dated December 17, 1991 (which amended Bond Ordinance No. 90-2-3 of the County dated February 12, 1990);

WHEREAS the Company and the County desire to amend and restate the Amended and Restated Lease Purchase Agreement to reflect and accommodate the transactions contemplated in that certain Bond Ordinance No. 94-____-____ of the County dated May ____, 1994 (which amended Bond Ordinance No. 91-12-30 of the County dated December 17, 1991 which, in turn, amended that certain Bond Ordinance No. 90-2-3 of the County dated February 12, 1990);

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained and other value, the parties hereto agree as follows:

ARTICLE I
LIMITATION OF LIABILITY

Section 1.1. Any obligation which the County may incur for the payment of money as a result of the transactions described in the Bond Documents shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never create a pecuniary liability against the County or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under the Bond Documents. Payments sufficient for the prompt payment of all amounts payable by the County under the Bonds are to be paid by the Company unconditionally to the County hereunder for application to payments due under the Bonds.

- End of Article I -

ARTICLE II
DEFINITIONS

Section 2.1. Certain terms used in this Agreement shall have the meanings given to them in Section 2.2 of this Agreement, unless the context clearly indicates otherwise. The definition of any document shall include any amendments to that document, unless the context clearly indicates otherwise.

Section 2.2. These terms are defined under this Agreement as follows:

"ACT" means Title 4, Chapter 29, Code of Laws of South Carolina, 1976, as amended.

"AGREEMENT" means this Second Amended and Restated Lease Purchase Agreement.

"APPLICABLE GOVERNMENTAL BODY" means each governmental entity within the State having jurisdiction over or the right to approve or disapprove any or all of the Bond Documents.

"BOND DOCUMENTS" mean the Bond Ordinance, Bond Issuance and Purchase Agreement, this Agreement, Pledge Agreement, Bonds, Deeds and Bills of Sale.

"BOND ISSUANCE AND PURCHASE AGREEMENT" means the Second Amended and Restated Bond Issuance and Purchase Agreement between the County and the Company dated as of February 12, 1990 (amended and restated as of _____, 1994), in which the County agrees to assist in financing the Project by issuing the Bonds during the Project Period and the Company agrees to purchase the Bonds, and, where applicable, as amended and restated by the second amended and restated bond issuance and purchase agreement entered into on or

about the date of this Agreement.

"BOND ORDINANCE" means the Bond Ordinance (including all amendments thereto) authorizing issuance of the Bonds.

"BONDS" means the Berkeley County, South Carolina Industrial Revenue Bonds in the aggregate principal amount of at least \$85,000,000 and not more than \$425,000,000, to be issued by the County and purchased by the Company during the Project Period pursuant to the Bond Issuance and Purchase Agreement for the purpose of financing the Project.

"BUILDING" means those certain buildings and all other structures and real property facilities forming a part of the Project which are located or will be located on any of the Leased Land during the Project Period.

"CHAIRMAN" means the County Supervisor/Chairman of County Council (or anyone authorized to act in his stead whenever he is unavailable to act).

"CLERK" means the Clerk of County Council (or anyone authorized to act in her stead whenever she is unavailable to act).

"COMPANY" means Miles Inc., an Indiana corporation (which is the successor by merger to Mobay, Bayer USA Inc., a Delaware corporation, and Agfa Corporation, a New York corporation), its successors and assigns.

"COUNTY" means Berkeley County, South Carolina, and its successors and assigns.

"COUNTY COUNCIL" means the County Council of the County.

"EQUIPMENT" means all machinery and equipment (including that installed pursuant to Section 4.11 or Article VIII hereof but excluding that described in Section 9.11 hereof) acquired, constructed and installed in the Building or on the Leased Land during the Project Period (or thereafter pursuant to Section 4.11 hereof), all as described more fully in Exhibit "B", as amended from time to time, attached or to be attached hereto which, by this reference, is incorporated herein.

"LEASE RENTALS" means the rental payable by the Company to the County pursuant to Section 4.4 of this Agreement.

"LEASE TERM" means the duration of the leasehold estate in this Agreement with respect to each asset, as specified in Section 4.3 hereof.

"LEASED LAND" means the parcel or parcels of land and interests therein leased under this Agreement, as more fully

described in Exhibit "A", as amended from time to time, attached or to be attached hereto which, by this reference, is incorporated herein.

"NET PROCEEDS", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys' fees and any other collection expenses) incurred in the collection of such gross proceeds.

"PAYMENTS-IN-LIEU-OF-TAXES" means those payments-in-lieu-of-taxes to be paid by the Company to the County pursuant to Section 4.6 or 4.11 of this Agreement.

"PERMITTED ENCUMBRANCES" means any encumbrance allowed by the Company as holder of the Bonds.

"PLEDGE AGREEMENT" means the Second Amended and Restated Pledge Agreement between the County and the Company dated as of December 31, 1991 (as amended and restated as of _____, 1994) in which the County pledges the rentals which it receives from the Project, including the Lease Rentals, to the holder of the Bonds for repayment of the Bonds, substantially in the form of an exhibit to the Bond Ordinance.

"PROJECT" means the Leased Land, the Building, and the Equipment which are or will be located in the County, owned by the County, acquired, constructed and installed directly or indirectly with the proceeds from the Bonds, and leased to the Company hereunder. The Project shall be chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities and related facilities, including, without limitation, those relating to rubber chemicals and fiber manufacturing facilities.

"PROJECT PERIOD" means the five-year period ending on December 31, 1995, which is the five-year period following the end of the property tax year as of which the Lease Purchase Agreement between the Company and the County was executed.

"STATE" means the State of South Carolina.

- End of Article II -

ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.1. Representations, Warranties and Covenants by the County. The County makes the following representations and warranties to the Company and covenants with the Company as

follows:

(a) The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the provisions of the Act to issue the Bonds and to execute and fulfill its obligations described in the Bond Documents. The County has been duly authorized by proper action of the County Council to execute and deliver such of the Bond Documents as require execution by it and to enter into and fully perform the transactions required of it under those documents.

(b) Neither the execution and delivery of the Bond Documents, nor the consummation and performance of the transactions described in the Bond Documents, violate, conflict with or will result in a breach of any of the terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the County is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the County, wherein an unfavorable decision, ruling or finding may or would adversely affect the County or the consummation of the transactions described in the Bond Documents.

(d) Neither the existence of the County nor the rights of the Chairman or any members of County Council to their offices is being contested and none of the proceedings taken to authorize the execution, delivery and performance of such of the Bond Documents as require execution, delivery and performance by the County has been repealed, revoked, amended or rescinded.

(e) All consents, authorizations and approvals required on the part of the County, the State and all other Applicable Governmental Bodies in connection with the execution, delivery and performance by the County of such of the Bond Documents as require execution, delivery and performance by the County have been obtained and remain in full force and effect as of the date hereof or will be obtained.

(f) The Bond Documents executed (or to be executed) by the County are (or, when executed, will be) legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(g) The Chairman is fully authorized to execute the Bond Documents on behalf of the County and the Clerk is authorized to attest to his signature and to seal the Bond Documents.

(h) At the time of issuance of the first Bond and

commencement of the Lease Term, the County will acquire by Deed from the Company fee simple title to the original parcel of the Leased Land and all buildings, structures and fixtures on that land and will authorize, and authorized the Company to construct the Building, to acquire and install the Equipment, and to do all other things deemed necessary in connection with the Project, all for the purposes of promoting industrial development, developing trade, and utilizing and employing the manpower and natural resources of the County and the State.

(i) The County has agreed to assist in financing the cost of acquiring, constructing and equipping the Project and, based upon the Company's representations and undertakings in the Bond Documents, the County will issue the Bonds pursuant to the Bond Ordinance and the Bond Issuance and Purchase Agreement.

Section 3.2. Representations, Warranties and Covenants by the Company. The Company makes the following representations and warranties to the County and covenants with the County as follows:

(a) The Company is a corporation duly organized and validly existing under the laws of one of the States of the United States and is (or will be when required by law) qualified to do business in South Carolina. The Company has all necessary power to execute and fulfill its obligations described in the Bond Documents and has been duly authorized to do so.

(b) Neither the execution and delivery of the Bond Documents, nor the consummation and performance of the transactions described in the Bond Documents, violate, conflict with, or will result in a breach of any of the terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the Company is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the Company wherein an unfavorable decision, ruling or finding may or would adversely affect the Company or the transactions described in the Bond Documents.

(d) All consents, authorizations or approvals required on the part of the County, the State, all other Applicable Governmental Bodies and the Company in connection with the Bond Documents and the acquisition, construction and installation of the Project have been obtained and remain in full force and effect or will be obtained.

(e) The Bond Documents executed (or to be executed) by the County are (or, when executed, will be) legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such terms may be

limited by laws affecting creditors' rights generally.

(f) At the time of or prior to the issuance of the first Bond and commencement of the Lease Term, the Company will convey by Deed from the Company fee simple title to the original parcel of the Leased Land and all buildings, structures and fixtures on that land and will agree, and does hereby agree, to construct the Building, to acquire and install the Equipment and to do all other things deemed necessary in connection with the Project, all for the purposes of promoting industrial development, developing trade, and utilizing and employing the manpower and natural resources of the County and the State. All monies obtained by the Company from the County in exchange for such conveyances will be expended by the end of the Project Period solely to pay for the Project. No part of such monies will be used by the Company for working capital or for financing inventory.

- End of Article III -

ARTICLE IV
LEASE TERM, PROPERTY AND RENTAL

Section 4.1. Demise of the Leased Land, Building and the Equipment. The County demises and leases to the Company, and the Company leases from the County, the Leased Land, the Building, and the Equipment, at the Lease Rentals set forth in Section 4.4 hereof, and otherwise in accordance with the provisions of this Agreement. Immediately after receipt of title to any Leased Land or Equipment, the County shall enter into an amendment of this Agreement with the Company which amendment shall add such Leased Land or Equipment to Exhibit A or Exhibit B hereto, respectively.

Section 4.2. Property. The Company shall create and at all times maintain updated listings of the Leased Land, the Building and the Equipment, showing the description and cost of each asset and the date that each asset became subject to this Agreement. Such listings shall be attached by the Company as exhibits to its copy of this Agreement and provided to the County at its request, subject to the confidentiality provisions of the Bond Documents.

Section 4.3. Lease Term. The County agrees to deliver to the Company sole and exclusive possession of the Leased Land, the Building and the Equipment for twenty (20) years from the December 31 of the year during which each asset is placed in service, and the Company thereupon and thereafter shall have sole and exclusive possession of each asset during that period.

Section 4.4. Lease Rentals. On or before each payment date of each outstanding Bond, until the principal of and interest on each Bond shall have been fully paid, the Company shall pay to the

County as rent for the Project, a sum equal to the total amount payable on such date as principal and interest upon each Bond in immediately available funds. Any Lease Rentals paid by the Company which exceed the total amount of interest and principal payable on such payment date shall be credited against rental payments in inverse order of maturity and shall be applied to principal payments of the Bonds.

Section 4.5. Place of Rental Payments. The Lease Rentals provided for in Section 4.4 hereof shall be paid directly to the holders of each outstanding Bond for the account of the County under the Bonds.

Section 4.6. Payments in Lieu of Taxes. In addition to the Lease Rentals set forth in Section 4.4 hereof, the Company shall be required to make payments to the County in lieu of taxes. Such amounts shall be calculated and payable as follows: On the third day of January of each year of the Lease Term, beginning with the second calendar year following the calendar year in which any Leased Land, Building, or Equipment is placed into service, and on the third day of January immediately following the termination of the Lease Term, the Company shall pay the County an amount equal to the sum of (a) the amount that would be due as taxes on any undeveloped property if it were taxable, and (b) the product of multiplying [i] the millage rate component calculated as provided herein, by [ii] six percent (6%) of the fair market value of each asset that was included on January 1 of the immediately preceding year within the Leased Land, Building, or Equipment and that had been placed into service prior to such January 1 (determined as though title to such assets were in the name of the Company and subject to ad valorem taxes), determined at the time of payment and including all deductions for depreciation allowed by the tax laws and Section 4-29-67 of the Code of Laws of South Carolina, as amended, and all applicable ad valorem tax exemptions except the exemption allowed pursuant to Section 3(g) of Article X of the Constitution of the State and the exemption allowed pursuant to Section 12-37-220B(32) and (34) of the Code of Laws of South Carolina, 1976, as amended. The millage rate component referred to in subsection (b)[i] of this Section 4.6 shall be determined as follows: The millage rate is set at 170 mills for the five years following the year in which each asset included within any Leased Land, Building, or Equipment is placed into service. Thus, for property placed in service in 1991 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1993 through 1997, for property placed in service in 1992 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1994 through 1998, for property placed in service in 1993 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1995 through 1999, for property placed in service in 1994 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1996 through 2000, and for property placed in service in 1995 the Payments-in-Lieu-of-Taxes paid on January 3 of each year from 1997 through 2001, shall be based on a millage rate of 170

mills. Each five years thereafter (i.e., at the beginning of the sixth, eleventh, and sixteenth years following the year in which each asset included within any Leased Land, Building, or Equipment was placed into service), the millage rate will be adjusted to the average millage rate in effect in the County from 1991 through the year preceding the adjustment. In no event shall such adjustments result in an applicable millage rate that is less than 170 mills. The payments required by this Section 4.6 shall apply with respect to each item of property comprising part of the Project for a period of twenty years commencing on December 31 of the year in which such item of property was placed into service. This Section 4.6 shall apply only to property comprising part of the Project which is placed into service prior to January 1, 1996.

The parties hereto agree that all variations in the language of the first paragraph of this Section 4.6 of this Agreement from the language of Section 4.6 of the Lease Purchase Agreement are in the nature of clarifications, and do not constitute amendments. If it is determined that any such variations constitute amendments and are invalid, such invalid variations shall be deemed to have never been made in, or been a part of, this Agreement.

Section 4.11 of this Agreement sets forth the Payments-In-Lieu-Of-Taxes rules applicable to Disposed Equipment or Replacement Equipment (as such terms are defined in such section).

Section 4.7. Certain Income Tax Matters. The Company shall be entitled to all state and federal investment tax credits, allowances for depreciation and other similar tax relief provisions relating to the Project, and the County agrees to do all things necessary or proper to confirm this right, provided the Company shall pay the expenses incurred in that undertaking.

Section 4.8. Quiet Enjoyment. The County agrees that so long as the Company shall fully and punctually pay all of the Lease Rentals and other amounts provided to be paid hereunder by the Company, and shall fully and punctually perform all of its other covenants and agreements hereunder, the Company shall peaceably and quietly have, hold and enjoy the Project during the Lease Term.

Section 4.9. Surrender of Project. Except as otherwise expressly provided in this Agreement, at the expiration or sooner termination of the Lease Term, the Company agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance and ordinary wear, tear and obsolescence only excepted.

Section 4.10. Completion of Project. The Company agrees to effect the completion of the Project if the proceeds of the Bonds prove insufficient to do so.

Section 4.11. Equipment Disposed of or Replaced.

(a) In the event that the Company determines that any portion of the Equipment should be scrapped or sold (hereinafter the "Disposed Equipment"):

(1) The Company shall promptly notify the County and the holders of the Bonds of the Company's decision to dispose of the Disposed Equipment, and shall, at its expense, prepare all such agreements, instruments and other documents as may be necessary or desirable to cause the transfer of title, without consideration, from the County to the Company of the Disposed Equipment. The County agrees that it shall execute and deliver any such agreements, instruments and other documents which, in its reasonable judgment, conform to this Agreement. Upon transfer from the County to the Company of title to any Disposed Equipment, such Disposed Equipment shall no longer constitute Equipment under this Agreement, and the Payments-In-Lieu-Of-Taxes payable under Section 4.6 hereof shall be reduced in accordance with the provisions of Section 4-29-67(F)(1) of the Act.

(2) No disposal of Disposed Equipment shall under any circumstance alter the amounts due and payable by the Company pursuant to Section 4.4 hereof.

(b) In the event that the Company desires that machinery or equipment be placed in service as a replacement for Disposed Equipment (hereinafter the "Replacement Equipment"):

(1) The Company shall promptly notify the County and the holders of the Bonds of the Company's decision to replace Disposed Equipment with Replacement Equipment, and shall, at its expense, prepare all such agreements, instruments and other documents as may be necessary or desirable to cause the transfer of title, without consideration, to the County of the Replacement Equipment. The County agrees that it shall execute and deliver any such agreements, instruments and other documents which, in its reasonable judgment, conform to this Agreement. Upon transfer to the County of title to any Replacement Equipment, such Replacement Equipment shall constitute Equipment under this Agreement, and the Payments-In-Lieu-Of-Taxes payable under Section 4.6 hereof shall be increased in accordance with the provisions of Section 4-29-67(F)(2) of the Act.

(2) No acquisition by the County of Replacement Equipment shall under any circumstance alter the amounts due and payable by the Company pursuant to Section 4.4 hereof.

(3) Replacement Equipment need not serve the same function as the Disposed Equipment it replaces. More than one piece of property can constitute Replacement Equipment in replacement of Disposed Equipment.

(4) Replacement Equipment shall have the same five-year millage rate period and the same lease term as did the Disposed Equipment which it replaces for purposes of Section 4.6 hereof.

- End of Article IV -

ARTICLE V
PROPERTY TAX EXEMPTION AND ABATEMENT

Section 5.1. Protection of Tax Exempt Status of the Project. In order to insure that the Project is not and will not become subject to State, County or other local property taxes, the County and the Company covenant that:

(1) all rights and privileges granted to either party under this Agreement or any other Bond Documents shall be exercised so that if any conflict between this section and any other provision in any document shall arise, then in that case, this section shall control; and

(2) the County and the Company have not committed or permitted and will not commit or permit (as to any act over which either has control) any act which would cause the Project to be subject to County or other local property taxes; and

(3) the County and the Company will maintain the identity of the Project as a "project" in accordance with the Act.

Section 5.2. Rescission and Reversion in the Event of Termination. In the event it shall be conclusively and finally determined by a court of competent jurisdiction that the Project is subject to State, County, or other local property taxes, then the provisions of Section 12.1 shall apply.

- End of Article V -

ARTICLE VI
CONSTRUCTION AND ENFORCEMENT

Section 6.1. Agreement to Acquire, Construct and Install the Project. The Company agrees that it will exercise the authorizations given to it by the County as set forth in Section 6.2 and will cause the Building to be renovated and/or constructed on the Leased Land and will cause the Equipment to be acquired and installed therein and on the Leased Land. The Company agrees to complete the renovation and/or construction of the Building and installation of the Equipment (except any Replacement Equipment pursuant to Section 4.11 hereof) in no event later than the end of the Project Period.

Section 6.2. Enforcement of Remedies Against Contractors and Subcontractors and Their Sureties. The Company covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material

suppliers to complete their contracts with respect to the Project diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by the Company in connection with the performance of its obligations under this Section 6.2 to be considered part of the Project, and the County agrees that the Company may, from time to time, in its own name or in the name of the County, take such action as may be necessary or advisable, as determined by the Company, to ensure the completion of the Project in accordance with the terms of such construction contracts relating to the Project, to ensure the peaceable and quiet enjoyment of the Project for the Lease Term, and to ensure the performance by the County of all covenants and obligations of the County under this Agreement, with all costs and expenses incurred by the Company in connection therewith to be considered as part of the Project.

- End of Article VI -

ARTICLE VII
EFFECTIVE DATE

Section 7.1. Effective Date. This Lease Agreement shall become effective upon its delivery, and shall continue in full force and effect until the termination of the Lease Term or the termination of this Agreement pursuant to Section 11.1 hereof or, if later, the date when all amounts payable under the Bond Documents have been fully paid.

- End of Article VII -

ARTICLE VIII
MAINTENANCE AND INSURANCE

Section 8.1. Maintenance and Modifications of Project. The Company agrees that it will at its own expense keep the Project in reasonably safe condition and keep the Project in good repair and operating condition, reasonable wear and tear only excepted. The Company may, also, at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not adversely affect the use of the Project for the purpose for which it is intended and which (i) do not change the nature of the Project as a "project" under the Act; and (ii) do not affect the tax-exempt status of the Project with respect to property taxes.

Section 8.2. Insurance Required.

EXHIBIT

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STATE BUDGET & CONTROL BOARD

(a) The Company shall, at no cost to the County and at all times, keep the Project insured (or cause the Project to be insured) against loss by fire, windstorm, hail, water damage, theft and explosion in an amount at least equal to original cost less depreciation.

(b) At all times the Company shall at no cost to the County maintain or cause to be maintained:

(i) Public liability personal injury insurance against claims for bodily injury to or death of third persons occurring upon, in or about the Project, with such insurance to afford protection to the limit of not less than \$5 million in respect of injury or death to one person and \$5 million in respect of injury or death to persons arising from any one accident; and

(ii) Public liability property damage insurance, insuring against claims for damage to property of third persons occurring upon, in or about the Project with such insurance to afford protection to the limit of not less than \$5 million in respect of damage to the properties of one or more owners arising from any one accident.

(c) The insurance required by this Section 8.2 shall be maintained in full force and effect at all times.

(d) In the case of expiring policies throughout the term of this Agreement, copies of any new or renewal policies, each bearing notations evidencing payment of the premiums or other evidence of payment, shall be delivered by the Company to the County at the County's request.

(e) The policies of insurance provided for in this section shall name the Company as the insured and the County, as an additional insured and/or loss payee, as its interests may appear.

(f) All insurance required by this Section 8.2 shall be effected with responsible insurance companies qualified to do business in the State of South Carolina selected by the Company and all such insurance shall be reasonably satisfactory to the County and may be written with deductible amounts, co-insurance features and exceptions and exclusions comparable to those in similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Company is engaged. Such insurance can be in the form of a blanket policy or policies, including an excess limits (umbrella) policy or policies. The Company shall use its best efforts to cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least 30 days prior written notice.

(g) The Company shall have the sole right and responsibility

to adjust any loss with any insurance company.

Section 8.3. Application of Net Proceeds of Insurance. The net proceeds of casualty insurance shall be paid and applied as provided in Section 8.5 of this Agreement. The net proceeds of liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds shall be paid.

Section 8.4. Advances by the County. In the event that the Company shall fail to comply with any covenant or agreement contained in or incorporated into this Agreement, the County after ten (10) days' advance written notice to the Company, may (but shall be under no obligation to) make the required payments or take all other action that the County may deem necessary to cause the Company to comply with any covenant or agreement contained in or incorporated into this Agreement; and all amounts so advanced by the County shall become an additional obligation of the Company. The Company agrees to pay upon demand the amounts so advanced with interest at the rate paid by the County from the date of advancement to the date of payment.

Section 8.5. Damage.

(a) If prior to expiration of the Lease Term, the Project is damaged by fire or other casualty, the Company will, at its election, either:

- (i) promptly prepay all amounts owed under the Bond Documents in accordance with the provisions of Article IV, or
- (ii) promptly replace the property affected with substantially similar property of equal value (after ordinary depreciation but without regard to the damage), or
- (iii) restore the property affected to substantially the same condition that existed prior to the occurrence of damage,

with such changes, alterations and modifications (including the substitution and addition of other property) that may be desired by the Company and that (i) do not adversely affect the use of the Project for the purpose for which it was intended, (ii) do not impair the tax exempt status of the Project with regard to property taxes, and (iii) do not affect the qualification of the Project as a "project" under the Act. The Company shall apply so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses in order to carry out its chosen alternative.

(b) If the Company elects to replace or repair and if the Net

Proceeds of insurance are not sufficient to pay in full the costs of repair or replacement, the Company will nonetheless complete this undertaking and will pay that portion of all costs in excess of the amount of the Net Proceeds of insurance. The Company shall not be entitled to any reimbursement from the County for payment of these excess costs; nor shall the Company be entitled to any abatement or diminution of the amounts payable by it under the Bond Documents.

(c) All Net Proceeds remaining after payment of all costs of repair or replacement shall be paid by the Company to the County to prepay the Bonds. The County immediately will pay to the holder of the Bonds all such amounts to serve as prepayments on the Bonds to the extent of the payment made. When the Bonds have been fully paid, all Net Proceeds of insurance will be paid to the Company.

Section 8.6. Condemnation. In the event that title to, or the temporary use of, the Project or any part of the Project shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Company shall apply the Net Proceeds received by it relating to such eminent domain proceedings for one of the purposes and according to the procedures described in Section 8.5.

Within ninety (90) days from the date of such payment, the Company shall notify the County in writing as to which of the ways the Company in its sole discretion has decided to apply the condemnation payment. If the Company has decided to repair or replace the Project, all Net Proceeds of the payment remaining after payment of the costs of this repair or replacement shall be applied to prepay the Bonds, as described in Section 8.5.

Section 8.7. Utility Charges and Other Governmental Charges. The County and the Company acknowledge that (i) pursuant to the Act, no part of the Project owned by the County will be subject to taxation in the State, (ii) under present law the income and profits (if any) of the County from the Project are not subject to either United States or State taxation, (iii) under present law there is no tax imposed upon leasehold estates in the State, and (iv) these factors, among others, have induced the Company to enter into this Agreement.

However, the Company will pay, as the same become due, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all general assessments and charges lawfully made by any governmental body for general public improvements that may be levied with respect to the Project.

- End of Article VIII -

ARTICLE IX
SPECIAL COVENANTS

Section 9.1. Ownership and Operation of the Project. The County shall own the Project and shall not convey any interest in the Project to any person or party except the Company as provided herein.

Section 9.2. No Warranty of Condition or Suitability by the County. The County makes no warranty, either express or implied, as to the condition of the Project, or that it is or will be suitable for the Company's purposes or needs.

Section 9.3. County's Right of Access to the Project and Company Records. The County acknowledges and understands that the Company utilizes trade secrets in the conduct of its business and that any disclosure of that information, including financial, sales and manufacturing information, would result in substantial harm to the Company and could thereby have a significant detrimental impact on the Company and the County. Therefore, the County agrees that, without the prior express written permission of the Company, it will not (i) request or be entitled to receive any such confidential and proprietary information, (ii) request or be entitled to inspect the Project or any property associated therewith, or (iii) disclose or otherwise divulge any such confidential and proprietary information to any other person, firm, governmental body or agency, or other entity, except as required by law and after providing to the Company notice of such proposed action and the opportunity to contest.

Section 9.4. Affirmative Covenants. While any amount remains outstanding and unpaid by the Company under the Bond Documents, the Company will:

(a) Inform the County immediately of any Event of Default or any event likely to become an Event of Default; and

(b) Comply with all statutes and governmental regulations and pay promptly when due all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations, which if unpaid, might become a lien against the Project, except liabilities being contested in good faith.

Section 9.5. Indemnification Covenants.

(a) The Company shall and agrees to indemnify and save the County and its officers, agents and employees harmless against and from all claims arising during the Lease Term from (i) the conduct or management of, or any work or thing done on, the Project, (ii) any condition of or on the Project, (iii) any breach or default on the part of the Company in the performance of any of its

obligations under this Agreement, (iv) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees, and (v) any act of negligence of any lessee or assignee of the Company. The Company shall indemnify and save the County harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid or in connection with any action or proceeding brought thereon, and upon notice, the Company at its own expense shall defend the County in any such action or proceeding.

(b) Notwithstanding the fact that it is the intention of the parties that the County shall not incur any pecuniary liability to any third-party (i) by reason of the terms of this Agreement or the undertakings of the County required hereunder, (ii) by reason of the issuance, sale and delivery of the Bonds or any other document in connection with the issuance, sale and delivery of the Bonds, (iii) by reason of the performance of any act in connection with the entering into and performance of the transactions described in the Bond Documents, or (iv) by reason of the operation of the Project, including claims, liabilities or losses arising in connection with the violation of any statutes or regulations, nevertheless, if the County should incur any such pecuniary liability, then in that event the Company shall indemnify and hold harmless the County against all pecuniary claims by or on behalf of any person, firm or corporation, arising out of the same, and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought on such claim, and upon notice from the County, the Company at its own expense shall defend the County in any such action or proceeding.

(c) The Company's obligation to indemnify the County as set forth in this Section 9.5 is conditioned upon the Company receiving reasonably prompt notice of any action or inaction of the Company giving rise to potential indemnification hereunder. The Company shall have the sole authority to defend and settle any action or matter for which indemnification by the Company is sought hereunder.

Section 9.6. Assignment and Subleasing. This Agreement may be assigned by the Company or any assignee, and the Project may be subleased by the Company or any sublessee without the necessity of obtaining the consent of the County, subject, however, to each of the following conditions:

(a) No assignment or subleasing shall relieve the Company from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Company shall continue to remain primarily liable for payment of the Lease Rentals specified in Section 4.4 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume the obligations of the Company hereunder to the extent of the interest assigned or subleased.

(c) The Company shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the County a true and complete copy of each such assignment or sublease, as the case may be.

Section 9.7. Restrictions on Sale of Project by County and on Liens on this Agreement. The County agrees that, except as expressly set forth in this Agreement, it will not sell, transfer, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term. The County agrees that it will not sell, transfer, convey, mortgage, encumber or otherwise dispose of any of its rights under this Agreement, except pursuant to the Pledge Agreement and except any of its rights to payments under Section 4.6 or 4.11 hereof.

Section 9.8. Prepayment of Bonds. The County, at the prior written request at any time of the Company, shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Bonds to effect prepayment of all or part of the Bonds, as may be specified by the Company.

Section 9.9. Prepayment of Lease Rentals. There is expressly reserved to the Company the right, and the Company is authorized and permitted, at each Lease Rental payment date to prepay in whole or in part the Lease Rentals payable under Section 4.4 hereof, and the County agrees that such prepayments shall be accepted when tendered. All Lease Rentals so prepaid shall be applied to prepayment of the Bonds pursuant to the provisions of the Bonds.

Section 9.10. Company Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity. If at any time the aggregate Lease Rentals and prepayments shall be sufficient to retire the Bonds in accordance with the provisions of the Bonds, and to pay all fees and charges of the County under circumstances not resulting in termination of the Lease Term, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the holder of the Bonds (for the account of the County) to and including the expiration date of this Agreement with no obligation to make the Lease Rental payments specified in Section 4.4 hereof during that interval (but otherwise on the terms and conditions hereof).

Section 9.11. Installation of Company's Own Machinery and Equipment. The Company may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other property in the Building or on the Leased Land, which may be attached or affixed to the Building or the Leased Land. All such

machinery, equipment and other property shall remain the sole property of the Company and the Company may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Company at its sole expense. The Company may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the County's title to the Project. The County shall not have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.11 and all such machinery, equipment and personal property shall be and remain the property of the Company.

Section 9.12. Reference to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds and all fees and charges of the County, all references in this Agreement to the Bonds shall be ineffective and the County shall thereafter have no rights hereunder, saving and excepting those provided in Section 9.5 and those that shall have theretofore vested.

- End of Article IX -

ARTICLE X EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. The occurrence of any one or more of the following events shall be an "Event of Default" under this Agreement:

(a) If the Company shall fail to make any Lease Rental or Payment-in-Lieu-of-Taxes or any other amount required under this Agreement and such failure shall continue for ten (10) days after receiving written notice of default from the County; or

(b) If the Company shall fail to observe or perform any covenant, condition or agreement required herein to be observed or performed by the Company (other than as referred to in Section 10.1(a)), and such failure shall continue for a period of thirty (30) days after written notice of default has been given to the Company by the County; provided, if by reason of "force majeure" as hereinafter defined the Company is unable in whole or in part to carry out any such covenant, condition or agreement or if it takes longer than thirty (30) days to cure such default and the Company is diligently attempting to cure such default, there shall be no Event of Default during such inability. The term "force majeure" as used herein shall mean circumstances over which the parties have no control, such as acts of God, strikes, lockouts or other industrial disturbances; war; acts of public enemies; mobilization or military conscription on a large scale; orders of any kind of

the government of the United States or any State, or any civil or military authority other than the County Council; insurrections; riots; landslides; earthquakes; fires; lightning; storms; droughts; floods; requisition, confiscation, or commandeering of property; fuel restrictions; or general shortages of transport, goods, or energy; or

(c) If any representation or warranty on the part of the Company made in the Bond Documents, or in any report, certificate, financial or other statement furnished in connection with the Bond Documents or the transactions described in the Bond Documents shall have been false or misleading in any material respect; or

(d) If the Company shall make an assignment for the benefit of creditors, shall file a petition in bankruptcy, shall be adjudicated insolvent or bankrupt, shall petition or apply to any tribunal for any receiver of or any trustee for itself or of any substantial part of its property; or shall commence as debtor any proceeding under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute or similar law or statute of any jurisdiction, whether now or hereafter in effect; or if there shall be commenced against it any such proceeding which remains undismissed for a period of sixty (60) days; or if it indicates its consent to, approval of, or acquiescence in any such proceeding or the appointment of any receiver of or trustee for itself or any substantial part of its property; or if it suffers any such receivership or any trusteeship to continue undischarged for a period of sixty (60) days; or

(e) If an event of default shall occur under any of the other Bond Documents.

Promptly upon receipt of knowledge, the Company will provide to the County written notice setting forth the nature of any Event of Default or any event likely to create an Event of Default, the steps being taken to remedy the same, and the anticipated time that will be necessary to remedy the same.

Section 10.2. Remedies on Default. Whenever any Event of Default shall have happened and be subsisting the County may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due, or to enforce performance and observance of any obligation, agreement or covenant of the Company, under the Bond Documents.

Section 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but in each and every instance such remedy shall be cumulative and shall be in addition to every other remedy given under the Bond Documents 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.

Section 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event there shall occur an Event of Default and the County should employ attorneys or reasonably incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company or reasonably incur expenses for the protection of or realization upon collateral given to secure these obligations and agreements, the Company shall upon demand pay to the County the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by the County (including those relating to expenses incurred by the County as a result of related defaults on the Bonds).

Section 10.5. No Additional Waiver Implied by One Waiver. In the event any warranty, covenant or agreement contained in this Agreement should be breached by the Company or the County and thereafter waived by the other party to this Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

- End of Article X -

ARTICLE XI
OPTIONS IN FAVOR OF THE COMPANY

Section 11.1. Option to Terminate. At any time upon at least thirty (30) days' notice the Company may terminate this Agreement by paying to the County the amounts specified in Section 9.12.

Except as provided above, the Company cannot terminate this Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Project to function at its intended level, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, or failure of the Project at any time to comply with any existing or future statute, rule or regulation.

Section 11.2. Option to Purchase the Project. The Company shall at all times, including the continuance of an Event of Default, have the option to purchase the Project for a purchase price of one dollar (\$1.00) together with all reasonable costs, fees and expenses of the County in connection with such sale and together with all amounts due to the County under this Agreement and the other Bond Documents. The County, through its County Council, has expressly determined, and by the granting of this

option does reaffirm, that this option to purchase is in the best interest of the County and in furtherance of the purpose of the Act.

Section 11.3. Conveyance on Exercise of Option to Purchase. At the closing of the purchase pursuant to the exercise of the option to purchase granted herein, the County will, upon receipt of the purchase price, deliver to the Company documents, including a Deed for the Leased Land and Building and a Bill of Sale for the Equipment, conveying to the Company good and marketable title to the property being purchased, as such property then exists, subject to the following: (i) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the County; (ii) those liens and encumbrances created by the Company or to the creation or suffering of which the Company consented; (iii) those liens and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Agreement; and (iv) Permitted Encumbrances. The documents aforementioned shall be in form and substance reasonably satisfactory to the Company and the Company's counsel.

- End of Article XI -

ARTICLE XII
ADDITIONAL RIGHTS OF COMPANY AND COUNTY

Section 12.1. Rescission. In the event that the Act or any of the Bond Documents is determined to be invalid or is repealed or is for any reason deemed not to be applicable to the transactions between the County and the Company contemplated by the Bond Ordinance and this Agreement, the parties hereby agree that all transactions described in or contemplated by the Bond Documents shall be rescinded as of the dates that they occurred and that the status quo ante such transactions shall be restored completely, including payment by the Company of all of the County's expenses reasonably incurred in connection with the rescission of such transactions and the grant to the Company of all tax and similar benefits which it would have been allowed but for the transactions contemplated by the Bond Ordinance (including, specifically but not limited to, the five year abatement of property taxes under State law).

- End of Article XII -

ARTICLE XIII
MISCELLANEOUS

Section 13.1. Notices. All notices, approvals, consents,

requests and other communications hereunder shall be in writing.

Section 13.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the County and the Company and their respective successors and assigns.

Section 13.3. Severability. Except with respect to Article XII relating to wholesale invalidity, in the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, that holding shall not invalidate or render unenforceable any other provision of this Agreement.

Section 13.4. Payments Due on Saturday, Sunday and Holidays. Whenever any payment to be made hereunder shall be stated to be due on a Saturday, a Sunday or a holiday, such payment shall be made on the next business day.

Section 13.5. Amendments, Changes and Modifications. This Agreement may not be amended, changed, modified, altered or terminated without the written consent of the County and the Company.

Section 13.6. Execution of Counterparts. This Agreement may be executed in several counterparts, only one of which shall be an original for Uniform Commercial Code perfection purposes; provided, however, that any action may be brought upon any counterpart of this Agreement or any counterpart of any document that is attached to this Agreement as an exhibit.

Section 13.7. Law Governing and Construction of Agreement. This Agreement is prepared and entered into with the intention that the laws of the State shall govern its construction. This Agreement supersedes all prior agreements and communications between the parties respecting the subject matter hereof.

Section 13.8. Filings. Whenever the County shall be required to file or produce any reports, notices or other documents while the Bonds are outstanding, the Company shall in due time furnish to the County the completed form of such report, notice or other required documents together with (1) a certification by the Company that such document is accurate and, if it shall request, (2) an opinion of counsel addressed to the County that the report or other document is not in violation of any provision of law or of the documents in the transcript of the Bonds issue, and that the report or other document meets the legal requirements for such filing or delivery. In the event of the failure or refusal of the Company to comply with this provision the Company agrees to pay the statement for attorneys' fees and administrative time presented by the County for producing and filing such report or documents, such statement to be paid within thirty (30) days after presentation by the County.

Section 13.9. Net Lease. This Agreement shall be deemed and construed to be a "net lease", and the Company shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminutions or set off other than those herein expressly provided.

Section 13.10. Incorporation of Bond Issuance and Purchase Agreement. All of the terms of the Bond Issuance and Purchase Agreement are incorporated herein by reference.

IN WITNESS WHEREOF, BERKELEY COUNTY, SOUTH CAROLINA, and MILES INC., each pursuant to due authority, have duly executed this Agreement, all as of the date first above written.

BERKELEY COUNTY, SOUTH CAROLINA

Witness By: _____
County Supervisor/Chairman of
County Council

Witness Attest: _____ (SEAL)
Clerk of County Council

MILES INC., an Indiana corporation

Witness By: _____
Vice President

Witness Attest: _____ (SEAL)
Assistant Secretary

EXHIBIT

JUN 23 1994

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EXHIBIT A
LEASED LAND

STATE BUDGET & CONTROL BOARD

EXHIBIT B
EQUIPMENT

SECOND AMENDED AND RESTATED BOND ISSUANCE AND PURCHASE AGREEMENT

This SECOND AMENDED AND RESTATED BOND ISSUANCE AND PURCHASE AGREEMENT dated as of February 12, 1990 (as amended and restated as of _____) between BERKELEY COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "State"), and MILES INC., an Indiana corporation (which is the successor by merger to Mobay Corporation, a New Jersey corporation ("Mobay"), Bayer USA Inc., a Delaware corporation ("Bayer"), and Agfa Corporation, a New York corporation ("Agfa")).

W I T N E S S E T H:

WHEREAS the parties hereto desire to amend and restate that certain Amended and Restated Bond Issuance and Purchase Agreement dated as of February 12, 1990 (as amended and restated as of July 15, 1993) to reflect and accommodate the transactions contemplated in that certain Bond Ordinance No. 94-____-____ of the County dated May ____, 1994, which amended that certain Bond Ordinance No. 91-12-30 of the County dated December 17, 1991, which, in turn, amended that certain Bond Ordinance No. 90-2-3 of the County dated February 12, 1990 (as amended, the "Ordinance"), which Ordinance authorizes the issuance of up to ten industrial revenue bonds in the aggregate principal amount of at least \$85,000,000 and not more than \$425,000,000 (the "Bonds") pursuant to Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended, (the "Act") for the purpose of assisting the Company and improving the County and the State through the acquisition, construction, improvement and expansion in the County of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities, including, without limitation, those relating to rubber chemicals and fiber manufacturing facilities (the "Project");

WHEREAS, the Company has agreed to purchase the Bonds for its own account and not with the expectation of resale;

NOW THEREFORE, in consideration of \$1.00 in hand paid by each party to the other, receipt of which is acknowledged, and other value, including the mutual promises herein contained, the parties agree as follows:

ARTICLE I

The "County" means Berkeley County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina.

The "Company" means Miles Inc., an Indiana corporation (which is the successor by merger to Mobay, Bayer, and Agfa) its successors and assigns.

Each party represents that the findings of fact in the Ordinance are complete and accurate in all respects.

ARTICLE II

The County shall issue a maximum of ten Bonds for the Project in annual series through 1995, in an aggregate principal amount specified by the Company, not to exceed the maximum amount allowable by the Act, for the payment of the capital costs of the Project; provided, however, that the aggregate principal amount of all Bonds issued shall not be less than \$85,000,000 and shall not be more than \$425,000,000. Subject to the foregoing limitation, one or more Bonds shall be issued each year in the principal amount of the costs of the Project paid or incurred prior to the date of issuance of the Bond(s) and not covered by previously issued Bonds in the preceding year. Each Bond shall be substantially in the form attached to the Ordinance.

ARTICLE III

The Company shall purchase each Bond at the time of issuance at par without discount.

ARTICLE IV

Proceeds from the issuance and sale of the Bonds shall be paid directly to the Company and used for the following purposes and for no other purposes:

(a) Payment of all planning, engineering, architectural, supervision, construction, inspection and asset acquisition and installation expenses incurred in connection with the acquisition, construction and installation of the Project; and

(b) Payment of all legal, financing, insurance, accounting and printing expenses incurred in connection with the acquisition, construction and installation of the Project; and

(c) Payment of all expenses incurred in seeking to enforce any remedy against any contractor or subcontractor under any contract relating to the acquisition, construction and installation of the Project; and

(d) Payment of any and all other capital costs or expenses relating to the acquisition, construction and installation of the Project.

ARTICLE V

At or prior to the issuance of each Bond, the Company shall cause title to that portion of the Project financed by that Bond to be vested in the County and the County shall cause that portion of the Project to be leased to the Company under the terms of the lease described in the Ordinance.

ARTICLE VI

The County shall have the right to borrow from the Company such funds as shall be necessary to acquire title prior to issuance of each Bond to finance each portion of the Project. Such loans shall be repaid from the proceeds of the Bonds and, at the election of the Company, may be documented solely by book-keeping entries. The Company shall have the right to direct the use of such loans for the Project, including the right to make direct payments to suppliers and contractors for the benefit of the County.

ARTICLE VII

In the event that Bond proceeds shall remain after all advances, the remaining funds shall be used immediately and exclusively by the County to prepay the Bonds. In the event that the Bond proceeds shall be insufficient, the Company shall nevertheless complete the Project and shall be entitled to no further funds from the County pursuant to the Ordinance.

ARTICLE VIII

The County hereby permits the planning, design, acquisition, construction, installation and operation of the Project prior to the issuance and delivery of any Bond. At the election of the Company, contracts for construction and for the purchase of machinery, equipment and related real and personal property for the Project may be let by the Company and thereafter assigned to the County.

ARTICLE IX

Completion of the Project shall be evidenced by a certificate signed by the Company stating that acquisition, construction

and installation of the Project has been completed as planned. It shall be the duty of the Company to cause this certificate to be furnished as soon as practicable after the Project shall have been completed.

ARTICLE X

The Company, at its own cost and expense and in its own name or, to the extent lawful, in the name of the County, may prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights under the Ordinance and the documents described in the Ordinance, and in such event the County hereby agrees to cooperate fully with the Company, but at the Company's expense, and to take all action necessary to effect a substitution of the Company for the County in any such action or proceeding if the Company shall so request.

ARTICLE XI

Each Bond shall be fully registered, payable to the registered owner thereof. The County hereby designates Wyche, Burgess, Freeman & Parham, P.A. as bond registrar and hereby directs it to maintain registration books for the registration or transfer of the Bonds. The Bonds may be transferred only upon assignment duly executed by the registered owner of the Bonds, such transfer to be made on said registration books and endorsed on the transferred Bond by the bond registrar. The person in whose name each Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on that Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability of the County upon each Bond to the extent of the sum or sums so paid.

ARTICLE XII

Should any Bond become mutilated, the County shall cause to be executed and shall deliver a new Bond of like date and tenor upon the cancellation of such mutilated Bond. Should any Bond be lost or destroyed, the County shall cause to be executed and shall deliver a new Bond of like date and tenor in substitution therefor. If any Bond shall have matured, instead of issuing a new Bond the County may pay the same without surrender thereof. Such new Bond shall be executed and delivered or such matured Bond shall be paid without surrender only when the registered owner has paid the reasonable expenses and charges of the County and Company in connection therewith and has agreed to indemnify and hold harmless the County and the Company from any and all losses caused by such loss.

ARTICLE XIII

In the event that the Act or the Ordinance or any of the documents described in the Ordinance is determined to be invalid or is repealed or is for any reason deemed not to be applicable to the transactions between the County and the Company contemplated by the Ordinance and this contract, the parties hereby agree that all such transactions shall be rescinded as of the dates that they occurred and that the status quo ante such transactions shall be restored completely, including payment by the Company of all of the County's expenses reasonably incurred in connection with the rescission of such transactions and the grant to the Company of all tax and similar benefits which it would have been allowed but for the transactions contemplated by the Ordinance (including, specifically but not limited to, the five year abatement of property taxes under State law).

ARTICLE XIV

The County acknowledges and understands that the Company utilizes trade secrets in the conduct of its business and that any disclosure of that information, including financial, sales and manufacturing information, would result in substantial harm to the Company and could thereby have a significant detrimental impact on the Company and the County. Therefore, the County agrees, that without the prior express written permission of the Company, it will not (i) request or be entitled to receive any such confidential and proprietary information, (ii) request or be entitled to inspect the Project or any property associated therewith or (iii) disclose or otherwise divulge any such confidential and proprietary information to any other person, firm, governmental body or agency, or other entity, except as required by law and after providing to the Company notice of such proposed action and the opportunity to contest.

ARTICLE XV

The Company shall pay upon demand by the County all reasonable fees and expenses incurred by the County in connection with the issuance, sale and delivery of the Bonds and otherwise arising from the transactions described in the Ordinance.

ARTICLE XVI

Each party will perform such other acts as may be required to implement its undertakings and to consummate the proposed financing, including execution of all documents described in the Ordinance.

ARTICLE XVII

Except as otherwise provided herein, the obligation of the Company to make the payments required to be made hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and shall not be subject to diminution by set-off, counterclaim, abatement or otherwise.

ARTICLE XVIII

Any obligation which the County may incur for the payment of money as a result of the transactions described in the Ordinance shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never create pecuniary liability against it or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under the Ordinance and Bonds.

ARTICLE XIX

The Company hereby agrees to indemnify the County and the individual officers, agents and employees thereof for all expenses incurred by them and for any claim of loss suffered or damage to property or any injury to any person occurring in connection with any transaction related to the Ordinance or this contract (including the planning, design, acquisition, construction and operation of the Project).

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement as of the date indicated above.

BERKELEY COUNTY, SOUTH CAROLINA

By: _____
County Supervisor
Chairman of County Council

Attest: _____
Clerk of County Council

MILES INC., an Indiana corporation

By: _____
Vice President

Attest: _____
Assistant Secretary

[MILES INC. LETTERHEAD]

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

_____, 1994

Re: Sale by Berkeley County, South Carolina (the "Issuer")
Of its Fee-in-lieu of taxes industrial bonds (the "Bonds")
On behalf of Miles Inc. (the "Company")
For its chemical manufacturing, processing,
warehousing and distribution facilities,
including chemical and imaging technology
facilities and related facilities, including,
without limitation, those relating to rubber
chemicals and fiber manufacturing facilities (the "Project")
To Miles Inc. (the "Purchaser")

In connection with the referenced sale of Bonds by the Issuer, the Purchaser makes the following representations and certifications:

1. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Purchaser is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Purchaser is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the purchase of the Bonds;
4. The Purchaser has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and
5. The Bonds are being purchased for the account of the Purchaser and for the purpose of investment and not presently for resale, and the Purchaser has no present intention of offering the Bonds or any portion thereof for resale either currently or after the passage of a fixed period of time, or upon the occurrence or nonoccurrence of any predetermined event or circumstances.

PURCHASER:

Name: Miles Inc.
Address: One Mellon Center
500 Grant Street
Pittsburgh, PA 15219-2502

SWORN to and subscribed before me
this ____ day of _____, 1994.

By: _____
Melvin G. Henninger
Vice President
_____, 1994

Notary Public
Commission Expires: _____

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STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

June 7, 1994

MEMORANDUM

TO: Alice Broadwater; Wayne Rush
FROM: Donna Kaminer Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the June 23, 1994, Budget and Control Board agenda:

Berkeley County
\$175,000,000 Fee-in-lieu of Taxes Bonds
Miles, Inc. project

For this proposal to be included on the June 23, 1994, agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, June 14, 1994.

DKW/laf
Enclosure

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WYCHE, BURGESS, FREEMAN & PARHAM, P.A. JUN 23 1994

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ATTORNEYS AT LAW
44 EAST CAMPERDOWN WAY
POST OFFICE BOX 728

STATE BUDGET & CONTROL BOARD

GREENVILLE, SOUTH CAROLINA 29602-0728

C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES C. PARHAM, JR.
JAMES M. SHOEMAKER, JR.
WILLIAM W. KEHL
CHARLES W. WOFFORD
LARRY D. ESTRIDGE
D. ALLEN GRUMBINE
CARY H. HALL, JR.
CARL F. MULLER
HENRY L. PARR, JR.BRADFORD W. WYCHE
ERIC B. AMSTUTZ
MARSHALL WINN
WALLACE K. LIGHTSEY
LESLEY R. MOORE
WILLIAM D. HERLONG
JO WATSON HACKL
WILLIAM P. CRAWFORD, JR.
J. THEODORE GENTRY
GREGORY J. ENGLISH

As of _____, 1994

C. GRANVILLE WYCHE
1890-1988
ALFRED F. BURGESS
1906-1992
TELEFAX 803-235-8900
TELEPHONE 803-242-8200
WRITER'S DIRECT NUMBER
201Berkeley County, South Carolina
Moncks Corner, South Carolina

Gentlemen:

We have served as Bond Counsel in connection with the proposed issuance by Berkeley County, South Carolina (the "Issuer"), of up to an aggregate \$175,000,000 additional principal amount of industrial revenue bonds (the "Bonds") pursuant to Ordinance No. _____ (the "1994 Ordinance") of the Issuer.

In connection with this opinion, we have examined originals or copies of the following:

(a) The 1994 Ordinance adopted by the Issuer on _____, 1994 pursuant to and under the provisions of Title 4, Chapter 29 of the 1976 Code of Laws of South Carolina, as amended (the "Act"), which amended Ordinance No. 91-12-30 adopted by the Issuer on December 17, 1991 (the "1991 Ordinance"), which amended Ordinance No. 90-2-3 adopted by the Issuer on February 12, 1990 (the "1990 Ordinance");

(b) Resolution of the Issuer, adopted _____, 1994, relating to the Bonds;

(c) Petition of the Issuer, dated _____, 1994 relating to the Bonds;

(d) Resolution of the State Budget and Control Board of South Carolina adopted on _____, 1994, relating to the Bonds;

(e) Amended and Restated Pledge Agreement, dated as of _____, 1994, by and between the Issuer and Miles Inc., an Indiana corporation (the "Company");

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Berkeley County, South Carolina
As of _____, 1994
Page 2

(f) Amended and Restated Bond Issuance and Purchase Agreement, as of _____, 1994, by and between the Issuer and the Company;

(g) Amended and Restated Lease Purchase Agreement, as of _____, 1994, by and between the Issuer and the Company;

(h) Form of Bond for purposes of the Bonds (collectively with the documents described in paragraphs (a) through (g) above, the "Documents"); and

(i) Such other proceedings, opinions, records, documents and statutes as we deem relevant and necessary in rendering this opinion.

We have assumed, without independent investigation or verification, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies, the accuracy and completeness of all documents made available to us by the Company or the Issuer and that each party to a Document has satisfied those legal requirements that are applicable to it to the extent necessary to make the Document enforceable against it. With respect to matters of fact, we rely, without independent investigation or verification of the accuracy of the information contained therein, upon the information set forth in the Documents.

Based upon and subject to the foregoing and the comments, limitations and qualifications set forth below, we are of the opinion that, when the Bonds are issued in accordance with the Documents, the interest on and principal of the Bonds (a) shall not constitute a general obligation indebtedness of the Issuer within the meaning of any State constitutional provision or statutory limitation, (b) shall not constitute a pecuniary liability or a charge against the general credit or taxing powers of the Issuer, and (c) shall be indebtedness payable solely from certain revenues derived by the Issuer pursuant to the Documents.

The obligations of the parties and the enforceability thereof, with respect to the Documents, are subject in part to the provisions of the United States Bankruptcy Act and other applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect. Certain of the obligations of the parties, and the enforcement thereof, contained in the Documents are also subject to general equity principles (whether considered in a proceeding in equity or at law) and to the discretion of the court before which any proceeding may be brought.

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Berkeley County, South Carolina

As of _____, 1994

Page 3

We do not herein intend to express any opinion as to any matter governed by (or which purports to be governed by) any law other than, and our opinion is limited solely to, the existing laws of the State of South Carolina (excluding the laws of its counties, municipalities and other political subdivisions).

No opinion is provided that is not specifically and expressly stated in this letter. This letter is rendered as of the date hereof, and we disclaim any continuing responsibility for matters occurring after the date of this letter.

This letter is being provided to the addressee hereof for its benefit in connection with the Bonds and may not be provided to any other person or entity or used, relied upon or quoted by any other person or entity, or for any other purpose, without our prior written consent.

Very truly yours,

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

By: _____
Eric B. Amstutz

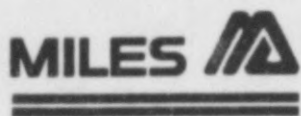
enclosures

005524

MILES INC.

013511

OUR REF NUMBER	YOUR INVOICE NUMBER	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMO
SC6694	SC6694	06-06-94	\$5,000.00	\$5,000.00	-0-	\$5,000.0



MILES INC.
ONE MELLON CENTER
500 GRANT STREET
PITTSBURGH, PA 15219-2502

MELLON BANK, N.A.
PITTSBURGH, PA 15258
8-26/430

013511

CHECK DATE	CONTROL NUMBER	CHECK AMOUNT
06-06-94	013511	\$5,000.00

PAY Five thousand and 00/100 dollars-----

TO THE
ORDER
OF South Carolina
State Budget and Control Board

[Signature]

⑈013511⑈ ⑆043000261⑆ 184⑈3974⑈

005525

INFORMATION ON CERTAIN DOCUMENTS MAY BE ILLEGIBLE DUE TO
FAINT TYPING/WRITING AND IT MAY NOT BE POSSIBLE TO OBTAIN A
SATISFACTORY PHOTOGRAPHIC IMAGE OF THOSE RECORDS.

EXHIBIT

JUN 23 1994

6

STATE BUDGET & CONTROL BOARD

AFFIDAVIT
OF
PUBLICATION

The Post and Courier

State of South Carolina

County of Charleston

Personally appeared before me
the undersigned advertising Clerk of the
above indicated newspaper published
in the City of Charleston, County and
State aforesaid, who, being duly sworn,
says that the advertisement of

(copy attached)

appeared in the issues of said newspaper

on the following day(s):

July 28, 1994

Subscribed and sworn to

before me this 28th day

of July

A.D. 19 94

Sharon L. Lander
(Advertising clerk)

W. R. Raby
NOTARY PUBLIC FOR SOUTH CAROLINA
My Commission expires June 18, 2000

NOTICE OF APPROVAL
OF PROJECT AND FINANCING
BY THE STATE BUDGET
AND CONTROL BOARD
OF SOUTH CAROLINA

Notice is hereby given that the State Budget and Control Board of South Carolina (the "State Board") has approved the financing by Berkeley County, South Carolina (the "County") of up to \$175,000,000 of additional capital assets for the construction, improvement and expansion of chemical manufacturing, manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities, including, without limitation, those relating to rubber chemicals and fiber manufacturing facilities (collectively, the "Project") of Miles Inc., an Indiana Corporation (the "Company"), located in the County, through the issuance of additional fee-in-lieu-of-taxes industrial revenue bonds in the aggregate principal amount of \$175,000,000 (the "Second Additional Bonds") pursuant to the provisions of Chapter 29 of Title 4 of the 1976 Code of Laws of South Carolina, as amended.

In February 1990, the State Board approved the issuance by the County up to a principal amount of \$125,000,000 of fee-in-lieu-of-taxes industrial of a chemical manufacturing, processing and distribution facility of Mobay Corporation, a predecessor corporation of the Company. In January 1993, the State Board, among other things, approved the issuance by the County of up to a principal amount of \$125,000,000 of additional fee-in-lieu-of-taxes industrial revenue bonds (the "First Additional Bonds") to finance the acquisition, construction, improvement and expansion in the County of chemical manufacturing, processing, warehousing and distribution facilities, including chemical and imaging technology facilities, including chemical and imaging technology facilities and related facilities of, Agfa Corporation, another predecessor of the Company.

The recent action of the State Board approved (i) the clarification of the description of the Project to include fiber manufacturing facilities, (ii) the Project as so clarified, (iii) the clarification of the original definition of the Company to be Miles Inc. as successor to Mobay Corporation, Agfa Corporation and Bayer USA Inc., (iv) the increase in the size of the Project to approximately \$425,000,000, (v) the financing of the increase with the Second Additional Bonds, (vi) the provision that the Project must be completed by December 31, 1995, and (vii) related matters.

The Second Additional Bonds will be purchased by the Company for its own account. The proceeds of the Second Additional Bonds will be used by the County to purchase the Project, which will be leased to the Company. Payments to the County under the lease will be sufficient to meet the payment schedules on the Second Additional Bonds. The County will grant to the Company an option to purchase the Project for \$1.00 and the amounts due to the County under the bond documents. A pledge of certain of the lease revenues will be made in order to secure payment of the Second Additional Bonds. The Second Additional Bonds will be payable by the County solely from payments received by the County under or related to the lease. Neither the Project or Second Additional Bonds, nor any charges in connection with the Project or Second Additional Bonds, shall constitute or give rise to a pecuniary liability of the County or a charge against the general credit or taxing power of the County.

The project is reasonably estimated to create 485 jobs in the County, including approximately 150 jobs related to the Second Additional Bonds.

Pursuant to the lease, the Company will pay to the County certain amounts in lieu of ad valorem property taxes.

Pursuant to the lease, the company will pay to the County certain amounts in lieu of ad valorem property taxes.

Notice is 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 this undertaking of the County by filing an action de novo in the Court of Common Pleas in Berkeley County, South Carolina.

STATE BUDGET AND CONTROL
BOARD OF SOUTH CAROLINA
BY: SECRETARY

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

ATTORNEYS AT LAW

44 EAST CAMPERDOWN WAY

POST OFFICE BOX 729

GREENVILLE, SOUTH CAROLINA 29602-0729

C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES E. PARHAM, JR.
JAMES M. SHOEMAKER, JR.
WILLIAM W. KEEL
CHARLES W. WOFFORD
LARRY D. ESTRIDGE
D. ALLEN GRUMBINE
GARY H. HALL, JR.
CARL F. MULLER
HENRY L. PARR, JR.

BRADFORD W. WYCHE
ERIC B. AMSTUTZ
MARSHALL WINN
WALLACE K. LIGHTSEY
JESSEY R. MOORE
WILLIAM D. HERLONG
JO WATSON HACKL
WILLIAM P. CRAWFORD, JR.
J. THEODORE GENTRY
GREGORY J. ENGLISH

August 2, 1994

C. GRANVILLE WYCHE
1990-1998
ALFRED F. BURGESS
1906-1981
TELEFAX 803-235-8900
TELEPHONE 803-242-8200
WRITER'S DIRECT NUMBER
242-8265

BY FAX 1-734-2117

Ms. Donna K. Williams
Secretary, State Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

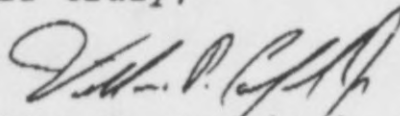
RE: Miles, Inc./Berkeley County, South Carolina Bond
Project

Dear Ms. Williams:

Enclosed please find the required Affidavit of Publication
regarding the State Board's approval of the Miles Bond Project.

If you have any questions, please give me a call.

Yours truly,



William P. Crawford, Jr.

Enclosure

005527

EXHIBIT

WYCHE, BURGESS, FREEMAN & PARHAM, P.A.

JUN 23 1994

6

ATTORNEYS AT LAW

44 EAST CAMPERDOWN WAY

POST OFFICE BOX 728

GREENVILLE, SOUTH CAROLINA 29602-0728

STATE BUDGET & CONTROL BOARD

C. THOMAS WYCHE
DAVID L. FREEMAN
JAMES C. PARHAM, JR.
JAMES M. SHOEMAKER, JR.
WILLIAM W. KEHL
CHARLES W. WOFFORD
LARRY D. ESTRIDGE
D. ALLEN GRUMBINE
CARY H. HALL, JR.
CARL F. MULLER
HENRY L. PARR, JR.

BRADFORD W. WYCHE
ERIC B. AMSTUTZ
MARSHALL WINN
WALLACE K. LIGHTSEY
LESLEY R. MOORE
WILLIAM D. HERLONG
JO WATSON HACKL
WILLIAM P. CRAWFORD, JR.
J. THEODORE GENTRY
GREGORY J. ENGLISH

C. CHANVILLE WYCHE
1890-1898
ALFRED F. BURGESS
1896-1922
TELEFAX 803-235-8900
TELEPHONE 803-242-8200
WRITER'S DIRECT NUMBER

FACSIMILE COVER LETTER

DATE: August 2, 1994

PLEASE DELIVER THE FOLLOWING TO:

Name: Ms. Donna K. Williams

City: Columbia

Fax No.: 1/734-2117

FROM:

Name: William P. Crawford, Jr.

Our File No.: 6767.11

We are transmitting 3 pages (including this cover letter) from our automatic Canon Fax-730, facsimile number (803) 235-8900.

If you do not receive all the pages, please call Norma Witkowski as soon as possible, telephone number (803) 242-8272.

THIS MESSAGE IS INTENDED FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED. IT IS CONFIDENTIAL AND MAY BE PRIVILEGED ATTORNEY-CLIENT INFORMATION OR WORK PRODUCT, CONSTITUTE INSIDE INFORMATION, OR BE OTHERWISE EXEMPT FROM DISCLOSURE. IF YOU ARE NEITHER THE INTENDED RECIPIENT NOR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING THE MESSAGE TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED AND MAY BE UNLAWFUL. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, NOTIFY US IMMEDIATELY BY TELEPHONE AND RETURN THE ORIGINAL MESSAGE TO US AT THE ABOVE ADDRESS BY MAIL. THANK YOU.

MESSAGE:

005528

EXHIBIT

JUN 23 1994

7

STATE BUDGET AND CONTROL BOARD

MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
BLUE AGENDA

ITEM NUMBER

7

AGENCY: Jobs-Economic Development Authority

SUBJECT: Economic Development Bonds, Alexander Machinery, Inc. Project

The Jobs-Economic Development Authority requests Board approval of the private sale of Economic Development Revenue Bonds for the following project and asks that an allocation of a portion of the State Ceiling be made for the project:

Name of Project:	Alexander Machinery, Inc.
Location:	Greenville County
Principal Amount:	\$2,500,000
Allocation Amount:	\$2,500,000
Employment Impact:	maintain existing employment for 82 persons
Purpose:	manufacture of cloth handling equipment

BOARD ACTION REQUESTED:

Adopt a resolution approving the private sale of \$2,500,000 Economic Development Revenue Bonds by the Jobs-Economic Development Authority for the Alexander Machinery, Inc. project; and allocate \$2,500,000 of the state ceiling for the project.

ATTACHMENTS:

Resolution

005529

JUN 3 1994
9:00 a.m.

TRANSMITTAL FORM, REVENUE BONDS

Date: June 3, 1994
Submitted for BCB Meeting on:
June 23, 1994

TO: Donna K. Williams, Secretary
State Budget and Control Board
600 Wade Hampton Office Building
Columbia, SC 29201
OR P. O. Box 12444, Columbia, SC 29211

FROM:

McNair & Sanford, P.A.
Name of Law Firm
Greenville, SC 29601
City, State, Zip Code

Suite 601, NationsBank Plaza
Street Address/Box Number
(803) 271-4940
Telephone Area Code and Number

RE: N/E \$2,500,000
Amount of Issue
SC Jobs-Economic Development Authority
Issuing Authority Name

Economic Development Revenue Bonds
Type of Bonds or Notes
June 1994
Projected Issue Date

Project Name: Alexander Machinery, Inc. Project
Project Description: Manufacture of cloth handling equipment for the
textile industry
Employment as result of project: Maintain existing employment for 82 people

CEILING ALLOCATION REQUIRED

X Yes (\$ 2,500,000) No
Amount

REFUNDING INVOLVED

 Yes (\$) X No
Amount

PROJECT APPROVED PREVIOUSLY

 Yes () X No
Date

DOCUMENTS ENCLOSED (executed original and three copies of each):

(ALL required for State law approval; A and C only for ceiling allocation only.)

- A. X Petition
B. X Resolution or ordinance
C. X Inducement Resolution or comparable preliminary approval
D. X Standard Form ~~XXXXXXX~~ Credit Enhancement Letter from bonds purchaser (executed original)
(~~XXXXXXX~~ letter of credit provided by: NationsBank of South Carolina, N.A.)
OR Audited financial statements for three most recent years
E. Department of Health and Environmental Control certificate IF REQUIRED
F. X Budget and Control Board Resolution and Public Notice (original)
[Plus 5 copies for certification and return to counsel]
G. N/A Processing fee
Amount \$ Check No.
Payor
H. X Draft bond counsel opinion letter

Bond Counsel: Kathleen Crum McKinney
Typed Name of Counsel

By: Kathleen C. McKinney
Signature

EXHIBIT

JUN 23 1994

7

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD
Alexander Machinery, Inc.

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and Chairman of the Board;

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, June 23, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 10:00 a.m. on Friday, June 17, 1994.

That all members of the Board were present at the meeting.

That, at the meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by Mr. Patterson, who moved its adoption; the 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 adopted and the original thereof has been duly entered in the permanent records of minutes of meetings of the Board in my custody as its Secretary.

June 24, 1994

Donna Kaminer Williams

005531

A RESOLUTION APPROVING THE ISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY OF NOT EXCEEDING \$2,500,000 AGGREGATE PRINCIPAL AMOUNT ECONOMIC DEVELOPMENT REVENUE BONDS (ALEXANDER MACHINERY, INC. PROJECT) SERIES 1994, PURSUANT TO THE PROVISIONS OF SECTION 41-43-110 OF SOUTH CAROLINA CODE ANNOTATED, TITLE 41, CHAPTER 43 (1976), AS AMENDED.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority") has heretofore under and pursuant to the provisions of Section 41-43-110 of South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the "Act"), requested approval by the State Budget and Control Board of the issuance by the Authority pursuant to the Act of its Economic Development Revenue Bonds (Alexander Machinery, Inc. Project) Series 1994, in the aggregate principal amount of not exceeding \$2,500,000 (the "Bonds"); and

WHEREAS, the Issuer proposes to issue the Bonds for the purpose of defraying the cost of acquiring, by construction and purchase, a building or buildings, other improvements, and certain machinery, apparatus, equipment, office facilities and furnishings (the "Project") to be used for the purpose of manufacturing cloth handling equipment for the textile industry; and

WHEREAS, the Project is to be made available to Alexander Family Partnership and Alexander Machinery, Inc., a South Carolina corporation (collectively, the "Borrower") upon terms which require the Borrower to make payments to or for the account of the Issuer in amounts sufficient to pay the principal and interest on the Bonds and which secure the obligation of the Borrower by a mortgage and security interest in the Project; and

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

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

Section 1. It is hereby found, determined and declared by the Board that: the Petition filed by the Authority 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 41-43-110 of the Act.

Section 2. In consequence of the foregoing, the proposal of the Authority to defray the cost of acquiring the Project, to make the Project available to the Borrower, to finance the cost thereof and expenses incidental thereto by the execution and delivery of the Bonds, secured by an assignment of the revenues to be derived from the Mortgage and 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 Issuer so long as such changes do not impose a pecuniary liability upon the Issuer or its general credit or taxing power, are approved by the Board of Directors of the Issuer and the Borrower, and do not make inaccurate, except as to dates and amounts, the summaries of the Mortgage and Financing Agreement and the Indenture and the description of the Project.

Section 3. This Resolution shall take effect immediately.

JUN 23 1994

7

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



1201 MAIN STREET, SUITE 420
COLUMBIA, SOUTH CAROLINA 29201
(803) 737-3880
(803) 737-0592 Fax

HELEN T. ZEIGLER
DIRECTOR

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

June 8, 1994

The Honorable Donna K. Williams
Secretary
S.C. Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

RE: Jobs-Economic Development Authority
Not Exceeding \$2,500,000 Economic Development
Revenue Bonds
Alexander Machinery, Inc. Project, Series 1994

Dear Mrs. Williams:

We have received the Revenue Bonds Transmittal Form and other items regarding the referenced proposed bonds.

These documents have been submitted by Bond Counsel, McNair & Sanford, P.A. and upon review of the Petition to the Budget and Control Board, the proposed Resolution of the Budget and Control Board and the draft of the Opinion of Bond Counsel appear to be in good order. Of course, we express no opinion as to the merits of the bond issue or the validity of the information recited in these documents as we have not acted in a capacity which would enable us to have knowledge adequate to form such an opinion. We have merely reviewed the documents form and they appear to meet the conditions imposed by State law that certain matters be addressed in the documentation.

Sincerely,

Wayne F. Rush
Wayne F. Rush
General Counsel

005534

The State of South Carolina



Office of the Attorney General

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211-1549
TELEPHONE: 803-734-3680
FACSIMILE: 803-253-6283

June 8, 1994

Ms. Donna K. Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Post Office Box 12444
Columbia, South Carolina 29211

Re: Greenville County
\$2,500,000 Economic Development Revenue Bonds
Alexander Machinery, Inc.

Dear Ms. Williams:

Regarding the above-referenced obligation, we have reviewed the Petition and other documents forwarded to us by the State Budget and Control Board. These represent a portion of the documents that have been submitted to the Board for its approval pursuant to Section 41-43-110, et. seq., South Carolina Code of Laws, 1976, as amended. The documents appear to comply with the requirements of the referenced Code sections that certain specific information be addressed in these documents.

This letter addresses only the fact that the documents appear to meet the conditions imposed by State law that certain specific matters be included in the documentation. No opinion is expressed as to any other matters, including whether the Petition should be approved as a matter of policy.

Office of the Attorney General

By: Alice C. Broadwater

005535

EXHIBIT

JUN 23 1994

7

STATE OF SOUTH CAROLINA
STATE BUDGET AND CONTROL BOARD
Standard Form Credit Enhancement Letter

STATE BUDGET & CONTROL BOARD

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

RE: Sale by SC JOBS-ECONOMIC DEVELOPMENT AUTHORITY (the "Issuer")
Of its Economic Development Revenue Bonds (the "Bonds")
On behalf of Alexander Family Partnership and
Alexander Machinery, Inc. (the "Company")
Alexander Machinery, Inc. (the "Project")
Credit Enhancement Provided by NationsBank of South Carolina, N.A.
(the "Bank")

The Bank has agreed to issue a non-revocable Letter of Credit in favor of a Trustee to be named with respect to the issuance of the bonds on behalf of the Company. In connection with the referenced sale of Bonds by the Issuer, the Bank makes the following representations and certifications:

1. The Bank has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Bonds;
2. The Bank is financially able to bear the economic risk of its proposed investment in the Bonds for an indefinite period;
3. The Bank is familiar with the business affairs of the Company and has obtained and examined all financial and other information with respect to the Bonds, the Company and the officers and shareholders of the Company which it deems necessary in order to enable it to evaluate the merits and risks of its investment in the Bonds and to make an informed investment judgment in connection with the credit enhancement with respect to the Bonds;
4. The Bank has had the opportunity to ask questions of, and receive answers from, the Issuer and the Company concerning the terms and conditions of the offering and any other information which it has deemed relevant to the Bonds and its investment in the Bonds; and

SWORN to and subscribed
before me this 2nd day
of June, 1994.

Loren M. Corn
Notary Public

My Commission expires
My Commission Expires February 21, 2003

Bank: NationsBank of South Carolina, N.A.
Auth. Official: David W. Weaver
Title: Vice President
Address: PO Box 608
Greenville SC 29602

BY: David W. Weaver
Signature of Authorized Official

DATE: 6/2/94

005536

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHLAND)

TO THE STATE BUDGET AND CONTROL)
) PETITION OF SOUTH
) CAROLINA JOBS-ECONOMIC
BOARD OF SOUTH CAROLINA) DEVELOPMENT AUTHORITY
_____)

This Petition of the South Carolina Jobs-Economic Development Authority (the "Authority"), pursuant to South Carolina Code Annotated, Title 41, Chapter 43 (1976), as amended (the "Act"), and specifically Section 41-43-110 thereof, respectfully shows:

1. The Act, among other things, empowers the Authority: (i) to acquire and, in connection with such acquisition, to enlarge, improve and expand, whether by construction, purchase, gift or lease, one or more business enterprises (as referred to in Section 41-43-160 of the Act) which shall be located within the jurisdiction of the State of South Carolina; (ii) to make available to any business enterprise located in South Carolina such projects for such payments and upon such terms and conditions as the Authority may deem advisable and as shall not conflict with the provisions of the Act; and (iii) subject to the approval of the State Budget and Control Board of the issuance of its bonds through public or private sale pursuant to Section 41-43-110 of the Act, 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.

2. Pursuant to the provisions of Act No. 117 of the Acts and Joint Resolutions for the General Assembly of the State of South Carolina for the year 1987 and regulations approved thereunder, the State Budget and Control Board and the Joint Bond Review Committee have been assigned certain responsibilities with respect to allocation of the private activity bond ceiling applicable to the State of South Carolina under Section 146 of the Internal Revenue Code of 1986, as amended (the "Volume Cap").

3. The Authority has agreed to assist Alexander Family Partnership and Alexander Machinery, Inc., a South Carolina corporation (collectively, the "Borrower"), by issuing its revenue bonds for the purpose of defraying the cost of acquiring by construction or purchase certain land, a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the purpose of

manufacturing cloth handling equipment for the textile industry, constituting an industrial facility (the "Project") located in Greenville County, South Carolina.

4. The undersigned Chairman of the Board of Directors of the Authority certifies that approval of this Project was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

5. The Authority has been advised by the Borrower that the estimated cost of the Project will be not exceeding \$2,500,000, and the Borrower has requested the Authority to execute and deliver its Economic Development Revenue Bonds (Alexander Machinery, Inc. Project) (the "Bonds") in the aggregate principal amount of not exceeding \$2,500,000 to defray such costs.

6. The Bonds will be purchased by a financial institution as a private placement, which arrangement the Authority has determined to be most advantageous.

7. Pursuant to Section 41-43-150 of the Act, the Authority has made the requisite findings that:

(a) The Borrower is engaged in the business of manufacturing cloth handling equipment for the textile industry and the Project is located in Greenville County, South Carolina.

(b) The Project will constitute a "business enterprise" as said term is referred to in Section 41-43-160 of the Act, and the issuance of the Bonds in the aggregate principal amount of not exceeding \$2,500,000 to defray the cost of the Project will subserve the purposes and in all respects conform to the provisions and requirements of the Act.

(c) It is anticipated that the Project will benefit the general public welfare of the State of South Carolina, and Greenville County in particular, by providing employment for those engaged in construction of the Project, and by maintaining existing employment for 82 people from Greenville County and adjacent areas when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Greenville County in particular, is reasonably expected to result therefrom.

Prior to issuance of the Bonds, the Authority will, as part of its proceedings:

(a) Require a resolution from the governing body of Greenville County containing the following findings: (1) that the Project will subserve the purposes of the Act; (2) that the Project is anticipated to benefit the general public welfare of Greenville County by providing services, employment, or other public benefits not otherwise provided locally; (3) that the Project will give rise to no pecuniary liability of Greenville County or a charge against its general credit or taxing power; and (4) the amounts of bonds required to finance the Project;

(b) Hold a public hearing in Greenville County in connection with such resolution;

(c) Make findings that the terms of the agreements to be entered into in connection with the Project are reasonable and proper as to the adequacy of protection for the public interest provided by such terms;

(d) Negotiate the terms of such agreements to the extent necessary to conclude that neither the Project, the Bonds proposed to be issued by the Authority to defray the cost of the Project, nor any documents or agreements entered into by the Authority in connection therewith will constitute or give rise to a pecuniary liability of the Authority or the State of South Carolina or a charge against the general credit or taxing power of either, and only program funds (as defined in the Act) will be made available to finance the cost of the Project;

(e) Undertake such investigation as is necessary to conclude that the Borrower is a corporation with established credit and is a responsible party; and

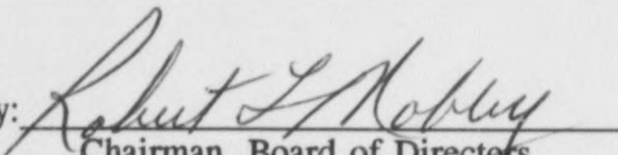
(f) Undertake such investigation as is necessary to conclude that the issuance of the Bonds by the Authority in the final principal amount requested by the Borrower will be required to defray the cost of the Project, and such principal amount bears a reasonable relationship to the amount of private funds also committed to the Project.

Upon the basis of the foregoing, the Authority 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) approve the issuance of the Bonds by the Authority through private sale pursuant to the Act to defray the cost of the Project (including changes in any details of the said financing as finally consummated which do not materially

affect the undertaking of the Authority), and (iv) allocate \$2,500,000 of the Volume Cap for the Bonds.


Respectfully submitted,

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY

By: 
Chairman, Board of Directors

(SEAL)

ATTEST:


Elliott E. Franks, III,
Executive Director

Dated: May 18, 1994.

EXHIBIT

JUN 23 1994

7

INDUCEMENT AGREEMENT

STATE BUDGET & CONTROL BOARD

THIS AGREEMENT made and entered into by and between the SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic and an agency of the State of South Carolina (the "Authority"), and ALEXANDER FAMILY PARTNERSHIP and ALEXANDER MACHINERY, INC., a South Carolina corporation (collectively, the "Borrower").

WITNESSETH:

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 Authority, acting by and through its Board of Directors, is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43 of the Code of Laws of South Carolina 1976, as amended (the "Act"), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State of South Carolina.

Section 1.02. The Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act.

Section 1.03. The Borrower has applied to the Authority to issue approximately \$2,500,000 of its economic development revenue bonds or notes in order to defray the cost of acquiring by construction or purchase certain land, a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities, and furnishings to be installed therein for the purpose of manufacturing cloth handling equipment for the textile industry (the "Project") to be located in Greenville County, South Carolina, and the Authority wishes to induce the Borrower to acquire and construct the Project within the State of South Carolina.

Section 1.04. (a) The Borrower is a responsible party engaged in the manufacture of cloth handling equipment for the textile industry. The Project is located in Greenville County, South Carolina.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of its economic development revenue bonds or notes will result in the creation or maintenance of employment for those engaged in construction of the Project, and by maintaining existing employment for 82 people from Greenville County and adjacent areas when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds (as described below).

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Greenville County in particular, is reasonably expected to result therefrom.

Section 1.05. The Authority has given due consideration to all the proposals and requests of the Borrower 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

UNDERTAKING ON THE PART OF THE AUTHORITY

The Authority agrees as follows:

Section 2.01. The Authority will, subject to such approval by the State Budget and Control Board and the governing body of Greenville County, South Carolina, as may be required by law and subject to the limitations set forth herein, authorize the issuance of not exceeding \$2,500,000 Economic Development Revenue Bonds (or Notes) (Alexander Machinery, Inc. Project) (the "Bonds"), at such time as the Borrower may request the Authority to do so.

Section 2.01. The Authority will permit the Borrower to arrange for the sale of the Bonds to defray certain costs 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 may be applied to the payment of the costs of the Project as determined under the Act including, without limitations, the expenses incurred in connection with the issuance and sale of the Bonds, the acquisitions of the Project including land, buildings, necessary machinery and equipment, and other items permitted by the Act, and the repayment of any funds, advances, or loans incurred by the Borrower for such purposes.

Section 2.04. Prior to issuing the Bonds, the Authority may enter into a loan agreement with the Borrower and a security agreement with the trustee (to be requested by the Borrower and approved by the Authority and the State Treasurer) or with the purchasers of the Bond, pursuant to which the Bonds will be secured and issued. Such documents shall be substantially in the form used in connection with the issuance of other South Carolina industrial development revenue bonds and shall constitute a lien on the revenues derived from the Borrower with respect to the Project to secure the payment of the Bonds. Provisions, terms, and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, redemption provisions, if any, of the Bonds, and other details of any loan agreement relating to the Bonds, shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such facts as type of program involved, the principal amount of the bonds, and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 2.05. The Authority will perform such other acts and adopt such further proceedings as may be required faithfully to implement its undertaking and to consummate the proposed financing.

Section 2.06. The undertakings of the Authority hereunder are contingent upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware and upon the Borrower providing the Authority with such further evidence as may be satisfactory to the Authority as to compliance with all applicable statutes and regulations.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE BORROWER

Section 3.01. The Borrower agrees that the Authority will have no obligation to find a purchaser of the Bonds and acknowledges that the Authority's approval of this Agreement is preliminary and is conditioned upon the Authority continuing to evaluate the Project as beneficial to the public interest after considering all additional circumstances of which the Authority may hereafter become aware.

Section 3.02. The Borrower further agrees, if the plan proceeds as contemplated, as follows:

- (a) to acquire the Project;
- (b) to enter into a loan agreement with the Authority, under the terms of which the Borrower will obligate itself to pay to the Authority sums sufficient to pay the principal, interest and premium, if any, on the Bonds, as and when the same become due and payable;
- (c) to hold the Authority 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;
- (d) to perform such further acts and adopt such further proceedings as may be required faithfully to implement its undertakings and to consummate the proposed financing; and
- (e) to covenant and agree in the loan agreement referred to above to install in the buildings which are to become a part of the Project all necessary equipment and machinery and initially to operate the Project in the manner described in Section 1.03 hereof.

ARTICLE IV

GENERAL PROVISION

Section 4.01. All commitments of the Authority under Article II hereof are subject to all of the provisions of the Act and regulations of the Authority pursuant thereto and the conditions that nothing contained in this Agreement shall constitute nor give rise to a pecuniary liability of the Authority or a charge against its general credit.

Section 4.02. The parties hereto agree that the Borrower may proceed with the Project including the acquisition of land, the construction of a building or buildings, and the acquisition and installation of the equipment and machinery, prior to the issuance of Bonds.

Section 4.03. All commitments of the Authority and the Borrower hereunder are subject to the condition that the Authority and the Borrower do agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

Section 4.04. The parties understand that the Borrower or the Authority may choose not to finance the Project as herein provided, in which event this Agreement shall become void.

EXHIBIT

JUN 23 1994

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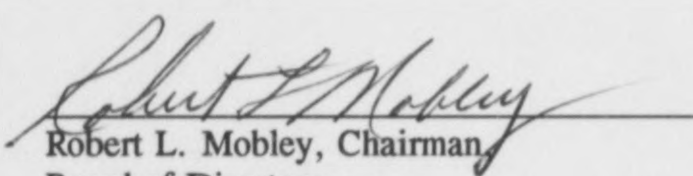
Section 4.05. This Agreement may be assigned by the Borrower to any of its corporate affiliates, any subsidiary corporation organized under the laws of any state of the United States to be formed, any partner or shareholder in the Borrower, or to any company in which the Borrower or one or more of its partners or shareholders has an interest (any of the foregoing being referred to hereinafter as a "Related Company"), or any person or company which is willing to lease the Project to the Borrower or any Related Company.

Section 4.06. It is the intention of the parties hereto that this Agreement shall constitute official intent on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt bonds.

Section 4.07. The Borrower reserves the right to issue taxable bonds under the authority of this Agreement.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement on the respective dates indicated below.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY


Robert L. Mobley, Chairman,
Board of Directors

(SEAL)

ATTEST:


Elliott E. Franks, III,
Executive Director

Dated: April 28, 1994

ALEXANDER FAMILY PARTNERSHIP

By: _____

By: _____

ALEXANDER MACHINERY, INC.

By: _____

Its: _____

(SEAL)

ATTEST:

By: _____

Its: _____

Dated: April 28, 1994

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT BY AND BETWEEN THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY AND ALEXANDER FAMILY PARTNERSHIP AND ALEXANDER MACHINERY, INC., WHEREBY UNDER CERTAIN CONDITIONS THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY WILL ISSUE APPROXIMATELY \$2,500,000 OF ITS ECONOMIC DEVELOPMENT REVENUE BONDS OR NOTES PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43, OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED, AND AUTHORIZING THE APPLICATION UPON CERTAIN CONDITIONS TO THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA FOR APPROVAL OF THE ISSUANCE OF SUCH BONDS.

WHEREAS, the South Carolina Jobs-Economic Development Authority (the "Authority"), acting by and through its Board of Directors is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43, of the Code of Laws of South Carolina 1976, as amended (the "Act"), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina and in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State of South Carolina; and

WHEREAS, the Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds, as defined in the Act to include notes, payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any program authorized by the Act; and

WHEREAS, Alexander Family Partnership and Alexander Machinery, Inc., a South Carolina corporation (collectively, the "Borrower"), have applied to the Authority to issue approximately \$2,500,000 of its economic development revenue bonds or notes in order to defray the cost of acquiring by construction or purchase certain land, a building or buildings and other improvements thereon, and certain machinery, apparatus, equipment, office facilities and furnishings to be installed therein for the purpose of manufacturing cloth handling equipment for the textile industry, constituting an industrial facility (the "Project") to be located in Greenville County, South Carolina, and the Authority wishes to induce the Borrower to acquire and construct the Project within the State of South Carolina; and

EXHIBIT

JUN 23 1994

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WHEREAS, it is in the public interest, for the public benefit and in furtherance of the public purposes of the Authority that its Board of Directors provide preliminary approval of the issuance of economic development revenue bonds for the aforesaid purposes; and

WHEREAS, it is deemed advisable by the Authority to file with the State Budget and Control Board of South Carolina, in compliance with Section 41-43-110 of the Act, the Petition of the Authority requesting approval by the State Budget and Control Board for the issuance of the notes or bonds at public or private sale upon receipt by the Authority from the Borrower of evidence satisfactory to the Authority of the economic feasibility of the Project;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

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

(a) The Borrower is a responsible party engaged in the manufacture of cloth handling equipment for the textile industry. The Project is to be located in Greenville County, South Carolina.

(b) The Borrower has demonstrated to the Authority that the assistance of the Authority by the issuance of its economic development revenue bonds or notes will result in the creation or maintenance of employment for those engaged in construction of the Project, and by maintaining existing employment for 82 people from Greenville County and adjacent areas when the Project is placed in full operation, with a resulting alleviation of unemployment and a substantial increase in payrolls and other public benefits incident to the conduct of such businesses not otherwise provided locally, and the number of jobs resulting from the assistance authorized herein bears a reasonable relationship to the principal amount of the Bonds (as described below).

(c) The principal amount of the Bonds bears a reasonable relationship to the amount of private funds committed to the Project.

(d) The size and scope of the Project is such that a definite benefit to the economy of the State of South Carolina, and Greenville County in particular, is reasonably expected to result therefrom.

Section 2. Subject to such approval by the State Budget and Control Board and the governing board of Greenville County, South Carolina, as required by law, the Board of Directors of the Authority preliminarily approves the issuance and sale of economic development revenue bonds or notes of the Authority pursuant to Section 41-43-110 of the Act in a principal amount of not exceeding \$2,500,000 (the "Bonds") for the purpose of providing financing to the Borrower for the acquisition and construction of the Project.

Section 3. The issuance and sale of the Bonds shall be upon such terms and conditions as may be mutually agreed upon by the Authority, the Borrower, and the purchaser of the Bonds, and shall be subject to completion of proceedings for issuance, sale, and delivery of the Bonds satisfactory to the Authority. The provisions, terms, and conditions of the agreements to be entered into in connection with the issuance of the Bonds by the Authority, and the form, details, rate or rates of interest, maturity, and redemption provisions, if any, of the Bonds, other details of any loan agreement relating to the Bonds, and findings required by the Act shall be prescribed by subsequent resolution of the Authority and shall be reasonable and proper, taking into account such factors as the type of program involved, the principal amount of the Bonds, and the number and type of program involved, the principal amount of the Bonds, and the number and type of jobs involved; the public interest shall be adequately protected by the terms thereof.

Section 4. The Chairman of the Board of Directors of the Authority is hereby authorized and directed to execute the Inducement Agreement attached hereto in the name and on behalf of the Authority, and the Executive Director of the Authority is hereby authorized and directed to affix thereto the seal of the Authority and to attest the same, and the Executive Director of the Authority is hereby further authorized and directed to deliver said executed Inducement Agreement to the Borrower.

Section 5. It is the intention of the Authority that this resolution shall constitute an official action on the part of the Authority within the meaning of the applicable regulations of the Treasury Department relating to the issuance of tax-exempt revenue bonds.

Section 6. The Bonds shall never constitute an indebtedness of the Authority or the State of South Carolina (the "State") within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Authority or the State or a charge against the general credit of the Authority or the State or the taxing powers of the State.

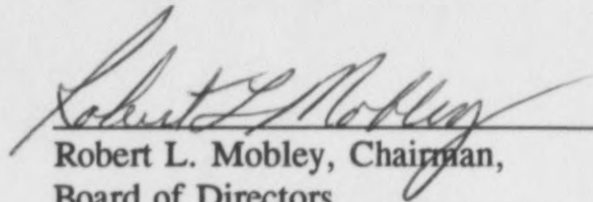
Section 7. Upon receipt by the Authority from the Borrower of evidence, which shall be satisfactory to the Authority, of the economic feasibility of the Project, there shall be and is hereby authorized and directed the submission on behalf of the Authority, of a Petition requesting approval by the State Budget and Control Board of South Carolina pursuant to the provisions of Section 41-43-110 of the Act of the issuance of the Bonds through public or private sale, said Petition, which constitutes and is hereby made a part of this authorizing resolution, to be in form acceptable to the State Budget and Control Board.

Section 8. The Chairman of the Board of Directors of the Authority shall be and is hereby authorized and directed to execute said Petition in the name and on behalf of the Authority, and the Executive Director of the Authority shall be and is hereby authorized and directed to affix the seal of the Authority to said Petition and to attest the same and thereafter, upon the conditions set forth hereinabove, to submit an executed copy of this resolution to the State Budget and Control Board of South Carolina.

Section 9. 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 April 28, 1994.

SOUTH CAROLINA JOBS-ECONOMIC
DEVELOPMENT AUTHORITY


Robert L. Mobley, Chairman,
Board of Directors

(SEAL)

ATTEST:


Elliott E. Franks, III,
Executive Director

EXHIBIT

[Form of Opinion of Bond Counsel]

JUN 23 1994

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STATE BUDGET & CONTROL BOARD

June __, 1994

South Carolina Jobs-Economic
Development Authority
Columbia, South Carolina

Re: \$2,500,000 South Carolina Jobs-Economic Development Authority, Economic
Development Revenue Bonds (Alexander Machinery, Inc. Project) Series 1994

Gentlemen:

We have served as Bond Counsel in connection with the issuance by the South Carolina Jobs-Economic Development Authority (the "Issuer") of its \$2,500,000 Economic Development Revenue Bonds (Alexander Machinery, Inc. Project) Series 1994 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

In connection with our opinion, we have examined the Constitution and laws of the State, particularly Title 41, Chapter 43, Code of Laws of South Carolina, 1976, as amended (the "Act"), the transcript of the proceedings with respect to the Bonds, certified copies of documents relating to the organization of the Issuer, and certified copies of proceedings and other papers relating to the issuance and sale by the Issuer of the Bonds, including the resolution adopted by the Issuer on _____, 1994, authorizing the issuance of the Bonds.

The Bonds are issued pursuant to a Mortgage and Financing Agreement (the "Agreement") dated as of June 1, 1994, between the Issuer and Alexander Family Partnership (the "Partnership") and Alexander Machinery, Inc. (the "Corporation") (collectively referred to as the "Borrower"), and secured by an Indenture dated as of June 1, 1994 (the "Indenture"), by and between the Issuer and _____, as lender (the "Lender"). Under the Agreement, the Borrower has agreed to make payments to be used to pay when due the principal of and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Issuer under the Agreement (except certain rights to indemnification, reimbursements and administrative fees) are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the Revenues.

GRVL:17755

005551

Reference is made to an opinion of even date of _____, counsel to the Partnership and the Corporation, with respect, among other matters, to the power of the Borrower to enter into and perform the Agreement and the authorization, execution and delivery of the Agreement by the Borrower and with respect to the Agreement being binding and enforceable upon the Borrower.

As to questions of fact material to our opinion, we have relied upon representations of and compliance with covenants by the Borrower and the Issuer contained in the Agreement, the Indenture, certificates of public officials furnished to us, and certificates of representatives of the Borrower, the Lender, the Issuer, and other parties, including, without limitation, representations, covenants and certifications as to certain prior tax-exempt bond issues, the use of the proceeds of the Bonds, certain capital expenditures of the Borrower and others, compliance with the arbitrage reporting and rebate requirements, the average reasonably expected economic life of the property being financed with the proceeds of the Bonds, and other factual matters which are relevant to the opinion expressed in paragraph 4, in each case without undertaking any independent verification. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties thereto other than the Issuer, and we have further assumed the due organization, existence and powers of such other parties other than the Issuer and the Borrower.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a validly existing public body corporate and politic and an agency of the State of South Carolina, duly created by the Act, and is vested with the rights and powers conferred by the Act.

2. The Issuer has all requisite authority and power under the Act, particularly Section 41-43-110 thereof, to issue the Bonds and to enter into and perform its obligations under the Indenture and the Agreement. The Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Revenues and on the rights of the Issuer under the Agreement (except certain rights to indemnification, reimbursements and administrative fees).

3. The Bonds have been duly authorized, executed and issued by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the Revenues.

4. Under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes, except that under Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), such federal exclusion from gross income shall not apply with respect to any particular Bond for any period during which held by a "substantial user" of the Project or a "related person" within the meaning of such Section. Also, such exclusion from gross income of interest for federal income tax purposes may become inapplicable with respect to all or part of the Bonds, in certain cases retroactive to the date of issuance, (i) in the event of the occurrence of certain contingencies relating to prior issues and capital expenditures by the Borrower or any principal user of the Project or any persons related to the Partnership or the Corporation or any principal user of the Project provided for in Section 144(a) of the Code, or (ii) in the event the Borrower or the Issuer fails to comply with certain covenants in the Indenture and Agreement with respect to maintenance of the exclusion from gross income for federal income tax purposes for the interest on the Bonds, including use, investment and expenditure of Bond proceeds and use of the facilities financed with Bond proceeds. Interest on the Bonds must be included as an item of tax preference in the computation of the alternative minimum tax on corporations and on individuals imposed by Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations.

5. Under present law, interest on the Bonds is exempt from all income taxation by the State. Certain taxes, however, specifically including the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina, 1976, as amended, are enforced as franchise taxes on some measure of assets or income, which may include the Bonds or income therefrom.

6. The Bonds constitute exempt securities under Section 3(a)(2) of the Securities Act of 1933, as amended to this date (the "Securities Act"), and under Section 3(a) of the Securities Exchange Act of 1934, as amended to this date, and the offer, sale and delivery of the Bonds do not

South Carolina Jobs-Economic
Development Authority

June __, 1994

Page 4

require registration of the Bonds under the Securities Act, nor is qualification of the Indenture required by the Trust Indenture Act of 1939, as amended to this date.

It is to be understood that the rights of the Bondholders and the obligations of the parties under the Bonds, the Indenture and the Agreement are subject to the exercise of judicial discretion in accordance with general principles of equity, the valid exercise of the constitutional powers of the United States and the police powers of the State and to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium and similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights. Certain indemnity provisions may be unenforceable pursuant to court decisions invalidating such indemnity agreements on grounds of public policy.

We have been retained solely for the purpose of examining into the validity and legality of the Bonds and of rendering certain specific opinions hereinbefore stated 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 Partnership or the Corporation or any other party made, prepared or issued by any party, or on behalf of any party, in connection with the sale of the Bonds. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representations or information.

Very truly yours,

McNAIR & SANFORD, P.A.

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

EXHIBIT

JUN 23 1994

7

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

June 3, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Alice Broadwater: Wayne Rush
FROM: Donna K. Williams *DKW*
SUBJECT: Review of Revenue Bond Proposal

Enclosed is the following proposal for the issuance of bonds which has been submitted for the June 23, 1994, Budget and Control Board agenda:

Jobs-Economic Development Authority
Not exceeding \$2,500,000 Economic Development Revenue Bonds
Alexander Machinery, Inc. project

For this proposal to be included on the June 23 agenda, I must have the written results of your review before 9:30 a.m. on Tuesday, June 14, 1994.

DKW/laf
Enclosure

005555

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

NATIONSBANK PLAZA/SUITE 601
7 NORTH LAURENS STREET
GREENVILLE, SOUTH CAROLINA 29601

TELEPHONE 803/271-4940
FACSIMILE 803/271-4015

CHARLESTON OFFICE
140 EAST BAY STREET
POST OFFICE BOX 1431
CHARLESTON, SC 29402
TELEPHONE 803/723-7831
FACSIMILE 803/722-3227

COLUMBIA OFFICE
NATIONSBANK TOWER
1301 GERVAIS STREET
POST OFFICE BOX 11390
COLUMBIA, SC 29211
TELEPHONE 803/799-9800
FACSIMILE 803/799-9804

GEORGETOWN OFFICE
121 SCREVEN STREET
POST OFFICE DRAWER 418
GEORGETOWN, SC 29442
TELEPHONE 803/546-6102
FACSIMILE 803/546-0096

RALEIGH OFFICE
RALEIGH FEDERAL BUILDING
ONE EXCHANGE PLAZA
SUITE 810
POST OFFICE BOX 2447
RALEIGH, NC 27602
TELEPHONE 919/890-4190
FACSIMILE 919/890-4180

SPARTANBURG OFFICE
SPARTAN CENTRE/SUITE 306
101 WEST ST. JOHN STREET
POST OFFICE BOX 5137
SPARTANBURG, SC 29304
TELEPHONE 803/542-1300
FACSIMILE 803/542-0705

WASHINGTON OFFICE
MADISON OFFICE BUILDING
SUITE 400
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, DC 20005
TELEPHONE 202/659-3900
FACSIMILE 202/659-5763

June 7, 1994

Ms. Donna Kaminer Williams, Secretary
State Budget and Control Board
601 Wade Hampton Office Building
Columbia, South Carolina 29201

EXHIBIT

JUN 23 1994

7

STATE BUDGET & CONTROL BOARD

Re: Not Exceeding \$2,500,000 Aggregate Principal Amount Economic
Development Revenue Bonds (Alexander Machinery, Inc. Project), Series 1994

Dear Donna:

Enclosed are revised copies of the Resolution of the Budget and Control Board approving the above-captioned bonds. These reflect the changes in Section 2 which have been revised pursuant to comments received from Wayne Rush of General Services. Please replace those documents previously sent you with these.

If you have any questions or need anything further, please give us a call.

Sincerely,

McNAIR & SANFORD, P.A.

Kathy / RD
Kathleen Crum McKinney

KCM/pkf
Enclosures

GRVL:19838

005556

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

EXHIBIT

JUN 23 1994

7

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

July 11, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

C E R T I F I C A T E
STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS
(UNDER TAX REFORM ACT OF 1986)
FINAL ALLOCATION, CALENDAR YEAR 1994

TO: Jobs-Economic Development Authority
Employer ID #57-6000286
1201 Main Street, Suite 1750
Columbia, SC 29201

c/o Kathleen Crum McKinney
McNair & Sanford, P.A.
NationsBank Plaza, Suite 601
7 North Laurens Street
Greenville, SC 29601

RE: Issue of \$2,500,000 Jobs-Economic Development Authority
Economic Development Revenue Bonds
(Alexander Machinery, Inc. Project)
Issue Date Projected By Issuing Authority: July 13, 1994
CUSIP Number: 837031DY6
Allocation Expiration Date: September 21, 1994
Issue Amount Certificate Date: July 11, 1994

Based upon my receipt of the issue amount certificate required of the issuing authority by Section 1-11-550 of the South Carolina Code of Laws, 1976, as amended, which certificate is dated not more than ten (10) business days prior to the projected date of issue which, as certified by the issuing authority, is within the time period during which the ceiling allocation approved previously on a tentative basis by the State Budget and Control Board for the referenced project is valid, I have determined that the allocation is now final in the amount indicated above.

I also have determined that the referenced issue when issued and combined with the amount of private activity bonds and notes certified to me previously by South Carolina issuing authorities as having been issued or which are to be issued in 1994 will not exceed the 1994 State Ceiling on the issuance of private activity bonds for the State of South Carolina and thus meets the requirements of Section 146 of the Internal Revenue Code of 1986, as amended.

Donna Kaminer Williams
Donna Kaminer Williams
Secretary to the Board

005557

MCNAIR & SANFORD, P.A.

ATTORNEYS AND COUNSELORS AT LAW

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WASHINGTON, DC 20005
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FACSIMILE 202/659-6761

July 11, 1994

Ms. Donna Kaminer Williams
Assistant Executive Director
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, South Carolina 29211

VIA FAX 734-2117

Re: \$2,500,000 South Carolina Jobs-Economic Development Authority, Economic
Development Revenue Bonds (Alexander Machinery, Inc. Project) Series 1994

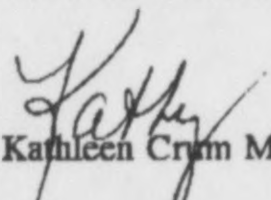
Dear Donna:

In accordance with the regulations of the State Budget and Control Board, I am submitting on behalf of South Carolina Jobs-Economic Development Authority and Alexander Machinery, Inc. IRS Form 8038. Please confirm the allocation of \$2,500,000 of the State volume to the above-captioned issue. This issue is scheduled to close July 13, 1994. Please fax the final allocation to us as soon as possible.

Thank you for your assistance.

Sincerely,

MCNAIR & SANFORD, P.A.


Kathleen Crum McKinney

KCM/pkf
Enclosure

GRVL:21295

005558

Form

8038

(Rev. March 1993)

Department of the Treasury
Internal Revenue Service**Information Return for Tax-Exempt
Private Activity Bond Issues**

(Under Internal Revenue Code section 149(e))

▶ See separate instructions.

OMB No. 1545-0720

Part I Reporting AuthorityIf Amended Return, check here ☐

1 Issuer's name South Carolina Jobs-Economic Development Authority		2 Issuer's employer identification number 57:6000286
3 Number and street (or P.O. box if mail is not delivered to street address) 1201 Main Street, Suite 1750	Room/suite	4 Report number PA19 94 - 7
5 City or town, state, and ZIP code Columbia, South Carolina 29201		6 Date of issue July 13, 1994
7 Name of issue Economic Development Revenue Bonds (Alexander Machinery, Inc. Project)		8 CUSIP number 837031DY6

Part II Type of Issue (check applicable box(es) and enter the issue price for each)

Issue Price

9 Exempt facility bond:		
a <input type="checkbox"/> Airport (sections 142(a)(1) and 142(c))	9a	
b <input type="checkbox"/> Docks and wharves (sections 142(a)(2) and 142(c))	9b	
c <input type="checkbox"/> Mass commuting facilities (sections 142(a)(3) and 142(c))	9c	
d <input type="checkbox"/> Water furnishing facilities (sections 142(a)(4) and 142(e))	9d	
e <input type="checkbox"/> Sewage facilities (section 142(a)(5))	9e	
f <input type="checkbox"/> Solid waste disposal facilities (section 142(a)(6))	9f	
g <input type="checkbox"/> Qualified residential rental projects (sections 142(a)(7) and 142(d)), as follows:	9g	
Meeting 20-50 test (section 142(d)(1)(A)) <input type="checkbox"/>		
Meeting 40-60 test (section 142(d)(1)(B)) <input type="checkbox"/>		
Meeting 25-60 test (NYC only) (section 142(d)(6)) <input type="checkbox"/>		
Has an election been made for deep rent skewing (section 142(d)(4)(B))? <input type="checkbox"/> Yes <input type="checkbox"/> No		
h <input type="checkbox"/> Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	9h	
i <input type="checkbox"/> Local district heating or cooling facilities (sections 142(a)(9) and 142(g))	9i	
j <input type="checkbox"/> Qualified hazardous waste facilities (sections 142(a)(10) and 142(h))	9j	
k <input type="checkbox"/> High-speed intercity rail facilities (sections 142(a)(11), 142(c), and 142(i)).	9k	
Check box if the owner elected not to claim depreciation or any tax credit (see instructions) <input type="checkbox"/>		
l <input type="checkbox"/> Environmental enhancements of hydroelectric generating facilities (sections 142(a)(12) and 142(j))	9l	
m <input type="checkbox"/> Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	9m	
Facility type.....		
1906 Act section.....		
10 <input type="checkbox"/> Qualified mortgage bond (section 143(a)) (see instructions)	10	
If you elect to rebate arbitrage profits to the United States, check box <input type="checkbox"/>		
11 <input type="checkbox"/> Qualified veterans' mortgage bond (section 143(b))	11	
If you elect to rebate arbitrage profits to the United States, check box <input type="checkbox"/>		
12 <input checked="" type="checkbox"/> Qualified small issue bond (section 144(a)) (see instructions).	12	2,500,000
For \$10 million small issue exemption, check box <input checked="" type="checkbox"/>		
13 <input type="checkbox"/> Qualified student loan bond (section 144(b))	13	
14 <input type="checkbox"/> Qualified redevelopment bond (section 144(c))	14	
15 <input type="checkbox"/> Qualified hospital bond (section 145(c)) (attach schedule-see instructions)	15	
16 <input type="checkbox"/> Qualified 501(c)(3) bond other than a qualified hospital bond (attach schedule-see instructions)	16	
17 <input type="checkbox"/> Nongovernmental output property bond (treated as private activity bond) (section 141(d))	17	
18 <input type="checkbox"/> Other. Describe (see instructions) ▶	18	

Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity.	01/01/2010	VR %	\$ 300,000	\$ 300,000			
20 Entire issue			\$ 2,500,000	\$ 2,500,000	10.1867 years	VR %	VR %

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Cat. No. 49973K

Form 8038 (Rev. 3-93)

005559

JUN 23 1994

Page 2

Form 803B (Rev. 3-93)

Part IV Uses of Original Proceeds of Issue (including underwriters' discount) **STATE BUDGET & CONTROL BOARD**

21	Proceeds used for accrued interest	21	-0-
22	Issue price of entire issue (enter amount from line 20, column (c))	22	2,500,000
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	50,000
24	Proceeds used for credit enhancement	24	-0-
25	Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26	Proceeds used to refund prior issues (complete Part VI)	26	-0-
27	Total (add lines 23 through 26)	27	50,000
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)	28	2,450,000

Part V Description of Property Financed by Nonrefunding Proceeds

(Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.)

29	Type of Property Financed by Nonrefunding Proceeds:	Amount
a	Land	29a -0-
b	Buildings and structures	29b 2,000,000
c	Equipment with recovery period of more than 5 years	29c 450,000
d	Equipment with recovery period of 5 years or less	29d
e	Other (describe)	29e

30 Standard Industrial classification (SIC) of the projects financed by nonrefunding proceeds.

	SIC Code	Amount of nonrefunding proceeds		SIC Code	Amount of nonrefunding proceeds
a	3552	\$ 2,500,000	c		\$
b		\$	d		\$

Part VI Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be refunded	years
32	Enter the last date on which the refunded bonds will be called	
33	Enter the date(s) the refunded bonds were issued	

Part VII Miscellaneous

34	Name of governmental unit(s) approving issue (see instructions) S.C. Jobs-Economic Development Authority, State Budget & Control Board, Greenville County Council
35	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III).
36	If you have elected to pay a penalty in lieu of rebate, check box <input type="checkbox"/>

Part VIII Volume Cap

37	Amount of volume cap allocated to the issuer. Attach copy of state certification	37	
38	Amount of issue subject to the unified state volume cap	38	2,500,000
39	Amount of issue not subject to the unified state volume cap or other volume limitations:		
a	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities.	39a	
b	Under a carryforward election. Attach a copy of Form 8328 to this return	39b	
c	Under transitional rules of the Tax Reform Act of 1986.	39c	
	Enter the Act section of the applicable transitional rule.		
d	Under the exception for current refunding (section 1313(a) of the Tax Reform Act of 1986).	39d	
40	Amount of issue of qualified 501(c)(3) bonds:		
a	Qualified hospital bonds	40a	
b	Qualified nonhospital bonds	40b	
c	Outstanding tax-exempt nonhospital bonds	40c	
41a	Amount of issue of qualified veterans' mortgage bonds	41a	
b	Enter the state limit on qualified veterans' mortgage bonds	41b	

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please
Sign
Here

Signature of officer

Robert L. Mobley

Name of above officer (type or print)

July 13, 1994

Date

Chairman

Title of officer (type or print)

EXHIBIT

JUN 23 1994

8

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 1

AGENCY: Executive Director

SUBJECT: Appropriations Transfers

The Department of Public Safety has acquired a new financial system, but additional testing is needed to ensure that payments are processed timely and accurately.

The Board is asked to authorize the Department of Public Safety to transfer appropriations on an as-needed basis to the Department of Transportation during fiscal year 1994-95 so that the Department of Transportation can process payments on behalf of the Department of Public Safety.

The Department of Public Safety will make the necessary journal entries by June 30, 1995, so that appropriations and expenditures will conform with the Appropriations Act.

BOARD ACTION REQUESTED:

Authorize the Department of Public Safety to transfer appropriations on an as-needed basis to the Department of Transportation during fiscal year 1994-95 so that the Department of Transportation can process payments on behalf of the Department of Public Safety.

ATTACHMENTS:

005561

EXHIBIT

JUN 23 1994

8

STATE BUDGET & CONTROL BOARD

JUSTIFICATION:

Additional systems testing is needed to assure that payments are processed timely and accurately through the Department of Public Safety's new financial system.

BOARD ACTION REQUESTED:

Board approval for the Department of Public Safety to transfer appropriations to the Department of Transportation during fiscal year 1994-95. The Department of Transportation will use the transfers to process payments on behalf of the Department of Public Safety. The Department of Public Safety will make the necessary journal entries by June 30, 1995, so that the appropriations and expenditures will conform with the Appropriations Act.

005563

EXHIBIT

JUN 23 1994

9

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 2

AGENCY: Southeast Compact Commission

SUBJECT: 1994-95 Southeast Compact Commission Budget

The Southeast Interstate Low-level Radioactive Waste Management Compact and the Atomic Energy and Radiation Control Act provide that South Carolina, as host state for the regional disposal facility, must levy a special fee on all users of the facility to provide sufficient funds to cover the annual budget of the Southeast Compact Commission.

The Commission has approved a budget of \$406,269 for 1994-95. The Board is asked to authorize the operator of the Barnwell facility to collect a disposal fee of \$2.23 per cubic foot for 1994-95 and to remit the funds to the State Treasurer on a monthly basis. This fee, which is based on a volume estimate of 200,000 cubic feet of regional waste, should allow funding for the Commission budget of \$406,269 and the annual \$40,000 for administrative expenses for the Governor's Office, Division of Natural Resources.

Out-of-region access will end on June 30, 1994.

BOARD ACTION REQUESTED:

Authorize the operator of the Barnwell Low-level Radioactive Waste Facility to collect a disposal fee of \$2.23 per cubic foot for 1994-95, based on a volume estimate of 200,000 cubic feet of waste, and to remit the funds to the State Treasurer on a monthly basis, to allow funding for the Southeast Compact Commission budget of \$406,269 and the annual \$40,000 for administrative expenses for the Governor's Office, Division of Natural Resources.

ATTACHMENTS:

Roberts June 3 memo; Visocki May 20 letter; Southeast Compact Commission 1994-95 Budget

005564



State of South Carolina

Office of the Governor

CARROLL A. CAMPBELL, JR.
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

MEMORANDUM

TO: Luther F. Carter, Ph.D.
Executive Director, Budget and Control Board

FROM: Carlisle Roberts, Jr. *CR*
Commissioner, Southeast Compact Commission
Director, Governor's Division of Natural Resources

DATE: June 3, 1994

RE: June 23, 1994, Budget and Control Board Agenda:
FY 1994-95 Southeast Compact Commission Budget

The Southeast Interstate Low-Level Radioactive Waste Management Compact and the Atomic Energy and Radiation Control Act provide that South Carolina, as host state for the regional disposal facility, must levy a special fee on all users of the facility to provide sufficient funds to cover the annual budget of the Southeast Compact Commission.

The Southeast Compact Commission has approved a budget for fiscal year 1994-95 in the amount of \$406,269. Attached are copies of the approved budget and a letter dated May 20, 1994, from the Executive Director of the Compact Commission.

I request that the Budget and Control Board authorize the operator of the Barnwell facility to collect a disposal fee in the amount of \$2.23 per cubic foot for FY 1994-95 and remit the funds to the State Treasurer on a monthly basis. This fee should allow funding for the Southeast Compact Commission budget and the annual \$40,000 for administrative expenses for the Governor's Office, Division of Natural Resources. The fee is based on a volume estimate of 200,000 cubic feet, which includes only regional waste because out-of-region access will end on June 30, 1994.

Please place this matter on the agenda for the next Budget and Control Board meeting, which I understand is scheduled for June 23, 1994. Thank you for your assistance on this matter. Please contact me if I can provide additional information.

cc: Eddie Gunn

005565



Southeast Compact Commission
for Low-Level Radioactive Waste Management

EXHIBIT

JUN 23 1994

9

STATE BUDGET & CONTROL BOARD

Richard S. Hodes, M.D.
Chairman

James L. Setser
Vice-Chairman

Capt. William H. Briner
Secretary-Treasurer

Kathryn Visocki, M.P.H.
Executive Director

May 20, 1994

Mr. Carlisle Roberts, Jr., Director
Division of Natural Resources
1205 Pendleton St., Suite 333
Columbia, SC 29201

Dear Carl:

Article IV H of the Southeast Interstate Low-Level Radioactive Waste Management Compact provides that a surcharge must be levied by the host state upon all users of the regional disposal facility to provide sufficient funds to cover the annual budget of the Southeast Compact Commission.

At a meeting on April 29, 1994, acting upon the recommendation of the Finance Committee, the Commission adopted a budget for July 1, 1994-June 30, 1995 in the amount of \$406,269 (see attached document). We ask that you request the South Carolina Budget and Control Board to take appropriate steps for the provision of this level of funding for the coming year.

If it is necessary for this office to provide any further assistance, please let me know.

Sincerely,

Kathryn Visocki, M.P.H.
Executive Director

Enclosure

cc: Chairman and Members of
Finance Committee

AL

FL

GA

MS

NC

SC

TN

VA

21 Glenwood Avenue, Suite 207
Raleigh, North Carolina 27603
(919) 821-0500 fax (919) 821-1090

printed on recycled paper

005566

SOUTHEAST COMPACT COMMISSION

BUDGET FY 94/95

SALARIES AND BENEFITS	\$215,869
PROFESSIONAL FEES	\$22,000
COMMISSION TRAVEL	\$74,600
STAFF TRAVEL/CONT. EDUCATION	\$33,000
TELECOMMUNICATIONS	\$9,000
RENT	\$13,100
INSURANCE	\$23,000
POSTAGE	\$4,700
GENERAL OFFICE	<u>\$11,000</u>
TOTAL	\$406,269

005567

DONNA WILLIAMS



From the Desk of -

Carl Roberts

DONNA,

HERE IS SE CONTACT
COMMISSION'S BUDGET
FOR FY 93-94, AS
REQUESTED.

NEXT YEAR'S BUDGET
IS ABOUT \$600 LESS
THAN THIS YEAR'S.

LET ME KNOW IF I CAN
PROVIDE ADDITIONAL INFO.

005568

Carl

6/20/94

EXHIBIT

JUN 23 1994

10

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 3

AGENCY: State of South Carolina

SUBJECT: Capital Improvement Bonds, Series 1994MB

The Board is asked to adopt a resolution making provision for the issuance and sale of \$24,335,500 State Capital Improvement Bonds, Series 1994MB.

The proceeds of the bonds will be used to pay costs of permanent improvement projects authorized by Act 1377.

BOARD ACTION REQUESTED:

Adopt a resolution making provision for the issuance and sale of \$24,335,500 State Capital Improvement Bonds, Series 1994MB.

ATTACHMENTS:

Resolution

005570

McNAIR & SANFORD, P.A.
ATTORNEYS AND COUNSELORS AT LAW

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FACSIMILE 202/659-5763

June 13, 1994

Ms. Donna K. Williams
Assistant Executive Director
South Carolina State Budget
and Control Board
612 Wade Hampton Office Building
Columbia, South Carolina 29201

Re: \$24,335,500 State Capital Improvement Bonds, Series 1994MB, of the State of South Carolina

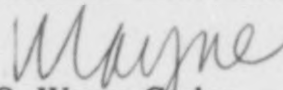
Dear Donna:

I shall appreciate your presenting the enclosed resolution for consideration by the Budget and Control Board at its June 23 meeting.

Please provide six (6) certified copies of the attached resolution and, as always, thank you for your most capable assistance.

Sincerely,

McNAIR & SANFORD, P.A.


O. Wayne Corley

OWC/jpw
Enclosure

005571

EXHIBIT

JUN 23 1994

10

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

STATE BUDGET & CONTROL BOARD
Capital Improvement Bonds,, 1994MB

I, DONNA KAMINER WILLIAMS, SECRETARY to the South Carolina State Budget and Control Board, DO HEREBY CERTIFY:

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

His Excellency, Carroll A. Campbell, Jr., Governor and Chairman of the Board;

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

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

The Honorable John Drummond, Chairman of the Senate Finance Committee; and

The Honorable William D. Boan, 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 10:00 a.m. on Thursday, June 23, 1994, was given to all members in writing at least four days prior to the meeting and that, in compliance with the Freedom of Information Act, public notice of and the agenda index for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room in the State House, in the lobby of the Wade Hampton Office Building, and near the Board Secretary's Office on the Sixth Floor of the Wade Hampton Office Building at 10:00 a.m. on Friday, June 17, 1994.

That all members of the Board were present at the meeting.

That, at the meeting, a Resolution, of which the attached is a true, correct and verbatim copy, was introduced by Mr. Patterson, who moved its adoption; the 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 adopted and the original thereof has been duly entered in the permanent records of minutes of meetings of the Board in my custody as its Secretary.

June 23, 1994

Donna Kaminer Williams

005572

A RESOLUTION

MAKING PROVISION FOR THE ISSUANCE AND SALE OF
TWENTY FOUR MILLION THREE HUNDRED THIRTY FIVE THOUSAND FIVE HUNDRED DOLLARS
(\$24,335,500)
STATE CAPITAL IMPROVEMENT BONDS, SERIES 1994MB

COLA:133737

005573

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EXHIBIT A

Schedule Showing Composite Debt Service Requirements For All Series of Outstanding State Capital Improvement Bonds as of June 2, 1994.

EXHIBIT B

Schedule Showing Debt Service Requirements on \$24,335,500 State Capital Improvement Bonds, Series 1994MB, Dated June 1, 1994.

EXHIBIT

JUN 23 1994

1 0

STATE BUDGET & CONTROL BOARD

EXHIBIT C

Schedule Showing Composite Debt Service Requirements For All Series of Outstanding State Capital Improvement Bonds as of June 2, 1994, and the \$24,335,500 State Capital Improvement Bonds, Series 1994MB.

EXHIBIT D

Forms of Bonds

EXHIBIT E

Balances Due Agencies of the State for Projects Authorized By Act 1377.

BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA:

ARTICLE I - FINDINGS OF FACT

As an incident to the adoption of this Resolution and the issuance and sale of the Bonds (as hereinafter defined) herein authorized, the State Budget and Control Board of South Carolina (the "State Board") finds:

Section 1.01 General Findings of Authorization.

The State Board is authorized by Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1968, as now amended (Act 1377), to make provision for the issuance of State Capital Improvement Bonds in order to raise funds for the expenditures authorized by Act 1377.

Act 1377 was duly enacted by the General Assembly in the year 1968 and became effective upon its approval by the Governor on June 24, 1968. It has been amended by statutes enacted by the General Assembly during subsequent sessions of the General Assembly thereafter. The General Assembly of the State of South Carolina at the 1993 Regular Session enacted Act No. 53 which authorized for the issuance of State Capital Improvement Bonds in denominations of less than One Thousand Dollars (\$1,000).

Section 1.02 Provisions Relating to Debt Limitations.

(a) The aggregate of State Capital Improvement Bonds which may be issued pursuant to Act 1377 is fixed at \$1,790,539,125.10, exclusive of such bonds issued on behalf of the Mental Health Commission as provided in Act 1276 of 1970 and Act 1272 of 1970, bonds issued on behalf of the Department of Disabilities and Special Needs as provided in Act 1087 of 1970 and bonds issued on behalf of the Department of Labor, Licensing and Regulation as provided in Act 523 of 1992. However, of the bonds authorized, projects aggregating \$6,016,648.87 were paid from the General Fund and \$12,741,076 were paid from the Capital Reserve Fund, thus, in effect, reducing the authorization set forth in the preceding sentence by the amount of \$18,757,724.87 to \$1,771,781,400.23.

(b) In addition to the provision set forth in Act 1377, which limits the principal amount which may be issued, State Capital Improvement Bonds must be issued in compliance with the applicable constitutional and statutory provisions relating to maximum annual debt service. Subparagraph (c) of Paragraph 6 of Section 13 of Article X of the Constitution of South Carolina, as amended, provides that the maximum annual debt service on all general obligation debt of the State (excluding State Highway Bonds, State Institution Bonds, tax anticipation notes and bond anticipation notes) shall not exceed five percent (5%) of the general revenues of the State for the fiscal year next preceding the fiscal year in which the debt is incurred (excluding revenues which are authorized to be pledged for State Highway Bonds and State Institution Bonds). Act 1377 also contains the limit of five percent (5%).

Section 1.03 Determination of Compliance With Debt Limitations.

(a) Heretofore, \$1,625,380,000 of State Capital Improvement Bonds have been issued for the construction of capital improvements authorized by Act 1377; but from the proceeds of those bonds, \$43,733,738.72 were expended for the Mental Health Commission and the Department of Disabilities and Special Needs as provided in the Acts of 1970 above recited and for the Department of Labor, Licensing and Regulation as provided in Act 523 of 1992. Thus, the remaining authorization under Act 1377 to

issue State Capital Improvement Bonds, exclusive of such bonds issued for the Mental Health Commission, for the Department of Disabilities and Special Needs and for the Department of Labor, Licensing and Regulation is now \$190,135,138.95 and thus, the sum of \$24,335,500 may be issued within the dollar limitation of Act 1377.

(b) Insofar as the constitutional and statutory limitation on the issuance of State Capital Improvement Bonds is concerned during the fiscal year to end June 30, 1994, the five percent (5%) limitation referred to above is applied to General Fund Revenues for the fiscal year ended June 30, 1993 (excluding revenues authorized to be pledged to State Highway Bonds and State Institution Bonds). The Comptroller General has certified that the amount of General Fund Revenues of the State for the fiscal year ended June 30, 1993 (excluding revenues authorized to be pledged to State Highway Bonds and State Institution Bonds), amounted to \$3,665,808,503. Five percent (5%) of the foregoing figure, which is the statutory and constitutional debt limitation relating to this class of State general obligation debt, is \$183,290,425. Attached as Exhibit A to this Resolution is a schedule showing debt service requirements on all State Capital Improvement Bonds outstanding as of June 2, 1994. Attached as Exhibit B to this Resolution is a schedule showing total debt service requirements on the \$24,335,500 principal amount of Bonds proposed to be issued. Attached as Exhibit C to this Resolution is a schedule showing total debt service requirements on general obligation debt subject to the limitation imposed by Subparagraph (c) of Paragraph 6 of Section 13 of Article X of the State Constitution to be outstanding following the issuance of \$24,335,500 principal amount of Bonds. Exhibit C indicates that the maximum annual debt service requirements on all bonds subject to the constitutional and statutory five percent (5%) limitation following the issuance of the proposed Bonds is \$133,962,000.50, which is three and six hundred fifty-four thousandths percent (3.654%) of the adjusted State's General Fund Revenues for the preceding fiscal year. Therefore the State Board has determined that the proposed Bonds may be issued within the constitutional and statutory five percent (5%) limitation.

Section 1.04 Determination of Amount of Bonds Herein Authorized.

The State Board finds that it is necessary to raise \$24,335,500 at this time in order to provide funds which will be used to pay costs of projects authorized by Act 1377.

ARTICLE II - DEFINITIONS AND CONSTRUCTION

Section 2.01 Definitions.

As used in this Resolution, unless the context otherwise requires, the following terms shall have the following respective meanings:

"Accreted Value" per \$200 original principal amount of any Capital Appreciation Bond shall mean, as of each June 1 and December 1 until maturity (each June 1 and December 1 being a Valuation Date), to the Maturity Date, the amount set forth for such date on the Table of Accreted Values below, and as of any date other than a Valuation Date, the sum of (1) the Accreted Value on the preceding Valuation Date and (2) the product of (i) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (ii) the difference between the Accreted Value for such Valuation Dates. For the purpose of computing the principal amount of a Capital Appreciation Bond in giving any notice, consent, request or demand, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value on the date as of which the principal amount is intended to be calculated.

TABLE OF ACCRETED VALUES

Capital Appreciation Bonds Maturing June 1, 2001 Bearing Interest at 5.10%.

<u>Valuation Date</u>	<u>Accreted Value</u>	
June 1, 1994	\$200.00	
December 1, 1994	205.10	
June 1, 1995	210.33	
December 1, 1995	215.69	
June 1, 1996	221.19	
December 1, 1996	226.83	
June 1, 1997	232.62	
December 1, 1997	238.55	
June 1, 1998	244.63	
December 1, 1998	250.87	
June 1, 1999	257.27	
December 1, 1999	263.83	
June 1, 2000	270.55	
December 1, 2000	277.45	
June 1, 2001	284.53	(final maturing)

Capital Appreciation Bonds Maturing June 1, 2009 Bearing Interest at 5.90%.

<u>Valuation Date</u>	<u>Accreted Value</u>	
June 1, 1994	\$200.00	
December 1, 1994	205.90	
June 1, 1995	211.97	
December 1, 1995	218.23	
June 1, 1996	224.67	
December 1, 1996	231.29	
June 1, 1997	238.11	
December 1, 1997	245.14	
June 1, 1998	252.37	
December 1, 1998	259.82	
June 1, 1999	267.48	
December 1, 1999	275.38	
June 1, 2000	283.50	
December 1, 2000	291.86	
June 1, 2001	300.47	
December 1, 2001	309.34	
June 1, 2002	318.46	
December 1, 2002	327.86	
June 1, 2003	337.53	
December 1, 2003	347.49	
June 1, 2004	357.73	
December 1, 2004	368.29	
June 1, 2005	379.15	
December 1, 2005	390.34	
June 1, 2006	401.85	
December 1, 2006	413.71	
June 1, 2007	425.91	
December 1, 2007	438.48	
June 1, 2008	451.41	
December 1, 2008	464.73	
June 1, 2009	478.44	(final maturing)

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STATE BUDGET & CONTROL BOARD

"Act 1377" means Act 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1968, as amended.

"Authorized Investments" means and includes any of the following securities, if and to the extent that the same are at the time legal for investment of the State's funds:

- (i) Obligations of the United States and agencies thereof;
- (ii) General obligations of the State or any of its political units or general obligations of any other state;
- (iii) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value of not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government; or
- (iv) Repurchase agreements with banks, the underlying securities of which are obligations of the type described in (i) and (ii) above and which are fully collateralized by obligations of the same type.

"Authorized Officer" means the State Treasurer, the Deputy State Treasurer and any other officer or employee of the State designated from time to time as an Authorized Officer by resolution of the State Board to perform such act or sign such document.

"Bond" or "Bonds" means any of the State Capital Improvement Bonds, Series 1994MB, authorized by this Resolution consisting of \$16,086,500 aggregate principal amount of Current Interest Bearing Bonds and \$8,249,000 aggregate original principal amount of Capital Appreciation Bonds.

"Bondholder" or "Registered Holder" or "Holders of Bonds" or similar term means, when used with respect to a Bond or Bonds, any person whose name shall be registered in the registration books maintained by the Registrar as the owner of any Bond Outstanding.

"Bond Payment Date" means, with respect to the Current Interest Bearing Bonds, each June 1 and December 1 on which interest on any of the Bonds shall be payable or on which both a Principal Installment and interest shall be payable, and means, with respect to the Capital Appreciation Bonds, the respective Maturity Dates at which time the final maturing Accreted Value shall be payable.

"Code" means the Internal Revenue Code of 1986, as amended.

"Corporate Trust Office," when used with respect to any Paying Agent or Registrar, means the office at which its principal corporate trust business shall be administered.

"Fiduciary" means the Paying Agent or the Registrar and their successors and assigns as permitted under Article VIII hereof.

"Government Obligations" means and includes direct general obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States of America, is fully and unconditionally guaranteed by the United States of America.

"Maturity Date" means June 1, 2001 and June 1, 2009.

"Outstanding," when used in this Resolution with respect to Bonds means, as of any date, all Bonds theretofore authenticated and delivered pursuant to this Resolution except:

(i) any Bond cancelled or delivered to the Registrar for cancellation on or before such date;

(ii) any Bond (or any portion thereof) deemed to have been paid in accordance with the provisions of Section 7.01 hereof; and

(iii) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Section 3.14 of this Resolution.

"Paying Agent" means Wachovia Bank of South Carolina, N.A. and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. Any institution named as a Paying Agent may also act as Registrar.

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

"Principal Installment" means, as of any date of calculation, the principal amount of all Bonds due on a specified date.

"Private Business Use" shall mean use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Record Date" means the 15th day of the month next preceding each Bond Payment Date.

"Registrar" means Wachovia Bank of South Carolina, N.A. and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to this Resolution. Any institution named as Registrar may also act as Paying Agent.

"Regulations" shall mean proposed, temporary and permanent regulations promulgated under the Code or any predecessor or successor thereto applicable to the Bonds.

"Resolution" means this Resolution as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"State" means the State of South Carolina.

"State Board" means the State Budget and Control Board of South Carolina.

"State Request" means a written request of the State signed by an Authorized Officer.

Section 2.02 Construction.

In this Resolution, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar term refer to this Resolution, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of adoption of this Resolution.

(c) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Any Fiduciary shall be deemed to hold an Authorized Investment in which money is invested pursuant to the provisions of this Resolution, even though such Authorized Investment is evidenced only by a book entry or similar record of investment.

ARTICLE III - ISSUANCE OF BONDS

Section 3.01 Authorizing the Issuance of Bonds.

On December 14, 1993, the State Board adopted a resolution authorizing the State Treasurer to:

(a) proceed with the sale of State Capital Improvement Bonds in denominations of \$1,000 or less in an aggregate principal amount not to exceed Twenty Five Million Dollars (\$25,000,000);

(b) develop and implement a program for the sale of the Bonds, including the advertising thereof, that will ensure an opportunity for citizens of the State to purchase the Bonds;

(c) determine the maturity schedule of the Bonds and the principal amount of Bonds maturing in each year;

(d) determine the rate or rates of interest that the Bonds shall bear;

(e) determine the redemption premium, if any, to be paid upon the redemption of the Bonds; provided that such redemption premium shall not exceed one hundred three percent (103%);

(f) prepare, or cause to be prepared, a Preliminary Official Statement relating to the Bonds containing such terms, provisions and information customarily contained in preliminary official statements relating to Capital Improvement Bonds, and authorized the distribution thereof;

(g) execute and deliver, on behalf of the State, a final Official Statement relating to the Bonds; and

(h) execute and deliver such other documents and take such further actions as he shall deem necessary to arrange for the offering, sale and delivery of the Bonds.

Section 3.02 Actions Taken by State Treasurer.

Pursuant to the authorization contained in the resolution adopted by the State Board on December 14, 1993, the State Treasurer:

(a) developed and implemented a program for the sale of the Bonds, including the advertisement thereof, which ensured an opportunity for the citizens of the State to purchase the Bonds;

(b) determined that the Bonds will be issued as Current Interest Bearing Bonds maturing June 1, 2001 and June 1, 2009, and as Capital Appreciation Bonds maturing June 1, 2001 and June 1, 2009;

(c) determined that the aggregate principal amount of Current Interest Bearing Bonds maturing June 1, 2001 shall be \$10,138,500; that the aggregate original principal amount of Capital Appreciation Bonds maturing June 1, 2001 shall be \$5,099,000; that the aggregate principal amount of Current Interest Bearing Bonds maturing June 1, 2009 shall be \$5,948,000; and that the aggregate original principal amount of Capital Appreciation Bonds maturing June 1, 2009 shall be \$3,150,000;

(d) determined that the Current Interest Bearing Bonds and Capital Appreciation Bonds maturing June 1, 2001 shall bear interest at the rate of five and ten hundredths percent (5.10%) per annum and the Current Interest Bearing Bonds and Capital Appreciation Bonds maturing June 1, 2009 shall bear interest at the rate of five and ninety hundredths percent (5.90%) per annum;

(e) determined that the Bonds shall not be subject to redemption prior to maturity; and

(f) prepared an Information Statement relating to the Bonds and caused the distribution thereof.

Section 3.03 Direction to Governor and State Treasurer.

The Governor of South Carolina and the State Treasurer of South Carolina are hereby directed to effect the issuance of \$24,335,500 principal amount of State Capital Improvement Bonds in accordance with the provisions of this Resolution.

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Section 3.04 Ordering the Issuance of Bonds.

STATE BUDGET & CONTROL BOARD

Pursuant to the provisions of Act 1377, and for the purpose of obtaining funds to finance the cost of projects authorized by Act 1377, and, in particular those projects represented in the balance due agencies and political subdivisions of the State listed in Exhibit E, there shall be issued Twenty Four Million Three Hundred Thirty Five Thousand Five Hundred Dollars (\$24,335,500) aggregate principal amount of general obligation bonds of the State designated "State Capital Improvement Bonds, Series 1994MB."

Section 3.05 Maturity Schedule of Bonds.

The Bonds shall mature on June 1 in each of the years and in the principal amounts and at the rates of interest set forth below:

<u>Current Interest Bearing Bonds</u>			<u>Capital Appreciation Bonds</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Rate of Interest</u>	<u>Year</u>	<u>Original Principal Amount</u>	<u>Rate of Interest</u>
2001	\$10,138,500	5.10%	2001	\$5,099,000	5.10%
2009	\$ 5,948,000	5.90%	2009	\$3,150,000	5.90%

Section 3.06 Provision for Payment of Interest on the Bonds.

The Bonds shall be authenticated on such dates as they shall, in each case, be delivered. The Bonds shall bear interest at the rates set forth in Section 3.05 hereof on the basis of a 360-day year of twelve (12) thirty (30) day months. The Bonds shall bear interest from the June 1 or the December 1 to which interest has been paid next preceding the authentication date thereof; provided, however, if the authentication date of any Bond is a June 1 or a December 1, such Bond or Bonds shall bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided further, however, that if the authentication date of any Bond precedes December 1, 1994, then such Bond or Bonds shall bear interest from June 1, 1994. The interest to be paid on any June 1 or December 1 shall be paid to the Person in whose name such Bond is registered at the close of business on the Record Date next preceding such Bond Payment Date.

Interest on the Current Interest Bearing Bonds shall be payable December 1, 1994, and semiannually each June 1 and December 1 of each year thereafter until payment of principal thereof.

Capital Appreciation Bonds bear interest from June 1, 1994, compounded semi-annually on each June 1 and December 1 commencing December 1, 1994 until maturity and interest is payable only at the Maturity Date. The final maturing Accreted Value of Capital Appreciation Bonds shall be paid to the Person in whose name the Capital Appreciation Bond is registered at the close of business on the Record Date next preceding such Maturity Dates.

Section 3.07 Medium of Payment; Form and Denomination of Bonds; Place of Payment of Principal and Accreted Value.

(a) The Bonds shall be payable as to Principal Installments, final maturing Accreted Value and interest 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.

(b) The Bonds shall be issued in the form of fully registered printed Bonds in denominations of \$500, in the case of Current Interest Bearing Bonds, and \$200, in the case of Capital Appreciation Bonds, or any integral multiple thereof not exceeding the principal amount of Bonds maturing in such year. Each Bond shall be numbered in such fashion as to maintain a proper record thereof.

(c) The Principal Installment or final maturing Accreted Value of all Bonds shall be payable at the Corporate Trust Office of the Paying Agent and payment of the interest on each Current Interest Bearing Bond shall be made on each Bond Payment Date by the Paying Agent to the Person appearing on each Record Date on the registration books maintained by the Registrar, as the Registered Holder thereof, by check or draft mailed to such Registered Holder at his address as it appears on such registration books. Payment of each Principal Installment or final maturing Accreted Value of all Bonds shall be made only upon the presentation and surrender for cancellation of such Bonds to the Paying Agent as the same shall become due and payable.

Section 3.08 Agreement to Maintain Registrar and Paying Agent.

As long as any of the Bonds remain Outstanding there shall be a Registrar and a Paying Agent, each of which shall be a financial institution maintaining Corporate Trust Offices where (i) the Bonds may be presented for registration of transfers and exchanges; (ii) notices and demands to or upon the State in respect of the Bonds may be served; and (iii) the Bonds may be presented for payment, exchange and transfer.

Section 3.09 Execution and Authentication.

(a) The Bonds shall be executed by the Governor of South Carolina and by the State Treasurer of South Carolina, the Great Seal of the State shall be reproduced thereon, and the same shall be attested by the Secretary of State of South Carolina; provided, that such officers required to execute or attest the execution of the Bonds may employ a facsimile of their signatures in lieu of the manual signing or attesting of the Bonds. Bonds bearing the manual or facsimile signature of any person who shall have been such an Authorized Officer at the time such Bonds were so executed shall bind the State notwithstanding that the person may have ceased to be such Authorized Officer prior to the authentication and delivery of such Bonds or was not such Authorized Officer at the date of the authentication and delivery of the Bonds.

(b) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in the forms of Bonds attached as Exhibit D to this Resolution, duly executed by the manual signature of an authorized officer of the Registrar and such certificate of authentication upon any Bond executed on behalf of the State shall be conclusive evidence that the Bond so authenticated has been duly

issued hereunder and that the Registered Holder thereof is entitled to the benefit of the terms and provisions of this Resolution.

Section 3.10 Exchange of Bonds.

Bonds, upon surrender thereof at the Corporate Trust Office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Holder or his duly authorized attorney, may, at the option of the Registered Holder thereof, be exchanged for an equal aggregate principal or original principal amount of Bonds in any authorized denomination of the same series, interest rate and maturity. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the exchange of Bonds at the Corporate Trust Office of the Registrar.

Section 3.11 Transferability and Registry.

All Bonds shall at all times, when the same are Outstanding, be payable, both as to each Principal Installment, final maturing Accreted Value and interest to a Person, and shall be transferable, only in accordance with the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds remain Outstanding, the State shall maintain and keep, at the Corporate Trust Office of the Registrar, books for the registration and transfer of Bonds, and, upon presentation thereof for such purpose at the Corporate Trust Office of the Registrar, the State shall register or cause to be registered therein, and permit to be transferred thereon, any Bond under such reasonable regulations as it or the Registrar may prescribe. So long as any of the Bonds remain Outstanding, the State shall make all necessary provisions to permit the transfer of Bonds at the Corporate Trust Office of the Registrar.

Section 3.12 Transfer of Bonds.

Each Bond shall be transferable only upon the registration books of the State, which shall be kept for such purposes at the Corporate Trust Office of the Registrar which shall be maintained for such purpose by the Registrar. Upon the presentation and surrender of any Bond by the Registered Holder of such Bond in person or by his attorney duly authorized in writing, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney, a transfer of such Bond may be effected. Upon surrender for transfer of any such Bond, the State shall execute and the Registrar shall authenticate and deliver, in the name of the Person who is the transferee, one or more new Bonds of the same series, aggregate principal or original principal amount, maturity and rate of interest as the surrendered Bond. All action taken by the Registrar pursuant to this Section shall be deemed to be the action of the State.

Section 3.13 Regulations with Respect to Exchanges and Transfers.

All Bonds surrendered in any exchange or transfer shall forthwith be cancelled by the Registrar. For each such exchange or transfer of Bonds, the State or the Registrar may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Registered Holder requesting such exchange or transfer. The State shall not be obligated to issue, exchange or transfer any Bond during the fifteen (15) days next preceding any Bond Payment Date of the Bonds.

Section 3.14 Mutilated, Destroyed, Lost and Stolen Bonds.

(a) If any mutilated Bond is surrendered to the Registrar and the Registrar and the State Treasurer receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and if there is delivered to the Registrar or the State Treasurer such security or indemnity as may be required to save the Fiduciaries and the State harmless, then, in the absence of such notice that such Bond has been acquired by a bona fide purchaser, the State shall execute, and upon State Request, the Registrar shall authenticate and deliver, in exchange for any such mutilated Bond or in lieu of any such destroyed, lost or stolen Bond, a new Bond of the same series and of like tenor and principal amount, bearing a number unlike that of a Bond contemporaneously or previously Outstanding. The Registrar shall thereupon cancel any such mutilated Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Bond has become or shall become due and payable within one year, the State in its discretion may, instead of issuing a new Bond, pay such Bond at its maturity.

(b) Upon the issuance of any new Bond under this Section, the State may require the payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto, and any other expenses, including counsel fees or other fees, of the State or the Fiduciaries connected therewith.

(c) Each new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an additional contractual obligation of the State, whether or not the destroyed, lost or stolen Bond shall at any time be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued pursuant to this Resolution. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 3.15 Registered Holder as Owner of Bond.

The State, the Registrar and any Paying Agent may treat the Registered Holder of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal Installment or final maturing Accreted Value of and interest on such Bond and for all other purposes, and payment of Principal Installment, final maturing Accreted Value and interest shall be made only to, or upon the order of, such Registered Holder. All payments to such Registered Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the State nor any Paying Agent shall be affected by any notice to the contrary.

Section 3.16 Cancellation of Bonds.

The Registrar shall destroy all Bonds surrendered to it for cancellation and shall deliver a certificate to that effect to the State Treasurer. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof.

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Section 3.17 Payments Due on Saturdays, Sundays and Holidays.

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In any case where the Bond Payment Date shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest on or Principal Installment or final maturing Accreted Value of the Bonds need not be made on such date but may be made on the next succeeding business day not a Saturday, Sunday or legal holiday or a day on which banking institutions are authorized by law to close, with the same force and effect as if made on the Bond Payment Date and no interest shall accrue for the period after such Bond Payment Date.

Section 3.18 Pledge of Full Faith, Credit and Taxing Power.

For the prompt payment of the principal of and interest on and Accreted Value of the Bonds, as they respectively mature, the full faith, credit and taxing power of the State are hereby irrevocably pledged, and as required by Act 426 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1978, the State Treasurer is hereby directed to set aside from the tax revenues received in each fiscal year in which the interest on or a Principal Installment will become due so much of such tax revenues as may be necessary in order to pay the Principal Installments, final maturing Accreted Values and interest on all Bonds due and falling due in such fiscal year, and the State Treasurer shall thereafter apply such moneys to the punctual payment thereof as the same respectively fall due.

Section 3.19 Forms of Bonds.

The forms of the Bonds, and the registration provisions to be endorsed thereon, shall be substantially as set forth in Exhibit D attached hereto and made a part of this Resolution.

Section 3.20 Tax Exemption in South Carolina.

All Principal Installments and interest on and Accreted Value of the Bonds shall be exempt from all State, county, municipal, school district, and all other taxes or assessments of the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

ARTICLE IV - REDEMPTION

Section 4.01 Bonds Not Subject to Redemption.

The Bonds are not subject to redemption prior to maturity.

ARTICLE V - SALE OF BONDS

Section 5.01 Actions Taken by State Treasurer Ratified, Approved and Confirmed.

All actions taken, or authorized to be taken, by the State Treasurer, including, but not limited to, the actions set forth in Section 3.02 hereof, in connection with the sale of the Bonds, are hereby ratified, approved and confirmed.

ARTICLE VI - DISPOSITION OF PROCEEDS OF SALE OF BONDS

Section 6.01 Disposition of Bond Proceeds Including Temporary Investments.

(a) The proceeds derived from the sale of the Bonds shall be deposited with the State Treasurer who, after paying all costs and expenses incident to the issuance of the Bonds, shall apply the proceeds to the payment of costs of projects authorized by Act 1377.

(b) Pending the use of Bond proceeds as provided in paragraph (a) of this Section, the same shall be invested and reinvested by the State Treasurer in Authorized Investments. The investment earnings therefrom may be used either for any lawful purpose of the State or, if so required by the Code, to make the necessary rebate to the United States Government.

(c) Neither the purchasers of the Bonds nor any Registered Holder of the Bonds shall be liable for the proper application of the proceeds of the Bonds.

ARTICLE VII - DEFEASANCE OF BONDS

Section 7.01 Discharge of Resolution.

(a) If all of the Bonds issued pursuant to this Resolution and all interest thereon shall have been paid and discharged, then the obligations of the State under this Resolution and all other rights granted hereby shall cease and determine. The Bonds shall be deemed to have been paid and discharged within the meaning of this Article under each of the following circumstances viz,:

(i) The Paying Agent, or other escrow agent designated by the State Treasurer, shall hold, at the stated maturities of the Bonds, in trust and irrevocably appropriated thereto, sufficient moneys for the payment of the Principal Installments, final maturing Accreted Value and interest thereon; or

(ii) If default in the payment of any principal of the Bonds, final maturing Accreted Value or any interest thereon shall have occurred on any Bond Payment Date, and thereafter tender of such payment shall have been made, and at such time as the Paying Agent shall hold in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(iii) If the State shall elect to provide for the payment of the Bonds prior to their stated maturities and shall have deposited in an irrevocable trust moneys which shall be sufficient, or Government Obligations, which are not subject to redemption by the issuer thereof prior to the Maturity Date of the Bonds the principal of and interest on which when due will provide moneys, which together with moneys, if any, deposited at the same time, shall be sufficient to pay when due the Principal Installments, final maturing Accreted Value and interest, due and to become due on the Bonds on their Maturity Dates.

(b) Neither the Government Obligations nor moneys deposited pursuant to this Section 7.01 nor the payments of principal thereof or interest thereon shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Principal Installments of, or final maturing

Accreted Value and interest on, the Bonds; provided, that any cash received from such payments of principal of or interest on Government Obligations deposited, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the Principal Installments or final maturing Accreted Value and interest, to become due on the Bonds on and prior to the maturity date thereof, and interest earned from such reinvestment not required for the payment of the Principal Installments, or final maturing Accreted Value and interest, may be paid over to the State, as received by the financial institution with which such trust is established, free and clear of any trust, lien or pledge.

Section 7.02 Notice of Discharge of Resolution.

The State Treasurer shall give the Paying Agent irrevocable instructions to mail a notice to the owners of such Bonds that (i) the deposit required by Section 7.01(a)(iii) has been made with the Paying Agent; and (ii) said Bonds are deemed to have been paid in accordance with this Article VII and stating such maturity dates upon which moneys are to be available for the payment of the principal of, and interest on, and Accreted Value of said Bonds.

ARTICLE VIII - CONCERNING THE FIDUCIARIES

Section 8.01 Fiduciary; Appointment and Acceptance of Duties.

The Paying Agent and Registrar hereunder shall accept the duties and trusts imposed upon it by this Resolution and shall agree in writing to perform such trusts but only upon the terms and conditions set forth in this Article VIII. Similarly, each financial institution appointed as a successor Registrar or as a successor Paying Agent shall signify its acceptance of the duties and trusts imposed by this Resolution by a written acceptance.

Section 8.02 Responsibilities of Fiduciaries.

The recitals of fact contained herein and in the Bonds shall be taken as the statements of the State and no Fiduciary shall be deemed to assume any responsibility for the correctness of the same except in respect of the authentication certificate of the Registrar endorsed on the Bonds. No Fiduciary shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds or as to the security afforded by this Resolution, and no Fiduciary shall incur any liability in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless indemnified to its reasonable satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

Section 8.03 Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary, upon receipt of any notice, resolution, request, consent order, certificate, report, opinion, Bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this

Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the State, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(c) Except as otherwise expressly provided in this Resolution any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the State to any Fiduciary shall be sufficiently executed if executed in the name of the State by an Authorized Officer.

Section 8.04 Compensation.

The State shall pay to each Fiduciary from time to time reasonable compensation based on the then standard fee schedule of the Fiduciary for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution; provided, however, that any specific agreement between the State and a Fiduciary with respect to the compensation of such Fiduciary shall control the compensation to be paid to such Fiduciary.

Section 8.05 Certain Permitted Acts.

Any Fiduciary may become the owner or underwriter of any Bonds, notes or other obligations of the State or conduct any banking activities with respect to the State, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depository for and permit any of its officers or directors to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution.

Section 8.06 Resignation of Fiduciary.

Any Fiduciary may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days written notice to the State and not less than thirty (30) days written notice to the Registered Holders of the Bonds as established by the books of registration prior to the next succeeding Bond Payment Date, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the State pursuant to Section 8.08 hereof in which event such resignation shall take effect immediately upon the appointment of such successor. In no event, however, shall such a resignation take effect until a successor has been appointed.

EXHIBIT

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Section 8.07 Removal of Fiduciary.

STATE BUDGET & CONTROL BOARD

Any Fiduciary may be removed at any time by an instrument or concurrent instruments in writing, filed with the State and such Fiduciary, and signed by the Bondholders representing a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the State.

Section 8.08 Appointment of Successor Fiduciaries.

(a) In case any Fiduciary hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the State. Every such Fiduciary appointed pursuant to the provisions of this Section 8.08 shall be a trust company or bank organized under the laws of the United States of America or any state thereof or a national banking association and which is in good standing, within or outside the State of South Carolina, having a stockholders' equity of not less than \$25,000,000 if there be such an institution willing, qualified and able to accept the trust upon reasonable and customary terms.

(b) If in a proper case no appointment of a successor Fiduciary shall be made by the State pursuant to the foregoing provisions of this Section 8.08 within forty-five (45) days after any Fiduciary shall have given to the State written notice as provided in Section 8.06 hereof or after a vacancy in the office of such Fiduciary shall have occurred by reason of its removal or inability to act, the former Fiduciary or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor.

Section 8.09 Transfer of Rights and Property to Successor.

Any successor Fiduciary appointed under this Resolution shall execute, acknowledge and deliver to its predecessor, and also to the State, an instrument accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiduciary, with like effect as if originally named in such capacity; but the Fiduciary ceasing to act shall nevertheless, at State Request, or at the written request of the successor Fiduciary, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the State be required by such successor Fiduciary for more fully and certainly vesting in and confirming to such successor any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the State. Any such successor Fiduciary shall promptly notify the other Fiduciaries, if any, of its appointment as Fiduciary.

Section 8.10 Merger or Consolidation.

Any corporation into which any Fiduciary may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which it may be party or any corporation to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business; provided, such corporation shall be a bank or trust company organized under the laws of the United States of America or any state thereof or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 8.11 Adoption of Authentication.

In case any of the Bonds contemplated to be issued under this Resolution shall have been authenticated but not delivered, any successor Registrar may adopt the certificate of authentication of any predecessor Registrar so authenticating such Bonds and deliver such Bonds so authenticated. In case any such Bonds shall not have been authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in the name of the successor Registrar, and in all such cases such certificate shall be of full force and effect.

ARTICLE IX - COMPLIANCE WITH REQUIREMENTS
OF THE CODE

Section 9.01 General Covenant.

The State will comply with all requirements of the Code in order to preserve the tax-exempt status of the Bonds, including without limitation, (i) the requirement to file the information report with the Internal Revenue Service; and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code, if any such requirement shall apply in addition to the obligation referred to in Section 9.03 hereof. In this connection, the State covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel as will enable it to comply with this Section.

Section 9.02 Tax Representations and Covenants.

The State hereby represents and covenants that it will not take any actions which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Registered Holder thereof for federal income tax purposes pursuant to provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Bonds. Without limiting the generality of the foregoing, the State represents and covenants that:

(a) All property provided by the net proceeds of the Bonds will be owned by the State or a political subdivision thereof in accordance with the rules governing the ownership of property for federal income tax purposes.

(b) The State shall not permit the proceeds of the Bonds or any facility financed with the proceeds of the Bonds to be used in any manner that would result in (i) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code; or (ii) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(c) The State is not a party to or will not enter into any contracts with any Person for the use or management of any facility provided with the proceeds of the Bonds or by notes paid by the Bonds that do not conform to the guidelines, set forth in Revenue Procedure 82-14, 1982-1 C.B. 459 or Revenue Procedure 82-15, 1 C.B. 460, as modified by the Code.

(d) The State will not sell or lease any property provided by the Bonds to any Person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Bonds.

(e) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The State shall not enter into any leases or sales or service contract with any federal government agency with respect to any facility financed with the proceeds of the Bonds and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Bonds.

(f) To the extent proceeds of the Bonds will ultimately be utilized by political subdivisions of the State, the State will cause such political subdivisions to covenant as to the items contained in this Section.

Section 9.03 Arbitrage Bonds.

The State hereby covenants and agrees with the holders of the Bonds that no use of the proceeds of the Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be "arbitrage bonds", as defined in the Code, and to that end the State hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds are outstanding;

(b) establish such funds, make such calculations and pay such amounts, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebates of certain amounts to the United States;

(c) make such reports of such information at the time and places required by the Code; and

(d) take such other action as may be required to assure that the tax exempt status of the Bonds will not be impaired.

ARTICLE X - MISCELLANEOUS

Section 10.01 Failure to Present Bonds.

Anything in this Resolution to the contrary notwithstanding, any money held by the Paying Agent in trust for the payment and discharge of any of the Bonds, or the interest thereon, which remains unclaimed for such period of time, after the date when such Bonds have become due and payable, either at their stated maturity dates, that the Registered Holder thereof shall no longer be able to enforce the payment thereof, the Paying Agent shall at the written request of the State pay such money to the State as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the State for the payment of such Bonds; provided, however, the Paying Agent shall forward to the State all moneys which remain unclaimed during a period five (5) years from a Bond Payment Date; provided, further however, that before being required to make any such payment to the State, the Paying Agent, at the expense of the State, may conduct such investigations as may in the opinion of the Paying Agent be necessary to locate those who are entitled to take such funds.

Section 10.02 Severability of Invalid Provisions.

If any one or more of the covenants or agreements provided in this Resolution should be contrary to law, then such covenants or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Resolution.

Section 10.03 Resolution to Constitute Contract.

In consideration of the purchase and acceptance of the Bonds by those who shall purchase and own the same from time to time, the provisions of this Resolution, with the exception of that provision of Section 1.02 regarding the aggregate amount of State Capital Improvement Bonds which may be issued, shall be deemed to be and shall constitute a contract between the State and the Registered Holders from time to time of the Bonds, and such provisions are covenants and agreements with such Registered Holders which the State hereby determines to be necessary and desirable for the security and payment thereof. The pledge hereof and the provisions, covenants, and agreements herein set forth to be performed on behalf of the State shall be for the equal benefit, protection, and security of the Registered Holders of any and all of the Bonds, all of which shall be of equal rank without preference, priority or distinction of any Bonds over any other Bonds.

Section 10.04 Schedules Relating to State Capital Improvement Bonds.

There is attached hereto as Exhibit A to this Resolution a schedule showing total debt service requirements, as of June 2, 1994, on State Capital Improvement Bonds heretofore issued. There is attached hereto as Exhibit B to this Resolution a schedule showing total debt service requirements on the Bonds. There is attached hereto as Exhibit C to this Resolution a schedule showing total debt service on all State Capital Improvement Bonds outstanding as of June 2, 1994 and the Bonds.

EXHIBIT

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Section 10.05 Execution of Closing Documents and Certificates.

STATE BUDGET & CONTROL BOARD

The Governor, the State Treasurer, the Secretary of State and any other officers or employees of the State are fully authorized and empowered to take such further action and to execute and deliver such closing documents and certificates as may be necessary and proper in order to complete the issuance of the Bonds herein authorized and the action of such officers or any one or more of them in executing and delivering any of such documents, in such form as he or they shall approve, is hereby fully authorized.

Section 10.06 Filing Copies of Resolution.

Copies of this Resolution shall be filed in the offices of the State Board, the office of the Secretary of State (as a part of the Transcript of Proceedings), and with the offices of each Paying Agent and Registrar.

Section 10.07 Benefits of Resolution Limited to the State and Holders of the Bonds.

With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bonds is intended or should be construed to confer upon or give to any Person other than the State and the Holders of the Bonds, any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the State and the Holders from time to time of the Bonds as herein and therein provided.

Section 10.08 No Personal Liability.

No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the State contained in this Resolution or the Bonds, against any member of the State Board, any officer or employee, as such, in his or her individual capacity, past, present or future, of the State, either directly or through the State, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Resolution and the Bonds are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any member, officer or employee as such, past, present or future, of the State, either directly or by reason of any of the obligations, covenants, promises or agreements entered into between the State and Bondholders or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Resolution and the execution of the Bonds, and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Bonds, expressly waived and released. The immunity of members, officers and employees of the State under the provisions contained in this Section shall survive the termination of this Resolution.

Section 10.09 Law and Place of Enforcement of the Resolution.

This Resolution shall be construed and interpreted in accordance with the laws of the State of South Carolina and all suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in said State.

Section 10.10 Effect of Article and Section Headings and Table of Contents.

The heading or titles of the several Articles and Sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

Section 10.11 Repeal of Inconsistent Resolutions.

All Resolutions of the State Board, and any part of any resolution, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

Section 10.12 Effectiveness of this Resolution.

This Resolution shall become effective upon its adoption.

EXHIBIT A

SCHEDULE SHOWING TOTAL DEBT SERVICE REQUIREMENTS
FOR ALL SERIES OF OUTSTANDING STATE
CAPITAL IMPROVEMENT BONDS
AS OF JUNE 2, 1994, NOT INCLUDING
THE \$24,335,500 STATE CAPITAL IMPROVEMENT BONDS,
SERIES 1994MB

<u>Fiscal Year Ending June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>
1995	\$ 85,900,000.00	\$ 47,194,005.00	\$ 133,094,005.00
1996	77,290,000.00	41,672,405.00	118,962,405.00
1997	83,155,000.00	36,843,605.00	119,998,605.00
1998	86,050,000.00	31,741,250.00	117,791,250.00
1999	67,990,000.00	26,711,810.00	94,701,810.00
2000	67,820,000.00	22,819,860.00	90,639,860.00
2001	65,595,000.00	18,904,310.00	84,499,310.00
2002	60,145,000.00	15,773,140.00	75,918,140.00
2003	63,245,000.00	12,993,550.00	76,238,550.00
2004	51,150,000.00	9,923,015.00	61,073,015.00
2005	46,270,000.00	7,439,940.00	53,709,940.00
2006	41,015,000.00	5,192,490.00	46,207,490.00
2007	29,100,000.00	3,235,300.00	32,335,300.00
2008	23,840,000.00	1,875,475.00	25,715,475.00
2009	<u>16,250,000.00</u>	<u>765,625.00</u>	<u>17,015,625.00</u>
TOTAL	<u>\$864,815,000.00</u>	<u>\$283,085,780.00</u>	<u>\$1,147,900,780.00</u>

EXHIBIT B

SCHEDULE SHOWING DEBT SERVICE REQUIREMENTS ON
\$24,335,500 STATE CAPITAL IMPROVEMENT BONDS, SERIES 1994MB,
DATED JUNE 1, 1994.

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total Principal</u> <u>and Interest</u>
1995	\$ 0.00	\$ 867,995.50	\$ 867,995.50
1996	0.00	867,995.50	867,995.50
1997	0.00	867,995.50	867,995.50
1998	0.00	867,995.50	867,995.50
1999	0.00	867,995.50	867,995.50
2000	0.00	867,995.50	867,995.50
2001	15,237,500.00	3,023,108.53	18,260,608.53
2002	0.00	350,932.00	350,932.00
2003	0.00	350,932.00	350,932.00
2004	0.00	350,932.00	350,932.00
2005	0.00	350,932.00	350,932.00
2006	0.00	350,932.00	350,932.00
2007	0.00	350,932.00	350,932.00
2008	0.00	350,932.00	350,932.00
2009	<u>9,098,000.00</u>	<u>4,736,362.00</u>	<u>13,834,362.00</u>
TOTALS	<u>\$24,335,500.00</u>	<u>\$15,423,967.53</u>	<u>\$39,759,467.53</u>

EXHIBIT

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STATE BUDGET & CONTROL BOARD
EXHIBIT C

SCHEDULE SHOWING TOTAL PRINCIPAL AND INTEREST
REQUIREMENTS FOR ALL SERIES OF OUTSTANDING
STATE CAPITAL IMPROVEMENT BONDS AS OF
JUNE 2, 1994, AND THE
\$24,335,500 STATE CAPITAL IMPROVEMENT BONDS,
SERIES 1994MB.

<u>Fiscal Year Ending June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Principal and Interest</u>
1995	\$ 85,900,000.00	\$ 48,062,000.50	\$ 133,962,000.50
1996	77,290,000.00	42,540,400.50	119,830,400.50
1997	83,155,000.00	37,711,600.50	120,866,600.50
1998	86,050,000.00	32,609,245.50	118,659,245.50
1999	67,990,000.00	27,579,805.50	95,569,805.50
2000	67,820,000.00	23,687,855.50	91,507,855.50
2001	80,832,500.00	21,927,418.53	102,759,918.53
2002	60,145,000.00	16,124,072.00	76,269,072.00
2003	63,245,000.00	13,344,482.00	76,589,482.00
2004	51,150,000.00	10,273,947.00	61,423,947.00
2005	46,270,000.00	7,790,872.00	54,060,872.00
2006	41,015,000.00	5,543,422.00	46,558,422.00
2007	29,100,000.00	3,586,232.00	32,686,232.00
2008	23,840,000.00	2,226,407.00	26,066,407.00
2009	<u>25,348,000.00</u>	<u>5,501,987.00</u>	<u>30,849,987.00</u>
 TOTAL	 <u>\$889,150,500.00</u>	 <u>\$298,509,747.53</u>	 <u>\$1,187,660,247.53</u>

(FORM OF BOND)
(FACE OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE CAPITAL IMPROVEMENT BOND, SERIES 1994MB
(CURRENT INTEREST BEARING BOND)

No. R. _____

RATE OF INTEREST

MATURITY DATE

DATED DATE

CUSIP

Registered Holder:

Principal Amount:

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, upon presentation and surrender of this Bond at the Corporate Trust Office of Wachovia Bank of South Carolina, N.A., in the City of Columbia, State of South Carolina (the "Paying Agent" and "Registrar"), and to pay interest on such Principal Amount set forth above at the Rate of Interest set forth above (calculated on the basis of a 360-day year of twelve 30-day months), until the obligation of the State with respect to the payment of such Principal Amount shall be discharged.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the facsimile signatures of the Governor of the State of South Carolina, the Great Seal of the State of South Carolina to be reproduced hereon and the same to be attested by the facsimile signature of the Secretary of State of the State of South Carolina.

THE STATE OF SOUTH CAROLINA

(FAC. SEAL)

(Fac. Signature)
Carroll A. Campbell, Jr.
Governor

COLA:133737

D-1-1

005601

(Fac. Signature)
Grady L. Patterson, Jr.
State Treasurer

(Fac. Signature)
Jim Miles
Secretary of State

(FORM OF CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds of the issue described herein.

Authentication Date:

WACHOVIA BANK OF SOUTH CAROLINA, N.A.,
AS REGISTRAR

By: _____
Authorized Officer

STATE OF SOUTH CAROLINA
STATE CAPITAL IMPROVEMENT BOND, SERIES 1994MB
(CURRENT INTEREST BEARING BOND)

(Back of Bond)

This Bond bears interest from the June 1 or the December 1 to which interest has been paid next preceding the authentication date hereof, unless the authentication date hereof is a June 1 or a December 1, in which event this Bond will bear interest from the earlier of such authentication date or the date to which interest has last been paid; provided, that if the authentication date hereof precedes December 1, 1994, or if the State shall fail to pay interest on December 1, 1994, then this Bond will bear interest from June 1, 1994. Interest on this Bond is payable on June 1 and December 1 of each year beginning December 1, 1994, at which time interest for six (6) months will be due. The interest so payable on any June 1 or December 1 shall be payable to the person in whose name this Bond is registered at the close of business on the 15th day of the May or on the 15th day of the November next preceding such June 1 or December 1.

Interest hereon will be payable by check or draft mailed at the times provided herein from the office of the Paying Agent to the person in whose name this Bond is registered at the address shown on the registration books. The principal of and interest on this Bond are 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.

This Bond is one of an issue of Bonds in the aggregate principal amount of Twenty Four Million Three Hundred Thirty Five Thousand Five Hundred Dollars (\$24,335,500) of like tenor, except as to authorized denominations, registered owner, numbering, interval of interest payment, rate of interest and date of maturity issued pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1968, as amended, and Act No. 53 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1993 (collectively, the "Act"), and resolutions (collectively, the "Resolution") duly adopted by the State Budget and Control Board of South Carolina for the purpose of raising funds for purposes authorized by said Act.

The Series 1994MB Bonds consist of (a) Current Interest Bearing Bonds of which this Bond is one, in the aggregate principal amount of \$16,086,500 of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication, and (b) Capital Appreciation Bonds in the aggregate original principal amount of \$8,249,000 of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Paying Agent and the Registrar and in the office of the Secretary of State of South Carolina.

For the payment of the principal of and interest on this Bond as the same shall become due, there are pledged the full faith, credit and taxing power of the State of South Carolina.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

This Bond is issuable only as a fully registered Bond without coupons in denominations of \$500 and any integral multiple of \$500. This Bond is transferable, as provided in the Resolution, only upon the registration books kept for that purpose at the Corporate Trust Office of the Registrar by the Registered Holder in person or by his duly authorized attorney, upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney; and (ii) payment of the charges, if any, prescribed in the Resolution. Thereupon a new fully registered Bond or Bonds of like series designation, maturity and interest rate, and in a like aggregate principal amount will be issued to the transferee in exchange therefor as provided in the Resolution. The State, the Paying Agent and the Registrar 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 and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the State, the Paying Agent or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Statutes of the State of South Carolina to exist, be performed or happen precedent to or in the

issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes, and that provision has been made for the allocation, on an annual basis, of sufficient tax revenues to provide for the punctual payment of the principal of and interest on this Bond and the issue of Bonds of which this Bond is one.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	-	Custodian
				(Cust) (Minor)
TEN ENT	- as tenants by the entireties			
JT TEN	- as joint tenants with right of survivorship and not as tenants in common			

(FORM OF ASSIGNMENT)

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

(please print or type name and address of Transferee)

(SOCIAL SECURITY
OR OTHER TAX
IDENTIFICATION NUMBER OF
TRANSFeree)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints __,

_____ attorney to transfer the within Bond on the

books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

L.S.

NOTICE: The Signature to this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

(FORM OF BOND)
(FACE OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
STATE CAPITAL IMPROVEMENT BOND, SERIES 1994MB
(CAPITAL APPRECIATION BOND)

No. R. _____

STATED YIELD TO
MATURITY DATE

MATURITY DATE

DATED DATE

CUSIP

Registered Holder:

Principal Amount:

THE STATE OF SOUTH CAROLINA (the "State") acknowledges itself indebted and for value received hereby promises to pay on the Maturity Date set forth above, solely as hereinafter provided, to the Registered Holder named above, or registered assigns, the aggregate amount of the Accreted Value as defined below (which consists of the Original Principal Amount set forth above and interest thereon from the Dated Date set forth above to the Maturity Date set forth above at the Stated Yield to Maturity Date set forth above, compounded on December 1, 1994 and semiannually on June 1 and December 1 of each year until the Maturity Date set forth above). The final maturing Accreted Value, as defined herein, of this Bond, when due, shall be payable upon presentation and surrender of this Bond at the Corporate Trust Office of Wachovia Bank of South Carolina, N.A., in the City of Columbia, State of South Carolina (the "Paying Agent" and "Registrar").

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH HEREIN.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Registrar.

IN WITNESS WHEREOF, the State of South Carolina has caused this Bond to be signed in its name by the facsimile signatures of the Governor of the State of South Carolina and the State Treasurer

JUN 23 1994

10

STATE BUDGET & CONTROL BOARD

of the State of South Carolina, the Great Seal of the State of South Carolina to be reproduced hereon and the same to be attested by the facsimile signature of the Secretary of State of the State of South Carolina.

THE STATE OF SOUTH CAROLINA

(FAC. SEAL)

(Fac. Signature)
Carroll A. Campbell, Jr.
Governor

(Fac. Signature)
Grady L. Patterson, Jr.
State Treasurer

(Fac. Signature)
Jim Miles
Secretary of State

(FORM OF CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds of the issue described herein.

Authentication Date:

WACHOVIA BANK OF SOUTH CAROLINA, N.A.,
AS REGISTRAR

By: _____
Authorized Officer

STATE OF SOUTH CAROLINA
STATE CAPITAL IMPROVEMENT BOND, SERIES 1994MB
(CAPITAL APPRECIATION BOND)

(Back of Bond)

This Bond bears interest from June 1, 1994, compounded semiannually on each June 1 and December 1, commencing December 1, 1994, until maturity and is payable at the Maturity Date, 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.

This Bond is one of an issue of Bonds in the aggregate principal amount of Twenty Four Million Three Hundred Thirty Five Thousand Five Hundred Dollars (\$24,335,500) of like tenor, except as to authorized denominations, registered owner, numbering, interval of interest payment, rate of interest and date of maturity issued pursuant to and in accordance with the Constitution and Statutes of the State of South Carolina, including particularly the provisions of Act No. 1377 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1968, as amended, and Act No. 53 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, Regular Session of 1993 (collectively, the "Act"), and resolutions (collectively, the "Resolution") duly adopted by the State Budget and Control Board of South Carolina for the purpose of raising funds for purposes authorized by said Act.

The Series 1994MB Bonds consist of (a) Capital Appreciation Bonds, of which this Bond is one, in the aggregate principal amount of \$8,249,000 of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication, and (b) Current Interest Bearing Bonds in the aggregate principal amount of \$16,086,500 of like date, tenor and effect, except as to number, rate of interest, maturity date, denomination and date of authentication.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Paying Agent and the Registrar, and in the office of the Secretary of State of South Carolina.

The Accreted Value per \$200 original principal amount of any Capital Appreciation Bond shall mean, as of each June 1 and December 1 until maturity (each June 1 and December 1 being a Valuation Date) beginning December 1, 1994, to the Maturity Date, the amount set forth for such date on the Table of Accreted Values below, and as of any date other than a Valuation Date, the sum of (1) the Accreted Value on the preceding Valuation Date and (2) the product of (i) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (ii) the difference between the Accreted Value for such Valuation Dates. For the purpose of computing the principal amount of this Bond in giving any notice, consent, request or demand, the principal amount of this Bond shall be deemed to be its Accreted Value on the analogous date as of which the principal amount is intended to be calculated.

For the payment of the principal of and interest on this Bond as the same shall become due, there are pledged the full faith, credit and taxing power of the State of South Carolina.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State of South Carolina, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer or certain franchise taxes.

This Bond is issuable only as a fully registered Bond without coupons in denominations of \$200 and any integral multiple of \$200. This Bond is transferable, as provided in the Resolution, only upon the registration books kept for that purpose at the Corporate Trust Office of the Registrar by the Registered Holder in person or by his duly authorized attorney, upon (i) surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his duly authorized attorney; and (ii) payment of the charges, if any, prescribed in the Resolution.

Thereupon a new fully registered Bond or Bonds of like series designation, maturity and interest rate, and in a like aggregate principal amount will be issued to the transferee in exchange therefor as provided in the Resolution. The State, the Paying Agent and the Registrar 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 and interest due hereon and for all other purposes.

For every exchange or transfer of the Bonds, the State, the Paying Agent or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and Statutes of the State of South Carolina to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the State of South Carolina, does not exceed any limit prescribed by such Constitution or Statutes, and that provision has been made for the allocation, on an annual basis, of sufficient tax revenues to provide for the punctual payment of the principal of and interest on this Bond and the issue of Bonds of which this Bond is one.

TABLE OF ACCRETED VALUES

The Accreted Value amount of each \$200 original principal amount of any Capital Appreciation Bond on each June 1 and December 1 to maturity will be as set forth below. The Accreted Value of each \$200 original principal amount of any Capital Appreciation Bond on any other date will be calculated on the assumption that the Accreted Value increases in equal daily amounts on the basis of twelve 30-day months. The Accreted Values set forth in this Table of Accreted Values do not necessarily represent the market value of such Bonds on such dates.

<u>Valuation</u> <u>Date</u>	<u>Accreted</u> <u>Value</u>	<u>Valuation</u> <u>Date</u>	<u>Accreted</u> <u>Value</u>	<u>Valuation</u> <u>Date</u>	<u>Accreted</u> <u>Value</u>
---------------------------------	---------------------------------	---------------------------------	---------------------------------	---------------------------------	---------------------------------

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- <u>Custodian</u> (Cust) (Minor)
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		

(FORM OF ASSIGNMENT)

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

(please print or type name and address of Transferee)

(SOCIAL SECURITY
OR OTHER TAX
IDENTIFICATION NUMBER OF
TRANSFeree)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints _____,

attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

_____ L.S.

NOTICE: The Signature to this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT

JUN 23 1994

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STATE BUDGET & CONTROL BOARD
EXHIBIT E

BALANCES DUE AGENCIES OF THE STATE FOR PROJECTS AUTHORIZED BY ACT 1377

<u>AGENCY</u>	<u>BALANCE DUE</u>
Governor's Office-SLED	\$ 853,700.00
State Treasurer's Office	13,865,635.31
Adjutant General	4,602,090.82
Budget & Control Bd./Budget Division	373,359.24
Budget & Control Bd./General Services	4,147,094.45
Citadel	7,674,048.95
Clemson University	12,712,878.58
University of Charleston	7,417,385.47
Coastal Carolina University	500,000.00
Francis Marion University	0.00
Lander College	10,379,379.91
S.C. State University	6,012,021.65
USC-Columbia Campus	12,371,440.41
USC-Aiken Campus	3,113,716.00
USC-Spartanburg Campus	4,003,697.55
USC-Beaufort Campus	884,361.91
USC-Lancaster Campus	3,005,000.00
USC-Salkehatchie Campus	82,631.50
USC-Sumter Campus	921,633.39
Winthrop University	15,281,039.20
Medical University of South Carolina	11,384,986.30
Technical and Comprehensive Education Bd	6,873,418.73
Educational Television Com	1,274,543.77
Wil Lou Gray Opportunity School	183,855.84
Deaf and Blind School	1,544,853.09
Archives and History Department	2,500,000.00
State Library	73,309.57
Health & Environmental Control Department	0.00
Mental Health Department	6,174,333.49
Mental Retardation Department	3,655,225.73
John De La Howe School	1,246,151.55
Corrections Department	63,048,780.91
Youth Services Department	10,781,389.13
Agriculture Department	93,389.80
Clemson University Public Service Act	5,936,954.06
Wildlife & Marine Resources Department	1,716,554.18
Coastal Council	104,689.70
Parks Recreation & Tourism	5,323,417.57
Dept of Commerce	1,431,737.24
Savannah Valley Authority	2,845,436.65
Old Exchange Building Comm	75,000.00
Employment Security Comm	391,752.00
Aeronautics Commission	0.00
Ports Authority	12,236,926.93

JUN 23 1994

11

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 4

AGENCY: Executive Director

SUBJECT: Civil Contingent Fund

The Board has been advised by the Attorney General's Office that the following encumbrances will not be needed this fiscal year and may be released: Catawba Suit, \$80,000; and GA-SC boundary, \$21,401. The Board is asked to disencumber those amounts.

The Board also is asked to make the following allocations from the 1993-94 Civil Contingent Fund:

- (a) Commission on Higher Education: \$30,000 to pay for the current shortfall in the Southern Regional Education Board account. SREB funds are used to pay for the contract the State has with the SREB to send South Carolina students to schools of optometry and veterinary in the southeast.
- (b) Department of Juvenile Justice: \$50,000 in addition to previous allocation of \$75,000 (balance of \$17,599.02 remaining to date) to prepare for and complete a June trial.

Civil Contingent Fund Status:

Unencumbered balance as of 6/16/94	\$29,277.67
Allocations disencumbered:	
Attorney General/Catawba lawsuit	80,000.00
Attorney General/GA-SC Boundary	<u>21,401.00</u>
CCF Balance Available	130,678.67

BOARD ACTION REQUESTED:

- (a) Disencumber the following 1993-94 Civil Contingent Fund allocations to the Attorney General's Office: Catawba Suit, \$80,000; and GA-SC boundary, \$21,401; and
- (b) Encumber 1993-94 Civil Contingent Funds for the following agencies:
 - (1) Commission on Higher Education: \$30,000 to pay for the current shortfall in the Southern Regional Education Board account; and
 - (2) Department of Juvenile Justice: \$50,000 in addition to previous allocation of \$75,000 (balance of \$17,599.02 remaining to date) to prepare for and complete a June trial.

ATTACHMENTS:

CCF Status Report; Bryan May 25 letter; Dorn June 7 letter w/attachments; Sheheen May 25 letter; Sheheen March 2 letter w/attachments; Church June 16 letter w/attachments; Dorn May 25 letter w/attachments

005611

CIVIL CONTINGENT FUND STATUS REPORT, FY 1993-94

As of June 1, 1994

<i>APPROPRIATION</i>		293,602.00
<i>ENCUMBERED</i>		
Attorney General/Catawba Suit	80,000.00	
Attorney General/GA-SC Boundary	21,401.00	
Juvenile Justice/Litigation	17,599.02	
Coastal Council/Curry Lawsuit	0.00	
Agriculture/Testing grain feeds	0.00	
<i>Total Encumbrances</i>	<u>119,000.02</u>	
<i>TRANSFERRED</i>		
Attorney General/Catawba Suit	45,000.00	
Attorney General/GA-SC Boundary	0.00	
Juvenile Justice/Litigation	57,400.98	
Coastal Council/Curry Lawsuit	27,923.33	
Agriculture/Testing grain feeds	<u>15,000.00</u>	
<i>Total Transfers</i>	<u>145,324.31</u>	
<i>BALANCE UNENCUMBERED (TOTAL AVAILABLE)</i>		<u>29,277.67</u>
<i>Balance: Cash Available</i>	148,277.69	

The State of South Carolina



Office of the Attorney General

EXHIBIT

JUN 23 1994

11

STATE BUDGET & CONTROL BOARD

T. TRAVIS MEDLOCK
ATTORNEY GENERAL

REMBERT C. DENNIS BUILDING
POST OFFICE BOX 11549
COLUMBIA, S.C. 29211-1549
TELEPHONE: 803-734-3970
FACSIMILE: 803-253-6283

May 25, 1994

Ms. Donna Williams
Secretary to the Board
State Budget & Control Board
Wade Hampton Office Building
Columbia, SC 29211

Dear Donna:

This confirms our telephone discussion today. Since bills have not been received, the Office can release the Board set asides for the Georgia vs South Carolina boundary case and the Catawba Indian land dispute. One bill is still expected from the federal government for work on the boundary map. The funds now released from that case will need to be re-encumbered for the new fiscal year. Please call me if you need any other information in these matters.

Sincerely,

A handwritten signature, likely of Jack Bryan, in dark ink.

Jack Bryan
Director of Administration

005613

STATE OF SOUTH CAROLINA
State Budget and Control Board
STATE BUDGET DIVISION



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

EDGAR BROWN BUILDING, SUITE 525
1205 PENDLETON STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 734-2280

GEORGE N. DORN, JR.
DIVISION DIRECTOR

June 7, 1994

Ms. Donna K. Williams
State Budget and Control Board
612 Wade Hampton Office Building
Columbia, South Carolina 29211

Re: CHE Request for Civil Contingent Funds

Dear Donna:

Per Mr. Sheheen's letter to Dr. Carter dated May 25, 1994, the Commission on Higher Education (CHE) has requested \$30,000 in Civil Contingent Funds (CCF) to cover a portion of the shortfall in its Southern Regional Education Board (SREB) account. CHE has temporarily transferred funds from its Desegregation account to its SREB account for the purpose of satisfying its debt with SREB for this year and to reconcile payment. However, this transfer creates a potential deficit in the Desegregation account up to \$30,000.

The SREB, Desegregation and Palmetto Fellows accounts are all for state-wide programs with funding flowing to the institutions through the Commission's budget. Colleges and universities have until the end of the fiscal year to draw Desegregation and Palmetto Fellows funds. Although CHE is likely to lapse some funds at year-end, the amount is not projected to be enough to cover the anticipated SREB induced Desegregation shortfall.

Based upon our analysis and the information provided by CHE, I am recommending that the Board approve up to \$30,000 from the CCF for the purpose of covering the Desegregation shortfall originally caused by the SREB deficit.

The 1994-95 Appropriation Act contains an additional \$196,000 for SREB. This funding, along with management practices, which CHE has discussed with this office, should be sufficient to cover SREB in Fiscal Year 1994-95 barring any unforeseen circumstances.

Sincerely,

A handwritten signature in dark ink, appearing to read "George N. Dorn, Jr.", written over a horizontal line.

George N. Dorn, Jr.

GND/jm

Enclosures

cc: Robert C. Toomey
Harry S. Bell

4/4/94

EXHIBIT

SREB Deficit ✓

JUN 23 1994

1 1

Know facts:

STATE BUDGET & CONTROL BOARD

1. SREB funds reduced by \$45,000 as a part of base reductions in FY92 and FY93.
2. During FY94, SREB received \$64,126 in additional fund (Proviso 19A.21). However, as a result of cuts, this amount yielded only \$17,801 in additional coverage over and above FY 93 SREB expenses.
3. Added funds would have resulted in a SREB shortage of only \$11,651 if same number of students were being funded. Shortage would have resulted due to increase in fees alone.
4. Cost per space increased \$350 for Veterinary and \$250 for Optometry.
5. Number of Students increased by 5 for Veterinary and 2 for Optometry.
6. Agency indicates additional SREB funding need of \$71,701. (\$11,651 due to increase in fees and \$60,050 due to seven additional students)
7. As of 3-26-94 SREB appropriation balance was \$407,499.
8. CHE is not spending Federal funds at the same rate as State funds. CHE not adhering to cash management procedures as they relate to Federal funds.

Available Resources

Known facts

1. Two (2.00) vacant state FTEs could yield \$18,000 if held vacant for remainder of year.
2. Last year Palmetto Fellows and Desegregation funds in the amount of \$54,000 were transferred and used to cover personnel expenses. CHE states it does not expect to have institutions return any of these program funds this fiscal year.

Unknown items

1. Agency indicates that journal voucher adjustments could reverse some state charges. An amount of \$23,000 for federal expenses has been mentioned.
2. Until all adjustments to state funds have been made, the true financial condition of the agency is unclear.

005615

4

4/4/94

FUNDS ANALYSIS

State Funds =====	Approp. =====	Balance 3-26-94 =====	Remaining Need =====	Unexpend. FY 92-93 Amounts =====
SREB	683,799	407,499		
Palmetto	382,800	233,550		26,432
Deseg.	435,983	170,120		27,537
Potential Fed. Funds =====				
Emp. Con.	75,096	29,866	17,331	

SREB ANALYSIS

	FY 92-93 =====		FY 93-94 =====
Appropriation	660,210	FY 92-93 Base	625,279
Adjustments	(34,931)	Adjustments	(5,606)
Managerial Funds	43,689	Additional Approp.	64,126
FY 92-93 Available Funds	\$668,968	FY 93-94 Avail. Funds	\$683,799

	FY 92-93 Expenses =====	FY 93-94 Expenses =====	Cost if Student Level Same =====	Cost as Result of Addit. Stud. =====
Veterinary Med. =====				
Cost Per Student	9,000	9,350	9,350	9,350
Number Students	63	68	63	5
Subtotal	563,598	635,800	589,050	46,750
Optometry =====				
Cost Per Student	6,400	6,650	6,650	6,650
Number Students	16	18	16	2
Subtotal	102,400	119,700	106,400	13,300
Total Expenses	\$665,998	\$755,500	\$695,450	\$60,050

	Shortfall Analysis =====	Deficit if Number Students same =====
Cost if student level same	= 695,450	695,450
Total FY 93 SREB exp.	= 665,998	(683,799)
Cost of Increase in fees alone	= 29,452	\$11,651
\$64,126 yielded only \$17,801 in additional coverage over FY 92-93 expenses.	\$29,452 17,801 (FY 94 Approp. minus FY93 Exp.)	
Deficit if Student Level same	= 11,651	
Extra Students cost	= 60,050	
Total SREB shortfall	\$71,701	

005616

5

Bos Toomey
F/T

MEMORANDUM

May 20, 1994 ✓

TO: George Dorn, Director
Office of State Budgets

FROM: Harry S. Bell, Jr. *HB*
State Budget Analyst

RE: SREB Shortfall Update

As you recall, CHE notified Dr. Carter in January that it anticipated a shortfall with regard to SREB funds in the amount of \$78,701. During my original analysis in March, CHE and I both concluded that they were having a problem in this area alone, and that they should not have a deficit problem as a result of any other situation except with regard to SREB.

According to CHE, they received a revised bill from SREB for an amount that was \$39,350 (half of 78,701) less than the original bill. On the 13th of May, CHE transferred \$39,351 from its Desegregation line to its SREB line and paid the SREB revised bill in full on the 16th. SREB is satisfied for this Fiscal Year.

Transferring funds from Desegregation to the SREB line may create a shortfall in Desegregation funds. Although we do not know to what extent CHE may be facing a Desegregation shortfall at this time, the shortfall (deficit) should be no greater than \$39,351. The May 14, 1994 477 report shows that CHE still has a balance of \$140,290 and \$43,628 respectively on its Palmetto Fellows and Desegregation lines. Although CHE states all of these funds are obligated and anticipated to be spent by year end, they were able to use some of these funds last FY to cover other expenses. In addition, an adjustment of their State fund accounts from Federal fund accounts may result in them having funds to cover some of an anticipated Desegregation shortfall.

The Senate, as a part H.4820 recurring funds, has recommended an increase in SREB funding of \$196,000.

005617

6

EXHIBIT

JUN 23 1994

11

STATE BUDGET & CONTROL BOARD



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET

SUITE 200

COLUMBIA, S.C. 29201

May 25, 1994

FRED R. SHEHEEN
Commissioner

TELEPHONE
803/737-2260

FAX NUMBER
803/737-2297

Dr. Luther Fred Carter
Executive Director
Budget and Control Board
P. O. Box 12444
Columbia, South Carolina 29211

Dear Fred;

I am writing this letter to request \$30,000 from the Civil Contingencies Fund to pay for the current shortfall the Commission has in its Southern Regional Education Board account. The SREB funds are used to pay for the contract South Carolina has with the SREB to send South Carolina students to schools of Optometry and Veterinary in the Southeast.

The reason for the shortfall in SREB account is due to the increase in number of students, student fees and a lack of sufficient money appropriated for the current fiscal year. The original amount of the deficit in the SREB account was \$71,701. The Commission has made appropriate arrangements to cover \$41,701 resulting in the \$30,000 shortfall. Also, due to the projected shortfall in 1994-95, the Senate has placed additional appropriations for Fiscal Year 1994-95 in the Commission's budget for SREB contracts.

I have attached a copy of my original letter to you explaining the details of the SREB shortfall. Should you have any further questions, please do not hesitate to call me. I appreciate your fine support and cooperation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Fred R. Sheheen".

Fred R. Sheheen
Commissioner

RECEIVED

FRS\k1

Enclosure

MAY 25 1994
PM

Budget and Control Board
Office of the Executive Director

005618

7



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET

SUITE 200

COLUMBIA, S.C. 29201

FRED R. SHEHEEN
Commissioner

March 2, 1994

TELEPHONE
803/253-6260

FAX NUMBER
803/253-6267

The Honorable Luther F. Carter
Executive Director
Budget and Control Board
612 Wade Hampton Office Building
PO Box 12444
Columbia, SC 29211

Dear Fred:

This letter solicits your assistance in correcting a funding shortfall that we are experiencing with respect to the Contracts for Service program which we administer through the Southern Regional Education Board (SREB).

As you know, in an effort to make educational opportunities available for South Carolina residents in optometry and veterinary medicine, the state has contracted through the SREB with four providers. These are Tuskegee University (AL) and University of Georgia in veterinary medicine and Southern College of Optometry (TN) and University of Alabama-Birmingham in optometry.

The contracts specify a certain number of student "spaces," specifically, 21 students per entering class in veterinary medicine and six per entering class in optometry. Our commitment is to pay on behalf of the state the difference between in- and out-of-state tuition. The General Assembly appropriates funds to do so, and these funds flow through the Commission to the institutions with which we have contracts.

The problem is that we have not received sufficient funds to cover our obligations. Although we have been very careful not to exceed the number of spaces reserved for South Carolina residents under our contracts, three things have occurred which have resulted in the need for larger appropriations: 1) more students are entering the programs, utilizing more and more of the "spaces" guaranteed to us under our contracts; 2) attrition is improving in that, once they are enrolled, fewer students are dropping out of the contract programs; and 3) the contract fees have been increased each year. The fee increases are approved by the SREB Board of Directors.

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I have been informed that for the current budget year we are \$71,701 short; this situation may be even worse for 1994-95 since I understand appropriations are being reduced by one percent in the House. If you will refer to the enclosure, you can see what is happening in terms of student fees or the cost per space, the number of students enrolled, and the widening gap between the appropriation and the projected need for the program.

You may remember that we experienced a shortfall in last year's appropriation as well. When we were unable to pay the full amount, the University of Georgia withheld acceptances in veterinary medicine for all South Carolina residents until the issue was resolved. They also indicated that the uncertainties in receiving the contractual fees from South Carolina might lead them to consider severing our contract. This would be extremely unfortunate in my judgment since it is cost-efficient for the state to subsidize students through the Contract program rather than build its own veterinary and optometry schools.

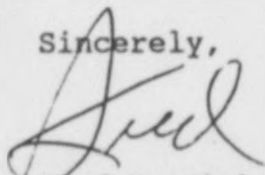
You should also know that North Carolina State discontinued its contract with us in veterinary medicine last year, so we have reduced the size of the Contract program. However, the N.C. State reduction occurred primarily because students were opting to attend the University of Georgia, which is less expensive. We were therefore leaving most of our "spaces" at N.C. State unfilled.

In some ways, we are confronted with a problem that is nice to have. Our students, who must meet the regular admissions standards of the contract institution, have shown themselves to be increasingly competitive. Thus, within the parameters of the approved contracts, more students are being accepted, particularly in veterinary medicine at the University of Georgia which is a very strong program, and fewer students are dropping out.

Any assistance you can render in solving the shortfall problem of \$71,701 for 1993-94 and avoiding a shortfall in 1994-95 will be greatly appreciated since we have at present 86 students enrolled under the terms of the South Carolina Contracts. Should the state not desire to fund this program, we should probably begin to inform students that they may have to assume payment for the fees, renegotiate our contracts in accord with what appropriations appear reasonable, or take some other appropriate action to avoid the projected shortfalls.

Again, your advice and assistance on this matter would be greatly appreciated.

Sincerely,



Fred R. Sheheen
Commissioner

FRS:as
Enclosure

cc: Mr. George N. Dorn, Jr., Director, Budget Division

005620

EXHIBIT

JUN 23 1994

11

SREB CONTRACT PROGRAMS

STATE BUDGET & CONTROL BOARD

	1992-93 Actual	1993-94 Actual	1994-95 Projected	1995-96 Projected	1996-97 Projected
<u>Cost per Space</u>					
Veterinary Medicine	\$ 9,000	\$ 9,350	\$ 9,750	\$ 10,150	\$ 10,550
Optometry	6,400	6,650	6,900	7,150	7,400
<u>Number of Students</u>					
Veterinary Medicine Total*	63	68	74	79	
Optometry Total**	16	18	22	23	
*21 entering students in Fall 94					
** 6 entering students					
<u>* Total Cost</u>					
Veterinary Medicine	\$563,598	\$635,800	\$721,500	\$801,850	
Optometry	102,400	119,700	151,800	164,450	
Subtotal	\$665,998	\$755,500	\$873,300	\$966,300	
Funds Appropriated	\$665,089	\$683,799	\$683,799 (Ways & Means)		
Deficit		<71,701>	<189,501>		
<u>School of the Arts</u>					
	\$ 17,350	\$ 16,106	\$ 16,106	\$ 16,106	

GMM
3/94

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VETERINARY MEDICINE

		1992-93 Actual	1993-94 Actual	1994-95 Projected	1995-96 Projected	1996-97 Projected
	Contract Fee:	\$ 9,000	\$ 9,350	\$ 9,750	\$ 10,150	\$ 10,550
<u>U. Georgia</u>	4th Yr.	12	9	14	13	
	3rd	9	14	13	16	
	2nd	13	13	16	17	
	1st	13	16	17	17	
	Subtotal	47	52	60	63	
		\$423,000	\$486,200	\$585,000	\$639,450	
<u>Tuskegee</u>	4th Yr.	2	5	1	4	
	3rd	5	1	4	4	
	2nd	1	4	4	4	
	1st	4	4	4	4	
	Subtotal	12	14	13	16	
		\$108,000	\$130,900	\$126,750	\$162,400	
<u>N.C. State</u>	4th Yr.	0	1	1		
	3rd	1	1	0		
(Contract	2nd	2	0	0		
cancelled	1st	1	0	0		
93-94)	Subtotal	4	2	1		
	Refund	\$ 36,000	\$ 18,700	\$ 9,750		
		3,402				
		\$ 32,598				
	TOTAL	63	68	74	79	
		\$563,598	\$635,800	\$721,500	\$801,850	

005622

EXHIBIT

JUN 23 1994

11

OPTOMETRY

STATE BUDGET & CONTROL BOARD

		1992-93 Actual	1993-94 Actual	1994-95 Projected	1995-96 Projected	1996-97 Projected
Contract Fee:		\$ 6,400	\$ 6,650	\$ 6,900	\$ 7,150	\$ 7,400
<u>Southern Coll.</u>	4th Yr.	2	1	2	4	
	3rd	1	2	4	3	
	2nd	2	4	3	4	
	1st	4	3	4	4	
	Subtotal	9	10	13	15	
		\$ 57,600	\$ 66,500	\$ 89,700	\$107,250	
<u>U. Alabama</u>	4th Yr.	2	1	3	2	
	3rd	1	3	2	2	
	2nd	2	2	2	2	
	1st	2	2	2	2	
	Subtotal	7	8	9	8	
		\$ 44,800	\$ 53,200	\$ 62,100	\$ 57,200	
	TOTAL	16	18	22	23	
		\$102,400	\$119,700	\$151,800	\$164,450	

005623

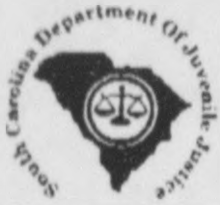
SREB TUITION AID AGREEMENT

N.C. School of the Arts

	1991-92 Actual	1992-93 Actual	1993-94 Projected	1994-95 Projected	1995-96 Projected
<u>Number of Students</u>					
High School level	10	12	14-15		
TOTAL COST	\$17,350	\$16,106	\$16,106	\$16,106	
<u>Funds Appropriated</u>	\$17,350	\$16,106	\$16,106	\$16,106	

005624

14



Flora Brooks Boyd
Director

Department of Juvenile Justice

P.O. Box 21069, Columbia, S.C. 29221-1069
Telephone (803) 737-4290

June 16, 1994

Ms. Donna K. Williams
Secretary to the Board
Budget and Control Board
P.O. Box 12444
Columbia, SC 29211

Dear Ms. Williams:

Attached is a breakdown of expenses to date and estimates for the balance of the year with respect to our legal fees. I apologize that the initial request for \$20,000 in additional civil contingency authorization was incorrect. We were not aware that expert witness fees would be nearly as high as they will be. Our attorneys have two expert witnesses in town for the duration of the court trial which is increasing our overall costs significantly.

If you need anything further from us, please advise. We appreciate your help with this matter very much.

Sincerely,

A handwritten signature in dark ink, appearing to read "Norwood I. Church".

Norwood I. (Nic) Church
Deputy Director for Administration

NIC/rbt

Attachment

005625

15

EXHIBIT**DJJ CONTINGENCY FUND ACTIVITY**

JUN 23 1994

11

June 16, 1994

STATE BUDGET & CONTROL BOARD

I.	Bills Paid Through May 10, 1994	\$ 57,400.98
II.	Accrued Expenses May 11 - June 12	27,994.56
III.	Estimated Expenses June 13 - June 30	<u>39,200.00</u>
	TOTAL PROJECTED FY93/94 EXPENSES	\$124,595.54

Current Authorization	75,000.00
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Additional Authorization Requested	50,000.00
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005626

16



Flora Brooke Boyd
Director

Department of Juvenile Justice

P.O. Box 21069, Columbia, S.C. 29221-1069
Telephone (803) 737-8221

FAX COVER SHEET

TO:

Donna K. Williams
Individual(s) to Receive Document

Agency/Company Name

Fax Number (803) 734-2117

FROM:

Ni Church
Fax Number (803) 737-8259

DATE:

6-16-94

NUMBER OF PAGES (INCLUDING THIS PAGE):

3

005627

17

JUN 23 1994

11

STATE OF SOUTH CAROLINA

State Budget and Control Board STATE BUDGET & CONTROL BOARD
STATE BUDGET DIVISION



CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

EDGAR BROWN BUILDING, SUITE 525
1205 PENDLETON STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 734-2280

GEORGE N. DORN, JR.
DIVISION DIRECTOR

May 25, 1994

MEMORANDUM

To: Donna Kaminer Williams

From: George N. Dorn, Jr. *[Signature]*

Subject: Analysis of Civil Contingent Request for Department of Juvenile Justice

You requested an analysis of the Civil Contingent request and the current situation at the Department of Juvenile Justice (DJJ) by letter from Ms. Boyd on May 16, 1994. Please find attached the following:

1. Copy of Ms. Boyd's letter dated May 16, 1994;
2. Copy of follow-up letter from Mr. Church dated May 23, 1994, including attached billing from their legal counsel involved in over crowding litigation from the month of April and part of May. (This was requested by my office.); and
3. A copy of a memorandum to me from Jim Trexler, the DJJ analyst.

In reviewing these documents, it appears to me that DJJ will probably need the \$20,000 in addition to remaining balance, to prepare for and complete a June trial. If the funds are available, I would recommend setting them aside.

As to the \$50,000 for next year, this will probably be needed to settle plaintiff costs and any clean-up matters; however, that will be encumbered in FY 1994-95, not the present year. As to the relationship that the Insurance Reserve Fund has to this case or any of its liabilities, I have no knowledge. However, the Civil Contingent Fund has been involved in funding this litigation since FY 1990-91. I assume you will brief the Executive Director on this matter. If you need additional information, please advise.

CC: Robert C. Toomey
James W. Trexler

Thanks!

005628



Flora Brooks Boyd
Director

Department of
Juvenile Justice

P.O. Box 21069, Columbia, SC 29221-1069
Telephone (803) 737-4290

May 16, 1994

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MAY 19 1994

Budget and Control Board
Office of the Executive Director

L. Fred Carter, Ph.D., Executive Director
S.C. Budget and Control Board
P.O. Box 12444
Columbia, SC 29211

Dear Dr. Carter:

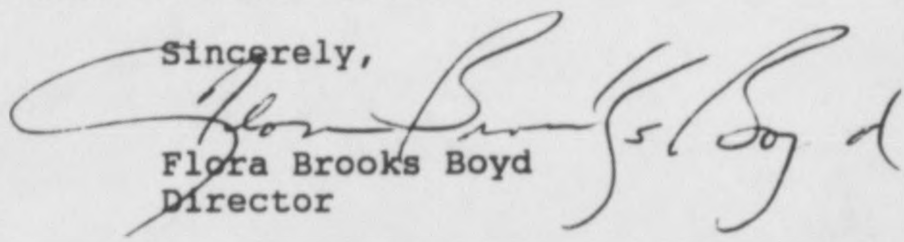
For the past four fiscal years, the Department of Juvenile Justice has received approval from the Budget and Control Board to utilize the Board's Contingency Fund to offset expenses related to the class action lawsuit filed against the Department. Attached is a statement of the expenses that we have paid out of the contingency fund to date. We greatly appreciate the support provided to us by the Budget and Control Board in this matter.

This year has seen a continuation of this litigation. We had hoped to resolve the lawsuit through settlement; however, it appears that we are headed for Court sometime in June. The trial is estimated to last approximately 4 - 5 weeks. We have analyzed the year to date expenses and project that we will need an additional \$20,000 (above the current \$75,0000 authorized level) this fiscal year and \$50,0000 next fiscal year to cover the expenses of preparing for and going to trial. These estimates are driven by the considerable legal expense related to trial preparation (depositions are being conducted almost daily) and the anticipated costs of having numerous juvenile justice experts visit our Institutions on behalf of the Court and our own defense team.

I must emphasize that this cost estimate does not include any expenses being incurred by the plaintiffs. Although we cannot predict, with any degree of accuracy, their accumulated costs, it is certain that they are substantial and will considerably exceed anything we will spend in defense of the case. How those costs are resolved remains unclear and will eventually be determined by the outcome of the trial and the Judge's final order.

Please let me know if you need additional information. I would be pleased to appear before the Board to answer any questions about this request if that would assist them in their decision.

Sincerely,


Flora Brooks Boyd
Director

FBB/rbt
Attachment
CC: Mark Elam

005629

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RECEIVED

MAY 19 1994

Budget & Control Board
OFFICE OF STATE BUDGET

EXHIBIT

JUN 23 1994

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DJJ CONTINGENCY FUND ACTIVITY TO DATE

STATE BUDGET & CONTROL BOARD

MAY 16, 1994

<u>Fiscal Year</u>	<u>Authorized</u>	<u>Spent</u>
90/91	\$50,000	\$34,315.27
91/92	\$75,000	\$51,818.17
92/93	\$50,000	\$41,112.35
93/94	\$75,000	\$29,154.54 (through March)

→ April 14th



45,845
Available

005630

20



Flora Brooks Boyd
Director

Department of Juvenile Justice

P.O. Box 21069, Columbia, S.C. 29221-1069

Telephone (803) 737-4290

May 23, 1994

Mr. James W. Trexler
Budget and Control Board
Budget Division
1205 Pendleton Street
Columbia, SC 29201

Dear Mr. Trexler:

As we discussed on the phone last week, it appears that our own attorney and expert witness fees for the balance of this year will exceed the authorized balance in the Civil Contingency Fund. I am faxing you a copy of the last bill that we received from our attorneys. It is a significant increase over previous billings. That is to be expected given the intensity of trial preparation at this point.

We have requested an additional \$20,000 in Civil Contingency Authorization. That may be inadequate given the level of activity which we are seeing at this time. Basically our attorney is working full time on our case and will continue to do that through trial. I also expect our expert witnesses to be here for trial which will cost us several thousand dollars. We can't predict, with certainty, how long the trial will last, but current estimates are three weeks.

Taking all of these things into account, it is clear that we do not have enough authorization at this time. Our track record has been to receive more authorization than needed, but the current circumstances are quite different than in the past. I hope you can assist us with this.

Sincerely,

Norwood I. (Nic) Church
Deputy Director for Administration

NIC/rbt

Attachment

005631

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EXHIBIT

STATE OF SOUTH CAROLINA

JUN 23 1994

11

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

STATE BUDGET DIVISION

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

EDGAR BROWN BUILDING, SUITE 525
1205 PENDLETON STREET
COLUMBIA, SOUTH CAROLINA 29201
(803) 734-2280

GEORGE N. DORN, JR.
DIVISION DIRECTOR

May 23, 1994

MEMORANDUM

To: George N. Dorn, Jr.
From: James W. Trexler
Subject: Department of Juvenile Justice Civil Contingency Requests

This memo is written in reference to the Department of Juvenile Justice request for additional authorization from the Budget and Control Board for Civil Contingency Funds to offset court-related expenses.

The Department of Juvenile Justice has been authorized \$75,000 for FY 1993-94 from Civil Contingency Funds to cover expenses related to Civil litigation against the agency. The Department has expended to date \$57,402; \$29,145 is related to depositions and other court-related matters, and \$28,247 in expenditures for depositions are pending. The balance of \$17,598 will be spent on trial preparation such as depositions, research and expert witnesses. The additional \$20,000 request for Civil Contingency Funds represents anticipated expenditures for trial preparation.

It is reasonable to assume that the remaining balance of \$17,598 and the Department's request for an additional \$20,000 for FY 1993-94 seems justified in regards to the daily depositions being transacted with trial dates set to begin in the middle of June through the first week of July. Billings for depositions held in March and April were \$28,000.

<u>Authorized</u>	<u>Expenditures</u>	<u>Pending Expenditures*</u>	<u>Balance**</u>
\$75,000	\$29,155	\$28,247	\$17,598

The request for \$50,000 in FY 1994-95 seems reasonable based on the lawsuit being resolved sometime in FY 1994-95. The \$50,000 will be used toward depositions, research, expert witnesses, and other court-related matters. Responsibility of court-related costs of plaintiff will be decided by presiding judge. If agency loses lawsuit, this could impact on the \$50,000 Civil Contingency request. Resolutions and decrees that come from the judge presiding over this lawsuit will be budget issues for FY 1995-96.

- * Pending expenditures represent billing for depositions.
- ** Balance will be used toward depositions and trial preparation matters such as expert witnesses, research by attorneys and depositions.
- *** Request for additional \$20,000 in Civil Contingency Funds would be used to pay for similar expenditures.
- **** The agency has a projected deficit of \$500,000 in FY 1993-94. Therefore, there are no funds available for use toward trial preparation.

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

June 23, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER P. CARTER
EXECUTIVE DIRECTOR

Mr. Fred R. Sheheen, Commissioner
Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29202

Dear Mr. Sheheen:

This will confirm that the Budget and Control Board, at its meeting on June 23, 1994, encumbered \$30,000 of the 1993-94 Civil Contingent Fund for the Commission on Higher Education to pay for the current shortfall in the Southern Regional Education Board account.

This Board action was taken in response to your May 25 letter to Dr. Carter.

The Board's approach on these funds is to encumber them for this purpose and to transfer them to you as needed to pay bills upon the presentation of approved invoices. To effect a transfer of these funds, please submit to this office the STARS Form 30 accompanied by the invoices that have been approved by your agency.

Sincerely,

A handwritten signature in cursive script that reads "Donna Kaminer Williams".

Donna Kaminer Williams
Secretary to the Board

W

005633

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

June 23, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER P. CARTER
EXECUTIVE DIRECTOR

Ms. Flora Brooks Boyd, Director
Department of Juvenile Justice
P. O. Box 21069
Columbia, SC 29221

Dear Ms. Boyd:

This will confirm that the Budget and Control Board, at its meeting on June 23, 1994, encumbered \$50,000 of the 1993-94 Civil Contingent Fund for the Department of Juvenile Justice to prepare for and complete a June trial.

This Board action was taken in response to your May 16 letter to Dr. Carter and Mr. Church's May 23 letter to Mr. Trexler.

The Board's approach on these funds is to encumber them for this purpose and to transfer them to you as needed to pay bills upon the presentation of approved invoices. To effect a transfer of these funds, please submit to this office the STARS Form 30 accompanied by the invoices that have been approved by your agency.

Sincerely,

A handwritten signature in cursive script that reads "Donna Kaminer Williams".

Donna Kaminer Williams
Secretary to the Board

W

005634

EXHIBIT

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF THE EXECUTIVE DIRECTOR

JUN 23 1994

11

STATE BUDGET & CONTROL BOARD

CARROLL A. CAMPBELL, JR., CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



P.O. BOX 12444
COLUMBIA, SOUTH CAROLINA 29211
(803) 734-2320

June 23, 1994

JOHN DRUMMOND
CHAIRMAN, SENATE FINANCE COMMITTEE

WILLIAM D. BOAN
CHAIRMAN, WAYS AND MEANS COMMITTEE

LUTHER F. CARTER
EXECUTIVE DIRECTOR

Mr. Jack Bryan, Director
Division of Administration
Office of the Attorney General
Rembert C. Dennis Building
Columbia, SC 29201

Dear Jack:

This will confirm that the Budget and Control Board, at its meeting on June 23, 1994, disencumbered the following 1993-94 Civil Contingent Fund allocations to the Attorney General's Office:

- (a) \$80,000 for the Catawba Indian lawsuit; and
- (b) \$21,401 to pay the remaining billings for the preparation of a new boundary map in the Georgia v. South Carolina case.

This Board action was taken in response to your May 25 letter.

Sincerely,

A handwritten signature in cursive script that reads "Donna".

Donna Kaminer Williams
Secretary to the Board

W

005635

JUN 23 1994

12

STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION
ITEM NUMBER 5

AGENCY: Human Resources

SUBJECT: Guidelines for Unclassified Employees' 1994-95 Salary Increases

Section 17G.25.B of the 1994-95 Appropriations Act provides for variable annual salary increases for all unclassified employees effective the first pay day which occurs on or after August 16, 1994. Funds for increases are based on an annual average 4.36% increase. The Act further states that the Office of Human Resources' approval must be obtained before any unclassified employee may be granted an annual pay increase in excess of the guidelines established by the Budget and Control Board.

The Board is asked to approve the following guidelines governing unclassified employee pay increases:

(a) Proposed 1994-95 Guidelines Governing Unclassified Employee Pay Increases

- (1) Executive compensation and other non-academic unclassified employees: Authorize agencies to award annual pay increases to Executive Compensation System and other non-academic unclassified employees from 0% to 8%. Only the prorated amount shall be paid for the period of August 16, 1994, through June 30, 1995.
- (2) Unclassified faculty employees: Authorize agencies to award annual pay increases to faculty employees from 0% to 10% and any increases which would not place a faculty member's salary above \$52,000. In addition, authorize the Office of Human Resources to approve increases greater than 10% when the new salary is above \$52,000. For exceptional increases, agencies must submit to the Office of Human Resources a list of faculty members who would receive exceptional increases, the amount of the increase, and the reason for awarding the increase. Only the prorated amount shall be paid for the period of August 16, 1994, through June 30, 1995.

(b) Permanent Proposed Guidelines Governing Medical Doctors

Exempt medical doctors from Section 8-11-165 of the 1976 Code of Laws of South Carolina, as amended, which states that, "No employee of agencies reviewed by the Agency Head Salary Commission may receive in excess of ninety-five percent of the midpoint of the agency head salary range or the agency head actual salary, whichever is greater, except on approval of the Budget and Control Board.

BOARD ACTION REQUESTED:

Approve guidelines for awarding salary increases to unclassified employees in fiscal year 1994-95; and approve permanent guidelines governing medical doctors.

ATTACHMENTS:

Agenda item worksheet; Fact Sheet; Proviso 17G.25.B

005636

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/91)

For meeting scheduled for:

June 23, 1994

☐ Blue Agenda
☒ Regular Session
☐ Executive Session

1. Submitted by: (a) Agency: Office of Human Resources

(b) Authorized Official Signature: Rhylene M. Mayes

2. Subject: FY1994-95 Salary Increases-Proposed Guidelines for Unclassified Employees

3. Summary Background Information:

Section 17G.25.B. of the 1994-95 Appropriation Act provides for variable annual salary increases for all unclassified employees effective on the first pay day which occurs on or after August 16, 1994. Funds for increases are based on an annual average 4.36% increase. The Act further states that Office of Human Resources approval must be obtained before any unclassified employee may be granted an annual pay increase in excess of the guidelines established by the Budget and Control Board.

4. What is Board asked to do?

Approve the attached guidelines for awarding salary increases to unclassified employees.

5. What is recommendation of the Board division involved?

Approve the proposed guidelines for awarding unclassified salary increases for 1994-95.

6. Recommendation of other office (as required)?

Office Name _____

Authorized
Signature _____

7. Supporting Documents:

List those attached:

a. Fact Sheet

List those not attached
but available:

005637

EXHIBIT

FACT SHEET

JUN 23 1994

1 2

STATE BUDGET & CONTROL BOARD

**A. Proposed FY 1994-1995 Guidelines Governing
Unclassified Employee Pay Increases**

**1. Executive Compensation and other Non-academic Unclassified
Employees:**

Authorize agencies to award annual pay increases to Executive Compensation System and other non-academic unclassified employees from 0% to 8%. Only the prorated amount shall be paid for the period of August 16, 1994 through June 30, 1995.

2. Unclassified Faculty Employees:

Authorize agencies to award annual pay increases to faculty employees from 0%-10% and any increases which would not place a faculty member's salary above \$52,000. In addition, authorize the Office of Human Resources to approve increases greater than 10% when the new salary is above \$52,000. For exceptional increases, agencies must submit to the Office of Human Resources a list of faculty members who would receive exceptional increases, the amount of the increase and the reason for awarding the increase. Only the prorated amount shall be paid for the period of August 16, 1994 through June 30, 1995.

**B. Permanent Proposed Guidelines Governing Medical
Doctors**

Exempt medical doctors from Section 8-11-165 of the 1976 Code of Laws of South Carolina, as amended, which states that, "No employee of agencies reviewed by the Agency Head Salary Commission may receive in excess of ninety-five percent of the midpoint of the agency head salary range or the agency head actual salary, whichever is greater, except on approval of the Budget and Control Board."

HISTORICAL BACKGROUND

A.

**1. Executive Compensation and other Non-academic Unclassified
Employees.**

The Board authorized agencies to award a 2% across-the-board increase to unclassified employees for Fiscal Year 1992-93, 9% for Fiscal Year 1990-91, and 8% for Fiscal Years 1989-90 and 1988-89. The Appropriation Acts for Fiscal Years 1991-92 and Fiscal Year 1993-94 did not include provisions for increases.

005638

2. Unclassified Faculty Employees

The Office of Human Resources was authorized to approve faculty pay increases per guidelines during Fiscal Year 1992-93, 1990-91, 1989-90, and 1988-89. Exceptions to these guidelines were presented to the Budget and Control Board. The Appropriation Acts of 1991-92 and 1993-94 did not include provisions for faculty pay increases. Below is a summary of each year's guidelines:

<u>Fiscal Year</u>	<u>Agency Approval Level</u>	<u>OHR Approval Level</u>
1993-94	No Provisions for Increases	
1992-93	0-11%, or up to \$50,000	Over 11%, over \$50,000*
1991-92	No Provisions for Increases	
1990-91	0-9%	9%-15%, or up to \$46,000*
1989-90	0-8%	8%-15%, or up to \$43,000*
1988-89	0-8%	8%-15%, or up to \$40,000*

*OHR salary level approval was based on the southern region faculty salary average as published in the Oklahoma State University Faculty Salary Survey each year. The yearly average included all faculty ranks and disciplines. However, individual approvals were based on comparisons within specific faculty rank and academic discipline.

Exceptions previously approved were primarily based on salary inequities within departments, exceptional performance and efforts to retain valued faculty with significant research grants.

- a. The southern region average faculty salary published by Oklahoma State University in the spring of 1994 is \$51,619; the national average is \$52,689.
- b. Factors OHR will consider in approving exceptions are salary inequities, faculty retention, exceptional performance and salary competitiveness by rank.
- c. The colleges and universities internal review process includes an analysis by department chairs, deans, the provost and in exceptional cases, the president of the institution.

B. Medical Doctors

Permanent guidelines needed to recruit and retain medical doctors.

Prepared by the Office of Human Resources, June 10, 1994.

005639

17G.25. (BCB/DBA: OHR - Compensation - BPI, Compression & Merit) The amounts appropriated to the Budget & Control Board for Employee Pay Increase must be allocated by the Board to various state agencies to provide pay increases for employees in accordance with the following plan:

A. With respect to classified employees:

1. Effective on the first pay date which occurs on or after July 1 of the current fiscal year, the compensation of all classified employees shall be increased by 2%. This increase shall not increase the minimum of the pay grade.

2. In addition, effective on the first pay date which occurs on or after July 1 of the current fiscal year, an average 1.06% one-time base pay increase for compression relief shall be awarded to all classified employees with permanent status in the following percentage amounts:

(a) Employees with less than one year of service in their current job or grade as of July 1, 1994 will receive a 0.5% increase.

(b) Employees with at least one and less than three years of service in their current job or grade as of July 1, 1994 will receive a 1.0% increase.

(c) Employees with at least three and less than five years of service in their current job or grade as of July 1, 1994 will receive a 1.25% increase.

(d) Employees with five or more years of service in their current job or grade as of July 1, 1994 will receive a 1.5% increase.

(e) Such increases shall be limited to the maximum of an employee's existing salary range.

(f) Employees in trainee or probationary status as of July 1, 1994 will not be eligible for this portion of the pay increase.

(g) Employees must also have received at least a "meets" performance rating on their most recent performance evaluation to be eligible for this portion of the pay increase.

3. The Budget and Control Board shall distribute the funds appropriated for merit increments so as to provide funds for an average 1.3% merit increment increase for classified employees. The effective date of this increase is on the first pay date on or after October 1, of the current fiscal year. The amount of the merit increment for each employee shall be based on the most recent Employee Performance Management System (EPMS) evaluation and shall be determined based on a plan established by the agency director. Employees in trainee or probationary status as of October 1, 1994 will not be eligible for this portion of the pay increase.

B. With respect to unclassified employees or unclassified executive compensation system employees not elsewhere covered in this Act, effective on the first pay date which occurs on or after August 16, of the current fiscal year, each agency is authorized to allot the total

EXHIBIT

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STATE BUDGET & CONTROL BOARD

funds for compensation increases among individual employees without uniformity. The funds provided for compensation increases for any employees subject to the provisions of this paragraph are based on an annual average 4.36% increase. All of the salaries are subject to the provisions of Section 129.29 of Part I of this Act and Office of Human Resources approval must be obtained before any employees subject to the provisions of this paragraph may be granted an annual pay increase in excess of the guidelines established by the Budget & Control Board. Any employee subject to the provisions of this paragraph shall not be eligible for compensation increases provided in paragraphs A and C.

C. With respect to local health care providers, the funds provided for compensation increases shall be based on an annual average 4.36% increase, effective on the first pay period on or after August 16 of the current fiscal year.

17G.7. (BCB/DBA: OHR - Compensation - Agency Head Salary) Notwithstanding any other provision of law in the event of an agency head vacancy, the governing board of the agency or the Governor, must have the prior favorable recommendation of the Agency Head Salary Commission to set, discuss or offer a salary for the agency head at a rate that exceeds the minimum of the range established by the Agency Head Salary Commission. The Budget and Control Board shall have final approval authority for agency head salaries. Boards and Commissions of newly created agencies shall not offer a salary to a prospective agency head until a salary range has been established and the salary approved by the Agency Head Salary Commission. The funding for such purpose should come from resources within the agency. The Agency Head Salary Commission shall recommend to the Budget & Control Board salary increases for agency heads. No agency head shall be paid less than the minimum of the pay range nor receive an increase that would have the effect of raising the salary above the maximum of the pay range. Funding shall be provided for an amount equivalent to the pay increase for all classified employees. Any remaining increases recommended by the Agency Head Salary Commission shall be funded from the individual agency budget. All increases shall be effective on or after January 1, of the current fiscal year.

17G.42. (BCB/DBA: OHR - Compensation - Other Chief Executive Officers Increases) Agency chief executive officers not reviewed by the Agency Head Salary Commission shall receive an annual increase of 4.36% effective on the first pay date which occurs on or after August 16, of the current fiscal year, unless otherwise provided in this Act.

17G.43. (BCB/DBA: OHR - Compensation - Judicial Officers Increases) The Chief Justice and other judicial officers as prescribed by law shall receive an annual increase of 4.36% effective on the first pay date occurring on or after August 16, of the current fiscal year.

005641

EXHIBIT

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STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER 6

AGENCY: Local Government

SUBJECT: Anderson County Grant Program Request

Anderson County is requesting \$180,000 on behalf of the Hammond Water and Sewer Company to assist in the relocation and replacement of 17,500 linear feet 10" water main along South Carolina Highway 81 due to the widening of the highway.

The cost of the project is estimated to be \$402,500.

This is a new total given by Mr. Ed Chamblee of The Hammond Water & Sewer Company.

BOARD ACTION REQUESTED:

Approve a grant of \$100,000 to Anderson County on behalf of the Hammond Water and Sewer Company.

ATTACHMENTS:

Agenda item worksheet; Grant Agreement No. 490

005642

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (12/84)

Meeting Scheduled for: *June 23, 1994*

Agenda: *Regular*

1. Submitted By:

(a) Agency: *B&C Bd. - Local Government*

(b) Authorized Official Signature: *Nancy W. Dennis*

2. Subject:

Budget and Control Board Grant Program request by Anderson County on behalf of the Hammond Water and Sewer Company (Grant Agreement No. 490).

3. Summary and Background Information:

Anderson County is requesting \$180,000 on behalf of the Hammond Water and Sewer Company to assist in the relocation and replacement of 17,500 lf 10" water main along SC 81 due to widening of the highway. The cost of the project is estimated to be \$402,500 (Note: this is a new total given by Mr. Ed Chamblee of the Hammond W&C Co. 5/25.94).

4. What is Board asked to do?

Approve grant in the amount of \$100,000.

5. What is recommendation of Board Division involved?

Approve grant in the amount of \$100,000.

6. Recommendation of other Division/agency (as required)?

(a) Authorized Signature: _____

(b) Division/Agency Name: _____

7. Supporting Documents

(a) List Those Attached:

Grant Agreement No. 490.

(b) List Those Not Attached But Available From Submitter:

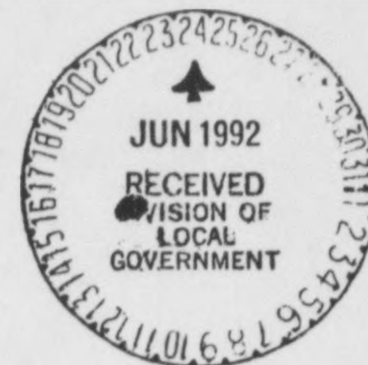
005643

STATE OF SOUTH CAROLINA
State Budget and Control Board
 DIVISION OF LOCAL GOVERNMENT



GRANT AGREEMENT

CERTIFIED



This grant agreement is entered into this _____ day of _____, 19____, between the South Carolina State Budget and Control Board, through the Division of Local Government, an agency of the State of South Carolina (the "State") and Anderson County/Hammond Water & Sewer Co. a _____ county of the State of South Carolina (the "Project Sponsor").

WHEREAS, the State is authorized to administer and manager certain State funds to be used for rural improvement, economic development and to improve the quality of life for the citizens of the State of South Carolina; and

WHEREAS, Project Sponsor may undertake projects and receive assistance in the financing of such projects by way of grants made from such State funds and to enter into grant agreements providing for the terms for using such grants and providing for the repayment of amounts received from the funds together with interest thereon in the event of violation of such terms by the Project Sponsor; and

WHEREAS, the Project Sponsor proposes to acquire and/or construct the goods and/or services for the project described in Appendix "A" hereto (the "Project");

NOW, THEREFORE, BE IT AGREED AS FOLLOWS:

ARTICLE 1

Section 1.1. Definitions: Except to the extent modified or supplemented by this Agreement, any term used herein shall have the following meaning:

- 1.1.1 Agreement means this Grant Agreement, as described above and any amendments or supplements thereto.
- 1.1.2 Grant Funds means the monies and any loans secured by loan guarantees provided under this Agreement.
- 1.1.3 Project means the construction or manufacturing program or other activities, including the administration thereof, with respect to which Grant Funds are being provided under this Agreement as more particularly described on Appendix "A" attached hereto and made a part hereof.
- 1.1.4 Project Budget means the line-item budget for the use of all grant funds as set forth on Appendix "B" attached hereto and made a part hereof.
- 1.1.5 Project Sponsor means each entity designated as a recipient for grant or loan guarantee assistance in the Grant Award and signing the acceptance provision of the Grant Award.
- 1.1.6 State means the State Budget and Control Board, Division of Local Government ("DLG").

EXHIBIT

ARTICLE 2

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GRANT CONDITIONS

STATE BUDGET & CONTROL BOARD

Section 2.1. Grant made and accepted: In consideration of the mutual promises of this Agreement and upon and subject to its terms and conditions, the State agrees to make, and the Project Sponsor agrees to accept, the Grant herein provided for relocation and replacement of water system facilities along South Carolina Highway #81 from Anderson city limit northward to Crestview Road necessitated by the reworking of, and upgrade of, said highway by SCDHPT.

Section 2.2 Purpose Limited to Project: The Project Sponsor shall use the proceeds of the grant only to pay the actual costs of the project described in the Project Budget. Except to the extent otherwise approved in writing by the State, only the costs shown in the Project Budget shall be allowed and only in the amounts provided for each category.

Section 2.3. Ineligible costs: Funds obligated or expended prior to the grant award or for activities which have not received prior approval from the State shall be considered ineligible costs and shall not be eligible for payment with Grant Funds.

Section 2.4. Budget Changes: Any changes in the grant budget affecting more than ten percent (10%) of any line-item must be approved in writing by the State; provided, however, that no increase for the General Administration line-item shall be allowed without prior approval of the State, regardless of the amount of percentage of increase.

Section 2.5 Grant Award and Letter of Credit: Project Sponsor whose applications for grants are approved by the State, will receive a grant award and letter of credit for the amount of the Project Budget as approved by the Division of Local Government. The Project Sponsor may receive the grant funds following approval of a draw request on the credit established by the Grant Award. Draw requests will be made on forms approved by the State and such requests are subject to approval by the State.

Section 2.6. Disbursements: The State may make and the Project Sponsor shall accept full or partial disbursements from the State only against incurred, actual, eligible costs up to the grant amount as provided in this Agreement. In those cases when the Project Sponsor has paid the incurred project costs and is seeking reimbursement for payment of such costs theretofore paid by the Project Sponsor, any check for disbursement from the fund to pay such costs, at the option of the State, shall be drawn to the Project Sponsor alone or jointly to the Project Sponsor and the vendor supplying the goods and services for the project. Such check will be mailed to the Project Sponsor. Requests for disbursement shall be made on forms of the State, unless the State otherwise directs, and shall be accompanied by such invoices and other proofs as the State may reasonably require.

Section 2.7. Time Limitation and Extension of Time: Grant funds received by the Project Sponsor must be spent as described in Section 2.2 of this Agreement within six (6) months of the date of approval by the State. All unspent grant funds at the end of the above six-month period shall be returned to the State within thirty (30) days of the expiration of the six-month period with interest at the rate of _____% per annum added thereof. The State may grant an extension of time to the Project Sponsor for spending the grant funds if there are extreme hardship circumstances which prevent the Project Sponsor from complying with the time limitation. The Project Sponsor must, prior to the expiration of the six-month period, request, in writing, an extension of time detailing the hardship circumstances, indicating how the Project Sponsor intends to overcome the hardship and projection of when the funds would be spent. In any case, the extension will not exceed three (3) months. The State, in its sole discretion, may terminate its promise to grant all, or any portion of the Grant Funds which have not been advanced if:

- 2.7.1 the Project Sponsor has not entered into a contract with respect to acquisition of goods and services to begin the Project as described in Project Budget within six (6) months of the date hereof; or
- 2.7.2 a circumstance arises or becomes known which, in the State's sole discretion and opinion, (i) substantially impairs the ability of the Project Sponsor to complete the project, or (ii) substantially impairs the merit of the Project.

Section 2.8. Accounting for Project Transactions: The Project Sponsor must set up a separate bank account for each separate grant agreement and account for all grant fund transactions separately. The bank, the account and a Project Sponsor representative shall be designated by the Project Sponsor before it may request disbursements and such designations shall be subject to approval by the State. The bank account used for the grant funds by the Project Sponsor shall be an interest-bearing account.

Section 2.9. Program Income: The State may require as a condition of any funds distributed by the State under the provisions of this Agreement, that the Project Sponsor pay the State any such income as is earned from the Project during the six-month period following the execution of this Agreement. However, the State shall waive such condition to the extent such income is applied by the Project Sponsor to continue the activity from which such income was derived.

ARTICLE 3

Remedies

Section 3.1. Grant Repaid: If the Project Sponsor violates the terms of this Agreement, or any applicable law or regulations, the State may, by notice in writing to the Project Sponsor, demand the principal portion of the Grant Funds which have been disbursed to the Project Sponsor immediately due and payable to the State, together with interest calculated on it at the rate of _____% per annum. Interest above shall continue to accrue and compound until the date of payment.

Section 3.2. Collection Costs and Fees: In the event of a violation of this Agreement, the State may collect Grant Funds paid plus interest as described in Section 3.1. Costs and fees associated with the collection, including attorney's fees, are also to be collected from the Project Sponsor. The Project Sponsor agrees to pay the State all such costs and fees, including attorney's fees, incurred in collecting the grant funds and interest.

Section 3.3. Additional Remedy: Upon any failure of the Project Sponsor to make any payment to the State in accordance with the provisions of this Agreement, the State, without further action, may request and, the Project Sponsor by acceptance of the grant herein, hereby specifically authorizes the State Treasurer and Comptroller General of the State to pay the State the amount of state aid to which the Project Sponsor may become entitled to until all delinquent payments described in Sections 3.1 and 3.2 have been paid.

ARTICLE 4

General

Section 4.1. Reporting Requirements: The Project Sponsor agrees to complete and submit all reports, in such form and according to such schedule, as may be required by the State.

Section 4.2. Audit: The Project Sponsor agrees to have conducted an independent audit of grant funds and submit all audit findings to the Board upon completion of project.

Section 4.3. Maintenance of Records: Records and accounts for Grant Fund transactions must be maintained using generally-accepted accounting principals. Detailed records and source documents must be maintained in a neat, easily accessible manner. Records for all grant funds must be retained for five (5) years after receipt of the final disbursement by the Project Sponsor. However, if any litigation, claim, or audit is started before the expiration of the five-year period, then records must be retained for five (5) years after the litigation, claim, or audit is resolved.

Section 4.4. Access: All records with respect to all matters covered by this Agreement shall be made available for random audit and inspection by the State.

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Section 4.5. Ownership: Title to property acquired in whole or in part with grant funds shall be vested in the Project Sponsor, subject to divestment by State, where its use for project or other approved activities is discontinued. Project Sponsor should exercise caution in the use, maintenance, protection, and preservation of such property during the period of project use. The Project Sponsor must file with the State a property inventory statement (in a form acceptable to the State) within thirty (30) days of receipt of the final disbursement by the Project Sponsor and must agree to be subject to audit by State or its duly authorized representatives for verification of the information contained in the property inventory form.

Section 4.6. Applicable Law: This Agreement is made under and shall be construed in accordance with the laws of the State of South Carolina. By accepting this grant, the Project Sponsor also agrees to submit to the jurisdiction of the courts of the State of South Carolina for all matters arising or to arise hereunder, including but not limited to, performance of said grant and the payment of licenses and taxes of whatever kind of nature applicable hereto.

Section 4.7. Amendments: Any changes to this grant award affecting the scope of work of the project must be approved, in writing, by the State and shall be incorporated in written amendment(s) to this Agreement.

IN WITNESS WHEREOF, The Project Sponsor and the State have caused these presents to be signed, sealed and delivered all as of the date hereon.

(SEAL)

(Project Sponsor)

By J. David Watson

Its _____

Address: _____

Attest:

Deborah J. Mark

Its _____

South Carolina State Budget and Control Board

By _____

In accordance with Proviso 14.91 of the 1990-1991 State Appropriations Act, I hereby attest to have reviewed this Grant Agreement for the herein named project.

Murray J. Muller (Senator)

Pat Harris (House Member)

APPENDIX "A"

CERTIFIED

PROJECT SPONSOR: Anderson County/Hammond Water & Sewer Company

GRANT NUMBER: 490

SCOPE OF WORK
(Please itemize)

	<u>Description</u>	<u>Budget</u>	<u>Grant Funds Requested</u>
1.	17,500 14,600 LF 10" Ductile Iron		
2.	water main & appurtenances	365,900	
3.	@ \$23	\$ 335,800	\$ 180,000
4.			
5.	Engineering, supervision, &	34,600	
6.	inspection	33,500	
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
		\$ 369,300	\$ 180,000
		402,500	

EXHIBIT

APPENDIX "B"

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STATE BUDGET & CONTROL BOARD

The Project shall consist of the following:

Replacing ~~14,600~~ LF of potable water mains and appurtenances along S. C. Highway
#81 from the Anderson City Limit northward to Crestview Road with a 10" ductile
iron main and appurtenances.

17,500 LF

Source of Funding of Project:

Federal Funds

State Funds

Local Funds (Hammond Water & Sewer Co.)

Other Funds

Budget and Control Board Funds

Total Project Funds

\$ 189,300

180,000

\$ 369,300

402,500

EXHIBIT

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STATE BUDGET AND CONTROL BOARD

MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

7

AGENCY: General Services

SUBJECT: Natural Resources Authority over Property in ACE Basin

In *State v. Fain*, the Supreme Court confirmed that certain tideland was property of the State of South Carolina. This tideland is covered by water at high tide and has not been considered to be under the jurisdiction of any particular state agency.

The 406 acres is in two parcels, both of which are contiguous to the ACE Basin. The Wildlife and Marine Resources Department and the Water Resources Commission request that management authority of the Fain property be granted to the Department of Natural Resources to be managed consistent with its management responsibilities for the ACE Basin.

BOARD ACTION REQUESTED:

Grant management authority of the 406 state-owned acres known as the Fain property to the Department of Natural Resources to be managed consistent with its other ACE Basin property.

ATTACHMENTS:

Agenda item worksheet; League June 6 letter

005650

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET (Revised 9/91)

Meeting Scheduled for: June 23, 1994

☐ Blue Agenda
☒ Regular Session
☐ Executive Session

1. Submitted by:
(a) Agency: Division of General Services
South Carolina Budget and Control Board

(b) Authorized Official Signature: _____
2. Subject:
Granting Wildlife and Marine Resources (Department of Natural Resources) management authority over approximately 406 acres of state owned property in the ACE Basin.
3. Summary Background Information:
In State v. Fain, in 1974, the S.C. Supreme Court confirmed that certain tideland was property of the State of South Carolina. This tideland is covered by water at high tide and has not been considered to be under the jurisdiction of any particular State Agency. The property is in two parcels both of which are contiguous to the ACE Basin. The Wildlife and Marine Resources Department and the Water Resources Commission request that management authority of the Fain property be granted to the Department of Natural Resources to be managed consistent with its management responsibilities for the ACE Basin.
4. What is Board asked to do?
Grant management authority of the Fain property to the Department of Natural Resources consistent with its other ACE Basin management.
5. What is recommendation of Board division involved?
Approve.
6. Recommendation of other office (as required)?
Office Name: _____

Authorized Signature: _____
7. Supporting Documents:
(a) List Those Attached:
 1. Letter from Water Resources.
 - 2.
(b) List Those Not Attached But Available From Submitter:

005651



South Carolina Water Resources Commission

1201 Main Street, Suite 1100 ☐ Columbia, S.C. 29201 ☐ Telephone (803) 737-0800

EXHIBIT

JUN 23 1994

14

STATE BUDGET & CONTROL BOARD

Alfred H. Vang
Executive Director

June 6, 1994

Wayne F. Rush
General Counsel
Division of General Services
S. C. Budget and Control Board
1201 Main Street, Suite 420
Columbia, S. C. 29201

Re: Unpermitted Structures on Combahee River

Dear Wayne:

This letter follows up our telephone conversation from last week, in which we discussed the status of two unpermitted structures within state jurisdiction on the Combahee River, a navigable water of South Carolina. As I indicated in our conversation, the Commission would continue its efforts to determine property ownership of the high land at and adjacent to the two structures. Following further consultation with the Wildlife and Marine Resources Department and review of relevant records, the Commission has now reached the conclusion that the structures are located on state-owned property.

The property in question is in two noncontiguous parcels, which total four hundred six (406) acres combined. Title in the State to this property was confirmed in 1974, by opinion of the South Carolina Supreme Court (State v. Fain, 273 S.C. 748, 259 S.E.2d 606 (1974)).

As we have previously discussed, both the Water Resources Commission and the Wildlife and Marine Resources Department are concerned about the presence of the two unpermitted structures. Both structures present potential hazards to the public using the waters of the Combahee River. Additionally, the structures lie at the heart of the ACE Basin Project, a project in which considerable effort and funds have been expended by both public and private parties. The structures are completely out of character with the ACE Basin Project.

005652

EXHIBIT

JUN 23 1994

1 4

STATE BUDGET & CONTROL BOARD

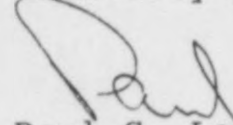
June 6, 1994
Page 2

In discussions with the Wildlife Department, representatives of that Department have suggested that the Department might be able to take some action to remove the structures if the Department had the necessary authorization. The Department, particularly in light of the presence of the Fain property in the ACE Basin, is willing to accept a grant from the State Budget and Control Board of authority to manage the 406 acre property.

Therefore, please accept this letter as a request by the Water Resources Commission and the Wildlife and Marine Resources Department that the State Budget and Control Board grant management authority over the property in question to the Wildlife and Marine Resources Department. As of July 1, 1994, the Wildlife Department and the nonregulatory portions of the Water Resources Commission will be merged into the new Department of Natural Resources, along with several other agencies. Please be advised that I have already moved to the offices of the Wildlife and Marine Resources Department and that I am writing this letter in contemplation of the creation of the new Department of Natural Resources. You may contact me by telephone at 734-4006 or by mail at P. O. Box 167, Columbia, SC 29201.

I very much appreciate your following up on this request.

Sincerely yours,



Paul S. League
Chief Counsel

PSL:msb

005653

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STATE BUDGET AND CONTROL BOARD
MEETING OF June 23, 1994

STATE BUDGET & CONTROL BOARD
REGULAR SESSION

ITEM NUMBER

8

AGENCY: General Services

SUBJECT: Forestry Commission Property Sale, Williamsburg County

In 1951, the Forestry Commission purchased one acre of land in Williamsburg County from W. H. Kinder for \$75. In 1987, Williamsburg County conveyed a 50-foot wide strip (0.615 acre) that was being used as an access road to the Forestry Commission for \$5. This property served as the site for Commission's Kingstree District shop facility.

The Commission advises that this facility has not been used in approximately ten years. Williamsburg County has expressed an interest in purchasing the one-acre site for its appraised value of \$2,000. The County also has requested that the Commission quit claim its interest in the 50-foot strip (0.615 acre) back to the County. The Forestry Commission has approved the sale and requests Board approval. Property Management has reviewed the appraisal and concurs with the value.

BOARD ACTION REQUESTED:

Waive the standard surplus property procedure and approve the Forestry Commission sale of one acre, previously used as the Kingstree District shop facility, to Williamsburg County for \$2,000; and approve a quit claim to the County without consideration for the Forestry Commission's interest in a 50-foot strip (0.615 acre).

ATTACHMENTS:

Agenda item worksheet; Ryan 4/26/94 letter; Chatman 11/2/93 letter; Map; Appraisal; Code Section 1-11-65

005654

BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

Meeting Scheduled for: June 23, 1994

Regular Agenda

1. Submitted By:

- (a) Agency: Office of General Services
(b) Authorized Official Signature: Helen T. Zeigler

Helen T. Zeigler

2. Subject:

Forestry Commission sale of real property in Williamsburg County.

3. Summary Background Information:

The Forestry Commission purchased one acre of land in Williamsburg County from W. H. Kinder in 1951 for \$75.00. In 1987, Williamsburg County conveyed a 50 foot wide strip, that was being used as an access road, to the Commission for \$5.00. This parcel contains .615 acres. This property served as the site for the Commission's shop facility for the Kingstree District. The Commission advises that this facility has not been used in approximately ten years. Williamsburg County has expressed an interest in purchasing the one acre site for its appraised value of \$2,000 and has requested that the Commission quit claim its interest in the 50 foot strip (.615 acres) back to the County. The Commission has approved this sale and is now requesting Board approval. Property Management has reviewed the appraisal and concurs with the value.

4. What is Board asked to do?

Waive the standard surplus property procedure and approve the Forestry Commission sale of one acre to Williamsburg County for \$2,000 and approve a quit claim without consideration to the Commission's interest in a 50 foot strip (.615 acres) to the County.

5. What is recommendation of Board Division involved?

Approve

6. Recommendation of other Division/agency (as required)?

- (a) Authorized Signature: _____
(b) Division/Agency Name: _____

7. List of Supporting Documents:

1. Letter from Forestry Commission
2. Letter from Williamsburg County
3. Map
4. Appraisal
5. Code 1-11-65

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SOUTH CAROLINA FORESTRY COMMISSION
P.O. Box 21707 • Columbia, South Carolina 29221
(803) 896 8800, FAX (803) 798 8097
J. Hugh Ryan, State Forester

EXHIBIT

JUN 23 1994

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STATE BUDGET & CONTROL BOARD

April 26, 1994

Mr. Bruce Taylor
Property Management Division
Budget and Control Board
1201 Main Street, Suite 420
Columbia, SC 29201

Reference: Kingstree District Shop Site Sale-
Williamsburg County

Dear Bruce:

The Forestry Commission purchased one (1.0) acre of land in fee simple from Mr. W. H. Kinder of Kingstree at a cost of \$75.00 in 1951. This tract was bounded by lands of Mr. Kinder on three sides and by land of Williamsburg County on the fourth side. The Forestry Commission gained access to the tract through a verbal agreement with Williamsburg County. The agreement allowed the Forestry Commission to construct a drive across county land thereby connecting the Commission's property to a public road. The use of this land was at not cost to the Commission.

The agreement between the County and Forestry Commission continued and the Forestry Commission used the drive at no cost until 1987. In 1987, Williamsburg County deeded the drive containing six tenths (0.6) acre to the Forestry Commission. The only compensation to the County for this land was the agreement that if the Forestry Commission sold the original one (1.0) acre tract, the County would be allowed to buy back the right-of-way or be paid a prorated share of the sale proceeds from the entire one and six tenths (1.6) acres.

The Forestry Commission made a decision in the spring of 1993 to declare this property surplus. An appraisal of the property set its value at \$2000.00.

Shortly after the decision was made public, Mr. E. W. Prosser approached the Forestry Commission and advised that he would like to buy the one (1.0) acre tract which was originally sold from the Kinder tract. Mr. Prosser's father had purchased the remainder of the Kinder tract at a Courthouse sale to settle the Kinder Estate. Mr. Prosser does not need the six tenths (0.6) acre right-of-way because he owns the adjoining property on three sides of the one (1.0) acre Forestry Commission tract. Mr. Prosser has offered to pay the appraised value of \$2000.00.

The Forestry Commission's obligation to Williamsburg County with regards to the right-of-way dictated that we advise

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them of the decision to sell the property. Upon receipt of this information, Mr. Alex Chatman the Williamsburg County Supervisor advised that the County would like to purchase the one (1.0) acre tract as an addition to the County Industrial Park. Williamsburg County has offered to pay the appraised value of \$2000.00.

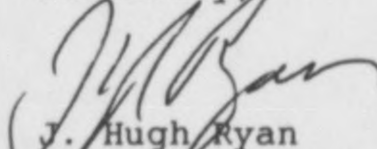
After due consideration of both offers the Forestry Commission requests approval to dispose of the property in the following manner. The six tenths (0.6) acre right-of-way will be deeded back to Williamsburg County at no cost to the County. Following this action, the one (1.0) acre tract for which the Forestry Commission holds fee simple title will be sold to Williamsburg County at the appraised value of \$2000.00.

This request is based partly on the consideration extended to the Forestry Commission by Williamsburg County in allowing free use of a road right-of-way for forty-three (43) years (1951 to 1994). In addition, the County and Forestry Commission have a close working relationship which benefits the Forestry Commission at other Commission properties in the County. The County also rents to the Commission one and five tenths (1.5) acres at the Williamsburg Airport at an annual cost of five dollars (\$5.00). This land is used to maintain an aircraft hangar and small office (both Commission owned) for aircraft stationed in Kingstree.

I know that questions have been posed as to consideration of Prosser's offer since the Forestry Commission property was originally part of the tract he presently owns. We do not feel we owe Prosser consideration to a greater degree than Williamsburg County because our land was purchased fee simple from Kinder with no access, restrictions or other ties to the remaining Kinder property. Also Prosser has no connection to Kinder except that his father purchased land which was owned by Kinder. When this purchase occurred, Prosser's father did not expect to ever have the opportunity to obtain the Forestry Commission land. Accordingly, the Forestry Commission requests that the Budget and Control approve the sale of this land to Williamsburg County as outlined above. We also request this be placed on the Budget and Control Board Agenda at the earliest possible date in order to resolve the matter.

Thank you for your assistance to the Forestry Commission.
We appreciate your time and effort.

Sincerely,


J. Hugh Ryan
State Forester

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JUN 23 1994

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STATE BUDGET & CONTROL BOARD

Eddie Woods, Jr.
Bruce Wheeler
Harry Huggins

Alex Chatman

Supervisor

Williamsburg County

P. O. Box 330

Kingsree, South Carolina 29556

Andy McKnight
Barbara McKenzie
Franklin Fulmore
Newton Pressley

November 2, 1993

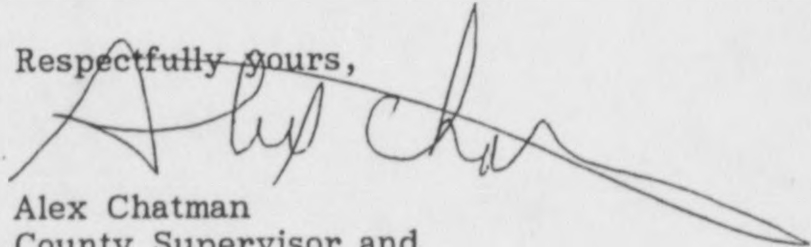
Mr. Thomas W. Forte
S. C. Forestry Commission
P. O. Box 21707
Columbia, S. C. 29221

Dear Sir:

In response to your letter of August 26, 1993 and our telephone conversation today. Please be advised that Williamsburg County is interested in purchasing the property described in your letter at its appraised value of \$2000.00 for the acre of land, and a quit claim for the .6 acre of land which I understand the County originally deeded to the Commission without cost.

Please advise me as to the process the County must go through to purchase the same.

Respectfully yours,



Alex Chatman
County Supervisor and
Chairman of County Council

AC/lb

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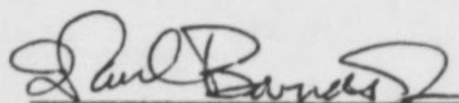
INFORMATION ON CERTAIN DOCUMENTS MAY BE ILLEGIBLE DUE TO
FAINT TYPING/WRITING AND IT MAY NOT BE POSSIBLE TO OBTAIN A
SATISFACTORY PHOTOGRAPHIC IMAGE OF THOSE RECORDS.

ANALYSIS OF SALES

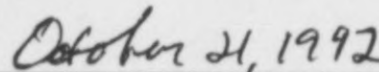
The above sales were chosen from a thorough market study of vacant land transactions northeast of the town of Kingstree. The County Public Records yielded seven transactions in 1991 and 1992 which is considered typical for the area Real Estate Market. The three most comparable sales were chosen. Only one of the transactions has no road frontage and involved an adjacent land owner, however, the transaction involved 25.5 acres and was not chosen as one of the three comparables. All three sales are adjusted 10% for subjects superior location near the County Industrial Park. Because the most likely buyer for the property is an adjacent land owner, no contribution to value is considered for the site improvements or access easement to S-45-301. See Addendum Section.

INDICATED VALUE OF SUBJECT SITE: 1.00 x \$2,000/Acre = \$2,000
EXCESS LAND VALUE: = \$ 0
TOTAL ESTIMATED LAND VALUE: = \$2,000
ROUNDED TO:

TWO THOUSAND DOLLARS
(\$2,000)



J. PAUL BARNES, JR.
S.C. LICENSED R. E. APPRAISER #L7


DATE

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EXHIBIT

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STATE BUDGET & CONTROL BOARD

"Section 1-11-65. (A) All transactions involving real property, made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board. Upon approval of the transaction by the Budget and Control Board, there must be recorded simultaneously with the deed, a certificate of acceptance, which acknowledges the board's approval of the transaction. The county recording authority cannot accept for recording any deed not accompanied by a certificate of acceptance. The board may exempt a governmental body from the provisions of this subsection.

(B) All state agencies, departments, and institutions authorized by law to accept gifts of tangible personal property shall have executed by its governing body an acknowledgment of acceptance prior to transfer of the tangible personal property to the agency, department, or institution."

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EXHIBIT

RESOLUTION OF THE BUDGET AND CONTROL BOARD

JUN 23 1994

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STATE BUDGET & CONTROL BOARD

WHEREAS, the South Carolina State Budget and Control Board has been advised by legal counsel that it does not have authority to determine what flags should be flown above the South Carolina State House; and

WHEREAS, the State Budget and Control Board has been further advised by legal counsel that it does not have any independent authority to remove the Confederate Battle Flag from the State House dome. The Federal District Court affirmed that the Governor had no authority over the Confederate Battle Flag, and further the State Budget and Control Board was dismissed from the lawsuit; and

WHEREAS, the State Budget and Control Board, through its Office of General Services, is charged statutorily with only the maintenance of the State House and its grounds and does not have the authority to make changes without the express approval and direction of the State House Committee and/or the General Assembly; and

WHEREAS, on June 17, 1987, and on October 18, 1993, the Attorney General of South Carolina did issue opinions which specifically stated that the State Budget and Control Board did not have the legal authority to remove the Confederate Battle Flag without direction from the above mentioned legislative entities so charged with that responsibility; and

WHEREAS, the South Carolina General Assembly has not passed any new legislation altering the legal facts regarding the flying of the Confederate Battle Flag over the State House since the issuance of the October 18, 1993, opinion of the Attorney General; and

WHEREAS, the State Budget and Control Board is unanimously in agreement that the issue of the Confederate Battle Flag over the State House needs to be resolved in as harmonious a manner as possible and that a compromise needs to be derived from a consensus of the leadership of the General Assembly which will preserve the heritage of all citizenry of this state;

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board that it endorses in principle the compromise set forth in the commonly termed Heritage Act which removes all flags from the State House dome except the United States and South Carolina flags, displays the Confederate Battle Flag at the Confederate Soldier's Monument on the State House grounds, displays the First National Flags of the Confederacy on the State House Grounds, and provides for a mechanism to build a Civil Rights Monument to honor and recognize the efforts made to afford and guarantee equal rights and opportunities to all South Carolinians irrespective of race or ethnic origin.

BE IT FURTHER RESOLVED that the State Budget and Control Board is fully prepared to implement such a compromise and to fulfill its administrative duties in regard to that compromise as soon as the proper legislation is enacted, be it by statute, joint resolution, or proviso.

ADOPTED this 23d day of June, 1994, in Columbia.

Carroll A. Campbell, Jr., Chairman

ATTEST:

Donna Kaminer Williams, Secretary

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